



REGULAR MEETING OF THE BOARD OF DIRECTORS AGENDA

TUESDAY, November 26, 2024, 7:00 PM

President- Vicki Morris
Vice President- Wayne Holman
Director- Wayne Norton
Director- Timothy Powers
Director- Seth Capron
General Manager- Robert Johnson

The Aromas Water District Board of Directors meeting will be held at the District office. Staff and the public may attend the meeting remotely or in person. Public participation is encouraged – remote participation instructions are on the following page.

- I. **CALL TO ORDER**
- II. **ROLL CALL OF DIRECTORS:** President Vicki Morris and Vice President Wayne Holman, Directors Wayne Norton, Timothy Powers, and Seth Capron.
- III. **PLEDGE OF ALLEGIANCE**
- IV. **STATEMENTS OF DISQUALIFICATION**
- V. **ADDITIONS AND DELETIONS**
- VI. **MINUTES:** Review the Minutes of the October 22, 2024, Regular Board Meeting for Board approval. p. 3-5
- VII. **ORAL COMMUNICATION:** *Anyone wishing to address the Board on informational items, staff reports or matters not listed on the agenda may do so. Please limit your comment to three (3) minutes. The public may comment on listed Action and Public Hearing items at the time they are considered by the Board.*
- VIII. **REPORTS**
 - A. DIRECTORS' REPORTS
 - B. ATTORNEY'S REPORT
 - C. MANAGER'S REPORT
 - D. CORRESPONDENCE p. 6-9
p. 10
- IX. **ACTION ITEMS**
 - A. **Presentation of Annual Financial Report for the Fiscal Years Ended June 2024 and 2023** p. 11-75
District and C.J. Brown staff will present the Annual Financial Report for the Fiscal Years Ended 2024 and 2023 for Board review and approval. (DRAFT Annual Financial Reports attached)
 - B. **Consider approving next steps for the Rancho Larios Tank Easement process, whether the District wants to obtain a permanent easement, or to own the land, and providing direction to staff** p. 76
Staff will present the options for discussion and Board action.
 - C. **Consider receiving an update on the Operations Shop Construction Project, and providing direction to staff** p. 77
Staff will present an update on the Operations Shop Construction Project for discussion and Board action.
 - D. **Financial Reports for the Month of October 2024** p. 78-84
Including both Assessment Districts, the financial reports for October show a total revenue of \$211,277.11; total expenditures were \$153,470.73 between October 16, and November 18, 2024. These financials and monthly expenditures will be presented for discussion and Board action.
- X. **FUTURE MEETINGS & AGENDA ITEMS** – Next meeting – December 16, 2024 (Monday)
- XI. **CLOSED SESSION**

Pursuant to California Government Code section 54957, the Board will adjourn to Closed Session to discuss personnel matters.

 - a) *Performance Evaluation – General Manager*
- XII. **RETURN TO OPEN SESSION**
- XIII. **ADJOURNMENT**

Meeting Attendance Instructions

The public may participate in the District's Board meeting either in person, or by teleconference / web conference via the instructions provided below. In person attendees will be subject to current mask and distancing protocols.

The meeting materials will be available for download from the District's website at:

www.aromaswaterdistrict.org

For those who choose to attend this meeting via Zoom will be muted by default. To join the meeting from a computer, tablet, or smartphone via the Zoom app (free at <http://www.zoom.us>), click the link on the meeting date and time: <https://us02web.zoom.us/j/86458968376>

If you do not have speakers or a microphone on your computer, you can dial in for audio.

Call **(669) 900.9128** and enter the Webinar ID: [86458968376](https://us02web.zoom.us/j/86458968376)

If you would like to speak during the public comment portion of the meeting, you have the following options:

1. **Online** – raise your hand or use the Q&A panel to submit written comments.
2. **Phone** – press *9 to raise your hand, *6 to send a request to be unmuted to submit verbal comments.

The meeting officially will start at 7:00pm, though remote access will be open 15 minutes before the start of the meeting.

Public engagement is important to the District.

Minutes of the Regular Meeting of the Aromas Water District Board of Directors October 22, 2024

- I. CALL TO ORDER.** The regular meeting of the Aromas Water District Board of Directors was called to order by President Morris on Tuesday, October 24, 2024, at 7:00 p.m. Attendees were present in the Aromas Water District Board Room.
- II. ROLL CALL.** President Morris, Vice-President Holman, Directors Powers, Capron, and Norton were present in the Aromas Water District Board Room along with General Manager Johnson. Counsel Bosso attended via Zoom.
- III. PLEDGE OF ALLEGIANCE.** President Morris led the pledge of allegiance.
- IV. STATEMENTS OF DISQUALIFICATION.** There were no statements of disqualification.
- V. ADDITIONS AND DELETIONS.** There were no additions or deletions.
- VI. REPORT OUT FROM CLOSED SESSION ON SEPTEMBER 24, 2024.** GM Johnson was given direction.
- VII. MINUTES.** The minutes of the September 24, 2024, Board Meeting was presented for review and approval. Vice-President Holman presented a correction. Director Powers moved for approval of the minutes; Vice-President Holman seconded. Minutes were unanimously approved by the Directors present.
- VIII. ORAL COMMUNICATION.** There was no public comment.

IX. PRESENTATIONS & REPORTS

- A. Director's Report.** Director Norton reported that he attended the San Benito Business Council lunch. Discussions were focused on the various measures on the November ballot.
- B. Attorney's Report.** Counsel Bosso reported that there was nothing much to report on that affected the District, though he commented on AB 2257 passing, and how that relates to Prop 218 measures.

C. Manager's Report:

OPERATIONS & MAINTENANCE

Production & Well Levels

Total production in September 2024 was 10,609,656 gallons; roughly 1.3% lower than August's production, and 8% lower than September's average production. The average daily production was 353,655 gallons.

The District has 976 total connected meters – no new connections this month.

San Juan and Carpentaria wells were operated the entire month, while Pleasant Acres well was operated only one day. All water testing reports were filed on time.

Operational well levels: Carpentaria and San Juan wells saw no change from last month's reading.

Observational wells: The Marshall well level showed a decrease of two feet from the previous month, and the Aimee Meadows well reading showed a decrease of one foot from the previous reading.

INCIDENTS

On September 13 (Friday) and 14 (Saturday), there were two breaks on the Carr Avenue water main, within 20 feet of each other. The estimated water loss from both breaks is roughly 300,000 gallons. A Boil Water Notice was issued and rescinded after two days of sampling indicated no coliform was present.

ADMINISTRATIVE

Staff & Board Recognition

GM Johnson reported on the following staff activities: 1) Management Analyst (MA) Girõn and Accounting Clerk (AC) Hill continued to work with our Auditors for the District financial audit, 2) Chief Operator DeAlba and Operator Smith worked tirelessly to complete routine tasks, as well as providing support on the two September water main breaks, 3) GM Johnson participated in the Aromas Tri-County Fire Protection District Open House on October 12, and 4) GM Johnson is working to implement a training program for staff and researching different strategies.

Conservation & Rainfall

The beginning of the new rainfall year was on October 1, 2023. Since then, 21.08 inches of precipitation has been recorded by the rain gauge at Chittenden Pass.

PROJECTS

Finding a New Water Source Project

Staff was given additional direction at the September Closed Session meeting and is moving forward.

Follow-up on the Kang Annexation effort

Staff met with the LAFCo Executive Officer at a May 2024 workshop and discussed matters that need to be finalized for the annexation effort to be completed.

The LAFCo Executive Officer responded, indicating that some issues needed to be resolved, and she is involving LAFCo Counsel, though it should be on the November LAFCo agenda.

School Tanks Abandonment and Replacement

Staff is in contact with a contractor regarding the School Tanks abandonment project; they are waiting for parts to come in that have taken longer than expected to arrive.

San Benito County Issues Ad-Hoc Committee

GM Johnson and Director Norton met with San Benito Supervisor Kosmicki regarding specific issues with San Benito County. GM Johnson has since met with Public Works Director Steve Loupe relating to those issues.

Upcoming changes in utility billing software

Our current billing software company was bought out by a larger firm over a year ago. A new version and fee schedule has been released. Staff is working to find a replacement software program.

Purchase of a new network copier/printer/scanner

The current network copier/printer/scanner unit has been discontinued by Xerox for some time, and no new parts will be manufactured, and support will be discontinued as of Q4 2024.

This purchase may fit within the Cybersecurity Grant, which has been applied for; results will be distributed once all the grant applications are reviewed and scored.

D. Correspondence

GM Johnson went through the monthly correspondence list and provided information on specific items, including; 1) the Cybersecurity Grant application, 2) the Rancho Larios Easement process, 3) updates on the Kang Annexation issue, and 4) the progress on getting the San Benito County invoices paid.

X. ACTION ITEMS

A. Consider adopting Resolution #2024-07, Resolution of Necessity, for the purposes of drilling a test well and possible purchase of land for a production well, and providing direction to staff

Staff presented the progress and next critical steps for the Test Well project, including the adoption of Resolution #2024-07, a Resolution of Necessity. Director Norton moved to adopt the resolution, and Director Capron seconded. The motion carried by a unanimous roll-call vote.

B. Consider approving an agreement with Heidi Quinn of Noland, Hamerly, Etienne & Hoss in the amount of \$21,600.00 (\$1,800.00 per month), and providing direction to staff

Staff presented Ms. Quinn’s contract for the Board’s approval. A motion to approve the agreement was made by Vice-President Holman, and seconded by Director Capron. The motion carried unanimously.

C. Consider reviewing the current General Manager Performance Evaluation Process, and providing direction to staff

Staff presented the current GM Performance Evaluation Process which was discussed by the Board. The result was two-fold: 1) the current process will go forward with all evaluations being sent to Director Powers, to minimize staff involvement, and the evaluation process will be performed over two closed session meetings, and 2) an Ad-Hoc Committee was established to develop a new evaluation process for the following year’s evaluation. No action was necessary for this item.

D. Financial Reports for the Month of September 2024

Total Assets / Liabilities & Equity are \$16,072,368.93. In the P&L Report, Revenue for September was \$189,356.81. Total Expenditures were \$169,871.37 between September 17, 2024, and October 15, 2024.

President Morris moved to adopt the Financial Reports which was seconded by Vice-President Holman. The Financial reports were unanimously approved.

XI. FUTURE MEETINGS & AGENDA ITEMS

The next regular Board meeting date will be Tuesday, November 26, 2024, at the Aromas Water District Board Room. At that meeting, there will be a Closed Session to discuss the General Manager’s Performance Evaluation, with the General Manager not present. Action items proposed include: a discussion regarding the Rancho Larios Tank Easement, the Fiscal Year 2023-24 Financial Audit, progress on the Kang Annexation, and possibly a revisit of the logo change discussion. Also, the December Board meeting will be December 16 (Monday).

XII. ADJOURNMENT

President Morris adjourned this meeting at 8:35pm.

Read and approved by: _____
President, Vicki Morris

Attest: _____
Board Secretary, Robert Johnson

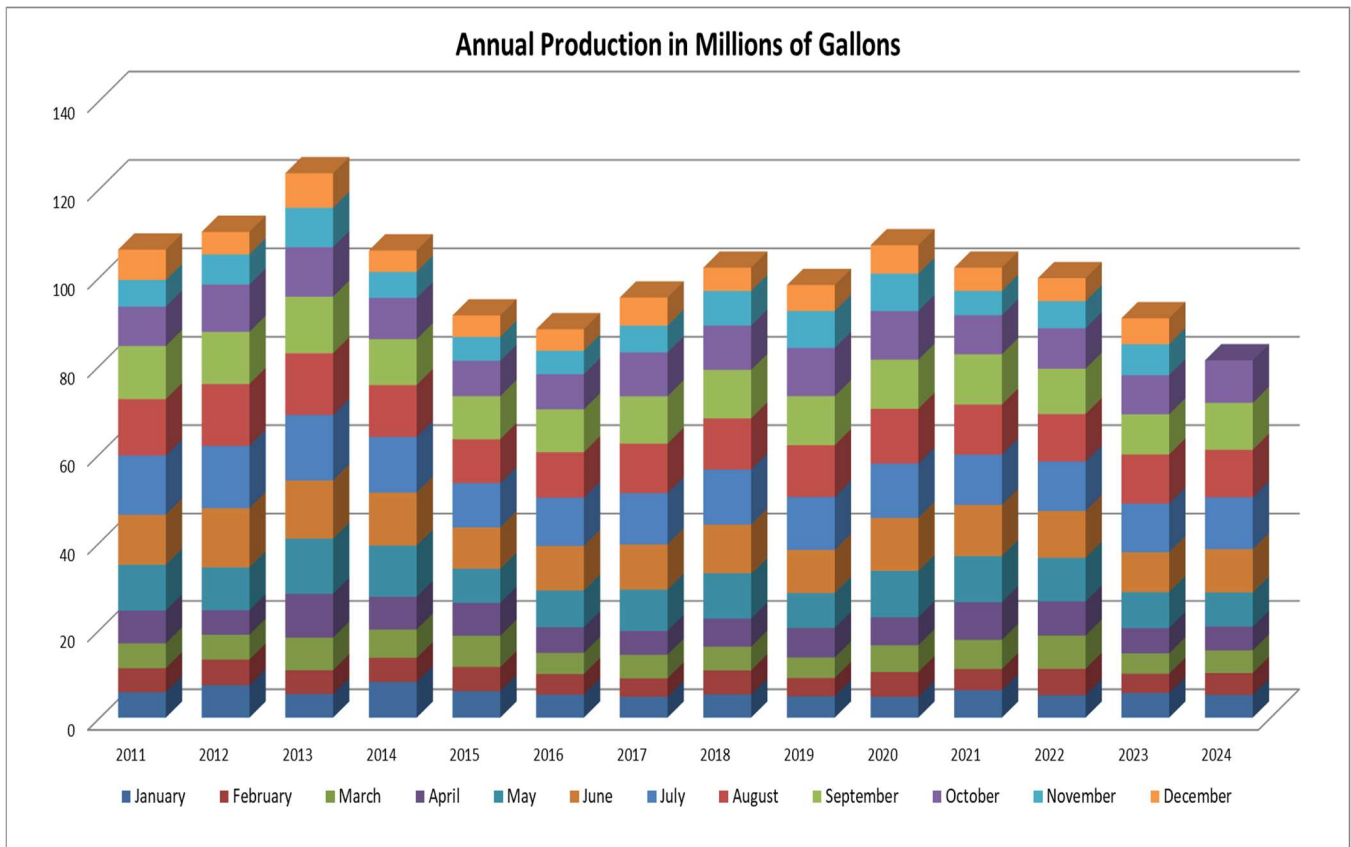
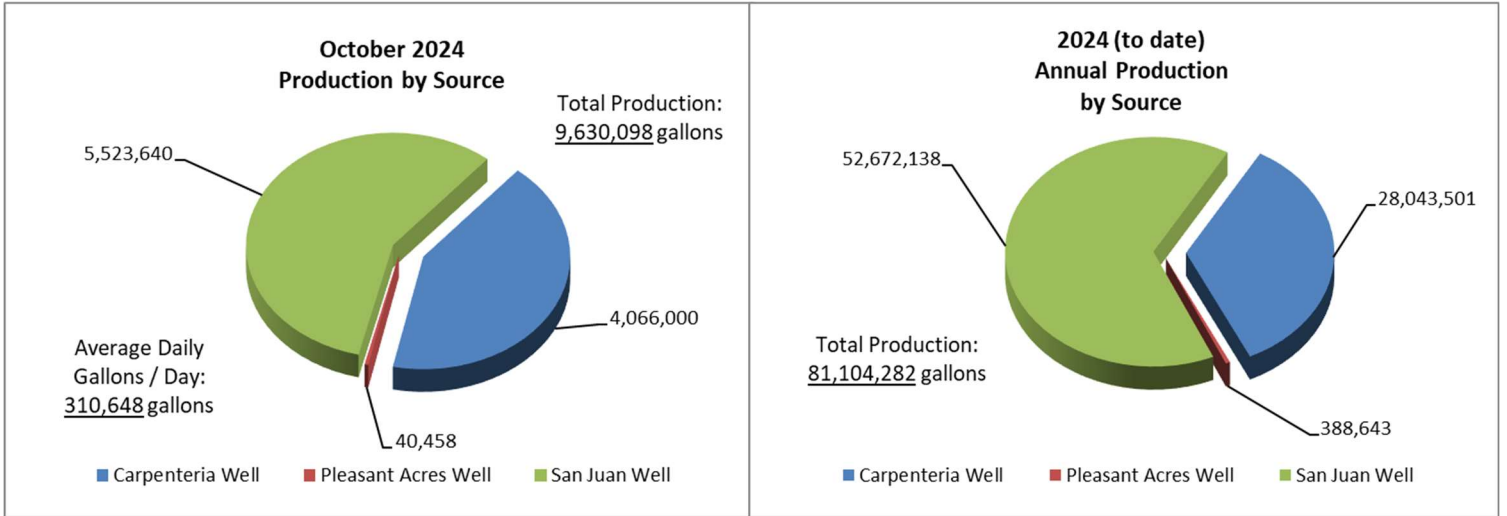
Date: _____

Date: _____

General Manager's Report October 2024



PRODUCTION REPORT



Totals	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Million Gal	123.42	105.97	91.27	88.152	95.304	102.07	98.141	107.1	102.07	99.69	90.62	81.11
Acre Ft	378.7	325.16	280.05	270.49	292.43	313.18	301.13	328.8	313.19	305.89	278.06	248.88

OPERATIONS AND MAINTENANCE REPORT

OPERATIONS:

- There are 976 meters installed.
- San Juan and Carpentaria wells were operated the entire month, while Pleasant Acres well was operated two days.
- Water Treatment Plant: finished water was free of both iron and manganese this month.
- Distribution testing for total Coliform; all samples were negative.
- All monthly DWR reports on Coliform, and Fe / Mn were filed on time.
- WTP filters are backwashed when necessary.
- Monthly Generator in-house 15-minute testing under load.
- Monthly well-level monitoring (see chart following this report in Board Packet).

MAINTENANCE:

- Preventative maintenance and flushing were performed, as needed.
- Chlorine chemical pump maintenance and analyzer maintenance at all wells was performed.
- Additional maintenance tasks are being performed as time allows.

INCIDENTS:

- On November 7 (Thursday), there was a leak discovered on Ballantree Lane. The leak was temporarily fixed on Friday, then on the following Tuesday (November 12, after the Veteran's Day holiday) the final work was completed. The break resulted in an estimated water loss of about 103,000 gallons. Only one house's water service was affected in the end.

ADMINISTRATIVE REPORT

STAFF & BOARD RECOGNITION:

- Management Analyst (MA) Girõn, Accounting Clerk Hill and CSR Bowman, worked through the utility billing software conversion effort, organizing the data and schedule to accommodate both the District and software provider.
- MA Girõn coordinated the second round of Household Tap Sampling for Lead & Copper, assisted by Chief Operator DeAlba and Operator Smith. Notices were prepared for the participants, sample bottles were provided and picked up from the customers, and the samples are being processed at the lab. Staff is awaiting the results.
- GM Johnson participated in a meeting with San Benito County (SBCo) and their contractors regarding status of the Rocks Road Bridge Project, and how the District was going to pay for the effort. GM Johnson and SBCo are to continue talks regarding payment.
- GM Johnson met with the Core & Main representative about water meter procurement processes, and how they can be shortened. Currently the lag time is 17 weeks, when eight weeks is promised.

CONSERVATION UPDATE:

October 2024 water production figures indicated a decrease when compared to September water production: a decrease of 979,558 gallons, or roughly 9.2%.

October 1, 2024, marked the start of a new water year. As of the date of this report (November 18), the rain gauge at Chittenden Pass has recorded 0.60 inches of precipitation for this water year, with 0.52 inches this month. As a reminder, last year's precipitation total (October 2023 to September 2024) was 21.08 inches.

PROJECTS:

1. Finding a New Water Source Project

Staff has provided our geologic consultant with the new site information, and they are working with the drillers to get the test well drilled as soon as the schedule allows.

2. Follow-up on the Kang Annexation effort

The Kang Annexation, approved by the District Board in November 2022, and the PVWMA Board approved the annexation at their April 2023 meeting. The annexation application to San Benito County LAFCo has been turned in. Staff met with the LAFCo Executive Officer at a May 2024 workshop and discussed matters that need to be finalized for the annexation effort to be completed.

The LAFCo Executive Officer responded, indicating that she is working with LAFCo Counsel and San Benito County on issues that need resolution. This matter did not make the November LAFCo agenda, and there is no estimate on the scheduling date.

3. School Tanks Abandonment and Replacement

Staff is in contact with a contractor regarding the School Tanks abandonment project. The necessary parts have yet to arrive. Once the parts arrive, the project will commence soon after.

4. San Benito County Issues Ad-Hoc Committee

GM Johnson and Director Norton met with San Benito Supervisor Kosmicki last month regarding specific issues with San Benito County, concluding that increased communication would be needed for a successful relationship between the two entities. GM Johnson has since met with Public Works Director Steve Loupe relating to those issues.

5. Upcoming changes in utility billing software

Our current billing software company was bought out by a larger firm over a year ago. A new version and fee schedule has been released. The current version will not be supported as of Q1 2025, so we need to migrate to the newer version; the costs will change from approximately \$2,000 a year to \$6,800 a year. Staff has since researched and chosen a replacement and is working with that team to have a solution in place by the end of the calendar year.

6. Purchase of a new network copier/printer/scanner

The current network copier/printer/scanner unit has been discontinued by Xerox for some time, and no new parts will be manufactured, and support will be discontinued as of Q4 2024.

This purchase may fit within the Cybersecurity Grant, which has been applied for; results will be distributed once all the grant applications are reviewed and scored, estimation is sometime mid to late November.

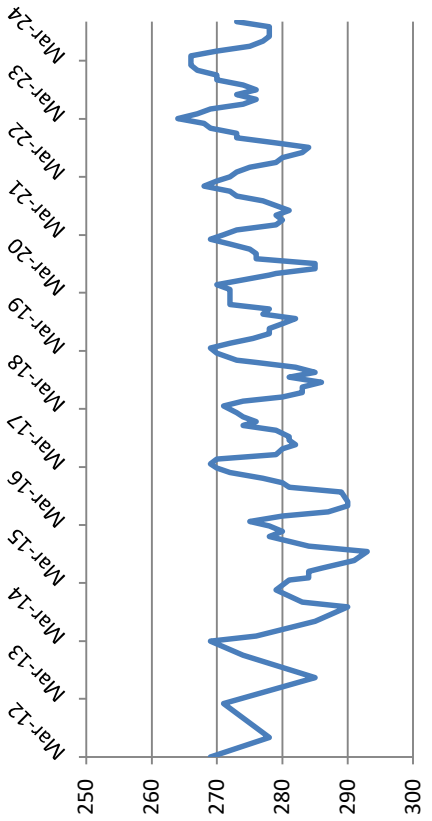
Robert Johnson
General Manager
November 18, 2024

Well Water Level Monitoring Depth to Water Measurements

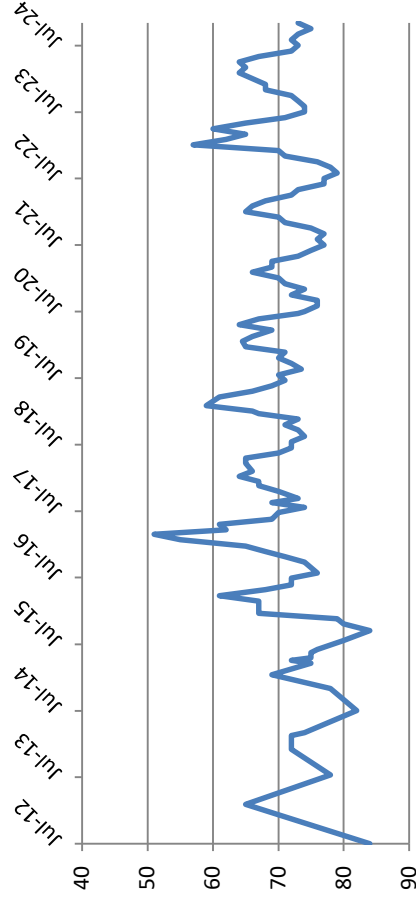
Date: November 12, 2024



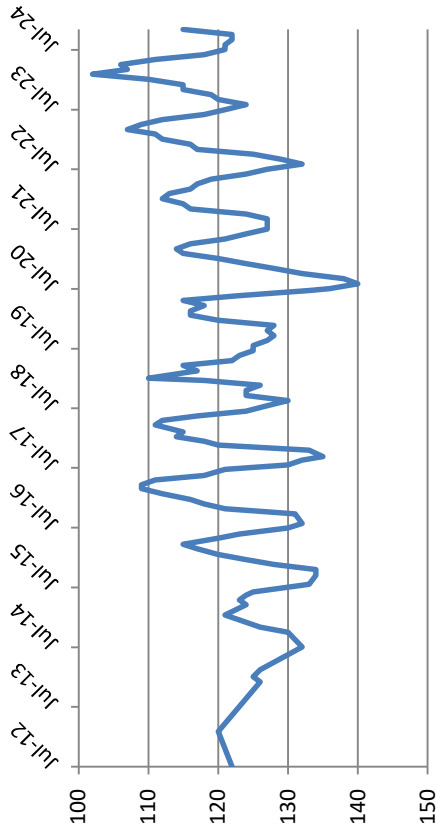
Carpenteria



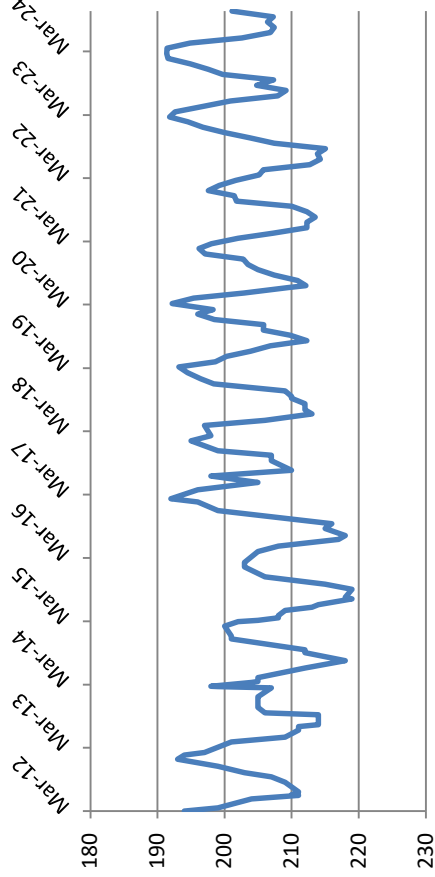
Marshall



San Juan



Aimee Meadows



CORRESPONDENCE LIST: 10/17/2024 – 11/18/2024

DATE	TYPE	TO	FROM	SUBJECT
10/25/24	E	DWR SCDR Team	R. Johnson, AWD	AWD – Grant Application Status
10/25/24	E	R. Johnson, AWD	DWR SCDR Team	AWD – Grant Application Status
10/28/24	E	L. Overtree, SBALT	R. Johnson, AWD	AWD Easement on Rancho Larios Open Space
10/28/24	E	SWRCB DDW	R. Johnson, AWD	AWD – 3510004 – Line Break on San Juan Avenue
10/28/24	E	R. Johnson, AWD	S. Davis, Graniterock	Seely Avenue Road work
10/28/24	E	S. Davis, Graniterock	R. Johnson, AWD	Seely Avenue Road work
11/01/24	E	AWD	A. Schmitt, CSGI, Inc.	El Dorado Credit Setup - AWD
11/04/24	E	R. Pisel, NV5, et. al.	R. Johnson, AWD	Rocks Road Bridge – AWD Water Line
11/04/24	E	Four Steel Building Companies	R. Johnson, AWD	Inquiry for a 40' x 60' Steel Building for an Operations Workshop and Garage
11/05/24	E	SWRCB DDW	E. Girõn, AWD	Chlorine or Chloramines – Q3 - 2024
11/07/24	E	K. Hansen, Streamline	R. Johnson, AWD	New Accessibility Dashboard (website)
11/08/24	E	J. Stephenson, LAFCo	R. Johnson, AWD	AWD – Kang Annexation
11/08/24	E	R. Johnson, AWD	A. Zink, Armstrong Steel Buildings	Response to Building Inquiry - Information
11/08/24	E	R. Johnson, AWD	A. Zink, Armstrong Steel Buildings	Response to Building Inquiry - Timelines
11/15/24	E	R. Johnson, AWD	P. Smelko, Olympia Steel Buildings	Response to Inquiry
11/15/24	E	SWRCB DDW	E. Girõn, AWD	CA3510004-2024-October-WTP
11/15/24	E	SWRCB DDW	E. Girõn, AWD	CA3510004-2024-November-TCR

Staff Report



To: Board of Directors
Re: Item IX.A – Presentation of Audited Financial Statements for Fiscal Years Ended June 2024 and 2023
Date: November 13, 2024

Summary / Discussion

The Aromas Water District (District) Board of Directors is charged with the fiduciary responsibility to oversee and protect the assets of the District. The District is under contract with C.J. Brown and Company CPAs (formally Fedak & Brown LLP), for the legally required annual auditing of its financial records. These annual Financial Statements are the relied upon source of information detailing the District’s financial condition. They are utilized by our creditors, bond holders, as well as our state and county regulators. They also provide transparency for our customers.

The Financial Statements for review cover the 2023-2024 Fiscal Year, which is the twelve-month period from July 1, 2023, to June 30, 2024. Also included in the report is a comparison to the previous year’s finances, Fiscal Year 2022-23. This type of comparison has been presented in recent Financial Statement reports. A copy of the DRAFT FINAL Management Report and Financial Statements are included within tonight’s meeting packet.

The Audit was reviewed by Jonathan Abadesco, CPA, of C.J. Brown and Company CPAs, as well as Management Analyst Girōn, and General Manager Johnson as part of the Audit process, prior to being presented at tonight’s meeting.

Staff Recommendation

Staff recommends that the Board accept the Financial Statements as presented.

Submitted by:
Robert Johnson
General Manager

DRAFT

**Aromas Water District
Management Report
June 30, 2024**

**Aromas Water District
Management Report**

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DRAFT

Board of Directors
Aromas Water District
Aromas, California

Dear Members of the Board:

In planning and performing our audit of the basic financial statements of the Aromas Water District (District) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Other Comments

Our only comment, that has been discussed, all of which have been discussed with the appropriate members of management, is summarized as follows:

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process, we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

* * * * *

This communication is intended solely for the information and use of management, the Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

C.J. Brown & Company, CPAs
Cypress, California
November 26, 2024

DRAFT

APPENDIX

Aromas Water District

Audit/Finance Committee Letter

June 30, 2024

Board of Directors
Aromas Water District
Aromas, California

We have audited the financial statements of the Aromas Water District (District) as of and for the year ended June 30, 2024, and have issued our report thereon dated November 26, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 20, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated November 26, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

In preparing the financial statements based on information provided by the District, an auditor that was not part of the engagement team performed an independent review of the financial statements to reduce the threat of self-review to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards

As auditors of the District, we are required per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”, to “ordinarily” presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no other changes in significant accounting policies or their application during 2024. No other matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on 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 markedly from management’s current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management’s estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management’s estimate of the defined benefit pension plan’s deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial valuation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District’s financial statements relate to:

The disclosure of fair value of cash and cash equivalents in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 3 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

Financial Statement Disclosures, continued

The disclosure of the District's defined benefit pension plan in Note 6 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions identified as a result of our audit procedures were brought to the attention of management.

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on page 5 presents the material journal entries that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 26, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Schedules of the District's Proportionate Share of the Net Pension Liability, and Schedules of Pension Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Operating Expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended us by Robert Johnson, General Manager, and Ester Giron, Management Analyst, in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

C.J. Brown & Company, CPAs
Cypress, California
November 26, 2024

Aromas Water District
Schedule of Audit Adjusting and Reclassifying Journal Entries
June 30, 2024

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To reconcile net position.			
3100	Unrestricted Net Assets	\$ 100,412.72	
1210	Accrued Interest		100,412.72
Adjusting Journal Entries JE # 2			
To adjust LAIF to fair market value at year-end.			
1020	LAIF-State of Ca xx-05	25,597.63	
1210	Accrued Interest	100,412.72	
306.5	Unrealized LAIF FMV Adjustment	25,312.03	
1020	LAIF-State of Ca xx-05		25,312.03
1210	Accrued Interest		25,597.63
306.5	Unrealized LAIF FMV Adjustment		100,412.72
Adjusting Journal Entries JE # 3			
To adjust capital and accounts payable balance at year-end.			
2000	Accounts Payable	15,623.75	
1900	Water System		15,623.75
Adjusting Journal Entries JE # 4			
To adjust net pension liability at year-end.			
1700	Deferred Outflow of Resources	11,871.00	
2900	Deferred Inflows- Actuarial	23,455.00	
477	Retirement	1,028.00	
2400	GASB 68 Pension Liability		36,354.00
Adjusting Journal Entries JE # 5			
To adjust accounts receivable at year-end.			
303	Water Revenue	13,483.94	
1200.1	Accounts Receivable--UBMax		13,483.94
Adjusting Journal Entries JE # 6			
To adjust assessment receivable at year-end.			
1291	Accounts Rec - Orchard Acres	8,681.61	
1292	Accounts Rec - USDA Loan	14,153.06	
3090	Oakridge / OAWA Assessments	\$	22,834.67



**Annual Financial Report
For the Fiscal Years Ended
June 30, 2024 and 2023**



Board of Directors as of June 30, 2024

Name	Title	Elected/ Appointed	Current Term
Vicki Morris	President	Elected	12/20 - 12/24
Wayne Holman	Vice-President	Elected	12/20 - 12/24
Seth Capron	Director	Elected	12/22 - 12/26
Wayne Norton	Director	Elected	12/22 - 12/26
Tim Powers	Director	Elected	12/22 - 12/26

Robert Johnson, General Manager
388 Blohm Avenue
P.O. Box 388
Aromas, California 95004
(831) 726-3155

**Aromas Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2024 and 2023**

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**Aromas Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2024 and 2023**

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Financial Section

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Independent Auditor's Report

Board of Directors
Aromas Water District
Aromas, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Aromas Water District (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 District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The District's 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 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.

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the required supplementary information on pages 33 through 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditor's Report, continued

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Operating Expenses on page 36 are 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Operating Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C.J. Brown & Company, CPAs
Cypress, California
November 26, 2024

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Aromas Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Aromas Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2024, the District's operating revenues increased 6.24% or \$93,144, from \$1,492,022 to \$1,585,166. In fiscal year 2023, the District's operating revenues increased 0.83% or \$12,293, from \$1,479,729 to \$1,492,022.
- In fiscal year 2024, the District's operating expenses increased 11.19% or \$125,036, from \$1,117,198 to \$1,242,234. In fiscal year 2023, the District's operating expenses increased 3.30% or \$35,682, from \$1,081,516 to \$1,117,198.
- In fiscal year 2024, the District's net position increased 2.68% or \$169,915, from \$6,330,416 to \$6,500,331. In fiscal year 2023, the District's net position decreased 1.10% or \$70,529, from \$6,400,945 to \$6,330,416.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position include all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. They also provide the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net change in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to questions such as: where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Financial Analysis of the District, continued

These statements report the District's *net position* and changes in it. One can think of the District's net position (assets and deferred outflows less liabilities and deferred inflows), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 14 through 32.

Statements of Net Position

A summary of the statements of net position is as follows:

	Condensed Statements of Net Position				
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Assets:					
Current assets	\$ 10,401,173	10,337,219	63,954	10,613,058	(275,839)
Capital assets, net	5,493,353	5,713,868	(220,515)	5,991,374	(277,506)
Total assets	<u>15,894,526</u>	<u>16,051,087</u>	<u>(156,561)</u>	<u>16,604,432</u>	<u>(553,345)</u>
Deferred outflows of resources	<u>327,084</u>	<u>315,213</u>	<u>11,871</u>	<u>136,914</u>	<u>178,299</u>
Liabilities:					
Current liabilities	550,364	564,106	(13,742)	597,300	(33,194)
Non-current liabilities	9,127,521	9,404,929	(277,408)	9,407,877	(2,948)
Total liabilities	<u>9,677,885</u>	<u>9,969,035</u>	<u>(291,150)</u>	<u>10,005,177</u>	<u>(36,142)</u>
Deferred inflows of resources	<u>43,394</u>	<u>66,849</u>	<u>(23,455)</u>	<u>335,224</u>	<u>(268,375)</u>
Net position:					
Net investment in capital assets	2,155,206	2,324,975	(169,769)	2,263,533	61,442
Restricted	2,706,490	2,738,655	(32,165)	2,813,740	(75,085)
Unrestricted	1,638,635	1,266,786	371,849	1,323,672	(56,886)
Total net position	<u>\$ 6,500,331</u>	<u>6,330,416</u>	<u>169,915</u>	<u>6,400,945</u>	<u>(70,529)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,500,331 and \$6,330,416 as of June 30, 2024 and 2023, respectively.

A portion of the District's net position reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding (33.16% and 36.73% as of June 30, 2024 and 2023, respectively). The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending. (See Note 7 for further discussion)

At the end of fiscal years 2024 and 2023, the District showed a positive balance in its unrestricted net position of \$1,638,635 and \$1,266,786, respectively.

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Statements of Revenues, Expenses, and Changes in Net Position

A summary of the statements of revenues, expenses, and changes in net position is as follows:

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

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Revenue:					
Operating revenues	\$ 1,585,166	1,492,022	93,144	1,479,729	12,293
Non-operating revenues	<u>582,508</u>	<u>419,534</u>	<u>162,974</u>	<u>214,313</u>	<u>205,221</u>
Total revenue	<u>2,167,674</u>	<u>1,911,556</u>	<u>256,118</u>	<u>1,694,042</u>	<u>217,514</u>
Expense:					
Operating expense	1,242,234	1,117,198	125,036	1,081,516	35,682
Depreciation expense	455,581	564,199	(108,618)	482,673	81,526
Non-operating expense	<u>299,944</u>	<u>300,713</u>	<u>(769)</u>	<u>262,365</u>	<u>38,348</u>
Total expense	<u>1,997,759</u>	<u>1,982,110</u>	<u>15,649</u>	<u>1,826,554</u>	<u>155,556</u>
Changes in net position	169,915	(70,554)	240,469	(132,512)	61,958
Net position, beginning of year	<u>6,330,416</u>	<u>6,400,970</u>	<u>(70,554)</u>	<u>6,533,457</u>	<u>(132,487)</u>
Net position, end of year	<u>\$ 6,500,331</u>	<u>6,330,416</u>	<u>169,915</u>	<u>6,400,945</u>	<u>(70,529)</u>

The statements of revenues, expenses, and changes in net position show how the District's net position changed during the fiscal years.

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

In fiscal year 2024, the District's total revenues increased by 13.40% or \$256,118. Operating revenues increased 6.24% or \$93,144, due primarily to increases in water revenue of \$89,664, and connection fees of \$3,480. The District's non-operating revenues increased 38.85% or \$162,974, due primarily to an increase in interest income of \$308,836, voter approved assessments of \$17,182, and property taxes of \$4,640; which were offset by a decrease in non-cash pension actuarial credit adjustment from CalPERS of \$151,634. In fiscal year 2023, the District's total revenues increased by 12.84% or \$217,539. Operating revenues increased 0.83% or \$12,293, due primarily to an increase in connection fees of \$50,020, which was offset by a decrease in water revenue of \$37,727. The District's non-operating revenues increased 95.76% or \$205,221, due primarily to increases in non-cash pension actuarial credit adjustment from CalPERS of \$150,606, interest income of \$42,647 and property taxes of \$8,741.

In fiscal year 2024, the District's total expenses (including depreciation) increased 0.79% or \$15,649. Operating expenses increased 11.19% or \$125,036, due primarily to increases in salaries and wages of \$49,332, pumping of \$16,373, and administration and general of \$22,337; which were offset by a decrease in employee benefits of \$30,826;. The District's non-operating expenses increased 0.26% or \$769, due primarily to an increase in interest expense of \$769, which was offset by a decrease in bond interest cost of \$81,440. In fiscal year 2023, the District's total expenses (including depreciation) increased 8.52% or \$155,556. Operating expenses increased 3.30% or \$35,682, due primarily to increases in salaries and wages of \$66,786, pumping of \$41,866, and administrative and general of \$22,337; which were offset by a decrease in employee benefits of \$95,637. The District's non-operating expenses increased 14.62% or \$38,348, due primarily to increase in interest expense of \$129,900, and a decrease in bond issuance costs of \$81,440.

In fiscal year 2024, the District's net position decreased 2.68% or \$169,915, from \$6,330,416 to \$6,500,331, from continuing operations. In fiscal year 2023, the District's net position decreased 1.10% or \$70,529, from \$6,400,945 to \$6,330,416, from continuing operations.

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Capital Asset Administration

At the end of fiscal years 2024 and 2023, the District's investment in capital assets (net of accumulated depreciation), amounted to \$5,493,353 and \$5,713,868, respectively. This investment in capital assets includes land, water transmission and distribution systems, buildings and structures, equipment, and vehicles. (See note 3 for further discussion).

The change in capital assets for 2024, was as follows:

	<u>Balance 2023</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2024</u>
Non-depreciable assets	\$ 621,903	8,958	-	630,861
Depreciable assets	13,002,679	226,108	-	13,228,787
Accumulated depreciation	<u>(7,910,714)</u>	<u>(455,581)</u>	-	<u>(8,366,295)</u>
Total capital assets, net	<u>\$ 5,713,868</u>	<u>(220,515)</u>	<u>-</u>	<u>5,493,353</u>

Major capital asset additions during the year include improvements to the water transmission and distribution system and vehicles.

The change in capital assets for 2023, was as follows:

	<u>Balance 2022</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2023</u>
Non-depreciable assets	\$ 425,312	196,591	-	621,903
Depreciable assets	12,912,577	90,102	-	13,002,679
Accumulated depreciation	<u>(7,346,515)</u>	<u>(564,199)</u>	-	<u>(7,910,714)</u>
Total capital assets, net	<u>\$ 5,991,374</u>	<u>(474,097)</u>	<u>-</u>	<u>5,713,868</u>

In 2023, major capital asset additions during the year include improvements to the water transmission and distribution system and office building.

Debt Administration

Changes in long-term debt in 2024, were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2024</u>
Bonds payable	\$ 2,761,490	-	(55,000)	2,706,490
Notes payable	<u>6,253,460</u>	-	<u>(247,716)</u>	<u>6,005,744</u>
Total long-term debt	<u>\$ 9,014,950</u>	<u>-</u>	<u>(302,716)</u>	<u>8,712,234</u>

Changes in long-term debt in 2023, were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2023</u>
Bonds payable	\$ 2,813,740	-	(52,250)	2,761,490
Notes payable	<u>6,540,158</u>	-	<u>(286,698)</u>	<u>6,253,460</u>
Total long-term debt	<u>\$ 9,353,898</u>	<u>-</u>	<u>(338,948)</u>	<u>9,014,950</u>

See Note 4 for further discussion.

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Conditions Affecting Current Financial Position

Management does not foresee any conditions which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at 388 Blohm Avenue, Aromas, California 95004.

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Basic Financial Statements

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**Aromas Water District
Statements of Net Position
June 30, 2024 and 2023**

	2024	2023
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,945,689	1,858,889
Cash and cash equivalents – restricted (note 2)	5,887,524	5,886,334
Accounts receivable, net	214,641	209,879
Assessment receivable – restricted	2,184,095	2,226,408
Interest receivable	77,524	51,965
Prepaid expenses	12,222	20,333
Inventory and supplies	79,478	83,411
Total current assets	10,401,173	10,337,219
Non-current assets:		
Capital assets – not being depreciated (note 3)	630,861	621,903
Capital assets – being depreciated (note 3)	4,862,492	5,091,965
Total non-current assets	5,493,353	5,713,868
Total assets	15,894,526	16,051,087
Deferred outflows of resources:		
Deferred outflows – pensions (note 7)	327,084	315,213
Total deferred outflows of resources	\$ 327,084	315,213

Continued on next page

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Net Position, continued
June 30, 2024 and 2023

	2024	2023
Current liabilities:		
Accounts payable	\$ 54,078	40,188
Accrued interest	110,852	114,120
Accrued payroll and payroll liabilities	7,643	11,052
Customer deposits and unearned revenue	36,229	58,192
Long-term liabilities – due within one year:		
Compensated absences (note 4)	30,310	37,838
Bonds payable (note 5)	56,000	55,000
Notes payable (note 5)	255,252	247,716
Total current liabilities	550,364	564,106
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	10,103	12,613
Net pension liability (note 7)	716,436	680,082
Bonds payable (note 5)	2,650,490	2,706,490
Notes payable (note 5)	5,750,492	6,005,744
Total non-current liabilities	9,127,521	9,404,929
Total liabilities	9,677,885	9,969,035
Deferred inflows of resources:		
Deferred inflows – pensions (note 7)	43,394	66,849
Total deferred inflows of resources	43,394	66,849
Net position (note 6):		
Net investment in capital assets	2,155,206	2,324,975
Restricted	2,706,490	2,738,655
Unrestricted	1,638,635	1,266,786
Total net position	\$ 6,500,331	6,330,416

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Water revenue	\$ 1,487,746	1,398,082
Connection fees	97,420	93,940
Total operating revenues	1,585,166	1,492,022
Operating expenses:		
Pumping	286,939	270,566
Water treatment	33,729	33,137
Administration and general	152,220	124,307
Salaries and wages	542,358	493,026
Employee benefits (note 7)	226,988	196,162
Total operating expenses	1,242,234	1,117,198
Operating income before depreciation	342,932	374,824
Depreciation expense	(455,581)	(564,199)
Operating loss	(112,649)	(189,375)
Non-operating revenues (expenses):		
Property taxes	96,260	91,620
Voter approved assessment	137,531	120,349
Interest income	357,152	48,316
Bond issuance cost	-	-
Interest expense	(299,944)	(300,713)
Non-operating revenue (expense), net (note 7)	(8,435)	159,249
Total non-operating revenues (expense), net	282,564	118,821
Changes in net position	169,915	(70,554)
Net position, beginning of year	6,330,416	6,400,970
Net position, end of year	\$ 6,500,331	6,330,416

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash receipts from customers for sales and service	\$ 1,524,447	1,615,810
Cash paid to vendors and suppliers	(672,914)	(852,901)
Cash paid to employees	(555,805)	(496,073)
Net cash provided by operating activities	295,728	266,836
Cash flows from non-capital financing activities:		
Proceeds from property taxes and assessments	276,104	270,516
Net cash provided by non-capital financing activities	276,104	270,516
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(235,066)	(286,693)
Principal paid on long-term debt	(302,716)	(338,948)
Interest paid on long-term debt	(303,212)	(255,110)
Net cash (used in) provided by capital and related financing activities	(840,994)	(880,751)
Cash flows from investing activities:		
Interest earnings	357,152	48,316
Net cash provided by investing activities	357,152	48,316
Net (decrease) increase in cash and cash equivalents	87,990	(295,083)
Cash and cash equivalents, beginning of year	7,745,223	8,040,306
Cash and cash equivalents, end of year	\$ 7,833,213	7,745,223
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 1,945,689	1,858,889
Cash and cash equivalents - restricted	5,887,524	5,886,334
Total cash and cash equivalents	\$ 7,833,213	7,745,223

Continued on next page

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating loss	\$ <u>(112,649)</u>	<u>(189,375)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	455,581	564,199
Other non-operating revenue (expenses), net	(8,435)	159,274
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in assets and deferred outflows:		
Accounts receivable, net	(4,762)	(15,981)
Other receivables	(25,559)	(50,397)
Prepaid expenses	8,111	(6,000)
Inventory and supplies	3,933	(5,413)
Deferred outflows – pensions	(11,871)	(178,299)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	13,890	(66,710)
Accrued payroll and payroll liabilities	(3,409)	(4,144)
Customer deposits and unearned revenue	(21,963)	30,892
Compensated absences	(10,038)	1,097
Net pension liability	36,354	296,068
Deferred inflows – pensions	(23,455)	(268,375)
Total adjustments	<u>408,377</u>	<u>456,211</u>
Net cash provided by operating activities	\$ <u>295,728</u>	<u>266,836</u>

See accompanying notes to the basic financial statements

Aromas Water District
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2024 and 2023

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Aromas Water District (District) was formed on July 24, 1959, pursuant to the provisions of the California Water Code, Division 12, and Section 30321 thereof. The District takes water from three water wells located in Aromas to serve 965 connections within its jurisdiction. The District is dedicated to providing a reliable supply of high quality water. The District is governed by a five-member Board of Directors who serves overlapping four-year terms.

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

B. Basis of Accounting and Measurement Focus

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

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

C. Financial Reporting

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

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

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

C. Financial Reporting, continued

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

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

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

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

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

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

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

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

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

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments

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

4. Accounts Receivable and Allowance for Uncollectible Accounts

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

5. Property Taxes and Assessments

The County of Monterey and the County of San Benito Assessor's Offices assess all real and personal property within the Counties each year. The County of Monterey and the County of San Benito Tax Collector's Offices bill and collect the District's share of property taxes and assessments. In 1993, the Counties adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end.

Under this plan, the Counties assume an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and by such financing, Aromas Water District receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of Monterey and the County of San Benito, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

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

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

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

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

6. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water meters, and pipes and pipefittings for repair and maintenance to the District's water transmission and distribution system. Inventory is valued at cost using the first-in, first-out cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

7. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$3,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Water systems – 20 to 40 years
- Office buildings and improvements – 35 years
- Office furniture and fixtures – 3 to 5 years
- Vehicles – 5 years

9. Deferred Outflows of Resources

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

10. Compensated Absences

The District's policy is to permit employees to accumulate earned vacation. Upon termination of employment, employees are paid all unused vacation.

11. Deferred Inflows of Resources

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

12. Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt, are included in this component of net position.
- *Restricted* – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the *net investment in capital assets* or *restricted* components of net position.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, are classified in the accompanying financial statements as follows:

	2024	2023
Cash and cash equivalents	\$ 1,945,689	1,858,889
Cash and cash equivalents - restricted	5,887,524	5,886,334
Total	\$ 7,833,213	7,745,223

Cash and cash equivalents as of June 30, consist of the following:

	2024	2023
Cash on hand	\$ 100	100
Deposits with financial institutions	987,545	1,227,026
Local Agency Investment Fund	6,845,568	6,518,097
Total	\$ 7,833,213	7,745,223

As of June 30, the District's authorized deposit had the following maturities:

	2024	2023
Deposits in California Local Agency Investment Fund (LAIF)	217 days	260 days

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

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates-of-deposit (negotiable or placed)	5 years	30%	10%
Commercial paper (prime)	270 days	10%	10%
Money market mutual funds	N/A	20%	None
State and local bonds, notes and warrants	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

Investment in State Investment Pool

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

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(2) Cash and Cash Equivalents, continued

Investment in State Investment Pool, continued

The District's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000.
- Withdrawals of \$10 million or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to set up wire transfer transaction.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies.

As of June 30, 2024 and 2023, \$250,000 of the District's bank balance is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District can manage its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations. As of June 30, 2024 and 2023, the District maintained no investments subject to market interest rate risk fluctuations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in LAIF is not rated.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments as of June 30, 2024 and 2023.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(3) Capital Assets

Changes in capital assets for 2024, was as follows:

	<u>Balance 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Land	\$ 331,196	-	-	331,196
Construction in progress	290,707	8,958	-	299,665
Total non-depreciable assets	<u>621,903</u>	<u>8,958</u>	<u>-</u>	<u>630,861</u>
Depreciable assets:				
Water systems	12,351,343	96,696	-	12,448,039
Office building	440,292	-	-	440,292
Office furniture and fixtures	93,467	-	-	93,467
Vehicles	117,577	129,412	-	246,989
Total depreciable assets	<u>13,002,679</u>	<u>226,108</u>	<u>-</u>	<u>13,228,787</u>
Accumulated depreciation	<u>(7,910,714)</u>	<u>(455,581)</u>	<u>-</u>	<u>(8,366,295)</u>
Total depreciable assets, net	<u>5,091,965</u>	<u>(229,473)</u>	<u>-</u>	<u>4,862,492</u>
Total capital assets, net	<u>\$ 5,713,868</u>			<u>5,493,353</u>

Major capital assets additions during the year include improvements to the District's water systems and vehicles.

Changes in capital assets for 2023, was as follows:

	<u>Balance 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Non-depreciable assets:				
Land	\$ 331,196	-	-	331,196
Construction in progress	94,116	196,591	-	290,707
Total non-depreciable assets	<u>425,312</u>	<u>196,591</u>	<u>-</u>	<u>621,903</u>
Depreciable assets:				
Water systems	12,281,771	69,572	-	12,351,343
Office building	419,762	20,530	-	440,292
Office furniture and fixtures	93,467	-	-	93,467
Vehicles	117,577	-	-	117,577
Total depreciable assets	<u>12,912,577</u>	<u>90,102</u>	<u>-</u>	<u>13,002,679</u>
Accumulated depreciation	<u>(7,346,515)</u>	<u>(564,199)</u>	<u>-</u>	<u>(7,910,714)</u>
Total depreciable assets, net	<u>5,566,062</u>	<u>(474,097)</u>	<u>-</u>	<u>5,091,965</u>
Total capital assets, net	<u>\$ 5,991,374</u>			<u>5,713,868</u>

In fiscal year 2023, major capital assets additions during the year include improvements to the District's water systems and office building.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(4) Long-Term Debt

Changes in long-term debt in 2024, were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2024</u>
Bonds payable:				
Limited Obligation Improvement Bonds				
Orchard Acres Assessment District 2008 Series A \$	365,000	-	(15,000)	350,000
Assessment District No. 2013-1 Series 2014	2,396,490	-	(40,000)	2,356,490
Total bonds payable	<u>2,761,490</u>	<u>-</u>	<u>(55,000)</u>	<u>2,706,490</u>
Notes payable:				
Union Bank – Tax-exempt refunding loan	695,071	-	(90,167)	604,904
Truist Bank	5,558,389	-	(157,549)	5,400,840
Total notes payable	<u>6,253,460</u>	<u>-</u>	<u>(247,716)</u>	<u>6,005,744</u>
Total long-term debt	9,014,950	<u>-</u>	<u>(302,716)</u>	8,712,234
Current portion	<u>(302,716)</u>			<u>(311,252)</u>
Non-current portion	<u>\$ 8,712,234</u>			<u>8,400,982</u>

Changes in long-term debt in 2023, were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2023</u>
Bond payable				
Limited Obligation Improvement Bonds				
Orchard Acres Assessment District 2008 Series A \$	380,000	-	(15,000)	365,000
Assessment District No. 2013-1 Series 2014	2,433,740	-	(37,250)	2,396,490
Total bonds payable	<u>2,813,740</u>	<u>-</u>	<u>(52,250)</u>	<u>2,761,490</u>
Note payable				
Union Bank – Tax-exempt refunding loan	780,658	-	(85,587)	695,071
Truist Bank	5,759,500	-	(201,111)	5,558,389
Total note payable	<u>6,540,158</u>	<u>-</u>	<u>(286,698)</u>	<u>6,253,460</u>
Total long-term debt	9,353,898	<u>-</u>	<u>(338,948)</u>	9,014,950
Current portion	<u>(342,373)</u>			<u>(302,716)</u>
Non-current portion	<u>\$ 9,011,525</u>			<u>8,712,234</u>

Orchard Acres Assessment District, 2008 Limited Obligation Improvement Bond, Series A

In 2008, pursuant to the Assessment Bond Law and Resolution No. 2008-04, the District issued a limited obligation bond under a fiscal agent agreement between the District and Union Bank in the amount of \$498,000. The proceeds from the bond financed the connection of 11 parcels of land in an unincorporated area of the County of San Benito, known as Orchard Acres, to the District's municipal water supply system. The bond is a limited obligation to the District, and payable solely from the proceeds of unpaid assessments levied on the 11 parcels within Orchard Acres. Terms of the bond call for semi-annual interest payable on March 2nd and September 2nd of each year, and annual debt service payment of principal on September 2nd of each year. The interest on the bond escalates starting at a rate of 4.80% in 2013 to 6.10% at maturity in 2038.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(4) Long-Term Debt, continued

Orchard Acres Assessment District, 2008 Limited Obligation Improvement Bond, Series A, continued

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 15,000	20,738	35,738
2026	15,000	19,853	34,853
2027	15,000	18,968	33,968
2028	20,000	17,935	37,935
2029	20,000	16,755	36,755
2030-2034	110,000	64,965	174,965
2035-2039	<u>155,000</u>	<u>25,161</u>	<u>180,161</u>
Total	350,000	<u>184,375</u>	<u>534,375</u>
Current	<u>(15,000)</u>		
Non-current	<u>\$ 335,000</u>		

Assessment District No. 2013-1, Limited Obligation Improvement Bond, Series 2014

In 2014, pursuant to the Assessment Bond Law and Resolution No. 2014-09, the District issued a limited obligation bond in the amount of \$2,723,613. The proceeds from the bond financed 47 water and fire service connections and 12 fire service only connections to particular residences on Oakridge Drive and Via del Sol. The bond is a limited obligation to the District, and payable solely from the proceeds of unpaid assessments levied on the Assessment District. Terms of the bond call for semi-annual interest payable on March 2nd and September 2nd of each year, and annual debt service payment of principal on September 2nd of each year. The interest on the bond is stated at 4.00% and matures in 2055.

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 41,000	96,980	137,980
2026	43,000	95,300	138,300
2027	45,000	93,540	138,540
2028	46,000	91,720	137,720
2029	48,000	89,840	137,840
2030-2034	271,000	418,180	689,180
2035-2039	330,000	358,240	688,240
2040-2044	401,000	285,380	686,380
2045-2049	490,000	196,600	686,600
2050-2054	596,000	88,320	684,320
2055	<u>45,490</u>	<u>2,680</u>	<u>48,170</u>
Total	2,356,490	<u>1,816,780</u>	<u>4,173,270</u>
Current	<u>(41,000)</u>		
Non-current	<u>\$ 2,315,490</u>		

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(4) Long-Term Debt, continued

City National Note Payable

In 2006, the District entered into a loan agreement with Santa Barbara Bank & Trust, N.A. and borrowed \$854,318. The proceeds of the loan financed the improvement to the District's water treatment and distribution system.

In 2011, the District refinanced its loan obtained in 2006, and borrowed additional funds to total \$1,457,578. The proceeds of the loan financed the improvement to the District's water treatment and distribution system extended to consist of the replacement of, and improvement to, the site of the Carpenteria well and improvements to the booster station.

In 2015, the District refinanced its loan obtained in 2011, with the Municipal Finance Corporation to refinance \$1,323,721 on a tax-exempt basis and borrowed \$201,966 on a taxable basis. The proceeds of the additional funds were used to acquire and install a solar energy project at the Carpenteria well site. The interest rates on the tax-exempt note and the taxable note are stated at 3.00% and 2.75%, respectively, and mature in 2030 and 2021, respectively. The terms of the notes call for semi-annual debt service payment of principal and interest payable on May 1st and November 1st of each year. The notes are secured by a pledge of and lien on the net revenues of the District's water system.

Annual maturity and interest on the tax-exempt note are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 92,893	17,345	110,238
2026	95,700	14,537	110,237
2027	98,593	11,644	110,237
2028	101,573	8,665	110,238
2029	104,643	5,594	110,237
2030	111,502	2,432	113,934
Total	604,904	60,217	665,121
Current	(92,893)		
Non-current	\$ 512,011		

In 2021, the District paid the taxable note in full.

Truist Bank Note Payable

On May 2022, the District entered into a loan agreement with Truist Bank and borrowed \$5,759,500 which is secured by a pledge of and lien on the net revenues of the District's water revenues. The proceeds from the loan will finance the acquisition and installation of certain improvements to the District's water system, including a new well and a solar energy project. Terms of the loan call for semi-annual payments of principal and interest payable on February 1st and August 1st of each year. The interest on the loan is stated at 3.08% and matures in 2042.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(4) Long-Term Debt, continued

Truist Bank Note Payable, continued

Annual maturity and interest on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 162,359	162,425	324,784
2026	167,316	157,468	324,784
2027	172,423	152,360	324,783
2028	177,688	147,096	324,784
2029	183,112	141,671	324,783
2030-2034	1,467,959	596,906	2,064,865
2035-2039	1,831,418	343,686	2,175,104
2040-2042	1,238,565	66,498	1,305,063
Total	5,400,840	<u>1,768,110</u>	<u>7,168,950</u>
Current	<u>(162,359)</u>		
Non-current	\$ <u>5,238,481</u>		

(5) Compensated Absences

Changes in compensated absences balance in 2024, were as follows:

<u>Balance</u> <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2022</u>	<u>Current</u>	<u>Non-Current</u>
\$ <u>50,451</u>	<u>46,272</u>	<u>(56,310)</u>	<u>40,413</u>	<u>30,310</u>	<u>10,103</u>

Changes in compensated absences balance in 2023, were as follows:

<u>Balance</u> <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2021</u>	<u>Current</u>	<u>Non-Current</u>
\$ <u>49,354</u>	<u>60,799</u>	<u>(59,702)</u>	<u>50,451</u>	<u>37,838</u>	<u>12,613</u>

(6) Defined Benefit Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(6) Defined Benefit Pension Plans, continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect as of June 30, are summarized as follows:

	2024		2023	
	New Classic	PEPRA	New Classic	PEPRA
	Prior to December 31, 2012	On or after January 1, 2013	Prior to December 31, 2012	On or after January 1, 2013
Hire date				
Benefit formula	2.0% @ 55	2.0% @ 62	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service		5 years of service	
Benefit payments	monthly for life			
Retirement age	50 - 55	52 - 62	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.00%	2.00%	2.00%	2.00%
Required employee contribution rates	7.00%	6.75%	7.00%	6.75%
Required employer contribution rates	12.47%	7.68%	10.87%	7.47%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1, following notice of a change in rate. Funding contribution for the Plan is determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, the District's contributions to CalPERS are as follows:

	2024	2023
Contribution - employer	\$ 104,190	88,219

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(6) Defined Benefit Pension Plans, continued

Net Pension Liability

As of the fiscal years ended June 30, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	2024	2023
Proportionate share of net pension liability	\$ 716,436	680,082

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2024 and 2023, the net pension liability of the Plan is measured as of June 30, 2023 and 2022 (the measurement dates, respectively). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and 2021 (the valuation dates), rolled forward to June 30, 2023 and 2022, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's changes in proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, 2023 and 2022, were as follows:

	Proportionate Share
Proportion – June 30, 2021	0.00710 %
Change in proportionate share	(0.00121)
Proportion – June 30, 2022	0.00589
Change in proportionate share	(0.00014)
Proportion – June 30, 2023	0.00574 %

Deferred Pension Outflows (Inflows) of Resources

The District will recognized other amounts of deferred outflows of resources and deferred inflows of resources as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2025	\$ 45,103
2026	32,391
2027	93,224
2028	3,329
2029	-
Thereafter	-

As of June 30, 2024 and 2023, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$109,643, and \$104,190, respectively, will be recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2025 and 2024, respectively.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(6) Defined Benefit Pension Plans, continued

Deferred Pension Outflows (Inflows) of Resources, continued

For the years ended June 30, 2024 and 2023, the District recognized pension expense (credit) of \$1,028 and \$(150,606), respectively. In 2024 and 2023, the District records pension credit adjustment within the non-operating revenues (expenses), net.

As of the fiscal years ended June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>2024</u>		<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 109,643	-	104,190	-
Differences between actual and expected experience	30,922	-	4,510	-
Changes in assumptions	43,254	-	69,689	-
Net difference between projected and actual earnings on plan investments	115,997	-	124,573	-
Differences between actual contribution and proportionate share of contribution	27,268	-	12,251	-
Net adjustment due to differences in proportions of net pension liability	-	(43,394)	-	(66,849)
Total	<u>\$ 327,084</u>	<u>(43,394)</u>	<u>315,213</u>	<u>(66,849)</u>

Actuarial Assumptions

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

Valuation dates	June 30, 2022 and 2021
Measurement dates	June 30, 2023 and 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Discount rate	6.90%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial experience survey assumptions were based	1997 – 2015
Post retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(6) Defined Benefit Pension Plans, continued

Actuarial Assumptions, continued

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

Discount Rate

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

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

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

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net position liability for the Plan calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(6) Defined Benefit Pension Plans, continued

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate, continued

As of June 30, 2024, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's net pension liability	\$ 1,049,748	716,436	442,091

As of June 30, 2023, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's net pension liability	\$ 1,000,261	680,082	416,654

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 33 through 35 for the Required Supplementary Information.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(7) Net Position

Calculation of net position as of June 30, was as follows:

	<u>2024</u>	<u>2023</u>
Net investments in capital assets:		
Capital assets, net	\$ 5,493,353	5,713,868
Unspent proceeds from loan	5,374,087	5,626,057
Notes payable, current	(255,252)	(247,716)
Notes payable, non-current	(5,750,492)	(6,005,744)
Bonds payable, current	(56,000)	(55,000)
Bonds payable, non-current	<u>(2,650,490)</u>	<u>(2,706,490)</u>
Total net investments in capital assets	<u>2,155,206</u>	<u>2,324,975</u>
Restricted for debt service:		
Cash and cash equivalents – restricted	5,887,524	5,886,334
Unspent proceeds from loan	(5,365,129)	(5,374,087)
Assessment receivable – restricted	<u>2,184,095</u>	<u>2,226,408</u>
Total restricted for debt service	<u>2,706,490</u>	<u>2,738,655</u>
Unrestricted net position:		
Non-spendable net position:		
Inventory and supplies	79,478	83,411
Prepaid expenses	<u>12,222</u>	<u>20,333</u>
Total non-spendable net position	<u>91,700</u>	<u>103,744</u>
Spendable net position:		
Unrestricted	<u>1,546,935</u>	<u>1,163,042</u>
Total spendable net position	<u>1,546,935</u>	<u>1,163,042</u>
Total unrestricted net position	<u>1,638,635</u>	<u>1,266,786</u>
Total net position	<u>\$ 6,500,331</u>	<u>6,330,416</u>

(8) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2024:

- Public employee dishonesty, forgery or alteration, computer fraud, faithful performance of duty, pension plans including ERISA: \$200,000 limit of coverage with a \$100,000 deductible.
- Building, personal property, fixed equipment, additional coverage, and catastrophic coverage: \$1,000 deductible.
- Mobile equipment: \$1,000 deductible.
- Automobile: \$1,000 deductible.
- Boiler and machinery: Various.
- Flood: Various.
- Earthquake: 5% per unit of insurance, subject to \$75,000 minimum.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

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

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

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

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

Governmental Accounting Standards Board Statement No. 102

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

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

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2024 and 2023

(10) Commitments and Contingencies

Grant Awards

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

Litigation

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

(11) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of November 26, 2024, which is the date the financial statements were available to be issued.

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Required Supplementary Information

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Aromas Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2024
Last Ten Years*

Defined Benefit Pension Plan

Description	Measurement Dates									
	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14
District's proportion of the net pension liability	0.00574%	0.00589%	0.00710%	0.00559%	0.00563%	0.00565%	0.00567%	0.00579%	0.00635%	0.00719%
District's proportionate share of the net pension liability	\$ 716,436	680,082	384,014	608,060	577,103	544,625	562,232	501,054	436,183	436,144
District's covered payroll	\$ 355,984	381,882	375,084	365,231	329,968	353,350	284,641	260,629	283,860	328,068
District's proportionate share of the net pension liability as a percentage of its covered payroll	201.25%	178.09%	102.38%	166.49%	174.90%	154.13%	197.52%	192.25%	153.66%	132.94%
Plan's proportionate share of fiduciary net position as a percentage of total pension liability	76.21%	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	80.43%

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

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

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

In fiscal year 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term.

The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses.

Aromas Water District
Schedules of the District's Proportionate Share of the Net Pension Liability, continued
As of June 30, 2024
Last Ten Years*

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability, continued

Change of Assumptions and Methods, continued

These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

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

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

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

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

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

Aromas Water District
Schedules of the Pension Plan Contributions
As of June 30, 2024
Last Ten Years

Description	Fiscal Years Ended									
	06/30/24	06/30/23	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Actuarially determined contribution	\$ 109,643	104,190	88,219	87,813	79,845	70,661	65,018	61,410	51,643	43,204
Contributions in relation to the actuarially determined contribution	(109,643)	(104,190)	(88,219)	(87,813)	(79,845)	(70,661)	(65,018)	(61,410)	(51,643)	(43,204)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 461,353	355,984	381,882	375,084	365,231	329,968	353,350	284,641	260,629	283,860
Contributions as a percentage of covered payroll	23.77%	29.27%	23.10%	23.41%	21.86%	21.41%	18.40%	21.57%	19.81%	15.22%

Supplementary Information

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**Aromas Water District
Schedules of Operating Expenses
For the Fiscal Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating expenses:		
Salaries	\$ 502,598	456,762
Payroll taxes	39,760	36,264
Payroll expenses	234	1,771
Retirement benefits - CalPERS	109,621	105,685
Uniform allowance	2,200	2,249
Education	1,171	3,023
Workers compensation and health insurance	113,996	85,206
Outside services	24,502	10,334
Power	115,175	86,947
Truck expense	32,020	42,550
System repair and maintenance	101,485	107,326
Water analysis and treatment	33,729	33,137
Small tools and equipment	6,590	5,296
Annexation/EIR/Planning	8,224	18,975
Office (postage/supplies/maintenance)	16,650	17,837
Telemetry	23,445	9,472
Telephone	10,437	10,530
Election expense	-	400
General and property insurance	31,171	25,008
Legal	16,800	17,654
Bank charges	1,568	1,629
Audit	17,546	13,180
Bad debts	3,785	534
Membership	29,527	25,429
	<u> </u>	<u> </u>
Total operating expenses	<u>\$ 1,242,234</u>	<u>1,117,198</u>

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Report on Internal Controls and Compliance

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

Board of Directors
Aromas Water District
Aromas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Aromas Water District (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 District’s basic financial statements, and have issued our report thereon dated November 26, 2024.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

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

C.J. Brown & Company, CPAs
Cypress, California
November 26, 2024

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Staff Report



To: Board of Directors

Re: Item IX.B – Consider approving next steps for the Rancho Larios Tank Easement process, whether the District wants to obtain a permanent easement, or to own the land, and providing direction to staff

Date: November 13, 2024

Summary / Discussion

Aromas Water District (District) and the San Benito Agricultural Land Trust (SBALT) have collaborated to ascertain the recordation status of the easement for the Rancho Larios Water Tank. Upon thorough investigation, it has been determined that the easement documents were not officially recorded, thus there is no recognized easement in place. Both parties have worked diligently to identify the optimal solution for this issue, and those options are being presenting to the Board of Directors for a decision.

SBALT has assured staff that the District will not incur transfer fees for either option. However, they will not cover any legal review costs. The District now has two choices: formalize the easement that was previously assumed to exist, or purchase the portion of the parcel outright (Fee Title). Each option carries implications for the District’s long-term operational and financial stability.

In evaluating these options, the following criteria were considered:

1. Costs (present and future)
2. Control over the land
3. Duration and stability
4. Legal complexity
5. Liability and risk management
6. Public perception

These criteria have been used to develop a comprehensive ‘Pros and Cons’ list, which will be presented during the Board meeting to facilitate informed discussion and decision-making.

Given the distinct differences between the two options, it is essential that the Board's discussion leads to a clear decision, which will be formalized in a Board Resolution at a subsequent meeting.

Staff Recommendation

Staff recommends that the Board discuss, agree upon, and move forward based on one of the two options presented.

Submitted by:

Robert Johnson
General Manager

Staff Report



To: Board of Directors

Re: Item IX.C – Consider receiving an update on the Operations Shop Construction Project, and providing direction to staff

Date: November 18, 2024

Summary / Discussion

This is a progress report on the Operations Shop project for the District. The purpose of this project is to construct a new facility to house District equipment, materials and provide additional workspace for the Operations crew.

Initial quotes for the steel building (only) have been received from two vendors. These quotes will serve as a baseline for budgeting and cost comparison as the project moves forward. Each of these vendors has provided a preliminary design for the Operations Shop that was based on the diagram that went out with an RFP request in July 2024.

The following steps still need to be taken before construction can begin:

- **Bid Solicitation:**
 - Bids will be sought out for the following components of the project:
 - Septic system installation
 - General construction (concrete pad, building erection, etc.)
 - Security system installation (alarms, cameras, etc.)
 - Utility connections (water, power, gas, telecommunications)
 - Solar energy system installation (optional, but to be explored)
- **Bid Evaluation and Selection:**
 - An evaluation of the received bids will be conducted, considering factors such as cost, experience, and qualifications. Recommendations for the selection of contractors will be presented to the Board for approval.
- **Permitting:**
 - Staff (or contractor) will work with San Benito County to obtain all necessary permits and approvals for the construction project.
- **Construction Management:**
 - Oversee the construction process to ensure adherence to the approved plans, specifications, budget, and timeline.
- **Budget**
 - Current budget is unknown at this time, until bids have been evaluated.
- **Solar Energy Option**
 - Solar Energy feasibility will be investigated for the Operations Shop.

Staff Recommendation

Staff recommends the Board receive the progress report as presented, and provide direction to staff.

Submitted by:

Robert Johnson
General Manager

Aromas Water District
Balance Sheet Prev Year Comparison

As of October 31, 2024

	Oct 31, 24	Oct 31, 23
ASSETS		
Current Assets		
Checking/Savings		
US Bank Checking 1715	186,719.77	267,082.53
US Bank Money Market 1842	252,842.64	447,638.02
LAIF-State of Ca xx-05	7,031,963.80	6,753,164.72
Assessment District Banks		
OAWA US Bank 102 Reserve	36,646.89	35,841.67
OAWA US Bank 101 Redemption	49,715.43	4,349.09
OAWA US Bank Checking 0664	17,352.47	18,332.56
Oakridge US BANK Checking 0701	347,504.55	343,524.24
Total Assessment District Banks	451,219.34	402,047.56
Petty Cash	100.00	100.00
Total Checking/Savings	7,922,845.55	7,870,032.83
Accounts Receivable		
1200 · Accounts Rec - Spec Proj/Taxes	45,432.66	26,296.34
Total Accounts Receivable	45,432.66	26,296.34
Other Current Assets		
1292 · Accounts Rec - USDA Loan	1,918,637.58	1,944,486.01
1291 · Accounts Rec - Orchard Acres	221,587.25	281,922.45
Prepaid Insurance	38,788.94	32,500.43
128 · Inventory	79,478.29	83,410.55
1200.1 · Accounts Receivable--UBMax	219,229.45	159,308.77
1201.9 · Less Allowance for doubtful ...	-500.00	-500.00
Total Other Current Assets	2,477,221.51	2,501,128.21
Total Current Assets	10,445,499.72	10,397,457.38
Fixed Assets		
1900 · Water System	12,426,897.55	12,377,931.32
1910 · Construction in Progress	305,846.08	294,978.36
1915 · Office Building & Improvements	440,291.33	440,291.33
1970 · Office Equipment & Fixtures	93,467.05	93,467.05
1980 · District Vehicles	246,989.85	117,577.39
1990 · Land and Easements	331,195.78	331,195.78
1995 · Idle Assets	43,400.00	43,400.00
1998 · Less Accum Depr Idle Assets	-42,400.00	-42,400.00
1999 · Less Accumuated Depreciation	-8,427,074.75	-8,028,845.75
Total Fixed Assets	5,418,612.89	5,627,595.48
Other Assets		
Deferred Outflow of Resources	327,084.00	315,213.00
Total Other Assets	327,084.00	315,213.00
TOTAL ASSETS	16,191,196.61	16,340,265.86

Aromas Water District
Balance Sheet Prev Year Comparison

As of October 31, 2024

	Oct 31, 24	Oct 31, 23
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	38,744.89	83,930.81
Total Accounts Payable	38,744.89	83,930.81
Credit Cards		
First Bankcard - S Smith #0239	1,314.83	1,358.50
First Bankcard - E Giron #1086	0.00	159.35
First Bankcard -R.Johnson #8178	522.82	-1,590.79
First Bankcard - D DeAlba #2486	458.75	106.54
Valero Fleet	146.32	93.77
Total Credit Cards	2,442.72	127.37
Other Current Liabilities		
2020 · Accrued Sick Payable	5,871.67	5,242.81
2024 · Accrued Vacation Payable	34,541.71	45,207.75
Current Portion City National	92,892.63	45,419.27
Current Portion Truist	81,790.00	79,367.00
2100 · Payroll Liabilities	150.92	113.42
Deferred Inflows- Actuarial	43,394.00	66,849.00
CUSTOMER DEPOSITS		
Connection Deposits Payable	10,000.00	8,000.00
Hydrant Meter Deposit	15,000.00	10,800.00
Total CUSTOMER DEPOSITS	25,000.00	18,800.00
Interest Payable	110,851.65	0.00
PVWMA Payable	17,962.03	14,748.16
Total Other Current Liabilities	412,454.61	275,747.41
Total Current Liabilities	453,642.22	359,805.59
Long Term Liabilities		
Truist Bank	5,238,481.00	5,400,840.00
2392 · Long-term Debt - USDA (Oakr...	2,315,489.90	2,356,489.90
2391 · Long-term Debt - Orchard Acres	335,000.00	350,000.00
GASB 68 Pension Liability	716,436.00	680,082.00
City National Bank	512,011.12	604,903.75
Total Long Term Liabilities	9,117,418.02	9,392,315.65
Total Liabilities	9,571,060.24	9,752,121.24
Equity		
Investment in Capital Assets	6,420,006.53	6,420,006.53
Unrestricted Net Assets	2,717,899.30	2,648,396.15
Allocation of Net Assets	-2,637,574.59	-2,637,574.59
Net Income	119,805.13	157,316.53
Total Equity	6,620,136.37	6,588,144.62
TOTAL LIABILITIES & EQUITY	16,191,196.61	16,340,265.86

Aromas Water District
Profit & Loss Budget Performance

October 2024

	Oct 24	Budget	Jul - Oct 24	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
303 · Water Revenue	182,287.69	164,629.00	693,570.88	659,629.00	1,600,000.00
307 · Bulk Water	1,142.82	1,000.00	5,208.62	4,000.00	12,000.00
302 · Connection	0.00	0.00	0.00	17,140.00	51,420.00
301 · Taxes Rcvd - AWD					
3090 · Oakridge / OAWA Assess...	0.00	0.00	0.00	0.00	178,400.00
301 · Taxes Rcvd - AWD - Other	0.00	0.00	0.00	0.00	76,000.00
Total 301 · Taxes Rcvd - AWD	0.00	0.00	0.00	0.00	254,400.00
304 · Other Office Income & Reimbu...	0.00	125.00	2,940.00	500.00	1,500.00
306 · Interest	26,846.60	1,300.00	109,952.07	54,600.00	65,000.00
312 · Grant Revenue	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Total Income	211,277.11	168,054.00	812,671.57	736,869.00	1,985,320.00
Gross Profit	211,277.11	168,054.00	812,671.57	736,869.00	1,985,320.00
Expense					
Operations					
403 · Fuel	2,080.53	2,000.00	7,277.43	8,000.00	24,000.00
404 · Truck Maint	1,686.73	830.00	3,388.89	3,340.00	10,000.00
431 · System Repair & Maint	4,725.00	10,400.00	30,872.37	41,700.00	125,000.00
463 · Water Analysis	368.00	625.00	5,563.00	2,500.00	7,500.00
464 · Water Treatment	4,220.76	3,500.00	14,596.78	14,500.00	27,000.00
468 · Tools	205.66	0.00	1,847.98	1,750.00	7,000.00
470 · Public Outreach / Annexation	280.00	900.00	4,606.10	3,650.00	25,000.00
Total Operations	13,566.68	18,255.00	68,152.55	75,440.00	225,500.00
Power					
449.75 · 388 Blohm, # C	133.49	125.00	727.97	500.00	1,500.00
449.5 · 388 Blohm, A & B Office	-73.22	90.00	73.02	370.00	1,100.00
461.5 · RLS Tank Booster	-45.64	10.00	-19.68	40.00	120.00
447 · Leo Ln Booster	-24.78	65.00	232.60	270.00	800.00
448 · Aimee Mdws Well	-45.64	6.00	-22.63	26.00	75.00
451 · Marshall Corp Yard	187.57	200.00	851.38	850.00	2,500.00
452 · Rea Booster @ Seely	16.64	65.00	192.17	275.00	810.00
454 · Carr Booster	772.47	600.00	3,362.73	2,200.00	7,500.00
458 · Pleasant Acres Well	155.50	100.00	385.15	400.00	1,200.00
459 · Seely Booster @ Carpentaria	853.45	30.00	7,934.77	3,540.00	7,200.00
460 · San Juan Well	6,767.64	6,000.00	25,502.08	20,400.00	71,000.00
461 · Cole Tank	-40.69	10.00	-1.85	40.00	120.00
462 · Rea Tank	15.46	10.00	35.66	40.00	120.00
465 - Lwr Oakridge Boost	135.29	115.00	499.80	470.00	1,400.00
465.5 - Upper Oakridge Booster	0.00	0.00	150.00	150.00	600.00
466 · Pine Tree Tank	-40.06	10.00	-7.40	40.00	120.00
Total Power	8,767.48	7,436.00	39,895.77	29,611.00	96,165.00
Payroll					
Gross	39,318.13	40,000.00	152,265.55	160,000.00	513,822.00
Comp FICA	2,437.72	2,450.00	9,244.13	9,800.00	31,857.00
Comp MCARE	570.12	570.00	2,161.95	2,280.00	7,450.00
Comp SUI	58.87	150.00	171.83	600.00	2,188.00
Total Payroll	42,384.84	43,170.00	163,843.46	172,680.00	555,317.00
Employee / Labor Costs					
407 · Outside Services	350.08	3,750.00	6,103.86	15,000.00	45,000.00
408 · Uniform Allowance	273.11	0.00	524.39	1,000.00	4,000.00
409 · Workers Comp	924.83	1,310.00	5,437.40	5,295.00	15,831.00
410 · Health Ins	8,367.91	7,530.00	33,471.64	30,120.00	90,360.00
474 · Education	0.00	0.00	150.00	2,000.00	8,000.00
477 · Retirement	3,930.33	4,000.00	84,743.13	87,162.00	119,162.00
Total Employee / Labor Costs	13,846.26	16,590.00	130,430.42	140,577.00	282,353.00

Aromas Water District
Profit & Loss Budget Performance

October 2024

	Oct 24	Budget	Jul - Oct 24	YTD Budget	Annual Budget
Office					
440 · Misc Exp	33.71	410.00	3,406.06	1,680.00	5,000.00
444 · Postage	360.97	410.00	1,454.40	1,680.00	5,000.00
445 · Office Supplies	146.29	410.00	1,680.30	1,680.00	5,000.00
446 · Office Eqpmt and Maint	4,691.25	1,775.00	6,216.44	2,300.00	12,000.00
Total Office	5,232.22	3,005.00	12,757.20	7,340.00	27,000.00
Communications					
455 · Phone, Off	476.17	640.00	2,301.58	2,570.00	7,700.00
456 · Telemetry	-47.37	0.00	-47.37	100.00	21,000.00
457 · Answ Serv/Cellular Phone	281.74	410.00	1,190.59	1,680.00	5,000.00
Total Communications	710.54	1,050.00	3,444.80	4,350.00	33,700.00
Administrative & General					
4591 · Admin Fee (Bond Admin N...	0.00	0.00	1,066.24	1,300.00	5,200.00
4590 · Bond Interest Exp - Assess...	0.00	0.00	56,925.59	61,132.00	121,000.00
417 · Capital Loan Interest	0.00	0.00	81,822.73	84,410.00	187,310.00
467 · Depreciation Reserve	25,795.00	25,794.00	103,180.00	103,177.00	309,529.00
405 · Election	0.00	0.00	0.00	0.00	2,000.00
406 · Liability Ins	1,004.17	2,500.00	9,276.19	10,000.00	30,000.00
420 · Legal Fees	1,400.00	1,400.00	5,600.00	5,600.00	27,000.00
422 · Bank Charges	143.75	165.00	773.15	660.00	2,000.00
423 · Litigation Contingency	0.00	0.00	0.00	0.00	35,000.00
425 · Audit	152.00	1,270.00	5,328.00	5,082.00	15,246.00
471 · Bad Debts	0.00	0.00	0.00	0.00	1,000.00
473 · Memberships	329.68	750.00	10,370.34	10,500.00	30,000.00
Total Administrative & General	28,824.60	31,879.00	274,342.24	281,861.00	765,285.00
Total Expense	113,332.62	121,385.00	692,866.44	711,859.00	1,985,320.00
Net Ordinary Income	97,944.49	46,669.00	119,805.13	25,010.00	0.00
Net Income	97,944.49	46,669.00	119,805.13	25,010.00	0.00

11/22/24

Aromas Water District
Monthly Expenditures
 October 16 through November 18, 2024

Date	Num	Name	Amount
US Bank Checking 1715			
10/18/2024	DD2153	Bowman (P), Naomi	0.00
10/18/2024	20018	DeAlba (P), David	-3,636.23
10/18/2024	DD2154	Giron (P), Ester	0.00
10/18/2024	DD2155	Hill (P), Travis S	0.00
10/18/2024	DD2156	Johnson (P), Robert L	0.00
10/18/2024	20019	Smith (P), Shaun	-1,952.53
10/18/2024	EFT	QuickBooks Payroll Service	-7,067.81
10/18/2024	EFT	CalPERS	-1,174.24
10/18/2024	EFT	CalPERS	-3,304.02
10/18/2024	E-pay	Employment Development Dept	-845.22
10/18/2024	E-pay	United States Treasury (EFTPS)	-4,444.04
10/18/2024	E-pay	Employment Development Dept	-20.74
10/18/2024	20020	CALNET3	-431.34
10/18/2024	20021	Peter Mu	-150.00
10/18/2024	20022	Rob Johnson	-50.00
10/18/2024	20023	T & T Valve and Instrument, Inc.	-601.14
10/18/2024	20024	Xerox Corp	-7.75
10/19/2024	PD ONLINE	Linde Gas & Equipment Inc.	-32.33
10/20/2024	PD ONLINE	Spectrum - Charter Communications	-111.24
10/21/2024	NSF	Bill Adjustment Report	-221.28
10/22/2024	PD ONLINE	P G & E	-7,499.42
10/22/2024	PD ONLINE	P G & E	-187.57
10/22/2024	PD ONLINE	P G & E	-16.64
10/23/2024	PD ONLINE	P G & E	-133.49
10/24/2024	PD ONLINE	P G & E	0.00
10/24/2024	PD ONLINE	P G & E	-1.91
10/25/2024	20025	Aromas Water District (Petty Cash)	-200.00
10/25/2024	20026	Mid Valley Supply	-1,406.92
10/25/2024	20027	Monterey Bay Analytical Services Inc	-368.00
10/25/2024	20028	Old Firehouse Market	-1,213.98
10/25/2024	20029	Rob Johnson	-50.00
10/25/2024	20030	SCAS	-143.00
10/25/2024	20031	USA BlueBook	-1,158.50
10/25/2024	20032	Wright Bros Industrial Supply	-205.66
10/28/2024	NSF	Bill Adjustment Report	-22.65
10/29/2024	PD ONLINE	P G & E	-853.45
10/29/2024	PD ONLINE	Core & Main	-85.78
10/30/2024	PD ONLINE	Grainger Inc	-266.40
10/31/2024	20036	VOID	0.00
10/31/2024	20037	VOID	0.00
10/31/2024	20038	VOID	0.00
10/31/2024	20039	VOID	0.00
10/31/2024	NSF	Bill Adjustment Report	-83.16
11/01/2024	DD2157	Bowman (P), Naomi	0.00
11/01/2024	20033	DeAlba (P), David	-3,749.73
11/01/2024	DD2158	Giron (P), Ester	0.00
11/01/2024	20034	Smith (P), Shaun	-1,932.04
11/01/2024	DD2160	Johnson (P), Robert L	0.00

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Aromas Water District
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Date	Num	Name	Amount
11/01/2024	DD2159	Hill (P), Travis S	0.00
11/01/2024	DD2161	Capron (P), Seth	0.00
11/01/2024	20035	Holman (P), Wayne R	-248.21
11/01/2024	DD2162	Morris (C), Vicki	0.00
11/01/2024	DD2163	Norton (P), K W	0.00
11/01/2024	DD2164	Powers (P), Timothy W	0.00
11/01/2024	EFT	QuickBooks Payroll Service	-8,060.63
11/01/2024	EFT	CalPERS	-1,184.41
11/01/2024	EFT	CalPERS	-3,306.00
11/01/2024	E-pay	Employment Development Dept	-874.15
11/01/2024	E-pay	United States Treasury (EFTPS)	-4,697.82
11/01/2024	PD ONLINE	Recology San Benito County	-66.32
11/01/2024	PD ONLINE	Google	-34.56
11/01/2024	PD ONLINE	First Bankcard	-5,985.64
11/01/2024	20040	Ace Hardware Hollister	-29.45
11/01/2024	20041	ACE Hardware Prunedale	-80.79
11/01/2024	20042	Ace Hardware Watsonville	-167.76
11/01/2024	20043	Aromas Water District (Petty Cash)	-50.00
11/01/2024	20044	BAVCO	-73.54
11/01/2024	20045	C & N Tractors	-743.15
11/01/2024	20046	CALNET3	-433.61
11/01/2024	20047	Mid Valley Supply	-1,406.92
11/01/2024	20048	Monterey Bay Solutions, LLC	-225.00
11/01/2024	20061	VOID	0.00
11/02/2024	PD ONLINE	P G & E	0.00
11/02/2024	PD ONLINE	P G & E	0.00
11/04/2024	PD ONLINE	P G & E	0.00
11/05/2024	PD ONLINE	Verizon Wireless	-82.76
11/06/2024	20050	USPO	-287.97
11/06/2024	20049	VOID	0.00
11/07/2024	PD ONLINE	Streamline	-126.00
11/07/2024	WIRE	City National Bank	-55,118.67
11/12/2024	PD ONLINE	P G & E	0.00
11/14/2024	EFT	QuickBooks Payroll Service	-7,156.45
11/14/2024	PD ONLINE	Intuit	-98.06
11/15/2024	DD2165	Bowman (P), Naomi	0.00
11/15/2024	20051	DeAlba (P), David	-4,030.38
11/15/2024	DD2166	Giron (P), Ester	0.00
11/15/2024	DD2167	Hill (P), Travis S	0.00
11/15/2024	DD2168	Johnson (P), Robert L	0.00
11/15/2024	20052	Smith (P), Shaun	-1,969.44
11/15/2024	E-pay	Employment Development Dept	-917.93
11/15/2024	E-pay	United States Treasury (EFTPS)	-4,718.30
11/15/2024	EFT	CalPERS	-1,174.64
11/15/2024	EFT	CalPERS	-3,324.21
11/18/2024	20053	C.J. Brown & Company CPAs	-152.00

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Aromas Water District
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<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
11/18/2024	20054	Old Firehouse Market	-1,617.75
11/18/2024	20055	Robert E. Bosso	-1,400.00
Total US Bank Checking 1715			-153,470.73
TOTAL			-153,470.73