

***Frazier Park Public Utility District***

***Financial Statements***

***June 30, 2024 and 2023***

*Frazier Park Public Utility District*

*June 30, 2024 and 2023*

**Directors**

Lisa Schoenberg, President

Gerald Garcia, Vice President

Rebecca Gipson, JPIA Representative

Terry Kelling, Treasurer

Brahma Neyman, Secretary

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## *Independent Auditors' Report*

Board of Directors  
Frazier Park Public Utility District  
Frazier Park, California

### **Opinions**

We have audited the accompanying financial statements of Frazier Park Public Utility District (the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

## **Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

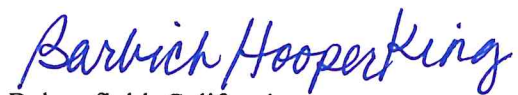
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part 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 audit 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The history and organization, schedule of rates, and schedules of general and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the history and organization, schedule of rates, and schedule of general and administrative expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**BARBICH HOOPER KING**  
**DILL HOFFMAN, LLP**



Bakersfield, California  
March 28, 2025



## *Frazier Park Public Utility District*

### *Management's Discussion and Analysis*

As management of the Frazier Park Public Utility District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal years ended June 30, 2024 and 2023. Please read it in conjunction with the District's financial statements, which follow this section.

#### *Financial Highlights*

- The District's total net position increased by \$1,486,000 or 34.1% over the course of the year's operations.
- The District's total net operating and nonoperating revenues increased by \$1,184,000 or 68.1% over the course of the year's operations. The increase was primarily due to grant income received from the State of California and a loss incurred in the prior year due to abandonment of a grant funded well.
- The District's total operating expenses decreased by \$320,000 or 18.2%, compared with the prior year's operations. The decrease is primarily due to additional costs associated with purchasing and hauling water from other water districts during the prior year.

#### *Overview of the Financial Statements*

This annual report includes management's discussion and analysis report, the independent auditors' report, the basic financial statements of the District and selected additional information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

#### *Required Financial Statements*

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statements of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statements 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 whether the District has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statements of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

**Frazier Park Public Utility District**

**Management's Discussion and Analysis**

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of this year's activities?" The Statements of Net Position, and the Statements of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and the changes in them. One can think of the District's net position - the difference between assets and liabilities - as one way to measure 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, and new or changed government legislation.

**Net Position**

To begin our analysis, a summary of the District's Statements of Net Position is presented in Table A-1.

**Table A-1**  
**Condensed Statements of Net Position**  
**June 30, 2024, 2023, and 2022**  
**(000's)**

	<b>2024</b>	<b>2023</b>	<b>Dollar Change</b>	<b>Percentage Change</b>	<b>2022</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Current Assets	\$ 2,883	\$ 1,894	\$ 989	52.2%	\$ 1,974	\$ (80)	-4.1%
Restricted Assets	306	321	(15)	-4.7%	401	(80)	-20.0%
Lease Receivable	125	-	125	0.0%	-	-	0.0%
Capital Assets, net	<u>6,098</u>	<u>5,090</u>	<u>1,008</u>	19.8%	<u>5,002</u>	<u>88</u>	1.8%
<b>Total Assets</b>	<u>9,412</u>	<u>7,305</u>	<u>2,107</u>	28.8%	<u>7,377</u>	<u>(72)</u>	-1.0%
Current Liabilities	819	274	545	198.9%	257	17	6.6%
Long-Term Debt	<u>2,608</u>	<u>2,679</u>	<u>(71)</u>	-2.7%	<u>2,750</u>	<u>(71)</u>	-2.6%
<b>Total Liabilities</b>	<u>3,427</u>	<u>2,953</u>	<u>474</u>	16.1%	<u>3,007</u>	<u>(54)</u>	-1.8%
Deferred Inflows of Resources	<u>147</u>	<u>-</u>	<u>147</u>	0.0%	<u>-</u>	<u>-</u>	0.0%
Invested in Capital Assets	3,126	2,340	786	33.6%	2,182	158	7.2%
Restricted	306	321	(15)	-4.7%	401	(80)	-20.0%
Unrestricted	<u>2,406</u>	<u>1,691</u>	<u>715</u>	42.3%	<u>1,787</u>	<u>(96)</u>	-5.4%
<b>Total Net Position</b>	<u>\$ 5,838</u>	<u>\$ 4,352</u>	<u>\$ 1,486</u>	34.1%	<u>\$ 4,370</u>	<u>\$ (18)</u>	-0.4%



***Frazier Park Public Utility District***

***Management's Discussion and Analysis***

**2024**

As can be seen from the table above, current assets and capital assets increased in the current year. The increase in current assets is primarily due to an increase in the grants receivable from the State of California which is funding the purchase and installation of smart meters and other infrastructure. The decrease in restricted assets was due to the District expending restricted funds on repair and maintenance expenses in the current year.

**2023**

As can be seen from the table above, current and restricted assets decreased and capital assets increased in the current year. The decrease in current assets is primarily due to decreases in cash to purchase or construct new capital assets. The decrease in restricted assets was due to the District expending grant funds received in advance related to the California Department of Emergency management generator project.

While the Statements of Net Position shows the change in financial position of net assets of the District, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes.

**Table A-2**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2024, 2023, and 2022**  
**(000's)**

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>	<u>Percentage Change</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues	\$ 1,429	\$ 1,393	\$ 36	2.6%	\$ 1,352	\$ 41	3.0%
Nonoperating Revenues, net	1,493	345	1,148	332.8%	352	(7)	-2.0%
Total Revenues	<u>2,922</u>	<u>1,738</u>	<u>1,184</u>	68.1%	<u>1,704</u>	<u>34</u>	2.0%
Operating Expenses	<u>1,436</u>	<u>1,756</u>	<u>(320)</u>	-18.2%	<u>1,306</u>	<u>450</u>	34.5%
Change in Net Position	1,486	(18)	1,504	8355.6%	398	(416)	-104.5%
Net Position, Beginning of Year	<u>4,352</u>	<u>4,370</u>	<u>(18)</u>	-0.4%	<u>3,972</u>	<u>398</u>	10.0%
Net Position, End of Year	<u>\$ 5,838</u>	<u>\$ 4,352</u>	<u>\$ 1,486</u>	34.1%	<u>\$ 4,370</u>	<u>\$ (18)</u>	-0.4%

**2024**

As can be seen in Table A-2 above, the District's operating revenues for the year ended June 30, 2024 increased slightly from the year ended June 30, 2023, primarily due to increases in water rates and minor fluctuations in water deliveries compared to the prior year. Nonoperating revenues, net, increased, primarily as grant income funded construction projects, primarily for the District's smart meter replacement program and due to a loss incurred during the prior year for the abandonment of a well. Operating expenses decreased, primarily driven by decreases in the costs for water hauling incurred during 2023 that were not necessary for the current year.

*Frazier Park Public Utility District*

*Management's Discussion and Analysis*

**2023**

As can be seen in Table A-2 above, the District's operating revenues for the year ended June 30, 2023 increased slightly from for the year ended June 30, 2022, primarily due to minor fluctuations in water deliveries compared to prior year and increases in water rates. Nonoperating revenues, net, decreased, primarily due to abandonment costs on the abandonment of Well #7 offset by grant revenues from the State of California. The District's operating expenses increased due to costs of water hauling along with increases in wages and additional repair and maintenance costs.

***Budgetary Highlights***

The District adopts an annual budget each year to project the expected coming year's operations. The budget includes proposed expenses and the means of financing them. The District's budget remains in effect the entire year and is not revised. A fiscal year June 30, 2024 budget comparison to actual is analyzed by management throughout the year; however it is not reported on nor shown in the financial statement section of this report.

A fiscal year ended June 30, 2024 budget comparison to actual is presented below in Table A-3.

***Table A-3***  
***Budget vs. Actual Comparison***  
***Year Ended June 30, 2024***  
***(000's)***

	<u><i>Actual</i></u>	<u><i>Budget</i></u>	<u><i>Variance</i></u>
Operating Revenues	\$ 1,429	\$ 1,463	\$ (34)
Nonoperating Revenues (Expenses), net	<u>1,493</u>	<u>31</u>	<u>1,462</u>
Total Revenues	<u>2,922</u>	<u>1,494</u>	<u>1,428</u>
Operating Expenses	<u>1,436</u>	<u>1,272</u>	<u>164</u>
Change in Net Position	<u>\$ 1,486</u>	<u>\$ 222</u>	<u>\$ 1,264</u>

Operating revenues were below budget primarily due to water sales below budgeted amounts. Operating expenses for the year ended June 30, 2024 are over budget primarily due to the District not budgeting for depreciation expense. Nonoperating revenues exceeded budget primarily due to the District receiving grant income in excess of the amount budgeted due to various State of California grants.

**Frazier Park Public Utility District**

**Management’s Discussion and Analysis**

**Capital Assets**

As of June 30, 2024 and 2023, the District had invested \$11.3 million and \$9.9 million in capital assets, respectively, as shown below in Table A-4.

**Table A-4**  
**Capital Assets**  
**June 30, 2024, 2023, and 2022**  
**(000's)**

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>	<u>Percentage Change</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Land	\$ 21	\$ 21	\$ -	0.0%	\$ 21	\$ -	0.0%
Construction in progress	1,227	1,067	160	15.0%	767	300	39.1%
Buildings and structures	162	162	-	0.0%	162	-	0.0%
Corporate yard	44	44	-	0.0%	44	-	0.0%
General plant	3	3	-	0.0%	3	-	0.0%
Office equipment	9	9	-	0.0%	9	-	0.0%
Other property	18	18	-	0.0%	14	4	28.6%
Plant equipment	438	493	(55)	-11.2%	414	79	19.1%
Source of supply	1,664	1,642	22	1.3%	1,585	57	3.6%
Telemetry and software	263	235	28	11.9%	226	9	4.0%
Transmission and distribution	7,180	6,003	1,177	19.6%	6,003	-	0.0%
Vehicles	235	235	-	0.0%	270	(35)	-13.0%
	<u>11,264</u>	<u>9,932</u>	<u>1,332</u>	<u>13.4%</u>	<u>9,518</u>	<u>414</u>	<u>4.3%</u>
Less: Accumulated Depreciation	<u>5,166</u>	<u>4,842</u>	<u>324</u>	<u>6.7%</u>	<u>4,516</u>	<u>326</u>	<u>7.2%</u>
Net Capital Assets	<u>\$ 6,098</u>	<u>\$ 5,090</u>	<u>\$ 1,008</u>	<u>19.8%</u>	<u>\$ 5,002</u>	<u>\$ 88</u>	<u>1.8%</u>

**2024**

This table shows an increase in “Net Capital Assets” resulting from several factors. During the year, the District purchased property and equipment totaling approximately \$1,400,000 and disposed of assets worth approximately \$68,000. During the year ended June 30, 2024, the District had depreciation expense of approximately \$392,000.

**2023**

This table shows an increase in “Net Capital Assets” resulting from several factors. During the year, the District purchased property and equipment totaling approximately \$1,219,000 and disposed of assets worth approximately \$804,000. During the year ended June 30, 2023, the District had depreciation expense of approximately \$400,000.

*Frazier Park Public Utility District*

*Management's Discussion and Analysis*

***Debt Service Requirements***

The District has outstanding Series 2005 A and B bonds of \$1,040,000 which were issued to finance the USDA Pipeline Rehabilitation Project. These bonds have a required payment of principal once per year beginning at \$15,000 and escalating to \$70,000 in the fiscal year ending 2046, plus semi-annual interest payments.

The District has outstanding Series 2011 bonds of \$1,639,000 which were used to finance water system improvements. These bonds have a required payment of principal once per year beginning at \$30,000 and escalating to \$83,000 in fiscal year ending 2051, plus semi-annual interest payments.

The District has a short-term bridge loan from Self-Help Enterprises which is expected to be paid off entirely in the next fiscal year.

***Contacting the District Management***

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Frazier Park Public Utility District, P.O. Box 1525, Frazier Park, CA 93225.

*Frazier Park Public Utility District*

*Statements of Net Position  
June 30, 2024 and 2023*

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,857,276	\$ 1,643,699
Accounts receivable, net	137,401	133,801
Grants receivable	776,794	90,199
Current portion of lease receivable	22,648	-
Inventory, material and supplies	87,389	25,000
Other assets	1,800	1,800
	<u>2,883,308</u>	<u>1,894,499</u>
<b>Restricted Cash and Cash Equivalents</b>	<u>306,109</u>	<u>320,624</u>
<b>Lease Receivable</b> , less current portion	<u>124,743</u>	<u>-</u>
<b>Capital Assets</b> , net of accumulated depreciation	<u>6,097,960</u>	<u>5,090,467</u>
	<u>\$ 9,412,120</u>	<u>\$ 7,305,590</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 363,511	\$ 71,000
Trade accounts payable and accrued expenses	436,834	185,198
Accrued interest payable	18,237	18,237
	<u>818,582</u>	<u>274,435</u>
<b>Long-Term Debt</b> , less current maturities	<u>2,608,000</u>	<u>2,679,000</u>
<b>Deferred Inflow of Resources - Leases</b>	<u>147,391</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	3,126,449	2,340,467
Restricted	306,109	320,624
Unrestricted	2,405,589	1,691,064
	<u>5,838,147</u>	<u>4,352,155</u>
	<u>\$ 9,412,120</u>	<u>\$ 7,305,590</u>

*See Notes to Financial Statements.*

*Frazier Park Public Utility District*

*Statements of Revenues, Expenses and Changes in Net Position  
Years Ended June 30, 2024 and 2023*

	<i>2024</i>	<i>2023</i>
<b><i>Operating Revenues:</i></b>		
Residential water sales	\$ 1,220,408	\$ 1,198,202
Business water sales	136,996	127,673
Other operating income:		
Connections	3,792	2,211
Standby assessments	10,159	13,399
Other services	56,820	52,092
	1,428,175	1,393,577
<b><i>Operating Expenses:</i></b>		
Pumping, power and maintenance	159,079	398,771
Equipment, supplies and maintenance	(39,643)	78,356
General and administrative	924,460	878,810
Depreciation	391,642	400,423
	1,435,538	1,756,360
Operating loss	(7,363)	(362,783)
<b><i>Nonoperating Revenues (Expenses):</i></b>		
Grant revenue	1,419,632	1,060,717
Interest income	11,149	1,534
Interest expense	(87,976)	(89,346)
Assessments	69,553	65,602
Other income	26,297	29,017
Gain (loss) on disposal of capital assets	54,700	(722,703)
	1,493,355	344,821
Change in net position	1,485,992	(17,962)
<b><i>Net Position, beginning of year</i></b>	4,352,155	4,370,117
<b><i>Net Position, end of year</i></b>	<b>\$ 5,838,147</b>	<b>\$ 4,352,155</b>

*See Notes to Financial Statements.*

*Frazier Park Public Utility District*

*Statements of Cash Flows  
Years Ended June 30, 2024 and 2023*

	<i>2024</i>	<i>2023</i>
<b><i>Cash flows from operating activities:</i></b>		
Receipts from customers	\$ 1,435,511	\$ 1,393,382
Payments to suppliers for goods and services	(310,023)	(810,577)
Payments to employees and employee benefits	(534,771)	(507,102)
Payments to Board of Directors for services	(20,791)	(22,367)
Net cash provided by operating activities	569,926	53,336
<b><i>Cash flows from investing activities:</i></b>		
Interest income	11,149	1,534
<b><i>Cash flows from noncapital financing activities:</i></b>		
Receipts from assessments	69,553	65,602
Receipts from other income	26,297	29,017
Net cash provided by noncapital financing activities	95,850	94,619
<b><i>Cash flows from capital and related financing activities:</i></b>		
Receipts from grants	733,037	1,032,002
Purchase of capital assets	(1,399,135)	(1,219,260)
Borrowing on long-term debt	292,511	324,956
Principal payments on long-term debt	(71,000)	(394,956)
Proceeds from disposal of capital assets	54,700	7,501
Cash paid for interest	(87,976)	(89,830)
Net cash used in capital and related financing activities	(477,863)	(339,587)
<b><i>Net change in cash and cash equivalents</i></b>	199,062	(190,098)
<b><i>Cash and cash equivalents, beginning of year</i></b>	1,964,323	2,154,421
<b><i>Cash and cash equivalents, end of year</i></b>	\$ 2,163,385	\$ 1,964,323



	<u>2024</u>	<u>2023</u>
<b><i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i></b>		
Operating loss	\$ (7,363)	\$ (362,783)
<b><i>Adjustments to reconcile operating loss net cash provided by operating activities:</i></b>		
Depreciation	391,642	400,423
<b><i>Changes in operating assets and liabilities:</i></b>		
Accounts receivable	(3,600)	263
Inventories	(62,389)	-
Other assets	-	(1,324)
Trade accounts payable and accrued expenses	<u>251,636</u>	<u>16,757</u>
Net cash provided by operating activities	<u>\$ 569,926</u>	<u>\$ 53,336</u>
<b><i>Reconciliation of cash and cash equivalents:</i></b>		
Cash and cash equivalents	\$ 1,857,276	\$ 1,643,699
Restricted cash and cash equivalents	<u>306,109</u>	<u>320,624</u>
	<u>\$ 2,163,385</u>	<u>\$ 1,964,323</u>

*Frazier Park Public Utility District*

*Notes to Financial Statements*

**Note 1. Significant Accounting Policies**

***The reporting entity:***

The Frazier Park Public Utility District (the District) is a Special District formed in 1939 to provide water services to the unincorporated area of Frazier Park, California. The District is governed by a Board of Directors, which oversees the operations. This Board is elected by the voters of the District.

***Financial reporting:***

The District utilizes a net position presentation in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Net position is categorized as invested in capital assets, net of related debt, restricted components of net position and unrestricted components of net position. These categories are defined as follows:

*Invested in capital assets, net of related debt* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted components of net position* - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

*Unrestricted components of net position* - This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

***Basis of accounting:***

The District uses the economic resources measurement focus and accrual basis of accounting, in conformity with the uniform system of accounts prescribed for water districts by the Controller of the State of California. Revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of cash payments or receipts.

When the District has both unrestricted and restricted resources available for District purposes, it is the District's practice to first expend unrestricted resources as needed, subsequently utilizing restricted resources for only their intended purposes.

## *Notes to Financial Statements*

### ***Fund accounting:***

The District utilizes a proprietary enterprise fund category to account for its activities. Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are water sales and service revenues charged to water users. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### ***Budgetary procedures:***

The District prepares and submits a board approved budget to the County of Kern to be used in the final County budget. Disbursements are not, in all instances, classified within the District's records as presented in the budget. The District's disbursement records are maintained to show amounts expended and receipt records are maintained to reflect revenues received.

### ***Revenue recognition:***

Income is derived primarily from the sale of water, which is billed monthly based on a fixed charge and the customers' prior month water usage, and the levy of assessments, which include general administration and general project service charges.

Water and general administrative and general project service charges are established and levied by the Board of Directors for the period of July through June of each year. The standby fees, general administrative and/or general project service charges are billed to landowners or property owners on their county property tax statements and recognized as income once the District receives the taxes from the County.

Grant revenues are considered earned when the grant contractual objectives have been completed.

### ***Use of estimates:***

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

## *Notes to Financial Statements*

### ***Cash flows:***

GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, states for purposes of preparing the statement of cash flow, all transactions that are not classified as capital and related financing activities, noncapital financing activities or investing activities are classified as operating activities. The adjustments to reconcile operating income to net cash provided by operating activities includes depreciation expense and changes in operating assets and liabilities.

### ***Cash and cash equivalents:***

For purposes of reporting cash flows, the District considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents also include cash on hand and amounts deposited with banks. The carrying amount of deposits is a reasonable estimate of fair value.

### ***Accounts receivable:***

Customers are billed after water has been delivered. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Management provides for uncollectible amounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of the individual accounts. Based on management's assessment, an allowance of \$750 has been recorded as of June 30, 2024 and 2023.

### ***Concentration of credit risk:***

Credit is extended in the form of accounts receivable to landowners who are located in the District's service area.

### ***Inventory:***

The District maintains an inventory of parts, materials, and supplies to be used for repairs and improvements. Inventory is stated at the lower of cost or market using the first-in, first-out (FIFO) method.

*Notes to Financial Statements*

***Capital assets:***

Capital assets are stated at cost. Depreciation is computed principally by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and structures	10 - 39
Corporate yard	5 - 40
General plant	7 - 10
Office equipment	5 - 7
Other property	7 - 15
Plant equipment	5 - 20
Source of supply	5 - 40
Telemetry and software	5 - 25
Transmission and distribution	6 - 50
Vehicles	3 - 5

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Expenditures for maintenance and repairs are charged against operations. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

***Operating leases:***

In accordance with GASB Statement No. 87, *Leases*, for long-term operating leases in which the District is the lessor, the District records a lease receivable and deferred inflow of resources related to the leased assets at the present value of the lease. The lease receivable and deferred inflow of resources are amortized over the life of the lease with the difference between the undiscounted amortized lease payment and the discounted lease amortization being recognized as interest income in the year it was received.

***Note 2. Cash and Cash Equivalents***

Cash and cash equivalents as of June 30, 2024 and 2023 are classified in the accompanying financial statements as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,857,276	\$ 1,643,699
Restricted cash and cash equivalents	306,109	320,624
	<u>\$ 2,163,385</u>	<u>\$ 1,964,323</u>

## *Notes to Financial Statements*

Cash and cash equivalents as of June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Cash on hand	\$ 700	\$ 700
Deposits with financial institutions	<u>2,162,685</u>	<u>1,963,623</u>
	<u>\$ 2,163,385</u>	<u>\$ 1,964,323</u>

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

The District is permitted by both Board policy and State law to invest in various authorized investments, subject to a variety of limits and controls, including State of California Investment Pool-Local Agency Investment Fund (LAIF), State of California bonds, U.S. Government Agency securities (Treasury bills and notes) and other securities (bankers' acceptances, negotiable certificates of deposit, etc.).

### ***Custodial credit risk:***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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 and 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 the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2024 and 2023, the District had no risk associated with custodial assets.

### ***Disclosures relating to 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 of changes in market interest rates. The District manages its exposure to interest rate risk by not purchasing any long-term investments.

*Notes to Financial Statements*

***Disclosures relating to credit risk:***

Generally, 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 policy does not contain policy related to limits on credit risk and the District did not have any investments at June 30, 2024 and 2023. The District believes it is not subject to any concentrations of credit risk.

***Note 3. Restricted Cash and Cash Equivalents***

Restricted cash and cash equivalents as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Reserve Fund – Series 2005 Bonds	\$ 73,912	\$ 71,823
Reserve Fund – Series 2011 Bonds	93,523	91,833
Replacement Fund (2005 and 2011)	<u>138,674</u>	<u>156,968</u>
	<u>\$ 306,109</u>	<u>\$ 320,624</u>

***Reserve Fund – Series 2005 Bonds:***

The provision of the District’s Water Revenue Bonds Series 2005 A and B, require the District to maintain a reserve equal to the debt service requirement for the current year.

***Reserve Fund – Series 2011 Bonds:***

The provision of the District’s Water Revenue Bonds Series 2011, require the District to maintain a reserve equal to the debt service requirement for the current year.

***Replacement Fund:***

The provisions of the District’s Water Revenue Bonds Series 2005 A and B require the District to establish a replacement fund once the reserve fund has exceeded the reserve requirement. Bond Series 2011 immediately established a replacement fund. This fund will be used for paying the costs of emergency repairs and maintenance of the water system, extending facilities and replacement of short-lived assets which have a useful life less than the maturity of the bonds.



*Notes to Financial Statements*

**Note 4. Capital Assets**

A summary of capital assets at June 30, 2024 and 2023 is as follows:

	<i>Assets at Cost</i>			
	<u><i>Balance</i></u> <u><i>6/30/2023</i></u>	<u><i>Acquisitions</i></u>	<u><i>Transfers/ Retirements</i></u>	
<b><i>Capital assets, not being depreciated:</i></b>				
Land	\$ 21,453	\$ -	\$ -	\$ 21,453
Construction in progress	1,066,971	1,333,871	(1,173,763)	1,227,079
	<u>1,088,424</u>	<u>1,333,871</u>	<u>(1,173,763)</u>	<u>1,248,532</u>
<b><i>Capital assets, being depreciated:</i></b>				
Buildings and structures	161,733	-	-	161,733
Corporate yard	43,972	-	-	43,972
General plant	2,868	-	-	2,868
Office equipment	8,608	-	-	8,608
Other property	18,485	-	-	18,485
Plant equipment	493,410	12,700	(68,531)	437,579
Source of supply	1,641,523	22,256	-	1,663,779
Telemetry and software	235,082	28,240	-	263,322
Transmission and distribution	6,004,169	2,068	1,173,763	7,180,000
Vehicles	234,604	-	-	234,604
	<u>8,844,454</u>	<u>65,264</u>	<u>1,105,232</u>	<u>10,014,950</u>
<b><i>Less accumulated depreciation</i></b>	<u>(4,842,411)</u>	<u>(391,642)</u>	<u>68,531</u>	<u>(5,165,522)</u>
	<u>\$ 5,090,467</u>			<u>\$ 6,097,960</u>

*Notes to Financial Statements*

	<i>Assets at Cost</i>			
	<u><i>Balance</i></u> <u><i>6/30/2022</i></u>	<u><i>Acquisitions</i></u>	<u><i>Transfers/ Retirements</i></u>	<u><i>Balance</i></u> <u><i>6/30/2023</i></u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 21,453	\$ -	\$ -	\$ 21,453
Construction in progress	767,449	1,029,726	(730,204)	1,066,971
	<u>788,902</u>	<u>1,029,726</u>	<u>(730,204)</u>	<u>1,088,424</u>
 <i>Capital assets, being depreciated:</i>				
Buildings and structures	161,733	-	-	161,733
Corporate yard	43,972	-	-	43,972
General plant	2,868	-	-	2,868
Office equipment	8,608	-	-	8,608
Other property	13,635	4,850	-	18,485
Plant equipment	415,256	116,515	(38,361)	493,410
Source of supply	1,582,681	58,842	-	1,641,523
Telemetry and software	225,755	9,327	-	235,082
Transmission and distribution	6,004,169	-	-	6,004,169
Vehicles	270,251	-	(35,647)	234,604
	<u>8,728,928</u>	<u>189,534</u>	<u>(74,008)</u>	<u>8,844,454</u>
 <i>Less accumulated depreciation</i>	 <u>(4,515,996)</u>	 <u>(400,423)</u>	 <u>74,008</u>	 <u>(4,842,411)</u>
	<u>\$ 5,001,834</u>			<u>\$ 5,090,467</u>

*Notes to Financial Statements*

**Note 5. Rents and Leases**

***Lease Receivable in Accordance with GASB 87***

The District receives income from the rental of land related to cellular communications lease. Under this arrangement, the District agreed to lease the tower for a period of 5 years, renewing automatically after the end of each term. The lease rate increases automatically annually. The District records a lease receivable and deferred inflow of resources for this lease as outlined in GASB using an estimated discount rate based on the risk-free interest rate.

As part of the GASB 87 lease accounting, the District recognized \$24,734 in rent and \$6,065 in interest income for the year ended June 30, 2024.

Future minimum rental receipts as of June 30, 2024 is the following:

<u>Years Ending June 30,</u>	<u>Lease Receivable</u>	<u>Lease Interest</u>	<u>Lease Payments</u>
2025	\$ 22,648	\$ 5,748	\$ 28,396
2026	27,155	4,674	31,829
2027	29,279	3,505	32,784
2028	31,522	2,245	33,767
2029	33,890	890	34,780
2030	2,897	10	2,907
	<u>\$ 147,391</u>	<u>\$ 17,072</u>	<u>\$ 164,463</u>

**Note 6. Long-Term Debt**

The District has pledged future revenues associated with any revenue generating activity, net of all operating costs and reserves, to repay \$1,400,000 in water revenue bonds issued in December 2005 and \$2,100,000 in water revenue bonds issued during May 2011. Proceeds from the bonds provided financing for the improvement and expansion of the District's current water delivery system. The bonds are payable solely from all revenues and are payable through the fiscal year ending 2051. Annual principal and interest payments on the bonds are expected to require less than 25% of water sales revenue each fiscal year.

*Notes to Financial Statements*

The remaining balances of debt as of June 30, 2024 and 2023 is as follows:

	<i>Current Maturities</i>	<i>2024</i>	<i>2023</i>
Bond holders, Water Revenue			
Bond Series 2005 A, 4.25%, secured by net revenues and reserves, interest payable semiannually on April 15 and October 15 of each year, principal payments between \$10,000 - \$50,000 commencing October 15, 2006, bonds maturing on or after October 15, 2006, final payment October 15, 2045	\$ 20,000	\$ 740,000	\$ 760,000
Bond holders, Water Revenue			
Bond Series 2005 B, 4.125%, secured by net revenues and reserves, interest payable semiannually on April 15 and October 15 of each year, principal payments between \$5,000 - \$20,000 commencing October 15, 2006, bonds maturing on or after October 15, 2006, final payment October 15, 2045	10,000	300,000	310,000
Bond holders, Water Revenue			
Bond Series 2011, 2.625%, secured by net revenues and reserves, interest payable semiannually on April 15 and October 15 of each year, principal payments between \$30,000 - \$83,000 commencing on October 15, 2011, bonds maturing on or after October 15, 2012, final payment October 15, 2050	41,000	1,639,000	1,680,000
Note payable, Self-Help Enterprises			
Short-term loan, 0%, due in full on February 28, 2025	292,511	292,511	-
	\$ 363,511	\$2,971,511	\$ 2,750,000

*Notes to Financial Statements*

The following is a summary of the long-term debt transactions for the years ended June 30, 2024 and 2023:

	<i>Payable 6/30/23</i>	<i>Debt Issued (Retired)</i>	<i>Payable 6/30/24</i>
Bond Series 2005 A	\$ 760,000	\$ (20,000)	\$ 740,000
Bond Series 2005 B	310,000	(10,000)	300,000
Bond Series 2011	1,680,000	(41,000)	1,639,000
Self-Help Enterprises	-	292,511	292,511
	\$ 2,750,000	\$ 221,511	\$ 2,971,511
	<i>Payable 6/30/22</i>	<i>Debt Issued (Retired)</i>	<i>Payable 6/30/23</i>
Bond Series 2005 A	\$ 780,000	\$ (20,000)	\$ 760,000
Bond Series 2005 B	320,000	(10,000)	310,000
Bond Series 2011	1,720,000	(40,000)	1,680,000
	\$ 2,820,000	\$ (70,000)	\$ 2,750,000

Annual requirements for all debt outstanding are as follows as of June 30, 2024:

<i>Years Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
2025	\$ 363,511	\$ 85,192	\$ 448,703
2026	74,000	82,798	156,798
2027	80,000	80,211	160,211
2028	81,000	77,536	158,536
2029	82,000	74,835	156,835
2030-2034	445,000	331,401	776,401
2035-2039	539,000	248,869	787,869
2040-2044	626,000	150,635	776,635
2045-2049	515,000	49,542	564,542
2050-2051	166,000	3,502	169,502
	\$ 2,971,511	\$ 1,184,521	\$ 4,156,032

## *Notes to Financial Statements*

### **Note 7. Grant Revenue**

In 2019, the District qualified for a \$1,014,892 grant from the California State Water Resources Control Board (CSWRCB) to be used in planning the annexation of nearby land parcels. Per the terms of the agreement, the District is to submit claims for reimbursements related to project costs. The District will be reimbursed if costs are approved and funds are available. During the year ended June 30, 2024, the District received \$203,609 of grant funds and recognized revenues of \$149,194 from the CSWRCB. During the year ended June 30, 2023 the District received \$82,242 of grant funds and recognized revenues of \$166,087. As of June 30, 2024 and 2023 the District had \$32,924 and \$87,339 in grants receivable related to project costs, respectively.

In 2022, the District qualified for a \$3,997,427 grant from the California State Water Resources Control Board (CSWRCB) to complete construction of well #7, which was intended as a replacement for well #5, and to upgrade the District's water meters. During the year ended June 30, 2024, the District received \$529,428 of grant funds and recognized revenues of \$1,270,438 from the CSWRB. During the year ended June 30, 2023 the District received \$752,262 of grant funds and recognized revenues of \$699,131. As of the June 30, 2024 and 2023, the District had \$743,870 and \$2,860 in grants receivable related to project costs, respectively.

### **Note 8. Retirement Plan**

The District adopted the Frazier Park Public Utility District 401(k) Plan (the Plan) for eligible employees as of January 1, 2016. Employees become eligible after two months of service. Eligible employees may contribute up to the IRS statutory limit of their annual compensation for the years ended June 30, 2024 and 2023. The District can make matching contributions to the Plan at its discretion. Participating employees fully vest in District contributions over a period of 6 years. The District made matching contributions of \$5,251 and \$4,506 for the years ended June 30, 2024 and 2023, respectively.

### **Note 9. Commitments**

#### ***Self-insurance:***

The District is a member of the Association of California Water Agencies, Joint Powers Insurance Authority (JPIA). JPIA is a group of California water districts who have pooled funds to provide self-insurance coverage. The JPIA bills the District a deposit premium at the beginning of each policy year, which is placed in a reserve fund to cover the self-insurance portion of any claim. Settlements and/or expenses related to claims during the year are charged against the reserve. If the balance of the reserve at the end of the year is deemed too low in relation to the amount of outstanding claims, the District is billed for additional premiums. When the claims are fully settled, any amounts remaining in the reserve are refunded to the District. During the current year, there were no significant reductions in coverage.

*Supplementary Information*



## *Frazier Park Public Utility District*

### *History and Organization June 30, 2024*

The District was established on February 20, 1939, as provided by the Public Utility District Act Statutes of 1921, and is now under authority of Public Utility Code Section 15,501 et. seq. The District is located in the most southern portion of Kern County covering Frazier Park.

The Monte Vista Mutual Water Company was annexed to the District during the 1962 - 1963 fiscal year and consisted of 115 lots and an uninhabited area.

The District may supply various services to its residents but at present is engaged only in the water supply function. The District is governed by its own Board of Directors (five) elected at general district elections for a term of four years.

Voters of the District, on May 25, 1965, approved a resolution providing for the issuance of \$600,000 principal amount of "Frazier Park Public Utility District 1965 Water Bonds", which were general obligation bonds. Provision was made in the resolution for the collection of an annual tax sufficient to pay the principal and interest on bonds as they became due. Additionally, the Board of Directors resolved and agreed to establish rates and charges for water furnished by the water system of the District to produce sufficient annual net revenues at least equal to the amount of principal and interest on the bonds as they became due.

The proceeds of the bond issuance were used for the acquisition, construction and completion of water system improvements. The proceeds were received and construction began during the 1965 - 1966 fiscal year. The final funds were expended during the 1972 - 1973 fiscal year.

*Frazier Park Public Utility District*

*Schedule of Rates  
June 30, 2024*

The schedule of annual rates, effective January 1, 2024, adopted by the Board of Directors, is as follows:

	<u>Monthly Service Charge</u>	<u>New Connection Fee</u>
<b>Residential</b>		
3/4" meter	\$ 70.62	\$ 8,000
1" meter	\$ 118.12	\$ 9,000
<b>Business</b>		
3/4" meter	\$ 70.62	\$ 8,000
1" meter	\$ 118.12	\$ 10,000
1 1/2" meter	\$ 234.96	\$ 11,000
2" meter	\$ 376.19	\$ 12,000
3" meter	\$ 744.68	\$ 13,000
4" meter	\$ 1,168.38	\$ 13,000
6" meter	\$ 2,352.17	\$ 14,000

Customers are billed a fee ranging from \$26.91 - 112.18 for their request to shut off or turn on water service.

Customers are billed a fee of \$33.65 for reconnection due to non-payment shut off.

Customers are charged for a 48-hour shut off notice posting a fee of \$28.04 per occurrence.

Customers are billed on a monthly basis and are charged an additional "Consumption Fee" of \$3.15 per 1,000 gallons of water used.

*Frazier Park Public Utility District*

*Schedules of General and Administrative Expenses  
Years Ended June 30, 2024 and 2023*

	<u>2024</u>	<u>2023</u>
Employee wages and benefits	\$ 534,701	\$ 524,753
Office expenses	106,793	142,149
Professional fees	143,172	112,759
Insurance	90,981	57,921
Dues, fees and other	28,022	18,862
Director fees	20,791	22,366
	<u>\$ 924,460</u>	<u>\$ 878,810</u>