

CENTRAL DELTA WATER AGENCY

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2024



CROCE, SANGUINETTI, & VANDER VEEN

INC.

CERTIFIED PUBLIC ACCOUNTANTS

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CROCE, SANGUINETTI, & VANDER VEEN^{INC.}

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Central Delta Water Agency
Stockton, California

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Central Delta Water Agency** (the Agency) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Agency'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 governmental activities, each major fund, and the aggregate remaining fund information of **Central Delta Water Agency**, as of June 30, 2024, and the respective changes in financial position for the year 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 and the State Controller's Minimum Audit Requirements for California Special Districts. 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 **Central Delta Water Agency**, 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 **Central Delta Water Agency's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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 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 judgement 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 **Central Delta Water Agency's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Central Delta Water Agency'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

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of revenues, expenditures, and changes in fund balance - budget and actual - general fund information on pages 20 and 21 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.

Croce, Sanguinetti, & Vander Veen, Inc.

CROCE, SANGUINETTI, & VANDER VEEN, INC.

Certified Public Accountants

Stockton, California

March 21, 2025

CENTRAL DELTA WATER AGENCY

Statement of Net Position

June 30, 2024

	Governmental <u>activities</u>
Assets	
Cash and investments	\$ 2,577,567
Assessments receivable	9,231
Reimbursement receivable	19,765
Prepaid insurance	<u>8,568</u>
Total assets	<u>2,615,131</u>
Deferred outflows of resources	<u>-</u>
Liabilities	
Accounts payable	<u>149,141</u>
Total liabilities	<u>149,141</u>
Deferred inflows of resources	<u>-</u>
Net position	
Unrestricted	<u>2,465,990</u>
Total net position	<u>\$ 2,465,990</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

Statement of Activities

For the year ended June 30, 2024

	<u>Expenses</u>	<u>Program revenues Operating grants and contributions</u>	<u>Net (expenses) revenues and changes in net position</u>
Governmental activities			
Operations	\$ 1,205,041	\$ -	\$ <u>(1,205,041)</u>
Net program (expenses) revenues			<u>(1,205,041)</u>
General revenues			
Assessments			1,340,975
Interest			91,522
Reimbursements			65,000
Net increase in fair value of investments			34,543
Other			<u>24,218</u>
Total general revenues			<u>1,556,258</u>
Change in net position			351,217
Net position, beginning of year			<u>2,114,773</u>
Net position, end of year			<u><u>\$ 2,465,990</u></u>

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY
Balance Sheet - Governmental Funds

June 30, 2024

	<u>General fund</u>
Assets	
Assets	
Cash and investments	\$ 2,577,567
Assessments receivable	168
Prepaid insurance	<u>8,568</u>
Total assets	<u>\$ 2,586,303</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ <u>149,141</u>
Total liabilities	<u>149,141</u>
Fund balance	
Nonspendable:	
Prepaid insurance	8,568
Unassigned	<u>2,428,594</u>
Total fund balance	<u>2,437,162</u>
Total liabilities and fund balance	<u>\$ 2,586,303</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**

June 30, 2024

Total fund balance - governmental funds \$ 2,437,162

Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds because of the following:

Assessments receivable are not available to pay current period expenditures and, therefore, not reported in the governmental funds balance sheet. 9,063

Reimbursement receivable are not available to pay current period expenditures and, therefore, not reported in the governmental funds balance sheet 19,765

Net position of governmental activities \$ 2,465,990

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

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DIRECTORS

George Biagi, Jr.
Rudy Mussi
Edward Zuckerman

COUNSEL

Dante John Nomellini
Dante John Nomellini, Jr.

NOTICE OF MEETING OF THE BOARD OF DIRECTORS OF THE CENTRAL DELTA WATER AGENCY

Date: TUESDAY, APRIL 8, 2025

Time: 9:30 a.m.

Place: 235 E. Weber Avenue, Stockton, CA 95202

Meeting materials will be posted to the CDWA website before the meeting at <https://www.centraldeltawateragency.org> Conference dial in number (551) 258-5770 - no access code required.

AGENDA

(Action may be taken on any item)

330.

1. Minutes of March 11, 2025, meeting
2. Financial Report
3. Report on legislation
4. Report on Water Rights
 - a. Water Diversion and Use reporting
 - b. Delta Area Measuring Method Program (DAMMP) Open ET
 - c. SWRCB water right curtailment
5. Report on litigation
6. Report on SWRCB actions
7. Report on Levee Programs
8. Report on Delta Protection Commission Plan matters
9. Report on Delta conveyance
10. Report on Eastern San Joaquin County Groundwater Banking Authority/SGMA JPA
11. Other Reports
12. Public Forum

Closed session item (Closed sessions are not open to the public.) Government Code section 54956.9(a) and (c) - possible litigation. CDWA vs. Delta Stewardship Council - DWR interference with water rights - CDWA vs. DWR Validation, CDWA vs. SWRCB (Curtailment, etc.), CDWA vs. DWR (DCP), Sites Reservoir SWRCB, DCP SWRCB, DWR Water Rights SWRCB, Personnel matters. Note: Individuals who require special accommodations are requested to contact Jeanne Urbani at (209) 465-5883 at their earliest convenience prior to the meeting date. TTY users may contact the California Relay service at 1-800-735-2929 or voice line at 1-800-735-2922.

Notice posted Monday, March 31, 2025, at 10:00 a.m.

CENTRAL DELTA WATER AGENCY

**Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Funds**

For the year ended June 30, 2024

	<u>General fund</u>
Revenues	
Property assessments	\$ 1,338,119
Interest	91,522
Reimbursements	65,000
Net increase in fair value of investments	34,543
Other	<u>4,453</u>
Total revenues	<u>1,533,637</u>
Expenditures	
Special studies and reports	1,134,402
Dues and memberships	18,669
Miscellaneous	15,955
Auditors' direct assessment service charge	12,490
Insurance	10,380
Other professional fees	7,330
Directors' fees	<u>5,815</u>
Total expenditures	<u>1,205,041</u>
Net change in fund balance	328,596
Fund balance, beginning of year	<u>2,108,566</u>
Fund balance, end of year	<u>\$ 2,437,162</u>

The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance -
Governmental Funds to the Statement of Activities**

For the year ended June 30, 2024

Net change in fund balance - governmental funds	\$ 328,596
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Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until such time as they are considered a current financial resource.

<u>22,621</u>

Change in net position of governmental activities	<u>\$ 351,217</u>
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The accompanying notes are an integral part of this financial statement.

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of Central Delta Water Agency (the Agency) is presented to assist in understanding the Agency's financial statements.

Description of the reporting entity

The Agency is a local governmental agency established to take all reasonable and lawful actions to negotiate, enter into, execute, amend, administer, perform and enforce one or more agreements with the United States, the State of California, or either entities, and to pursue legislative and legal actions that have for their general purposes either of the following:

- a. To protect the water supply of the lands within the Agency against intrusion of ocean salinity; and
- b. To assure the lands within the Agency a dependable supply of water of suitable quality sufficient to meet present and future needs.

The Agency may also undertake activities to assist landowners and local districts within the Agency in reclamation and flood control matters.

Agency management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The Agency concluded that there are no potential component units which should be included in the reporting entity.

Government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not classified as program revenues are presented as general revenues. Currently, Central Delta Water Agency only has general revenues.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Fund financial statements

The fund financial statements provide information about the Agency's funds. The Agency has one type of fund (governmental), which is comprised of one major fund as follows:

General fund - This fund is established to account for resources devoted to financing the general services that the Agency performs. Property assessment revenues and other sources of revenue used to finance the fundamental operations of the Agency are included in this fund. This fund is charged with all costs of operating the Agency for which a separate fund has not been established.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property assessments are recognized as revenues in the year for which they are intended to finance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period and apply to the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.
- c. Unrestricted - Amounts not required to be reported in the other components of net position.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Agency's highest level of decision-making authority.

Assigned - Amounts constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Agency manager or their designee.

Unassigned - Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Agency's policy to use committed resources first, then assigned, and then unassigned as they are needed.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Cash and investments

For the purpose of financial reporting, cash and investments” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity date of three months or less.

Investments are reported at fair value.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Budget procedures

Annual budget requests are submitted by the Board of Directors of the Agency to the San Joaquin County Board of Supervisors. The minutes record a resolution adopting the budget. The appropriations lapse at year-end.

Property assessments

The Agency makes an annual assessment each year which is certified to the San Joaquin County Auditor with a request that it be collected by way of the County tax bills at the same time and in the same manner as ad valorem property taxes are collected. Ad valorem property taxes attach as an enforceable lien on property as of March 1.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Taxes are due, payable and delinquent as follows:

	<u>First Installment</u>	<u>Second Installment</u>
Due date	November 1, 2023	February 1, 2024
Delinquent date	December 10, 2023	April 10, 2024

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note B - Cash and Investments

Cash and investments of the Agency as of June 30, 2024, consist of the following:

	<u>Carrying amount</u>	<u>Bank balance</u>	<u>Fair value</u>
<u>Deposits in commercial accounts</u>			
Public checking	\$ 252	\$ 252	
	<u>252</u>	<u>252</u>	
<u>Investment in external investment pool</u>			
San Joaquin County Treasurer	\$ 2,577,315		\$ 2,577,315
Total cash and investments	<u>\$ 2,577,567</u>		

Deposit and Investment Policy

California statutes authorize special districts to invest idle, surplus or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. As specified in Government Code 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the Agency's funds, the primary objectives, in priority order, of the Agency's investment activities and of the Agency's investment policy shall be (1) safety, (2) liquidity, and (3) yield. It is the policy of the Agency to invest public funds in a manner to obtain the highest return obtainable with the maximum security while meeting the daily cash flow demands of the Agency as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of Agency funds.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note B - Cash and Investments (Continued)

The Agency is provided a broad spectrum of eligible investments under California Government Code Sections 53600-53609 (authorized investments), 53630-53686 (deposits and collateral), and 16429.1 (Local Agency Investment Fund). The Agency may choose to restrict its permitted investments to a smaller list of securities that more closely fits the Agency's cash flow needs and requirements for liquidity. The table below identifies the investment types that are authorized for the Agency by the California Government Code, Section 53600 (or Agency's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Notes, and Bonds	5 years	None	None
U.S. Government Agency Obligations	5 years	None	None
Repurchase Agreements	1 year	None	None
State Registered Warrants, Notes or Bonds	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	30%	10%
Time Deposits	1 year	30%	None
Medium Term Corporate Notes	3 years	30%	None
Mutual Funds	N/A	20%	10%
Bank Deposits	N/A	10%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Local Government Investment Pools	N/A	None	None
Supranationals	N/A	10%	None

The Agency complied with the provisions of California Government Code (or the Agency's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The Agency does not maintain a formal investment policy.

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 to changes in market interest rates. One of the ways that the Agency manages 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 the cash flow and liquidity needed for operations.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note B - Cash and Investments (Continued)

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity:

Investment type	Total	Remaining maturity (in months)					More than 60 months
		12 months or less	13 - 24 months	25 - 36 months	37-48 months	49-60 months	
San Joaquin County							
Treasurer	\$ 2,577,315	\$ 2,577,315	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 2,577,315</u>	<u>\$ 2,577,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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. Presented below is the minimum rating required by (where applicable) the California Government Code or the Agency's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
San Joaquin County							
Treasurer	\$2,577,315	N/A	\$ -	\$ -	\$ -	\$ -	\$2,577,315
Total	<u>\$2,577,315</u>	<u>N/A</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,577,315</u>

Concentration of Credit Risk

The Agency had no investment policy limiting the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Agency's investments are concentrated in external investment pools which are not subject to investment limits.

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 deposit 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

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note B - Cash and Investments (Continued)

Code and the Agency'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 government 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 Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2024, the Agency's bank balance was \$252 and \$252 of that amount was insured by the Federal Deposit Insurance Corporation and collateralized as required by state law.

Investment in External Investment Pool

The Agency's investment in the San Joaquin County investment pool is managed by the San Joaquin County Treasurer and is stated at fair value or amortized cost, which approximates fair value. Cash held by the San Joaquin County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.sjgov.org/treasurer/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained by the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. In accordance with applicable State laws, the San Joaquin County Treasurer may invest in derivative securities. However, at June 30, 2024, the San Joaquin County Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Fair value hierarchy

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Agency's investment in the County of San Joaquin Treasury Pool is classified as Level 2 and its value is based on the fair value factor provided by the Treasurer of the County of San Joaquin, which is calculated as the fair value divided by the amortized cost of the investment pool.

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note C - Joint Venture (Joint Powers Agreement)

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; risk of loss to employees; and natural disasters. In order to insure for risks of loss, the Agency participates in a joint venture under a joint powers agreement with the California Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (JPRIMA). The relationship between the Agency and the JPRIMA is such that the JPRIMA is not a component unit of the Agency for financial reporting purposes. The JPRIMA arranges for and provides property, liability, crime, auto, and worker's compensation coverage for its member districts. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPRIMA. The Agency's share of surpluses and deficits cannot be determined, although Agency management does not expect such amounts, if any, to be material in relation to the financial statements. As of June 30, 2024, the Agency's insurance coverage includes general liability insurance with liability limits of \$1,000,000 per occurrence and \$10,000,000 in the aggregate.

Note D - Governing Board

Governing board

The Agency is governed by a three-member board of directors, each serving a four-year term. As of June 30, 2024, the directors are as follows:

<u>Director</u>	<u>Term expires</u>
George Biagi, Jr.	December 2025
Rudy Mussi	December 2027
Edward Zuckerman	December 2025

Note E - Joint Venture/Joint Powers Authority

Eastern San Joaquin County Groundwater Basin Authority

The Agency is a member of the Eastern San Joaquin County Groundwater Basin Authority (the GBA). The GBA was established to collectively develop locally supported projects to strengthen water supply reliability in Eastern San Joaquin County. Central Delta Water Agency provided \$0 of funding to the GBA for the fiscal year ended June 30, 2024. Financial Statements for the GBA are available at the office of the Eastern San Joaquin County Groundwater Basin Authority.

(Continued)

CENTRAL DELTA WATER AGENCY

Notes to Financial Statements

June 30, 2024

Note E - Joint Venture/Joint Powers Authority (Continued)

Eastern San Joaquin Groundwater Authority

The Agency is a member of the Eastern San Joaquin Groundwater Authority (the Authority). The Authority was established to provide dynamic, cost-effective, flexible and collegial organization to ensure initial and ongoing “Sustainable Ground Management Act” (SGMA) compliance within the Basin. Central Delta Water Agency provided \$18,569 of funding to the Authority for the fiscal year ended June 30, 2024. Financial Statements for the Authority are available at the office of the Eastern San Joaquin Groundwater Authority.

REQUIRED SUPPLEMENTAL INFORMATION

CENTRAL DELTA WATER AGENCY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund

For the year ended June 30, 2024

	Budgeted amounts <u>original/final</u>	<u>Actual amounts</u>	Variance with final budget positive (negative)
Revenues			
Property assessments	\$ 1,341,320	\$ 1,338,119	\$ (3,201)
Interest	-	91,522	91,522
Reimbursements	-	65,000	65,000
Net increase in fair value of investments	-	34,543	34,543
Other	<u>-</u>	<u>4,453</u>	<u>4,453</u>
Total revenues	<u>1,341,320</u>	<u>1,533,637</u>	<u>192,317</u>
Expenditures			
Special studies and reports	1,700,000	1,134,402	565,598
Other professional fees	-	7,330	(7,330)
Dues and memberships	-	18,669	(18,669)
Miscellaneous	1,000	15,955	(14,955)
Auditors' direct assessment service charge	-	12,490	(12,490)
Insurance	11,500	10,380	1,120
Directors' fees	10,000	5,815	4,185
Postage	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>1,723,500</u>	<u>1,205,041</u>	<u>518,459</u>
Excess (deficiency) of revenues over expenditures	(382,180)	328,596	710,776
Fund balance, beginning of year	<u>2,108,566</u>	<u>2,108,566</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,726,386</u>	<u>\$ 2,437,162</u>	<u>\$ 710,776</u>

CENTRAL DELTA WATER AGENCY

Notes to Required Supplemental Information

June 30, 2024

The Agency prepares a budget annually which is approved by the Board of Directors setting forth the contemplated fiscal requirements. The Agency's budget is maintained on the modified accrual basis of accounting. The results of operations are presented in the budget to actual schedule in accordance with the budgetary basis.

Reported budget amounts reflect the annual budget as originally adopted and the final adopted amounts. There were no amendments to the budget during the year ended June 30, 2024. The budget amounts are based on estimates of the Agency's expenditures and the proposed means of financing them. Actual expenditures for certain line items may vary significantly from the budget due to timing of such expenditures.