

FARMERS' WATER DISTRICT
FINANCIAL REPORT
DECEMBER 31, 2024 AND 2023

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Hills, Renaut, Homen & Hughes

ACCOUNTANCY CORPORATION

7040 NORTH MARKS, SUITE 111 / FRESNO, CA 93711 / FAX (559) 447-4515 / (559) 447-4500

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Jim Stilwell
Farmers' Water District
Fresno, California

Opinions

We have audited the accompanying financial statements of the business-type activities of Farmers' Water District, (a California State special district), as of and for the years ended December 31, 2024 and 2023, and the related notes to the 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 business-type activities of Farmers' Water District as of December 31, 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 audits 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 Farmers' Water 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.

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 Farmers' Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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. Management has elected to omit management's discussion and analysis and budgetary comparison information. Our opinion on the basic financial statements is not affected by this missing information.

Hills, Renaut, Homen & Hughes

Hills, Renaut, Homen & Hughes
Fresno, California
May 6, 2025

**FARMERS' WATER DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31**

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------|-------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash | \$ 20,833 | \$ 9,955 |
| Accounts receivable | 16,515 | 45,870 |
| Prepaid expenses | <u>30,321</u> | <u>26,507</u> |
| Total current assets | 67,669 | 82,332 |
| NONCURRENT ASSET: | | |
| Capital assets, net | <u>742,151</u> | <u>287,834</u> |
| Total assets | <u>809,820</u> | <u>370,166</u> |
| LIABILITIES AND NET POSITION | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | 241,090 | 308,453 |
| Accounts payable, related party | 200,000 | 0 |
| Note payable | <u>235,000</u> | <u>185,000</u> |
| Total current liabilities | <u>676,090</u> | <u>493,453</u> |
| NET POSITION: | | |
| Unrestricted | <u>\$ 133,730</u> | <u>\$ (123,287)</u> |

The accompanying notes are an integral part of the financial statements.

FARMERS' WATER DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31

| REVENUES: | <u>2024</u> | <u>2023</u> |
|--|-------------------|---------------------|
| Water income | \$ 532,625 | \$ 485,000 |
| Almond income | 712,859 | 0 |
| Landowner assessment | 400,000 | 200,000 |
| Grant fund proceeds | <u>353,767</u> | <u>98,189</u> |
| Total revenue | <u>1,999,251</u> | <u>783,189</u> |
| EXPENDITURES: | | |
| Accounting | 0 | 5,000 |
| Bank charges | 2,510 | 2,983 |
| Consulting | 349,377 | 148,129 |
| Depreciation | 120,900 | 68,460 |
| Dues and subscriptions | 115,324 | 55,190 |
| Farming expense | 237,658 | 198,949 |
| Insurance | 7,362 | 6,948 |
| Interest | 21,338 | 3,380 |
| Legal | 18,034 | 63,279 |
| Maintenance and repairs | 54,954 | 74,149 |
| Office expense | 809 | 506 |
| Power | 707,045 | 277,747 |
| Reimbursement - USBR | 88,848 | 177,301 |
| Water assessments | <u>18,075</u> | <u>67,632</u> |
| Total expenditures | <u>1,742,234</u> | <u>1,149,653</u> |
| CHANGES IN NET POSITION | <u>257,017</u> | <u>(366,464)</u> |
| NET POSITION AT BEGINNING OF YEAR | <u>(123,287)</u> | <u>243,177</u> |
| NET POSITION AT END OF YEAR | <u>\$ 133,730</u> | <u>\$ (123,287)</u> |

The accompanying notes are an integral part of the financial statements.

**FARMERS' WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

Farmers' Water District (the Company) operates in Mendota, California. The Company is a 2,000-acre water district made up of four growers.

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

These and other changes are reflected in the accompanying financial statements which includes these notes to financial statements, except MD&A. Management has elected to omit the MD&A.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Capital Assets

Capital assets are those purchased or acquired with an original cost of \$1,000 or more and are reported at cost less accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred. Depreciation on all capital assets is computed using the straight-line method over a period of 10 - 15 years.

**FARMERS' WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Accounts Receivable

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position.

Income Taxes

The Company is exempt from federal and state income taxes under Section 501(c)(12) of the Internal Revenue Code and Section 24473 and 23701m of the California Revenue and Taxation Code. The Company is governed by the County of Fresno.

NOTE 2: CAPITAL ASSETS

| | <u>12/31/2023</u> | <u>Additions</u> | <u>Disposals</u> | <u>12/31/2024</u> |
|-------------------------------|--------------------|-------------------|------------------|--------------------|
| Land | \$ 50,027 | \$ - 0 | \$ 0 | \$ 50,027 |
| Almond trees | 527,328 | 0 | 0 | 527,328 |
| Equipment | <u>1,177,240</u> | <u>575,217</u> | <u>0</u> | <u>1,752,457</u> |
| | 1,754,595 | 575,217 | 0 | 2,329,812 |
| Less accumulated depreciation | <u>(1,466,761)</u> | <u>(120,900)</u> | <u>0</u> | <u>(1,587,661)</u> |
| | <u>\$ 287,834</u> | <u>\$ 454,317</u> | <u>\$ 0</u> | <u>\$ 742,151</u> |

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation expense was \$120,900 and \$68,460 for the years ended December 31, 2024 and 2023, respectively.

**FARMERS' WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3: RELATED PARTY TRANSACTION

On October 1, 2024, one of the growers (Panoche Farming) loaned the Company \$200,000 to be repaid within 60 days, with zero interest. For the year ended December 31, 2024, the balance was \$200,000.

NOTE 4: NOTE PAYABLE

Starting in April 2023, the Company has a \$250,000 line of credit agreement with FFB Bank, with interest on the outstanding balance at the bank's prime rate payable monthly (currently at 7.5% and 8.5%, respectively) plus 1%. The line expired on March 31, 2024, and was extended to expire on demand. Assets and equipment of the Company are pledged as collateral. The outstanding balance at December 31, 2024 and 2023, was \$235,000 and \$185,000, respectively.

NOTE 5: SUBSEQUENT EVENT

Management has evaluated subsequent events through May 6, 2025, the date at which the financial statements were available to be issued. No significant events were discovered by management.