

PIXLEY PUBLIC UTILITY DISTRICT
FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

**PIXLEY PUBLIC UTILITY DISTRICT
JUNE 30, 2024**

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GENERAL INFORMATION

**PIXLEY PUBLIC UTILITY DISTRICT
BOARD MEMBERS
JUNE 30, 2024**

BOARD MEMBERS

Ronnie Prine (President)	Term expires November 2026
David G. Terrel Jr. (Vice President)	Term expires November 2024
Matthew Martinez	Term expires November 2024
Ramon Cisneros	Term expires November 2026
Jose Moreno	Term expires November 2024

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pixley Public Utility District
Pixley, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of Pixley Public Utility District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year's comparative information has been derived from the District's 2023 basic financial statements and, in our report dated October 5, 2023, we expressed an unmodified opinion on the basic financial statements.

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 the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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.

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 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 auditing standards generally accepted in the United States of America and *Government 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 auditing standards generally accepted in the United States of America and *Government 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 be presented to supplement the basic financial statements. Such 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. 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 basic financial statements that collectively comprise the District's basic financial statements. The supplementary information is 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. Such 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 supplementary information and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
October 1, 2024

**PIXLEY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS)**

This section of the Pixley Public Utility District's (the District) basic financial statements presents management's discussion and analysis of the District's performance during the fiscal year ended June 30, 2024. Please read it in conjunction with the District's basic financial statements, which follow this section.

The District was organized on January 28, 1947, under the statutes of 1921, Chapter 560, as amended and incorporated in the Public Utilities Code (PUC), Section 15501 and following, codified in 1953. The District is governed by a Board of Directors (the Board) consisting of five members.

The District was initially formed to provide water service to residents within the District situated around the unincorporated area of Pixley, Tulare County, California. Since that time, the District has instituted a sewage collection and disposal system pursuant to Section 16491 of the PUC.

The District's basic financial statements include (1) the statement of net position, (2) the statement of activities and changes in net position, and (3) the statement of cash flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Operating revenues result from providing services to the general public. Charges to customers represent the District's principal operating revenues and include water and sewer charges.

Operating expenses include the cost of maintenance and support of providing water service, sewer collection, sewer treatment, and administrative expenses along with the depreciation on capital assets.

The statement of activities and changes in net position is reported using the accrual basis of accounting. Revenue is reported when earned and expenses are reported when incurred, regardless of when cash is received or paid. Revenues and expenses are categorized as either operating or non-operating based on definitions provided by the Governmental Accounting Standards Board (GASB).

Overview of the Basic Financial Statements

These basic financial statements consist of four major parts: General Information; Management's Discussion and Analysis (MD&A) (this section); the basic financial statements, including accompanying Notes to the Basic Financial Statements; and Supplementary Information that explain some of the information in the basic financial statements and provide more detailed data.

The basic financial statements include the following type of statements that present an overall view of the District:

- ◆ *District-Wide Financial Statements* report information about the District as a whole. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities and changes in net position. These two District-wide financial statements report the District's net position. Net position – the difference between the District's assets and liabilities – is one way to measure the District's health or financial position. The statement of activities and changes in net position is reported using the accrual basis of accounting. Revenues and expenses are categorized as either operating or non-operating based upon definitions provided by the GASB.

Condensed Financial Information

The District's financial operations remained solid during the fiscal year ended June 30, 2024. Revenues from water and sewer charges, taxes, and non-operating revenues were used to pay all operating expenses and debt service obligations.

Net Position – Net position, the difference between assets and liabilities, was \$20,458,516 and \$20,779,862 as of June 30, 2024 and 2023, respectively, as shown below:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Assets		
Current Assets	\$ 8,170,504	\$ 8,471,834
Noncurrent Assets	8,750	8,750
Capital Assets, Net	<u>15,865,933</u>	<u>16,017,808</u>
 Total Assets	 <u>24,045,187</u>	 <u>24,498,392</u>
 Liabilities		
Current Liabilities	315,175	371,950
Long-Term Liabilities	<u>3,271,496</u>	<u>3,346,580</u>
 Total Liabilities	 <u>3,586,671</u>	 <u>3,718,530</u>
 Net Position		
Net Investment in Capital Assets	12,443,583	12,595,373
Restricted, Capital Improvements	113,055	287,549
Unrestricted	<u>7,901,878</u>	<u>7,896,940</u>
 Total Net Position	 <u>\$ 20,458,516</u>	 <u>\$ 20,779,862</u>

Capital Assets, Net decreased by \$151,875 due to additions, deletions, and current year depreciation. For detailed Capital Asset information, see Note 4 to the basic financial statements which summarizes additions and deletions.

Assets – Current Assets were \$8,170,504 and \$8,471,834 as of June 30, 2024 and 2023, respectively, while noncurrent assets were \$8,750 and \$8,750 as of June 30, 2024 and 2023, respectively.

Current Liabilities – Current Liabilities were \$315,175 and \$371,950 as of June 30, 2024 and 2023, respectively.

Total Net Position was \$20,458,516 and \$20,779,862 as of June 30, 2024 and 2023, respectively. The District has restricted \$113,055 and \$287,549 of total net position for future capital improvement projects as of June 30, 2024 and 2023, respectively.

Changes in Net Position – Net position (decreased)/increased by \$(321,346) and \$1,365,021 for the fiscal years ended June 30, 2024 and 2023, respectively, as shown below:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Total Operating Revenues	\$ 1,027,883	\$ 964,969
Total Operating Expenses	(1,729,195)	(1,601,720)
Non-Operating Revenues	1,355,329	2,160,552
Non-Operating Expenses	<u>(975,363)</u>	<u>(158,780)</u>
Change in Net Position	(321,346)	1,365,021
Beginning Net Position	<u>20,779,862</u>	<u>19,414,841</u>
Ending Net Position, as Restated	<u><u>\$ 20,458,516</u></u>	<u><u>\$ 20,779,862</u></u>

Analytical Review of Revenues – The District’s principal source of operating revenue is from water sales and sewer fees, while the primary source of other revenues is from rental income and grant revenues from the United States Department of Agriculture (USDA) and the State of California.

Analytical Review of Expenses – The District’s principal expenses are salaries, utility plant expenses, professional fees, and interest related charges to long-term debt.

Capital Assets and Debt Administration

Capital Assets – At June 30, 2024, the District had invested \$15,865,933 in capital assets, net of depreciation, a decrease of \$151,875 from a total of \$16,017,808 as of June 30, 2023.

Long-Term Debt – At June 30, 2024, the District had \$3,271,496 in long-term debt outstanding, down \$75,084 from a total of \$3,346,580 as of June 30, 2023.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, 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 any questions about this report or need additional financial information, contact:

Pixley Public Utility District
P.O. Box 535
Pixley, California 93256

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS)**

	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 8,035,782	\$ 8,363,679
Accounts Receivable	114,558	89,174
Prepaid Expenses	20,164	18,981
Total Current Assets	8,170,504	8,471,834
Noncurrent Assets		
Capital Assets		
Land	207,548	1,105,094
Buildings and Improvements	9,541,176	9,521,184
Sewer Treatment Plant	74,631	74,631
Wells, Pumps, and Pipelines	11,025,204	4,716,610
Equipment	109,741	109,741
Construction in Progress	133,730	4,928,075
Less Accumulated Depreciation	(5,226,097)	(4,437,527)
Total Capital Assets, Net of Depreciation	15,865,933	16,017,808
Other Assets	8,750	8,750
Total Noncurrent Assets	15,874,683	16,026,558
TOTAL ASSETS	\$ 24,045,187	\$ 24,498,392
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 4,959	\$ 141,029
Deposits from Customers	135,596	130,759
Interest Payable	23,766	24,307
Line of Credit	75,770	2,577
Current Portion of Long-Term Debt	75,084	73,278
Total Current Liabilities	315,175	371,950
Long-Term Liabilities	3,271,496	3,346,580
Total Noncurrent Assets	3,271,496	3,346,580
TOTAL LIABILITIES	3,586,671	3,718,530
NET POSITION		
Net Investment in Capital Assets	12,443,583	12,595,373
Restricted - Capital Improvements	113,055	287,549
Unrestricted	7,901,878	7,896,940
TOTAL NET POSITION	20,458,516	20,779,862
TOTAL LIABILITIES AND NET POSITION	\$ 24,045,187	\$ 24,498,392

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS)**

	2024	2023
OPERATING REVENUES		
Water Charges	\$ 458,881	\$ 435,188
Sewer Charges	484,846	466,548
Other Water Fees	46,913	33,304
Other Sewer Fees	37,243	29,929
Total Operating Revenues	1,027,883	964,969
OPERATING EXPENSES		
Transmission and Distribution Expenses	559,510	672,415
Customer Accounting and Collection Expenses	111,527	120,187
General Expenses	269,588	266,573
Depreciation	788,570	542,545
Total Operating Expenses	1,729,195	1,601,720
Operating Loss	(701,312)	(636,751)
NON-OPERATING REVENUE		
Rental Income	22,680	21,600
Grant Income	1,310,455	2,084,367
Interest Income	22,194	8,165
Other Income	-	46,420
Total Non-Operating Revenue	1,355,329	2,160,552
NON-OPERATING EXPENSES		
Interest Expense	(106,411)	(158,780)
Loss on Disposition of Fixed Assets	(868,952)	-
Total Non-Operating Expenses	(975,363)	(158,780)
Net Increase (Decrease) in Net Position	(321,346)	1,365,021
Net Position, Beginning of Year	20,779,862	19,414,841
Net Position, End of Year	\$ 20,458,516	\$ 20,779,862

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS)**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 1,007,336	\$ 961,858
Payments to Suppliers	(770,921)	(677,771)
Payments to Employees	(306,957)	(306,957)
	<u>(70,542)</u>	<u>(22,870)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other Income	-	46,420
	<u>-</u>	<u>46,420</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Disposition of Capital Assets	28,594	-
Capital Expenditures	(1,534,241)	(2,104,883)
Payment on Long-Term Debt	(73,278)	(70,548)
Interest Expense	(106,952)	(159,300)
Proceeds from Line of Credit	73,193	(1,090,675)
Proceeds from Capital Grants	1,310,455	3,175,119
	<u>(302,229)</u>	<u>(250,287)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental Income	22,680	21,600
Interest on Investments	22,194	8,165
	<u>44,874</u>	<u>29,765</u>
Net Cash Provided by Investing Activities	<u>44,874</u>	<u>29,765</u>
Net Decrease in Cash and Cash Equivalents	<u>(327,897)</u>	<u>(196,972)</u>
Cash and Cash Equivalents at Beginning of Year	<u>8,363,679</u>	<u>8,560,651</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,035,782</u>	<u>\$ 8,363,679</u>
Reconciliation of Operating Loss to Net Cash (Used) Provided by Operating Activities:		
Operating Loss	\$ (701,312)	\$ (636,751)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	788,570	542,545
(Increase) in:		
Accounts Receivable	(25,384)	(2,498)
Prepaid Expenses	(1,183)	(1,678)
Increase (Decrease) in:		
Accounts Payable	(136,070)	76,125
Deposits from Customers	4,837	(613)
	<u>(70,542)</u>	<u>(22,870)</u>
Net Cash Used in Operating Activities	<u>\$ (70,542)</u>	<u>\$ (22,870)</u>

**PIXLEY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE TOTALS)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pixley Public Utility District (the District) was organized on January 28, 1947, under the statutes of 1921, Chapter 560, as amended and incorporated in the Public Utilities Code (PUC), Section 15501 and following, codified in 1953. On July 1, 1961, the District took over the plan and system of the Pixley Mutual Water Company and assumed the responsibility for its continued operation. The District now provides both water and sewer facilities for its members.

Basis of Accounting and Presentation

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as a business-type activity, as defined by GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments*, and its basic financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The District adopted GASB Statement No. 34, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that those resources be classified for accounting and reporting purposes into three net position categories, namely, net investment in capital assets, restricted net position, and unrestricted net position.

The District also adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and applied the standards on a retroactive basis. GASB Statement No. 38 modifies, establishes, and rescinds certain financial disclosure requirements.

Capital Assets

Capital assets, which include land, buildings, sewer treatment plant, improvements, vehicles, equipment, and furniture, are defined as assets with an estimated useful life in excess of one year and cost in excess of \$2,500. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the appraised value at the time of donation.

Land is not depreciated. Other capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Type</u>	<u>Useful Life</u>
Buildings and grounds	5 - 50 years
Improvements	2 - 50 years
Mobile equipment	3 - 30 years
Furniture, fixtures, and equipment	3 - 50 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net investment in capital assets includes assets invested in capital assets that are reduced by the accumulated depreciation and the outstanding balances of any borrowing used for the acquisition or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. The remaining net position is unrestricted.

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

Classification of Revenues

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operational activities. Charges to customers represent the District's principal operating revenues and include water and sewer charges. Operating expenses include the cost of operating maintenance and support of providing water services and sewage collection and disposal services and related capital assets, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating or other revenues and expenses.

Cash and Cash Equivalents

Certain cash and cash equivalents are classified as restricted because their use is limited by applicable contracts or stipulations of the granting agency. Some of these restricted funds are required to be maintained in separate bank accounts. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts

All accounts receivable are deemed collectible by the District. As such, no allowances are required.

Property Tax Revenues

The District did not levy property taxes from 1967 to 1978, when Proposition 13 was passed. The District is now prohibited from receiving property taxes.

Governmental Accounting Standards Board Update

The District adopted the following GASB Statements during the current year:

GASB Statement No. 99 – Omnibus 2022. The requirements of this statement relating to leases, Paycheck Protection Program (PPP) loans, and Subscription-Based Technology Arrangements (SBITAs) are effective for reporting periods beginning after June 15, 2022. The requirements relating to financial guarantees and the classification and reporting of derivative instruments are effective for fiscal years beginning after June 15, 2023. This statement does not impact the financial statements or disclosures of the District as the District does not have these types of transactions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Accounting Standards Board Update (Continued)

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for reporting periods beginning after June 15, 2023. This statement does not impact the financial statements or disclosures of the District as the District does not have these types of transactions.

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 31, 2023. This statement does not impact the financial statements or disclosures of the District as the District does not have these types of transactions.

GASB Statements affecting future years are as follows:

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for reporting periods beginning after June 15, 2024. The District has not fully judged the impact of implementation of this standard on the financial statements.

GASB Statement No. 103 – *Financial Reporting Model*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025. The District has not fully judged the impact of implementation of this standard on the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

	<u>2024</u>	<u>2023</u>
General Cash		
Money Market	\$ 7,672,494	\$ 7,650,766
Checking	249,183	419,289
Capital Improvement Account	113,055	287,549
Change Fund	1,000	1,000
Petty Cash	50	50
Proposition 84	-	5,025
	<u> </u>	<u> </u>
Total Cash and Cash Equivalents	<u>\$ 8,035,782</u>	<u>\$ 8,363,679</u>

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 or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments. \$7,734,522 and \$8,120,439 of the District's deposits with financial institutions were in excess of Federal Deposit Insurance Corporation limits and were not held in collateralized accounts as of June 30, 2024 and 2023, respectively.

NOTE 3 – LINE OF CREDIT

In November 2017, the District entered into a line of credit agreement with Rural Community Assistance Corporation for capital water system improvements expenditures. On February 12, 2024, the credit line was renewed through February 1, 2025. The District has an available balance of \$700,000 from the credit line, and the credit line bears interest at 5% per annum. As of June 30, 2024 and 2023, the balance on the line of credit was \$75,770 and \$2,577, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of changes in District capital assets during the year ended June 30, 2024, was as follows:

	<u>Balances June 30, 2023</u>	<u>Additions</u>	<u>Deletions and Transfers</u>	<u>Balances June 30, 2024</u>
Land	\$ 1,105,094	\$ -	\$ (897,546)	\$ 207,548
Buildings and Improvements	9,521,184	19,992	-	9,541,176
Sewer Treatment Plant	74,631	-	-	74,631
Wells, Pumps, and Pipelines	4,717,750	6,307,454	-	11,025,204
Equipment	109,741	-	-	109,741
Construction in Progress	4,926,935	90,843	(4,884,048)	133,730
Property and Equipment - Gross	<u>20,455,335</u>	<u>6,418,289</u>	<u>(5,781,594)</u>	<u>21,092,030</u>
Less: Accumulated Depreciation	<u>(4,437,527)</u>	<u>(788,570)</u>	<u>-</u>	<u>(5,226,097)</u>
Property and Equipment - Net	<u>\$ 16,017,808</u>	<u>\$ 5,629,719</u>	<u>\$ (5,781,594)</u>	<u>\$ 15,865,933</u>

Depreciation expense for the fiscal year ended June 30, 2024, was \$788,570.

A summary of changes in District capital assets during the year ended June 30, 2023, was as follows:

	<u>Balances June 30, 2022</u>	<u>Additions</u>	<u>Deletions and Transfers</u>	<u>Balances June 30, 2023</u>
Land	\$ 1,105,094	\$ -	\$ -	\$ 1,105,094
Buildings and Improvements	9,521,184	-	-	9,521,184
Sewer Treatment Plant	74,631	-	-	74,631
Wells, Pumps, and Pipelines	3,095,359	1,638,258	(15,867)	4,717,750
Equipment	109,741	-	-	109,741
Construction in Progress	4,455,202	2,085,381	(1,613,648)	4,926,935
Property and Equipment - Gross	<u>18,361,211</u>	<u>3,723,639</u>	<u>(1,629,515)</u>	<u>20,455,335</u>
Less: Accumulated Depreciation	<u>(3,905,741)</u>	<u>(542,545)</u>	<u>10,759</u>	<u>(4,437,527)</u>
Property and Equipment - Net	<u>\$ 14,455,470</u>	<u>\$ 3,181,094</u>	<u>\$ (1,618,756)</u>	<u>\$ 16,017,808</u>

Depreciation expense for the fiscal year ended June 30, 2023, was \$542,545.

NOTE 4 – PROPERTY AND EQUIPMENT (Continued)

Summary of Sewer and Water Systems

The District's capital assets were split between the Sewer and Water Systems as of June 30, 2024, as follows:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Total Property and Equipment	\$ 14,613,626	\$ 6,478,404	\$ 21,092,030
Less: Accumulated Depreciation	<u>(2,770,288)</u>	<u>(2,455,809)</u>	<u>(5,226,097)</u>
Property and Equipment - Net	<u>\$ 11,843,338</u>	<u>\$ 4,022,595</u>	<u>\$ 15,865,933</u>

The District's capital assets were split between the Sewer and Water Systems as of June 30, 2023, as follows:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Total Property and Equipment	\$ 13,671,883	\$ 6,783,452	\$ 20,455,335
Less: Accumulated Depreciation	<u>(2,118,372)</u>	<u>(2,319,155)</u>	<u>(4,437,527)</u>
Property and Equipment - Net	<u>\$ 11,553,511</u>	<u>\$ 4,464,297</u>	<u>\$ 16,017,808</u>

NOTE 5 – LONG-TERM DEBT

A summary of changes in District's long-term debt during the year ended June 30, 2024, was as follows:

	<u>Balance June 30, 2023</u>	<u>Additional Debt</u>	<u>Debt Retirement</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
USDA COP 2008A	\$ 1,278,729	\$ -	\$ (29,197)	\$ 1,249,532	\$ 30,474
USDA COP 2008B	529,129	-	(12,081)	517,048	12,610
USDA COP 2021	<u>1,612,000</u>	<u>-</u>	<u>(32,000)</u>	<u>1,580,000</u>	<u>32,000</u>
	<u>\$ 3,419,858</u>	<u>\$ -</u>	<u>\$ (73,278)</u>	<u>\$ 3,346,580</u>	<u>\$ 75,084</u>

A summary of changes in District's long-term debt during the year ended June 30, 2023, was as follows:

	<u>Balance June 30, 2022</u>	<u>Additional Debt</u>	<u>Debt Retirement</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
USDA COP 2008A	\$ 1,306,702	\$ -	\$ (27,973)	\$ 1,278,729	\$ 29,197
USDA COP 2008B	540,704	-	(11,575)	529,129	12,081
USDA COP 2021	<u>1,643,000</u>	<u>-</u>	<u>(31,000)</u>	<u>1,612,000</u>	<u>32,000</u>
	<u>\$ 3,490,406</u>	<u>\$ -</u>	<u>\$ (70,548)</u>	<u>\$ 3,419,858</u>	<u>\$ 73,278</u>

NOTE 5 – LONG-TERM DEBT (Continued)

USDA Rural Development Certificate of Participation #1 (COP – USDA 2008A)

During 2008, the District issued the United States Department of Agriculture (USDA) Rural Development Certificate of Participation (COP) #1 in the amount of \$1,595,000 with an interest rate of 4.375%. Proceeds were used to finance construction of wastewater treatment improvements. The certificate matures in 2048. Principal payments are made annually on April 1 while interest payments are made semiannually on April 1 and October 1. The payment of interest and principal is secured by a pledge of net revenues, as defined.

Future amortization of the principal of the debt outstanding as of June 30, 2024, was as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 30,474	\$ 54,667	\$ 85,141
2026	31,807	53,334	85,141
2027	33,199	51,942	85,141
2028	34,651	50,490	85,141
2029	36,167	48,974	85,141
2030-2034	206,002	219,703	425,705
2035-2039	255,183	170,521	425,704
2040-2044	316,108	109,597	425,705
2045-2048	305,941	34,148	340,089
	<u>1,249,532</u>	<u>\$ 793,376</u>	<u>\$ 2,042,908</u>
Less Current Portion	<u>(30,474)</u>		
Long-Term Portion	<u>\$ 1,219,058</u>		

USDA Rural Development Certificate of Participation #2 (COP – USDA 2008B)

During 2008, the District issued the USDA Rural Development Certificate of Participation (COP) #2 in the amount of \$660,000 with an interest rate of 4.375%. Proceeds were used to finance construction of wastewater treatment improvements. The certificate matures in 2048. Principal payments are made annually on April 1 while interest payments are made semiannually on April 1 and October 1. The payment of interest and principal is secured by a pledge of net revenues, as defined.

NOTE 5 – LONG-TERM DEBT (Continued)

Future amortization of the principal of the debt outstanding as of June 30, 2024, was as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 12,610	\$ 23,149	\$ 35,759
2026	13,162	22,069	35,231
2027	13,737	21,493	35,230
2028	14,338	20,892	35,230
2029	14,966	20,265	35,231
2030-2034	85,243	90,912	176,155
2035-2039	105,593	70,560	176,153
2040-2044	130,804	45,350	176,154
2045-2048	126,595	14,130	140,725
	<u>517,048</u>	<u>\$ 328,820</u>	<u>\$ 845,868</u>
Less Current Portion	<u>(12,610)</u>		
Long-Term Portion	<u>\$ 504,438</u>		

USDA Rural Development Certificate of Participation #3 (COP – USDA 2021)

On July 15, 2020, the District issued the USDA Rural Development Certificate of Participation (COP) #3 in the amount of \$1,704,000 with an interest rate of 1.125%. Proceeds were used to finance construction of water system improvements. The payment of interest and principal is secured by a pledge of net revenues, as defined. The certificate matures in 2060. Principal payments are made annually while interest payments are made semiannually.

Future amortization of the principal of the debt outstanding as of June 30, 2024, was as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 32,000	\$ 16,334	\$ 48,334
2026	33,000	15,640	48,640
2027	33,000	14,947	47,947
2028	34,000	14,266	48,266
2029	35,000	13,588	48,588
2030-2034	181,000	58,027	239,027
2035-2039	196,000	42,476	238,476
2040-2044	213,000	28,533	241,533
2045-2049	232,000	16,662	248,662
2050-2054	254,000	7,494	261,494
2055-2059	279,000	1,730	280,730
2060	58,000	20	58,020
	<u>1,580,000</u>	<u>\$ 229,717</u>	<u>\$ 1,809,717</u>
Less Current Portion	<u>(32,000)</u>		
Long-Term Portion	<u>\$ 1,548,000</u>		

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 1, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**PIXLEY PUBLIC UTILITY DISTRICT
COMBINING STATEMENT OF NET POSITION BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,049,427	\$ 4,986,355	\$ 8,035,782
Accounts Receivable	34,367	80,191	114,558
Prepaid Expenses	10,082	10,082	20,164
Capital Assets			
Land	206,688	860	207,548
Buildings and Improvements	4,099,360	5,441,816	9,541,176
Sewer Treatment Plant	24,727	49,904	74,631
Wells, Pumps, and Pipelines	10,227,147	798,057	11,025,204
Equipment	55,704	54,037	109,741
Construction in Progress	-	133,730	133,730
Less Accumulated Depreciation	<u>(2,770,288)</u>	<u>(2,455,809)</u>	<u>(5,226,097)</u>
Total Capital Assets, Net of Depreciation	11,843,338	4,022,595	15,865,933
Other Assets	<u>4,375</u>	<u>4,375</u>	<u>8,750</u>
Total Assets	<u>\$ 14,941,589</u>	<u>\$ 9,103,598</u>	<u>\$ 24,045,187</u>
LIABILITIES AND NET POSITION			
Liabilities			
Accounts Payable	\$ 2,480	\$ 2,479	\$ 4,959
Deposits from Customers	135,596	-	135,596
Interest Payable	-	23,766	23,766
Line of Credit	-	75,770	75,770
Current Portion of Long-Term Debt	-	73,278	73,278
Long-Term Debt	<u>-</u>	<u>3,273,302</u>	<u>3,273,302</u>
Total Liabilities	<u>138,076</u>	<u>3,448,595</u>	<u>3,586,671</u>
Net Position			
Net Investment in Capital Assets	11,843,338	600,245	12,443,583
Net Position - Restricted, Capital Improvements	-	113,055	113,055
Net Position - Unrestricted	<u>2,960,175</u>	<u>4,941,703</u>	<u>7,901,878</u>
Total Net Position	<u>14,803,513</u>	<u>5,655,003</u>	<u>20,458,516</u>
Total Liabilities and Net Position	<u>\$ 14,941,589</u>	<u>\$ 9,103,598</u>	<u>\$ 24,045,187</u>

**PIXLEY PUBLIC UTILITY DISTRICT
COMBINING STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Water Charges	\$ 458,881	\$ -	\$ 458,881
Sewer Charges	-	484,846	484,846
Other Water and Sewage Fees	46,913	37,243	84,156
	<u>505,794</u>	<u>522,089</u>	<u>1,027,883</u>
OPERATING EXPENSES			
Transmission and Distribution Expenses	345,981	213,529	559,510
Customer Accounting and Collection Expenses	55,809	55,718	111,527
General Expenses	132,723	136,865	269,588
Depreciation	651,916	136,654	788,570
	<u>1,186,429</u>	<u>542,766</u>	<u>1,729,195</u>
Operating Loss	<u>(680,635)</u>	<u>(20,677)</u>	<u>(701,312)</u>
NON-OPERATING REVENUES (EXPENSES)			
Rental Income	\$ 11,340	\$ 11,340	\$ 22,680
Grant Income	1,310,455	-	1,310,455
Other Expense	(434,476)	(434,476)	(868,952)
Interest Income	11,097	11,097	22,194
Interest Expense	(27,768)	(78,643)	(106,411)
	<u>870,648</u>	<u>(490,682)</u>	<u>379,966</u>
Total Non-Operating Revenues (Expenses)	<u>870,648</u>	<u>(490,682)</u>	<u>379,966</u>
Net Increase (Decrease) in Net Position	190,013	(511,359)	(321,346)
Net Position, Beginning of Year	<u>14,613,500</u>	<u>6,166,362</u>	<u>20,779,862</u>
Net Position, Ending of Year	<u>\$ 14,803,513</u>	<u>\$ 5,655,003</u>	<u>\$ 20,458,516</u>

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF OPERATING EXPENSES BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Transmission and Distribution Expenses			
Labor	\$ 66,915	\$ 66,912	\$ 133,827
Payroll Taxes	6,136	6,136	12,272
Repairs to Equipment and System	97,109	11,927	109,036
Utilities	130,185	62,600	192,785
Tools and Shop Supplies	3,205	3,048	6,253
Insurance	3,876	3,876	7,752
California Water Fees	9,378	48,300	57,678
Auto Maintenance	654	654	1,308
Water and Sewer Testing	9,240	10,076	19,316
Meter Repairs and Supplies	19,283	-	19,283
	<u>345,981</u>	<u>213,529</u>	<u>559,510</u>
Total Transmission and Distribution Expenses	\$ 345,981	\$ 213,529	\$ 559,510
Customer Accounting and Collection Expenses			
Clerks	\$ 40,750	\$ 40,754	\$ 81,504
Postage	5,155	5,116	10,271
Office Supplies	6,300	6,248	12,548
Payroll Taxes	3,169	3,168	6,337
Insurance	214	213	427
Office Software	178	177	355
Bank Service Charges	43	42	85
	<u>43</u>	<u>42</u>	<u>85</u>
Total Customer Accounting and Collection Expenses	\$ 55,809	\$ 55,718	\$ 111,527
General Expenses			
Salaries and Wages	\$ 14,004	\$ 13,961	\$ 27,965
Employee Benefits	15,212	15,211	30,423
Telephone Expense	6,407	5,251	11,658
Fuel/Mileage	8,125	8,126	16,251
Advertising and Publication	2,129	1,994	4,123
Utilities	1,868	1,869	3,737
Building and Ground Maintenance	3,057	3,056	6,113
Accounting	12,031	12,031	24,062
Engineering	42,408	46,040	88,448
Legal	6,151	6,152	12,303
Licenses/Permits	4,933	8,680	13,613
Insurance	12,685	12,685	25,370
Irrigation Taxes	1,410	1,410	2,820
Miscellaneous	2,303	399	2,702
	<u>2,303</u>	<u>399</u>	<u>2,702</u>
Total General Expenses	\$ 132,723	\$ 136,865	\$ 269,588

**PIXLEY PUBLIC UTILITY DISTRICT
COMBINING STATEMENT OF NET POSITION BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Water	Sewer	Total
ASSETS			
Cash and Cash Equivalents	\$ 8,148,720	\$ 214,959	\$ 8,363,679
Accounts Receivable	26,752	62,422	89,174
Prepaid Expenses	9,491	9,490	18,981
Capital Assets			
Land	655,461	449,633	1,105,094
Buildings and Improvements	4,089,363	5,431,821	9,521,184
Sewer Treatment Plant	24,727	49,904	74,631
Wells, Pumps, and Pipelines	3,918,553	798,057	4,716,610
Equipment	55,704	54,037	109,741
Construction in Progress	-	4,928,075	4,928,075
Less Accumulated Depreciation	<u>(2,118,372)</u>	<u>(2,319,155)</u>	<u>(4,437,527)</u>
Total Capital Assets, Net of Depreciation	6,625,436	9,392,372	16,017,808
Other Assets	<u>4,375</u>	<u>4,375</u>	<u>8,750</u>
Total Assets	<u><u>\$ 14,814,774</u></u>	<u><u>\$ 9,683,618</u></u>	<u><u>\$ 24,498,392</u></u>
LIABILITIES AND NET POSITION			
Liabilities			
Accounts Payable	\$ 70,515	\$ 70,514	\$ 141,029
Deposits from Customers	130,759	-	130,759
Interest Payable	-	24,307	24,307
Line of Credit	-	2,577	2,577
Current Portion of Long-Term Debt	-	73,278	73,278
Long-Term Debt	<u>-</u>	<u>3,346,580</u>	<u>3,346,580</u>
Total Liabilities	<u>201,274</u>	<u>3,517,256</u>	<u>3,718,530</u>
Net Position			
Net Investment in Capital Assets	6,625,436	5,969,937	12,595,373
Net Position - Restricted, Capital Improvements	-	287,549	287,549
Net Position - Unrestricted	<u>7,988,064</u>	<u>(91,124)</u>	<u>7,896,940</u>
Total Net Position	<u>14,613,500</u>	<u>6,166,362</u>	<u>20,779,862</u>
Total Liabilities and Net Position	<u><u>\$ 14,814,774</u></u>	<u><u>\$ 9,683,618</u></u>	<u><u>\$ 24,498,392</u></u>

**PIXLEY PUBLIC UTILITY DISTRICT
COMBINING STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Water	Sewer	Total
OPERATING REVENUES			
Water Charges	\$ 435,188	\$ -	\$ 435,188
Sewer Charges	-	466,548	466,548
Other Water and Sewage Fees	33,304	29,929	63,233
	<u>468,492</u>	<u>496,477</u>	<u>964,969</u>
OPERATING EXPENSES			
Transmission and Distribution Expenses	419,151	253,264	672,415
Customer Accounting and Collection Expenses	61,594	58,593	120,187
General Expenses	134,069	132,504	266,573
Depreciation	363,141	179,404	542,545
	<u>977,955</u>	<u>623,765</u>	<u>1,601,720</u>
Total Operating Expenses	<u>977,955</u>	<u>623,765</u>	<u>1,601,720</u>
Operating Loss	<u>(509,463)</u>	<u>(127,288)</u>	<u>(636,751)</u>
NON-OPERATING REVENUES (EXPENSES)			
Rental Income	\$ 10,800	\$ 10,800	\$ 21,600
Grant Income	2,084,367	-	2,084,367
Other Income	25,764	25,763	51,527
Other Expense	(2,554)	(2,553)	(5,107)
Interest Income	4,082	4,083	8,165
Interest Expense	(78,214)	(80,566)	(158,780)
	<u>2,044,245</u>	<u>(42,473)</u>	<u>2,001,772</u>
Total Non-Operating Revenues (Expenses)	<u>2,044,245</u>	<u>(42,473)</u>	<u>2,001,772</u>
Net Increase (Decrease) in Net Position	1,534,782	(169,761)	1,365,021
Net Position, Beginning of Year	<u>13,078,718</u>	<u>6,336,123</u>	<u>19,414,841</u>
Net Position, Ending of Year	<u>\$ 14,613,500</u>	<u>\$ 6,166,362</u>	<u>\$ 20,779,862</u>

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF OPERATING EXPENSES BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Transmission and Distribution Expenses			
Labor	\$ 78,159	\$ 78,160	\$ 156,319
Payroll Taxes	7,025	7,024	14,049
Repairs to Equipment and System	179,102	42,939	222,041
Utilities	121,697	53,591	175,288
Tools and Shop Supplies	7,732	8,814	16,546
Insurance	3,027	3,027	6,054
California Water Fees	8,006	44,516	52,522
Auto Maintenance	3,412	4,226	7,638
Water and Sewer Testing	10,991	10,967	21,958
	<u>419,151</u>	<u>253,264</u>	<u>672,415</u>
Total Transmission and Distribution Expenses	\$ 419,151	\$ 253,264	\$ 672,415
Customer Accounting and Collection Expenses			
Clerks	\$ 43,431	\$ 43,427	\$ 86,858
Postage	4,423	4,424	8,847
Office Supplies	10,093	7,096	17,189
Payroll Taxes	3,371	3,370	6,741
Insurance	170	170	340
Bank Service Charges	18	19	37
Other Expenses	88	87	175
	<u>61,594</u>	<u>58,593</u>	<u>120,187</u>
Total Customer Accounting and Collection Expenses	\$ 61,594	\$ 58,593	\$ 120,187
General Expenses			
Salaries and Wages	\$ 14,319	\$ 14,320	\$ 28,639
Employee Benefits	17,570	17,571	35,141
Telephone Expense	6,740	6,176	12,916
Fuel/Mileage	7,644	7,595	15,239
Advertising and Publication	926	1,413	2,339
Utilities	2,601	2,826	5,427
Building and Ground Maintenance	1,829	2,275	4,104
Accounting	11,314	11,314	22,628
Engineering	43,006	43,005	86,011
Legal	8,593	8,592	17,185
Licenses/Permits	2,353	1,946	4,299
Insurance	11,816	11,814	23,630
Irrigation Taxes	1,210	1,211	2,421
Miscellaneous	4,148	2,446	6,594
	<u>134,069</u>	<u>132,504</u>	<u>266,573</u>
Total General Expenses	\$ 134,069	\$ 132,504	\$ 266,573

OTHER INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Pixley Public Utility District
Pixley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Pixley Public Utility District (the District), as of and for the fiscal year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions

was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of current year audit findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 1, 2024

**PIXLEY PUBLIC UTILITY DISTRICT
STATUS OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

2023-01: Revenue Recognition

During our review of revenues and receivables, we noted that the Pixley Public Utility District (the District) did not record revenues and receivables related to the State of California Department of Public Health Proposition 84 Grant funds earned during the prior fiscal year. This resulted in an understatement of revenues in the amount of \$292,416 and of receivables in the amount of \$292,416 in the prior fiscal year. As a result of the understatement, the beginning balances for equity and receivables for the current period were understated.

Criteria

Revenues should be recorded in the period in which they are realized and earned. Amounts that are not received by year-end should be accrued as receivables.

Recommendation

We recommend that the District record revenues and receivables related to grant reimbursement requests in the correct period.

Management Response

The District will ensure going forward that revenues and receivables are recorded in the correct period to which category they should be assigned to.

Current Year Status

Management has implemented the recommendation for the current and future years.

2023-02: Construction in Progress and Revenue

During our review of construction in progress and revenues, we noted that the Pixley Public Utility District (the District) did not record the construction in progress and related project revenue activity for the current fiscal year into the correct classification of accounts. This resulted in an understatement of assets in the amount of \$276,284 and of revenues in the amount of \$276,284 in the current year.

Criteria

Activity should be recorded in the correct account classifications based on the type of activity to ensure the amounts presented in the financial statements are accurate.

Recommendation

We recommend that the District record revenues and construction in progress activities in the correct account classifications.

Management Response

The District will ensure that activity recorded will be assigned to the correct account classifications going forward.

Current Year Status

Management has implemented the recommendation for the current and future years.