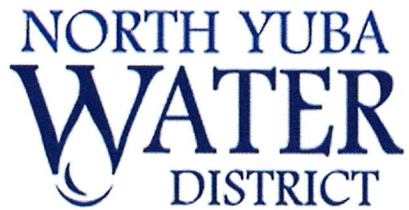


Mike Mayo
Director
Division 1

Steve Ronneberg
Director
Division 2

Gloria Bozza
Director
Division 3



Marieke Furnee
Vice President
Division 4

Ann Plumb
President
Division 5

Leona Harris
General Manager

AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE NORTH YUBA WATER DISTRICT

5:30 PM ♦ THURSDAY ♦ JULY 23, 2026

NOTICE: THIS MEETING WILL BE PHYSICALLY OPEN TO THE PUBLIC AT THE DISTRICT OFFICE LOCATED AT 8691 LA PORTE RD, BROWNSVILLE, CA 95919. HOWEVER, THE MEETING WILL ALSO TAKE PLACE VIA ZOOM. MEMBERS OF THE PUBLIC MAY ATTEND AND PARTICIPATE IN THE MEETING VIA VIDEOCONFERENCE AT:

NYWD BoardRoom is inviting you to a scheduled Zoom meeting.

Topic: NYWD BoardRoom's Zoom Meeting

Time: Jul 23, 2026 05:30 PM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/86567595224?pwd=SvSiQOtNVkhLZUXjiYTMs3cKr8cMTB.1>

Meeting ID: 865 6759 5224

Passcode: 482331

One tap mobile

+16694449171,,86567595224#,,,,*482331# US

+16699009128,,86567595224#,,,,*482331# US (San Jose)

Join by SIP

- 86567595224@zoomcrc.com

Join instructions

https://us02web.zoom.us/join/86567595224/invitations?signature=wphLco5VC16iGN4L_RXECmp2i7RM1sCoYfx4tyObKmU

**COMMENCEMENT OF
MEETING**

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact North Yuba Water District office staff at 530-675-2567 or fax 530-675-0462. Requests must be made as early as possible and at least one-full business day before the start of the meeting.

The Board of Directors will provide at least twice the allotted time to a member of the public who utilizes a translator to ensure that non-English speakers receive the same opportunity to directly address the Board. Please contact District office staff at 530-675-2567 or fax 530-675-0462 at least 24 hours prior to the board meeting so a translator can be provided. Non-English speakers are welcomed to provide their own translator.

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. OPPORTUNITY FOR PUBLIC COMMENT

At the beginning of a regular meeting, the public has the opportunities to address the District Board of Directors about matters that are on the agenda, and about matters that are not on the agenda, but that are within the jurisdiction of the Board of Directors. Public comment is limited to no more than four (4) minutes per person, twenty (20) minutes total for all speakers on all items on or off the agenda.

OPEN SESSION ACTION CALENDAR

E. CONSENT ITEMS

1. Approval of **Minutes for Regular Board Meeting of June 25, 2026**
2. Approval of **Payroll for the Month of May 2026:** **\$ 68,745.44**
3. Approval of **Bills for the Month of May 2026:** **\$ 246,885.22**

F. ANNUAL AUDIT REPORT for 2024/2025

Richardson and Company LLP. will present the Financial Statements and Independent Auditor's Report for the year 2024/2025. The Board will review and may approve.

G. STAFF REPORTS AND RECOMMENDATION

The Board will hear reports by District staff and receive their recommendations for future Board action, including but not necessarily limited to:

Financial Manager's Report/Requests

General Managers' Report/Requests

The General Manager will update the board on District operations, including the status of an Operations Memorandum.

Legal Counsel's Report

H. DIRECTORS REPORTS

ADJOURNMENT

REGULAR MEETING MINUTES OF THE BOARD OF DIRECTORS OF THE
NORTH YUBA WATER DISTRICT
Held at the District Office and Zoom
8691 LaPorte Road, Brownsville
Thursday, June 25th, 2026

NOTICE: This meeting will be physically open to the public at the District OFFICE located at 8691 La Porte Rd, Brownsville, Ca 95919. The meeting will also take place via zoom. Members of the public may attend and participate in the meeting via video conference at:

NYWD BoardRoom is inviting you to a scheduled Zoom meeting.

Topic: NYWD BoardRoom's Zoom Meeting

Time: Jun 25, 2026 05:30 PM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/89560236171?pwd=8i8u2bQLtpzhI8b5t6Gdh5YFQmbQmz.1>

Meeting chat link

<https://us02web.zoom.us/join/jc/89560236171>

Meeting ID: 895 6023 6171

Passcode: 555060

One tap mobile

+16699009128,,89560236171#,,,,*555060# US (San Jose)

+16694449171,,89560236171#,,,,*555060# US

Join by SIP

• 89560236171@zoomcrc.com

Join instructions

https://us02web.zoom.us/join/89560236171/invitations?signature=dUCGF5oC22FrGQikWrUoroY-fMWxctgg_iDo_9civCE

COMMENCEMENT OF MEETING

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in the meeting, please contact North Yuba Water district office staff at 530-675-2567 or fax 530-675-0462. Requests must be made as early as possible and at least one-full day before the start of the meeting. The Board of Directors shall provide at least twice the allotted time to a member of the public who utilizes a translator to ensure that non-English speakers receive the same opportunity to directly address the Board.

A. CALL TO ORDER

The meeting was called to order at 5:30 PM, at the District Office in Brownsville, CA.

B. ROLL CALL

NAME	PRESENT	ABSENT	VISITORS INCLUDING:
PRESIDENT	Ann Plumb		Kawanza Jimmy Vinje
VICE PRESIDENT	Marieke Furnee		Charles Sharp
DIRECTORS:	Gloria Bozza		
	Steven Ronneberg		
	Mike Mayo		
GENERAL MANAGER	Leona Harris		
FINANCIAL MANAGER	Stacy Greene		
ATTORNEY			

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by President Plumb.

D. OPPORTUNITY FOR PUBLIC COMMENT

At the beginning of a regular meeting, the public has the opportunities to address the District Board of Directors about matters that are on the agenda, and about matters that are not on the agenda, but that are within the jurisdiction of the Board of Directors. Public comment is limited to no more than four (4) minutes per person, twenty (20) minutes total for all speakers on all items on or off the agenda.

PUBLIC COMMENT:

There were comments from the public on; Attorney representation, herbicides, the District Division map, Data Centers, and inmate work crews

DISCUSSION/OPEN SESSION ACTION CALENDAR
--

E. CONSENT ITEMS

1. Approval of **Minutes for Regular Board Meeting of May 28, 2026**
2. Approval of **Payroll for the Month of May 2026: \$ 68,375.71**
3. Approval of **Bills for the Month of May 2026: \$ 259,450.67**

Director Furnee made a motion to approve consent items 1-3. Director Ronneberg seconded the motion. The motion was approved with a unanimous vote.

- F. STAFF REPORTS AND RECOMMENDATION** The Board will hear reports by District staff and receive their recommendations for future Board action, including but not necessarily limited to:

Financial Manager's Report/Requests:

Stacy Greene read the financial report. Cash on Hand and Income Statements for the period ending June 25th, 2026. Total cash on hand in all accounts including reserves was \$12,447,113.17. Total income for the fiscal year to date (July 1st, 2025 – May 31st, 2026) was \$2,485,529.12. Total expenses were \$3,001,980.81, leaving a net revenue over expenses of \$(-516,451.69). Expenses out of Reserves/Savings year to date totaled \$1,388,839.20. This figure is including \$1,271,257.23.

General Manager's report/requests:

The General Manager updated the board on District operations, including the status of an Operations Memorandum.

Monday and Tuesday of next week, work will be completed on the treatment plant. Half of it is being paid by a grant from Yuba Water Agency.

Mastication on New York Flat Road should be completed by July 1st.

Legal Counsel's Report:

Legal matters still pending, nothing new to report.

G. DIRECTORS REPORTS

Director Furnee reported there was local fruit brought in from an irrigation customer.

Director Bozza reported that the fire department is holding a July 4th event where she will be helping to sell the food.

Director Mayo reported that the Mountain Fair is upcoming and suggested the district has a booth at the event.

ADJOURNMENT

The meeting was adjourned at 5:44 p.m.

Amanda Gilmore, Recording Secretary

North Yuba Water District
Monthly Net Payroll Report

TOTAL MONTHLY NET PAYROLL FOR THE MONTH OF JUNE, 2026

TOTAL JUNE, 2026	<u>\$68,745.44</u>
-------------------------	---------------------------

North Yuba Water District Monthly Check Listing

June 2026

1000A - Cash - GC - Separate Accounts					Type	Date	Numb	Name	Amount
11007 - River Valley Bank Checking									
D2 Renewal					Bill Pmt -Check	06/02/2026	28996	SWRCB-DWOCB	-60.00
Health Insurance					Bill Pmt -Check	06/03/2026	28997	ACWA/Jt Powers Ins Authority	-20,291.68
Engineering for new PLC					Bill Pmt -Check	06/03/2026	28998	Aqua Sierra Controls Inc.	-21,450.33
Vision Insurance					Bill Pmt -Check	06/03/2026	28999	Eye Med	-167.00
Electricity					Bill Pmt -Check	06/03/2026	29000	Pacific Gas & Electric	-4,265.18
Post Office Box Rental					Bill Pmt -Check	06/03/2026	29001	Postmaster	-162.00
(2) Bug spray, Gloves, WD40, Trash bags, crack filler (6) 50 lb blacktop repair, 32ft Black wire, 32ft Red wire, (4) starter rope, (2) car wash soap, 10" Scrub brush, Putty Tape, 3/4" fitting, bow rake, (2) 3/8" couplers, spray gun handle, flush nozzle, 1/4" quick coupler, pressure wash nozzle, plastic tarp, shovel, 5 gallon pail, (2) cleaning wipes.					Bill Pmt -Check	06/03/2026	29002	Ray's General Hardware	-1,114.60
Chlorine					Bill Pmt -Check	06/03/2026	29003	SCP DISTRIBUTORS LLC	-1,718.11
Cell Service					Bill Pmt -Check	06/03/2026	29004	VERIZON WIRELESS	-372.26
Return Customer Deposit					Check	06/03/2026	29005	Able, Carol	-98.00
Annual Water Tank Service					Bill Pmt -Check	06/04/2026	29006	Two Brothers Cathodic Services, Inc.	-1,000.00
State Payroll Tax					Liability Check	06/08/2026	E-pay	EDD	-1,484.78
Federal Payroll Tax					Liability Check	06/08/2026	E-pay	United States Treasury	-8,197.24
State Payroll Tax					Liability Check	06/08/2026	E-pay	EDD	-37.14
Federal Payroll Tax					Liability Check	06/08/2026	E-pay	United States Treasury	-268.88
Direct Deposit Fee					Liability Check	06/10/2026	DirD	QuickBooks Payroll Service	
Direct Deposit Fee					Liability Check	06/10/2026	DirD	QuickBooks Payroll Service	
News Paper Service					Bill Pmt -Check	06/10/2026	29023	Appeal Democrat	-200.00
Legal Service					Bill Pmt -Check	06/10/2026	29024	Boutin Jones Inc	-17,159.47
Propane					Bill Pmt -Check	06/10/2026	29025	Brown's Gas Co.	-326.90
Consultant Service					Bill Pmt -Check	06/10/2026	29026	Burdick & Company	-2,131.25
Pest Control Service					Bill Pmt -Check	06/10/2026	29027	CAL KING PEST CONTROL	-92.00
Telephone and Internet Service					Bill Pmt -Check	06/10/2026	29028	CALNET3	-789.62
T702 Oil, Lube and Filter Change T704 Oil & Filter Change, Front and rear break replacement					Bill Pmt -Check	06/10/2026	29029	Country Smog & Repair	-1,791.64

North Yuba Water District Monthly Check Listing

June 2026					
Type	Date	Num	Name	Amount	
Water Testing Service	Bill Pmt -Check	29030	Crammer Engineering Inc	-730.00	
Gasoline and Diesel	Bill Pmt -Check	29031	EFuel, LLC - Ramos Oil	-4,629.10	
Oregon Peak Tower Rental May 2026	Bill Pmt -Check	29032	EIP Holdings II, LLC	-520.00	
Meeting Minutes for May 2026	Bill Pmt -Check	29033	Gilmore, Amanda	-200.00	
Alarm Service	Bill Pmt -Check	29034	Golden Bear Alarms	-96.00	
CPA Consultant	Bill Pmt -Check	29035	Merritt, Robert	-2,700.00	
NTU926	Bill Pmt -Check	29036	USALOC, LLC	-2,497.30	
Legal Services	Bill Pmt -Check	29037	Zaniero, Inc.	-14,117.50	
Credit Card Services	Check	CC FEE	Clover Credit Card Services	-84.95	
Employee Retirement	Liability Check	29022	CalPERS	-4,996.97	
Telephone Service	Bill Pmt -Check	29038	CALNET3	-62.88	
Oroleve Creek Support	Bill Pmt -Check	29039	Davids Engineering, Inc	-3,252.10	
Inventory	Bill Pmt -Check	29040	Ferguson Enterprises Inc	-1,348.06	
Trash Service	Bill Pmt -Check	29041	Recology - Yuba Sutter	-263.18	
Postage	Bill Pmt -Check	29042	Reserve Account	-500.00	
State Payroll Tax	Liability Check	E-pay	United States Treasury	-1,455.25	
Federal Payroll Tax	Liability Check	E-pay	United States Treasury	-8,198.14	
State Payroll Tax	Liability Check	E-pay	EDD	-107.92	
Federal Payroll Tax	Liability Check	E-pay	United States Treasury	-899.86	
State Payroll Tax	Liability Check	E-pay	EDD	-3.90	
Federal Payroll Tax	Liability Check	E-pay	United States Treasury	-45.90	
Direct Deposit Fee	Liability Check	DirD	QuickBooks Payroll Service		
Direct Deposit Fee	Liability Check	DirD	QuickBooks Payroll Service		
Direct Deposit Fee	Liability Check	DirD	QuickBooks Payroll Service		
Employee Retirement	Liability Check	29056	CalPERS Employer Contribution	-4,996.97	
Copier Maintenance	Bill Pmt -Check	29057	Advanced Documents	-49.05	
Dues for 2026	Bill Pmt -Check	29058	American Water Works Assoc.	-539.00	
Radio Cards for the Water Treatment Plant	Bill Pmt -Check	29059	Badger Meter, Inc.	-1,778.60	
Gasoline and Diesel	Bill Pmt -Check	29060	EFuel, LLC - Ramos Oil	-2,957.46	
Oregon Peak Radio Tower Rent	Bill Pmt -Check	29061	EIP Holdings II, LLC	-520.00	
Inventory	Bill Pmt -Check	29062	Ferguson Enterprises Inc	-1,547.07	

North Yuba Water District Monthly Check Listing

June 2026					
Type	Date	Num	Name	Amount	
Solor Controller (70.83), Tube Caps (19.43), Solar Switch (52.91), Pants (125.58), Postage (36.45), Court Parking (24.00) Admin Meal (10.00), WTP Internet (129.99), White pages Subscription (5.99), Wix Website (36.00), Gold Eagle Drinking Water (18.57), Central Valley Sal (96.25), QuickBooks Subscription (25.00), Sams- Coffee, Peanut Butter, Toilet Paper, Plates Lg & Sm, Shop towels (181.09), Costco-Creamer, Vicks (35.92)					
Dental Insurance	Bill Pmt -Check	06/25/2026	29063	Mechanics Bank	-868.01
	Bill Pmt -Check	06/25/2026	29064	Premier Access Insurance Co.	-1,270.36
Workers Compensation Insurance	Bill Pmt -Check	06/25/2026	29065	SDRMA	-38,878.99
Copier Lease June and July	Bill Pmt -Check	06/25/2026	29066	Verdant Commercial Capital	-407.02
Union Dues	Liability Check	06/25/2026	29067	UPEC	-420.00
Employee Paid Collection	Liability Check	06/25/2026	29068	Vehicle Registration Collections	-35.52
Legal Service	Bill Pmt -Check	06/25/2026	29069	Paul Nicolas Boylan, Esq.	-49,995.00
Hand Crew Clearing	Bill Pmt -Check	06/25/2026	29070	Hard Rock Engineering Inc.	-2,500.00
Return Customer Deposit	Check	06/29/2026	29071	Alexander, Steven	-87.50
Employee Paid Insurance	Liability Check	06/30/2026	29072	AFLAC	-263.84
Pest Control Service	Bill Pmt -Check	06/30/2026	29073	CAL KING PEST CONTROL	-84.00
Water Testing Service	Bill Pmt -Check	06/30/2026	29074	Cranmer Engineering Inc	-709.00
Meeting Zoom May and June 2026	Bill Pmt -Check	06/30/2026	29075	Gilmore Computer Services	-408.00
Meeting Minutes June 2026	Bill Pmt -Check	06/30/2026	29076	Gilmore, Amanda	-200.00
Electricity	Bill Pmt -Check	06/30/2026	29077	Pacific Gas & Electric	-6,254.69

North Yuba Water District Monthly Check Listing

June 2026

Type	Date	Num	Name	Amount
(3) Cans poly spray, Qt paint, 1" paint brush, 5pk paint brush, 14' conduit, (2) 45° Elbows, (6) couplers, 5ft vinyl tubing, (2) hose clamps, PVC coupling, Pvc bushing, 90° Elbow, (4) 1" PVC Adapter, (2) receptacles, receptacle cover, (2) outlet boxes, Qt Poly urethane, conduit lock nut, closure plug, (3) PTFE Tape, 20' PVC Pipe, Bakers square, (2) PVC Cement, PVC Primer, 40" 4" schedule pipe, outside timer, (32) plants for planters, 3X sheet, wire brush, flap disc, (2) black spray paint, shovel, cable connector kit, 5ft black cable, 10" scrub brush, bug spray, lithium battery, Brass nipple, brass coupler, wire cutter, flush valve, (3) padlocks, (6) padlock pins, toilet tank kit, (2) boxes of staples, (4) Hex Lag screws, (9) self drilling screws, (4) flat washers, drill bit set				
Chlorine				
Total 11007 · River Valley Bank Checking				
Total 1000A · Cash - GC Separate Accounts				
TOTAL				

Bill Pmt -Check	06/30/2026	29078	Ray's General Hardware	-449.94
Bill Pmt -Check	06/30/2026	29079	SCP DISTRIBUTORS LLC	-1,778.11

-246,885.22
-246,885.22
-246,885.22

NORTH YUBA WATER DISTRICT

Audited Financial Statements and
Compliance Report

June 30, 2025 and 2024

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NORTH YUBA WATER DISTRICT

Audited Financial Statements and
Compliance Report

June 30, 2025 and 2024

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550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Yuba Water District
Brownsville, California

Opinions

We have audited the accompanying financial statements of North Yuba Water District (the District), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 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.

To the Board of Directors
North Yuba Water District

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

To the Board of Directors
North Yuba Water District

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 15, 2026, 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 and contracts and grant agreements and other matters. The purpose of that report is 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 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.

Richardson & Company, LLP

July 15, 2026

NORTH YUBA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

This section of the North Yuba Water District annual financial report presents an analysis of the District's financial performance during the fiscal year ending June 30, 2025. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024/2025

- At the end of the current year, the total unrestricted net position of the District was a positive \$13.4 million.
- During the year, the District's net position increased by approximately \$771 thousand.
- The District's capital asset balance was \$11.1 million at the end of the year, increasing approximately \$933 thousand from June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements, and Other Required Supplementary Information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Position includes information on the District's assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). The Statement of Revenues, Expenses and Changes in Net Position identify the District's revenues and expenses for the fiscal year ending June 30, 2025. These statements provide information on the District's operations over the fiscal year, and can be used to determine whether the District has recovered all if its actual and projected costs through user fees and other charges. The third component of the financial statements is the Statement of Cash Flows. These statements provide information on the District's cash receipts, cash payments and changes in cash resulting from operating, investing, and financing activities. From the Statement of Cash Flows, the reader can obtain comparative information on the sources and uses of cash and the changes in the cash and cash equivalent balances. The notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in this report. The notes can be found beginning on page 12 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide an indication of the District's financial condition and also indicate if the financial condition of the District has improved during the last fiscal year. The District's Net Position reflects the difference between assets and liabilities.

A summary of the District's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position are presented below:

NORTH YUBA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

Condensed Statements of Net Position
As of June 30, 2025 and 2024

	2025	2024	Increase/ (Decrease) from 2024
Current and other assets	\$ 14,854,751	\$ 14,205,583	\$ 649,168
Capital assets, net	11,069,227	10,136,452	932,775
Restricted assets	127,081	119,034	8,047
Total assets	<u>26,051,059</u>	<u>24,461,069</u>	<u>1,589,990</u>
Current liabilities	1,452,621	659,406	793,215
Non current liabilities	25,573	-	25,573
Total liabilities	<u>1,478,194</u>	<u>659,406</u>	<u>818,788</u>
Net investment in capital assets	11,069,227	10,136,452	932,775
Restricted net position	127,081	119,034	8,047
Unrestricted net position	<u>13,376,557</u>	<u>13,546,177</u>	<u>(169,620)</u>
Total net position	<u><u>\$ 24,572,865</u></u>	<u><u>\$ 23,801,663</u></u>	<u><u>\$ 771,202</u></u>

CURRENT AND OTHER ASSETS

As of June 30, 2025, the District's current assets totaled \$14.9 million which was an increase of \$649 thousand over the June 30, 2024 balances of approximately \$14.2 million. Much of the increase in current assets was a result of increases in receivables of \$970 thousand and increases in prepaid expenses of \$54 thousand; these increases were offset by a \$380 thousand decrease in cash and investments. The increase in receivables was a result of larger amounts due from power sales of \$625 thousand, \$68 thousand from retail and wholesale water sales, a \$178 thousand increase in grants receivable, and a \$99 thousand increase in interest receivable. The decrease in cash and investments was the result of cash used in operating activities of \$919 thousand, cash used in capital and related financing activities of \$951 thousand, offset by cash provided by noncapital financing activities of \$978 thousand and investment income received of \$520 thousand. The majority of the cash used for capital and related financing activities was for relining and painting of all district water tanks, replacement of the Challenge Tank, Forbestown Ditch shotcrete, Irrigation Ditch shotcrete, and the Halversterm Flume.

CAPITAL ASSETS

As of June 30, 2025, the District's investments in capital assets, including accumulated depreciation, totaled \$11.1 million which was an increase of \$933 thousand over the capital asset balances at June 30, 2024 as a result of the projects listed above. Also during the year, the District purchased a field truck at a cost of almost \$90 thousand.

Depreciation and amortization expense for the fiscal years 2025 and 2024 was \$711,000 and \$250,000, respectively.

NORTH YUBA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

CURRENT LIABILITIES

As of June 30, 2025 the District's current liabilities totaled approximately \$1,453,000 which was an increase of \$793,000 over the June 30, 2024 balances. Much of the increase in current liabilities was the result of increased accounts payable related to legal services and water treatment plant expenses.

LONG - TERM DEBT

As of June 30, 2025, the only noncurrent liability recognized by the District is the long term portion of the compensated absences liability of \$26 thousand. During the fiscal year, the District implemented GASB Statement No. 101. *Compensated Absences*, resulting in the recognition of a current and noncurrent compensated absences liability.

Condensed Statements of Revenues, Expenses and Changes in Net Position
Fiscal Years Ended June 30, 2025 and 2024

	2025	2024	Increase/ (Decrease) from 2024
Operating revenues	\$ 4,187,086	\$ 10,251,468	\$ (6,064,382)
Non-operating revenues	1,750,483	586,016	1,164,467
Capital revenues	692,664	3,869,983	(3,177,319)
Total revenues	<u>6,630,233</u>	<u>14,707,467</u>	<u>(8,077,234)</u>
Water supply, treatment, distribution expenses	1,572,676	1,163,929	408,747
Administration expenses	3,574,983	1,682,843	1,892,140
Depreciation expense	711,372	249,851	461,521
Total operating expenses	<u>5,859,031</u>	<u>3,096,623</u>	<u>2,762,408</u>
Changes in net position	771,202	11,610,844	(10,839,642)
Beginning net position	<u>23,801,663</u>	<u>12,190,819</u>	<u>11,610,844</u>
Ending net position	<u>\$ 24,572,865</u>	<u>\$ 23,801,663</u>	<u>\$ 771,202</u>

OPERATING REVENUES AND EXPENSES

Operating revenues include both power and water sales. Power sales decreased by \$6.1 million from FY 2023/2024 to FY 2024/2025 as the amount recognized in 2023/2024 was a catch up of multiple years for the 50% net distribution from the South Feather Power Project. Both retail and wholesale water sales for FY 2024/2025 were comparable to the prior year. Operating expenses during 2025 increased approximately \$2.8 million over the prior year. Much of the increase was from higher legal and personnel-related expenses, transmission and distribution expenses, and higher depreciation expense from larger capital asset balances compared to fiscal year 2023/2024.

NORTH YUBA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2025

NON-OPERATING REVENUES

Non operating revenues include grants, property taxes and assessments, investment and other income. These revenues increased from \$586 thousand in 2023/2024 to \$1.8 million in 2024/2025. Property taxes and assessments and other income for 2024/2025 were comparable to 2023/2024; grant revenues increased \$556 thousand from 2023/2024 to 2024/2025, and investment income increased \$575 thousand. During 2024/2025, the district continued to invest in time certificates of deposit and moved funds to higher yielding investments.

CAPTIAL GRANTS

Capital grants decreased \$3.2 million from \$3.9 million during 2023/2024 to \$700 thousand during 2024/2025. The grant proceeds were used to fund the Challenge Tank, Forbestown Ditch shotcrete, and Irrigation Ditch shotcrete projects. Some of these projects were fully grant funded, while others were grant partially funded.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The fiscal year 2026 approved operating budget was 5.4% higher than the 2025 budget. The fiscal year 2026 budget reflects increased salary and benefits costs, as well as increased administrative, and field operations expenses.

The District is staying engaged with legislative and regulatory requirements that may require fees and/or costs to the District, thus potentially affecting consumer rates.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or to request additional financial information, please contact the North Yuba Water District's General Manager at P.O. Box 299, Brownsville, CA 95919.

NORTH YUBA WATER DISTRICT

STATEMENTS OF NET POSITION

June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11,385,399	\$ 11,764,934
Receivables, net	3,367,144	2,396,700
Inventory	37,769	33,965
Prepaid expenses	64,439	9,984
Total Current Assets	14,854,751	14,205,583
Noncurrent Assets:		
Restricted assets cash and cash equivalents	127,081	119,034
Capital Assets:		
Nondepreciable	559,840	559,840
Depreciable, net of accumulated depreciation	10,509,387	9,576,612
Total Capital Assets	11,069,227	10,136,452
Total Noncurrent Assets	11,196,308	10,255,486
TOTAL ASSETS	\$ 26,051,059	\$ 24,461,069
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 1,300,932	\$ 519,964
Accrued expenses	22,641	14,520
Compensated absences	71,071	68,550
Deposits payable	57,977	56,372
Total Current Liabilities	1,452,621	659,406
Noncurrent Liabilities:		
Compensated absences	25,573	-
Total Noncurrent Liabilities	25,573	-
TOTAL LIABILITIES	1,478,194	659,406
NET POSITION		
Net investment in capital assets	11,069,227	10,136,452
Restricted	127,081	119,034
Unrestricted	13,376,557	13,546,177
TOTAL NET POSITION	24,572,865	23,801,663
TOTAL LIABILITIES AND NET POSITION	\$ 26,051,059	\$ 24,461,069

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

NORTH YUBA WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the Years Ended June 30, 2025 and 2024

	2025	2024
OPERATING REVENUES		
Power sales	\$ 3,407,902	\$ 9,487,760
Retail water sales	319,813	305,930
Wholesale water sales	450,726	439,549
Water fees	8,645	18,229
TOTAL OPERATING REVENUES	<u>4,187,086</u>	<u>10,251,468</u>
OPERATING EXPENSES		
General and administrative	3,574,983	1,682,843
Transmission and distribution	870,166	534,471
Treatment	310,572	289,947
Water purchases	391,938	339,511
Depreciation / amortization	711,372	249,851
TOTAL OPERATING EXPENSES	<u>5,859,031</u>	<u>3,096,623</u>
NET (LOSS) INCOME FROM OPERATIONS	(1,671,945)	7,154,845
NON-OPERATING REVENUES (EXPENSES)		
Grant revenues	650,508	94,180
Property taxes and assessments	504,999	472,387
Investment income	594,497	19,389
Other income	479	60
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,750,483</u>	<u>586,016</u>
CAPITAL CONTRIBUTIONS		
Capital grants	692,664	3,869,983
TOTAL CAPITAL CONTRIBUTIONS	<u>692,664</u>	<u>3,869,983</u>
CHANGE IN NET POSITION	771,202	11,610,844
Net position, beginning of year	<u>23,801,663</u>	<u>12,190,819</u>
NET POSITION AT END OF YEAR	<u>\$ 24,572,865</u>	<u>\$ 23,801,663</u>

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

NORTH YUBA WATER DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 712,844	\$ 751,412
Cash receipts from power sales	2,782,695	9,119,563
Cash payments to suppliers for goods and services	(3,206,281)	(1,574,755)
Cash payments to employees for services	(1,207,959)	(977,581)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(918,701)	7,318,639
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant revenues received	472,757	146,370
Property taxes and assessments received	504,999	472,387
Other income	479	60
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	978,235	618,817
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	692,664	3,869,983
Acquisitions and construction of capital assets	(1,644,147)	(4,730,958)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(951,483)	(860,975)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	520,461	119,356
NET CASH PROVIDED BY INVESTING ACTIVITIES	520,461	119,356
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(371,488)	7,195,837
Cash and investments at beginning of year	11,883,968	4,688,131
CASH AND INVESTMENTS AT END OF YEAR	\$ 11,512,480	\$ 11,883,968
Cash and investments - financial statement classification		
Cash and cash equivalents	\$ 11,385,399	\$ 11,764,934
Restricted cash and cash equivalents	127,081	119,034
TOTAL CASH AND INVESTMENTS	\$ 11,512,480	\$ 11,883,968

Continued

NORTH YUBA WATER DISTRICT

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (1,671,945)	\$ 7,154,845
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/amortization	711,372	249,851
Unrealized loss on investments	(25,505)	(120,568)
(Increase) Decrease in:		
Receivables, net	(693,152)	(381,666)
Inventory	(3,804)	(3,466)
Prepaid expenses	(54,455)	(4,750)
Accounts payable	780,968	389,705
Accrued expenses	8,121	14,520
Compensated absences	28,094	18,995
Deposits payable	1,605	1,173
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (918,701)</u>	<u>\$ 7,318,639</u>

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

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the North Yuba Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity: The North Yuba Water District (the "District") was formed on July 22, 1952 under California law for the purpose of providing domestic (treated) and irrigation (untreated) water service within the District boundaries. The earlier years of the District's existence were spent resolving water rights disputes against the Oroville-Wyandotte Irrigation District (OWID). A lengthy series of hearings resulted in State Decisions D-838 and D-907 and culminated with the March 8, 1958 and December 9, 1959 Agreements with OWID. The 1959 agreement was amended in 1965 and then superseded in 2005 by the South Feather Water and Power (SFWP) agreement discussed in Note I. As a result of the water rights owned by the District, the District receives a share of the net revenues derived from power and water sales of the South Feather Power Project (SFPP). SFWP is the owner and operator of the SFPP. The District is also required to transfer up to 4,500 acre-feet of water to the City of Yuba City under the 1959 Agreement with the City.

There are five improvement Districts within the North Yuba Water District. Improvement District #1 was formed on March 25, 1964 for the irrigation service area. Improvement District #2 was formed on September 10, 1966 for the domestic service area. Improvement District #3 was formed on April 30, 1968 for the Forbestown water distribution system. Improvement District #5 was formed on July 19, 1974 for the New York House Road water distribution system. Improvement District #6 was formed on February 3, 1979 for the Rackerby water distribution system. At this time, the District serves domestic water to approximately 770 active services in or near the communities of Brownsville, Challenge, Forbestown, and Rackerby, and serves irrigation water to 110 active services in the Dobbins-Oregon House area. The North Yuba Water District is governed by a five-member Board of Directors, elected by division, who set District policy. Subject to the Board's direction, the overall operation and administration of the District is conducted under the authority of the General Manager/Secretary.

Basis of Presentation: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on the economic resources measurement focus. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the fund are included on the statement of net position. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net assets. Enterprise funds use the accrual basis of accounting. Under this

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flow.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District, including providing water service, water supply development and planning. Operating revenues consist primarily of water and power sales and related fees. Operating expenses consist of the cost of sales and services, administration and depreciation on capital assets. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities. Cost reimbursement grant revenues are recognized as revenue when the reimbursable costs are incurred under the accrual basis of accounting.

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

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

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and investments in money market mutual funds.

Receivables: Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as receivables.

Allowance for Doubtful Accounts: Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. Management believes that all accounts receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2025 and 2024.

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued at average cost.

Restricted Assets: Restricted assets consist of unspent expansion and capital renovation and replacement (R & R) fees that are restricted to certain expansion and construction projects. There were no amounts payable from restricted assets at June 30, 2025 and 2024.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Self-constructed assets are recorded based on the amount of direct labor and materials charged to the asset construction. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Description	Estimated Life
Source of supply	50 years
Canals	5-50 years
Pumping plant	10-50 years
Water treatment plant	5-50 years
Water rights	0-50 years
Transmission and Distribution	5-50 years
Building, structures and improvements	10-50 years
Office equipment	5-20 years
Shop equipment	5-14 years
Field equipment and vehicles	5-10 years

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with a cost of \$1,000 or more, depending on the asset type. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Depreciation was \$711,372 and \$274,891 for the years ended June 30, 2025 and 2024, respectively.

Compensated Absences: A liability for compensated absences is recognized for unused leave for services already rendered if the leave accumulates and is more likely than not to be used for time-off or otherwise paid in cash or settled through noncash means. The District's policy allows employees to accumulate earned but unused vacation and sick leave which will be paid to employees upon separation from the District's service. The cost of compensated absences is recognized in the period earned.

Net Position: Net position is segregated into the investment in capital assets, restricted and unrestricted. The investment in capital assets represents capital assets, net of accumulated depreciation and amortization.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Taxes: Secured and unsecured property taxes are levied on July 1 by Yuba County. Secured property taxes are due in two installments, the first installment is due on November 1 and delinquent with penalties after December 10; the second installment is due February 1 and delinquent with penalties after April 10th, on property taxes assessed on July 1. Unsecured property taxes are payable in one installment on or before August 31. Property tax revenues are recognized in the fiscal year in which they are levied.

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

New Pronouncements: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or paid in cash or settled through noncash means, and leave that has been used but not paid in cash or settled through noncash means. The District implemented this Statement during the year ended June 30, 2025. The effect of this change was immaterial and net position has not been restated as a result.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes a government that reports a liability for revenue debt, vulnerable to the risk of a substantial impact and to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. The District implemented this Statement during the year ended June 30, 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement will result in changes to the financial reporting model including the Management's Discussion and Analysis, display of inflows and outflows of unusual and infrequent items, and changing the definition of proprietary fund nonoperating revenues and expenses. The provisions of this Statement are effective for years beginning after June 15, 2025.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, that requires certain types of assets to be disclosed separately in the note disclosures and established requirements for capital assets held for sale. This provisions of this Statement are effective for fiscal years beginning after June 15, 2025.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The provisions of this Statement are effective for fiscal years beginning after June 15, 2026.

The District is currently analyzing the impact of the required implementation of these new statements.

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE B – CASH AND CASH EQUIVALENTS

Cash and investments are reported at fair value, cash and investments consisted of the following at June 30:

	2025	2024
Unrestricted cash and cash equivalents:		
Cash on hand	\$ 830	\$ 830
Deposits in financial institutions	6,219,996	7,501,498
Cash and investments with County of Yuba Treasurer	5,164,573	4,262,606
Total cash and cash equivalents	11,385,399	11,764,934
Restricted cash and cash equivalents:		
Restricted deposits in financial institutions	127,081	119,034
Total cash and investments	<u>\$ 11,512,480</u>	<u>\$ 11,883,968</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.

At June 30, 2025 and 2024 and, the carrying amount of the District's unrestricted and restricted deposits was \$6,347,077 and \$7,620,532, and the balances in financial institutions were \$5,847,078 and \$11,401,646, respectively. Of the balances in financial institutions at June 30, 2025 and 2024, \$500,000 was covered by federal depository insurance each year and the remaining amounts were collateralized as required by state law (Government Code §53630) by the pledging financial institution with assets held in a common pool for the District and other governmental agencies. State law requires that the market value of the common pool of collateral be equal to or greater than 110% of all public deposits with the pledging financial institution if governmental securities are used, or 150% if mortgages are used as collateral. The collateral is not held by or in the name of the District.

The District's investment in the investment pool maintained by the County of Yuba, California's (the County) Treasurer is stated at fair value. The District maintains a significant portion of its cash in County's cash and investment pool. The County apportions interest and changes in fair value to the District's funds quarterly based upon average cash balances. Investments held in the County's cash and investment pool are available on demand to the District and are stated at fair value. Information regarding categorization of investments can be found in the County's financial statements at www.co.yuba.ca.us under the Auditor-Controller Department page. The County's cash and investment pool is not registered with the Securities and Exchange Commission as an investment company and is in accordance with the applicable laws and regulations of the State of California. The fair value of the District's position in the pool is the same as the value of its pool shares and is available on demand. The County has neither provided nor obtained any legally binding guarantees to support the value of the accounts.

Investment policy: The District annually reaffirms the County's investment policy as the District's investment policy. Under the County's policy, the permissible investments for the years ended June 30, 2025 included the following instruments:

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Federal Agency obligations	5 Years	None	None
U.S. Treasury bills	5 Years	None	None
State of California obligations	5 Years	None	None
Local agency bonds and obligations	5 Years	None	None
Banker's acceptances	180 Days	40%	30%
Commercial paper - selected agencies	270 Days	40%	10%
Negotiable certificates of deposit	5 Years	30%	None
Nonnegotiable certificates of deposit	5 Years	30%	None
Repurchase agreements	1 Year	None	None
Reverse repurchase agreements	92 Days	20%	None
Medium-term corporate notes	5 Years	30%	None
Money market mutual funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program (CAMP)	N/A	None	None

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. As of June 30, 2025 and 2024, the weighted average maturity of the investments in the County's investment pool was 159 and 167 days, respectively.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County pool is not rated, but specific credit risk ratings for individual investments held for the District by the County are provided in the County's financial statements.

Concentration of credit risk: The District does not have a policy that limits the amount that can be invested in any one issuer beyond what is specified in the California Government Code. A majority of the District's investments are held with the County pool where the concentration of credit risk is not determinable.

NOTE C – RECEIVABLES, NET

Accounts receivable consisted of the following at June 30:

	2025	2024
Retail water sales receivables	\$ 33,837	\$ 47,371
Wholesale water sales receivable	159,262	77,783
Power sales receivable	2,876,152	2,250,945
Grants receivable	177,751	
Interest receivable	120,142	20,601
Total receivable, net	<u>\$ 3,367,144</u>	<u>\$ 2,396,700</u>

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE D – CAPITAL ASSETS

Capital asset activity for the years ended June 30 are as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 559,840			\$ 559,840
	<u>559,840</u>			<u>559,840</u>
Capital assets being depreciated:				
Utility system - infrastructure	12,805,409	\$ 1,554,595		14,360,004
Building	619,220			619,220
Machinery and equipment	1,007,601	89,552		1,097,153
Intangible	129,547			129,547
	<u>14,561,777</u>	<u>1,644,147</u>		<u>16,205,924</u>
Less accumulated depreciation:				
Utility system - infrastructure	(4,070,360)	(621,610)		(4,691,970)
Building	(319,628)	(15,393)		(335,021)
Machinery and equipment	(544,124)	(71,778)		(615,902)
Intangible	(51,053)	(2,591)		(53,644)
	<u>(4,985,165)</u>	<u>(711,372)</u>		<u>(5,696,537)</u>
Net capital assets being depreciated	<u>9,576,612</u>	<u>932,775</u>		<u>10,509,387</u>
Net capital assets	<u>\$ 10,136,452</u>	<u>\$ 932,775</u>	<u>\$</u>	<u>\$ 11,069,227</u>
	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 559,840			\$ 559,840
	<u>559,840</u>			<u>559,840</u>
Capital assets being depreciated:				
Utility system - infrastructure	8,272,886	\$ 4,618,143	\$ (85,620)	12,805,409
Building	619,220			619,220
Machinery and equipment	894,786	112,815		1,007,601
Intangible	129,547			129,547
	<u>9,916,439</u>	<u>4,730,958</u>	<u>(85,620)</u>	<u>14,561,777</u>
Less accumulated depreciation:				
Utility system - infrastructure	(3,975,606)	(180,374)	85,620	(4,070,360)
Building	(304,245)	(15,383)		(319,628)
Machinery and equipment	(492,619)	(51,505)		(544,124)
Intangible	(48,464)	(2,589)		(51,053)
	<u>(4,820,934)</u>	<u>(249,851)</u>	<u>85,620</u>	<u>(4,985,165)</u>
Net capital assets being depreciated	<u>5,095,505</u>	<u>4,481,107</u>		<u>9,576,612</u>
Net capital assets	<u>\$ 5,655,345</u>	<u>\$ 4,481,107</u>	<u>\$</u>	<u>\$ 10,136,452</u>

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2025 and 2024

NOTE E – LONG-TERM LIABILITIES

The activity of the District's long-term liabilities during the year ended June 30 were as follows:

	Balance July 1, 2024	Additions	(Reductions)	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 68,550	\$ 24,102		\$ 92,652	\$ 71,071
	<u>\$ 68,550</u>	<u>\$ 24,102</u>	<u>\$ -</u>	<u>\$ 92,652</u>	<u>\$ 71,071</u>

	Balance July 1, 2023	Additions	(Reductions)	Balance June 30, 2024	Due Within One Year
Compensated absences	\$ 49,555	\$ 18,995		\$ 68,550	\$ 68,550
	<u>\$ 49,555</u>	<u>\$ 18,995</u>	<u>\$ -</u>	<u>\$ 68,550</u>	<u>\$ 68,550</u>

NOTE F – NET POSITION

Restrictions: Restricted net position consists of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position of \$127,081 and \$119,034 at June 30, 2025 and 2024, respectively, represents unspent facility fees, which are restricted to capital expenses by Section 66013 of the Water Code of the State of California.

Designations of unrestricted net position are imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended, or removed by Board action. The designations of net position included the following at June 30:

	2025	2024
Equipment Reserve	\$ 9,261	\$ 8,926
Operating Reserve	2,431,423	2,356,521
Water Tank Reserve	114,897	112,594
Capital Reserve	547,749	536,772
Subtotal - designated	<u>3,103,330</u>	<u>3,014,813</u>
Undesignated	<u>10,273,227</u>	<u>10,531,364</u>
Total Unrestricted Net Position	<u>\$ 13,376,557</u>	<u>\$ 13,546,177</u>

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE G – PENSION PLANS

Plan Descriptions: The District entered into the California Public Employees' Retirement System (CalPERS) as of April 26, 2025. All qualified employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by CalPERS. PERS acts as a common investment and administrative agent for participating public employers within the State of California. The District participates in the PEPRA Miscellaneous rate plan.

Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2025 are summarized as follows:

	PEPRA Miscellaneous Plan
Benefit formula (at full retirement)	2.0% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%
Required employee contribution rates - 2024/25	7.75%
Required employer contribution rates - 2024/25	7.87%

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

The contributions recognized as part of pension expense for the Plan was \$9,391 for the year ended June 30, 2025.

Pension Liability: Because the District entered into the Plan during the year ended June 30, 2025, the District was not included in the June 30, 2023 actuarial valuation that would have been used to calculate the June 30, 2025 net position liability so the amount of the District's pension liability at June 30, 2025 cannot be reasonably estimated.

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE H – RETIREMENT PLANS

On July 1, 1995 the District entered into a pension plan with Laborers' International Union of North America, National Pension Fund. The District pays \$1.60 for every regular hour worked (173.5 average per month) for all full-time permanent employees into the fund.

The District has a deferred compensation plan which is in compliance with Internal Revenue Code Section 457. The District contributes the difference of 10% (which includes applicable payroll taxes) of the employee's base wages minus the amount paid into the pension plan for each employee. Contributions are also made on a voluntary basis by the plan participants. No employee may contribute over 25% of yearly base salary or \$7,500 per year, whichever is the lesser amount. The maximum amount is increased to \$15,000 for the last three years before the participant attains normal retirement age. Contributions made the plans for the year ended June 30, 2025 and 2024 were \$39,117 and \$35,591, respectively.

NOTE I – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public official's liability, property damage, fidelity insurance and participants in the Special District Risk Management Authority (SDRMA) for its workers compensation liability program. ACWA/JPIA and SDRMA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA and SDRMA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA and SDRMA. The District's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (includes public officials liability)	\$5,000,000	\$50,000,000	None
Property Damage	10,000,000	490,000,000	\$1,000 to \$100,000
Fidelity	100,000		1,000
Cyber Liability	5,000,000		75,000 to 100,000
Workers Compensation liability		5,000,000	None

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE J – AGREEMENT WITH SOUTH FEATHER WATER AND POWER AGENCY

In May of 2005, an agreement was reached with South Feather Water and Power Agency (SFWP), which defines the settlement of water rights and the disposition of net hydroelectric project revenues beginning July 1, 2010. The agreement provides first for the payment of normal operating and maintenance expenses for the project, repayment of re-licensing expenses incurred by the SFWP, payment of a

NORTH YUBA WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2025 and 2024

NOTE J – AGREEMENT WITH SOUTH FEATHER WATER AND POWER AGENCY (Continued)

minimal annual amount to the SFWP and the District, the creation of a 15% working capital reserve, and the creation of an \$18,000,000 contingency reserve. Following the satisfaction of the obligations, the remaining funds, or net power revenues, are distributed equally between the SFWP and the District. There were distributions of net power revenue for the year ended December 31, 2025 and 2024 totaling \$2,698,902 and \$8,778,760 that was recognized as revenue during the year ended June 30, 2025 and 2024, respectively. Due to the uncertainty of the amount, and whether a distribution will be made, the District did not accrue a receivable at June 30, 2025 and 2024 for any distributions related to January to June, 2025 and 2024.

NOTE K – CONTINGENCIES

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition as of June 30, 2025 and 2024.

The District filed a lawsuit against South Feather Water and Power Agency (SFWPA) to comply with the parties' written contract (the 2005 Agreement) to make distributions of net profits from the operation of the South Feather Power Project (SFPP) for which both parties own water licenses. SFWPA filed a cross complaint against the District. As of the report thereon dated July 15, 2026, judgement has been entered in favor of the District, however SFWPA has appealed the lawsuit.

REQUIRED SUPPLEMENTARY INFORMATION

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NORTH YUBA WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2025

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	<u>June 30, 2025</u>
Contractually required contribution (actuarially determined)	\$ 9,391
Contributions in relation to the actuarially determined contributions	<u>(9,391)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll - fiscal year	\$ 119,320
Contributions as a percentage of covered payroll	7.87%

Notes to Schedule:

Valuation date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Valuation cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Varies by rate plan, not more than 30 years
Asset valuation method	5-year smoothed market
Discount rate	6.80%
Inflation	2.300%
Payroll growth	2.800%
Salary increase	Varies by entry age and service
Retirement age	50-67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study
Mortality	Most recent CalPERS Experience Study

Omitted years: The District enrolled in CalPERS during the year ended June 30, 2025, thus information prior to this date was not presented.

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COMPLIANCE REPORTS

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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

To the Board of Directors
North Yuba Water District
Brownsville, California

We have audited, 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, the financial statements of the North Yuba Water District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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

To the Board of Directors
North Yuba Water District

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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

July 15, 2026

NORTH YUBA WATER DISTRICT
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2025

PRIOR YEAR FINDINGS

Finding 2024-001 – Accrual Basis Accounting – Material Weakness

Condition: Certain power and water sale transactions were recorded when the cash was received rather than based on the service period. Certain expenses were also recorded when paid instead of when services were received.

Current Status: This finding has been resolved during the June 30, 2025 audit.

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GOVERNANCE LETTER

To the Board of Directors
North Yuba Water District
Brownsville, California

We have audited the financial statements of the North Yuba Water District (the District) for the year ended June 30, 2025, and have issued our report thereon dated July 15, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards*

As stated in our engagement letter dated January 5, 2026, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Internal control matters are addressed in separate reports.

We are required by the audit standards to identify potential risks of material misstatements during the audit process. We have identified the following significant risk of material misstatement as part of our audit planning: Management override of controls and revenue recognition. These are the areas that the audit standards require at a minimum to be identified as significant risks, but no such issues were noted during our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. The District implemented GASB Statement No. 101, *Compensated Absences*, which resulted in the District being required to accrue sick leave expected to be used for time-off as part of the compensated absences liability in fiscal year 2024/2025. Previously, all earned sick leave was accrued. Implementation of GASB No. 101 was not material so previous year's amounts were not restated. The application of existing policies was not changed during the year. We noted no transaction entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: depreciable lives and methods used to depreciate capital assets, and collectability of receivables. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The District entered into the California Public Employee's Retirement System on April 26, 2025. Note G to the financial statements discusses information about the plan.
- Note J and K to the financial statements disclose the agreement with South Feather Water and Power and related lawsuits.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We made two adjustments as a result of our audit, including:

- Accrual of additional legal expenses
- Accrue payable for half of Yuba City water sales.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 15, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants other than the contract accountant.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

We applied certain limited procedures to require supplementary information (RSI) as reported in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

July 15, 2026

NORTH YUBA WATER DISTRICT
SUMMARY OF UNADJUSTED AUDIT DIFFERENCES
YEAR ENDED JUNE 30, 2025

Description	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Total Net Position	Total Change in Fund Balance
Impact of not recording right of use lease asset and liability	\$ (39,643)	\$ (39,643)	-	-
Difference between billing register and general ledger for Route 1 water sales revenue for June 2025	4,826		\$ 4,826	\$ 4,826
Accrued interest on CD #6 for January to June 2025	(20,420)		(20,420)	(20,420)
Net Unadjusted Audit Differences - This Year	(55,237)	(39,643)	(15,594)	(15,594)
Financial Statement Caption Totals-Governmental Activities	26,051,059	(1,478,194)	24,572,865	771,202
Net Audit Differences as % of F/S Captions	(0.21%)	2.68%	(0.06%)	(2.02%)



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MANAGEMENT LETTER

To the Board of Directors and Management
North Yuba Water District
Brownsville, California

In planning and performing our audit of the financial statements of the North Yuba Water District (the District) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

We identified the following items during our prior year audit that warrant consideration.

Internal Control

We noted that the Accounts Representative generates customer bills, records payments and can make adjustments to customer accounts. Due to the small size of the District, separation of duties can be difficult but having the General Manager review and initial the list of customer adjustments on a monthly basis would strengthen the District's internal controls.

Accounting Policies and Procedures

The District does not have current written accounting policies and procedures. We recommend such policies and procedures be developed to ensure consistency in accounting when turnover in Districts' personnel is experienced, and to ensure unique and complex accounting issues are documented. We recommend procedures put in place be adhered to as best business practice.

These policies and procedures need to include a policy for tracking, using, and counting inventory. Also, a capitalization policy, investment policy, billing/collection, expense reimbursement and procurement policy, among others, should be developed. We noted that policies and procedures are being developed.

Accounts Payable

We noted that the accounts payable aging report contains entries dating back to 2012 and 2013. Although these balances net to zero, we recommend that they be written off and removed from the accounts payable system.

Risk Assessment Process

We recommend that the District develop a risk assessment process to identify those risks within the District that could result in fraud or material misstatement of the financial statements, and then to implement internal controls to mitigate those identified risks. This risk assessment process should involve discussing potential risk areas with the Board and staff and then ensure controls or processes are in place to mitigate those risks. This risk assessment process should be performed on a periodic basis and can be incorporated into existing Board and staff meetings by adding an item to the agenda to discuss these risks. We noted that a risk assessment process is being developed.

* * * * *

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the examination. This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than the specified parties.

Richardson & Company, LLP

July 15, 2026

Finance Report for July 23, 2026 Board Meeting:

As of June 30th, 2026 total cash in all accounts including reserves was **\$15,403,631.14.**

Total income for the fiscal year to date (July 1st, 2025 to June 30th, 2026) is **\$5,744,279.01.**

Total expenses were **\$3,275,815.03.**

Net revenue over expenses were **\$2,468,463.98.**

Expenses out of Reserves/Savings total **\$1,557,153.72** for this fiscal year. This figure is including **\$1,399,155.42** that is included in the total expenses above.

North Yuba Water District

UNAUDITED FINANCIAL REPORT

July 2025 through June 2026

	Jul '25 - Jun 26	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Ordinary Income/Expense					
Income					
4000A · Irrigation	88,475.36	41,770.49	46,704.87	211.81%	41,770.49
4050A · Domestic	267,571.72	274,614.38	-7,042.66	97.44%	274,614.38
4100.10 · Power Revenue SFPP	531,750.00	709,000.00	-177,250.00	75.0%	709,000.00
4100.11 · SFPW Net Revenues 50% Distr.	2,773,000.00	1,600,000.00	1,173,000.00	173.31%	1,600,000.00
4150.10 · Younglife-Water Sales	2,161.00	2,161.00	0.00	100.0%	2,161.00
4200.10 · Yuba City-Water Sales	298,387.80	457,651.00	-159,263.20	65.2%	457,651.00
4215.13 · Other Revenue	524,650.53	200.00	524,450.53	262,325.27%	200.00
4215.37 · Grant Income	448,819.53	0.00	448,819.53	100.0%	0.00
4250.10 · Taxes - General	262,127.44	267,025.78	-4,898.34	98.17%	267,025.78
4250D · Taxes - Domestic	82,315.93	83,220.12	-904.19	98.91%	83,220.12
4250I · Taxes - Irrigation	118,564.17	121,109.76	-2,545.59	97.9%	121,109.76
4300A · Interest	346,455.53	0.00	346,455.53	100.0%	0.00
Total Income	5,744,279.01	3,556,752.53	2,187,526.48	161.5%	3,556,752.53
Gross Profit	5,744,279.01	3,556,752.53	2,187,526.48	161.5%	3,556,752.53
Expense					
5050.30 · F/T Ditch	104,231.03	132,000.00	-27,768.97	78.96%	132,000.00
5050.95 · Yuba City Water Sale (1/2)	228,825.00	228,825.00	0.00	100.0%	228,825.00
5100.00 · Water Treatment Plant (WTP)	331,517.60	368,031.54	-36,513.94	90.08%	368,031.54
5200.00 · Irrigation Expense	179,912.83	205,917.71	-26,004.88	87.37%	205,917.71
5251 · Domestic Expenses	315,696.77	350,923.05	-35,226.28	89.96%	350,923.05
5400 · Board of Dir	12,151.80	29,400.00	-17,248.20	41.33%	29,400.00
5500 · Admin	1,655,141.16	651,647.34	1,003,493.82	253.99%	651,647.34
5500U · Admin-Utilities	33,153.25	37,423.82	-4,270.57	88.59%	37,423.82
5600R · Regulator Driven	123,211.41	154,756.02	-31,544.61	79.62%	154,756.02
5700 · General	229,504.82	206,281.80	23,223.02	111.26%	206,281.80
5700F · Fuel	35,946.08	33,582.64	2,363.44	107.04%	33,582.64
5800 · OSHA/Safety	7,084.38	8,938.04	-1,853.66	79.26%	8,938.04
5900A · Benefits- V/S/H-Ins/Pen/W/C-Tax	19,438.90	0.00	19,438.90	100.0%	0.00
Total Expense	3,275,815.03	2,407,726.96	868,088.07	136.05%	2,407,726.96
Net Ordinary Income	2,468,463.98	1,149,025.57	1,319,438.41	214.83%	1,149,025.57
Net Income	2,468,463.98	1,149,025.57	1,319,438.41	214.83%	1,149,025.57

2025-26 EXPENSES OUT OF RESERVES/SAVINGS (July 01, 2025 - June 30, 2026)

MEMO	AMOUNT BILLED/PAID UP TO DATE	PAYMENTS/ GRANT FUNDS RECEIVED UP TO DATE	NET AMOUNT BILLED/PAID UP TO DATE	ANNUAL BUDGET
Additional Legal	\$1,758,114.44	-\$490,315.31	\$1,267,799.13	\$720,000.00
Public Relations	\$13,356.29		\$13,356.29	\$30,000.00
Grant Pursuits			\$0.00	\$50,000.00
Special Projects/Emergency Repairs				
Total Special Projects/Emergency Repairs to date			\$0.00	\$200,000.00
Water Treatment Plant Improvements/Repairs	\$36,012.83		\$36,012.83	\$350,000.00
FT Ditch				
Survey - FT Ditch	\$137,696.18	-\$93,027.53		
(Grant Income from YWA for Survey FT Ditch)				
Canal Stabilization FT Ditch				
Total FT Ditch			\$44,668.65	\$500,000.00
Office Maintenance/Shop			\$0.00	\$50,000.00
NY Flat Mastication Project (Special Project)	\$96,664.00		\$96,664.00	\$250,000.00
(Grant from CAL FIRE)				
Tanks				
Tanks				
(Grant Income from DWR) for Tanks				
(Grant Income from YWA) Fencing for Tanks		-\$177,750.60		
Total Tanks			-\$177,750.60	\$100,000.00
Truck-Pick-up	\$115,206.09		\$115,206.09	\$100,000.00
FT Ditch Water Measurement	\$4,403.50		\$4,403.50	\$100,000.00
Irrigation Ditch				
Shotcrete	\$512,585.83			
(Grant Income from Yuba Water Agency) for Irrigation Ditch Shotcrete)		-\$355,792.00		
Total Irrigation Ditch			\$156,793.83	\$500,000.00
	\$2,674,039.16	-\$1,116,885.44	\$1,557,153.72	\$2,950,000.00

North Yuba Water District

Cash In Accounts prior Month Comparison

June 2026 compared to May 2026

	6/30/2026	5/31/2026	
	Amount	Amount	Increase/Decrease
River Valley Bank Checking	\$3,066,429.66	\$191,609.17	\$2,874,820.49
Savings Money Market Account (River Valley Bank)	\$1,353,493.53	\$1,550,578.39	(\$197,084.86)
PayPal Account	\$1,667.58	(\$318.84)	\$1,986.42
Petty & Register Cash	\$830.00	\$830.00	\$0.00
River Valley Bank (6 Month CD-matures 6/26/26-3.35%)	\$0.00	\$1,060,264.81	(\$1,060,264.81)
Tri Counties Bank (6 Month CD-matures 07/28/26 - 3.50%)	\$542,389.45	\$542,389.45	\$0.00
Tri Counties Bank (6 Month CD-matures 07/28/26 - 3.50%)	\$549,901.03	\$549,901.03	\$0.00
Tri Counties Bank (12 Month CD-matures 01/28/27 - 3.15%)	\$1,061,563.35	\$1,061,563.35	\$0.00
YC Treas Fund #637 (Gen Dist)	\$1,419,307.20	\$1,290,305.00	\$129,002.20
YC Treas Fund #641 (ID #1)	\$918,414.15	\$855,971.70	\$62,442.45
YC Treas Fund #642 (ID #2)	\$300,375.80	\$265,446.79	\$34,929.01
YC Treas Fund #639 (Fac Fee Domestic)	\$136,108.45	\$134,903.99	\$1,204.46
YC Treas Fund #640 (Savings)	\$576,904.41	\$571,695.95	\$5,208.46
YC Treas Fund #644 (Equip Res)	\$3,415.46	\$3,384.62	\$30.84
YC Treas Fund #646 (ID #6)	\$12,971.72	\$12,854.61	\$117.11
YC Treas Fund #647 (Annex Irr)	\$12.70	\$12.59	\$0.11
YC Treas Fund #648 (Annex Dom)	\$100.18	\$99.28	\$0.90
YC Treas Fund #649 (Off Equip Res)	\$6,238.75	\$6,182.42	\$56.33
YC Treas Fund #650 (Reserve)	\$2,428,814.91	\$2,406,886.88	\$21,928.03
YC Treas Fund #393 (Trmt Plnt)	\$3,117.61	\$3,089.46	\$28.15
River Valley Bank (6 Month CD-matures 12/26/26-3.35%)	\$1,078,123.51	\$0.00	\$1,078,123.51
Total Cash on Hand	\$13,460,179.45	\$10,507,650.65	\$2,952,528.80
Reserve Accounts			
Reserve Savings Money Market (River Valley Bank)	\$103,997.82	\$103,784.35	\$213.47
CIP Money Market Account (River Valley Bank)	\$1,176,921.27	\$1,174,505.50	\$2,415.77
Total in Reserve	\$1,280,919.09	\$1,278,289.85	\$2,629.24
Total in All Accounts not including FT Tank and YC Water Sale Account	\$14,741,098.54	\$11,785,940.50	\$2,955,158.04
FT Tank Money Market Account (River Valley Bank)	\$117,842.65	\$117,600.76	\$241.89
YC Water sale Account (River Valley Bank)	\$544,689.95	\$543,571.91	\$1,118.04
Total in All Accounts	\$15,403,631.14	\$12,447,113.17	\$2,956,517.97

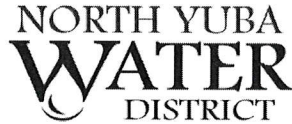
North Yuba Water District
Statement of Cash Flows

June 2026

Jun 26

OPERATING ACTIVITIES

Net Income	2,729,837.72
Adjustments to reconcile Net Income to net cash provided by operations:	
A/R:A/R Domestic Water	-2,070.69
A/R:A/R Irrigation	-160.00
1300.00 · Inventory-001	-1,295.10
1400.03 · Prepaid Worker's Comp Insurance	-36,565.44
2000.00 · Accounts Payable	42,357.88
Payroll Liabilities	-5,081.42
2250.10 · Deposits-Customers	384.00
Net cash provided by Operating Activities	2,727,406.95
Expenses / Income from Reserve / Savings	
1900A02 · Construction in Prog-Other:1900A70 · WTP PLC Upgrade	-21,450.33
1900A02 · Construction in Prog-Other:1900A57 · FT Ditch Water Measurement	-4,403.50
Expenses / Income from Reserve / Savings	-25,853.83
Net cash increase for period	2,701,553.12
Cash at beginning of period	12,727,566.41
Cash at end of period	<u><u>15,429,119.53</u></u>



Memorandum

Date: July 17th, 2026

To: Leona Harris

From: Operations

Subject: Monthly work production/ Schedule of Maintenance review

The following is an overview of the work performed this month by operations staff.

Transmission:

1. The Forbestown ditch is now in its summer cycle. The treatment plant is receiving approximately 1 cfs. South Feathers is receiving 8.5 cfs at wd 6 for their irrigation. Phase one of the Forbestown ditch planning grant is still underway. Surveyors have walked the Forbestown ditch and are currently conducting the survey. District staff is patrolling the ditch, cleaning trash racks, and removing fallen trees. During patrols staff is documenting problem areas for future repairs.

Distribution:

1. Domestic meter reads for Forbestown and Challenge were completed on time.
2. There were 4 service line leaks for the last Month.
3. There were 2 main line leaks for the last month.
4. All blow offs were inspected; no problems were found.
5. All air releases were inspected; no problems were found.
6. All dead-end mains were flushed.

Water Treatment Plant:

1. With the new upgrades mentioned in previous reports, the treatment plant is functioning normal at this time with no issues. The aerators in the reservoir at the treatment plant are in use and operating normally.

Backflow:

1. All backflows are current, there were 4 backflow tests required within the last 8 weeks. Backflow surveys have been mailed out to all customers, per new state regulations.

Regulators:

1. All CDPH (Cal. Dept. of Public Health) and NPDES (Nat. Pollution Discharge Elimination System) tests and samples were taken and performed on time. These include 3 bacteriological distribution samples for the CDPH, which came back as non-detect. The consumer confidence report has been completed and is available for pickup at North Yuba Water Districts office.

DOH Canal:

1. The irrigation season started on April 15th at this time the season is half way over and North Yuba is expecting a full season. District staff is patrolling the ditch, cleaning trash racks and removing falling trees.

Schedule of Maintenance:

1. The SOM (schedule of maintenance) for the treatment plant, regulators (local, state and federal) and UFC were completed for the previous two months. All regulatory (local, state and federal) reports for the current month were completed or are in process.

Safety Meetings:

1. Safety meetings are held weekly, all field employees are required to attend. The following is a list of completed safety meetings in the last 4 weeks.
2. #1 Fire Hazard safety.
3. #2 Gate valve safety.
4. #3 Heat illness safety.
5. #4 Heavy equipment safety.