

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025



**CUCAMONGA VALLEY
WATER DISTRICT**

Rancho Cucamonga, CA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025



10440 Ashford Street
Rancho Cucamonga, CA 91730

District Management:

General Manager/CEO

John Bosler, PE

Assistant General Manager

Eduardo Espinoza, PE

Director of Human Resources & Risk Management

Roberta Perez

Chief Financial Officer/ Director of Finance

Chad Brantley

Director of Operations

Robert Hills

Deputy Director of Executive Services

Cindy Cisneros

Executive Services Administrator/District Clerk

Taya Victorino

Prepared by the Accounting Department:

Finance Manager
Jennifer Fillinger, CPA

Senior Accountant
Andrea Dutton

Accountant
Brandon Koh

Accountant
Vivian Pedroza, CPA

TABLE OF CONTENTS

Financial Trends:

Revenue Capacity

Debt Capacity:

Demographic Information:

Operating Indicators:



INTRODUCTORY SECTION

John Bosler
Secretary/General Manager/CEO

November 12, 2025

To the Board of Directors & ratepayers of the Cucamonga Valley Water District,

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for Cucamonga Valley Water District for the year ended June 30, 2025. State law requires that every general-purpose government publish an ACFR within six months of the close of each fiscal year that includes a complete set of audited financial statements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Recognizing that the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

Davis Farr LLP has issued an unmodified (“clean”) opinion on the District’s financial statements for the year ended June 30, 2025. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

The Cucamonga Valley Water District (the “District” or “CVWD”) is an independent special district that operates under the authority of Division 12 of the California Water Code. The District was incorporated on March 25, 1955, and is governed by a five-member, elected Board of Directors. The District serves a 46 square mile service area located in the western area of San Bernardino County, California. The District encompasses the majority of of Rancho Cucamonga, portions of the cities of Fontana, Ontario, Upland, as well as several unincorporated areas of San Bernardino County.

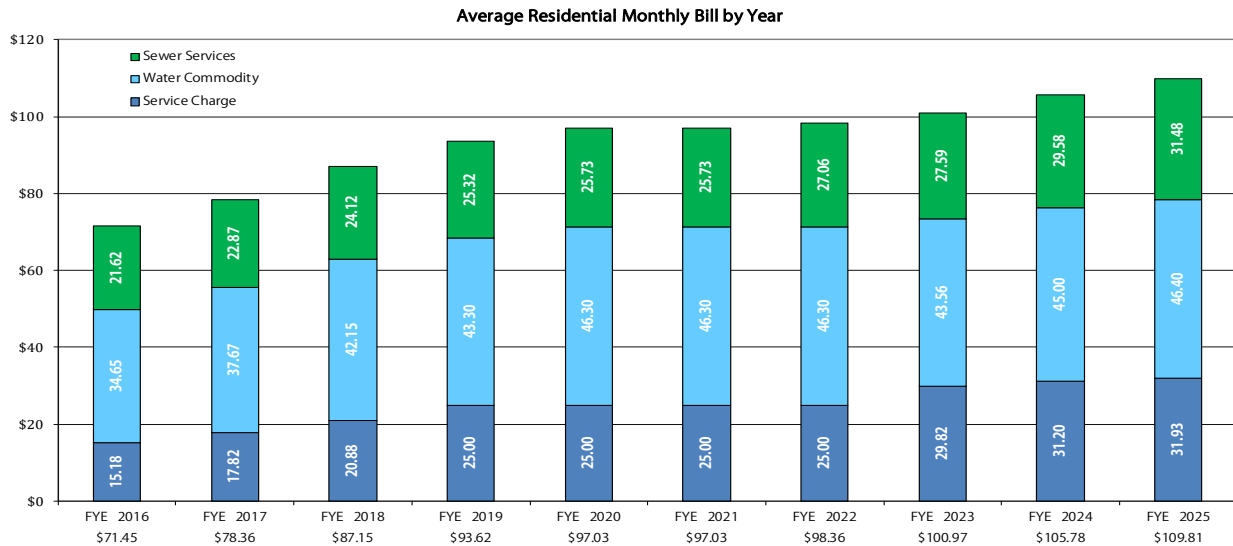
The District provides water, waterwater, and recycled water services to a population of approximately 174,219. The District maintains 50,028 water connections, 37,601 sewer and 159 recycled water service connections.



Profile of the District, continued

During the past ten fiscal years, the District’s customer base has grown slowly at around 0.19% per year. The largest customers in the service area are the City of Rancho Cucamonga, City of Fontana, Etiwanda School District, County of San Bernardino, and Homecoming I @ Terra Vista LLC.

In the latest available census data from 2023, the median value of housing was \$694,400 and the average household income was \$109,511. The average monthly bill for a CVWD residential customer that has potable water and sewer service is \$109.81.

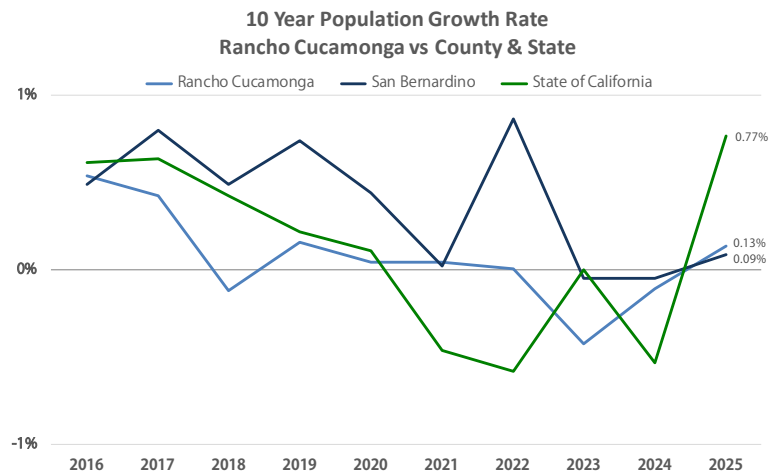


Local Economy

Cucamonga Valley Water District is located in the well-developed Inland Empire. The Inland Empire consists of 52 cities, within that is the County of San Bernardino which consists of 24 cities. The cities of Fontana, Rancho Cucamonga, and Ontario are all in the top 4 of the population rankings for San Bernardino County.

Over the last ten years the City of Rancho Cucamonga has had an average population growth rate of 0.07%. As of June 2025, the year over year growth rate was 0.13%, while the State of California and County of San Bernardino also had slight increases in population. See below 10-year population growth rate chart.

According to the State of California Employment Development Department, unemployment rates in Rancho Cucamonga were 4.8% as of June 30, 2025. The unemployment rates in Rancho Cucamonga remain lower than other areas in the region, San Bernardino County at 5.9% and Los Angeles County at 5.9%. Factors such as a slowing labor force, trade policy uncertainty, and persistent inflation have created headwinds for the U.S. economy. Nevertheless, the Inland Empire’s local economy remains stable, supported by job growth in key industries including logistics, administrative services, and health care.

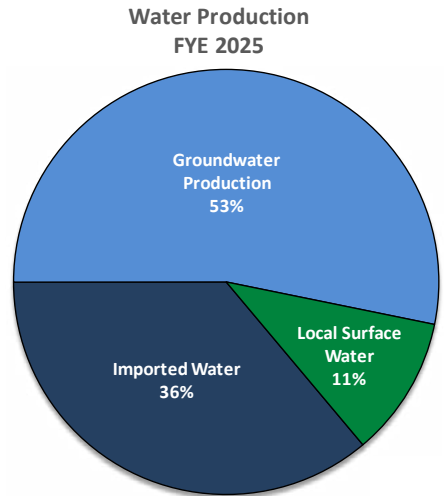


Water Supply and Reliability

Residential customers make up approximately 92% of the District’s customer base and consume approximately 68% of the water produced annually by the District.

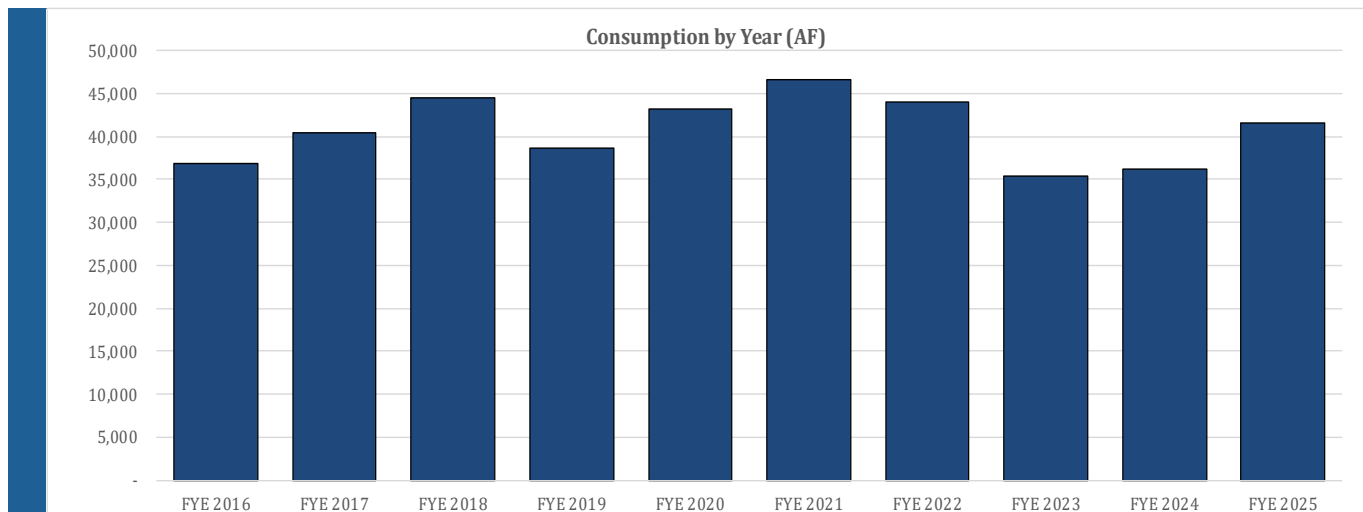
The water supplied to CVWD consumers comes from several sources including imported surface water from Northern California, groundwater pumped from local aquifers such as Cucamonga Basin and Chino Basin, and a combination of water collected from canyons and tunnels along the local mountains such as Cucamonga Canyon, Deer Canyon, East Etiwanda Canyon and tunnels in the local San Gabriel mountains.

As of June 30, 2025, the Districts’ groundwater production was its largest water source with 23,457 acre-feet (AF) for the fiscal year. Imported water from the Sacramento-San Joaquin River Delta through the State Water Project makes up the second largest source of water available to the District. In 2025, the District purchased 15,910 AF of imported water. Lastly, the District has surface and subsurface water rights in four local canyon watersheds with an annual production in 2025 of 4,709 AF. The chart above illustrates the water production sources.



California’s water supply continues to be dynamic with variable weather patterns and water use efficiency mandates. The District has expanded and will continue to expand its water use efficiency efforts and the availability of local sources such as groundwater and canyon water. Such expansions will increase the diversity of the District’s water supply and water source reliability. The District will also continue to work with local and regional water suppliers in planning and constructing other water delivery systems throughout its service area.

Water consumption over the past decade has been driven by weather conditions and associated government actions during periods of drought. Lower usage in 2016 was primarily due to a statewide conservation mandate. After the mandate was lifted in 2017, consumption increased over the following years before declining again in 2019, a year with higher precipitation. In 2020, water consumption was unaffected by the COVID-19 pandemic and continued to follow weather conditions. A dry year in 2021 led to the highest consumption in the past decade, but also caused the Governor of California to declare a statewide drought emergency in October 2021. On May 24, 2022, the District implemented Stage 3 of the Water Supply Shortage Contingency Plan which imposes certain restrictions on water use for outdoor irrigation leading to the drop in consumption seen in 2022. In both 2023 and 2024, California experienced historically high rainfall during the fall and winter months.



Water Supply and Reliability, continued

This alleviated emergency drought restrictions but also reduced customer demand for water use. In the current fiscal year, rainfall declined significantly, leading to a corresponding 15% increase in demand.

Water sales revenues have been impacted by rate changes as well as by the changes in consumption mentioned above. Non drought rates were increased by approximately 6% per year from 2015-2018. Stage 6 Drought Rates were used during fiscal year 2016 in compliance with the conservation target mandated by the State Water Resources Control Board. The Drought Rates represented a 58% increase over Stage 1 rates, however, the District was able to self-certify its water supply and return to Stage 1 rates in fiscal years 2017 through 2020. The District began a rate study process in fiscal year 2019. However, the process was delayed due to the COVID-19 pandemic. The rate study was completed and approved in September 2021. The rate study set a 5-year rate series for calendar years 2022 through 2026. Annual rate adjustments in the 5-year series amount to 2.8% increase per year. Pass-through rates were also authorized in order to recover increases in Metropolitan Water District (MWD) and Inland Empire Utilities Agency (IEUA) charges.

The meter service charges portion of water revenues are based on fixed monthly rates in proportion to the size of the water meter. Changes in these revenues are primarily driven by increasing rates. The annual total of meter service charges has increased by approximately 8% per year on average since 2011. New construction within the service area also increases the total of meter charge revenue, however the customer growth rate has averaged only 0.19% per year during the past decade.

Fiscal Management

The District Board of Directors biennially adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise functions, including the Water Utility Fund, Sewer Utility Fund, and Recycled Water Utility Fund. The budget and reporting treatment applied to each fund is consistent with the accrual basis of accounting and the financial statement basis, except where noted in the budget in the "Basis of Budgeting"

section. Each month the Accounting Department provides the Board with a budget report, called the Financial Results Report, to ensure goals and objectives are being met within budget. The District operates within a balanced budget for each fiscal year.

The District's financial planning also includes assessment of savings and the use of reserves, alternative and outside funding sources such as grants. This helps with the financial stability of the district without a direct impact to our customers.



Long Term Financial Planning

The District's financial plan includes the establishment of reserve funds in accordance with the District's Reserve and Financial Benchmark Policy. Reserve funds are set to ensure the continued orderly operation of the District's water, recycled water and sewer systems, the provision of services to customers at established levels, and the continued stability of the District's rate structure. The District has committed to the following funds and objectives in the Reserve and Financial Benchmark Policy as of June 30, 2025:

1. The District will strive to adopt balanced budgets in all operating funds.
2. Capital Reserves are established to provide funds for capital facility and equipment replacement.
3. Liquidity Reserves are established to safeguard the financial flexibility and stability of the District and to maintain stable customer charges and rates.
4. Restricted Reserves are maintained to comply with restrictions imposed by outside sources such as creditors, grantors, contributors, laws, or regulations.

Debt Administration

In the process of issuing the 2021 Revenue Bonds, the District earned a rating upgrade of "AA+" from Standard and Poor's on the 2021 Revenue Bonds as well as the previously issued Revenue Bonds. In early 2022, Fitch Ratings also upgraded their rating of the Districts Revenue Bonds to "AA+".

The District's outstanding debt as of June 30, 2025 consists of six Revenue Bonds, as follows:

Year of Issuance	Use of Proceeds
2014 Revenue Bonds	Provided funds for construction of improvements to water treatment plants and other District facilities. Also used to payoff 2003 Certificate of Participation (C.O.P.).
2016 Revenue Bonds	Provided funds to payoff 2006 C.O.P. and a portion of the 2009 C.O.P.
2018A Revenue Bonds	Provided funds for construction of improvements to water treatment plants and other District facilities.
2018B Revenue Bonds	Provided funds to payoff a portion of the 2011 C.O.P.
2021A Revenue Bonds	Provided funds to payoff the 2012 Revenue Bond.
2021B Revenue Bonds	Provided funds to payoff the remaining 2011 C.O.P.

Financial Policies

The Board of Directors regularly adopts updated financial policies that provide a foundation for consistent and reliable financial management decisions and best practices, while also adhering to California State Law and District ordinances. Policies are reviewed routinely to incorporate improvements in district procedures and/or legal mandates. The major policies updated this fiscal year include Customer Assistance Program, Capital Asset, Fraud Prevention, Investment, and Reserve Policies.

Long Term Financial Planning

Internal Control Structure

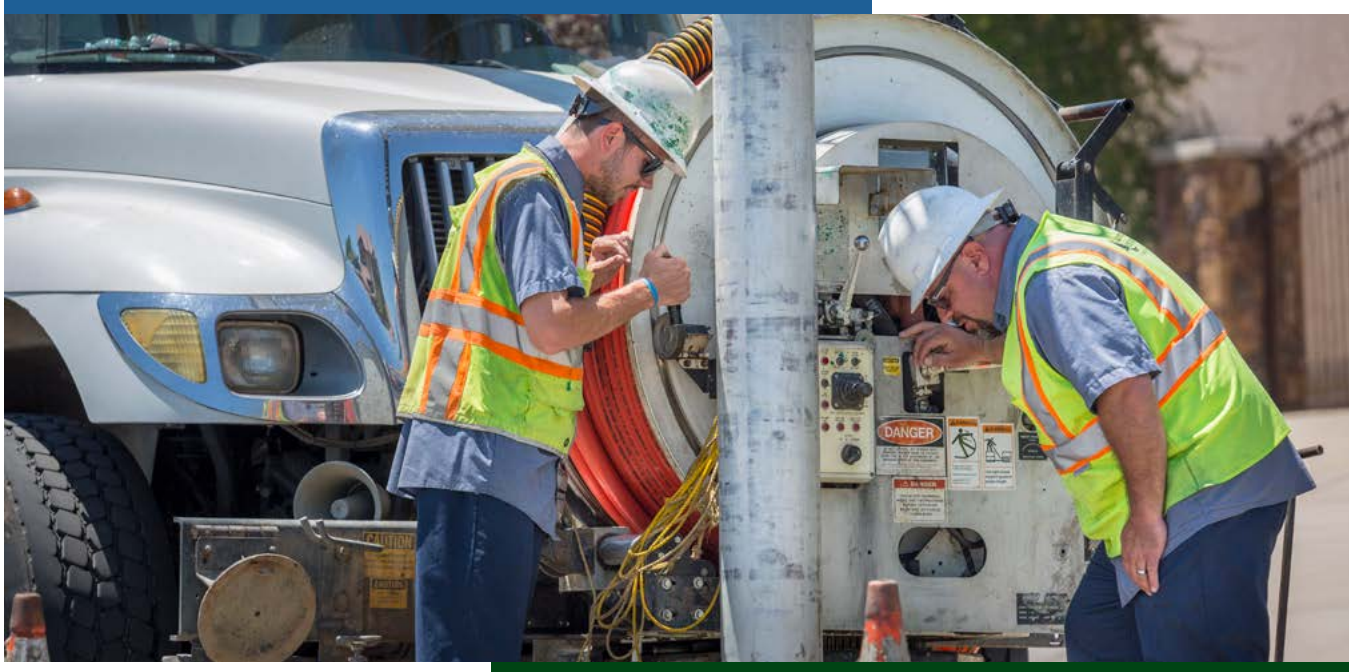
District management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Major Initiatives

The activities of the Board and staff at the District are driven by our mission statement, *To Provide High-Quality, Safe, and Reliable Drinking Water and Wastewater Services, While Practicing Good Stewardship of Natural and Financial Resources.*

In addition to our mission, major District initiatives are guided by our Strategic Vision. Our Strategic Vision was developed nearly fourteen years ago and is continually re-evaluated to ensure it is reflective of our changing environment, opportunities, and trends within our industry.

The District's primary areas of focus include **Service, Water, and People**. **Service** relates to the identification of the needs of our customers and stakeholders that meets and exceeds their expectations. **Water** is the essential service that our organization provides and our ability to provide it consistently and at a reasonable price is imperative. The District continues to upgrade the treatment processes at the Lloyd Michael Water Treatment Plant (LMWTP), which will ensure our ability to meet changing regulatory requirements while continuing to provide high quality water to our customers. **People** are identified as the customers that we serve and the dedicated staff that provides the services to support our mission. Externally, key areas of focus include communication, education and outreach. Internally, succession planning, training, and improving communication with employees is crucial to our continued success. It is apparent that programs that develop effective leadership skills and encourage high performance and personal accountability are crucial to prepare the next generation of leaders in our organization and industry.



Award For Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cucamonga Valley Water District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2024. This was the twenty-third consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

GFOA financial reporting guidelines and standards exceed the minimum disclosure requirements of state law and provide for maximum disclosure to the public. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District's customers. The contributions made by Jennifer Fillinger, Finance Manager, Andrea Dutton, Senior Accountant, Brandon Koh, Accountant, and Vivian Pedroza, Accountant, deserve special recognition. We would also like to thank and recognize the members of the Board of Directors and especially the Finance Committee members for their continued support in planning and implementation of the Cucamonga Valley Water District's fiscal policies.

Respectfully submitted,



John Bosler

General Manager/CEO



Chad Brantley

Chief Financial Officer/Director of Finance



BOARD OF DIRECTORS AND EXECUTIVE STAFF

AS OF JUNE 30, 2025



Randall James Reed
President



Mark Gibboney
Vice President



James V. Curatalo, Jr.
Director



Kevin Kenley
Director



Jimmie Moffatt
Director



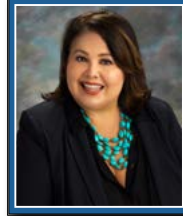
John Bosler
General Manager/CEO



Eduardo Espinoza
Assistant General
Manager



Chad Brantley
Chief Financial Officer/
Director of Finance



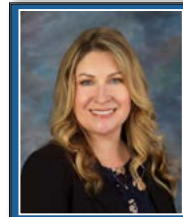
Roberta Perez
Director of Human
Resources & Risk
Management



Robert Hills
Director of Operations
(retired August 2025)

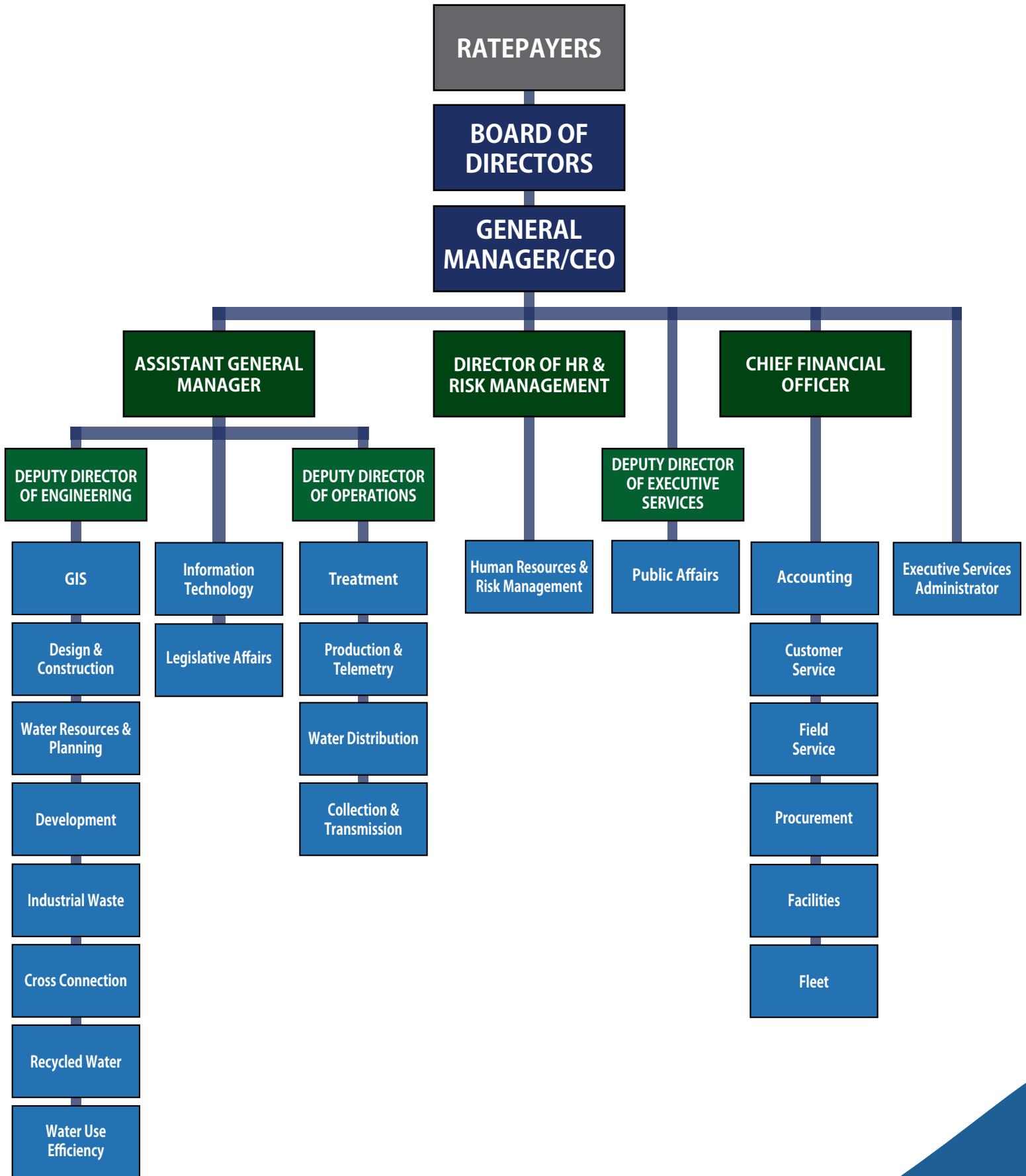


Cindy Cisneros
Deputy Director of
Executive Services



Taya Victorino
Executive Services
Administrator/District
Clerk

ORGANIZATIONAL STRUCTURE



MISSION STATEMENT

MISSION

To provide high quality, safe, and reliable water and wastewater services, while practicing good stewardship of natural and financial resources.



VISION

Service- We are a servant-oriented organization and provide "Service Beyond Expectation" to our internal and external customers.

Key Characteristics: Dependable, Responsive, Pride in Quality and Standards, Concierge Model of Service, Value

Water- We provide a high quality, sustainable water supply that is safe and reliable, while being delivered in a cost effective manner.

Key Characteristics: Cost-Effective, High Quality, Sustainable, Reliable and Diversified, Stewardship

People- Our staff is innovative, self-managed, and takes pride of ownership in their work product and providing exceptional service ensuring highly satisfied customers and stakeholders.

Key Characteristics: Innovative, Purposeful, Empowered, Well-informed, Invested

CULTURE & VALUES

Accountability- We take ownership of our actions and look for innovative solution based ideas to improve our effectiveness and service to customers.

Key Characteristics: Ownership, Solution based thinking, Innovative, Shared Responsibility

Communication- We encourage an open form of communication that provides employees and customers with information to improve their knowledge about our business operations.

Key Characteristics: Timely, Fluid messaging, Two-way communication, Listening, Focused and personalized, Technology driven

Customer Service- Our internal and external customer service is provided with a cooperative and collaborative approach, exceeding customer expectations.

Key Characteristics: Internal/External, Cooperative and collaborative, Responsive team approach, Service Beyond Expectation



GFOA CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cucamonga Valley Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

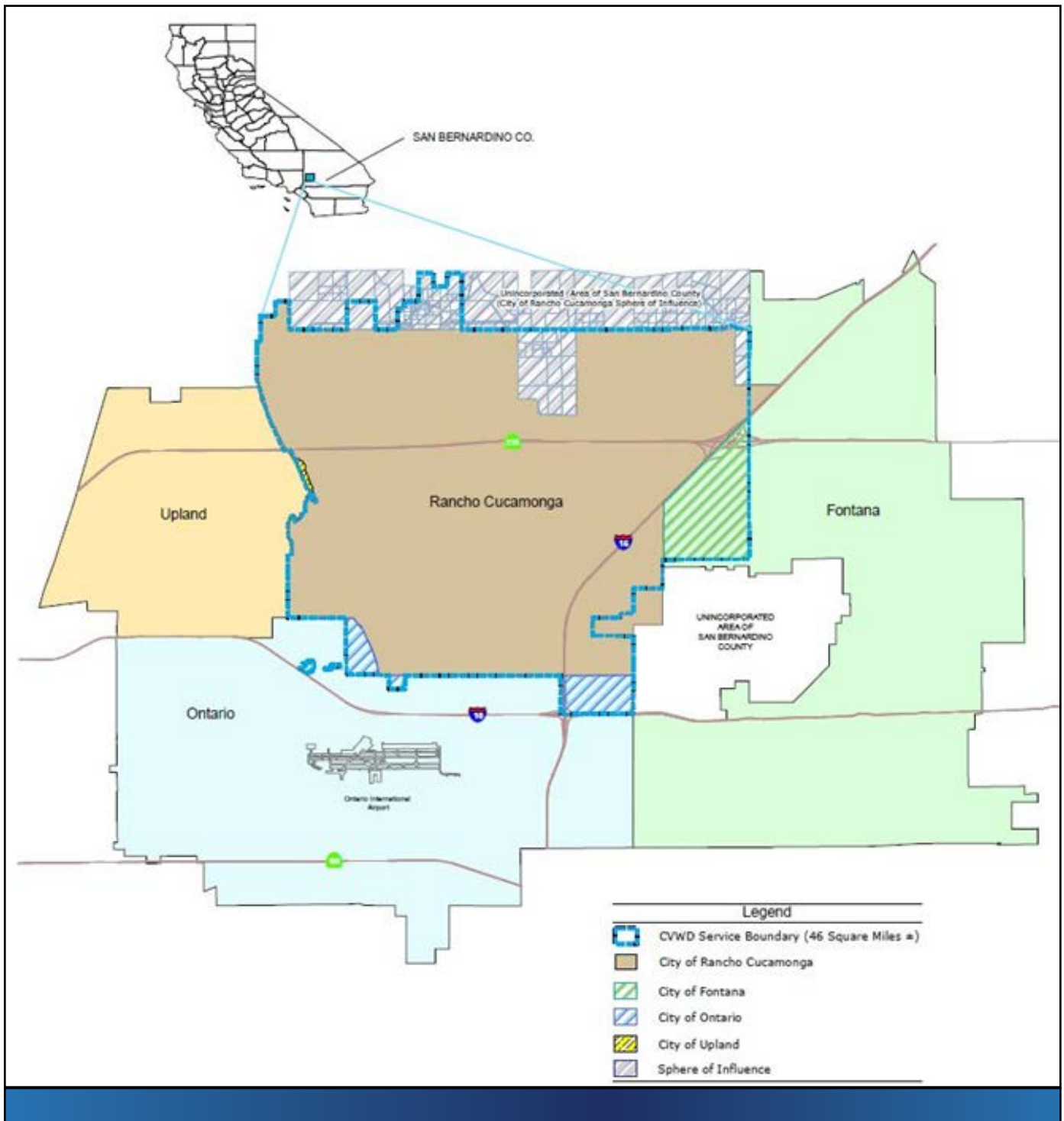
June 30, 2024

Christopher P. Morill

Executive Director/CEO



DISTRICT BOUNDARY





FINANCIAL SECTION

Independent Auditor's Report

Board of Directors
Cucamonga Valley Water District
Rancho Cucamonga, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Cucamonga Valley Water District (District), as of and for the year June 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described further in Note 6 to the financial statements, during the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101. As a result, the financial statements for the fiscal year ended June 30, 2025, reflect a restatement as described further in Note 21 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's 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 one year after the date that the financial statements are issued.

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 GAAS 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 GAAS, 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, pension and required supplementary schedules, and other post-employment benefit required supplementary schedules* 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
November 12, 2025

This section of the District’s annual financial report presents our analysis of the District’s financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the basic financial statements which follow this section.

Financial Highlights

- The District’s net position increased by \$18,221,823 or 4.91%.
- During the year the District’s revenues increased 12.30% to \$131,489,165, correlating expenses increased 3.68% to \$116,458,581.
- Capital contributions to the District amounted to \$3,191,239 a 19.39% increase from prior year.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements comprise two components: Financial Statements and Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Required Financial Statements

The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position (page 28) includes all of the District’s investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year’s revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position (page 29). This statement measures the success of the District’s operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows (pages 30 and 31). The primary purpose of this statement is to provide information about the District’s cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

Our analysis of the District begins on page 28 of the financial statements. One of the most important questions to ask about the District’s finances is “Whether the District, as a whole, is better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District’s activities in a way that will help answer this question. Measuring the change in the District’s net position - the difference between assets and liabilities - is one way to measure financial health. Over time, increases or decreases in the District’s net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

Condensed Statement of Net Position

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

TABLE A-1
Condensed Statements of Net Position

	Fiscal Year 2025	Fiscal Year 2024	Dollar Change	Total Percent Change
Current and Noncurrent Assets	\$ 180,793,418	\$ 160,475,289	\$ 20,318,129	12.66%
Capital Assets	402,895,255	411,386,486	(8,491,231)	(2.06)%
Total Assets	<u>583,688,673</u>	<u>571,861,775</u>	<u>11,826,898</u>	2.07%
Deferred Outflows of Resources	<u>15,262,863</u>	<u>19,880,108</u>	<u>(4,617,245)</u>	(23.23)%
Long-term Liabilities	150,427,506	162,104,479 ⁽¹⁾	(11,676,973)	(7.20)%
Other Liabilities	<u>53,536,132</u>	<u>51,251,199</u>	<u>2,284,933</u>	4.46%
Total Liabilities	<u>203,963,638</u>	<u>213,355,678</u>	<u>(9,392,040)</u>	(4.40)%
Deferred Inflows of Resources	<u>5,914,595</u>	<u>8,309,181</u>	<u>(2,394,586)</u>	(28.82)%
Net Investment in Capital Assets	282,574,420	282,111,788	462,632	0.16%
Restricted for Capital Projects	14,997,681	13,652,952	1,663,729	12.19%
Unrestricted	<u>91,501,202</u>	<u>75,086,740</u> ⁽¹⁾	<u>16,095,462</u>	21.44%
Total Net Position	<u>\$ 389,073,303</u>	<u>\$ 370,851,480</u> ⁽¹⁾	<u>\$ 18,221,823</u>	4.91%

(1) Restatement of beginning Net Position & Long Term Liabilities due to implementation of GASB 101.

Total current and noncurrent assets increased by approximately \$20.3 million due to an increase in cash and restricted cash caused by an increase in water sales, capital contributions, and interest income. The changes in deferred outflows, deferred inflows, and long-term liabilities are all related to changes in pension and OPEB liabilities.

As can be seen from the table above, net position increased \$18,221,823 to \$389,073,303 in fiscal year 2025, an increase from \$370,851,480 in fiscal year 2024.



Statement of Revenues, Expenses and Changes in Net Position

TABLE A-2

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Fiscal Year 2025	Fiscal Year 2024	Dollar Change	Total Percent Change
Operating Revenues:				
Water Sales	\$ 67,039,485	\$ 55,750,745	\$ 11,288,740	20.25%
Meter Charges	28,419,610	27,711,598	708,012	2.55%
Water Services	959,889	998,561	(38,672)	(3.87)%
Sewer Services	26,851,253	25,311,675	1,539,578	6.08%
Nonoperating Revenues:				
Investment Income	5,429,095	4,645,208	783,887	16.88%
Rent and Lease Revenue	708,288	548,612	159,676	29.11%
Gain on Disposal of Assets	-	12,799	(12,799)	(100.00)%
Other Nonoperating Revenue	2,081,545	2,112,274	(30,729)	(1.45)%
Total Revenues	131,489,165	117,091,472	14,397,693	12.30%
Operating Expenses:				
Source of Supply	29,253,333	29,442,250	(188,917)	(0.64)%
Pumping Operations	10,637,121	9,299,306 ⁽¹⁾	1,337,815	14.39%
Water Treatment	6,562,410	6,126,585 ⁽¹⁾	435,825	7.11%
Transmission and Distribution	4,219,530	4,476,183 ⁽¹⁾	(256,653)	(5.73)%
Collection and Transmission	23,458,800	22,430,958 ⁽¹⁾	1,027,842	4.58%
Customer Accounts	4,748,933	4,535,813 ⁽¹⁾	213,120	4.70%
General and Administrative	17,257,558	16,870,902 ⁽¹⁾	386,656	2.29%
Depreciation and Amortization	14,163,332	13,826,569	336,763	2.44%
Nonoperating Expenses:				
Interest Expense	3,547,822	3,861,396	(313,574)	(8.12)%
Amortization of Deferred Bond Costs and Refunding	122,584	122,584	-	0.00%
Loss on Disposal of Assets	2,046,936	-	2,046,936	100.00%
Other Nonoperating Expenses	440,222	1,329,687	(889,465)	(66.89)%
Total Expenses	116,458,581	112,322,233	4,136,348	3.68%
Net Income/(Loss) Before Capital Contributions				
Capital Contributions	15,030,584	4,769,239	10,261,345	215.16%
Capital Contributions	3,191,239	2,673,004	518,235	19.39%
Changes in Net Position	18,221,823	7,442,243	10,779,580	144.84%
Beginning Net Position	370,851,480	363,409,237	7,442,243	2.05%
Ending Net Position	\$ 389,073,303	\$ 370,851,480 ⁽¹⁾	\$ 18,221,823	4.91%

(1) Amount restated due to implementation of GASB 101.



Statement of Revenues, Expenses and Changes in Net Position, continued

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 on page 23, net income before capital contributions of \$15,030,584 and capital contributions of \$3,191,239 were the sources of the \$18,221,823 increase in Net Position in fiscal year 2025.

A closer examination of the source of changes in net position reveals that the District's revenues increased by \$14,397,693 to \$131,489,165 in fiscal year 2025 from \$117,091,472 in fiscal year 2024 due primarily to an increase in water sales. Meter charges increased by \$708,012 due to an increase of meter rate charges as of January 1, 2025. Non-operating revenue increased by \$900,035 mainly due to a positive increase in investment income of \$783,887. Operating expenses increased by \$3,292,451 due mainly to increased costs of associated with producing or purchasing potable water, sewer treatment expense, pension liability expense, while also a decrease in Source of Supply, due to the production mix, utilizing more local and groundwater. Nonoperating expenses increased by \$843,897 due to a loss on disposal of assets which was related to a construction in progress (CIP) project that was determined to be nonviable.

Operating Revenues – Water Sales

TABLE A-2a
Water Sales

	Fiscal Year 2025	Fiscal Year 2024	Dollar Change	Total Percent Change
Customer Type:				
Domestic	\$ 25,221,397	\$ 19,070,386	\$ 6,151,011	32.25%
Irrigation and Landscape	25,079,010	21,436,758	3,642,252	16.99%
Other Water Agencies	13,222,407	11,925,345	1,297,062	10.88%
Industrial	2,778,453	2,747,956	30,497	1.11%
Construction	348,881	204,223	144,658	70.83%
Canyon Source Water	389,337	366,077	23,260	6.35%
Total Water Sales	<u>\$ 67,039,485</u>	<u>\$ 55,750,745</u>	<u>\$ 11,288,740</u>	20.25%

Domestic, Irrigation and Landscape, Industrial, and Construction water sales all increased during fiscal year 2025 by a total of \$9,968,418. Sales to other water agencies increased by \$1,297,062 primarily due to a sale of 7,500 acre-feet of water to Fontana Water Company. Total water sales for the fiscal year were up 20.25% or \$11,288,740.

Capital Asset Administration

At June 30, 2025, the District invested \$3,673,147 of new additions in a broad range of infrastructure as shown in Table A-3. Negative amounts represent the retirement of fully depreciated assets, and construction in progress the completion of project put into use, or termination of a project.

TABLE A-3
Capital Assets

	Fiscal Year 2025	Fiscal Year 2024	Dollar Change	Total Percent Change
Non-Depreciable Assets:				
Land	\$ 9,376,292	\$ 9,376,292	\$ -	0.00%
Water Rights	92,762,307	92,762,307	-	0.00%
Construction in Progress	<u>9,203,611</u>	<u>21,488,554</u>	<u>(12,284,943)</u>	(57.17)%
Total Non-Depreciable Assets	<u>111,342,210</u>	<u>123,627,153</u>	<u>(12,284,943)</u>	(9.94)%
Depreciable Assets:				
Intangibles	557,209	557,209	-	0.00%
Source of Supply	34,145,156	34,145,156	-	0.00%
Pumping Plant	16,717,778	16,410,887	306,891	1.87%
Transmission and Distribution	247,732,828	239,453,441	8,279,387	3.46%
Treatment Plant	115,565,169	115,375,627	189,542	0.16%
General Water	44,772,757	44,391,951	380,806	0.86%
Wastewater Reclamation	6,834,113	5,608,270	1,225,843	21.86%
Collection and Transmission	85,370,053	79,949,957	5,420,096	6.78%
General Sewer	10,021,144	9,865,619	155,525	1.58%
General Frontier Project	<u>84,526</u>	<u>84,526</u>	<u>-</u>	0.00%
Total Depreciable Assets	561,800,733	545,842,643	15,958,090	2.92%
Less: Accumulated Depreciation	<u>(270,247,688)</u>	<u>(258,083,311)</u>	<u>(12,164,377)</u>	4.71%
Net Depreciable Assets	<u>291,553,045</u>	<u>287,759,332</u>	<u>3,793,713</u>	1.32%
Total Capital Assets, Net	<u>\$ 402,895,255</u>	<u>\$ 411,386,485</u>	<u>\$ (8,491,230)</u>	(2.06)%

The following is a summary of some of the major improvements that were completed during fiscal year 2025. This year's major capital asset additions include:

Various Water Distribution Mains	\$ 8,279,387
Various Sewer Mains	6,584,322
Buildings and Equipment	2,210,212
Recycled Water Distribution Mains and Connections	1,225,843
Pumps and Pumping Equipment	474,077
Treatment Plant Equipment	334,026

In Table A-4, the District's fiscal year 2026 Capital Budget is \$9,839,000 for capital projects, principally for groundwater treatment, pumps and pumping equipment, fleet vehicles, new water and sewer mains, and reservoir improvements. The District believes these projects can be financed from available resources provided by projected cash flows and capital reserves. More information about the District's Capital Assets is presented in Note 5 of the Notes to the Basic Financial Statements.

TABLE A-4
Fiscal Year 2026 Budget

Depreciable Assets:		
Source of Supply	\$	50,000
Reservoirs		2,850,000
Transmission and Distribution		2,980,000
Treatment Plant		430,000
Pumping Plant		615,000
General Water		675,600
Sewer Collection and Transmission		2,000,000
General Sewer		188,400
Recycled Water Distribution		50,000
Total Depreciable Assets	\$	<u>9,839,000</u>

Debt Administration

During the year, the District's long-term debt decreased by \$10,114,248 due to normal debt principal repayments, while also not issuing any new debt in the fiscal year. Additional information on other long-term debt is presented in Note 6 of the Notes to the Basic Financial Statements. The District earned a rating upgrade of "AA+" from Standard and Poor's on the 2021 Revenue Bonds as well as the previously issued Revenue Bonds. Fitch reaffirmed the rating of "AA+" on the Revenue Bonds on May 14, 2025. The District is not subject to a legal debt margin.

TABLE A-5
Long-Term Debt

	Fiscal Year 2025	Fiscal Year 2024	Dollar Change
	<u> </u>	<u> </u>	<u> </u>
Net Revenue Bonds	\$ 119,355,185	\$ 128,659,204	\$ (9,304,019)
Finance Purchase Agreement Payable	500,594	1,577,833	(1,077,239)
Loan Payable	173,580	208,220	(34,640)
Compensated Absences	3,802,546	3,500,896 ⁽¹⁾	301,650
	<u> </u>	<u> </u>	<u> </u>
Total Long-term debt	<u>\$ 123,831,905</u>	<u>\$ 133,946,153</u>	<u>\$ (10,114,248)</u>

(1) Amount restated due to implementation of GASB 101.

Post-Employment Benefits & Obligations

Post-Employment related obligations include OPEB which is presented in Note 17, CalPERS presented in Note 14, PARS in Note 15 and Excess Benefit in Note 16, decreased by \$1,579,833 during the year. This is primarily due to actuarial results for the OPEB plan which included increased employer contributions and investment income as of the measurement date of June 30, 2024.

TABLE A-5a
Post-Employment Obligations

	Fiscal Year 2025	Fiscal Year 2024	Dollar Change
Net OPEB Obligation	\$ 2,295,376	\$ 3,765,886	\$ (1,470,510)
Net CalPERS Pension Plan Obligation	33,079,907	32,784,627	295,280
Net PARS Pension Plan Obligation	(303,488)	96,207	(399,695)
Total Excess Benefit Plan Obligation	<u>3,092,194</u>	<u>3,097,102</u>	<u>(4,908)</u>
Total Post-Employment Obligations	<u>\$ 38,163,989</u>	<u>\$ 39,743,822</u>	<u>\$ (1,579,833)</u>

Economic Factors and Next Year's Budget and Rates

The District's Board of Directors and management considered many factors when setting the fiscal year 2025 budget, customer fees, and charges. These indicators were taken into consideration when adopting the District's budget for year 2026.

TABLE A-6
Fiscal Year 2025 Actual vs Fiscal Year 2026 Budget

	Actual Fiscal Year 2025	Budget Fiscal Year 2026	Dollar Change	Total Percent Change
Operating Revenues	\$ 123,270,237	\$ 118,728,463	\$ (4,541,774)	(3.68)%
Nonoperating Revenues	<u>8,218,928</u>	<u>4,822,177</u>	<u>(3,396,751)</u>	<u>(41.33)%</u>
Total Revenues	<u>131,489,165</u>	<u>123,550,640</u>	<u>(7,938,525)</u>	<u>(6.04)%</u>
Depreciation Expense	14,163,332	14,000,000	(163,332)	(1.15)%
Other Operating Expenses	96,137,685	100,442,013	4,304,328	4.48%
Nonoperating Expenses	<u>6,157,564</u>	<u>3,880,222</u>	<u>(2,277,342)</u>	<u>(36.98)%</u>
Total Expenses	<u>116,458,581</u>	<u>118,322,235</u>	<u>1,863,654</u>	<u>1.60%</u>
Net Income/(Loss) Before Capital Contributions	15,030,584	5,228,405	(9,802,179)	(65.21)%
Capital Contributions	<u>3,191,239</u>	<u>2,703,742</u>	<u>(487,497)</u>	<u>(15.28)%</u>
Changes in Net Position	18,221,823	7,932,147	(10,289,676)	(56.47)%
Beginning Net Position	<u>370,851,480</u> ⁽¹⁾	<u>389,073,303</u>	<u>18,221,823</u>	4.91%
Total Net Position	<u>\$ 389,073,303</u>	<u>\$ 397,005,450</u>	<u>\$ 7,932,147</u>	2.04%

(1) Amount restated due to restatement.

Contacting the District's Director of Finance & Technology Services

This financial report is designed to provide our customers and creditors with a general overview of the District finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Chad Brantley, Chief Financial Officer/ Director of Finance, at (909) 987-2591.



Statement of Net Position as of June 30, 2025

	Water Utility Fund	Sewer Utility Fund	Recycled Water Utility Fund	Frontier Project Foundation	Totals
CURRENT ASSETS:					
Cash and Cash Equivalents (note 2)	\$ 26,416,238	\$ 22,549,110	\$ 113,628	\$ 57,941	\$ 49,136,917
Investments (note 2)	36,475,702	9,720,929	156,823	-	46,353,454
Net Customer Receivables	12,619,770	2,268,987	214,602	-	15,103,359
Accounts Receivable	7,542,014	1,419,771	317,544	-	9,279,329
Accrued Interest	533,862	177,954	-	-	711,816
Lease Receivable (note 18)	340,175	-	-	-	340,175
Prepaid Expense and Deposits	52,538	17,513	-	-	70,051
Inventories	1,047,093	-	-	-	1,047,093
TOTAL CURRENT ASSETS	85,027,392	36,154,264	802,597	57,941	122,042,194
NONCURRENT ASSETS:					
Restricted Cash and Cash Equivalents (note 2 & 3)	13,229	-	-	-	13,229
Restricted Assets (note 3)	-	21,399,430	-	-	21,399,430
Lease Receivable (note 18)	2,623,504	-	-	-	2,623,504
Water in Storage (note 4)	34,411,573	-	-	-	34,411,573
Net Pension Asset (note 13 & 15)	246,562	52,644	4,282	-	303,488
Capital Assets (note 5):					
Non-Depreciable Capital Assets	110,841,640	476,072	24,498	-	111,342,210
Net Depreciable Capital Assets	239,292,876	47,265,407	4,990,745	4,017	291,553,045
TOTAL NONCURRENT ASSETS	387,429,384	69,193,553	5,019,525	4,017	461,646,479
TOTAL ASSETS	472,456,776	105,347,817	5,822,122	61,958	583,688,673
DEFERRED OUTFLOWS OF RESOURCES:					
Pension Plans Deferred Outflows (note 13, 14, 15, 16)	11,211,264	2,420,315	232,049	-	13,863,628
Other Postemployment Benefits Deferred Outflows (note 17)	770,462	216,446	18,622	-	1,005,530
Deferred Charge on Refunding	393,705	-	-	-	393,705
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,375,431	2,636,761	250,671	-	15,262,863
CURRENT LIABILITIES:					
Current:					
Accounts Payable	8,461,668	3,696,795	179,630	1,479	12,339,572
Interest Payable	1,343,655	-	-	-	1,343,655
Accrued Expense Payable	1,037,679	1,721,772	11,924	-	2,771,375
Unearned Revenue	-	-	-	59,535	59,535
Customer Deposits	1,483,773	-	-	-	1,483,773
Intergovernmental Payable (note 7)	-	21,399,430	-	-	21,399,430
Water Held for Another Agency (note 8)	2,266,916	-	-	-	2,266,916
Finance Purchase Agreements (note 6)	500,594	-	-	-	500,594
Compensated Absences Payable (note 6)	1,422,419	279,337	25,842	-	1,727,598
Revenue Bonds (note 6)	9,609,019	-	-	-	9,609,019
Loans Payable (note 6)	-	-	34,665	-	34,665
TOTAL CURRENT LIABILITIES	26,125,723	27,097,334	252,061	61,014	53,536,132
NONCURRENT LIABILITIES:					
Net Other Postemployment Benefits Liability (note 17)	1,736,240	541,268	17,868	-	2,295,376
Net Pension Liability (notes 13, 14, 15, 16)	29,266,275	6,382,805	523,021	-	36,172,101
Compensated Absences Payable (note 6)	1,708,408	335,501	31,039	-	2,074,948
Revenue Bonds (note 6)	109,746,166	-	-	-	109,746,166
Loans Payable (note 6)	-	-	138,915	-	138,915
TOTAL NONCURRENT LIABILITIES	142,457,089	7,259,574	710,843	-	150,427,506
TOTAL LIABILITIES	168,582,812	34,356,908	962,904	61,014	203,963,638
DEFERRED INFLOWS OF RESOURCES:					
Lease Related (note 18)	2,818,384	-	-	-	2,818,384
Pension Plans Deferred Inflows (Note 13, 14, 15, 16)	655,403	142,731	15,531	-	813,665
Other Postemployment Benefits Deferred Inflows (Note 17)	1,726,535	538,243	17,768	-	2,282,546
TOTAL DEFERRED INFLOWS OF RESOURCES	5,200,322	680,974	33,299	-	5,914,595
NET POSITION:					
Net Investment in Capital Assets (note 9)	230,010,544	47,718,196	4,841,663	4,017	282,574,420
Restricted for Capital Projects	11,385,372	3,318,740	293,569	-	15,316,681
Unrestricted (note 10)	69,653,157	21,909,760	(58,642)	(3,073)	91,182,202
TOTAL NET POSITION	\$ 311,049,073	\$ 72,946,696	\$ 5,076,590	\$ 944	\$ 389,073,303

See accompanying notes to the financial statements

Statement of Revenues, Expenses, & Changes in Net Position

For the Year Ended June 30, 2025

	Water Utility Fund	Sewer Utility Fund	Recycled Water Utility Fund	Frontier Project Foundation	Totals
OPERATING REVENUES:					
Water Sales	\$ 65,987,095	\$ -	\$ 1,052,390	\$ -	\$ 67,039,485
Meter Charges	28,206,586	-	213,024	-	28,419,610
Water Services	959,422	-	467	-	959,889
Sewer Services	-	26,851,253	-	-	26,851,253
TOTAL OPERATING REVENUES	<u>95,153,103</u>	<u>26,851,253</u>	<u>1,265,881</u>	<u>-</u>	<u>123,270,237</u>
OPERATING EXPENSES:					
Source of Supply	28,500,755	-	752,578	-	29,253,333
Pumping Operations	10,637,121	-	-	-	10,637,121
Water Treatment	6,562,410	-	-	-	6,562,410
Transmission and Distribution	4,070,195	-	149,335	-	4,219,530
Collection and Transmission	-	23,458,800	-	-	23,458,800
Customer Accounts	3,947,978	700,400	100,555	-	4,748,933
General and Administrative	14,436,324	2,695,282	99,032	26,920	17,257,558
Depreciation and Amortization	11,864,302	2,046,473	251,553	1,004	14,163,332
TOTAL OPERATING EXPENSES	<u>80,019,085</u>	<u>28,900,955</u>	<u>1,353,053</u>	<u>27,924</u>	<u>110,301,017</u>
NET OPERATING INCOME (LOSS)	<u>15,134,018</u>	<u>(2,049,702)</u>	<u>(87,172)</u>	<u>(27,924)</u>	<u>12,969,220</u>
NONOPERATING REVENUES (EXPENSES):					
Investment Income (loss)	4,158,701	1,270,394	-	-	5,429,095
Rent and Lease Revenue	708,288	-	-	-	708,288
Interest Expense	(3,547,668)	-	(154)	-	(3,547,822)
Amortization of Deferred Charge on Refunding	(122,584)	-	-	-	(122,584)
Gain (loss) on Disposal of Assets	(1,762,478)	(284,458)	-	-	(2,046,936)
Other Nonoperating Revenues	737,176	998,901	317,544	27,924	2,081,545
Other Nonoperating Expenses	(384,505)	(49,912)	(5,805)	-	(440,222)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(213,070)</u>	<u>1,934,925</u>	<u>311,585</u>	<u>27,924</u>	<u>2,061,364</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>14,920,948</u>	<u>(114,777)</u>	<u>224,413</u>	<u>-</u>	<u>15,030,584</u>
Capital Contributions (note 11)	2,209,433	981,806	-	-	3,191,239
CHANGE IN NET POSITION	<u>17,130,381</u>	<u>867,029</u>	<u>224,413</u>	<u>-</u>	<u>18,221,823</u>
NET POSITION - BEGINNING	<u>294,555,002</u>	<u>72,206,632</u>	<u>4,863,358</u>	<u>944</u>	<u>371,625,936</u>
RESTATEMENT- CHANGE IN ACCOUNTING PRINCIPLE (NOTE 21)	<u>(636,310)</u>	<u>(126,965)</u>	<u>(11,181)</u>	<u>-</u>	<u>(774,456)</u>
NET POSITION - ENDING	<u>\$ 311,049,073</u>	<u>\$ 72,946,696</u>	<u>\$ 5,076,590</u>	<u>\$ 944</u>	<u>\$ 389,073,303</u>

See accompanying notes to the financial statements



Statement of Cash Flows

For the Year Ended June 30, 2025

	Water Utility Fund	Sewer Utility Fund	Recycled Water Utility Fund	Frontier Project Foundation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 97,271,810	\$ 28,314,137	\$ 967,613	\$ -	\$ 126,553,560
Receipts From Others	737,147	998,901	317,544	61,025	2,114,617
Payment to Suppliers	(55,109,232)	(25,533,296)	(949,181)	(27,125)	(81,618,834)
Payment to Employees	(12,813,884)	(2,602,497)	(179,917)	-	(15,596,298)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>30,085,841</u>	<u>1,177,245</u>	<u>156,059</u>	<u>33,900</u>	<u>31,453,045</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal Payments - Certificates of Participation & Revenue Bonds	(8,745,000)	-	-	-	(8,745,000)
Principal Payments - Lease Payable	(1,077,239)	-	-	-	(1,077,239)
Principal Payments - Loan Payable	-	-	(34,640)	-	(34,640)
Interest	(4,203,481)	-	(154)	-	(4,203,635)
Proceeds From Sale of Equipment	3,441,024	-	-	-	3,441,024
Capital Fees Collected for Inland Empire Utilities Agency	-	2,591,761	-	-	2,591,761
Additions to Utility Plant	(837,175)	(3,776,635)	(1,055,878)	-	(5,669,688)
Rent and Lease Revenue	777,539	-	-	-	777,539
Cash Contributions Received in Aid of Construction	1,629,055	408,948	-	-	2,038,003
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(9,015,277)</u>	<u>(775,926)</u>	<u>(1,090,672)</u>	<u>-</u>	<u>(10,881,875)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Income	2,940,542	897,961	-	-	3,838,503
Purchases of Investments	(16,413,053)	(5,471,018)	(156,823)	-	(22,040,894)
Proceeds from Sales and Maturities of Investments	11,696,273	9,834,545	-	-	21,530,818
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,776,238)</u>	<u>5,261,488</u>	<u>(156,823)</u>	<u>-</u>	<u>3,328,427</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	19,294,326	5,662,807	(1,091,436)	33,900	23,899,597
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>7,135,141</u>	<u>16,886,303</u>	<u>1,205,064</u>	<u>24,041</u>	<u>25,250,549</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 26,429,467</u>	<u>\$ 22,549,110</u>	<u>\$ 113,628</u>	<u>\$ 57,941</u>	<u>\$ 49,150,146</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Cash and Cash Equivalents	\$ 26,416,238	\$ 22,549,110	\$ 113,628	\$ 57,941	\$ 49,136,917
Cash and Cash Equivalents - Restricted	13,229	-	-	-	13,229
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 26,429,467</u>	<u>\$ 22,549,110</u>	<u>\$ 113,628</u>	<u>\$ 57,941</u>	<u>\$ 49,150,146</u>

Statement of Cash Flows

For the Year Ended June 30, 2025, continued

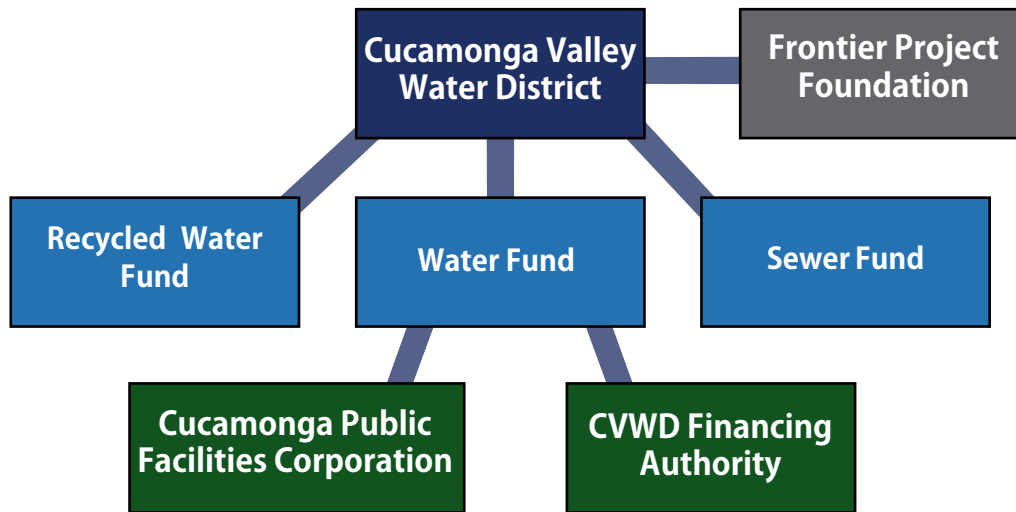
	Water Utility Fund	Sewer Utility Fund	Recycled Water Utility Fund	Frontier Project Foundation	Totals
RECONCILIATION OF OPERATING					
INCOME (LOSS) TO NET CASH PROVIDED (USED) BY					
OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 15,134,018	\$ (2,049,702)	\$ (87,172)	\$ (27,924)	\$ 12,969,220
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation and Amortization	11,864,302	2,046,473	251,553	1,004	14,163,332
Gain (Loss) on Retirement of Capital Assets	(4,340,384)	3,246	-	-	(4,337,138)
Other Nonoperating Revenues	737,176	998,901	317,544	27,924	2,081,545
Other Nonoperating Expense	(384,505)	(49,912)	(5,805)	-	(440,222)
(Increase) Decrease in Net Customer Receivables	(448,165)	(165,370)	19,276	-	(594,259)
(Increase) Decrease in Accounts Receivable	2,686,009	1,628,254	(317,544)	3,026	3,999,745
(Increase) Decrease in Prepaid Expense and Deposits	255,861	3,062	-	-	258,923
(Increase) Decrease in Inventories	27,348	-	-	-	27,348
(Increase) Decrease in Water in Storage	1,839,841	-	-	-	1,839,841
(Increase) Decrease in Deferred Outflows	3,586,883	836,242	71,535	-	4,494,660
Increase (Decrease) in Accounts Payable	2,178,192	(1,417,536)	(28,479)	(205)	731,972
Increase (Decrease) in Accrued Expense Payable	(367,129)	3,957	(130)	-	(363,302)
Increase (Decrease) in Unearned Revenue	(29)	-	-	30,075	30,046
Increase (Decrease) in Customer Deposit	(119,137)	-	-	-	(119,137)
Increase (Decrease) in Compensated Absences Payable	261,612	36,811	3,227	-	301,650
Increase (Decrease) in Net Other Postemployment Benefits Liability	(745,345)	(739,465)	14,300	-	(1,470,510)
Increase (Decrease) in Net Pension Liability	(61,824)	(40,057)	(7,442)	-	(109,323)
Increase (Decrease) in Deferred Inflows	(2,018,883)	82,341	(74,804)	-	(2,011,346)
NET CASH PROVIDED (USED) BY					
OPERATING ACTIVITIES	<u>\$ 30,085,841</u>	<u>\$ 1,177,245</u>	<u>\$ 156,059</u>	<u>\$ 33,900</u>	<u>\$ 31,453,045</u>
NONCASH INVESTING, CAPITAL AND					
FINANCING ACTIVITIES:					
Contributions in Aid of Construction	\$ 580,378	\$ 572,858	\$ -	\$ -	\$ 1,153,236
Changes in Fair Value of Investments	<u>1,024,656</u>	<u>341,552</u>	<u>-</u>	<u>-</u>	<u>1,366,208</u>
NET NONCASH CAPITAL AND					
RELATED FINANCING ACTIVITIES	<u>\$ 1,605,034</u>	<u>\$ 914,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,519,444</u>

See accompanying notes to the financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

Entity Structure



Cucamonga Valley Water District

The reporting entity Cucamonga Valley Water District (“District”) includes the accounts of the District, the Cucamonga Public Facilities Corporation, the Cucamonga Valley Water District Financing Authority, and the Frontier Project Foundation.

The District was incorporated as Cucamonga County Water District in March of 1955, under the provisions of the County Water District Law, Division 12 of the California Water Code. In fiscal year 2003-2004, the name of the District was changed to Cucamonga Valley Water District. The District’s 46 square mile service area lies in western San Bernardino County and includes the City of Rancho Cucamonga, portions of the cities of Fontana, Upland, Ontario, and some unincorporated areas.

Cucamonga Public Facilities Corporation

During 1987-88, the Cucamonga Public Facilities Corporation (“Corporation”) was formed to issue Certificates of Participation (C.O.P.’s). The Corporation transfers C.O.P. proceeds to the District in exchange for notes receivable bearing the same terms as the C.O.P.’s. The District’s five member Board of Directors is appointed as the Cucamonga Public Facilities Corporation’s governing board. In the combined financial statements, interfund transactions between the Corporation and District have been eliminated. All C.O.P.’s were refinanced by 2021 Revenue Bonds. Separate financial statements are not available.

Cucamonga Valley Water District Financing Authority

During 2012, the Cucamonga Valley Water District Financing Authority (“Financing Authority”) was formed to issue Revenue Bonds. The Financing Authority transfers Revenue Bond proceeds to the District in exchange for notes receivable bearing the same terms as the Revenue Bonds. The District’s five member Board of Directors is appointed as the Financing Authority’s governing board. In the combined financial statements, interfund transactions between the Financing Authority and District have been eliminated. Amounts eliminated include \$119,355,185 in interfund receivable/payable on the statement of net position, \$3,520,340 in interest expense and \$885 in investment income on the statement of revenues, expenses and changes in net position, and \$559,019 in interest expense on the statement of cash flows. Separate financial statements are not available.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

A. Organization and Operations of the Reporting Entity, continued

Frontier Project Foundation

The Frontier Project Foundation (“Foundation”) is a nonprofit public benefit corporation formed for the purposes of (i) creating an interactive indoor and outdoor educational center to demonstrate current and future building design methods and techniques that promote resource conservation, (ii) aiding, promoting and advancing the principles of sustainable design in California living and working environments, (iii) educating residents and business owners of the surrounding communities on how to incorporate sustainable design standards in their residence and businesses, (iv) engaging in other activities in furtherance of the purposes for which the Foundation was formed, and (v) receiving, investing and utilizing funds and property acquired through solicitation of contributions, donations, grants, gifts, bequests and the like for the purposes for which the Foundation was formed. The Foundation is governed by a Board of Directors, which consists of the District’s Board of Directors and up to four additional members appointed by the District’s Board of Directors. Currently, the District’s Board of Directors has chosen not to fill any of the four open positions. Separate financial statements are available by the District.

Criteria

The criteria used in determining the scope of the reporting entity is based on the provisions of the Governmental Accounting Standards Board Statement (GASB). The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit’s board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has accounted for the Corporation, the Financing Authority, and the Foundation as “blended” component units. Despite being legally separate, these entities are so intertwined with the District that they are in substance, part of the District’s operations. Accordingly, the balances and transactions of the Financing Authority are reported within the Water Utility Fund of the District, while the Foundation is accounted for in its own fund. Separate financial statements are not issued for the Corporation or the Financing Authority. The separate financial statements of the Frontier Project Foundation may be obtained from the District’s office.

B. Basis of Accounting and Measurement Focus

The District reports its activities as a set of proprietary funds. This means that the District utilizes the economic resources measurement focus which emphasizes limitations on the use of net position. This is similar to a private-sector business. Revenues and expenses are recognized on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flow takes place.

Operating revenues, such as charges for services (water sales, sewer services and water services) result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

When both restricted and unrestricted resources are available for use, the District uses restricted resources and then unrestricted resources.

The funds of the District are described below:

Water Utility Fund – This fund is used to account for the operations of the District’s water system and related revenues.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Sewer Utility Fund – This fund is used to account for the operations of the District’s wastewater system and related revenues.

Recycled Water Utility Fund – This fund is used to account for the operations of the District’s recycled water system and related revenues.

Frontier Project Foundation – This fund is used to account for the activities related to the Frontier Project Foundation.

C. Operating and Nonoperating Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the distribution and transmission of potable and recycled water to users, and the operation and maintenance of the sewer network within the District. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of three months or less.

3. Investments and Investment Policy

Investments are stated at their fair value which represents the quoted or stated fair value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

4. Customer Receivables

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

5. Inventory

Materials and supplies inventory consists primarily of water meters, pipe and pipe fittings for construction and repair to the District’s water transmission and distribution system. Inventory is valued at cost using the First-in, First-out (FIFO) method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

6. Prepaid Expense and Deposit

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position, continued

7. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$10,000. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

- Intangible Plant - 40 years
- Source of Supply Plant - 50 years
- Pumping Plant - 10 to 40 years
- Treatment Plant - 10 to 40 years
- Collection, Transmission, and Distribution Plant - 10 to 50 years
- General Plant - 5 to 40 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has three items that qualify for reporting in this category on the Statement of Net Position. Pension Plan deferred outflows and Other Postemployment Benefits (OPEB) deferred outflows, are the difference between expected and actual experience, the net difference between projected and actual earnings on plan investments and the employer contributions for the current fiscal year. The other item is a deferred charge on refunding which results from the difference in the net carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. The District has three items that qualifies for reporting in this category on the Statement of Net Position. Pension plan deferred inflows and OPEB deferred inflows result from the change in assumptions, the difference between expected and actual experience and the difference between projected and actual earnings on the assets invested in the plan. The deferred inflow of resources in lease related deferred inflows, are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

9. Leases

The District is a lessor for a noncancellable lease of a plot of land, buildings, and twelve cellular towers. The District recognizes a lease receivable and a deferred inflow of resources in the statement of net position. At the commencement of the lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position, continued

9. Leases, continued

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

10. Compensated Absences

The District's policy is to permit employees to accumulate a maximum of 200 hours of vacation and an unlimited amount of sick leave. Vacation is accrued for the District's obligation up to the 200-hour limit, while sick leave is accrued with no limit and recognized as a liability for leave that has been earned and is probable of being paid. The District implemented GASB Statement No. 101 Compensated Absences, in fiscal year 2025 and has been restated in accordance with its provisions. The compensated absences calculation includes vacation, sick leave, and other paid time off attributable to services already rendered and not contingent on a future event. The District recognizes a liability for compensated absences if (1) the leave is attributable to services already rendered, (2) the leave accumulates and may be carried forward to a future period, and (3) it is more likely than not that the leave will be used for time off or otherwise paid.

11. Long-Term Debt

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

12. Net Pension Liability

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

GASB requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	June 30, 2023 to June 30, 2024

13. Other Postemployment Benefits (OPEB)

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan, the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.



(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities, Deferred Inflows/Outflows, and Net Position, continued

13. Other Postemployment Benefits (OPEB), continued

GAAP require that reported results must pertain to liability and fiduciary net position information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	June 30, 2023 to June 30, 2024

14. Restricted Assets and Amounts Payable from Restricted Assets

Amounts shown as restricted assets have been restricted by bond indentures or are to be used for specified purposes based on contract provisions, such as bonded debt service. Certain liabilities which are currently payable have been classified as current liabilities payable from restricted assets since assets have been restricted for their payment.

15. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.

Restricted for Capital Projects – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of *restricted or net investment in capital assets*

16. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the District financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

17. Water Sales

Water sales are billed on a monthly cyclical basis. Estimated unbilled water revenue through June 30 has been accrued at year-end.

18. Capital Contributions

Contributions in aid of construction represent cash and utility plant additions contributed to the District by property owners or developers desiring services that require capital expenditures or capacity commitment. In accordance with the GASB, the capital contributions are recorded on the Statement of Revenues, Expenses and Changes in Net Position.

The following special charges levied by the District against newly-connecting customers are being accounted for as contributions in aid of construction:

Water Development Fees: Range from \$10,558 to \$844,603 based on meter size.

Sewer Development Fees: Range from \$1,239 to \$99,140 based on meter size.



(2) Cash and Investments

Cash and investments are reported in the accompanying statement of net position as follows:

Unrestricted:	
Cash and cash equivalents	\$ 49,136,917
Investments	46,353,454
Restricted:	
Cash and cash equivalents with fiscal agent	13,229
Investments	<u>21,399,430</u>
Total cash and investments	<u><u>\$ 116,903,030</u></u>

Cash and investments at June 30, 2025 consisted of the following:

Cash on hand	\$ 3,300
Deposits with financial institutions	9,153,551
Investments	<u>107,746,179</u>
	<u><u>\$ 116,903,030</u></u>

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

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Minimum Quality Requirements	Maximum Investment in One Issuer
Banker's Acceptances	180 days	25%	A-1 (short term) or its equivalent	10%
Collateralized Bank Deposits	5 years*	None*	None	No Limit
Commercial Paper	270 days	25%*	Highest rating by an NRSRO	10%
Joint Powers Authority Pool	N/A	None	AAm	No Limit
Local Agency Investment Fund (LAIF)	N/A	\$ 100,000,000	None	\$ 100,000,000
Medium-Term Notes	5 years	30%	A or its equivalent	10%
Money Market Mutual Funds	N/A	20%	Highest rating by an NRSRO	10%
Mortgage Pass-Through & Asset-Backed Securities	5 years	20%	AA or its equivalent	10%
Negotiable Certificates of Deposit	5 years	30%	A (long-term), A-1 (short-term), or its equivalent	10%
Placement Service Deposits & Placement Service Certificates of Deposit	5 years	30%	None	10%
Repurchase Agreements	90 days	10%	A (long-term), A-1 (short-term), or its equivalent	10%
State Obligations- CA and Other & CA Local Agency Obligations	5 years	30%	A (long-term), A-1 (short-term), or its equivalent	10%
Supranational Obligations	5 years	30%	AA or its equivalent	10%
United States Agency Obligations	5 years	None*	None	No Limit
United States Treasury Obligations	5 years	None	None	No Limit

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.



(2) Cash and Investments, continued

Investments Authorized by Debt Agreement

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. Investments authorized for funds held by bond trustee include, U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, the California Local Agency Investment Fund, Guaranteed Investment Contracts, Commercial Paper, Local Agency Bonds, Banker's Acceptance and Money Market Mutual Funds. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed, or the maximum maturity of an investment, except for the maturity of Banker's Acceptance which are limited to a year.

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 counter party (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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities using mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The District had deposits with a bank balance of \$8,434,460 as of June 30, 2025. Of the bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name. The District's Director of Finance & Technology Services may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated by a nationally recognized statistical rating organization, but, as stated previously, it is regulated by the California Government Code, and is therefore exempt from rating requirements.



(2) Cash and Investments, continued

California Asset Management Program (CAMP)

The District has joined and invested with the California Asset Management Program (CAMP). This program is a California Joint Powers Authority that provides California public agencies with professional investment services. This is a stable net asset value investment with daily liquidity, promising safety of principal with a competitive yield.

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 will be to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations and their fair value measurement levels are provided by the following table that shows the distribution of the District's investments by maturity date:

Investment Type	Remaining Maturity (in Months)			Total	Level		
	12 Months or Less	13 - 24 Months	25 - 60 Months		1	2	3
Investments:							
U.S. Treasuries	\$ 15,745,071	\$ 4,687,662	\$ 23,135,306	\$ 43,568,039	\$ 43,568,039	\$ -	\$ -
Medium-term Corporate Notes	3,680,575	7,275,835	13,228,435	24,184,845	-	24,184,845	-
Total Securities Classified	19,425,646	11,963,497	36,363,741	67,752,884	\$ 43,568,039	\$ 24,184,845	\$ -
Local Agency Investment Fund (LAIF)	625,749	-	-	625,749			
Joint Powers Authority Pool (PFM Camp)	35,519,279	-	-	35,519,279			
Money Markets	3,831,006	-	-	3,831,006			
Cash with fiscal agent:							
Money Market Funds	17,261	-	-	17,261			
	<u>\$ 59,418,941</u>	<u>\$ 11,963,497</u>	<u>\$ 36,363,741</u>	<u>\$ 107,746,179</u>			

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Municipal bonds, corporate notes and CD's, and supranational obligations classified in Level 2 of the fair value hierarchy are valued using a matrix pricing model. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.



(2) Cash and Investments, continued

Credit Risk, continued

Investment Type	Minimum Legal Rating	Rating	June 30, 2025
U.S. Treasuries	AA+	AA+	\$ 43,568,039
Medium-term Corporate Notes	A	AA+	2,240,285
		AA	1,453,360
		AA-	3,025,845
		A+	6,478,995
		A	7,998,730
		A-	2,492,585
		BBB+ *	495,045
Local Agency Investment Fund (LAIF)	N/A	N/A	625,749
Joint Powers Authority Pool (PFM Camp)	AAm	AAAm	35,519,279
Money Market Funds	A	AAA	3,831,006
Cash with Fiscal Agent:			
Money Market Funds	A	AAA	17,261
			\$ 107,746,179

*BBB+ rated corporate notes were A/A+ rating at time of purchase

Concentration of Credit Risk

The investment policy of the District has set a limitation of 10% that can be invested in any one issuer. The District does not have any investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District's investments.

(3) Restricted Assets

Restricted assets were provided by, and are to be used for, the following:

Funding Source	Use	Amount
Sewer Facility Fees	Construction of Sewer Treatment Facilities (Note 7)	\$ 21,399,430
Debt Proceeds	Construction of Specific Assets Outlined In Issues	13,229
		\$ 21,412,659

(4) Water in Storage

The District is entitled to water in the Chino Groundwater Basin. To accommodate future growth, the District has purchased additional water from other purveyors within the Basin, which is stored in the Basin. The water is intended for use in future years. As of June 30, 2025, the District's unsold water purchases amounted to \$34,411,573.



(5) Capital Assets

Changes in capital assets for the year were as follows:

	Balance July 1, 2024	Additions/ Transfers	Retirements/ Transfers	Balance June 30, 2025
Non-Depreciable Assets:				
Water:				
Land	\$ 9,376,292	\$ -	\$ -	\$ 9,376,292
Water Rights	92,762,307	-	-	92,762,307
Construction in Progress	18,112,271	3,788,457	(13,197,687)	8,703,041
Sewer:				
Construction in Progress	3,181,820	3,064,280	(5,770,028)	476,072
Recycled Water:				
Construction in Progress	194,463	1,055,878	(1,225,843)	24,498
Total Non-Depreciable Assets	<u>123,627,153</u>	<u>7,908,615</u>	<u>(20,193,558) ⁽¹⁾</u>	<u>111,342,210</u>
Depreciable Assets:				
Water:				
Intangibles	247,708	-	-	247,708
Source of Supply	34,145,156	-	-	34,145,156
Pumping Plant	16,410,887	474,077	(167,186)	16,717,778
Transmission and Distribution	239,453,441	8,279,387	-	247,732,828
Treatment Plant	115,375,627	334,026	(144,484)	115,565,169
General Water	44,391,951	1,739,293	(1,358,487)	44,772,757
Sewer:				
Intangibles	127,819	-	-	127,819
Collection and Transmission	79,949,957	6,584,322	(1,164,226)	85,370,053
General Sewer	9,865,619	470,919	(315,394)	10,021,144
Recycled Water:				
Intangibles	181,682	-	-	181,682
Wastewater Reclamation	5,608,270	1,225,843	-	6,834,113
Frontier Project Foundation:				
Office Equipment	84,526	-	-	84,526
Total Depreciable Assets	<u>545,842,643</u>	<u>19,107,867</u>	<u>(3,149,777)</u>	<u>561,800,733</u>
Less: Accumulated Depreciation				
Water:				
Intangibles	(200,821)	(5,702)	-	(206,523)
Source of Supply	(10,802,884)	(678,121)	-	(11,481,005)
Pumping Plant	(8,954,107)	(998,450)	167,186	(9,785,371)
Transmission and Distribution	(107,680,346)	(5,427,211)	-	(113,107,557)
Treatment Plant	(58,302,123)	(3,197,095)	144,484	(61,354,734)
General Water	(22,890,976)	(1,557,723)	495,369	(23,953,330)
Sewer:				
Intangibles	(93,479)	(3,193)	-	(96,672)
Collection and Transmission	(40,980,196)	(1,644,620)	1,164,226	(41,460,590)
General Sewer	(6,325,377)	(398,660)	27,690	(6,696,347)
Recycled Water:				
Intangibles	(85,407)	(4,542)	-	(89,949)
Wastewater Reclamation	(1,688,090)	(247,011)	-	(1,935,101)
Frontier Project Foundation:				
Office Equipment	(79,505)	(1,004)	-	(80,509)
Total Accumulated Depreciation	<u>(258,083,311)</u>	<u>(14,163,332)</u>	<u>1,998,955</u>	<u>(270,247,688)</u>
Total Net Depreciable Assets	<u>287,759,332</u>	<u>4,944,535</u>	<u>(1,150,822)</u>	<u>291,553,045</u>
Total Net Capital Assets	<u>\$ 411,386,485</u>	<u>\$ 12,853,150</u>	<u>\$ (21,344,380)</u>	<u>\$ 402,895,255</u>

(1) Includes \$5,491,105 related to Capital Asset write offs.



(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
Revenue Bonds	\$ 122,510,000	\$ -	\$ (8,745,000)	\$ 113,765,000	\$ 9,050,000
Deferred Bond Premium	6,149,204	-	(559,019)	5,590,185	559,019
Net Revenue Bonds	128,659,204	-	(9,304,019)	119,355,185	9,609,019
Finance Purchase Agreements	1,577,833	-	(1,077,239)	500,594	500,594
Loan Payable	208,220	-	(34,640)	173,580	34,665
Compensated Absences ⁽¹⁾	3,500,896	301,650	-	3,802,546	1,727,598
	<u>\$ 133,946,153</u>	<u>\$ 301,650</u>	<u>\$ (10,415,898)</u>	<u>\$ 123,831,905</u>	<u>\$ 11,871,876</u>

(1) Beginning balance restated to reflect GASB No. 101. Prior balance of \$2,726,440, increase of \$774,456.

Revenue Bond principal balances for the year ended June 30, 2025 are as follows:

2014 Revenue Bonds	\$ 4,215,000
2016 Revenue Bonds	13,265,000
2018A Revenue Bonds	9,710,000
2018B Revenue Bonds	40,435,000
2021A Revenue Bonds	28,495,000
2021B Revenue Bonds	17,645,000
	<u>\$ 113,765,000</u>

Finance Purchase Agreements principal balances for the year ended June 30, 2025 are as follows:

2010 Fixed Network Meter Replacement	\$ 47,235
2016 Fixed Network Meter Replacement	453,359
	<u>\$ 500,594</u>

2014 Revenue Bonds

In July 2014, the Cucamonga Valley Water District Financing Authority issued Revenue Bonds in the amount of \$12,150,000. The proceeds were used to fund the acquisition and construction of certain capital improvements and equipment, to refund the outstanding 2003 Certificates of Participation, and to pay for the costs of issuance.

The 2014 Revenue Bonds are scheduled to mature annually on September 1, 2022 to September 1, 2030 in amounts ranging from \$605,000 to \$1,575,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 2.5% to 5%.

Debt service requirements on the 2014 Certificates of Participation are as follows:

Year	Principal	Interest	Total
2026	\$ 780,000	\$ 150,337	\$ 930,337
2027	810,000	114,638	924,638
2028	845,000	81,537	926,537
2029	875,000	50,419	925,419
2030	905,000	18,100	923,100
	<u>\$ 4,215,000</u>	<u>\$ 415,031</u>	<u>\$ 4,630,031</u>



(6) Long-term Liabilities, continued

2016 Revenue Bonds

In February 2016, the Cucamonga Valley Water District Financing Authority issued Revenue Bonds in the amount of \$19,940,000. The proceeds were used to pay off the outstanding Cucamonga Valley Water District 2006 Certificates of Participation, a portion of the 2009 Certificates of Participation, and to pay costs incurred in connection with the issuance of the bonds. The 2016 Revenue Bonds are scheduled to mature annually on September 1, 2017 to September 1, 2036 in amounts ranging from \$395,000 to \$9,250,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 3% to 5%.

Debt service requirements on the 2016 Certificates of Participation are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 439,762	\$ 439,762
2027	-	439,763	439,763
2028	-	439,762	439,762
2029	-	439,763	439,763
2030	-	439,763	439,763
2031-2035	2,935,000	2,044,562	4,979,562
2036-2037	10,330,000	449,794	10,779,794
	<u>\$ 13,265,000</u>	<u>\$ 4,693,169</u>	<u>\$ 17,958,169</u>

2018A Revenue Bonds

In May 2018, the Cucamonga Valley Water District Financing Authority issued Revenue Bonds in the amount of \$9,710,000. The proceeds were used to fund the acquisition and construction of certain capital improvements and equipment. The 2018A Revenue Bonds are scheduled to mature annually on September 1, 2032 to September 1, 2035 in amounts ranging from \$2,290,000 to \$2,590,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 3% to 5%.

Debt service requirements on the Water Revenue Bonds, Series 2018A are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 401,175	\$ 401,175
2027	-	401,175	401,175
2028	-	401,175	401,175
2029	-	401,175	401,175
2030	-	401,175	401,175
2031-2035	7,120,000	1,650,050	8,770,050
2036-2037	2,590,000	64,750	2,654,750
	<u>\$ 9,710,000</u>	<u>\$ 3,720,675</u>	<u>\$ 13,430,675</u>



(6) Long-term Liabilities, continued

2018B Revenue Bonds (Federally Taxable)

In May 2018, the Cucamonga Valley Water District Financing Authority issued Federally Taxable Revenue Bonds in the amount of \$63,745,000. The proceeds were used to pay off a portion of the outstanding Cucamonga Valley Water District 2011 Certificates of Participation, and to pay costs incurred in connection with the issuance of the bonds. The 2018B Revenue Bonds are scheduled to mature annually on September 1, 2018 to September 1, 2031 in amounts ranging from \$2,500,000 to \$6,555,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 2% to 4%.

Debt service requirements on the Water Revenue Bonds, Series 2018B are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 5,505,000	\$ 1,395,902	\$ 6,900,902
2027	5,685,000	1,201,409	6,886,409
2028	5,895,000	994,390	6,889,390
2029	6,085,000	775,708	6,860,708
2030	6,315,000	543,781	6,858,781
2031-2032	10,950,000	383,619	11,333,619
	<u>\$ 40,435,000</u>	<u>\$ 5,294,809</u>	<u>\$ 45,729,809</u>

2021A Revenue Bonds (Federally Taxable)

In April 2021, the Cucamonga Valley Water District Financing Authority issued Federally Taxable Revenue Bonds in the amount of \$33,785,000. The proceeds were used to pay off the remaining portion of the outstanding Cucamonga Valley Water District Financing Authority Water Revenue Bonds, Series 2012, and to pay costs incurred in connection with the issuance of the bonds. The 2021A Revenue Bonds are scheduled to mature annually on September 1, 2021 to September 1, 2042 in amounts ranging from \$1,295,000 to \$1,970,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 0.17% to 2.67%.

Debt service requirements on the Water Revenue Bonds, Series 2021A are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,320,000	\$ 686,714	\$ 2,006,714
2027	1,330,000	671,934	2,001,934
2028	1,350,000	653,293	2,003,293
2029	1,370,000	631,116	2,001,116
2030	1,400,000	605,334	2,005,334
2031-2035	7,470,000	2,546,369	10,016,369
2036-2040	8,510,000	1,508,194	10,018,194
2041-2043	5,745,000	262,697	6,007,697
	<u>\$ 28,495,000</u>	<u>\$ 7,565,651</u>	<u>\$ 36,060,651</u>



(6) Long-term Liabilities, continued

2021B Revenue Bonds (Tax Exempt)

In June 2021, the Cucamonga Valley Water District Financing Authority issued Federally Tax-Exempt Revenue Bonds in the amount of \$21,085,000. The proceeds were used to refund all of the outstanding Cucamonga Valley Water District Water Revenue Bonds, 2011 Series A, and to pay costs incurred in connection with the issuance of the bonds. The 2021B Revenue Bonds are scheduled to mature annually on September 1, 2021 to September 1, 2035 in amounts ranging from \$380,000 to \$1,935,000. Interest is payable semiannually on March 1 and September 1 of each year with interest rates ranging from 4% to 5%.

Debt service requirements on the Water Revenue Bonds, Series 2021B are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,445,000	\$ 801,325	\$ 2,246,325
2027	1,525,000	727,075	2,252,075
2028	1,600,000	648,950	2,248,950
2029	1,675,000	567,075	2,242,075
2030	1,765,000	481,075	2,246,075
2031-2035	8,085,000	1,143,125	9,228,125
2036	1,550,000	31,000	1,581,000
	<u>\$ 17,645,000</u>	<u>\$ 4,399,625</u>	<u>\$ 22,044,625</u>

2010 Fixed Network Meter Replacement Finance Purchase Agreement

The District entered into an agreement dated October 1, 2010 with Chase Equipment Finance to finance the purchase of certain equipment related to the District's fixed network retrofit and meter exchange program in the amount of \$2,200,000. The finance purchase agreement requires quarterly payments of \$47,659 at an interest rate of 3.59%.

Debt service requirements on the 2010 fixed network meter replacement finance purchase agreement are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 47,235	\$ 424	\$ 47,659
	<u>\$ 47,235</u>	<u>\$ 424</u>	<u>\$ 47,659</u>

2016 Fixed Network Meter Replacement Finance Purchase Agreement

The District entered into an agreement dated November 13, 2015 with Chase Equipment Finance to finance the purchase of certain equipment related to the District's fixed network retrofit and meter exchange program in the amount of \$8,216,000. As of June 30, 2025, equipment in the amount of \$7,224,441 had been purchased. The lease purchase agreement requires quarterly payments of \$228,483 at an interest rate of 2.12%.

Debt service requirements on the 2016 fixed network meter replacement finance purchase agreement are as follows:



(6) Long-term Liabilities, continued

2016 Fixed Network Meter Replacement Finance Purchase Agreement, continued

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 453,359	\$ 3,607	\$ 456,966
	\$ 453,359	\$ 3,607	\$ 456,966

Church Street Lateral Loan Payable

The District entered into an agreement dated November 24, 2009 with Inland Empire Utilities Agency (IEUA) for the construction of a recycled water pipeline. A portion of the pipeline was for the purpose of IEUA's Regional Recycled Water system and a portion was for the purpose of the District's recycled water connections. The entire project is to be funded by a State of California Revolving Fund (SRF) loan, obtained by IEUA, which offers low interest rates for the purpose of constructing infrastructure. The District paid for the construction costs and was subsequently reimbursed by IEUA in the amount of \$2,441,548. IEUA obtained two grants for the project. The amounts of the grants were \$344,760 and \$615,822. The grants were received from the California State Water Resources Control Board and the United States Bureau of Reclamation respectively.

The District's portion of the grants was \$461,939. The District's portion of the pipeline amounted to \$690,648, which is payable by the District in annual installments of \$34,532 including interest at .074%.

Debt service requirements on the Church Street Lateral loan payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 34,665	\$ 128	\$ 34,793
2027	34,690	103	34,793
2028	34,716	77	34,793
2029	34,742	52	34,794
2030	34,767	26	34,793
	\$ 173,580	\$ 386	\$ 173,966

(7) Intergovernmental Payable

The District, along with other agencies in the area, has an agreement with the Inland Empire Utilities Agency (IEUA) to share in construction costs of regional sewer treatment facilities. Construction costs are paid by tax increments each year by IEUA. If these tax increments do not cover the construction costs, the various agencies involved will be billed their allocated percentage. The District collects sewer facilities fees that by this agreement must be paid to IEUA when collected. The District is allowed to earn interest on any sewer facilities fees collected until remitted to IEUA. The District's liability for collected but unremitted sewer facilities fees at June 30, 2025 is \$21,399,430.

(8) Water Held for Western Municipal Water District

The District entered into an agreement dated March 7, 2024 with Western Municipal Water District (WMWD) in which WMWD will pay for the purchase and delivery of Metropolitan Water District imported water to the District. The District in return will account for an equivalent volume of Chino Basin groundwater to WMWD within the District's existing Excess Carryover Storage Account. The District's liability for this water held for WMWD at June 30, 2025 is \$2,266,916.



(9) Net Investments in Capital Assets

Investment in capital assets, net of related debt, at June 30, 2025, consisted of the following:

Non-Depreciable Capital Assets	\$ 111,342,210
Net Depreciable Capital Assets	291,553,045
Finance Purchase Agreements - Current Portion	(500,594)
Revenue Bonds - Current Portion	(9,609,019)
Revenue Bonds - Noncurrent Portion	(109,746,166)
Loans Payable	(173,580)
Capital related liabilities, including Accounts Payable and Retainage Payable	(685,181)
Deferred Charge - Refunding of Certificates of Participation	393,705
	<u>\$ 282,574,420</u>

(10) Designation of Unrestricted Net Position

The District has adopted a Reserve Policy to establish designations of unrestricted net position. The designations established at June 30, 2025 are as follows:

Reserve Types	Fund		
	Water	Sewer	Recycled Water
Capital			
Capital Project ⁽¹⁾	\$ 20,000,000	\$ 8,246,900	\$ -
Capital Emergency ⁽²⁾	8,000,000	1,908,000	-
Administrative Capital Improvement ⁽³⁾	714,000	110,000	N/A
Local Water Resource Development ⁽⁴⁾	4,000,000	N/A	N/A
Liquidity			
Operating ⁽⁵⁾	15,838,244	11,337,441	(58,642)
Rate Stabilization ⁽⁶⁾	15,035,499	N/A	N/A
Water Banking ⁽⁷⁾	4,300,000	N/A	N/A
Customer Assistance Program Carry Over ⁽⁸⁾	200,000	N/A	N/A
Compensated Absences ⁽⁹⁾	1,565,414	307,419	-
Total Unrestricted Net Position	<u>\$ 69,653,157</u>	<u>\$ 21,909,760</u>	<u>\$ (58,642)</u>

Note (1) Capital Project Reserve: The funding target is a minimum of 100% of the current budgeted pay-go capital projects plus 25% of subsequent year's pay-go capital projects for each fund. The maximum target level is 100% of the current and two subsequent years' pay-go capital budget.

Note (2) Capital Emergency Reserve: The funding target is a minimum of 1% and a maximum of 4% of the capital assets in the fund

Note (3) Administrative Capital Improvement Reserve: The funding target is a minimum balance of 100% of each current budgeted vehicle, field, and office related capital project for each fund. Maximum target is a balance is equal to the minimum balance with an annual inflationary adjustment.

Note (4) Local Water Resource Development Reserve: The funding target is a minimum of \$4 million, the approximate cost of a new groundwater well and a maximum of \$8 million, the estimated cost of two new groundwater wells.

Note (5) Operating Reserve: The funding target is a minimum of 20% and a maximum of 50% of the budgeted total operating expenses in the fund.

Note (6) Rate Stabilization Reserve: The funding target is a minimum of \$2,200,000.



(10) Designation of Unrestricted Net Position, continued

Note (7) Water Banking Reserve: The funding target is a minimum of 3% of the budgeted water sales and a maximum equal to the cost of purchasing 5,000 acre feet of Metropolitan Water District Tier 2 imported water.

Note (8) Customer Assistance Program Carry Over: Funding set aside for the Customer Assistance Program when expenses are below budget, maximum \$200,000.

Note (9) Compensated Absences: The funding target is a minimum of 50% of the calculated annual liability for each fund and the maximum is 100% of the same liability.

(11) Capital Contributions

Capital contributions for the fiscal year ending June 30, 2025 were as follows:

Developer Fees	\$ 2,038,003
Developer Donated Assets	<u>1,153,236</u>
Total Contributed Capital	<u>\$ 3,191,239</u>

(12) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation program. The purpose of this program is to provide deferred compensation for public employees that elect to participate. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Fair value of all plan assets held in trust by the District's deferred compensation plan at June 30, 2025 amounted to \$9,828,925. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

(13) Defined Benefit Pension Plans

The District has one pension plan with CalPERS and two with PARS. The information below includes the aggregate total pension related items for all plans.

	CalPERS	PARS	Excess Benefit	Total
	(Note 14)	(Note 15)	(Note 16)	
Net Pension Liability	\$ 33,079,907	\$ -	\$ 3,092,194	\$ 36,172,101
Net Pension Asset	-	303,488	-	303,488
Pension Plans Deferred Outflows	12,172,994	308,729	1,381,905	13,863,628
Pension Plans Deferred Inflows	-	214,140	599,525	813,665
Pension Expense	6,224,620	256,658	364,220	6,845,498



(14) CalPERS Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government 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.

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. Employees are eligible for benefits under the plan in one of three tiers.

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

	Tier 1	Tier 2	Tier 3
Hire date	Before 1/1/2011	On or after 1/1/2011 but before 1/1/2013	On or after 1/1/2013
Benefit formula	2.5% at 55	2% at 60	2% at 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum age 50	Minimum age 50	Minimum age 52
Required employer contribution rates	11.00%	11.00%	11.00%
Required employee contribution rates	8%	7%	7.25%
Employee contribution covered by the employer	0%	0%	0%

Employees Covered Table:

Inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	47
Active employees	123
Total	294

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.



(14) CalPERS Pension Plan, continued

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total net pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 CalPERS Experience Study Report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:



(14) CalPERS Pension Plan, continued

Asset Class ⁽¹⁾	Asset Allocation	Real Return ⁽¹⁾⁽²⁾
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0	3.84
Private Equity	13.0	7.28
Treasury	5.0	0.27
Mortgage backed Securities	5.0	0.50
Investment Grade Corporates	10.0	1.56
High Yield	5.0	2.27
Emerging Market Debt	5.0	2.48
Private Debt	5.0	3.57
Real Assets	15.0	3.21
Leverage	(5.0)	(0.59)

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves.

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
	(a)	(b)	(c)=(a)-(b)
Balance at: 6/30/2023	\$ 123,238,065	\$ 90,453,438	\$ 32,784,627
Changes Recognized for the Measurement Period:			
Service Cost	2,431,641	-	2,431,641
Interest on the Total Pension Liability	8,658,900	-	8,658,900
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	3,597,860	-	3,597,860
Contributions - Employer	-	4,550,727	(4,550,727)
Contributions - Employees	-	1,170,846	(1,170,846)
Net Investment Income	-	8,745,150	(8,745,150)
Benefit Payments, including Refunds of Employee Contributions	(5,120,872)	(5,120,872)	-
Administrative Expense	-	(73,602)	73,602
Net Changes During 2023-2024	9,567,529	9,272,249	295,280
Balance at: 6/30/2024	\$ 132,805,594	\$ 99,725,687	\$ 33,079,907



(14) CalPERS Pension Plan, continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Plan's Net Pension Liability/(Assets)	\$53,065,641	\$33,079,907	\$16,785,849

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expenses. The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the measurement period ending June 30, 2024 measurement period is 4.9 years, which was obtained by dividing the total service years of 1,531 (the sum of remaining service lifetimes of the active employees) by 313 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the District incurred a pension expense of \$6,224,620 for the Plan. As of June 30, 2025, the District reported deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ 1,882,992	\$ -
Difference between Expected and Actual Experience	4,626,534	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,328,962	-
Contributions subsequent to the Measurement Date	4,334,506	-
Total	\$ 12,172,994	\$ -



(14) CalPERS Pension Plan, continued

\$4,334,506 will be recognized as reduction to the net pension liability in the following measurement period, the remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ 2,245,146
2026	4,449,879
2027	981,441
2028	162,022

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2024, as well as statutory changes, regulatory changes and board actions through January 2025.

CalPERS will be completing an Asset Liability Management (ALM) review process in November 2025 that will review the capital market assumptions and the CalPERS Total Fund Investment Policy and ascertain whether a change in the discount is warranted. In addition, the Actuarial Office will be presenting the findings of its Experience Study which reviews economic assumptions other than the discount rate as well as all demographic assumptions and makes recommendations to modify actuarial assumptions where appropriate. Any changes in actuarial assumptions will be reflected in the June 30, 2025, actuarial valuations.

The 2024 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2025 limits, determined in October 2024, are not reflected.

(15) PARS Retirement Enhancement Plan

Plan Description

Effective July 1, 2003, the District established the PARS Retirement Enhancement Plan (the "REP"), a Single Employer defined benefit retirement plan, to provide a supplemental retirement benefit to the employee's pension benefit from CalPERS. The Plan is currently funded through PARS, a multiple agency trust. Benefit provisions and all other requirements are established by state statute and the District. Copies of the PARS audited GAAP basis annual financial report may be obtained by writing to PO Box 12919, Newport Beach, CA 92658-2919.

Benefits Provided

An employee is eligible to receive the REP benefit at retirement if employed by the District at July 1, 2003, is at least age 50 and has at least 20 years of service or 5 years of service on or after July 1, 2003. Employees hired on or after January 1, 2011 are not eligible.

The monthly retirement benefit is equal to the difference between 1) and 2) below:

- 1) Benefit Service x Final Pay x PARS Age Factor
- 2) Benefit Service x Final Pay x CalPERS Age Factor



(15) PARS Retirement Enhancement Plan, continued

The CalPERS Age Factor is defined as the 2.5% at 55 Local Miscellaneous Member benefit age factor used by CalPERS determined at your age of retirement. The PARS Age Factor is determined at your age of retirement under CalPERS. Both factors by CalPERS retirement age are presented in the following table.

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	18
Active employees	56
	129

Retirement Age	CalPERS Age Factor	PARS Age Factor
50	2.000%	2.000%
51	2.100%	2.140%
52	2.200%	2.280%
53	2.300%	2.420%
54	2.400%	2.560%
55+	2.500%	2.700%

Benefits are payable as a life annuity for the lifetime of the eligible employee subject to a 2% annual cost-of-living increase. Two Optional Forms of payments are also available.

Contribution Description

The District currently funds the REP through the PARS trust. The contribution for the 2024-2025 fiscal year is \$180,000. The annual contribution represents a means to expense the REP liabilities in an orderly manner. The net pension obligation at the end of the fiscal year will reflect any contributions made during the measurement period by the District.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with the requirements of GASB 68.
Actuarial Assumptions	
Discount Rate	6.00%
Inflation	2.50%
Investment Rate of Return	6.00%
Salary Scale	Rates are based on a wage growth rate of 3.00% per year plus the Public Agency Miscellaneous merit and promotion increases from the 2021 CalPERS Experience Study.
Mortality Rates	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of the scale MP-2020.
Retirement Benefit	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. The District's retirement rates are based on the following pension formula, Miscellaneous 2.7% @ 55.



(15) PARS Retirement Enhancement Plan, continued

Change of Assumptions

Since the previous valuation, there were no changes in assumptions.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. The actuarial liability for the REP includes benefits for the current retirees as well as for the current active employees expected to retire in the future. This plan was closed to employees hired after January 11, 2011, therefore, the valuation does not consider employees not yet hired as of the valuation date.

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2023	\$ 7,553,459	\$ 7,457,252	\$ 96,207
Changes Recognized for the Measurement Period:			
Service Cost	119,081	-	119,081
Interest on the Total Pension Liability	451,900	-	451,900
Contribution from the Employer	-	180,000	(180,000)
Net Investment Income	-	822,301	(822,301)
Benefit Payments including Refunds of Employee Contributions	(281,742)	(281,742)	-
Administrative Expense	-	(31,625)	31,625
Net Changes	289,239	688,934	(399,695)
Balance at: 6/30/2024	\$ 7,842,698	\$ 8,146,186	\$ (303,488)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the REP as of the measurement date, calculated using the discount rate of 6.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.00 percent) or 1 percentage-point higher (7.00 percent) than the current rate:

	Discount Rate -1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate +1% (7.00%)
Plan's Net Pension Liability/(Assets)	\$829,775	(\$303,488)	(\$1,234,440)

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss:



(15) PARS Retirement Enhancement Plan, continued

Investment Gains and Losses	5 year straight-line amortization
All other amounts	Straight-line amortization over a closed period equal to the average of the expected remaining service lives of all members (i.e., active employees and terminated/retired members) that are provided with pensions through the pension plan.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ending June 30, 2024 the District incurred a pension expense of \$256,658 for the Plan. As of June 30, 2025, the District has deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ 18,943	\$ 198,924
Difference between Expected and Actual Liability	33,894	15,216
Net Difference between Projected and Actual Investment Earnings	75,892	-
Contributions subsequent to the Measurement Date	180,000	-
	\$ 308,729	\$ 214,140

\$180,000 will be recognized as reduction to the Net Pension Asset in the following measurement period, the remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2026	\$ (21,167)
2027	135,888
2028	(124,098)
2029	(76,034)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

(16) Excess Benefit Plan

Plan Description

Effective January 1, 2011, the District established the Excess Benefit Plan (the "Plan") to provide a benefit to participants in the PARS Retirement Enhancement Plan (REP) whose benefit is limited due to the dollar limitation under Section 415 of the Internal Revenue Code. The plan is a Single Employer plan. Benefit provisions and all other requirements are established by state statute and the District. Copies of the PARS audited GAAP basis annual financial report may be obtained by writing to PO Box 12919, Newport Beach, CA 92658-2919.



(16) Excess Benefit Plan

Benefits Provided

Eligibility for the Plan requires participation in the REP. In general, the Plan will pay a benefit equal to the full REP benefit if the benefit payable under CalPERS is greater than the applicable dollar limitation at retirement. In addition, the Plan will pay a benefit equal to a portion of the REP benefit, if the combined REP and CalPERS benefit is greater than the applicable dollar limit at retirement. Employees hired on or after January 1, 2011 are not eligible for the Plan.

Employees Covered Table:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	56
Total	62

Contribution Description

The District does not contribute beyond the current year member benefit payments. The Plan is unfunded and benefits under the Plan are paid through the general fund of the District or through an Excess Benefit Plan Trust (the "Trust") that has been set up by the District through PARS. The Trust is a grantor trust held by the District subject to the claims of the District's creditors.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total net Excess Benefit liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 73
Actuarial Assumptions	
Discount Rate	3.97%
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	N/A
Mortality Rate Table	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020.
Post Retirement Benefit Increase	Assumed to increase 2% per year

Change Since Prior Valuation

Since the previous valuation the discount rate increased from 3.86 percent to 3.97 percent. Total Pension Liability decreased from \$3,097,102 to \$3,092,194.

Changes in the Total Pension Liability

The following table shows the changes in total pension liability recognized over the measurement period.



(16) Excess Benefit Plan, continued

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
	(a)	(b)	(c)=(a)-(b)
Balance at: 6/30/2023	\$ 3,097,102	\$ -	\$ 3,097,102
Changes Recognized for the Measurement Period:			
Service Cost	32,638	-	32,638
Interest on the Total Pension Liability	118,737	-	118,737
Changes of Assumptions	(48,993)	-	(48,993)
Contribution from the Employer	-	107,290	(107,290)
Benefit Payments including Refunds of Employee Contributions	(107,290)	(107,290)	-
Net Changes During 2023-24	(4,908)	-	(4,908)
Balance at: 6/30/2024	\$ 3,092,194	\$ -	\$ 3,092,194

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability of the Plan as of the measurement date, calculated using the discount rate of 3.97 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.97 percent) or 1 percentage-point higher (4.97 percent) than the current rate:

	Discount Rate -1% (2.97%)	Current Discount Rate (3.97%)	Discount Rate +1% (4.97%)
Plan's Total Pension Liability/(Assets)	\$3,584,031	\$3,092,194	\$2,695,459

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ending June 30, 2024 the District incurred a pension expense of \$364,220 for the Plan. As of June 30, 2025, the District has deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ 166,479	\$ 591,129
Difference between Expected and Actual Liability	1,104,757	8,396
Contributions subsequent to the Measurement Date	110,669	-
	\$ 1,381,905	\$ 599,525

\$110,669 will be recognized as reduction to the total pension liability in the following measurement period, the remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources
2026	\$ 205,000
2027	190,217
2028	225,257
2029	33,761
2030	17,476



(16) Excess Benefit Plan, continued

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

(17) Other Postemployment Benefits

Plan Description

The District administers a single-employer defined benefit healthcare plan which provides medical and dental insurance benefits to eligible retirees and their eligible dependents in accordance with District ordinances.

Benefits Provided

Employees are eligible for retiree health care benefits according to the following matrix:

	<u>Minimum Age at Retirement</u>	<u>Years of Service with District</u>	<u>Coverage Provided</u>
Tier 1 - Hired Before 11/1/2006 and Executives	50	10	Employee Only
Tier 2 - Hired Between 11/1/2006 & 1/1/2011	50	15	Employee Only
Tier 3 - Hired Before 11/1/2011 and Executives	60	15	Employee and Dependents
Tier 4 - Hired Between 11/1/2006 & 1/1/2011 and Executives	50	20	Employee and Dependents
Tier 5 - Hired After 1/1/2011	-	5	Health Savings Account

Employees hired on or after January 1, 2011 are enrolled in a defined contribution health savings plan after five years of employment.

Active employees	47
Active employees waiving coverage	12
Inactive employees or beneficiaries current receiving benefits	56
Inactive employees with only non-medical OPEB coverage	3
Total	118

Contribution Description

Retirees must pay the portion of the coverage, if any, not covered by their benefits. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's Board of Directors. District assets designated for OPEB are invested in California Employers' Retiree Benefits Trust (CERBT) Strategy 1, which is a qualified irrevocable trust under IRC Section 115 and administered by CalPERS. Annual contributions by the District are equal to at least 75 percent of the Annual Required Contribution (ARC). Benefit payments equal to the annual direct plus implicit subsidy are paid from the trust. For fiscal year 2025, the District contributed \$710,000 to the plan. Plan members receiving benefits contributed \$100,940.



(17) Other Postemployment Benefits, continued

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total net OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	6.25%
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	6.25%
Mortality Rate	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020.
Healthcare Trend Rate	Annual increases in per capita claims costs and plan premiums are as follows:
Medical, not Medicare eligible	7.6% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.
Medical, Medicare eligible	5.1% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.

Change of Assumptions

Since the previous valuation, there were no changes in assumptions.

Discount Rate

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Strategy 1	
	Target Allocation	Target Range
Global Equity	49%	±5%
Fixed Income	23%	±5%
Treasury Inflation-Protected Securities	5%	±3%
REITs	20%	±5%
Commodities	3%	±3%
Cash	0%	±2%

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position

The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94429-2703.



(17) Other Postemployment Benefits, continued

Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2023	\$ 19,340,876	\$ 15,574,990	\$ 3,765,886
Changes Recognized for the Measurement Period:			
Service Cost	356,546	-	356,546
Interest	1,201,352	-	1,201,352
Difference between Expected and Actual Experience	15,551	-	15,551
Contribution from the Employer	-	1,215,000	(1,215,000)
Net Investment Income	-	1,834,273	(1,834,273)
Benefit Payments	(951,588)	(951,588)	-
Administrative Expense	-	(5,314)	5,314
Net Changes	621,861	2,092,371	(1,470,510)
Balance at: 6/30/2024	\$ 19,962,737	\$ 17,667,361	\$ 2,295,376

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024.

	Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
Net OPEB Liability	\$4,577,139	\$2,295,376	\$353,085

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trends Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024:

	Trend Rates - 1% (6.6%)	Current Trend Rates (7.6%)	Trend Rates +1% (8.6%)
Net OPEB Liability	(\$2,284)	\$2,295,376	\$5,062,034

Recognition of Gains and Losses

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.



(17) Other Postemployment Benefits, continued

Recognition of Gains and Losses, continued

The recognition period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
Effects of Assumption Changes and Experience Gains and Losses	Straight-line amortization over a closed period equal to the average of the expected remaining service lives of all members (i.e., active employees and terminated/retired members) that are provided with OPEB through the plan.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the District recognized OPEB revenue of \$618,410 . As of fiscal year ended June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ 24,171	\$ 1,828,264
Change of assumptions	235,645	454,282
Net difference between projected and actual investment earnings	35,714	-
Contributions between measurement date and reporting date	710,000	-
Total	<u>\$ 1,005,530</u>	<u>\$ 2,282,546</u>

\$710,000, the contributions made after the measurement date of the net pension/OPEB liability/collective net pension/OPEB liability but before the end of the employer's or governmental non-employer contributing entity's reporting period will be recognized as a reduction of the net pension/OPEB liability or collective net pension/OPEB liability in the subsequent fiscal period rather than in the current fiscal period. The remaining amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future expense as follows:

Measurement Period ended	Deferred Outflows/(Inflows) of Resources
2026	\$ (1,321,731)
2027	30,748
2028	(533,954)
2029	(162,079)

(18) Leases

The District implemented GASB 87 has lease agreements in which the District is the lessor – for buildings, a plot of land, and cellular towers. The leases vary in length, but all are received monthly. The District recognized \$531,464 in lease revenue and \$100,859 in interest revenue during the current fiscal year related to these leases. As of June 30, 2025, the District's receivable for lease payments was \$2,963,679. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was \$2,818,384.



(18) Leases, continued

Year	Principal	Interest	Total
2026	\$ 340,175	\$ 89,843	\$ 430,018
2027	344,655	78,925	423,580
2028	355,846	67,734	423,580
2029	361,232	56,228	417,460
2030	360,903	44,625	405,528
2031-2035	903,039	115,107	1,018,146
2036-2040	140,202	33,337	173,539
2041-2045	108,938	16,882	125,820
2046-2047	48,689	1,640	50,329
	<u>\$ 2,963,679</u>	<u>\$ 504,321</u>	<u>\$ 3,468,000</u>

(19) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA or Authority). The ACWA/JPIA is a risk-pooling, self-insurance authority, created under California Government Code Sections 6500 et. seq. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and purchases excess insurance coverage for its members. The District has purchased various insurance policies to manage the potential liabilities from the previously named sources. As of June 30, 2025, the District participates in the liability and property programs of the Authority as follows:

Property Loss: Insured up to the replacement value with a \$25,000 deductible per occurrence for buildings, personal property, fixed equipment, and catastrophic coverage. The deductible for mobile equipment and vehicles is \$5,000. The boiler and machinery deductible is \$25,000 or \$50,000 and varies by incident and property type. There is a \$50,000,000 program limit with replacement values. The deductible for flood is \$100,000. The deductible for earthquake is 5% per unit of insurance, subject to \$75,000 with a limit of \$2,500,000. The Property Program includes Business Interruption with a sub-limit of \$500,000 per loss, subject to a \$2,500,000 program aggregate. The ACWA/JPIA is self-insured up to \$100,000 per occurrence and has purchased excess coverage up to \$60,000,000 for its members.

General Liability: The District is insured for general liability up to \$1,000,000 per occurrence, and ACWA/JPIA has purchased additional coverage from commercial insurers, subject to policy aggregate limits.

Auto Liability: The District is insured for automobile liability up to \$1,000,000 per occurrence, and ACWA/JPIA has purchased additional coverage from commercial insurers, subject to policy aggregate limits.

UST Pollution Liability: The District is insured for underground storage tank liability with a \$10,000 deductible for each incident. The Authority is self-insured up to \$3,000,000 per occurrence and has purchased excess insurance coverage in the amount of \$3,000,000 subject to a \$750,000 aggregate expense limit.

Cyber Liability: The deductible for Cyber Liability is \$50,000, subject to a \$2,000,000 annual aggregate limit.

Public Officials' and Employees' Errors and Omissions: The District is insured up to \$5,000,000 per occurrence, and ACWA/JPIA has purchased additional coverage from commercial insurers, subject to policy aggregate limits.

Workers Compensation: The District is insured to statutory requirements.



(19) Risk Management, continued

In addition to the above, the District also has purchased insurance coverage as follows:

Fidelity Coverage: \$100,000 total insurance with a \$1,000 deductible covering public employee dishonesty, forgery or alteration, and computer fraud.

Settled claims have not exceeded any of the coverage amounts in the last three fiscal years, and there were no reductions in the District's insurance coverage during the year ending June 30, 2025. Liabilities are recorded when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025.

(20) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Construction Commitments

The following schedule lists the major contractual commitments as of June 30, 2025:

Project	Vendor	Amount
Reservior 5B Construction	Canyon Springs Enterprises	\$ 6,451,893

Litigation

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.

(21) Restatement- Change in Accounting Principle

The District implemented GASB Statement No. 101, Compensated Absences, in fiscal year 2025. Management reviewed the District's liability for compensated absences in accordance with the provisions of GASB Statement No. 101, and based on this review, the beginning balance as of July 1, 2024, was restated from \$2,726,440 to \$3,500,896 for a change of \$774,456 to reflect the application of the new guidance. The restatement increased long-term liabilities and decreased beginning net position by \$774,456. Comparative information for fiscal year 2024 has been restated accordingly. The table below shows a breakdown of the restatement by fund.

	Water Fund	Sewer Fund	Recycled Water Fund	All Funds
Net Position 6/30/24 as originally stated	\$ 294,555,002	\$ 72,206,632	\$ 4,863,358	\$ 371,624,992
Restatement- Change in Accounting Principle	(636,310)	(126,965)	(11,181)	(774,456)
Net Position 6/30/24 restated	\$ 293,918,692	\$ 72,079,667	\$ 4,852,177	\$ 370,850,536





REQUIRED SUPPLEMENTARY INFORMATION

Defined Benefit Pension Plan (PERS)
Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years

MEASUREMENT PERIOD	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service Cost	\$ 1,489,827	\$ 1,524,172	\$ 1,758,184	\$ 1,866,288	\$ 1,745,718
Interest	5,013,228	5,279,223	5,620,418	5,921,045	6,380,628
Changes of Benefits Terms	-	-	-	-	-
Changes in Assumptions	(1,378,724)	-	5,233,031	(794,630)	-
Difference Between Expected and Actual Experience	623,559	(558,291)	157,575	575,309	2,116,769
Benefit Payments, Including Refunds of Employee Contributions	(2,363,439)	(2,606,336)	(2,820,091)	(3,197,422)	(3,634,711)
Net Change in Total Pension Liability	\$ 3,384,451	\$ 3,638,768	\$ 9,949,117	\$ 4,370,590	\$ 6,608,404
Total Pension Liability - Beginning	66,724,360	70,108,811	73,747,579	83,696,696	88,067,286
Total Pension Liability - Ending (a)	\$70,108,811	\$73,747,579	\$83,696,696	\$88,067,286	\$94,675,690
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 1,653,572	\$ 1,817,385	\$ 3,044,601	\$ 3,038,475	\$ 3,259,552
Contribution - Employee	899,150	777,419	804,638	847,496	798,807
Net Investment Income	1,140,016	288,644	5,852,581	5,068,060	4,268,816
Benefit Payments, Including Refunds of Employee Contributions	(2,363,439)	(2,606,336)	(2,820,091)	(3,197,422)	(3,634,711)
Administrative Expense	(58,593)	(31,758)	(77,299)	(92,188)	(46,135)
Net Plan to Plan Resource Movement	-	-	-	(149)	-
Other Miscellaneous Income/(Expenses)	-	-	-	(175,066)	149
Net Change in Fiduciary Net Position	\$ 1,270,706	\$ 245,354	\$ 6,804,430	\$ 5,489,206	\$ 4,646,478
Plan Fiduciary Net Position - Beginning	50,839,512	52,110,218	52,355,572	59,160,002	64,649,208
Plan Fiduciary Net Position - Ending (b)	\$ 52,110,218	\$ 52,355,572	\$ 59,160,002	\$ 64,649,208	\$ 69,295,686
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽¹⁾	\$17,998,593	\$21,392,007	\$24,536,694	\$23,418,078	\$25,380,004
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
	74.33%	70.99%	70.68%	73.41%	73.19%
Covered Payroll	\$ 9,381,625	\$ 9,867,521	\$ 10,315,083	\$ 10,475,082	\$ 10,612,655
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	191.85%	216.79%	237.87%	223.56%	239.15%



Defined Benefit Pension Plan (PERS) Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years

MEASUREMENT PERIOD	2020	2021	2022	2023	2024
TOTAL PENSION LIABILITY					
Service Cost	\$ 1,765,434	\$ 1,867,039	\$ 2,128,582	\$ 2,232,206	\$ 2,431,641
Interest	6,682,850	7,057,652	7,503,561	8,033,504	8,658,900
Changes of Benefits Terms	-	-	-	76,534	-
Changes in Assumptions	-	-	4,450,710	-	-
Difference Between Expected and Actual Experience	(266,167)	521,071	608,326	2,382,173	3,597,860
Benefit Payments, Including Refunds of Employee Contributions	(3,651,602)	(3,904,772)	(4,246,481)	(4,678,245)	(5,120,872)
Net Change in Total Pension Liability	\$ 4,530,515	\$ 5,540,990	\$ 10,444,698	\$ 8,046,172	\$ 9,567,529
Total Pension Liability - Beginning	94,675,690	99,206,205	104,747,195	115,191,893	123,238,065
Total Pension Liability - Ending (a)	\$ 99,206,205	\$ 104,747,195	\$ 115,191,893	\$ 123,238,065	\$ 132,805,594
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 3,575,721	\$ 3,823,185	\$ 4,004,837	\$ 4,336,763	\$ 4,550,727
Contribution - Employee	844,963	974,874	804,952	967,575	1,170,846
Net Investment Income	3,468,688	16,768,820	(6,921,573)	5,280,016	8,745,150
Benefit Payments, Including Refunds of Employee Contributions	(3,651,602)	(3,904,772)	(4,246,481)	(4,678,245)	(5,120,872)
Administrative Expense	(97,690)	(73,358)	(56,703)	(62,218)	(73,602)
Net Plan to Plan Resource Movement	-	-	-	-	-
Other Miscellaneous Income/(Expenses)	-	-	-	-	-
Net Change in Fiduciary Net Position	\$ 4,140,080	\$ 17,588,749	\$ (6,414,968)	\$ 5,843,891	\$ 9,272,249
Plan Fiduciary Net Position - Beginning	69,295,686	73,435,766	91,024,515	84,609,547	90,453,438
Plan Fiduciary Net Position - Ending (b)	\$ 73,435,766	\$ 91,024,515	\$ 84,609,547	\$ 90,453,438	\$ 99,725,687
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽¹⁾	\$ 25,770,439	\$ 13,722,680	\$ 30,582,346	\$ 32,784,627	\$ 33,079,907
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.02%	86.90%	73.45%	73.40%	75.09%
Covered Payroll	\$ 11,021,207	\$ 11,573,492	\$ 12,048,553	\$ 13,068,782	\$ 14,368,689
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	233.83%	118.57%	253.83%	250.86%	230.22%

(1) Net of administrative expenses

Notes to Schedule:

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

Defined Benefit Pension Plan (PERS)
Schedule of Plan Contributions
As of June 30, for the Last Ten Fiscal Years

2016-2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 1,817,385	\$ 2,044,601	\$ 2,058,533	\$ 2,309,234	\$ 2,638,119
Contribution in Relation to the Actuarially					
Determined Contribution	(1,817,385)	(2,044,601)	(3,058,533)	(3,309,234)	(3,638,119)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>
Covered Payroll	9,867,521	10,315,083	10,475,082	10,612,655	11,021,207
Contributions as a Percentage of Covered Payroll	18.42%	29.52%	29.20%	31.18%	33.01%

2021-2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially Determined Contribution	\$ 2,894,521	\$ 3,080,880	\$ 3,359,264	\$ 3,750,629	\$ 4,334,506
Contribution in Relation to the Actuarially					
Determined Contribution	(3,894,521)	(4,080,880)	(4,359,264)	(4,500,629)	(4,334,506)
Contribution Deficiency (Excess)	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (750,000)</u>	<u>\$ -</u>
Covered Payroll	11,573,492	12,048,553	13,068,782	14,368,689	14,690,160
Contributions as a Percentage of Covered Payroll	33.65%	33.87%	33.36%	31.32%	29.51%

Note to Schedule:

Valuation Date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	For Details, see June 30, 2021 Funding Valuation Report
Assets valuation method	Fair Value of Assets. For details, see June 30, 2020 Funding Valuation Report
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Payroll growth	2.80%
Investment rate of return	6.80% Net of Pension Plan Investment and Administrative Expenses; includes
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational monthly improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

Defined Benefit Pension Plan (PARS)
Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years

MEASUREMENT PERIOD	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service Cost	\$ 167,923	\$ 96,326	\$ 105,656	\$ 91,496	\$ 94,241
Interest	291,019	306,815	324,556	334,808	350,617
Difference Between expected and Actual Experience	(59,276)	-	(130,125)	-	(42,960)
Changes in Assumptions	(1,467,793)	-	35,844	-	794,012
Benefit Payments, Including Refunds of employee Contributions	(128,012)	(142,508)	(156,761)	(183,021)	(206,668)
Net Change in Total Pension Liability	\$ (1,196,139)	\$ 260,633	\$ 179,170	\$ 243,283	\$ 989,242
Total Pension Liability - Beginning	5,716,471	4,520,332	4,780,965	4,960,135	5,203,418
Total Pension Liability - Ending (a)	\$ 4,520,332	\$ 4,780,965	\$ 4,960,135	\$ 5,203,418	\$ 6,192,660
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 181,815	\$ 229,000	\$ 180,000	\$ 180,000	\$ 180,000
Net Investment Income	116,980	72,824	457,755	368,766	389,948
Benefit Payments, Including Refunds of Employee Contributions	(128,012)	(142,508)	(156,761)	(183,021)	(206,668)
Administrative Expense	(29,113)	(29,467)	(29,547)	(30,086)	(30,195)
Net Change in Fiduciary Net Position	\$ 141,670	\$ 129,849	\$ 451,447	\$ 335,659	\$ 333,085
Plan Fiduciary Net Position - Beginning	5,118,661	5,260,331	5,390,180	5,841,627	6,177,286
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,260,331</u>	<u>\$ 5,390,180</u>	<u>\$ 5,841,627</u>	<u>\$ 6,177,286</u>	<u>\$ 6,510,371</u>
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽¹⁾	\$ (739,999)	\$ (609,215)	\$ (881,492)	\$ (973,868)	\$ (317,711)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.37%	112.74%	117.77%	118.72%	105.13%
Covered Payroll	\$ 8,237,008	\$ 8,060,799	\$ 7,785,307	\$ 7,606,373	\$ 6,781,265
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	(8.98)%	(7.56)%	(11.32)%	(12.80)%	(4.69)%



Defined Benefit Pension Plan (PARS)
Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years

MEASUREMENT PERIOD	2020	2021	2022	2023	2024
TOTAL PENSION LIABILITY					
Service Cost	\$ 107,042	\$ 109,986	\$ 117,087	\$ 120,307	\$ 119,081
Interest	387,118	404,619	438,535	457,043	451,900
Difference Between expected and Actual Experience	-	195,163	-	(362,648)	-
Changes in Assumptions	-	349,202	-	(27,740)	-
Benefit Payments, Including Refunds of Employee Contributions	(211,632)	(222,529)	(239,608)	(261,146)	(281,742)
Net Change in Total Pension Liability	\$ 282,528	\$ 836,441	\$ 316,014	\$ (74,184)	\$ 289,239
Total Pension Liability - Beginning	6,192,660	6,475,188	7,311,629	7,627,643	7,553,459
Total Pension Liability - Ending (a)	\$ 6,475,188	\$ 7,311,629	\$ 7,627,643	\$ 7,553,459	\$ 7,842,698
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
Net Investment Income	400,069	1,474,348	(1,059,715)	472,477	822,301
Benefit Payments, Including Refunds of Employee Contributions	(211,632)	(222,529)	(239,608)	(261,146)	(281,742)
Administrative Expense	(30,591)	(31,535)	(32,113)	(31,144)	(31,625)
Net Change in Fiduciary Net Position	\$ 337,846	\$ 1,400,284	\$ (1,151,436)	\$ 360,187	\$ 688,934
Plan Fiduciary Net Position - Beginning	6,510,371	6,848,217	8,248,501	7,097,065	7,457,252
Plan Fiduciary Net Position - Ending (b)	\$ 6,848,217	\$ 8,248,501	\$ 7,097,065	\$ 7,457,252	\$ 8,146,186
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽²⁾	\$ (373,029)	\$ (936,872)	\$ 530,578	\$ 96,207	\$ (303,488)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.76%	112.81%	93.04%	98.73%	103.87%
Covered Payroll	\$ 7,078,754	\$ 7,214,300	\$ 7,783,939	\$ 7,210,368	\$ 7,462,296
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	(5.27)%	(12.99)%	6.82%	1.33%	(4.07)%

(1) Net of administrative expenses

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions: The data, assumptions, methods, and plan provisions valued in this report are based on those described in the fiscal 2024 GASB 68 actuarial valuation report dated June 26, 2024.

**Defined Benefit Pension Plan (PARS)
Schedule of Plan Contributions**
As of June 30, for the Last Ten Fiscal Years

2016-2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 229,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
Contribution in Relation to the Actuarially Determined Contribution	(229,000)	(180,000)	(180,000)	(180,000)	(180,000)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	8,060,799	7,785,307	7,606,373	6,781,265	7,078,754
Contributions as a Percentage of Covered Payroll	2.84%	2.31%	2.37%	2.65%	2.54%

2021-2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially Determined Contribution	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
Contribution in Relation to the Actuarially Determined Contribution	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	7,214,300	7,783,939	7,210,368	7,462,296	7,512,175
Contributions as a Percentage of Covered Payroll	2.50%	2.31%	2.50%	2.41%	2.40%

Notes to Schedule:

Valuation Date: June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal in accordance with the requirements of GASB 68.

Amortization method Level percentage of payroll, closed

Remaining amortization period 10 years

Assets valuation method 5-year

Inflation 2.50%

Salary Increases Rates are based on a wage growth rate of 3.00% per year plus the Public Agency Miscellaneous merit and promotion increases from the 2021 CalPERS Experience Study.

Investment Rate of Return 6.00%

Retirement Age Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience

Mortality Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of the scale MP-2020.



Excess Benefit Pension Plan Schedule of Changes in Net Pension Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years

MEASUREMENT PERIOD	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service Cost	\$ 70,173	\$ 33,058	\$ 45,946	\$ 46,967	\$ 48,376
Interest	59,298	48,835	45,287	60,070	62,756
Difference Between Expected and Actual Experience	153,569	-	327,832	-	622,043
Changes in Assumptions	(517,106)	234,570	(290,403)	(17,478)	(479,570)
Changes of Benefits Terms	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(24,711)	(25,205)	(25,709)	(37,013)	(52,435)
Change in Total Pension Liability	\$ (258,777)	\$ 291,258	\$ 102,953	\$ 52,546	\$ 201,170
Total Pension Liability - Beginning	1,523,457	1,264,680	1,555,938	1,658,891	1,711,437
Total Pension Liability - Ending (a)	\$ 1,264,680	\$ 1,555,938	\$ 1,658,891	\$ 1,711,437	\$ 1,912,607
PLAN FIDUCIARY NET POSITION					
Other Changes in Fiduciary Net Position	(3,403)	-	-	-	-
Net Change in Fiduciary Net Position	\$ (3,403)	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Beginning	3,403	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽¹⁾	\$ 1,264,680	\$ 1,555,938	\$ 1,658,891	\$ 1,711,437	\$ 1,912,607
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 8,237,008	\$ 8,060,799	\$ 7,785,307	\$ 7,606,373	\$ 6,781,265
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	15.35%	19.30%	21.31%	22.50%	28.20%

Excess Benefit Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years

MEASUREMENT PERIOD	2020	2021	2022	2023	2024
TOTAL PENSION LIABILITY					
Service Cost	\$ 22,372	\$ 28,232	\$ 36,790	\$ 21,394	\$ 32,638
Interest	59,591	52,559	47,366	67,548	118,737
Difference Between Expected and Actual Experience	-	(53,788)	-	1,416,253	-
Changes in Assumptions	219,076	362,382	(615,390)	(169,254)	(48,993)
Changes of Benefits Terms	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(62,201)	(68,858)	(83,558)	(96,019)	(107,290)
Change in Total Pension Liability	\$ 238,838	\$ 320,527	\$ (614,792)	\$ 1,239,922	\$ (4,908)
Total Pension Liability - Beginning	1,912,607	2,151,445	2,471,972	1,857,180	3,097,102
Total Pension Liability - Ending (a)	\$ 2,151,445	\$ 2,471,972	\$ 1,857,180	\$ 3,097,102	\$ 3,092,194
PLAN FIDUCIARY NET POSITION					
Other Changes in Fiduciary Net Position	-	-	-	-	-
Net Change in Fiduciary Net Position	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position - Beginning	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Net Pension Liability/(Assets) - Ending (a) - (b) ⁽¹⁾	\$ 2,151,445	\$ 2,471,972	\$ 1,857,180	\$ 3,097,102	\$ 3,092,194
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 7,078,754	\$ 7,214,300	\$ 7,783,939	\$ 7,210,368	\$ 7,462,296
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	30.39%	34.26%	23.86%	42.95%	41.44%

(1) Plan Fiduciary Net Position balance at previous fiscal year end included pension assets. Under GASB 73, pension assets subject to District's creditors should be reported as assets of the District rather than Plan Fiduciary Net Position.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

- The discount rate increased from 3.86% to 3.97% to reflect a change in the 20-year municipal bond rate.

**Excess Benefit Pension Plan
Schedule of Plan Contributions**
As of June 30, for the Last Ten Fiscal Years

2016-2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 25,205	\$ 25,709	\$ 37,013	\$ 52,435	\$ 62,201
Contribution in Relation to the Actuarially Determined Contribution	(25,205)	(25,709)	(37,013)	(52,435)	(62,201)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 8,060,799	\$ 7,785,307	\$ 7,606,373	\$ 6,781,265	\$ 7,078,754
Contributions as a Percentage of Covered Payroll	0.31%	0.33%	0.49%	0.77%	0.88%

2021-2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially Determined Contribution	\$ 68,858	\$ 83,597	\$ 96,018	\$ 107,290	\$ 110,669
Contribution in Relation to the Actuarially Determined Contribution	(68,858)	(83,597)	(96,018)	(107,290)	(110,669)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,214,300	\$ 7,783,939	\$ 7,210,368	\$ 7,462,296	\$ 7,512,175
Contributions as a Percentage of Covered Payroll	0.95%	1.07%	1.33%	1.48%	1.47%

Note to Schedule:

Valuation Date: June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12 years
Assets valuation method	5-year
Inflation	2.50%
Salary Increases	Varies by entry age and service
Investment rate of return	N/A
Retirement age	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study.
Mortality	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020.



Other Postemployment Benefits (OPEB)
Schedule of Changes in Net OPEB Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

MEASUREMENT PERIOD	2017	2018	2019	2020	2021
TOTAL OPEB LIABILITY					
Service Cost	\$ 432,544	\$ 452,441	\$ 447,776	\$ 456,216	\$ 473,415
Interest	1,384,413	1,469,710	1,477,009	1,457,921	1,525,952
Changes in Assumptions	-	(1,052,868)	176,487	-	1,217,489
Difference Between Expected and Actual Experience	-	-	857,268	945	(6,022,185)
Benefit Payments	(566,374)	(764,013)	(764,690)	(887,328)	(883,965)
Net Change in Total OPEB Liability	\$ 1,250,583	\$ 105,270	\$ 2,193,850	\$ 1,027,754	\$ (3,689,294)
Total OPEB Liability - Beginning	18,867,302	20,117,885	20,223,155	22,417,005	23,444,759
Total OPEB Liability - Ending (a)	\$ 20,117,885	\$ 20,223,155	\$ 22,417,005	\$ 23,444,759	\$ 19,755,465
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 984,000	\$ 1,311,239	\$ 1,520,000	\$ 1,457,643	\$ 2,201,838
Contribution - Employee	596,123	-	-	-	-
Net Investment Income	-	516,128	517,427	319,294	2,772,786
Other Additions	-	4,435	-	-	-
Other Deductions	-	(8,226)	-	-	-
Benefit Payments	(566,374)	(764,013)	(764,690)	(887,328)	(883,965)
Administrative Expense	(2,883)	(3,524)	(1,697)	(4,438)	(3,832)
Net Change in Fiduciary Net Position	\$ 1,010,866	\$ 1,056,039	\$ 1,271,040	\$ 885,171	\$ 4,086,827
Plan Fiduciary Net Position - Beginning	5,203,156	6,214,022	7,270,061	8,541,101	9,426,272
Plan Fiduciary Net Position - Ending (b)	\$ 6,214,022	\$ 7,270,061	\$ 8,541,101	\$ 9,426,272	\$ 13,513,099
Plan Net OPEB Liability/(Assets) - Ending (a) - (b)	\$ 13,903,863	\$ 12,953,094	\$ 13,875,904	\$ 14,018,487	\$ 6,242,366
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.89%	35.95%	38.10%	40.21%	68.40%
Covered Employee Payroll⁽²⁾	\$ 7,785,307	\$ 7,753,113	\$ 7,431,860	\$ 7,907,675	\$ 7,527,264
Plan Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	178.59%	167.07%	186.71%	177.28%	82.93%



Other Postemployment Benefits (OPEB) Schedule of Changes in Net OPEB Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

MEASUREMENT PERIOD	2022	2023	2024
TOTAL OPEB LIABILITY			
Service Cost	\$ 376,510	\$ 386,864	\$ 356,546
Interest	1,182,010	1,225,637	1,201,352
Changes in Assumptions	-	(761,230)	-
Difference Between Expected and Actual Experience	30,449	(1,110,435)	15,551
Benefit Payments	(863,620)	(880,774)	(951,588)
Net Change in Total OPEB Liability	\$ 725,349	\$ (1,139,938)	\$ 621,861
Total OPEB Liability - Beginning	19,755,465	20,480,814	19,340,876
Total OPEB Liability - Ending (a)	\$ 20,480,814	\$ 19,340,876	\$ 19,962,737
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	\$ 2,443,620	\$ 2,480,774	\$ 1,215,000
Contribution - Employee	-	-	-
Net Investment Income	(2,006,439)	896,015	1,834,273
Other Additions	-	-	-
Other Deductions	-	-	-
Benefit Payments	(863,620)	(880,774)	(951,588)
Administrative Expense	(3,635)	(4,050)	(5,314)
Net Change in Fiduciary Net Position	\$ (430,074)	\$ 2,491,965	\$ 2,092,371
Plan Fiduciary Net Position - Beginning	13,513,099	13,083,025	15,574,990
Plan Fiduciary Net Position - Ending (b)	\$ 13,083,025	\$ 15,574,990	\$ 17,667,361
Plan Net OPEB Liability/(Assets) - Ending (a) - (b)	\$ 7,397,789	\$ 3,765,886	\$ 2,295,376
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	63.88%	80.53%	88.50%
Covered Employee Payroll ⁽²⁾	\$ 8,224,550	\$ 7,600,357	\$ 7,462,288
Plan Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	89.95%	49.55%	30.76%

(1) Historical information is required only for measurement for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

(2) Covered Employee Payroll represents the payroll of employees that are provided with OPEB through the OPEB plan since the contributions to the OPEB plan are not based on a measure of pay.

Notes to Schedule:

Changes of Assumptions: There are changes in assumptions since the prior valuation.

Other Postemployment Benefits (OPEB)
Schedule of Plan Contributions
As of June 30, for the Last Ten Fiscal Years ⁽¹⁾

2018-2022

	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 1,311,239	\$ 1,520,000	\$ 1,440,000	\$ 2,201,838	\$ 2,443,620
Contribution in Relation to the Actuarially Determined Contribution	(1,311,239)	(1,520,000)	(1,440,000)	(2,201,838)	(2,443,620)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 7,753,113	\$ 7,431,860	\$ 7,907,675	\$ 7,527,264	\$ 8,224,550
Contributions as a Percentage of Covered Employee Payroll	16.91%	20.45%	18.21%	29.25%	29.71%

2023-2025

	2023	2024	2025
Actuarially Determined Contribution	\$ 2,480,775	\$ 1,215,000	\$ 710,000
Contribution in Relation to the Actuarially Determined Contribution	(2,480,775)	(1,215,000)	(710,000)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 7,600,357	\$ 7,462,288	\$ 8,073,441
Contributions as a Percentage of Covered Employee Payroll	32.64%	16.28%	8.79%

(1) Historical information is required only for measurement for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Note to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024 were from the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a fixed closed 21-year period
Asset Valuation Method	Market value
Inflation	2.50%
Payroll Growth	3.00%
Investment Rate of Return	6.25%, assuming actuarially determined contributions funded into CERBT Investment Strategy 1
Healthcare cost-trend rates	Annual increases in per capita claims costs and plan premiums are as follows:
Medical, not Medicare eligible	7.6% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.
Medical, Medicare eligible	5.1% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.
Retirement Age	Tier 1 employees - 2.5% @ 55, Tier 2 employees - 2.5% @ 60 and Tier 3 employees - 2.0% @ 62. The probabilities of Retirement are based on the 2021 CalPERS Experience Study.
Mortality	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020.



STATISTICAL SECTION

Changes in Net Position by Component
Last 10 Fiscal Years
Schedule 1

	Fiscal Year				
	2016	2017	2018	2019	2020
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 81,198,764	\$ 84,522,917	\$ 92,921,423	\$ 93,844,175	\$ 103,431,561
Operating expenses (see Schedule 3)	(64,439,623)	(74,472,769)	(86,904,795)	(86,527,748)	(93,473,452)
Operating income(loss)	16,759,141	10,050,148	6,016,628	7,316,427	9,958,109
Non-operating revenues(expenses)					
Investment income (loss)	1,569,781	226,841	522,782	3,348,754	3,573,731
Taxes and assessments	35	13	12	-	-
Rent and lease revenue	437,184	450,838	460,533	478,310	492,454
Interest expense	(6,052,435)	(7,441,446)	(7,379,979)	(6,445,695)	(6,138,065)
Amortization of deferred charge on refunding	(225,345)	(309,984)	(316,069)	(406,564)	(406,564)
Gain (loss) on disposal of assets	(6,153)	(169,966)	-	(57,166)	-
Other nonoperating revenues	1,498,448	1,636,786	1,228,196	3,128,989	757,886
Other nonoperating expenses	(1,405,307)	(1,475,858)	(2,178,033)	(2,058,894)	(462,047)
Total non-operating revenues(expenses), net	(4,183,792)	(7,082,776)	(7,662,558)	(2,012,266)	(2,182,605)
Net income before capital contributions	12,575,349	2,967,372	(1,645,930)	5,304,161	7,775,504
Capital contributions	3,009,934	3,134,828	3,655,449	5,077,406	1,399,852
Special items	-	-	-	(2,610,504)	-
Changes in net position	\$ 15,585,283	\$ 6,102,200	\$ 2,009,519	\$ 7,771,063	\$ 9,175,356
Net position by component:					
Net investment in capital assets	\$230,275,675	\$ 230,199,134	\$242,567,203	\$ 251,202,768	\$ 251,398,320
Restricted for capital projects	8,923,356	6,090,965	9,746,415	12,212,066	12,211,918
Unrestricted	70,845,073	79,856,205	55,985,193	52,655,040	61,634,992
Total net position	\$310,044,104 ⁽¹⁾	\$ 316,146,304	\$308,298,811 ⁽²⁾	\$ 316,069,874	\$ 325,245,230

Continued on the next page...



Changes in Net Position by Component

Last 10 Fiscal Years

Schedule 1

	Fiscal Year				
	2021	2022	2023	2024	2025
Changes in net position:					
Operating revenues (see Schedule 2)	\$106,424,224	\$ 105,192,279	\$ 95,953,928	\$109,772,579	\$ 123,270,237
Operating expenses (see Schedule 3)	(90,905,761)	(86,896,623)	(91,193,421)	(107,008,566)	(110,301,017)
Operating income(loss)	15,518,463	18,295,656	4,760,507	2,764,013	12,969,220
Non-operating revenues(expenses)					
Investment income (loss)	219,154	(1,837,893)	2,726,875	4,645,208	5,429,095
Taxes and assessments	-	-	-	-	-
Rent and lease revenue	512,890	477,754	502,895	548,612	708,288
Interest expense	(5,455,126)	(4,507,779)	(4,166,612)	(3,861,396)	(3,547,822)
Amortization of deferred charge on refunding	(339,851)	(122,585)	(122,584)	(122,584)	(122,584)
Gain (loss) on disposal of assets	(300,363)	232,844	(429,078)	12,799	(2,046,936)
Other nonoperating revenues	653,102	1,280,297	1,328,146	2,112,274	2,081,545
Other nonoperating expenses	(532,397)	(413,543)	(843,773)	(1,329,687)	(440,222)
Total non-operating revenues(expenses), net	(5,242,591)	(4,890,905)	(1,004,131)	2,005,226	2,061,364
Net income before capital contributions	10,275,872	13,404,751	3,756,376	4,769,239	15,030,584
Capital contributions	3,186,105	5,432,750	2,108,153	2,673,004	3,191,239
Special items	-	-	-	-	-
Changes in net position	\$ 13,461,977	\$ 18,837,501	\$ 5,864,529	\$ 7,442,243	\$ 18,221,823
Net position by component:					
Net investment in capital assets	\$251,414,505	\$ 264,457,989	\$ 269,536,865	\$282,111,788	\$ 282,574,420
Restricted for capital projects	13,793,095	11,909,318	11,433,977	13,652,952	14,997,681
Unrestricted	73,499,607	81,177,401	82,438,395	75,086,740	91,501,202
Total net position	\$338,707,207	\$ 357,544,708	\$ 363,409,237	\$370,851,480 ⁽³⁾	\$ 389,073,303

Notes:

- (1) The District made a restatement of (\$7,045,639)
- (2) The District made a restatement of (\$9,857,012)
- (3) The District made a restatement of (\$774,456)

SOURCE: Cucamonga Valley Water District- Accounting Department

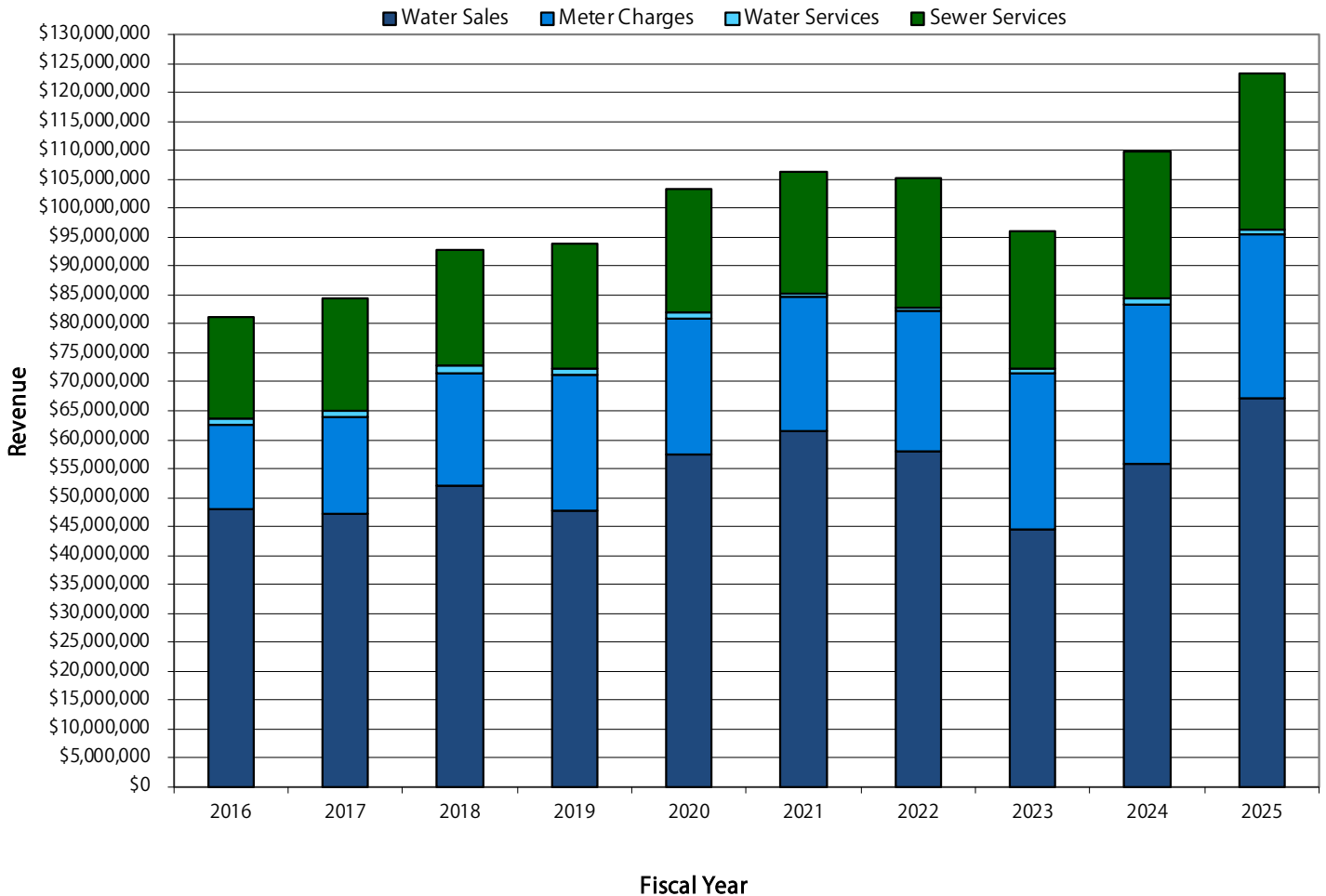


Operating Revenue by Source

Last Ten Fiscal Years

Schedule 2

Fiscal Year	Water Sales	Meter Charges	Water Services	Sewer Services	Total Operating Revenue
2016	\$ 47,914,302	\$ 14,595,971	\$ 1,266,664	\$ 17,421,827	\$ 81,198,764
2017	47,067,431	16,780,336	1,224,963	19,450,187	84,522,917
2018	51,977,882	19,558,598	1,253,034	20,131,909	92,921,423
2019	47,740,155	23,458,777	1,212,098	21,433,145	93,844,175
2020	57,520,807	23,299,147	1,078,989	21,532,618	103,431,561
2021	61,464,121	23,159,509	716,184	21,084,410	106,424,224
2022	57,991,344	24,233,306	651,145	22,316,484	105,192,279
2023	44,572,800	26,889,981	896,933	23,594,214	95,953,928
2024	55,750,745	27,711,598	998,561	25,311,675	109,772,579
2025	67,039,485	28,419,610	959,889	26,851,253	123,270,237



SOURCE: Cucamonga Valley Water District- Accounting Department



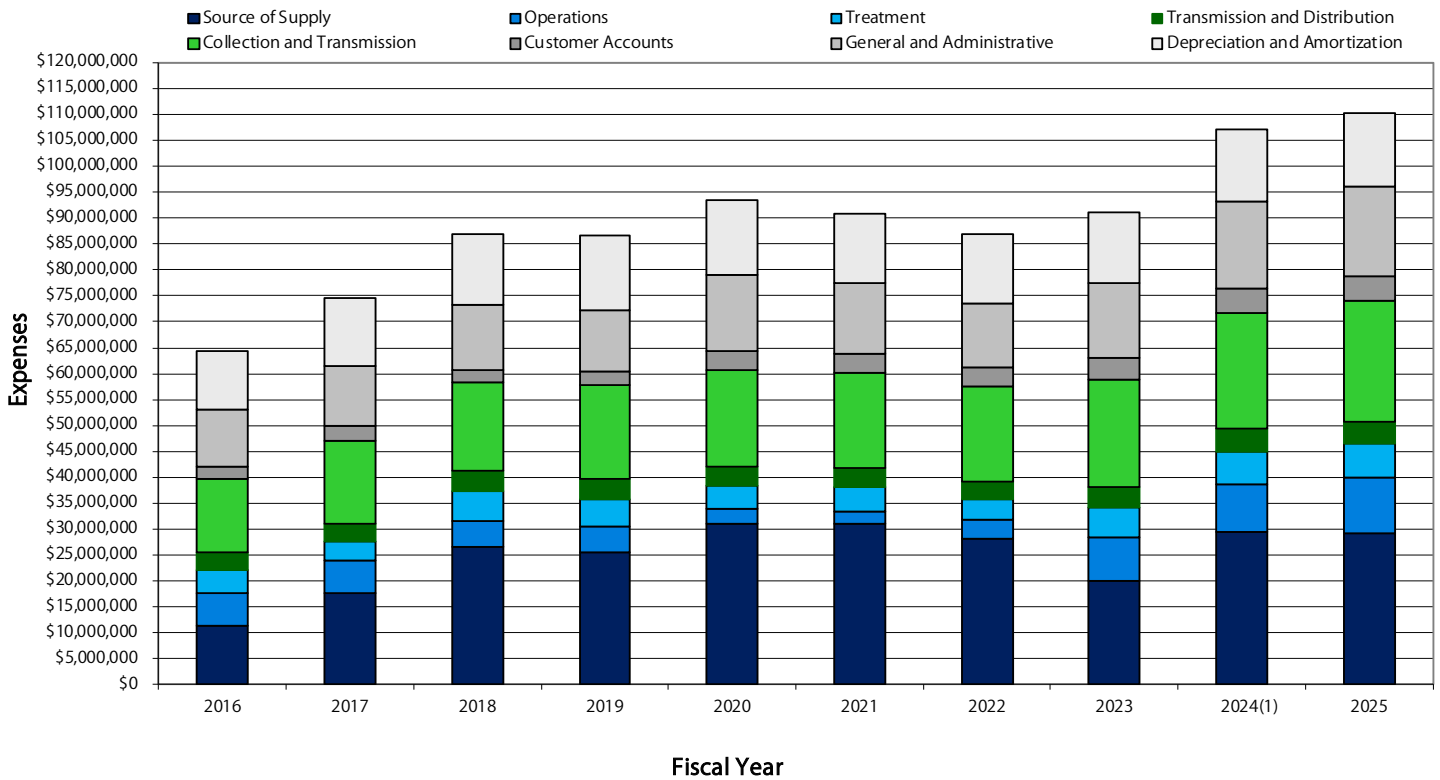
Operating Expenses by Activity

Last Ten Fiscal Years

Schedule 3

Fiscal Year	Source of Supply	Pumping Operations	Water Treatment	Transmission and Distribution	Collection and Transmission	Customer Accounts	General and Administrative	Depreciation and Amortization	Total Operating Expenses
2016	\$ 11,286,663	\$ 6,485,127	\$ 4,380,765	\$ 3,284,484	\$ 14,240,864	\$ 2,266,296	\$ 11,134,118	\$ 11,361,306	\$ 64,439,623
2017	17,807,730	6,120,261	3,597,740	3,575,857	16,021,489	2,751,655	11,578,873	13,019,164	74,472,769
2018	26,482,669	5,188,325	5,756,539	3,729,021	17,039,642	2,540,184	12,497,711	13,670,704	86,904,795
2019	25,525,383	4,887,732	5,463,597	3,876,239	17,922,796	2,787,920	11,882,432	14,181,649	86,527,748
2020	31,007,851	2,859,490	4,477,073	3,614,004	18,790,682	3,523,499	14,731,324	14,469,529	93,473,452
2021	31,141,728	2,315,271	4,799,390	3,545,040	18,268,853	3,647,716	13,879,534	13,308,229	90,905,761
2022	28,103,439	3,811,274	3,761,497	3,491,085	18,465,741	3,702,055	12,139,397	13,422,135	86,896,623
2023	20,077,171	8,373,799	5,660,488	4,022,981	20,759,162	4,107,771	14,555,121	13,636,928	91,193,421
2024 ⁽¹⁾	29,442,250	9,299,306	6,126,585	4,476,183	22,430,958	4,535,813	16,870,902	13,826,569	107,008,566
2025	29,253,333	10,637,121	6,562,410	4,219,530	23,458,800	4,748,933	17,257,558	14,163,332	110,301,017

(1) Balances restated by (\$774,456) due to implementation of GASB 101.



SOURCE: Cucamonga Valley Water District- Accounting Department

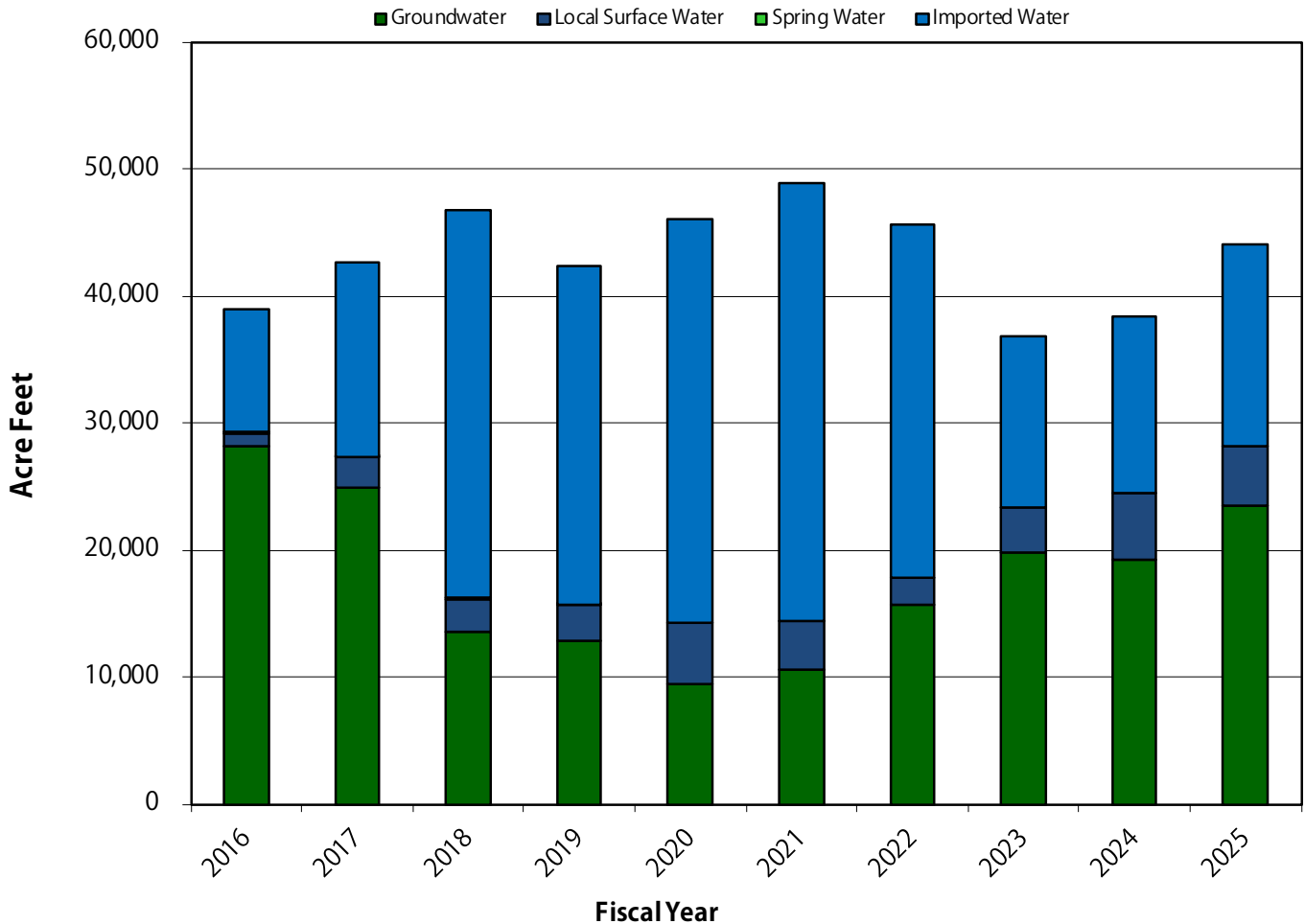


Water Production in Acre Feet

Last Ten Fiscal Years

Schedule 4

Fiscal Year	Source				Total Production
	Groundwater	Local Surface Water	Spring Water	Imported Water	
2016	28,151	990	156	9,682	38,979
2017	24,928	2,448	8	15,288	42,672
2018	13,527	2,662	30	30,559	46,778
2019	12,883	2,847	22	26,691	42,443
2020	9,537	4,744	-	31,738	46,019
2021	10,638	3,797	-	34,425	48,860
2022	15,668	2,136	-	27,880	45,684
2023	19,795	3,566	-	13,515	36,876
2024	19,210	5,349	-	13,855	38,414
2025	23,457	4,709	-	15,910	44,076



Note: See Schedule 2 "Operating Revenue by Source" for more information regarding water revenues

SOURCE: Cucamonga Valley Water District- Production Department



Water Rate History

Last Ten Fiscal Years

Schedule 5

Water Rate per HCF⁽¹⁾

Tiered Water Rates

Fiscal Year	Tier 1	Tier 2	Tier 3	Tier 4	Construction
2016 ^{(2)(A)}	\$2.34	\$2.55	\$3.09	\$5.68	\$5.34
2017 ^(A)	1.60	2.13	2.66	3.03	4.63
2018 ^(A)	1.61	2.14	2.68	3.05	4.65
2019 ^(A)	1.62	2.16	2.71	3.07	4.70
2020 ^(A)	1.62	2.16	2.71	3.07	4.70
2021 ^(A)	1.62	2.16	2.71	3.07	4.70
2022 ^(B)	1.62	2.16	2.71	3.07	4.70
2022 ^(C)	1.67	2.07	3.55	3.76	3.76
2023 ^(B)	1.67	2.07	3.55	3.76	3.76
2023 ^(C)	1.72	2.13	3.65	3.87	3.87
2024 ^(B)	1.72	2.13	3.65	3.87	3.87
2024 ^(C)	1.77	2.19	3.76	3.98	3.98
2025 ^(B)	1.77	2.19	3.76	3.98	3.98
2025 ^(C)	1.82	2.26	3.87	4.10	4.10

MWD Surcharge Rate

Fiscal Year	Tier 1	Tier 2	Tier 3	Tier 4
2022 ^(B)	\$0.29	\$0.29	\$0.29	\$0.29
2022 ^(C)	N/A	N/A	0.05	0.05
2023 ^(B)	N/A	N/A	0.05	0.05
2023 ^(C)	N/A	N/A	0.19	0.19
2024 ^(B)	N/A	N/A	0.19	0.19
2024 ^(C)	N/A	N/A	0.29	0.29
2025 ^(B)	N/A	N/A	0.29	0.29
2025 ^(C)	N/A	N/A	0.31	0.31

Tier Allocation in HCF by Meter Size Effective Since January 2022

	3/4 inch	1 inch	1 1/2 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch
Tier 1	0-6	0-10	0-20	0-32	0-64	0-100	0-200	0-320	0-480	0-675
Tier 2	7-18	11-30	21-60	33-96	65-192	101-300	201-600	321-960	481-1,440	676-2,025
Tier 3	19-36	31-60	61-120	97-192	193-384	301-600	601-1200	961-1,920	1,441-2,880	2,026-4,050
Tier 4	> 36	> 60	> 120	> 192	> 384	> 600	> 1,200	> 1,920	> 2,880	> 4,050

Meter Charge Rates

Fiscal Year	Billing Period	3/4 inch	1 inch	1 1/2 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch
2016	Bi-monthly	\$30.35	\$50.58	\$101.16	\$161.86	\$303.48	\$505.80	\$1,011.60	\$1,618.57	\$2,427.85	\$121.36
2017	Bi-monthly	35.64	59.39	118.79	190.06	356.36	593.93	1,187.87	1,900.59	2,850.88	239.59
2018	Bi-monthly	41.75	69.58	139.16	222.65	417.47	695.79	1,391.57	2,226.51	3,339.77	37.60
2019	Bi-monthly	50.00	83.33	166.67	266.67	500.00	833.33	1,666.67	2,666.67	4,000.00	742.08
2020	Monthly	25.00	41.66	83.33	133.33	250.00	416.66	833.33	1,333.33	2,000.00	1,185.44
2021	Monthly	25.00	41.66	83.33	133.33	250.00	416.66	833.33	1,333.33	2,000.00	1,776.59
2022 ^(B)	Monthly	25.00	41.66	83.33	133.33	250.00	416.66	833.33	1,333.33	2,000.00	1,776.59
2022 ^(C)	Monthly	25.30	40.08	77.02	121.36	239.59	372.60	742.08	1,185.44	1,776.59	2,497.07
2023 ^(B)	Monthly	25.30	40.08	77.02	121.36	239.59	372.60	742.08	1,185.44	1,776.59	2,497.07
2023 ^(C)	Monthly	26.01	41.21	79.18	124.76	246.30	383.04	762.86	1,218.64	1,826.34	2,566.99
2024 ^(B)	Monthly	26.01	41.21	79.18	124.76	246.30	383.04	762.86	1,218.64	1,826.34	2,566.99
2024 ^(C)	Monthly	26.74	42.37	81.40	128.26	253.20	393.77	784.23	1,252.77	1,877.48	2,638.87
2025 ^(B)	Monthly	26.74	42.37	81.40	128.26	253.20	393.77	784.23	1,252.77	1,877.48	2,638.87
2025 ^(C)	Monthly	27.49	43.56	83.68	131.86	260.29	404.80	806.19	1,287.85	1,930.05	2,712.76

IEUA Fixed Charges Rates

Fiscal Year	Billing Period	3/4 inch	1 inch	1 1/2 inch	2 inch	3 inch	4 inch	6 inch	8 inch	10 inch	12 inch
2023 ^(B)	Monthly	\$3.84	\$6.41	\$12.77	\$20.44	\$40.86	\$63.83	\$127.62	\$204.18	\$306.25	\$430.67
2023 ^(C)	Monthly	3.81	6.35	12.70	20.32	40.64	63.50	127.00	203.20	304.80	427.30
2024 ^(B)	Monthly	4.12	6.87	13.73	21.97	43.95	68.67	137.33	219.73	329.60	494.40
2024 ^(C)	Monthly	4.46	7.43	14.87	23.79	47.57	74.83	148.67	237.87	356.80	535.20
2025 ^(B)	Monthly	4.27	7.13	14.21	22.74	42.67	71.13	142.22	227.57	341.37	480.05
2025 ^(C)	Monthly	4.44	7.42	14.80	23.69	44.44	74.08	148.12	237.00	355.52	499.95

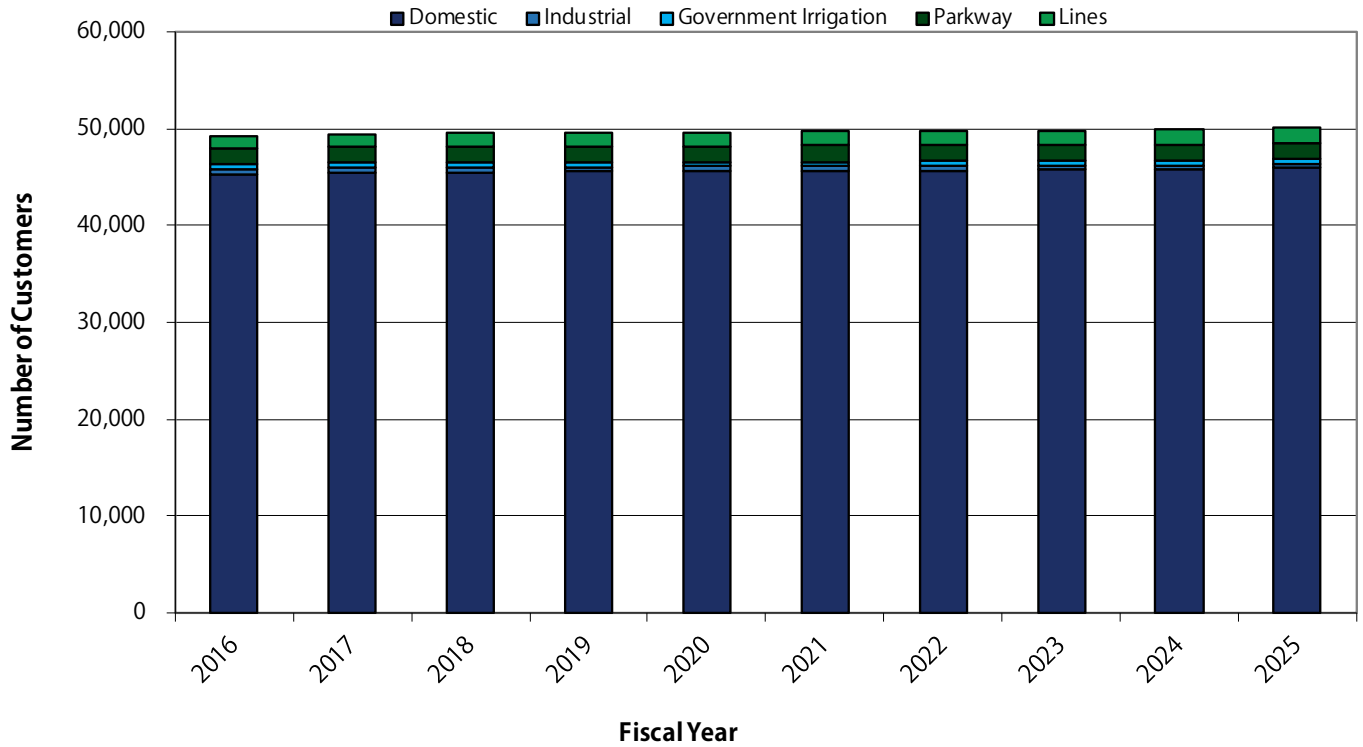
Notes:

- (1) HCF = 100 Cubic Feet = 748 gallons
- (2) In fiscal year 2016, the District enacted Drought Stage 6 which increased tiered rates in accordance with the rate series approved in June 2015. This action was taken in order to comply with the California state-wide water conservation mandate issued by the Governor. The District returned to Drought Stage 1 rates in fiscal year 2017.
- (A) Effective July 1 to June 30
- (B) Effective July 1 to December 31
- (C) Effective January 1 to June 30

SOURCE: Cucamonga Valley Water District- Accounting Department

Water Service Accounts Last Ten Fiscal Years Schedule 6

Fiscal Year	Customer Type					Total
	Domestic	Industrial	Government Irrigation	Landscape/ Parkway	Fire Lines	
2016	45,291	503	458	1,648	1,346	49,246
2017	45,463	503	458	1,648	1,356	49,428
2018	45,491	502	458	1,649	1,378	49,478
2019	45,540	506	458	1,654	1,403	49,561
2020	45,571	505	458	1,666	1,415	49,615
2021	45,599	503	457	1,678	1,427	49,664
2022	45,663	504	458	1,669	1,427	49,721
2023	45,702	504	458	1,684	1,439	49,787
2024	45,755	473	458	1,692	1,450	49,828
2025	45,921	473	478	1,689	1,467	50,028



Note: Number of customers as of June 30 of Fiscal Year

SOURCE: Cucamonga Valley Water District- Accounting Department

Principal Water Customers
 Current Fiscal Year and Nine Years Ago
Schedule 7

Customer	2025			2016		
	Annual Usage (HCF)	Percentage of Total	Rank	Annual Usage (HCF)	Percentage of Total	Rank
City of Rancho Cucamonga	671,305	3.69%	1	579,116	3.60%	1
City of Fontana	232,830	1.28%	2	167,951	1.04%	3
Etiwanda School District	152,373	0.84%	3	130,337	0.81%	4
County of San Bernardino	138,920	0.76%	4	217,624	1.35%	2
Homecoming I @ Terra Vista LLC	110,607	0.61%	5	N/A	N/A	N/A
Nestle Waters North America	98,915	0.54%	6	80,224	0.50%	10
Chaffey College	93,764	0.52%	7	84,452	0.52%	8
Alta Loma School District	91,161	0.50%	8	89,697	0.56%	7
Deer Creek Co	90,226	0.50%	9	N/A	N/A	N/A
Airgas USA LLC	74,479	0.41%	10	N/A	N/A	N/A
Total	1,754,580	9.65%		1,349,401	8.38%	
Total Water Consumed (HCF)	18,204,556	100.00%		16,098,052	100.00%	

HCF = 100 cubic feet

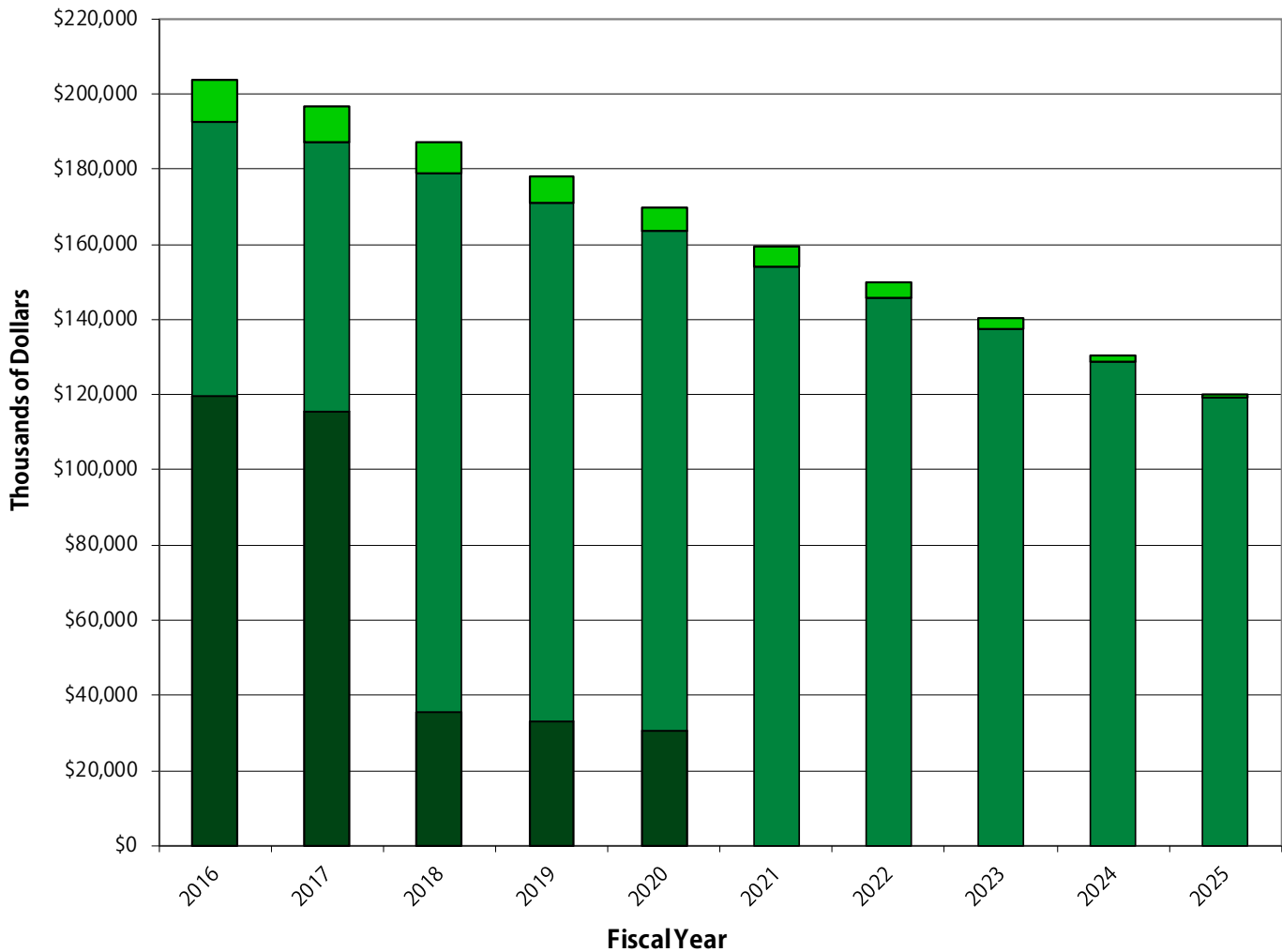
SOURCE: Cucamonga Valley Water District- Accounting Department



Ratio of Outstanding Debt Last Ten Fiscal Years Schedule 8

Fiscal Year	Certificates of Participation	Revenue Bonds	Financed Purchase and Loan	Total		
	(In Thousands)	(In Thousands)	(In Thousands)	Debt (In Thousands)	\$ Per Capita	As a Share of Personal Income
2016	\$ 119,533	\$ 73,203	\$ 11,018	\$ 203,754	\$ 1,169.90	3.14%
2017	115,620	71,531	9,471	196,622	1,129.41	2.95%
2018	35,595	143,505	7,986	187,086	1,070.94	2.70%
2019	33,075	138,127	7,018	178,220	1,018.56	2.42%
2020	30,444	133,279	6,027	169,750	969.71	2.08%
2021	-	154,246	5,014	159,260	913.04	1.80%
2022	-	145,877	3,935	149,812	860.54	1.72%
2023	-	137,613	2,873	140,486	809.51	1.54%
2024	-	128,659	1,786	130,445	747.94	N/A
2025	-	119,914	674	120,588	692.16	N/A

■ Certificates of Participation (In Thousands)
 ■ Revenue Bonds (In Thousands)
 ■ Financed Purchase and Loan (In Thousands)



(1) Using Demographic Economic Statistics from Schedule 10

N/A= Data not available for time period

Note: Amounts in thousands of dollars, except for per capita amounts and percentages

SOURCE: Cucamonga Valley Water District- Accounting Department

Debt Coverage
Last Ten Fiscal Years
Schedule 9

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2016	\$ 69,430,664	\$ 36,809,953	\$ 32,620,711	\$ 5,204,286	\$ 8,345,317	\$ 13,549,603	2.41
2017	68,905,223	42,633,687	26,271,536	4,904,286	8,279,270	13,183,556	1.99
2018	76,782,827	53,144,908	23,637,919	5,509,286	8,040,315	13,549,601	1.74
2019	79,088,317	51,544,252	27,544,065	7,444,286	6,083,156	13,527,442	2.04
2020	84,602,295	56,171,782	28,430,513	7,024,286	6,505,646	13,529,932	2.10
2021	87,931,434	55,386,719	32,544,715	7,347,857	6,234,706	13,582,563	2.40
2022	87,705,843	56,310,561	31,395,282	7,810,000	4,647,478	12,457,478	2.52
2023	75,721,283	52,897,162	22,824,121	7,705,000	4,734,793	12,439,793	1.83
2024	89,693,482	65,741,929	23,951,553	8,395,000	4,460,543	12,855,543	1.86
2025	101,330,059	68,154,784	33,175,275	8,745,000	4,176,155	12,921,155	2.57

Notes:

- (1) Gross revenues includes operating revenue, interest income, other non-operating revenue (excluding taxes and assessments) and connection fees from the Water Utility Funds. As well as withdrawals from the Rate Stabilization Reserve.
- (2) Operating expenses less depreciation and amortization for the Water Utility Funds. As well as deposits to the Rate Stabilization Reserve.

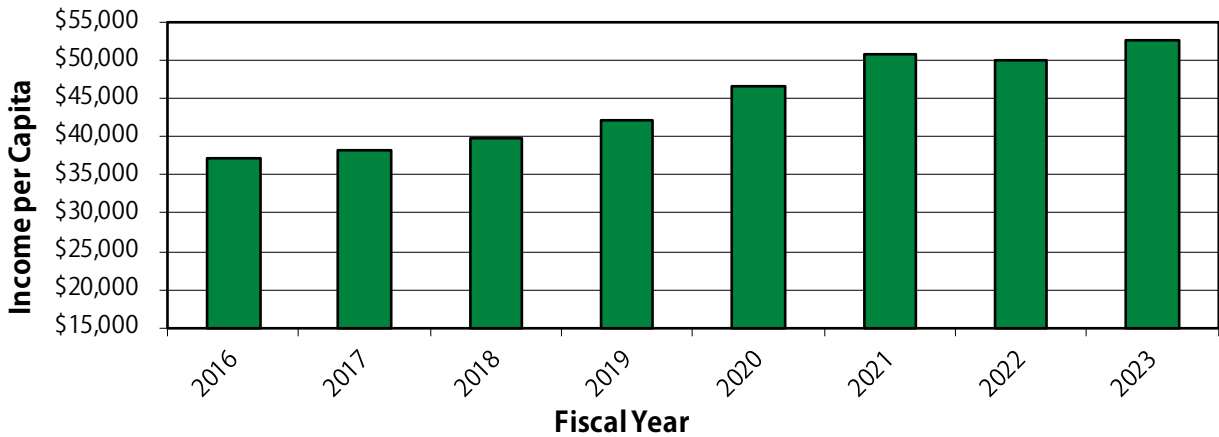
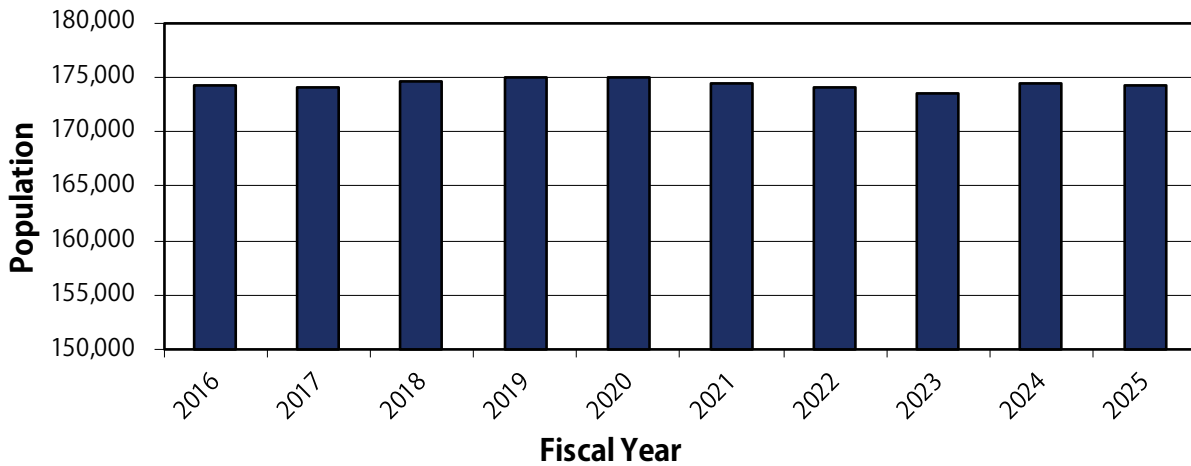
SOURCE: Cucamonga Valley Water District- Accounting Department

Demographic and Economic Statistics

Last Ten Fiscal Years

Schedule 10

Year	Unemployment Rate	Population - Rancho Cucamonga	Riverside-San Bernardino-Ontario MSA	
			Personal Income (thousands of dollars)	Personal Income per Capita
2016	4.9%	174,164	\$ 166,451	\$ 37,294
2017	4.0%	174,093	172,483	38,246
2018	3.4%	174,694	180,509	39,686
2019	3.1%	174,972	192,849	42,152
2020	12.2%	175,052	214,380	46,540
2021	6.0%	174,429	235,579	50,700
2022	3.0%	174,090	233,028	49,908
2023	3.7%	173,545	246,371	52,553
2024	3.8%	174,405	N/A	N/A
2025	4.8%	174,219	N/A	N/A



SOURCE: California State Department of Finance, United States Bureau of Economic Analysis and the United States Department of Labor



Principal Employers
 Prior Fiscal Year and Nine Years Ago
Schedule 11

Employer	2025			2016		
	Number of Employees	Percentage of Total	Rank	Number of Employees	Percentage of Total	Rank
Inland Empire Health Plan	3,725	3.87%	1	1,000	1.19%	3
Etiwanda School District	1,515	1.57%	2	1,058	1.26%	2
Chaffey Community College	2,306	2.40%	3	1,229	1.46%	1
Chedraui Usa, Inc.	1,200	1.00%	4	N/A	N/A	N/A
Frito-Lay	905	0.94%	5	N/A	N/A	N/A
Alta Loma School District	817	0.85%	6	623	0.74%	7
City of Rancho Cucamonga	702	0.73%	7	849	1.01%	5
Majestic Terminal Services, Inc.	684	0.71%	8	N/A	N/A	N/A
Central School District	649	0.67%	9	527	0.63%	10
Amphastar Pharmaceutical	625	0.65%	10	880	1.05%	4

Note: Data is from June 2024 (latest data available)

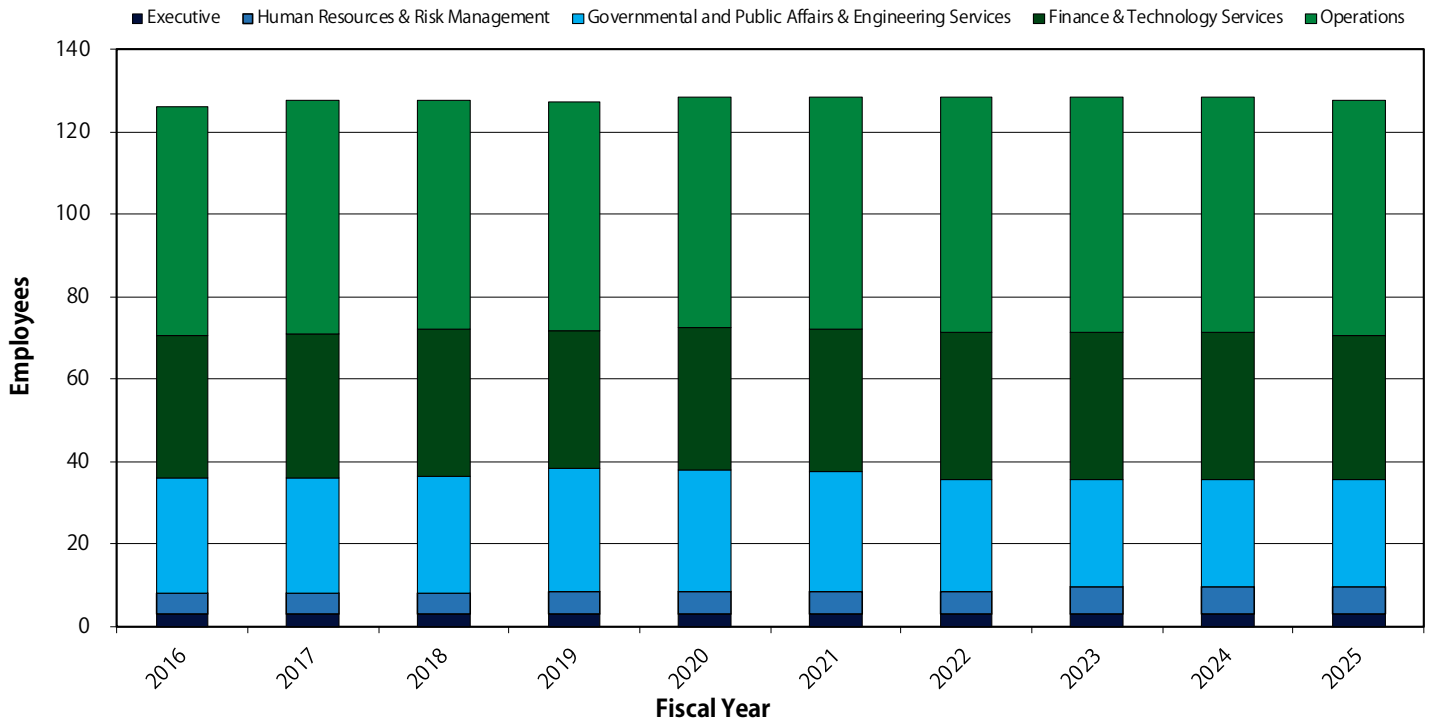
SOURCE: City of Rancho Cucamonga

Personnel Trends

Current Fiscal Year and Nine Years Ago

Schedule 12

Fiscal Year	Division					Total
	Executive	Human Resources & Risk Management	Governmental and Public Affairs & Engineering Services	Finance & Technology Services	Operations	
2016	3.00	5.00	28.00	34.50	55.50	126.00
2017	3.00	5.00	28.00	35.00	56.50	127.50
2018	3.00	5.00	28.50	35.50	55.50	127.50
2019	3.00	5.50	29.75	33.50	55.50	127.25
2020	3.00	5.50	29.50	34.50	56.00	128.50
2021	3.00	5.50	29.00	34.75	56.00	128.25
2022	3.00	5.50	27.00	36.00	57.00	128.50
2023	3.00	6.50	26.00	36.00	57.00	128.50
2024	3.00	6.50	26.00	36.00	57.00	128.50
2025	3.00	6.50	26.00	35.00	57.00	127.50



SOURCE: Cucamonga Valley Water District- Human Resources Department

Other Operating and Capacity Indicators

Last Ten Fiscal Years

Schedule 13

Water System

Fiscal Year	Miles of Water Mains	Number of Fire Hydrants	Annual Production (MG)	Average Production (MGD)
2016	707	8,354	13,080	35.8
2017	707	8,374	14,232	39.0
2018	707	8,388	15,665	42.9
2019	708	8,413	14,155	38.8
2020	708	8,427	15,336	42.0
2021	709	8,441	16,314	44.7
2022	709	8,461	16,299	44.7
2023	709	8,468	12,343	33.8
2024	709	8,491	12,848	35.2
2025	710	8,487	14,772	40.5

Sewer System

Fiscal Year	Miles of Sewers	Service Connections	Annual Sewerage (MG)	Daily Sewerage (MGD)
2016	421	37,061	6,799	18.6
2017	419	37,231	6,847	18.8
2018	419	37,338	6,729	18.4
2019	420	37,379	6,682	18.3
2020	420	37,461	6,763	18.5
2021	420	37,488	6,606	18.1
2022	420	37,506	6,399	17.5
2023	420	37,554	6,894	18.9
2024	421	37,596	6,903	18.9
2025	421	37,601	6,864	18.8

AF - Acre Feet

MG - Millions of Gallons

MGD - Millions of Gallons per Day

SOURCE: Cucamonga Valley Water District- GIS, Industrial Waste, and Production Departments





10440 Ashford Street
Rancho Cucamonga, CA 91730
(909)-987-2591
www.cvwwater.com