West Valley Water District

Rialto, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the years ended **June 30, 2025 & 2024**

Annual Comprehensive Financial Report

Fiscal Years Ended

June 30, 2025 and 2024

West Valley Water District

Prepared by: Finance Department

855 W. Baseline Road
Rialto, CA 92376

West Valley Water District
For the Years Ended June 30, 2025 and 2024
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INTRODUCTORY SECTION

West Valley Water District

November 26, 2025

To the Board of Directors and Customers of West Valley Water District,

Introduction

It is our pleasure to submit the Annual Comprehensive Financial Report for the West Valley Water District (District) for the fiscal year ended June 30, 2025, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") following guidelines set forth by the Governmental Accounting Standards Board (GASB). District staff prepared this financial report, and the District is ultimately responsible for both the accuracy of the data as well as the completeness and fairness of the presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner so as to enhance your understanding of the District's financial position and activities.

The Pun Group LLP has issued an unmodified "clean" opinion of 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.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditor's Report.

District Structure and Leadership

The District is a California Special District established under section 30000 et seq. of the California Water Code and formed in 1952. The District is governed by a five-member Board of Directors (Board) elected by division. The General Manager administers the day-to-day operations of the District in accordance with the policies, procedures, and strategic plan established by the Board. The District employs approximately 88 full-time employees in various functional areas including operations, maintenance, engineering, finance, customer service, meter reading, human resources, conservation, public affairs, information technology, and administration. The Board meets on the first and third Thursdays of each month. Meetings are publicly noticed and live-streamed, and customers are encouraged to attend.

The District provides water service to over 100,000 customers through approximately 25,931 service connections within its thirty-two (32) square mile service area, located in southwestern San Bernardino County with a small area of northwestern Riverside County. The service area encompasses portions of the cities of Rialto, Bloomington, Colton, Fontana, Jurupa Valley, and some of the unincorporated areas of San Bernardino and Riverside counties.

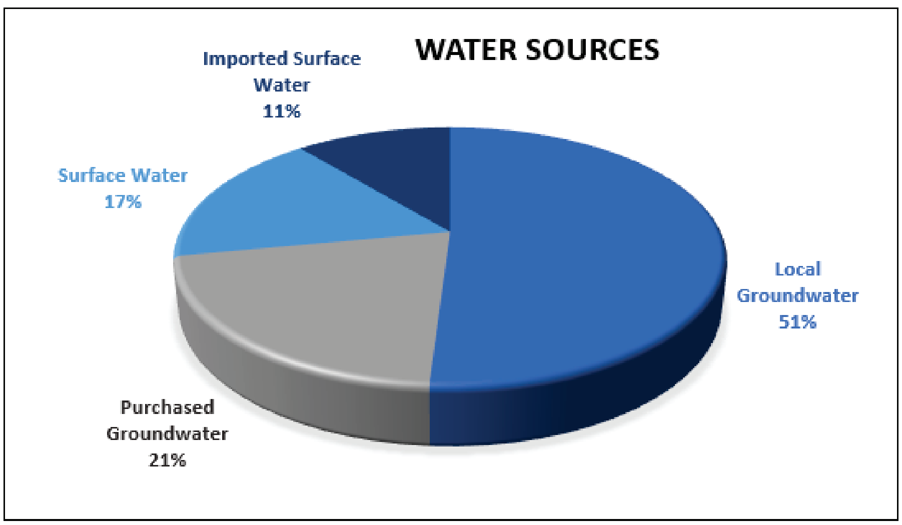
District Services

Residential customers represent approximately 92% of the District's customer base and consume approximately 65% of total water produced for consumption. The District currently has a total of 17 active groundwater wells with a maximum production capacity of approximately 43,700 Acre-Feet per year or 38.9 million gallons per day (MGD). The District also operates a surface water treatment plant with a capacity of 14.4 MGD and a biological treatment plant for perchlorate destruction with a capacity of 2.9 MGD.

Water Supply and Reliability

The District's water supply for the year ended June 30, 2025, includes groundwater (51%), purchased groundwater (21%), local surface water (17%), and imported surface water (11%). Groundwater is pumped from the Bunker Hill Basin, Lytle Creek Basin, North Riverside Basin, and Rialto-Colton Basin. The purchased groundwater is obtained from San Bernardino Valley Municipal Water District (Valley District) through the Baseline Feeder Project which utilizes groundwater from wells in the Bunker Hill Basin.

Local surface water comes from Lytle Creek which flows from the San Bernardino Mountains. Imported surface water is purchased from the State Water Project through Valley District. All surface waters are treated at the District's Roemer Water Filtration Facility.



Economic Condition and Outlook

The District's Office is located in the City of Rialto in San Bernardino County. The District serves communities in San Bernardino and Riverside counties (also known as the Inland Empire). About 43% of the District's water connections are in the city of Rialto. Since 2015, the District's water connections have grown by more than 25% and mostly comprised of new residential customers.

In 2025, personal income per capita in the County of San Bernardino was $32,390 with an unemployment rate of 5.9 percent. In the City of Rialto, personal income per capita was $25,071 with an unemployment rate of 6.2 percent.

Industry Outlook

California has faced extreme weather patterns, including prolonged droughts and historic wet winters. In response to these fluctuations, the state has enacted legislation such as SB 606 and AB 1668 through the "Making Water Conservation a California Way of Life Regulation." This regulation aims to enhance water use efficiency and imposes increasingly stringent targets for water use reduction through 2040. Water providers across the state are preparing for these rigorous requirements.

During fiscal year 2025, water consumption levels increased when compared to fiscal year 2024. Water consumption is a major revenue stream for the District and understanding changes in consumption patterns is key for the financial sustainability of the District. Fiscal year 2025 had less rain when compared to fiscal year 2024, which caused water consumption to have an increase of 14%. Less rain requires rate payers to use more water for landscape irrigation or other needs.

The District continues to support its customers by providing rebates that incentivize a changes in water use habits and promote awareness on water conservation and efficiency. The District continues to depend heavily on groundwater supplies that are replenished by local and regional precipitation.

Cost of Service and Rate Structure Study 2025

In fiscal year 2025, the District completed a Comprehensive Cost of Service and Rate Structure Study. The purpose of the study was to ensure that the District generates sufficient revenues to fund operation and maintenance expenses, meet debt service obligations, support capital improvement projects, and maintain long-term financial stability. In fiscal year 2026, the District will hold a Proposition 218 Public Hearing to present the proposed rates. This initiative is a key step in ensuring the District remains aligned with its long-term goal of financial stability.

Major Initiatives

The activities of the Board and staff are driven by our mission statement - to provide our community with high-quality and reliable water service in a cost-effective and sustainable manner. To that end, the District's major priorities include the following:

1. Continue to deliver safe, reliable, high-quality water at an affordable price.
2. Nurture a culture that values our employees, customer service, innovation, integrity, excellence, transparency, and conservation.
3. Implement technologies that increase efficiency and enhance safety.
4. Plan and be prepared for anticipated water demand growth associated with housing growth in the District.
5. Further refine procedures to ensure the District safeguards ratepayer funds, operates efficiently, enhances transparency, and protects employees and District assets.

All programs and operations of the District are developed and performed at the highest level to ensure that quality water is delivered to all of its customers.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles and 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.

Budgetary Control

The Board annually adopts an operating and capital budget prior to the new fiscal year beginning July 1st of each year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board adopted an Investment Policy that conforms to state law, District ordinances, and resolutions, prudent money management principles, and "prudent person" standards. The objective of the Investment Policy is safety, liquidity, and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund, institutional savings, Federal government Treasury notes, agency obligations and other investments.

Long-term Financial Planning

The District's financial plan includes the establishment of reserve funds in accordance with the District's Reserve Policy. Reserve funds are set to ensure the continued orderly operation of the District's water system, 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 objectives in the Reserve Policy as of June 30, 2025.

1. The District will strive to adopt a balanced budget.

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.

The District's financial plan also includes the pursuit of alternative funding sources – including grants and low-interest loan products - which help reduce reliance on rates and rate increases. The District has been very successful in pursuing project funding from grants and the State Revolving Fund, which promote water sustainability and reliability.

Debt Administration

The District has received and maintained a credit rating of AA- from Standard and Poor's. Revenue Bonds were issued in December 2016. The bond proceeds were used to pay off 2006D-2 Installment Purchase Agreement. During fiscal year 2025, the District received the last disbursement for the Drinking Water State

Revolving Fund loan. The total loan amount is $46.6 million.

Other Post-Employment Benefits Pre-Funding

In fiscal year 2014, the District began participating in a program to pre-fund the cost of its post-employment benefits plan through the California Public Employees Retirement System (CalPERS) Trust. The District annually contributes funding.

Water Rates and District Revenues

In 2013, the District transitioned from a uniform rate structure to a tiered rate system and approved annual rate increases through 2017. However, following a financial study conducted in 2015, the District determined that the previously approved rate increases for 2016 and 2017 were no longer necessary. The District has since maintained a strong financial position with sufficient reserves. In fiscal year 2025, the District completed a Comprehensive Cost of Service and Rate Structure Study. If approved by the Board, this study will result in water rate increases beginning in January of fiscal year 2026.

Water Conservation Programs

As the District responds to changing conservation regulations at the state level, Ordinance 83 represents the current approach to water conservation. Adopted on August 18, 2016 along with a move to Stage 2 watering restrictions, Ordinance 83 incorporates the District's 20% conservation standard. The standards provide additional flexibility for our customers while improving the clarity of the regulations in order to support meeting conservation goals and adopting habits for lifelong conservation habits.

The District is also focused on public outreach, media relations, and educational efforts to communicate about water conservation with its cities, school districts and community groups. The District provides several tools to assist customers with water use efficiency, including:

- Digital assets such as videos, web content, e-blasts, monthly newsletters, and social media campaigns;
- Written materials such as bill inserts, quarterly newsletters, and direct mail pieces;
- Water Use Efficient Workshops for customers to adapt water efficient practices;
- Rebates or assistance related to water-efficient devices through locally funded programs, that include: washing machines, high-efficiency toilets, "smart" irrigation controllers, turf rebate programs and "conservation starts with you" kits.

Independent Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of The Pun Group, LLP has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Risk Management

The District is a member of the Association of California Water Agencies Joint Power Insurance Authority (Authority). The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The District's Human Resources/Risk

Management Department provides staff with regular safety training each month as part of the District's safety program.

Award for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Valley Water District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This was the thirteenth consecutive year that the District has received this prestigious award. 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.

Acknowledgements

More information is contained in the MD&A and in the Notes to the Basic Financial Statements found in the Financial Section of the report.

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 District. We would also like to thank the members of the Board for their continued support and direction in the planning and implementation of the District's fiscal policies and strategic plan.

Respectfully submitted,

John Thiel, PE, MBA
General Manager

Mission Statement

The West Valley Water District provides our community with high-quality and reliable water service in a cost-effective and sustainable manner.

Board of Directors

Elected Board of Directors as of June 30, 2025

GREG YOUNG
President, Division 5

Term: 2024 - 2028

DAN JENKINS
Vice President, Division 2

Term: 2022 - 2026

ANGELA GARCIA
Director, Division 1

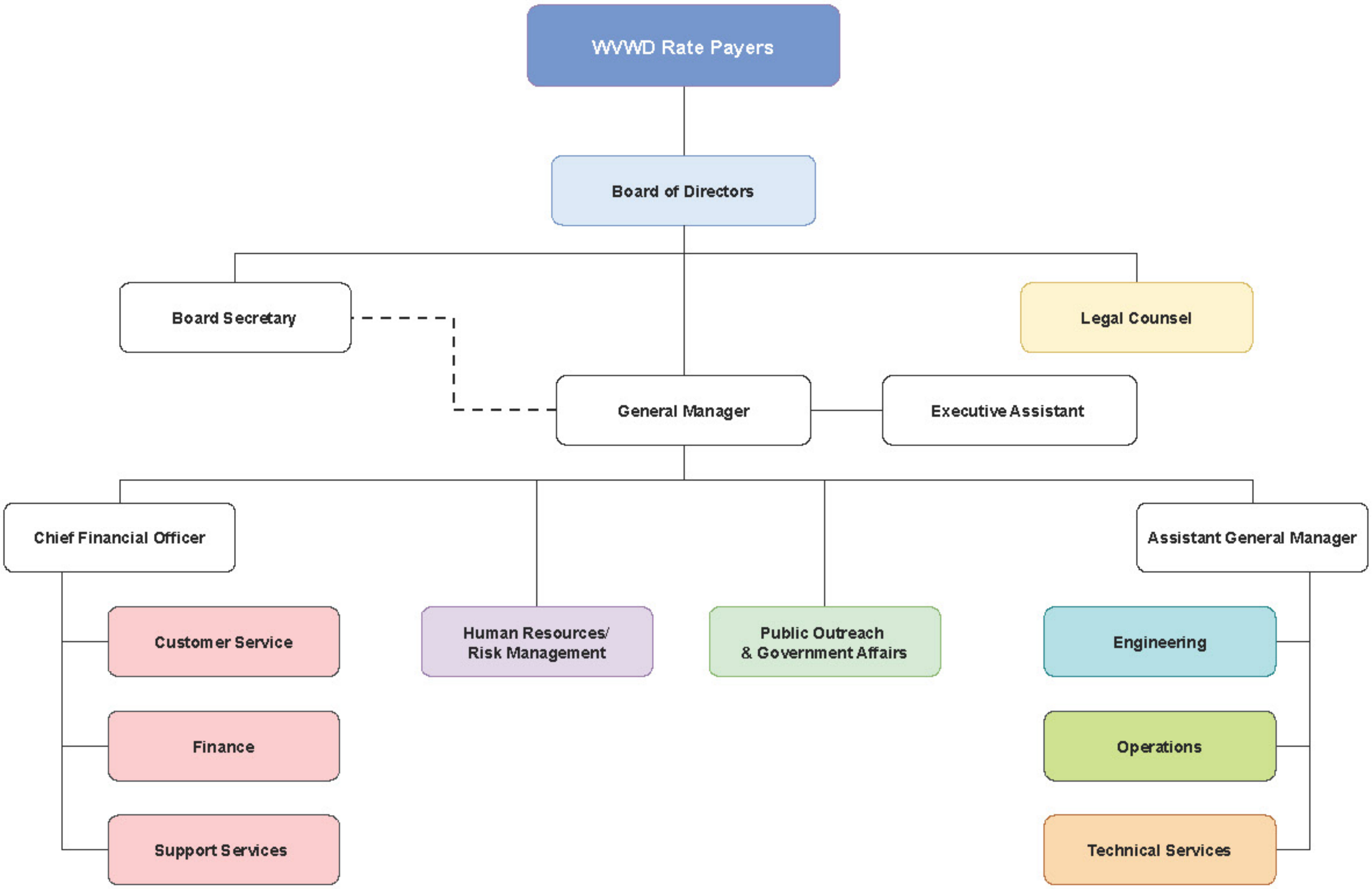
Term: 2024 - 2028

KELVIN MOORE
Director, Division 3

Term: 2022 - 2026

ESTEVAN BENNET
Director, Division 4

Term: 2024 - 2028


WVWD Rate Payers
Board of Directors
Board Secretary
Legal Counsel
General Manager
Executive Assistant
Chief Financial Officer
Assistant General Manager
Customer Service
Finance
Support Services
Human Resources/
Risk Management
Public Outreach
& Government Affairs
Engineering
Operations
Technical Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Valley Water District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

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Santa Ana, California 92707

www.pungroup.cpa

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the West Valley Water District
Rialto, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the West Valley Water District (the "District"), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the basic 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 referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 ("*Government Auditing Standards")*. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. The adoption of this standard resulted in the restatement of the District's net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of Contributions - Pensions, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits, as listed in the table of contents 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 GAAS, 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 report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 26, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
November 26, 2025

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The District

West Valley Water District (District) is a California Special District established under section 30000 et seq. of the California Water Code. The District is engaged in pumping, treating, and distributing water to its customers. The District serves portions of the communities of Bloomington, Colton, Fontana, Rialto, San Bernardino, and Jurupa Valley.

The management of the District presents the District's financial statements with a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the audited financial statements which follow this section.

Financial Highlights

- As of June 30, 2025, the District's assets and deferred outflows exceeds liabilities and deferred inflows by approximately $260.8 million broken down as $137.6 million invested in capital assets, $57 million in restricted funds, and unrestricted funds of $66.2 million. As of June 30, 2024, the District's assets and deferred outflows exceeds liabilities and deferred inflows by approximately $247 million broken down as $139 million invested in capital assets, $29.2 million in restricted funds, and unrestricted funds of $78.8 million. The unrestricted funds pay for obligations as determined by the Board of Directors to support the services provided to the customers of the District.

- In fiscal year 2025, the District's net position increased approximately $13.8 million, from $247 million to $260.8 million or 5.6%. Net position also increased in fiscal year 2024, approximately by $35.4 million, from $211.6 million to $247 million or 17%.

- In fiscal year 2025, the District's operating revenues increased by approximately 8%, or $2,438,207 primarily to an increase in water consumption sales. Operating revenues decreased in fiscal year 2024, by 22%, or $9,178,992 primarily to a decrease in other operating income.

- In fiscal year 2025, the District's non-operating revenues decreased by 16%, or $1,933,086. Primarily due to a loss in disposition of capital assets instead of a major gain. Non-operating revenues increased in fiscal year 2024, by 60% or $4,605,623.

- In fiscal year 2025, the District's operating expenses increased 12%, or $4,284,799, primarily due to an increase in general and administrative and water treatment. Operating expenses also increased in fiscal year 2024 by 8% or $2,770,653.

- In fiscal year 2025, the District's non-operating expenses increased 38% or $338,495. Due to an increase in interest rates and interest expense for new debt. In fiscal year 2024, non-operating expenses increased by 2% or $17,105.

Overview of the Financial Statements

This discussion and analysis serve as an introduction to the District's financial statements. The District's financial statements comprise two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, noncapital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statement.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $260.8 million as of June 30, 2025.

The largest portion of the District's net position during June 30, 2025 (53%), reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position	Fiscal Year ended June 30		
	2025	2024*	2023*
Assets:			
Current assets	$ 147,842,777	$ 132,212,082	$ 128,154,026
Noncurrent assets	1,503,320	1,557,173	1,609,736
Capital assets	212,228,835	190,223,326	136,622,774
Total assets	361,574,932	323,992,581	266,386,536
Deferred outflows of resources	6,838,871	7,425,051	7,972,075
Liabilities:			
Current liabiltes	$ 13,480,105	$ 16,249,238	$ 11,502,920
Noncurrent liabilities	88,960,077	61,466,898	43,075,441
Total liabilities	102,440,182	77,716,136	54,578,361
Deferred inflows of resoucres	5,156,706	6,669,521	8,218,731
Net position:			
Net investement in capital assets	137,603,091	139,078,911	108,469,538
Restricted	57,007,954	29,188,714	47,719,572
Unrestricted	66,205,870	78,764,350	55,372,409
Total net position	$ 260,816,915	$ 247,031,975	$ 211,561,519

* Fiscal Years 2024 and 2023 have been restated due to GASB 101 implementation

As of June 30, 2025, and 2024, the District reports a positive balance in its unrestricted net position of $66,205,870 and $78,764,350, respectively. Unrestricted net position decreased in fiscal year 2025 compared to fiscal year 2024. The net decrease for unrestricted net position when comparing fiscal year 2025 to fiscal year 2024 is $12,558,480.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2025	2024*	2023*
Operating revenues	$ 34,650,715	$ 32,212,508	$ 41,391,500
Operating expenses	(41,421,020)	(37,136,221)	(34,752,819)
Operating income (loss)	(6,770,305)	(4,923,713)	6,638,681
Non-operating revenue (expenses)	9,176,940	11,448,521	6,860,003
Income before capital contributions	2,406,635	6,524,808	13,498,684
Capital contributions	11,378,305	28,945,648	6,483,013
Changes in net position	13,784,940	35,470,456	19,981,697
Net position:			
Beginning of year	247,031,975	211,561,519	191,579,822
End of year	$ 260,816,915	$ 247,031,975	$ 211,561,519

* Fiscal Years 2024 and 2023 have been restated due to GASB 101 implementation

The statement of revenues, expenses, and changes of net position shows how the District's net position changed during the years. In the case of the District, the net position increased by $13,784,940 and $35,470,456 during the years ended June 30, 2025 and 2024, respectively. Property contributions and capacity charge revenues from new development received were $11,378,305 and $28,945,648 during the years ended June 30, 2025 and 2024, respectively. Property contributions and capacity charge revenues decreased in fiscal year 2025 compared to fiscal year 2024.

Total District Revenues

	2025	2024	2023
Operating Revenues:			
Water consumption sales	$ 20,380,439	$ 17,853,480	$ 17,318,706
Water service charges	8,959,803	8,746,460	8,350,808
Other operating revenue	5,310,473	5,612,568	15,721,986
Total operating revenues:	34,650,715	32,212,508	41,391,500
Nonoperating Revenues:			
Property taxes	4,564,248	4,263,009	3,738,692
Gain (loss) on disposition of capital assets	(649,966)	2,029,568	735,495
Interest and investment earnings	6,492,148	6,046,939	3,259,706
Total nonoperating revenues:	10,406,430	12,339,516	7,733,893
Total revenues	$ 45,057,145	$ 44,552,024	$ 49,125,393

The District's total revenues increased by $505,121 during the fiscal year ended June 30, 2025. Primarily due to an increase in water consumption sales. Operating revenues had an increase in fiscal year 2025 compared to fiscal year 2024.

Total District Expenses

	2025	2024*	2023*
Operating Expenses:			
Source of supply	$ 1,732,363	$ 1,650,615	$ 1,996,352
Pumping	5,231,035	5,337,069	4,673,757
Water treatment	5,901,423	5,082,226	4,679,730
Transmission and distribution	2,982,504	3,046,177	2,677,543
Customer accounts	3,509,254	2,857,673	2,664,323
Public affairs	1,452,190	857,875	940,041
General and administrative	12,829,075	10,878,825	9,971,366
Depreciation expense	7,346,255	6,991,531	6,392,240
Amortization of water participation rights	436,921	434,230	370,216
Total operating expenses	41,421,020	37,136,221	34,365,568
Nonoperating expenses:			
Interest expense	1,229,490	890,995	873,890
Total nonoperating expenses:	1,229,490	890,995	873,890
Total expenses	$ 42,650,510	$ 38,027,216	$ 35,239,458

* Fiscal Years 2024 and 2023 have been restated due to GASB 101 implementation

The District's total expenses increased $4,623,294 during the fiscal year ended June 30, 2025. There was an increase of $4,284,799 in operating expenses when compared to fiscal year ending on June 30. 2024. The increase was due to increases in costs associated with general and administrative and water treatment.

Capital Asset Administration

The District's capital assets (net of accumulated depreciation and amortization) as of June 30, 2025 and 2024 were in the amounts of $212,228,835, and $190,223,326, respectively. This includes land and land rights, transmission and distribution systems, wells, tanks, reservoirs, pumps, building and structures, equipment, vehicles and construction-in-process. In 2025, various capital projects were finalized and added to capital assets. See note 5 for further information. Construction-in-process had a major increase due to the construction of the Roemer Expansion project.

Capital Asset Administration

	June 30, 2025	June 30, 2024	June 30, 2023
Non-depreciable assets:			
Land and land rights	$ 2,081,060	$ 2,081,060	$ 2,093,491
Construction-in-process	67,613,011	44,299,669	12,170,910
Total non-depreciable assets	69,694,071	46,380,729	14,264,401
Depreciable assets:			
Source of supply plant	7,073,303	6,371,198	6,371,198
Pumping plant	12,824,267	12,579,014	12,315,214
Bio-remediation plant	24,907,020	24,907,020	24,907,020
Water treatment plant	40,554,708	39,820,934	38,622,074
Transmission and distribution plant	165,936,855	161,935,045	135,286,093
General plant and equipment	18,656,939	17,639,413	17,072,626
Total depeciable assets	269,953,092	263,252,624	234,574,225
Less accumulated depreciation:			
Accumulated depreciation	(132,923,653)	(125,621,607)	(118,630,076)
Total depreciable assets, net	137,029,439	137,631,017	115,944,149
Intangible assets:			
Water rights	404,949	404,949	404,949
Water participation rights	9,225,052	9,645,865	9,645,865
Subscription assets	604,697	522,368	290,782
Less: accumulated amortization	(4,729,373)	(4,361,602)	(3,927,372)
Total depeciable assets	5,505,325	6,211,580	6,414,224
Total capital assets, net	$ 212,228,835	$ 190,223,326	$ 136,622,774

Long-Term Debt Administration

At the end of June 30, 2025 and 2024, the District had total long-term debt of $72,060,428, and $45,007,120, respectively. In 2025, long-term debt increased by $27,053,308, due to the Drinking Water State Revolving Fund Loan received by the District. The loan is to fund the Romer Treatment Plant Expansion project.

Long Term Debt Administration

	June 30, 2025	June 30, 2024	June 30, 2023
Water Revenue Refunding			
Bond, Series 2016A	$ 18,415,000	$ 18,890,000	$ 19,345,000
Add: Unamortized Premium	872,441	913,058	953,676
Total bond payable	19,287,441	19,803,058	20,298,676
Hydroelectric Plant	992,451	1,323,551	1,654,651
Drinking Water State Revolving Fund	46,665,000	18,530,858	-
Water Participation Rights			
Contract payable	4,885,260	5,190,589	5,787,519
Subscription liabilities	230,276	159,064	214,033
Total long-term debt	$ 72,060,428	$ 45,007,120	$ 27,954,879

Additional information on the District's long-term debt can be found in note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

During fiscal year 2025, the District experienced an increase in water consumption sales and service charges, exceeding initial projections. For fiscal year 2026, the District anticipates operating revenue to remain at similar levels. While development activity within the District's service area has declined compared to fiscal year 2024, it remains above fiscal year 2023 levels. The District has also updated its Strategic Plan and is in the process of developing division-specific goals. Management is not aware of any conditions that would materially impact the District's profitability or operating results in future periods.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Chief Financial Officer at 855 W. Baseline Road, Rialto, CA 92376, by mail at P.O. Box 920, Rialto, CA 92377 by phone (909) 875-1804.

BASIC FINANCIAL STATEMENTS

West Valley Water District

West Valley Water District
Statements of Net Position
June 30, 2025 and 2024

ASSETS	2025	2024 (as restated)
Current assets:		
Cash and cash equivalents (Note 2)	$ 656,950	$ 4,441,928
Investments (Note 2)	139,736,536	120,404,121
Accounts receivable – water sales and services, net	3,614,243	3,861,682
Accounts receivable – redevelopment pass-through (Note 3)	41,082	41,082
Accrued interest receivable	383,984	273,958
Accounts receivable – other	982,236	955,154
Lease receivable, current (Note 4)	12,772	11,481
Property taxes receivable	35,046	33,482
Due from other governments	308,258	298,932
Materials and supplies inventory	997,927	836,211
Prepaid items	1,073,743	1,054,051
Total current assets	147,842,777	132,212,082
Noncurrent assets:		
Lease receivable (Note 4)	1,380,075	1,392,847
Accounts receivable - redevelopment pass-through (Note 3)	123,245	164,326
Capital assets, nondepreciable (Note 5)	69,694,071	46,380,729
Capital assets, net depreciation and amortization (Note 5)	142,534,764	143,842,597
Total noncurrent assets	213,732,155	191,780,499
Total assets	361,574,932	323,992,581
DEFERRED OUTFLOWS OF RESOURCES		
Pensions related (Note 8)	3,729,156	4,528,145
OPEB related (Note 9)	2,964,174	2,744,750
Refunding debt	145,541	152,156
Total deferred outflows of resources	6,838,871	7,425,051

See accompanying Notes to the Basic Financial Statements.

West Valley Water District
Statements of Net Position (Continued)
June 30, 2025 and 2024

LIABILITIES	2025	2024 (as restated)
Current liabilities:		
Accounts payable and accrued expenses	5,108,195	8,421,201
Accrued salaries and related payables	320,604	218,963
Accrued interest payable	482,713	259,161
Pass-through utility user taxes payable	370,694	339,758
Customer deposits	2,160,832	2,074,944
Construction advances and deposits	2,979,858	3,012,880
Compensated absences - due within one year (Note 6)	832,707	768,227
Long-term liabilities – due within one year:		
Contract payable (Note 7)	636,429	636,429
Bonds payable (Note 7)	490,000	475,000
Subscription payable (Note 7)	98,073	42,675
Total current liabilities	13,480,105	16,249,238
Noncurrent liabilities:		
Unearned revenue – developers	694,011	1,633,135
Compensated absences (Note 6)	681,306	628,550
Contingent liability (Note 11)	500,000	225,000
Long-term liabilities – due in more than one year:		
Contract payable (Note 7)	5,241,282	5,877,711
Bonds payable (Note 7)	18,797,441	19,328,058
Subscription payable (Note 7)	132,203	116,389
Loan payable (Note 7)	46,665,000	18,530,858
Net pension liability (Note 8)	9,756,035	9,780,551
Net other postemployment benefits liability (Note 9)	6,492,799	5,346,646
Total noncurrent liabilities	88,960,077	61,466,898
Total liabilities	102,440,182	77,716,136
DEFERRED INFLOWS OF RESOURCES		
Pensions related (Note 8)	106,372	287,302
OPEB related (Note 9)	3,813,458	5,105,308
Leases related (Note 4)	1,236,876	1,276,911
Total deferred inflows of resources	5,156,706	6,669,521
NET POSITION		
Net position:		
Net investment in capital assets (Note 10)	137,603,091	139,078,911
Restricted for:		
Capital projects	57,007,954	29,188,714
Unrestricted	66,205,870	78,764,350
Total net position	$ 260,816,915	$ 247,031,975

See accompanying Notes to the Basic Financial Statements.

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West Valley Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2025 and 2024

	2025	2024 (as restated)
OPERATING REVENUES:		
Water consumption sales	$ 20,380,439	$ 17,853,480
Water service charges	8,959,803	8,746,460
Other operating revenue	5,310,473	5,612,568
Total operating revenues	34,650,715	32,212,508
OPERATING EXPENSES:		
Source of supply	1,732,363	1,650,615
Pumping	5,231,035	5,337,069
Water treatment	5,901,423	5,082,226
Transmission and distribution	2,982,504	3,046,177
Customer accounts	3,509,254	2,857,673
Public affairs	1,452,190	857,875
General and administrative	12,829,075	10,878,825
Depreciation expense	7,346,255	6,991,531
Amortization expense	436,921	434,230
Total operating expenses	41,421,020	37,136,221
OPERATING (LOSS) INCOME	(6,770,305)	(4,923,713)
NONOPERATING REVENUES (EXPENSES):		
Property taxes	4,564,248	4,263,009
Interest and investment earnings	6,492,148	6,046,939
Gain (loss) on disposition of capital assets	(649,966)	2,029,568
Interest expense	(1,229,490)	(890,995)
Total nonoperating revenues (expenses)	9,176,940	11,448,521
Income before capital contributions	2,406,635	6,524,808
CAPITAL CONTRIBUTIONS:		
Developer contributions	3,978,298	22,843,173
Capacity charges	7,400,007	6,102,475
Total capital contributions	11,378,305	28,945,648
NET CHANGES IN NET POSITION	13,784,940	35,470,456
NET POSITION:		
Beginning of year, as previously reported	247,479,822	211,948,770
Change in accounting principle (GASB 101)	(447,847)	(387,251)
Beginning of year, as restated (Note 13)	247,031,975	211,561,519
End of year	$ 260,816,915	$ 247,031,975

See accompanying Notes to the Basic Financial Statements.

West Valley Water District
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers for water sales and services	$ 29,625,992	$ 26,558,927
Cash paid to employees for salaries and benefits	(12,106,776)	(10,645,581)
Cash paid to vendors and suppliers for materials and services	(22,488,696)	(16,716,464)
Cash received from others	4,362,023	6,330,193
Net cash provided by (used in) operating activities	(607,457)	5,527,075
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Property taxes and fee collected	4,562,684	4,262,728
Net cash provided by noncapital financing activities	4,562,684	4,262,728
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(28,465,974)	(37,150,405)
Proceeds from capital contribution	355,419	-
Proceeds from capacity charges	7,400,007	6,102,475
Proceeds from sale of capital assets	22,196	2,534,306
Proceeds from issuance of long-term debt	28,134,142	18,530,858
Principal paid on long-term debt	(1,195,762)	(1,437,999)
Interest paid on long term debt	(1,039,940)	(911,487)
Net cash provided by (used in) capital and related financing activities	5,210,088	(12,332,252)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	6,382,122	5,875,635
Net cash provided by investing activities	6,382,122	5,875,635
Net change in cash and cash equivalent	15,547,437	3,333,186
CASH AND CASH EQUIVALENT:		
Beginning of year	124,846,049	121,512,863
End of year	$ 140,393,486	$ 124,846,049

See accompanying Notes to the Basic Financial Statements.

West Valley Water District
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2025 and 2024

	2025	2024 (as restated)
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating (loss)	$ (6,770,305)	$ (4,923,713)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation expense	7,346,255	6,991,531
Amortization of water participation rights and subscription assets	436,921	434,230
(Increase) decrease in:		
Accounts receivable – water sales and services, net	247,439	(27,411)
Accounts receivable – other	(27,082)	(25,036)
Accounts receivable - lease	11,481	10,244
Due from other governments	(9,326)	33,029
Materials and supplies inventory	(161,716)	(341,240)
Prepaid water	(65,358)	(317,572)
Prepaid items	45,666	126,182
Accounts receivable - redevelopment pass-through	41,081	41,082
Deferred outflows of resources - pensions	798,989	39,349
Deferred outflows of resources - OPEB	(219,424)	501,060
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,529,455)	3,116,910
Accrued salaries and related payables	101,641	(53,845)
Pass-through utility user taxes payable	30,936	45,341
Customer deposits	85,888	(172,591)
Unearned revenue	(939,124)	684,596
Changes in Net Pension Liability	(24,516)	954,539
Change in Net OPEB Liability	1,146,153	(386,365)
Construction advances and deposits	(33,022)	172,734
Compensated absences	117,236	173,231
Deferred inflows of resources - leases	(40,035)	(40,035)
Deferred inflows of resources - pensions	(180,930)	(217,325)
Deferred inflows of resources - OPEB	(1,291,850)	(1,291,850)
Total adjustments	6,162,848	10,450,788
Net cash provided by operating activities	$ (607,457)	$ 5,527,075
NONCASH ITEMS		
Acquisition of subscription assets	$ (155,545)	$ (231,586)
Issuance of subscription liabilities	$ 155,545	$ 231,586
Disposal of capital assets	$ 716,371	$ (504,737)
Amortization of debt premium	$ (40,617)	$ (40,618)
Developer Contribution	$ 3,622,879	$ 22,843,173

See accompanying Notes to the Basic Financial Statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

Established on January 8, 1952, the West Valley Water District (the "District") is located in Southwestern San Bernardino County (the "County") with a small area of Northwestern Riverside County. The District's service area is approximately 32 square miles. The District uses 376 miles of water mains to provide water to approximately 21,000 customers. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The West End Water Development, Treatment and Public Affairs Joint Powers Authority (the "Authority") was formed on April 7, 1989, pursuant to the provisions of Article I, Chapter S, Division 7, Title 1 of the California Government Code. The Authority is deemed to be a component unit of the District, District of Rialto (the "Rialto") and the Municipal Water Department of the District of San Bernardino. The District's portion of the Authority has been included in these financial statements using the blended method of reporting. The Authority has had no activity in the past 10 years and reports no assets or liabilities.

The criteria used in determining the scope of the financial reporting entity is based on accounting principles generally accepted in the United States of America ("U.S. GAAP"). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as U.S. GAAP. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding.

The financial statements are reported using the *"economic resources"* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues and expenses, such as water sales and water purchases, 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. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses, not included in the above categories, are reported as nonoperating revenues and expenses.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

The statement of net position reports separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

> **Deferred Outflows of Resources** represent outflows of resources (consumption of net assets) that apply to future periods and that, therefore, will not be recognized as an expense until that time.
>
> **Deferred Inflows of Resources** represent inflows of resources (acquisition of net assets) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value. Investments are stated at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The statement of cash flows requires presentation of "cash and cash equivalents". For the purposes of the statement of cash flows, the District considers cash and investments as "cash and cash equivalents".

Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

> Level 1 — Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
>
> Level 2 — Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.
>
> Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Restricted Assets

Certain assets of the District are restricted in use by ordinance or debt covenant and, accordingly, are shown as restricted assets on the accompanying statement of net position. Revenue bond reserve funds and construction funds set aside from bond proceeds are restricted for future debt service payments and construction projects. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Uncollectible Accounts

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. As of June 30, 2025 and 2024, the balance of allowance for uncollectible accounts are $92,491 and 70,757, respectively.

Materials and Supplies Inventory

Materials and supplies inventory consist 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 a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

Prepaid Items

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

Leases

The District is a lessor for leases of land. The District recognizes leases receivable and deferred inflows of resources in the financial Statements.

At the commencement of a 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. The deferred inflows of resources 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 inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

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.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated capital assets are valued at acquisition value on the date donated. 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.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Source of supply plant	20 years
Pumping plant	10 - 20 years
Water treatment plant	10 years
Transmission and distribution plant	15 - 60 years
General plant	5 - 20 years
Bio-remediation plant	20 years
Water rights	30 years

Right-of-Use Subscription Assets

Subscription assets are recorded at the amount of the initial measurement of the SBITA liabilities ("subscription liabilities") and adjusted by any subscription payments to the SBITA vendor at or before the commencement of the subscription term, less any incentives received from the SBITA vendor at or before the commencement of the subscription term along with subscription implementation costs. Subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying information technology assets.

Subscription-Based Information Technology Arrangements ("SBITAs")

The District has a policy to recognize a subscription liability and a right-to-use subscription asset (subscription asset) in the financial statements. The District recognizes subscription liabilities with an initial, individual value of $50,000 or more with a subscription term greater than one year. Variable payments based on future performance of the District's usage of the underlying IT asset, or number of user seats are not included in the measurement of the subscription liability, rather, those variable payments are recognized as outflows of resources (expenses) in the period the obligation for those payments is incurred.

At the commencement of a SBITA, the District initially measures the subscription liability at the net present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, plus any payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable initial implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

Costs associated with a SBITA, other than the subscription payments, are accounted for as follows:

- **Preliminary Project Stage:** Outlays are expensed as incurred.
- **Initial Implementation Stage:** Outlays are capitalized as an addition to the subscription asset.
- **Operation and Additional Implementation Stage:** Outlays are expensed as incurred unless they meet specific capitalization criteria.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Subscription-Based Information Technology Arrangements ("SBITAs") (Continued)

Upon adoption, the District elected to exclude the capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage that were incurred prior to the implementation of this Statement in the measurement of subscription assets as of July 1, 2022.

Subscription assets are reported in capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset, unless the subscription contains a purchase option that the District has determined is reasonably certain of being exercised. In this case, the subscription asset is amortized over the useful life of the underlying IT asset.

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

- The District used the incremental borrowing rate at the time of GASB Statement No. 96 implementation for its existing SBITAs. The District will use the current rate at the time of a new SBITA agreement is executed. If available, the District uses the interest rate charged by the SBITA vendor as the discount rate.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscription liability and will remeasure it accordingly if certain changes occur that are expected to significantly affect the liability.

Compensated Absences

Under certain circumstances and according to the negotiated labor agreements, employees of the District are allowed to accumulate annual leave. These amounts for annual leave are expected to be paid in future years from future resources. A liability is recognized for leave benefits (such as vacation and sick leave) when the benefits are attributable to services already rendered, accumulate for use in future periods, and are more likely than not to be used or paid. The liability is measured using the employee's pay rate in effect at the financial statement date and includes salary-related payments.

Construction Advances and Deposits

Construction advances and deposits represent deposits received in aid of construction, which are refundable if the applicable construction does not take place. Construction advances are transferred to contributed capital when the applicable construction project is completed.

Defined Benefit Pension Plans

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

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Defined Benefit Pension Plans (Continued)

The following timeframes are used for pension reporting:

CalPERS	June 30, 2025	CalPERS	June 30, 2024
Valuation date	June 30, 2023	Valuation date	June 30, 2022
Measurement date	June 30, 2024	Measurement date	June 30, 2023
Measurement period	July 1, 2023 to June 30, 2024	Measurement period	July 1, 2022 to June 30, 2023

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. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retires) as of the beginning of the measurement period.

Other Postemployment Benefits ("OPEB")

For purposes 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 OPEB Plan and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for pension reporting:

OPEB	June 30, 2025	OPEB	June 30, 2024
Valuation date	June 30, 2024	Valuation date	June 30, 2022
Measurement date	June 30, 2024	Measurement date	June 30, 2023
Measurement period	July 1, 2023 to June 30, 2024	Measurement period	July 1, 2022 to June 30, 2023

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/amortization, reduced by any outstanding balances of debt and the deferred amount on refunding debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred outflows and inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

Water Sales and Sewer Services

Water sales and sewer services are billed on a monthly cyclical basis and recognize the respective revenues when they are earned.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment. Any prepayments received by the District are reported as unearned revenue until construction of the related project has commenced and the District is reasonably certain they will be completed. Upon completion, the applicable amounts are recognized as capital contributions.

Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Use of Estimates

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results most likely will differ from those estimates.

Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

During the fiscal year ended June 30, 2025, the District implemented the following accounting standards:

- ***GASB Statement No. 101*** – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Implementation of this Statement resulted in a restatement of the beginning fund balance as of July 1, 2024, as presented in Note 13.

- ***GASB Statement No. 102*** – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Implementation of this Statement did not have a significant effect on the District's financial statements for the fiscal year ended June 30, 2025.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Upcoming New GASB Pronouncements

The District is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Application of this statement is effective for the District's fiscal year ending June 30, 2026. The District has not determined the effect on the financial statements.

- GASB Statement No. 104 – In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This Statement also requires additional disclosures for capital assets held for sale. Application of this statement is effective for the District's fiscal year ending June 30, 2026. The District has not determined the effect on the financial statements.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2025 and 2024 were classified in the accompanying financial statements as follows:

	2025	2024
Cash and cash equivalents	$ 656,950	$ 4,441,928
Investments	139,736,536	120,404,121
Total cash and investments	$ 140,393,486	$ 124,846,049

Cash and investments as of June 30, 2025 and 2024 consist of the following:

	2025	2024
Cash on hand	$ 4,300	$ 4,300
Deposits held with financial institutions	652,650	4,437,628
Investments	139,736,536	120,404,121
Total cash and investments	$ 140,393,486	$ 124,846,049

Demand Deposits

The carrying amounts of cash deposits were $652,650 and $4,437,628 at June 30, 2025 and 2024, respectively. Bank balances at 2025 and 2024 were $914,575 and $4,863,218, respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

Note 2 – Cash and Investments (Continued)

Demand Deposits (Continued)

The fair value of pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The District, however, has not waived the collateralization requirements.

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.

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Entity Securities [1]	3 years	None	None
Certificate of Deposit [2]	5 years	None	50%
Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits [3]	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
CalTrust	2 years	None	None
Municipal Securities	5 years	20%	None
Banker's Acceptances	180 days	25%	None
Commercial Paper	270 days	25%	40%
Repurchase Agreement	90 days	10%	None
Medium-Term Notes	5 years	30%	None
Local Government Investment Pools (LGIP)	5 years	50%	50%
Supranational	5 years	30%	10%

[1] Purchase of callable Federal Agency Obligations are limited to a maximum 30% of portfolio.
[2] Only a maximum 30% of surplus funds can be invested in Certificates of Deposit.
[3] Only a maximum of 20% the portfolio may be invested in Time Certificate of Deposits (TCDs). The maturity of TCDs may not exceed 4 years.

Note 2 – Cash and Investments (Continued)

Fair Vale Measurements

At June 30, 2025 and 2024, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2025 and 2024:

	Measurement Inputs							
	2025				2024			
Investment Type	Significant Observable Inputs (Level 1)	Significant Observable Inputs (Level 2)	Uncategorized	Total	Significant Observable Inputs (Level 1)	Significant Observable Inputs (Level 2)	Uncategorized	Total
U.S. Treasury Obligations	$89,785,033	$ -	$ -	$ 89,785,033	$97,713,550	$ -	$ -	$ 97,713,550
U.S. Agency Obligations	-	13,217,870 [1]	-	13,217,870	-	11,019,014 [1]	-	11,019,014
U.S. Corporate	-	11,362,445 [1]	-	11,362,445	-	9,526,823 [1]	-	9,526,823
Supranational	-	1,558,482 [1]	-	1,558,482	-	1,427,171 [1]	-	1,427,171
Municipal Bonds	-	966,988 [1]	-	966,988	-	307,830 [1]	-	307,830
Local Agency Investment Fund (LAIF)	-	-	6,986,329	6,986,329	-	-	321,437	321,437
Money Market Mutual Funds	-	-	15,859,389	15,859,389	-	-	88,296	88,296
Total	$89,785,033	$27,105,785	$ 22,845,718	$139,736,536	$97,713,550	$22,280,838	$ 409,733	$120,404,121

[1] Instituational Bond Quotes - evaluations based on various market and industry inputs.

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 through the use of mutual funds or government investment pools (such as the Treasury Pool).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

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

The District's maturity of investments as of June 30, 2025 were as follows:

	Investment Maturities (in Years)			
Investment Type	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Fair Value Total
U.S. Agency Obligations	$ 2,356,879	$ 1,511,859	$ 9,349,132	$ 13,217,870
U.S. Treasury Obligations	77,907,583	5,699,710	6,177,740	89,785,033
U.S. Corporate	229,610	4,906,543	6,226,292	11,362,445
Supranational	684,816	-	873,666	1,558,482
Municipal Bonds	-	-	966,988	966,988
Local Agency Investment Fund (LAIF)	6,986,329	-	-	6,986,329
Money Market Mutual Funds	15,859,389	-	-	15,859,389
Total	$ 104,024,606	$ 12,118,112	$ 23,593,818	$ 139,736,536

Note 2 – Cash and Investments (Continued)

Interest Rate Risk (Continued)

The District's maturity of investments as of June 30, 2024 were as follows:

	Investment Maturities (in Years)			
Investment Type	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Fair Value Total
U.S. Agency Obligations	$ 2,052,996	$ 2,249,037	$ 6,716,981	$ 11,019,014
U.S. Treasury Obligations	87,171,111	6,750,072	3,792,367	97,713,550
U.S. Corporate	1,101,837	2,900,701	5,524,285	9,526,823
Supranational	247,065	654,260	525,845	1,427,171
Municipal Bonds	-	-	307,830	307,830
Local Agency Investment Fund (LAIF)	321,437	-	-	321,437
Money Market Mutual Funds	88,296	-	-	88,296
Total	$ 90,982,742	$ 12,554,070	$ 16,867,308	$ 120,404,121

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

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. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the District's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard and Poor's, and Moody's Investors Service.

As of June 30, 2025, the District had the following table of the Standard and Poor's credit ratings:

Investment Type	Total As of June 30, 2025	Minimum Legal Rating	A or Higher	Not rated
Municipal Bonds	$ 966,988	A	$ 966,988	$ -
U.S. Agency Obligations	13,217,870	N/A	13,217,870	-
U.S. Treasury Obligations	89,785,033	N/A	89,785,033	-
U.S. Corporate	11,362,445	A	11,362,445	-
Supranational	1,558,482	AA	1,558,482	-
Local Agency Investment Fund (LAIF)	6,986,329	N/A	-	6,986,329
Money Market Mutual Funds	15,859,389	AAA	15,859,389	-
Total	$ 139,736,536		$ 132,750,207	$ 6,986,329

Note 2 – Cash and Investments (Continued)

Credit Risk (Continued)

As of June 30, 2024, the District had the following table of the Standard and Poor's credit ratings:

Investment Type	As of June 30, 2024	Legal Rating	A or Higher	Not rated
Municipal Bonds	$ 307,830	A	$ 307,830	$ -
U.S. Agency Obligations	11,019,014	N/A	11,019,014	-
U.S. Treasury Obligations	97,713,550	N/A	97,713,550	-
U.S. Corporate	9,526,823	A	9,526,823	-
Supranational	1,427,171	AA	1,427,171	-
Local Agency Investment Fund (LAIF)	321,437	N/A	-	321,437
Money Market Mutual Funds	88,296	AAA	88,296	-
Total	$ 120,404,121		$ 120,082,684	$ 321,437

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments as of June 30, 2025 and 2024.

Investment in Local Agency Investment Fund (LAIF)

The District is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasure of the State of California. As of June 30, 2025 and June 30, 2024, the District had $6,986,329 and $321,437 respectively invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not reasonably available. LAIF is reported at amortized cost, which approximates fair value.

Note 3 – Accounts Receivable – Redevelopment Pass-Through

The District has a tax pass-through agreement with the City of Rialto. Under this agreement, San Bernardino County pays a portion of the District's incremental tax receipts directly to the District for water-related improvements within the Agua Mansa redevelopment area. Over the past several years, the District has received annual payments of the revenue to which it is entitled, and it is anticipated that these payments will continue through fiscal year 2029. As of June 30, 2025 and 2024, the outstanding balance were $164,327 and $205,408, respectively.

Note 4 – Lease Receivables

The portion of the District's property is leased to others. Such property includes special purpose facilities and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the District. The terms of the arrangements range from 2 to 99 years. The calculated interest rates used vary depending on the length of the lease. The leases have interest rates that range from 2.026% to 2.063%. For the fiscal years ended June 30, 2025 and 2024, the District recognized $40,035, in lease revenue and $29,127 and $28,998 in interest revenue, respectively.

Note 4 – Lease Receivables (Continued)

The changes in lease receivables for the years ended June 20, 2025 and 2024 are as follow:

					Classification	
Fiscal Year Ended	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year	Due in More Than One Year
June 30, 2025	$ 1,404,328	$ -	$ (11,481)	$ 1,392,847	$ 12,772	$ 1,380,075
June 30, 2024	1,414,572	-	(10,244)	1,404,328	11,481	1,392,847

As of June 30, 2025, lease receivable are due in the upcoming years as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 12,772	$ 28,530	$ 41,302
2027	14,118	28,256	42,374
2028	15,521	27,954	43,475
2029	16,983	27,623	44,606
2030	18,506	27,261	45,767
2031-2035	117,660	129,708	247,368
2036-2040	166,188	115,278	281,466
2041-2045	225,094	95,353	320,447
2046-2050	237,539	69,941	307,480
2051-2055	225,736	47,595	273,331
2056-2060	296,000	20,865	316,865
2061	46,730	575	47,305
Total	$ 1,392,847	$ 618,939	$ 2,011,786

As of June 30, 2025, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,	Total
2026	$ 40,035
2027	40,035
2028	40,035
2029	40,035
2030	40,035
2031-2035	200,175
2036-2040	200,175
2041-2045	200,175
2046-2050	167,921
2051-2055	125,745
2056-2060	125,745
2061	16,765
Total	$ 1,236,876

Note 5 – Capital Assets

Changes in capital assets for the year ended June 30, 2025, were as follows:

	Balance July 1, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Non-depreciable assets:					
Land and land rights	$ 2,081,060	$ -	$ -	$ -	$ 2,081,060
Construction-in-process	44,299,669	26,682,424	(247,283)	(3,121,799)	67,613,011
Total non-depreciable assets	46,380,729	26,682,424	(247,283)	(3,121,799)	69,694,071
Depreciable assets:					
Source of supply plant	6,371,198	-	-	702,105	7,073,303
Pumping plant	12,579,014	-	-	245,253	12,824,267
Bio-remediation plant	24,907,020	-	-	-	24,907,020
Water treatment plant	39,820,934	-	-	733,774	40,554,708
Transmission and distribution plant	161,935,045	3,622,878	-	378,932	165,936,855
General plant and equipment	17,639,413	-	(44,209)	1,061,735	18,656,939
Total depreciable assets	263,252,624	3,622,878	(44,209)	3,121,799	269,953,092
Less accumulated depreciation:					
Source of supply plant	(5,287,813)	(186,477)	-	-	(5,474,290)
Pumping plant	(9,977,021)	(443,480)	-	-	(10,420,501)
Bio-remediation plant	(8,702,046)	(830,234)	-	-	(9,532,280)
Water treatment plant	(32,392,234)	(1,051,813)	-	-	(33,444,047)
Transmission and distribution plant	(58,084,948)	(3,931,095)	-	-	(62,016,043)
General plant and equipment	(11,177,545)	(903,156)	44,209	-	(12,036,492)
Total accumulated depreciation	(125,621,607)	(7,346,255)	44,209	-	(132,923,653)
Total depreciable assets, net	137,631,017	(3,723,377)	-	3,121,799	137,029,439
Intangible assets:					
Water rights	404,949	-	-	-	404,949
Water participation rights	9,645,865	-	(420,813)	-	9,225,052
Less: accumulated amortization	(4,179,876)	(305,328)	-	-	(4,485,204)
Total intangible assets - water rights, net	5,870,938	(305,328)	(420,813)	-	5,144,797
Subscription assets, being amortized	522,368	155,545	(73,216)	-	604,697
Less accumulated amortization	(181,726)	(131,593)	69,150	-	(244,169)
Total subscription assets, net	340,642	23,952	(4,066)	-	360,528
Total capital assets, net	$ 190,223,326	$ 22,677,671	$ (672,162)	$ -	$ 212,228,835

The construction-in-process balances at June 30, 2025 are as follows:

	2025
Roemer Plant Expansion	$ 63,807,852
Various other district projects	3,805,159
Total construction-in-process	$ 67,613,011

Note 5 – Capital Assets (Continued)

Changes in capital assets for the year ended June 30, 2024, were as follows:

	Balance July 1, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Non-depreciable assets:					
Land and land rights	$ 2,093,491	$ -	$ (12,431)	$ -	$ 2,081,060
Construction-in-process	12,170,910	38,078,057	(492,306)	(5,456,992)	44,299,669
Total non-depreciable assets	14,264,401	38,078,057	(504,737)	(5,456,992)	46,380,729
Depreciable assets:					
Source of supply plant	6,371,198	-	-	-	6,371,198
Pumping plant	12,315,214	-	-	263,800	12,579,014
Bio-remediation plant	24,907,020	-	-	-	24,907,020
Water treatment plant	38,622,074	-	-	1,198,860	39,820,934
Transmission and distribution plant	135,286,093	23,212,157	-	3,436,795	161,935,045
General plant and equipment	17,072,626	9,250	-	557,537	17,639,413
Total depreciable assets	234,574,225	23,221,407	-	5,456,992	263,252,624
Less accumulated depreciation:					
Source of supply plant	(5,079,930)	(207,883)	-	-	(5,287,813)
Pumping plant	(9,554,543)	(422,478)	-	-	(9,977,021)
Bio-remediation plant	(7,871,811)	(830,235)	-	-	(8,702,046)
Water treatment plant	(31,469,875)	(922,359)	-	-	(32,392,234)
Transmission and distribution plant	(54,322,461)	(3,762,487)	-	-	(58,084,948)
General plant and equipment	(10,331,456)	(846,089)	-	-	(11,177,545)
Total accumulated depreciation	(118,630,076)	(6,991,531)	-	-	(125,621,607)
Total depreciable assets, net	115,944,149	16,229,876	-	5,456,992	137,631,017
Intangible assets:					
Water rights	404,949	-	-	-	404,949
Water participation rights	9,645,865	-	-	-	9,645,865
Less: accumulated amortization	(3,858,347)	(321,529)	-	-	(4,179,876)
Total intangible assets - water rights, net	6,192,467	(321,529)	-	-	5,870,938
Subscription assets, being amortized	290,782	231,586	-	-	522,368
Less accumulated amortization	(69,025)	(112,701)	-	-	(181,726)
Total subscription assets, net	221,757	118,885	-	-	340,642
Total capital assets, net	$ 136,622,774	$ 54,105,289	$ (504,737)	$ -	$ 190,223,326

The construction-in-process balances at June 30, 2024 are as follows:

	2024
Roemer Plant Expansion	$ 40,184,212
Various other district projects	3,958,853
Various other developer projects	156,604
Total construction-in-process	$ 44,299,669

Note 5 – Capital Assets (Continued)

Depreciation expense for the years ended June 30, 2025 and 2024 were $7,346,255 and $6,991,351, respectively. Major capital assets additions during the current year include the upgrades and extensions of the District's transmission and distribution, water treatment plant, general plant and pumping plant. A significant portion of these additions were constructed by the District and/or sub-contractors and transferred out of construction-in-process, upon competition of these various projects.

Amortization expense for the years ended June 30, 2025 and 2024 were $436,921 and 434,230.

Intangible Assets

In 2012, the District acquired water participation rights from the San Bernardino Valley Municipal Water District in the amount of $9,645,865. As of June 30, 2025, the current balance of the water participation rights was adjusted to $9,225,052. The District is amortizing the participation rights until January 31, 2041.

Note 6 – Compensated Absences

Changes to compensated absences for the years ended June 30, 2025 and 2024 were as follows:

Year Ended	Beginning Balance (as restated)	Net Changes *	Ending Balance	Current Portion	Non-current Portion
June 30, 2025	$ 1,396,777	$ 117,236	$ 1,514,013	$ 832,707	$ 681,306
June 30, 2024	1,223,546	173,231	1,396,777	768,227	628,550

* The change in the compensated absences liability is presented as a net change.

Note 7 – Long-Term Debt

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Amount Due Within One Year	Amount Due In More Than One Year
Publicly offering:						
Water Revenue Refunding						
Bonds, Series 2016A	$ 18,890,000	$ -	$ (475,000)	$ 18,415,000	$ 490,000	$ 17,925,000
Add: Unamortized Premium	913,058	-	(40,617)	872,441	-	872,441
Total bond payable	19,803,058	-	(515,617)	19,287,441	490,000	18,797,441
Direct borrowing:						
Hydroelectric Plant - Contract payable	1,323,551	-	(331,100)	992,451	331,100	661,351
Water Participation Rights						
Contract payable	5,190,589	-	(305,329)	4,885,260	305,329	4,579,931
Drinking Water State Revolving Fund	18,530,858	28,134,142	-	46,665,000	-	46,665,000
Subscription liabilities	159,064	155,545	(84,333)	230,276	98,073	132,203
Total long-term liabilities	$ 45,007,120	$ 28,289,687	$ (1,236,379)	$ 72,060,428	$ 1,224,502	$ 70,835,926

Note 7 – Long-Term Debt (Continued)

Changes in long-term debt for the year ended June 30, 2024 were as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amount Due Within One Year	Amount Due In More Than One Year
Publicly offering:						
Water Revenue Refunding						
Bonds, Series 2016A	$ 19,345,000	$ -	$ (455,000)	$ 18,890,000	$ 475,000	$ 18,415,000
Add: Unamortized Premium	953,676	-	(40,618)	913,058	-	913,058
Total bond payable	20,298,676	-	(495,618)	19,803,058	475,000	19,328,058
Direct borrowing:						
Hydroelectric Plant - Contract payable	1,654,651	-	(331,100)	1,323,551	331,100	992,451
Water Participation Rights						
Contract payable	5,787,519	-	(596,930)	5,190,589	305,329	4,885,260
Drinking Water State Revolving Fund	-	18,530,858	-	18,530,858	-	18,530,858
Subscription liabilities	214,033	-	(54,969)	159,064	42,675	116,389
Total long-term liabilities	$ 27,954,879	$ 18,530,858	$ (1,478,617)	$ 45,007,120	$ 1,154,104	$ 43,853,016

Water Revenue Refunding Bonds Series 2016A

The 2016A Bonds were issued to provide funds, together with certain other moneys: (i) to prepay all amounts payable under the Series 2006D-2 Bonds installment purchase agreement between the District and California Statewide Communities Development Authority; and (ii) pay costs of issuance of the 2016A Bonds. The 2016A Bonds were issued pursuant to an Indenture of Trust, dated December 1, 2016, by and between the District and U.S. Bank National Association. The 2016A Bonds were in the aggregate principal amount of $22,035,000. The 2016A Bonds were dated as of the date of initial issuance, and will bear interest ranging from 2.00% to 5.00% per annum, payable on April 1 and October 1, commencing April 1, 2017, and ending October 1, 2047. The Series 2016A Bonds are payable solely from the net revenues of the District's water system as defined in the Series 2016A Bond Indenture.

The District has covenanted that it shall at all times while any of the 2016A Bonds remain unpaid, to the maximum extent permitted by law, to fix, prescribe and collect rates, fees and charges and manage the operation of the District for each fiscal year so as to yield District's net revenues equal to at least 1.20 times the annual debt service. The District is in compliance with such covenant at June 30, 2025 and 2024. In event of default, the District upon demand by U.S. Bank National Association, will immediately repay the total unpaid principal of the Bonds, accrued interests.

The amount outstanding at June 30, 2025 was $18,415,000. The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 490,000	$ 807,250	$ 1,297,250
2027	515,000	782,125	1,297,125
2028	540,000	755,750	1,295,750
2029	570,000	728,000	1,298,000
2030	600,000	698,750	1,298,750
2031-2035	3,450,000	3,021,350	6,471,350
2036-2040	2,505,000	2,140,875	4,645,875
2041-2045	3,910,000	1,401,600	5,311,600
2046-2048	5,835,000	350,100	6,185,100
Total	$ 18,415,000	$ 10,685,800	$ 29,100,800

Note 7 – Long-Term Debt (Continued)

Hydroelectric Plant

In December 20, 2016, the District entered into an agreement with San Bernardino Valley Municipal Water District ("Valley District") to finance and construct Roemer Hydroelectric Station. In the agreement, the Valley District agreed to finance the cost of the project total amounted of $3,310,151 with the interest that the Valley District shall be revenue neutral in this financing arrangement. Beginning June 2018, the District shall repay the principal of the project funds, together with all interest accruing thereon, annually to the Valley District. Interest accrued monthly on the unpaid and outstanding balance of principal at the Local Agency Investment Fund interest rate, with accrued but unpaid interest also bearing interest. As of June 30, 2025, the outstanding balance of the financing was in the amount of $992,451.

Future debt service requirements are as follows:

Year Ending June 30,	Principal
2026	331,100
2027	331,100
2028	330,251
Total	$ 992,451

Water Participation Rights Contract Payable

In 2012, the District acquired water participation rights from the San Bernardino Valley Municipal Water District (SBVMWD). These rights entitle the District to purchase water from the Baseline Feeder system. The payment for the rights is calculated at 5,000-acre feet at $90 per acre foot, per year, payable in monthly installments of $25,444, until January 31, 2041. The calculated annual amount of $321,529 is a minimum usage fee which does not actually represent the purchase of any water. In 2024, the SBVMWD adjusted the annual payment from the District to $305,329 beginning fiscal year 2025. Purchased water is billed in addition to the minimum fee. As of June 30, 2025, the outstanding balance of the financing was $4,885,260. Future debt service requirements are as follows:

Year Ending June 30,	Principal
2026	$ 305,329
2027	305,329
2028	305,329
2029	305,329
2030	305,329
2031-2035	1,526,645
2036-2040	1,526,645
2041	305,325
Total	$ 4,885,260

Note 7 – Long-Term Debt (Continued)

Drinking Water State Revolving Fund

In 2023, the District entered into an agreement with California State Water Resources Control Board for the Romer Expansion Project. The District received $18.5 Million during the fiscal year ended June 30, 2024 and $28.1 Million during the fiscal year ended June 30, 2025. The project is expected be completed by December 31, 2025. Payments will begin in fiscal year 2026 and the loan is expected to be repaid by 2055. These are calculated using the annual interest rate is 1.1%. As of June 30, 2025, the outstanding balance of the financing was $46,665,000. Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ -	$ 499,091	$ 499,091
2027	1,321,396	513,315	1,834,711
2028	1,335,931	498,780	1,834,711
2029	1,350,627	484,084	1,834,711
2030	1,365,484	469,228	1,834,712
2031-2035	7,056,055	2,117,501	9,173,556
2036-2040	7,452,770	1,720,786	9,173,556
2041-2045	7,871,790	1,301,766	9,173,556
2046-2050	8,314,368	859,187	9,173,555
2051-2055	8,781,830	391,725	9,173,555
2056	1,814,749	19,962	1,834,711
Total	$ 46,665,000	$ 8,875,425	$ 55,540,425

Subscription-Based Information Technology Arrangement (SBITA) Liability

The District has entered into a subscription-based IT arrangement and has recorded a liability to offset the right-to-use assets. This is calculated using the District's incremental borrowing rate is 2.354%. As of June 30, 2025, the remaining principal balance was $230,276.

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 98,073	$ 5,415	$ 103,488
2027	103,575	3,112	106,687
2028	28,628	674	29,302
Total	$ 230,276	$ 9,201	$ 239,477

Note 8 – Defined Benefit Pension Plans

General Information about the Pension Plan

<u>*Plans Description*</u>

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 and 2022 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

<u>*Benefits Provided*</u>

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.

The Plan's provisions and benefits in effect as of June 30, 2024 and 2023, the measurement dates, are summarized as follows:

	2024		2023	
	Classic Tier 1	PEPRA Tier 2	Classic Tier 1	PEPRA Tier 2
	Prior to January 1, 2013	On or After January 1, 2013	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-55 & up	52-67 & up	50-55 & up	52-67 & up
Required employee contribution rates	7.000%	7.750%	7.000%	6.750%
Required employer contribution rates	12.470%	7.680%	10.870%	7.470%

<u>*Employees Covered by Benefit Terms*</u>

At June 30, 2023 and 2022, the valuation dates, the following employees were covered by the benefit terms for the Plan:

	2023		2022	
	Miscellaneous Plan		Miscellaneous Plan	
	Classic	PEPRA	Classic	PEPRA
Active employees	35	43	38	40
Transferred and terminated employees	37	40	37	34
Retired employees and beneficiaries	49	1	48	1
Total	121	84	123	75

Note 8 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan (Continued)

Contributions

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.

Net Pension Liability

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 assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Price 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.

[1]The 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 experience study report from November 2021 that can be found on the CalPERS website.

Change of Assumptions

There were no change of assumptions in 2024 and 2023.

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.

Note 8 – Defined Benefit Pension Plans (Continued)

Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class[1]	Assumed Asset Allocation	Real Return [1,2]
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-Cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2024 and 2023 were 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.

Changes in the Net Pension Liability

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

The following presents the District's proportionate share of the net pension liabilities of the Plan as of the measurement dates at June 30, 2024 and 2023, calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Measurement Date	**Discount Rate - 1% (5.90%)**	**Current Discount Rate (6.90%)**	**Discount Rate + 1% (7.90%)**
June 30, 2024	$ 15,670,008	$ 9,756,035	$ 4,887,963
June 30, 2023	15,359,081	9,780,551	5,188,941

Note 8 – Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

Miscellaneous Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) - (a) - (b)
Balance at June 30, 2023 (Valuation Date)	$ 41,247,365	$ 31,466,814	$ 9,780,551
Balance at June 30, 2024 (Measurement Date)	43,826,565	34,070,530	9,756,035
Net Changes during 2023-2024	2,579,200	2,603,716	(24,516)
Balance at June 30, 2022 (Valuation Date)	$ 38,391,029	$ 29,565,017	$ 8,826,012
Balance at June 30, 2023 (Measurement Date)	41,247,365	31,466,814	9,780,551
Net Changes during 2022-2023	2,856,336	1,901,797	954,539

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement periods ended June 30, 2024 and 2023.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation dates (June 30, 2023 and 2022). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement dates (June 30, 2024 and 2023). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2024 and 2023 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement periods (2023-2024 and 2022-2023).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of market value assets.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Note 8 – Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the District's share of contributions made during the measurement period.

The District's proportionate share of the net pension liability was as follows:

2024		2023	
Measurement Date		Measurement Date	
June 30, 2023	0.1956%	June 30, 2022	0.1886%
June 30, 2024	0.2017%	June 30, 2023	0.1956%
Change - Increase (Decrease)	0.0061%	Change - Increase (Decrease)	0.0070%

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

For the years ended June 30, 2025 and 2024, the District recognized pension expense in the amounts of $2,306,493 and $2,167,582, respectively. At June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution after measurement date	$ 1,712,951	$ -	$ 1,391,019	$ -
Changes of assumptions	250,750	-	590,496	-
Difference between expected and actual experience	843,499	(32,913)	499,644	(77,507)
Projected earnings on pension plan investments under/(in excess of) actual earnings	561,643	-	1,583,559	-
Adjustment due to differences in proportions	293,596	-	463,427	-
Employer's actual contributions in excess of/(under) employer's proportionate share of contribution	66,717	(73,459)	-	(209,795)
Total	$ 3,729,156	$ (106,372)	$ 4,528,145	$ (287,302)

Deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date in the amount of $1,712,951 and $1,391,019 will be recognized as a reduction of the collective net pension liability in the years ending June 30, 2026 and 2025, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2025	Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2024
2026	$ 706,447	2025	$ 931,671
2027	1,339,812	2026	629,895
2028	56,042	2027	1,242,819
2029	(192,468)	2028	45,439
2030	-	2029	-
Total	$ 1,909,833	Total	$ 2,849,824

Note 9 – Other Postemployment Benefits ("OPEB")

General Information about the OPEB Plan

Plan Description

The District pays a portion of the cost of health insurance for retirees (including prescription drug benefits) under any group plan offered by the CalPERS Health Program, subject to certain restrictions as determined by the District. The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District's CalPERS Health Program, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.

Benefits Provided

A retired employee and dependent spouse, or spouse of a deceased employee or retiree, may continue his/her medical, dental and vision insurance at the District's expense. The eligibility requirements vary by date of hire, as follows:

- Hired prior to July 1, 2006: Later of age 50 and 10 years of continuous service. District premium contribution 100%.

- Hired on or after July 1, 2006: Later of age 55 and 5 years of continuous service. District premium contribution varies by years of service.

Year of Service	District Premium Contribution	Employee Premium Contribution
5	25%	75%
10	50%	50%
15	75%	25%
20	100%	0%

For employees hired before January 1, 2015, the District reimburses 100% of Medicare Part B premiums. Employees hired on or after January 1, 2015 are responsible for all Medicare Part B premiums.

If the spouse of a deceased employee or retiree remarries and becomes eligible for health benefits under his/her new spouse's health plan, all District benefits shall be terminated. Otherwise, benefits are payable for the lifetime of the covered retiree or surviving spouse.

Similar benefits are extended to retired District Directors, with the eligibility requirements being the later of age 50 and 12 years of total service. District Directors hired after January 1, 1995 are not eligible for retiree health benefits.

Plan Membership

As of the June 30, 2024 and 2022, the valuation dates, for measurement dates June 30, 2024 and 2023, respectively, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	2024	2022
Active employees	84	72
Inactive employees or beneficiaries currently receiving benefits payments	27	28
Total	111	100

Note 9 – Other Postemployment Benefits ("OPEB") (Continued)

General Information about the OPEB Plan (Continued)

<u>*Contributions*</u>

The OPEB Plan and its contribution requirements are established by Ordinance and may be amended by Board action to update the original Ordinance. The annual contribution is based on the actuarially determined contribution. The District participates in the California Employers' Retiree Trust (CERBT) Fund.

Net OPEB Liability

The District's net OPEB liabilities were measured as of June 30, 2024 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2024. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

<u>*Actuarial Assumptions*</u>

Total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	
Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair value of assets.
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB.
Inflation rate	2.50%
Salary Increases	3.00%
Investment rate of return	6.25%, net of OPEB plan investment expense
Pre-retirement Mortality:	Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Postretirement Mortality:	Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Healthcare cost trend rate (2024)	7.00 percent for 2025 decreasing to 5.40 percent for 2029, 5.25 percent for 2030-2034, 4.60 percent for 2035-2049, 4.50 percent for 2050-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years; Medicare ages: 4.50 percent for 2025-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later
Healthcare cost trend rate (2022)	6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069 and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2023-2029 and 4.00 percent for 2030 and later years.

Note 9 – Other Postemployment Benefits (“OPEB”) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions):

Asset Class	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	49.00%	4.80%
U.S. Fixed	23.00%	1.80%
TIPS	5.00%	1.60%
Real Estate	20.00%	3.70%
Commodities	3.00%	1.90%
Total	100.00%	

Rate of Return

For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 11.47 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested. The Annual money-weighted rate of return, net of investment expense, is 11.47%.

Discount Rate

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2025	June 30, 2024	6.25%	3.97%	6.25%
June 30, 2024	June 30, 2023	6.25%	3.86%	6.25%

Note 9 – Other Postemployment Benefits ("OPEB") (Continued)

Change in Net OPEB Liability

The changes in net OPEB liability for the years ended June 30, 2025 and 2024 were as follows:

	2025		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2024 (June 30, 2023 Measurement Date)	$ 10,401,789	$ 5,055,143	$ 5,346,646
Changes recognized for the measurement period:			
Service cost	498,193	-	498,193
Interest	670,417	-	670,417
Actual vs. expected experience	1,039,439	-	1,039,439
Changes of assumption	562,229	-	562,229
Contributions - employer	-	973,122	(973,122)
Net investment income	-	652,804	(652,804)
Benefits payments	(351,969)	(351,969)	-
Administrative expense	-	(1,801)	1,801
Net Changes during July 1, 2024 to June 30, 2025	2,418,309	1,272,156	1,146,153
Balance at June 30, 2025 (June 30, 2024 Measurement Date)	$ 12,820,098	$ 6,327,299	$ 6,492,799

	2024		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023 (June 30, 2022 Measurement Date)	$ 9,758,446	$ 4,025,435	$ 5,733,011
Changes recognized for the measurement period:			
Service cost	377,640	-	377,640
Interest	622,524	-	622,524
Contributions - employer	-	1,083,481	(1,083,481)
Net investment income	-	304,388	(304,388)
Benefits payments	(356,821)	(356,821)	-
Administrative expense	-	(1,340)	1,340
Net Changes during July 1, 2023 to June 30, 2024	643,343	1,029,708	(386,365)
Balance at June 30, 2024 (June 30, 2023 Measurement Date)	$ 10,401,789	$ 5,055,143	$ 5,346,646

Note 9 – Other Postemployment Benefits ("OPEB") (Continued)

Change in Net OPEB Liability (Continued)

<u>*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*</u>

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 and 2023:

	Plan's Net OPEB Liability (Asset)		
Measurement Date	Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
June 30, 2024	$ 8,429,913	$ 6,492,799	$ 4,904,685
June 30, 2023	6,858,055	5,346,646	4,097,999

<u>*Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*</u>

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 and 2023:

	Plan's Net OPEB Liability (Asset)		
Measurement Date	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
June 30, 2024	$ 4,639,157	$ 6,492,799	$ 8,850,034
June 30, 2023	3,796,558	5,346,646	7,314,277

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

For the fiscal years ended June 30, 2025 and 2024, the District recognized OPEB expense of $3,260 and $204,033, respectively. As of fiscal years, ended June 30, 2025 and 2024, the District reported deferred outflows of resources related to OPEB from the following sources:

	2025		**2024**	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 932,951	$ (1,500,058)	$ 484,611	$ (2,462,174)
Net difference between projected and actual earnings on plan investments	23,703	-	361,680	-
Difference between expected and actual experience	1,639,139	(2,313,400)	925,337	(2,643,134)
Employer contributions made subsequent to the measurement date	368,381	-	973,122	-
Total	$ 2,964,174	$ (3,813,458)	$ 2,744,750	$ (5,105,308)

Deferred outflows of resources related to OPEB resulting from District's contributions subsequent to the measurement date in the amounts of $368,381 and $973,122 will be recognized as a reduction of the net OPEB liability in the years ending June 30, 2026 and 2025, respectively.

Note 9 – Other Postemployment Benefits ("OPEB") (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amount reported as deferred outflows of resources related to OPEB will be recognized as future OPEB income as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources 2025
2026	$ (669,975)
2027	93,312
2028	(94,637)
2029	(291,921)
2030	(254,440)
Thereafter	(4)
Total	$ (1,217,665)

Year Ended June 30	Deferred Outflows/(Inflows) of Resources 2024
2025	$ (906,826)
2026	(764,363)
2027	(1,076)
2028	(189,025)
2029	(386,308)
Thereafter	(1,086,082)
Total	$ (3,333,680)

Note 10 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2025 and 2024 were as follows:

Description	2025	2024 (restated)
Capital assets, net	$ 212,228,835	$ 190,223,326
Deferred amount on debt refunding	145,541	152,156
Capital related debt:		
Account payable related to capital assets	(2,599,807)	(4,394,850)
Retention payable	(111,050)	(1,894,601)
Bonds payable - current	(490,000)	(475,000)
Bonds payable - noncurrent	(17,925,000)	(18,415,000)
Bond premium	(872,441)	(913,058)
Contracts payable - current	(636,429)	(636,429)
Contracts payable - noncurrent	(5,241,282)	(5,877,711)
Drinking Water State Revolving Fund	(46,665,000)	(18,530,858)
Subscription liabilities - current	(98,073)	(42,675)
Subscription liabilities - noncurrent	(132,203)	(116,389)
Net investment in capital assets	$ 137,603,091	$ 139,078,911

Note 11 – Commitments and Contingencies

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and advances for construction.

Note 11 – Commitments and Contingencies (Continued)

Commitments

The District has active projects as of June 30, 2025. As of June 30, 2025, the District's commitments with contractors for these projects are as follows:

Projects	Commitments
Building Improvements	$ 2,120,047
Land Improvements	2,059,366
Wells. Pumps, & Booster Plants	595,662
	$ 4,775,075

Litigation

The District is currently a party to various claims and legal proceedings. Although the outcome of these lawsuits is not presently determinable, it is management's opinion that the ultimate liabilities, if any, resulting from such claims and proceedings will not materially affect the financial position of the District. However, after consultation with legal counsel, the District has estimated an aggregate contingent liability related to various claims and litigations in the amount of $500,000 and $225,000 as of June 30, 2025 and 2024, respectively. The contingent liability is periodically adjusted as additional information becomes available affecting management's estimate. Actual claims and settlements paid may differ from this amount.

Note 12 – 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), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. As of June 30, 2025 and 2024, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $5,000,000, combined single limit at $5,000,000 per occurrence. The JPIA purchases additional excess coverage layers: $55 million per occurrence for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Public employee dishonesty coverage up to $100,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $150 million and $500 million for the years ended June 30, 2025 and 2024, respectively, per occurrence, subject to a $25,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $150 million and $100 million for the years ended June 30, 2025 and 2024, respectively, per occurrence, subject to various deductibles depending on the type of equipment.
- Workers' compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law. Coverage is through the Special Districts Risk Management Authority.

Note 12 – Risk Management (Continued)

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the last three years. 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, 2024 and 2023, other than an estimated contingent liability for various litigation, as described in Note 11.

Note 13 – Restatement

Implementation of GASB Statement No. 101, Compensated Absences

Effective for the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement establishes accounting and financial reporting standards for compensated absences, including vacation, sick leave, and other paid time off. The implementation of GASB 101 resulted in a change in accounting principle, and prior year amounts have been restated accordingly.

Under GASB 101, a liability must be recognized for leave that is attributable to services already rendered, accumulates and carries forward to future periods, and is more likely than not to be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed.

The implementation of GASB 101 resulted in a change in accounting principle, and prior year amounts have been restated accordingly. As of July 1, 2024, the beginning net position was adjusted to reflect the cumulative effect of the change.

Specifically, the liability for compensated absences increased by $447,847 and $387,251, resulting in a corresponding decrease in beginning net position of $447,847 and $387,251 as of July 1, 2025 and July 1, 2024, respectively. The financial impact was primarily due to the expanded scope of recognized leave and the lowered threshold for determining likelihood of use.

	June 30, 2024 As Previously Reported	Change in Accounting Principle	June 30, 2024 As Restated
Business-Type Activities	$ 247,479,822	$ (447,847)	$ 247,031,975
Total	$ 247,479,822	$ (447,847)	$ 247,031,975

	June 30, 2023 As Previously Reported	Change in Accounting Principle	June 30, 2023 As Restated
Business-Type	$ 211,948,770	$ (387,251)	$ 211,561,519
Total	$ 211,948,770	$ (387,251)	$ 211,561,519

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios
For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Measurement period ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
District's Proportion of the Net Pension Liability	0.2017%	0.1956%	0.1886%	0.1827%	0.1697%
District's Proportionate Share of the Net Pension Liability/(Asset)	$ 9,756,035	$ 9,780,551	$ 8,826,012	$ 3,468,668	$ 7,159,848
District's Covered Payroll	$ 8,454,825	$ 7,145,703	$ 7,040,783	$ 6,166,912	$ 6,406,574
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	115.39%	136.87%	125.36%	56.25%	111.76%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	77.74%	76.29%	77.01%	90.07%	78.53%

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Measurement period ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's Proportion of the Net Pension Liability	0.1604%	0.1516%	0.1485%	0.1447%	0.1608%
District's Proportionate Share of the Net Pension Liability/(Asset)	$ 6,421,111	$ 5,714,823	$ 5,854,618	$ 5,025,330	$ 4,411,991
District's Covered Payroll	$ 6,806,415	$ 5,589,317	$ 5,732,509	$ 4,604,837	$ 4,012,122
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	94.34%	102.25%	102.13%	109.13%	109.97%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	79.35%	80.51%	78.53%	78.61%	78.40%

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2025

Last Ten Fiscal Years[1]

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Fiscal year	2024-25	2023-24	2022-23	2021-22	2020-21
Actuarially determined contribution	$ 1,712,951	$ 1,391,019	$ 1,292,629	$ 1,184,089	$ 1,037,677
Contribution in relation to the determined contribution[2]	(1,712,951)	(1,391,019)	(1,292,629)	(1,184,089)	(1,037,677)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll[3]	$ 8,691,560	$ 8,454,825	$ 7,145,703	$ 7,040,783	$ 6,166,912
Contribution as a percentage of covered payroll[3]	19.71%	16.45%	18.09%	16.82%	16.83%

[1] As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions. How ever, some employers may choose to make additional contributions tow ards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

[3] Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2015 through 2017.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were derived from the June 30, 2021 funding valuation report.

Methods and assumptions used to determine contribution rates:Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	For details, see June 30, 2021, funding valuation report.
Asset valuation method	Fair Value of Assets. For details, see June 30, 2021, 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 Inflation.
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 mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years[1]

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Fiscal year	2019-20	2018-19	2017-18	2016-17	2015-16
Actuarially determined contribution	$ 984,477	$ 812,147	$ 715,005	$ 628,828	$ 658,011
Contribution in relation to the determined contribution[2]	(984,477)	(812,147)	(715,005)	(628,828)	(1,272,291)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ (614,280)
District's covered payroll[3]	$ 6,406,574	$ 6,806,415	$ 5,589,317	$ 5,732,509	$ 4,604,837
Contribution as a percentage of covered payroll[3]	15.37%	11.93%	12.79%	10.97%	27.63%

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years [1]

Other Postemployment Benefits ("OPEB") Plan

Measurement period	2023-24	2022-23	2021-22	2020-21	2019-20
Total OPEB liability					
Service cost	$ 498,193	$ 377,640	$ 358,679	$ 423,998	$ 496,240
Interest	670,417	622,524	786,374	741,661	808,919
Changes of benefit terms	-	-	-	-	-
Actual vs. expected experience	1,039,439	-	(3,075,860)	-	(277,128)
Changes of assumptions	562,229	-	604,269	-	(1,523,953)
Benefit payments	(351,969)	(356,821)	(406,017)	(468,812)	(388,982)
Net change in total OPEB liability	2,418,309	643,343	(1,732,555)	696,847	(884,904)
Total OPEB liability - beginning	10,401,789	9,758,446	11,491,001	10,794,154	11,679,058
Total OPEB liability - ending (a)	$ 12,820,098	$ 10,401,789	$ 9,758,446	$ 11,491,001	$ 10,794,154
OPEB fiduciary net position					
Contributions -					
Contributions - employer	973,122	1,083,481	1,112,330	1,310,480	1,244,934
Net investment income	652,804	304,388	300,757	725,522	36,063
Benefit payments	(351,969)	(356,821)	(406,017)	(468,812)	(388,982)
Actual vs. expected return on investments	-	-	(939,751)	-	-
Administrative expense	(1,801)	(1,340)	(1,123)	(1,026)	(864)
Net change in plan fiduciary net position	1,272,156	1,029,708	66,196	1,566,164	891,151
Plan fiduciary net position, beginning	5,055,143	4,025,435	3,959,239	2,393,075	1,501,924
Plan fiduciary net position, ending (b)	6,327,299	5,055,143	4,025,435	3,959,239	2,393,075
Plan net OPEB liability - ending (a) - (b)	$ 6,492,799	$ 5,346,646	$ 5,733,011	$ 7,531,762	$ 8,401,079
Plan's fiduciary net position as a percentage of the total OPEB liability	49.35%	48.60%	41.25%	34.46%	22.17%
Covered payroll	$ 8,975,438	$ 8,203,816	$ 8,423,119	$ 7,526,256	$ 8,808,682
Plan net OPEB liability as a percentage of covered payroll	72.34%	65.17%	68.06%	100.07%	95.37%

[1] Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Changes in assumptions: None

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years [1]

Other Postemployment Benefits ("OPEB") Plan

Measurement period	2018-19	2017-18	2016-17
Total OPEB liability			
Service cost	$ 335,647	$ 236,285	$ 683,520
Interest	739,614	552,581	428,490
Changes of benefit terms	175,249	-	-
Actual vs. expected experience	-	2,279,483	-
Changes of assumptions	-	(43,695)	(7,209,389)
Benefit payments	(386,106)	(320,225)	(287,245)
Net change in total OPEB liability	864,404	2,704,429	(6,384,624)
Total OPEB liability - beginning	10,814,654	8,110,225	14,494,849
Total OPEB liability - ending (a)	$ 11,679,058	$ 10,814,654	$ 8,110,225
OPEB fiduciary net position			
Contributions -			
Contributions - employer	953,106	1,150,225	-
Net investment income	93,161	12,291	-
Benefit payments	(386,106)	(320,225)	-
Actual vs. expected return on investments	-	-	-
Administrative expense	(232)	(296)	-
Net change in plan fiduciary net position	659,929	841,995	-
Plan fiduciary net position, beginning	841,995	-	-
Plan fiduciary net position, ending (b)	1,501,924	841,995	-
Plan net OPEB liability - ending (a) - (b)	$ 10,177,134	$ 9,972,659	$ 8,110,225
Plan's fiduciary net position as a percentage of the total OPEB liability	12.86%	7.79%	0.00%
Covered payroll	$ 7,177,705	$ 6,831,331	$ 6,080,776
Plan net OPEB liability as a percentage of covered payroll	141.79%	145.98%	133.37%

[1] Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Changes in assumptions: None

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2025

Last Ten Fiscal Years[1]

Other Postemployment Benefits ("OPEB") Plan

Fiscal year	2024-25	2023-24	2022-23	2021-22	2020-21
Actuarially determined contribution	$ 1,025,315	$ 995,453	$ 1,236,044	$ 1,200,042	$ 1,302,426
Contribution in relation to the actuarially determined contribution	(368,381)	(973,122)	(1,083,481)	(1,112,330)	(1,310,480)
Contribution deficiency (excess)	$ 656,934	$ 22,331	$ 152,563	$ 87,712	$ (8,054)
Covered payroll	$ 10,616,008	$ 8,975,438	$ 8,203,816	$ 8,423,119	$ 7,526,256
Contribution as a percentage of covered payroll	3.47%	10.84%	13.21%	13.21%	17.41%

[1] Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Valuation date	June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Salaries increases	3.00%
Discount rate	6.25%
General inflation	2.50%
Healthcare cost trend rate	7.00 percent for 2025 decreasing to 5.40 percent for 2029, 5.25 percent for 2030-2034, 4.60 percent for 2035-2049, 4.50 percent for 2050-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years; Medicare ages: 4.50 percent for 2025-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years.
Pre-retirement Mortality:	Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Postretirement Mortality:	Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years1

Other Postemployment Benefits ("OPEB") Plan

Fiscal year	2019-20	2018-19	2017-18
Actuarially determined contribution	$ 1,267,587	$ 859,000	$ 869,006
Contribution in relation to the actuarially determined contribution	(1,244,934)	(953,106)	(1,150,225)
Contribution deficiency (excess)	$ 22,653	$ (94,106)	$ (281,219)
Covered payroll	$ 8,808,682	$ 7,263,849	$ 6,831,331
Contribution as a percentage of covered payroll	14.13%	13.12%	16.84%

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STATISTICAL SECTION

West Valley Water District

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West Valley Water District

Statistical Section Contents

This section of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the accompanying financial statements, notes disclosures, and required supplementary information says about the District's overall financial health.

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West Valley Water District
Net Position by Component
Last Ten Fiscal Years

Schedule 1

Fiscal Year	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position (deficit)	Total Net Position
2016	$ 87,041,544	$ 2,387,354	$ 21,753,634	$ 111,182,532
2017	87,532,879	929,737	27,094,253	115,556,869
2018	95,204,664	7,875,322	22,622,990	125,702,976
2019	100,736,605	10,699,965	30,068,129	141,504,699
2020	102,459,965	13,462,143	29,259,529	145,181,637
2021	103,770,537	13,938,052	35,291,467	153,000,056
2022	102,483,167	49,107,439	39,989,216	191,579,822
2023	108,469,538	47,719,572	55,372,409	211,561,519
2024	139,078,911	29,188,714	78,764,350	247,031,975
2025	137,603,091	57,007,954	66,205,870	260,816,915

Source: West Valley Water District Accounting Department

West Valley Water District
Changes in Net Position by Component
Last Ten Fiscal Years

Schedule 2

	Fiscal Year				
	2016	**2017**	**2018**	**2019**	**2020**
Changes in net position:					
Operating revenues (see Schedule 2)	$ 23,230,364	$ 26,677,886	$ 28,543,972	$ 28,356,765	$ 28,820,834
Operating expenses (see Schedule 3)	(16,736,478)	(20,446,067)	(21,706,285)	(23,287,875)	(26,934,303)
Depreciation and amortization	(7,667,691)	(7,889,469)	(6,268,421)	(6,344,364)	(6,471,761)
Operating income(loss)	(1,173,805)	(1,657,650)	569,266	(1,275,474)	(4,585,230)
Non-operating revenues(expenses):					
Property taxes	1,758,220	1,821,922	2,023,173	2,305,151	2,376,463
Interest and investment earnings	127,090	227,465	367,911	1,795,521	1,910,670
Rental income - cellular antennas	29,966	37,241	32,941	33,860	-
Impairment loss	-	-	-	-	-
Gain/(loss) on sale/disposition of capital assets	24,400	60,980	15,400	-	-
Grants and Reimbursements	43,241	2,518,254	554,897	703,949	100,330
Board approved rate rebate	(2,547,492)	-	(2,263,619)	-	-
Interest expense - long term debt	(1,055,660)	(940,835)	(879,953)	(897,275)	(942,842)
Bond issuance costs	-	(268,915)		-	-
Amortization of deferred charges				-	-
Other non-operating revenue/(expense), net	24,524	(931,062)	73,498	3,015,464	-
Total non-operating revenues(expenses), net	(1,595,711)	2,525,050	(75,752)	6,956,670	3,444,621
Net income (loss) before capital contributions	(2,769,516)	867,400	493,514	5,681,196	(1,240,939)
Capital contributions	4,383,464	3,506,937	16,643,552	10,120,527	4,917,877
Changes in net position	$ 1,613,948	$ 4,374,337	$ 17,137,066	$ 15,801,723	$ 3,676,938
Prior period adjustment	1,421,880				
Net position by component:					
Net investment in capital assets	$ 87,041,544	$ 87,731,340	$ 95,204,664	$ 100,736,605	$ 102,459,965
Restricted for capital projects	1,366,458	929,737	7,875,322	10,699,965	13,462,143
Restricted for debt service	1,020,896	-	-	-	-
Unrestricted	21,753,634	26,895,792	22,622,990	30,068,129	29,259,529
Total net assets	$ 111,182,532	$ 115,556,869	$ 125,702,976	$ 141,504,699	$ 145,181,637

FY 2016 prior period adjustment was due to the implementation of GASB 75
FY 2023 and 2024 prior period adjustments were due to the implementation of GASB 101.
Source: West Valley Water District Accounting Department

West Valley Water District
Changes in Net Position by Component (Continued)
Last Ten Fiscal Years

Schedule 2

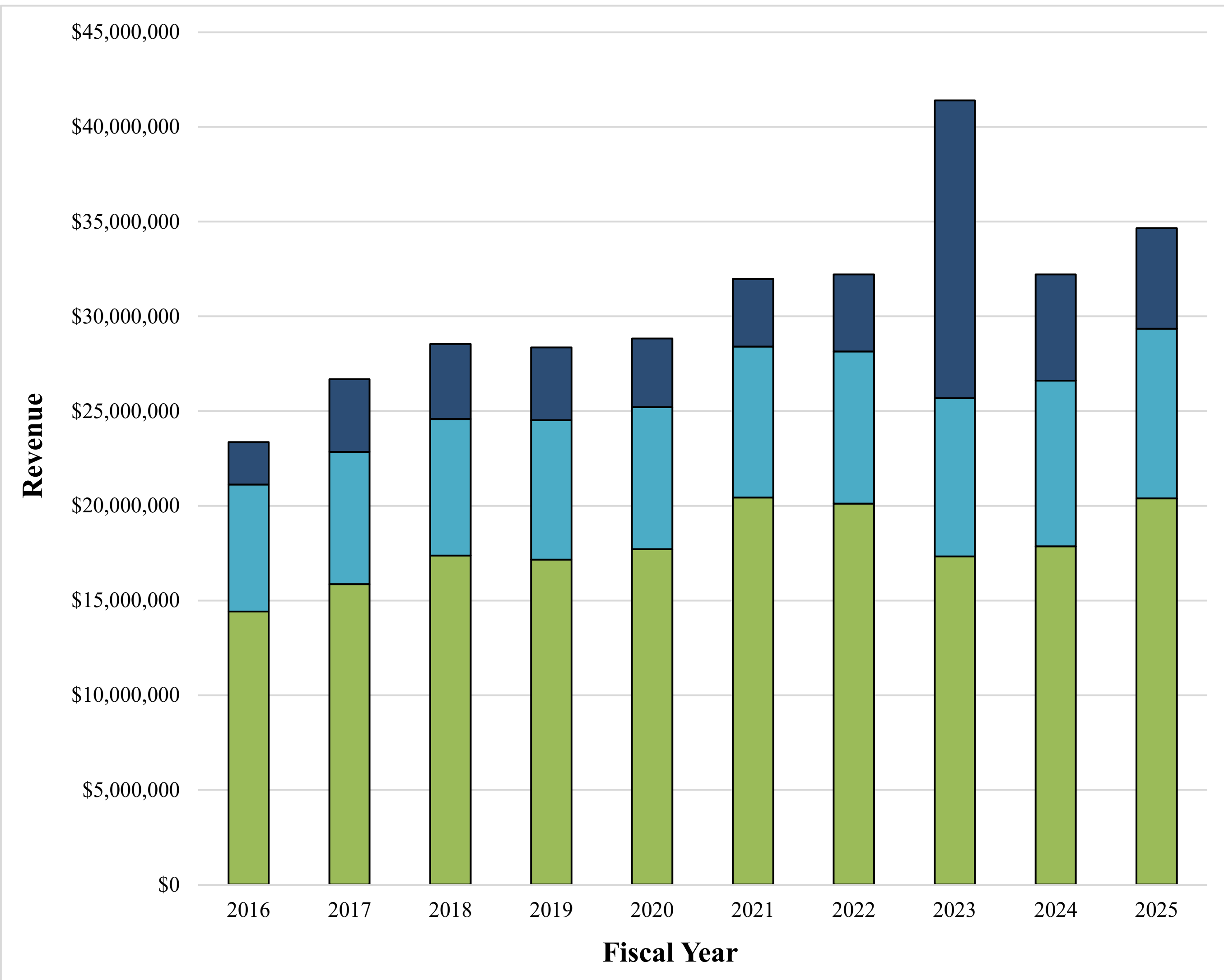
	Fiscal Year				
	2021	**2022**	**As Restated 2023**	**As Restated 2024**	**2025**
Changes in net position:					
Operating revenues (see Schedule 3)	$ 31,966,600	$ 32,217,598	$ 41,391,500	$ 32,212,508	$ 34,650,715
Operating expenses (see Schedule 4)	(25,252,917)	(25,817,037)	(27,990,363)	(29,710,460)	(33,637,844)
Depreciation and amortization	(6,520,670)	(6,657,179)	(6,762,456)	(7,425,761)	(7,783,176)
Operating income(loss)	193,013	(256,618)	6,638,681	(4,923,713)	(6,770,305)
Non-operating revenues(expenses):					
Property taxes	2,761,167	3,179,573	3,738,692	4,263,009	4,564,248
Interest and investment earnings	67,806	(1,793,624)	3,259,706	6,046,939	6,492,148
Rental income - cellular antennas	-	-	-	-	-
Impairment loss	(3,000,000)	-	-	-	-
Gain/(loss) on sale/disposition of capital assets	(189,254)	771,002	735,495	2,029,568	(649,966)
Grants and Reimbursements	-	-	-	-	-
Board approved rate rebate	-	-	-	-	-
Interest expense - long term debt	(865,955)	(847,973)	(873,890)	(890,995)	(1,229,490)
Bond issuance costs	-	-	-	-	-
Amortization of deferred charges	-	-	-	-	-
Other non-operating revenue/(expense), net	-	-	-	-	-
Total non-operating revenues(expenses), net	(1,226,236)	1,308,978	6,860,003	11,448,521	9,176,940
Net income (loss) before capital contributions	(1,033,223)	1,052,360	13,498,684	6,524,808	2,406,635
Capital contributions	8,851,642	37,527,406	6,483,013	28,945,648	11,378,305
Changes in net position	$ 7,818,419	$ 38,579,766	$ 19,981,697	$ 35,470,456	$ 13,784,940
Prior period adjustment					
Net position by component:					
Net investment in capital assets	$ 103,770,537	$ 102,483,167	$ 108,469,538	$ 139,078,911	$ 137,603,091
Restricted for capital projects	13,938,052	49,107,439	47,719,572	29,188,714	57,007,954
Restricted for debt service	-	-	-	-	-
Unrestricted	35,291,467	39,989,216	55,372,409	78,764,350	66,205,870
Total net assets	$ 153,000,056	$ 191,579,822	$ 211,561,519	$ 247,031,975	$ 260,816,915

Source: West Valley Water District Accounting Department

West Valley Water District
Operating Revenue By Source
Last Ten Fiscal Years

Schedule 3

Fiscal Year	Water Consumption Sales	Water Service Charges	Other Operating Income	Total Operating Revenue
2016	$ 14,420,079	$ 6,702,841	$ 2,240,801	$ 23,363,721
2017	15,854,879	6,989,061	3,833,946	26,677,886
2018	17,370,508	7,201,939	3,971,525	28,543,972
2019	17,163,673	7,350,127	3,842,965	28,356,765
2020	17,698,440	7,506,847	3,615,547	28,820,834
2021	20,428,413	7,978,760	3,559,427	31,966,600
2022	20,113,330	8,027,078	4,077,190	32,217,598
2023	17,318,706	8,350,808	15,721,986	41,391,500
2024	17,853,480	8,746,460	5,612,568	32,212,508
2025	20,380,439	8,959,803	5,310,473	34,650,715

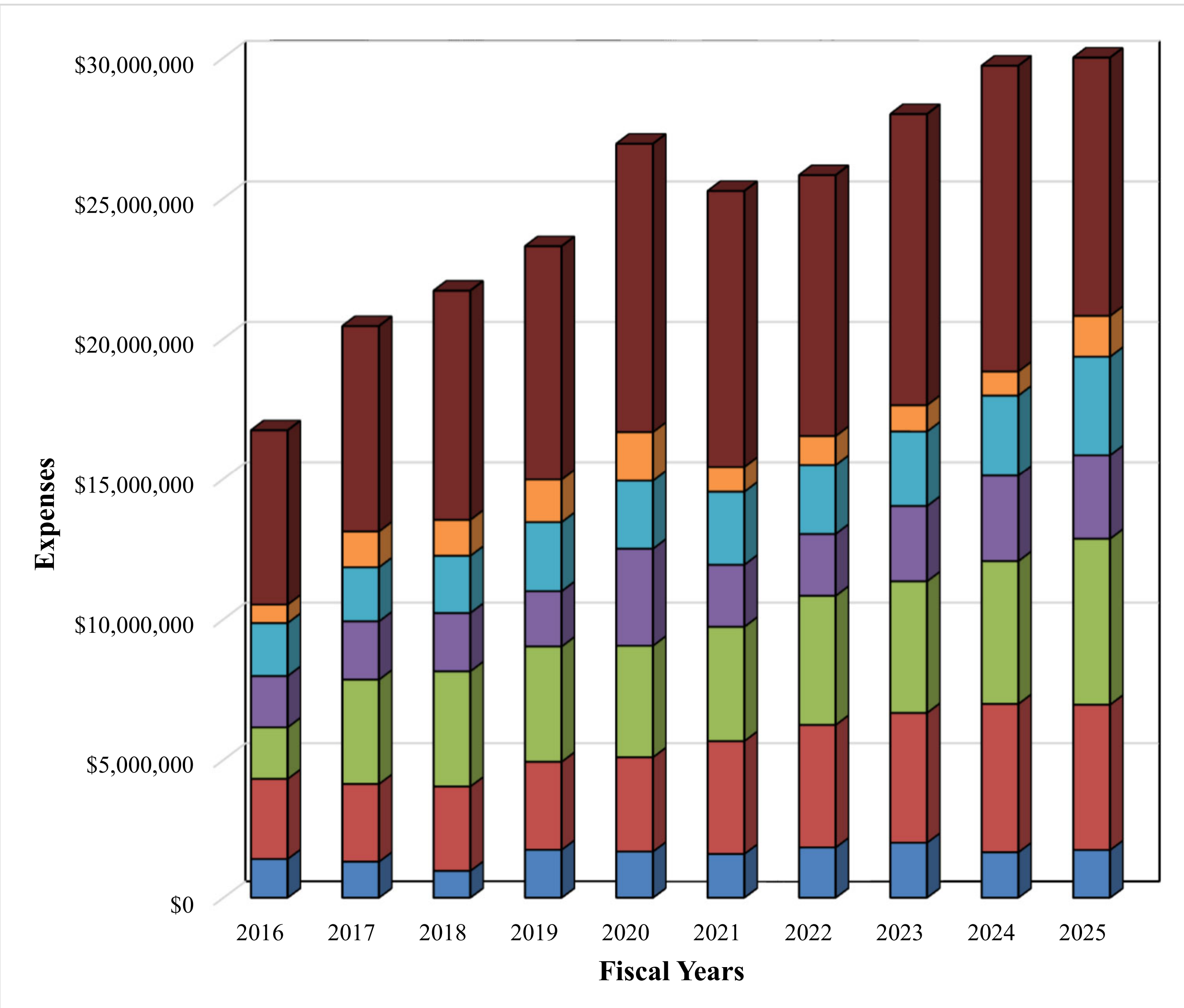


Source: West Valley Water District Accounting Department

West Valley Water District
Operating Expenses by Activity
Last Ten Fiscal Years

Schedule 4

Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Customer Accounts	Public Affairs	General and Administrative	Total Operating Expenses[1]
2016	$1,404,819	$ 2,910,119	$ 1,842,223	$ 1,825,012	$ 1,885,567	$ 656,120	$ 6,212,618	$ 16,736,478
2017	1,307,160	2,823,389	3,723,148	2,071,867	1,923,943	1,273,562	7,322,998	20,446,067
2018	972,624	3,066,501	4,110,055	2,074,410	2,031,657	1,280,123	8,170,915	21,706,285
2019	1,740,717	3,189,444	4,101,693	1,966,357	2,456,429	1,520,168	8,313,067	23,287,875
2020	1,676,085	3,416,731	3,966,298	3,448,753	2,425,709	1,740,136	10,260,591	26,934,303
2021	1,588,731	4,077,298	4,067,045	2,204,080	2,600,902	890,242	9,824,619	25,252,917
2022	1,825,531	4,417,077	4,591,618	2,200,940	2,462,906	1,034,781	9,284,184	25,817,037
2023	1,996,352	4,673,757	4,679,730	2,677,543	2,664,323	940,041	10,358,617	27,990,363
2024	1,650,615	5,337,069	5,082,226	3,046,177	2,857,673	857,875	10,878,825	29,710,460
2025	1,732,363	5,231,035	5,901,423	2,982,504	3,509,254	1,452,190	12,829,075	33,637,844



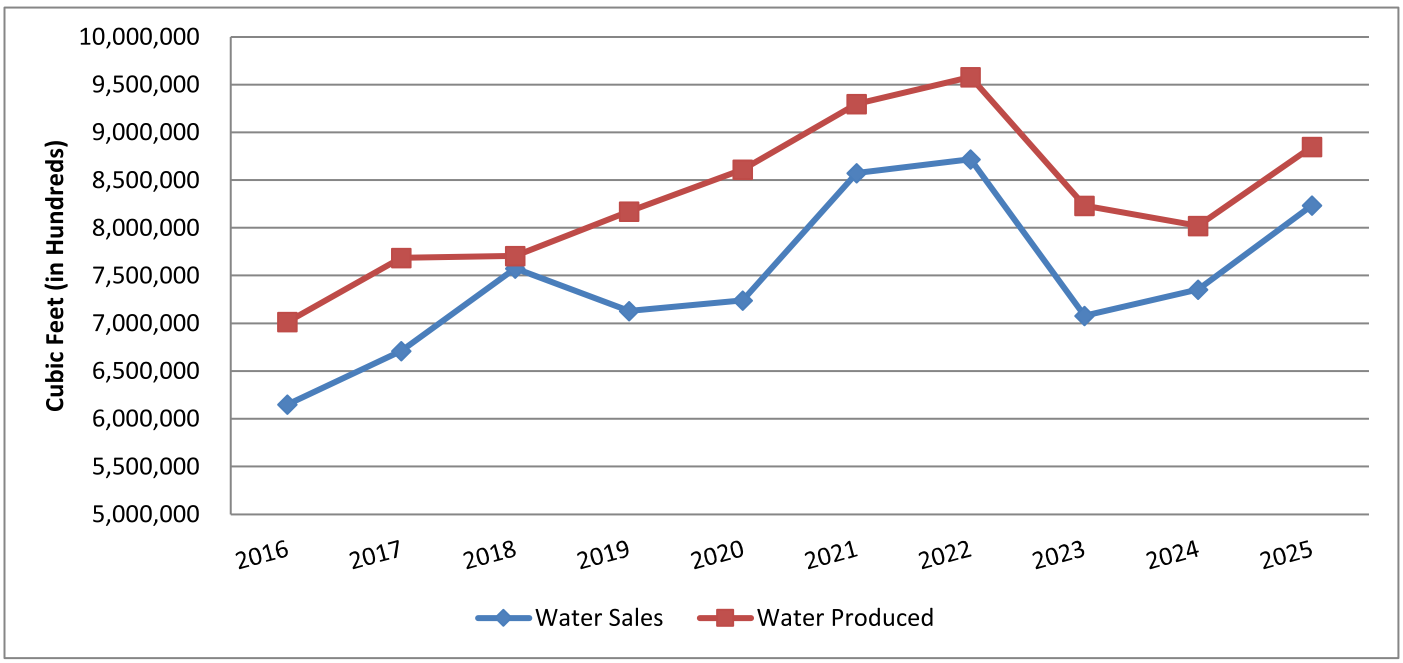
[1] Depreciation and amortization expenses were not included in this schedule

Source: West Valley Water District Accounting Department

West Valley Water District
Revenue Base
Last Ten Fiscal Years

Schedule 5

Fiscal Year	Water Sales (HCF)	Water Produced (HCF)
2016	6,151,431	7,016,601
2017	6,710,551	7,685,902
2018	7,576,183	7,705,595
2019	7,127,708	8,173,416
2020	7,238,771	8,610,871
2021	8,574,446	9,298,026
2022	8,719,191	9,581,118
2023	7,079,858	8,232,404
2024	7,353,649	8,019,624
2025	8,234,214	8,848,865



Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.
Note: West Valley Water District Accounting Department

West Valley Water District
Revenue Rates
Last Ten Fiscal Years

Schedule 6

Water Consumption per Hundred Cubic Feet (HCF)

Service Type	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fire	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 1	106.50	106.50	106.50	106.50	106.50	106.50	106.50	106.50	106.50	106.50
Tier 2	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00
Tier 3	126.50	126.50	126.50	126.50	126.50	126.50	126.50	126.50	126.50	126.50
Golf Course	By contract	By contrac	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Hydrant	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76
Irrigation:										
Demand	By contract	By contrac	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Gravity Flow	By contract	By contrac	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Pressure	By contract	By contrac	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Water	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 1	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13
Tier 2	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Tier 3	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53

Connection Fees Per Month

Meter Size	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fire										
5/8" & 3/4"	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54
1"	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54
1 1/2"	15.81	15.81	15.81	15.81	15.81	15.81	15.81	15.81	15.81	15.81
2"	21.08	21.08	21.08	21.08	21.08	21.08	21.08	21.08	21.08	21.08
3"	31.62	31.62	31.62	31.62	31.62	31.62	31.62	31.62	31.62	31.62
4"	42.16	42.16	42.16	42.16	42.16	42.16	42.16	42.16	42.16	42.16
6"	63.24	63.24	63.24	63.24	63.24	63.24	63.24	63.24	63.24	63.24
8"	84.32	84.32	84.32	84.32	84.32	84.32	84.32	84.32	84.32	84.32
Golf Course										
All Sizes	By contract	By contrac	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Hydrant										
All Sizes	73.17	73.17	73.17	73.17	73.17	73.17	73.17	73.17	73.17	73.17
Irrigation										
All Sizes:										
Demand	By contract	By contrac	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Gravity Flow	By contract	By contrac	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Pressure	By contract	By contrac	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Water										
5/8" & 3/4"	22.21	22.21	22.21	22.21	22.21	22.21	22.21	22.21	22.21	22.21
1"	33.07	33.07	33.07	33.07	33.07	33.07	33.07	33.07	33.07	33.07
1 1/2"	48.77	48.77	48.77	48.77	48.77	48.77	48.77	48.77	48.77	48.77
2"	67.18	67.18	67.18	67.18	67.18	67.18	67.18	67.18	67.18	67.18
3"	97.52	97.52	97.52	97.52	97.52	97.52	97.52	97.52	97.52	97.52
4"	128.56	128.56	128.56	128.56	128.56	128.56	128.56	128.56	128.56	128.56
6"	195.02	195.02	195.02	195.02	195.02	195.02	195.02	195.02	195.02	195.02
8"	261.48	261.48	261.48	261.48	261.48	261.48	261.48	261.48	261.48	261.48

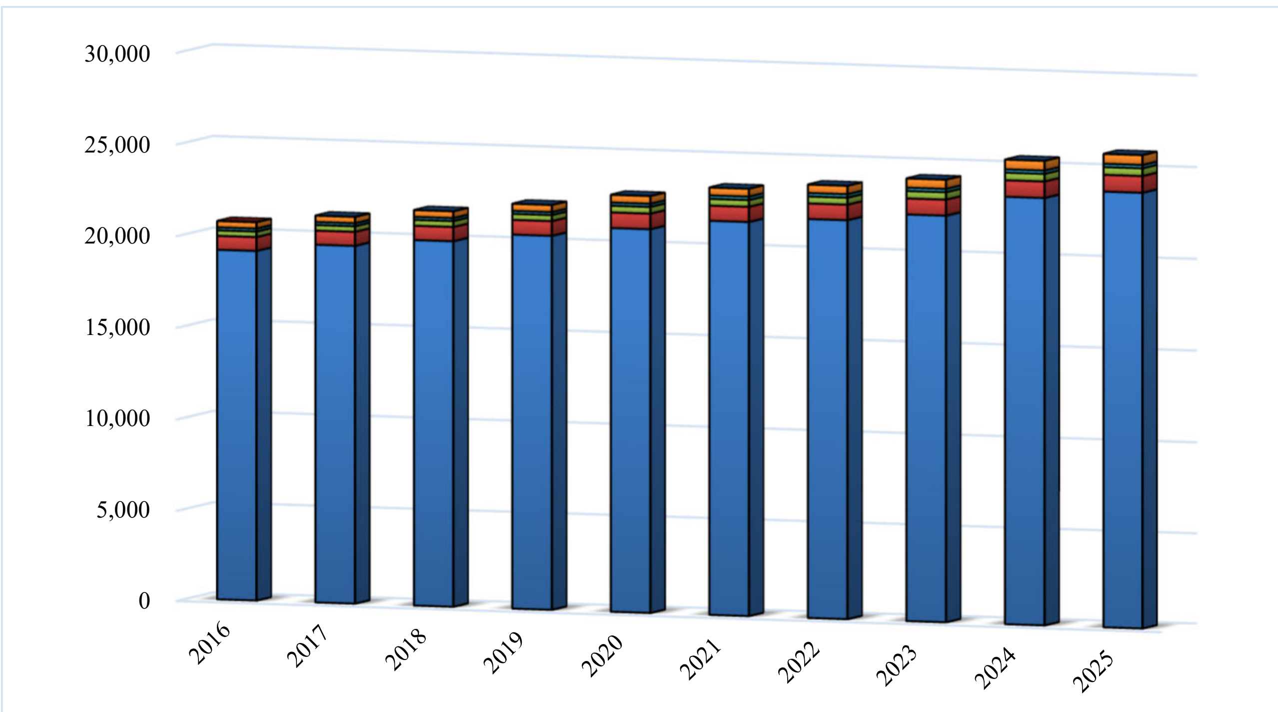
Note 1: Out of District rates for Water Service are one and a half times the In District rates.
Note 2: No golf course or irrigation contracts in service at the moment.

Source: West Valley Water District Board of Directors approved rate ordinances and resolutions.

West Valley Water District
Customers by Type
Last Ten Fiscal Years

Schedule 7

	Customer Type								
Fiscal Year	Residential	Commercial	Fire Service	Irrigation	Multi-Family	Parkway	Golf Course	Wholesale Water	Total
2016	19,174	756	299	10	159	341	0	1	20,740
2017	19,620	766	302	10	159	346	0	1	21,204
2018	20,043	779	318	10	159	366	0	1	21,676
2019	20,509	803	327	8	159	386	0	1	22,193
2020	21,040	849	364	9	168	420	0	1	22,851
2021	21,604	827	365	9	183	428	0	1	23,417
2022	21,872	847	377	9	185	458	0	1	23,749
2023	22,289	875	402	0	184	500	0	1	24,251
2024	23,423	901	412	0	184	528	0	1	25,449
2025	23,876	913	421	0	184	536	0	1	25,931



Source: West Valley Water District Accounting Department

West Valley Water District
Principal Customers
Current Fiscal Year and Nine Years Ago

Schedule 8

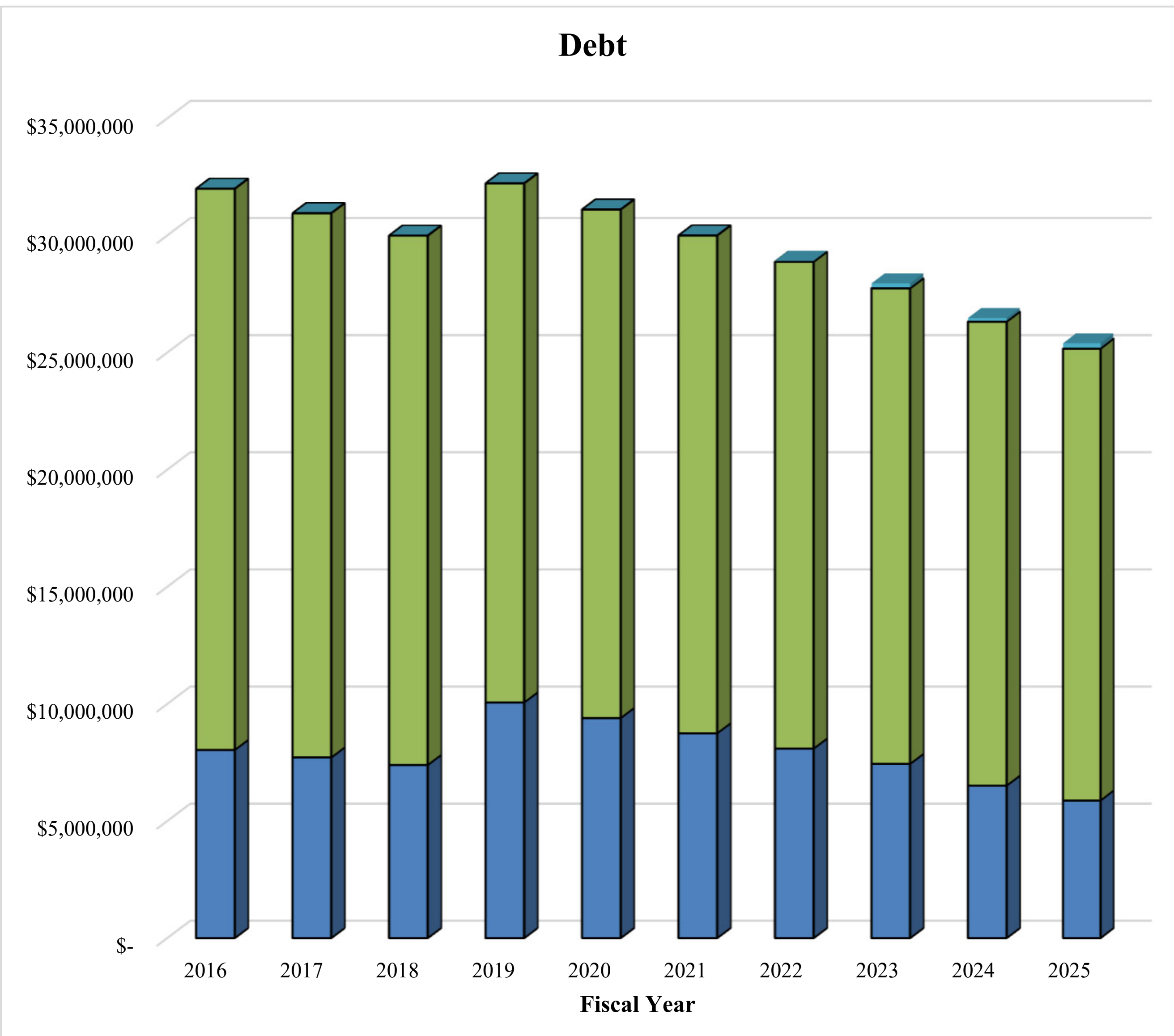
	2025		2016	
Customer	**Water Consumed**	**Percentage of Total**	**Water Consumed**	**Percentage of Total**
Rialto Unified School District	222,330	3.02%	168,818	2.74%
City of Rialto	165,306	2.25%	121,093	1.97%
Marygold Mutual Water Company	140,123	1.91%	96,789	1.57%
City of Fontana	130,914	1.78%	62,924	1.02%
Colton Joint Unified School District	124,512	1.69%	98,657	1.60%
Lennar Homes	85,366	1.16%	48,550	0.79%
Aramark Uniform Services	75,248	1.02%	92,844	1.51%
Robertson's Ready Mix	70,817	0.96%	161,020	2.62%
Target	69,766	0.95%	69,590	1.13%
Cal Trans	61,257	0.83%	-	0.00%
Total	1,145,639	15.58%	920,285	14.96%
Total Water Consumed (HCF)	7,353,649	100.00%	6,151,431	100.00%

Source: West Valley Water District Accounting Department

West Valley Water District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule 9

Fiscal Year	Contracts Payable	Bonds Payable	Subscriptions Payable	Notes Payable	Total Debt	Total Per Capita	Total As a Share of Personal Income
2016	$ 8,038,221	$ 23,955,000	$ -	$ -	$ 31,993,221	302.32	0.85%
2017	7,716,692	23,232,381	-	-	30,949,073	291.60	0.79%
2018	7,395,163	22,596,763	-	-	29,991,926	279.59	0.72%
2019	10,065,744	22,156,146	-	-	32,221,889	308.19	0.76%
2020	9,400,057	21,705,528	-	-	31,105,585	302.55	0.73%
2021	8,747,428	21,249,911	-	-	29,997,339	291.77	0.70%
2022	8,094,799	20,779,293	48,288	-	28,922,380	278.22	0.56%
2023	7,442,170	20,298,676	214,033	-	27,954,879	269.98	0.55%
2024	6,514,140	19,803,058	159,064	18,530,858	45,007,120	436.28	0.85%
2025	5,877,711	19,287,441	230,276	46,665,000	72,060,428	685.27	2.12%



Source: West Valley Water District Accounting Department

West Valley Water District
Pledged-Revenue Coverage
Last Ten Fiscal Years

Schedule 10

Fiscal Year	Net Revenues	Operating Expenses[1]	Net Available Revenues	Debt Service Principal[2]	Debt Service Interest[3]	Debt Service Total	Coverage Ratio
2016	$ 25,237,805	$ (19,283,970)	$ 5,953,835	$ 1,446,529	$ 1,054,169	$ 2,500,698	2.38
2017	31,359,870	(21,662,166)	9,697,704	1,486,529	769,657	2,256,186	4.30
2018	31,558,717	(23,969,904)	7,588,813	916,529	917,400	1,833,929	4.14
2019	36,210,708	(23,287,875)	12,922,833	1,052,629	940,215	1,992,844	6.48
2020	33,107,967	(26,934,303)	6,173,664	1,062,629	947,424	2,010,053	3.07
2021	34,795,573	(25,252,917)	9,542,656	1,067,629	933,278	2,000,907	4.77
2022	35,994,549	(25,817,037)	10,177,512	1,082,629	883,561	1,966,190	5.18
2023	48,738,142	(27,603,112)	21,135,030	1,092,629	884,882	1,977,511	10.69
2024	44,552,024	(29,710,460)	14,584,588	962,217	913,241	2,020,870	7.22
2025	45,057,145	(33,638,510)	11,418,635	1,111,429	1,038,955	2,150,384	5.31

Notes:

(1) Operating expenses, less depreciation and amortization expense.

(2) Bond was refinanced in fiscal year 2017. New debt for Hydroelectric plant in FY2019.

(3) Reflects interest paid and not accrued in fiscal year.

Source: West Valley Water District Accounting Department

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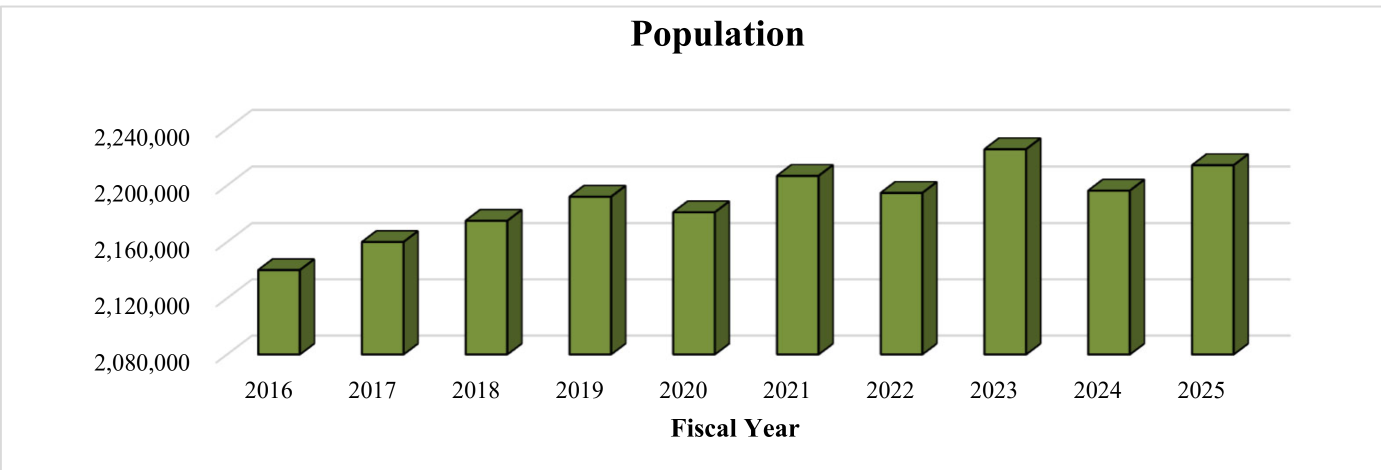
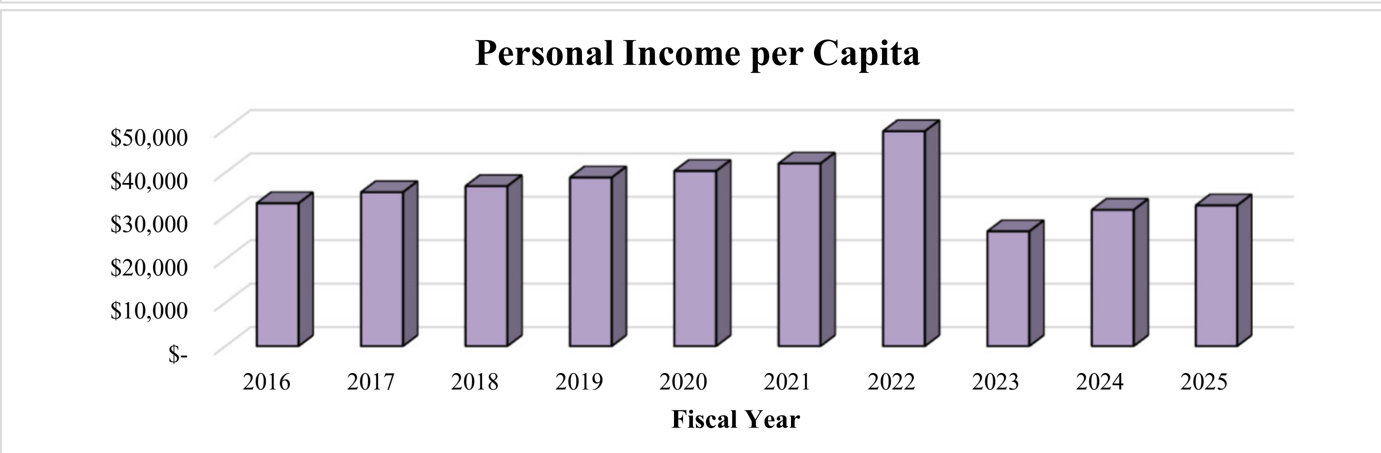
West Valley Water District
Demographics and Economic Statistics
Last Ten Calendar Years

Schedule 11

Year	Unemployment Rate	City of Rialto Population[1]	County of San Bernardino[2] Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2016	7.5%	105,107	6.7%	2,140,000	$ 70,385,000	$ 32,890
2017	6.4%	105,825	5.9%	2,160,000	76,529,000	35,431
2018	5.0%	106,135	4.4%	2,175,000	80,127,000	36,840
2019	4.2%	107,271	4.5%	2,192,000	85,093,000	38,816
2020	14.9%	104,553	10.3%	2,181,000	87,937,000	40,320
2021	9.4%	102,813	8.1%	2,206,750	91,479,000	42,040
2022	4.2%	103,954	3.9%	2,194,710	57,763,000	49,493
2023	5.5%	103,545	5.0%	2,225,586	61,969,000	26,400
2024	5.7%	103,162	5.3%	2,196,314	68,374,000	31,350
2025	6.2%	105,156	5.9%	2,214,281	69,741,480	32,390





Sources:
www.labormarketinfo.edd.ca.gov
http://www.bea.gov/regional/bearfacts
www.census.gov/

(1) Separate data is not available for the District, therefore the District has used the data for the City of Rialto. A substantial portion of the District lies within the city, and therefore, is a reasonable basis for determining the demographic and economic statistics of the District.

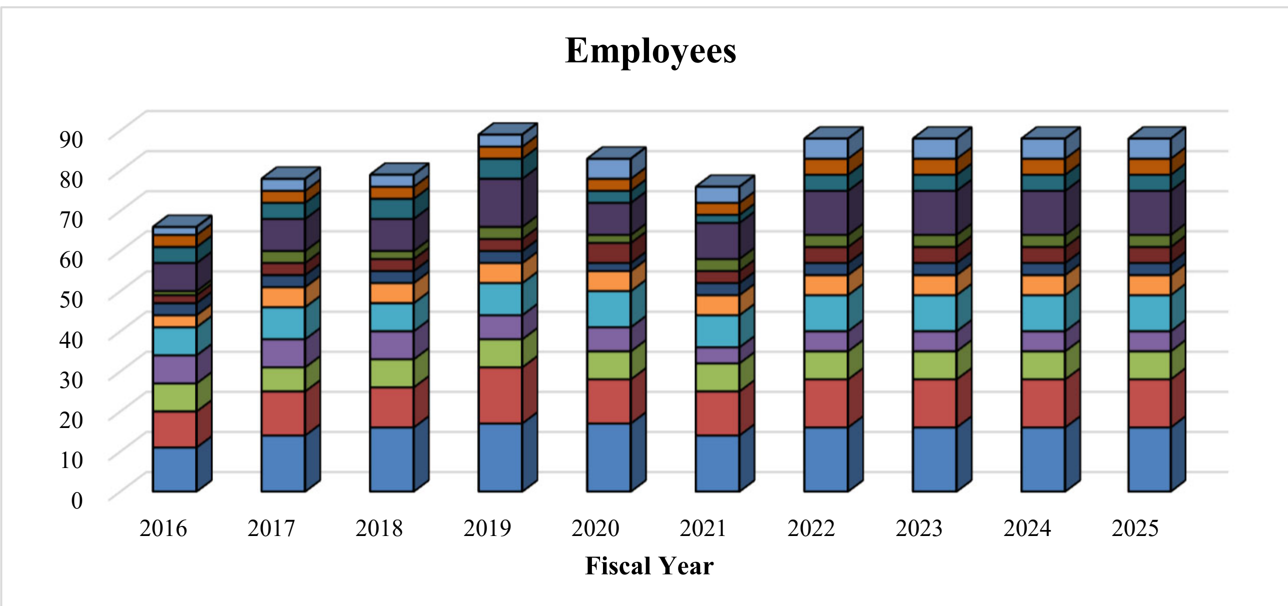
(2) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.

West Valley Water District
Operating and Capacity Indicators
Last Ten Fiscal Years

Schedule 12

Full-time Equivalent District Employees by Department

Fiscal Year	Water Treatment /Production	Maintenance	Meters	Administration	Customer Service	Accounting	Billing	IT	Human Resources	Engineering	Public Affairs	Water Quality	Purchasing	Total
2016	11	9	7	7	7	3	3	2	1	7	4	3	2	66
2017	14	11	6	7	8	5	3	3	3	8	4	3	3	78
2018	16	10	7	7	7	5	3	3	2	8	5	3	3	79
2019	17	14	7	6	8	5	3	3	3	12	5	3	3	89
2020	17	11	7	6	9	5	2	5	2	8	3	3	5	83
2021	14	11	7	4	8	5	3	3	3	9	2	3	4	76
2022	16	12	7	5	9	5	3	4	3	11	4	4	5	88
2023	16	12	7	5	9	5	3	4	3	11	4	4	5	88
2024	16	12	7	5	9	5	3	4	3	11	4	4	5	88
2025	16	12	7	5	9	5	3	4	3	11	4	4	5	88



Source: West Valley Water District Human Resources Department

West Valley Water District
Operating and Capacity Indicators (Continued)
Last Ten Fiscal Years

Schedule 13

Other Operating and Capacity Indicators

Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Storage Tanks	Storage Capacity (MG)	Groundwater Wells	Well Capacity (MGD)	Fire Hydrants
2016	32	370	26	73.6	17	35.0	2,944
2017	32	375	26	73.6	17	35.0	3,085
2018	32	376	26	73.6	17	35.0	3,104
2019	32	382	26	73.6	17	35.0	3,204
2020	32	395	26	73.6	17	37.0	3,497
2021	32	401	26	73.6	17	35.0	3,560
2022	32	402	26	73.6	17	35.0	3,560
2023	32	408	26	73.6	17	35.0	3,560
2024	32	416	26	73.6	17	35.0	3,800
2025	32	419	26	73.6	17	35.0	3,823

MG - Millions of Gallons
MGD - Millions of Gallons per Day

Sources: West Valley Water District Operations/GIS

Note: The Fire Hydrant total is inclusive of Hydrants and Jones heads.

West Valley Water District
Principal Employers
Current Fiscal Year and Nine Years Ago

Schedule 14

	City of Rialto - 2024 (1)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**
Rialto Unified School District	2500 to 2669	1	5.81 - 6.97 %
Chuze Fitness	500 to 889	2	1.16 - 2.32 %
City of Rialto	250 to 444	3	.58 - 1.16 %
Walmart Supercenter	250 to 444	4	.58 - 1.16 %
Amazon Fulfillment Ctr	250 to 444	5	.58 - 1.16 %
Stater Bros Markets	250 to 444	6	.58 - 1.16 %
Vista Cove Care Ctr At Rialto	100 to 222	7	.23 - .58%
Columbia Steel Inc	100 to 222	8	.23 - .58 %
Forest River Inc	100 to 222	9	.23 - .58 %
Mesa Counseling Svc	100 to 222	10	.23 - .58 %

	City of Fontana - 2024 (2)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**
Kaiser Hospital & Med. Group	10,550	1	10.13%
Fontana Unified School District	4,067	2	3.90%
Amazon.com Services LLC	3,637	3	3.49%
St Bernardine Medical Center	1,775	4	1.70%

	City of Colton - 2024 (3)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**
Arrowhead Regional Medical Center	4,867	1	19.16%
Colton Joint Unified School District	2,300	2	9.06%
Walmart Distribution Center	961	3	3.78%
Ashley Furniture	585	4	2.30%

Note: Above sites have not been updated for the fiscal year 2019. The most recent data is displayed.
(1) City of Rialto, estimates based on 0.22% annual population decline. No Statistical Section for 2023-2024 ACFR available.
(2) City of Fontana, 2023-2024 ACFR, pg. 181
(3) City of Colton, 2023-2024 ACFR, pg. 171

West Valley Water District
Principal Employers (Continued)
Current Fiscal Year and Nine Years Ago

	City of Rialto - 2015 (1)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**
Rialto Unified School District	1000 to 2499	1	2.42 - 6.04%
Chuze Fitness	-	0	-
City of Rialto	-	0	-
Walmart Supercenter	250 to 499	4	0.60 - 1.21%
Amazon Fulfillment Ctr	-	0	-
Stater Bros Markets	100 to 249	16	0.24 - 0.60%
Vista Cove Care Ctr At Rialto	100 to 249	20	0.24 - 0.60%
Columbia Steel Inc	100 to 249	7	0.24 - 0.60%
Forest River Inc	100 to 249	9	0.24 - 0.60%
Mesa Counseling Svc	-	0	-

	City of Fontana - 2015 (2)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**
Kaiser Hospital & Med. Group	5,284	1	5.65%
Fontana Unified School District	5,000	2	5.34%
Amazon.com Services LLC	-	0	-
St Bernardine Medical Center	-	0	-

	City of Colton - 2015 (3)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**
Arrowhead Regional Medical Center	3,300	1	18.69%
Colton Joint Unified School District	738	4	4.18%
Walmart Distribution Center	-	0	0.00%
Ashley Furniture	2,000	2	11.33%

Note: Above sites have not been updated for the fiscal year 2019. The most recent data is displayed.
(1) City of Rialto, estimates based on 0.22% annual population decline. No Statistical Section for 2023-2024 ACFR available.
(2) City of Fontana, 2023-2024 ACFR, pg. 181
(3) City of Colton, 2023-2024 ACFR, pg. 171

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

Independent Auditor's Report

To the Board of Directors
of the West Valley Water District
Rialto, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of West Valley Water District (the "District"), which comprise the statement of net position as of June 30, 2025 and 2024, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

The Pun Group, LLP

Santa Ana, California
November 26, 2025

West Valley Water District

Contact us

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2025
2024

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