CALAVERAS COUNTY WATER DISTRICT

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Calaveras County Water District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund and the fiduciary funds of the Calaveras County Water District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the fiduciary funds of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 19 to the financial statements, in fiscal year 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As described in Note 18 to the financial statements, the District has corrected an error regarding missed expense accruals in the fiscal year 2024 financial statements. The previously issued 2024 financial statements have been restated to correct this error. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability – miscellaneous plan, schedule of plan contributions to the pension plan – miscellaneous plan, schedule of changes in the net OPEB liability and related ratios and schedule of contributions to the OPEB plan, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining fund financial statements and schedules of debt service coverage ratio are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules of debt service coverage ratio are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters

Report on Summarized Comparative Information

The predecessor auditor has previously audited the District's 2024 financial statements and the predecessor auditor expressed an unmodified audit opinion on those financial statements in their report dated March 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Information

The financial statements of the District as of June 30, 2024, were audited by predecessor auditors, and they expressed an unmodified opinion on them in their report dated March 28, 2025, but they have not performed any auditing procedures since that date.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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.

HUDSON & COMPANY, INC.

Hudson + Company, Inc.

Fresno, California
February 26, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Calaveras County Water District's ("District") Audited Financial Statements provides management's discussion and analysis of the District's financial performance for the period ending June 30, 2025. Readers are encouraged to consider the information presented here as complementary to the information contained in the accompanying financial statements.

The Management's Discussion and Analysis is presented under the following headings:

- Organization and Business
- Overview of the Basic Financial Statements
- Financial Analysis of the District
- Capital Assets and Debt Administration
- Economic Condition and Outlook
- Requests for Information

ORGANIZATION AND BUSINESS

The District has operated continuously since 1946 under the laws of the State of California as a county water district for the purpose of providing water and wastewater services to residents and businesses of Calaveras County. The District is a political subdivision of the State of California and is not a part of, or under the control of, Calaveras County.

Under State law, the District has broad general powers over the use of the water within its boundaries, including the right of eminent domain, authority to acquire, control, distribute, store, spread, sink, treat, purify, reclaim, process and salvage any water for beneficial use, to provide sewer service, to sell treated or untreated water, to acquire or construct hydroelectric facilities and sell the power and energy produced to public agencies or public utilities engaged in the distribution of power, to contract with the United States, other political subdivisions, public utilities, or other persons, and, subject to Article XIIIA of the California State Constitution, to levy taxes for improvements.

The District is in the central Sierra Nevada foothills, approximately 100 miles east of San Francisco and 60 miles southeast of Sacramento. The District's boundaries encompass approximately 1,037 square miles of land ranging from the San Joaquin valley to the Sierra Nevada mountains. With elevations ranging from 200 feet in the west to over 8,000 feet in the east, the District's facilities cover a diverse geographical area with numerous water and wastewater.

The District currently provides water service to approximately 13,438 residential and commercial customer accounts in five major water service areas. Apart from the Wallace service area, the District uses surface water from the Mokelumne, Calaveras and Stanislaus rivers to service its customers. Wallace customers are served by groundwater pumped from wells owned and operated by the District. The District also operates and maintains five major wastewater service areas that provide sanitary sewer services to approximately 5,045 customers.

In addition to water and wastewater operations, the District owns hydroelectric facilities inclusive of major dams, reservoirs, tunnels, and generation facilities which are governed and licensed by the Federal Energy Regulatory Commission ("FERC") and operated by other entities, and aside from augmenting revenues these assets are not addressed in this report.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District is a proprietary entity and uses enterprise fund accounting to report its activities for financial statement purposes in accordance with the Government Accounting Standards Board ("GASB"). Proprietary funds are reported using the accrual basis of accounting and account for activities in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed primarily through user rates, fees, and charges.

The Audited Financial Statements provide readers with a broad overview of the District's finances and include the following four sections: The Basic Financial Statements, Required Supplementary Information, Other Supplementary Information, and the Compliance Report (see below for further details). Another key component of the Audit is this section, Management's Discussion and Analysis.

REQUIRED FINANCIAL STATEMENTS

The required financial statements include the Statement of Net Position (Balance Sheet), the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows, which when taken in its totality offer both short and long-term financial information about the District's activities.

The *Statement of Net Position* includes all the District's assets, deferred outflows, liabilities, and deferred inflows, which provide information about the nature and amounts of investments in assets and obligations to District creditors.

The *Statement of Revenues, Expenses, and Changes in Net Position* accounts for the current year's operating revenue, operating expenses, nonoperating revenues and expenses, capital contributions, and the changes associated with the net position. This statement can be used to determine the extent to which the District has successfully recovered its costs through its rates, fees, facility capacity charges, and other charges, and explain the changes in the beginning and ending balances and changes from year over year.

The *Statement of Cash Flows* provides information about the District's cash receipts and payments during the reporting period, as well as net changes in cash resulting from operations, investing, and financing activities, while excluding such non-cash accounting measures as the depreciation of assets. The statement explains where cash came from, where cash was used, and the change in the cash balance during the reporting period.

The *Statement of Fiduciary Net Position – Assessment District Custodial Funds* accounts for the assets and liabilities associated with the Assessment Districts.

NOTES TO BASIC FINANCIAL STATEMENTS

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Basic Financial Statements are an integral part of, and can be found immediately following, the financial statements.

OTHER INFORMATION

The Basic Financial Statements also present certain required supplementary information (RSI) and other supplementary information. RSI includes a *Schedule of the District's Proportionate Share of the Net Pension Liability,* a *Schedule of Contributions to the Pension Plan, a Schedule of Changes in the Net OPEB Liability and Related Ratios, a Schedule of Contributions to the OPEB Plan,* and other supplementary information includes *a Combining Schedule of Fiduciary Net Position of the Assessment District Custodial Funds, Combining Schedule of Changes in Fiduciary Net Position of the Assessment District Custodial Funds, and the Debt Service Coverage Ratios for the Water and Sewer Funds.*

FINANCIAL ANALYSIS OF THE DISTRICT

For the Management's Discussion and Analysis, the District analyzes changes in its three major funds, the water fund, the sewer fund, and the hydro fund, separately and "in total." The public financing authority is included in the water fund. The hydro fund was established in 2025 and therefore no financial information related to hydro activities is included in 2024.

Below are some of the key financial highlights for the fiscal year ending June 30, 2025, and how they compare to the prior fiscal year (FY 2023-2024). The source documents for the following condensed tables (A-1 through A-9) can be found in the *Basic Financial Statements*. A detailed analysis of the tables' categories and year-to-year changes precede each table.

- The District's Net Position, total assets, and deferred outflows less total liabilities and deferred inflows, increased by $7.4 million.
- Operating Revenues increased by $5.8 million.
- Non-operating Revenues decreased by $892 thousand.
- Operating Expenses increased by $1.1 million.
- Non-operating Expenses decreased by $744 thousand.
- Capital assets, net of depreciation, are $157.1 million, a $10.9 million increase.
- Long-term liabilities, as reported in Note 7, decreased 4.64%, or $1.9 million.

BALANCE SHEETS

The District's condensed balance sheets are displayed below:

Table A-1
Condensed Balance Sheets
As of June 30, 2025 and 2024 (restated)

	Water 2025	Sewer 2025	Hydro 2025	Total 2025	Water 2024 (restated)	Sewer 2024 (restated)	Hydro 2024	Total 2024 (restated)	Dollar Change	Percent Change
Current assets	$ 18,951,561	$ 9,471,648	$ 4,095,369	$ 32,518,578	$ 19,138,428	$ 7,494,184	$ -	$ 26,632,612	$ 5,885,966	22.10%
Noncurrent assets, restricted	20,324,605	10,351,855	-	30,676,460	26,332,689	15,624,912	-	41,957,601	(11,281,141)	-26.89%
Leases receivable, noncurrent	945,122	349,566	-	1,294,688	734,932	271,824	-	1,006,756	287,932	28.60%
Public-public partnership receivable	-	-	4,111,465	4,111,465	3,532,019	1,306,363	-	4,838,382	(726,917)	-15.02%
Interfund loans	-	-	-	-	521,661	-	-	521,661	(521,661)	-100.00%
Capital assets, net of accumulated depreciation	99,473,849	57,641,275	-	157,115,124	92,780,298	53,458,845	-	146,239,143	10,875,981	7.44%
Deferred outflows of resources	5,377,567	1,988,964	-	7,366,531	7,664,860	2,834,949	-	10,499,809	(3,133,278)	-29.84%
Total assets and deferred outflows	$145,072,704	$79,803,308	$ 8,206,834	$ 233,082,846	$150,704,887	$80,991,077	$ -	$231,695,964	$ 1,386,882	0.60%
Current liabilities	$ 5,807,129	$ 2,325,992	$ 472,702	$ 8,605,823	$ 6,124,976	$ 2,740,299	$ -	$ 8,865,275	$ (259,452)	-2.93%
Noncurrent liabilities	38,208,722	14,875,538	17,876	53,102,136	41,063,123	16,696,176	-	57,759,299	(4,657,163)	-8.06%
Deferred inflows of resources	3,506,221	1,296,821	4,923,889	9,726,931	7,894,157	2,919,758	-	10,813,915	(1,086,984)	-10.05%
Net position	97,550,632	61,304,957	2,792,367	161,647,956	95,622,631	58,634,844	-	154,257,475	7,390,481	4.79%
Total liabilities, deferred inflows and net position	$145,072,704	$79,803,308	$ 8,206,834	$ 233,082,846	$150,704,887	$80,991,077	$ -	$231,695,964	$ 1,386,882	0.60%
Detail of net position:										
Net investment in capital assets	$ 79,152,013	$47,644,071	$ -	$ 126,796,084	$ 81,308,988	$47,491,273	$ -	$128,800,261	$ (2,004,177)	-1.56%
Restricted for expansion and construction	15,206,414	13,660,886	-	28,867,300	7,917,146	11,028,367	-	18,945,513	9,921,787	52.37%
Unrestricted	3,192,205	-	2,792,367	5,984,572	6,396,497	115,204	-	6,511,701	(527,129)	-8.10%
Total net position:	$ 97,550,632	$61,304,957	$ 2,792,367	$ 161,647,956	$ 95,622,631	$58,634,844	$ -	$154,257,475	$ 7,390,481	4.79%

Current Assets

Includes unrestricted cash and investments, receivables, inventory, and prepaid expenses.

As of June 30, 2025, current assets totaled $32.5 million, or $5.9 million higher than the prior year. There was also a $6.8 million increase in cash and cash equivalents, a $507 thousand decrease in accounts receivable and grants receivable, and a $530 thousand decrease in prepaid assets.

Noncurrent Assets, Restricted
Includes restricted cash and investments, and other receivables.

As of June 30, 2025, noncurrent assets, restricted, totaled $30.7 million, which is $11.2 million lower than FY 2023-24. The decrease is a result of using restricted cash for ongoing projects.

Other Noncurrent – Leases Receivable
Includes certain lease agreements and recognizes inflows of resources or outflows of resources based on the payment provisions of the contract.

As of June 30, 2025, leases receivable - noncurrent totaled $1.3 million, which is $288 thousand more than FY 2023-24. The increase is due to a change in the provisions of certain cell tower leases.

The asset category of public-public partnership receivable was created in FY 2023-24. This category is a result of the implementation of GASB 94, Public-Public Partnerships and Availability Payment Arrangements, to improve financial reporting by addressing issues related to public-public partnership arrangements, specifically the District's relationship with Northern California Power Authority (NCPA) and its operation of the North Fork Hydropower Project. As of June 30, 2025, the noncurrent assets, public-public partnership receivables were $4.1 million or $727 thousand lower than FY 2023-24.

Net Capital Assets
Includes property, plants, equipment, and construction in progress, net of accumulated depreciation.

As of June 30, 2025, net capital assets totaled $157.1 million. There was an increase of $16.1 million in capital assets cost, less depreciation of $5.1 million and net disposals of $.1 million, for a net increase of $10.9 million. The largest contributors to the $2.9 million increase in Construction in Progress were the JL Tank A-B Transmission Line and the Clearwell/Tank B Improvements.

Deferred Outflows of Resources
Deferred outflows of resources are classified as a consumption of net assets that are applicable to a future reporting period.

Deferred outflows of resources totaled $7.4 million. The decrease of $3.1 million is related to calculations based on pension and OPEB actuarial reports to determine the current year deferred outflows of resources. The deferred outflows of resources for the pension plan decreased by $1.7 million and the deferred outflow of resources for the other postemployment benefits (OPEB) decreased by $1.4 million. For more information on these plans, see Note 12 (pension) and Note 14 (OPEB) in the *Notes to Basic Financial Statements.*

Current Liabilities
Liabilities that are due within one year are considered current liabilities. They include accounts payable, accrued liabilities, and the current portion of long-term liabilities.

As of June 30, 2025, current liabilities totaled $8.0 million, $909 thousand less than the prior year. This decrease is due in part to the District paying off accounts payable accruals related to current water, sewer, and hydro projects.

Noncurrent Liabilities
Noncurrent liabilities are liabilities net of current portion. They include long-term debt and loans due after one year and net pension and OPEB liabilities.

Noncurrent liabilities totaled $53.1 million as of June 30, 2025. The decrease of $4.7 million is due to decreases in the District's pension plan and the other postemployment benefits (OPEB). For more information on these plans, see Note 12 (pension) and Note 14 (OPEB) in the *Notes to Basic Financial Statements*. Additionally, decreases are attributed to the regularly scheduled payments of long-term debt.

Deferred Inflows of Resources

An acquisition of resources that is applicable to a future reporting period, or deferred pension and OPEB inflows.

Deferred inflows of resources totaled $9.7 million, which is $1.1 million less than last year and is related to the District's pension plan and the District's other postemployment benefits (OPEB). For more information on these plans, see Note 12 (pension) and Note 14 (OPEB) in the *Notes to Basic Financial Statements*.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The table below displays a condensed version of the Statement of Revenues, Expenses and Changes in Net Position for the year ending June 30, 2025. The District's Net Position increased from $154.2 million to $161.6 million, or $7.4 million higher than FY 2023-24. The increase is due to adopting new rates for water and sewer for increased revenues as well as the District better managing its costs for decreased expenses. For more information on the District's pension plan, see Note 12 (pension) and Note 14 (OPEB) in the *Notes to Basic Financial Statements*.

Table A-2
Condensed Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2025 & 2024 (restated)

	Water 2025	Sewer 2025	Hydro 2025	Total 2025	Water 2024 (restated)	Sewer 2024 (restated)	Hydro 2024	Total 2024 (restated)	Dollar Change	Percent Change
Operating revenues	$16,647,055	$ 8,632,227	$ 959,558	$ 26,238,840	$13,234,250	$ 7,197,058	$ -	$ 20,431,308	$ 5,807,532	28.42%
Nonoperating revenues	6,003,291	1,876,919	791,551	8,671,761	7,224,436	2,339,300	-	9,563,736	(891,975)	-9.33%
Total revenues	22,650,346	10,509,146	1,751,109	34,910,601	20,458,686	9,536,358	-	29,995,044	4,915,557	16.39%
Operating expenses	16,145,091	6,545,814	1,404,537	24,095,442	16,519,605	6,505,723	-	23,025,328	1,070,114	4.65%
Depreciation	3,706,840	1,430,537	-	5,137,377	3,587,444	1,398,089	-	4,985,533	151,844	3.05%
Nonoperating expenses	811,599	364,048	-	1,175,647	1,337,711	582,173	-	1,919,884	(744,237)	-38.76%
Total expenses	20,663,530	8,340,399	1,404,537	30,408,466	21,444,760	8,485,985	-	29,930,745	477,721	1.60%
Net income (loss) before capital contributions and transfers	1,986,816	2,168,747	346,572	4,502,135	(986,074)	1,050,373	-	64,299	4,437,836	6901.87%
Expansion fees	387,998	124,779	-	512,777	438,009	109,123	-	547,132	(34,355)	-6.28%
Capital renovation and replacement (R&R) fees	-	-	-	-	912,897	291,783	-	1,204,680	(1,204,680)	-100.00%
Other capital contributions	257,008	2,118,561	-	2,375,569	839,823	4,106,211	-	4,946,034	(2,570,465)	-51.97%
Transfers In/(Out)	(703,821)	(1,741,974)	2,445,795	-	-	-	-	-	-	0.00%
Total capital contributions and transfers	(58,815)	501,366	2,445,795	2,888,346	2,190,729	4,507,117	-	6,697,846	(3,809,500)	-56.88%
Change in net position	1,928,001	2,670,113	2,792,367	7,390,481	1,204,655	5,557,490	-	6,762,145	628,336	9.29%
Net position at beginning of year, as restated	95,622,631	58,634,844	-	154,257,475	94,417,976	53,077,354	-	147,495,330	6,762,145	4.58%
Net position at end of year	$97,550,632	$61,304,957	$ 2,792,367	$ 161,647,956	$95,622,631	$58,634,844	$ -	$ 154,257,475	$ 7,390,481	4.79%

Operating Revenues

Operating revenues include water sales and sewer charges, water and sewer fees, as well as hydro public-public partnership revenue and power sales.

Operating revenues account for approximately seventy-two percent (72%) of the District's revenues. Most of the revenues come from water sales, including base rates and consumptive revenues. The District adopted a new water and sewer rate plan on September 13, 2023, which increased both water and sewer rates. The new rate plan increases rates each July through fiscal year 2028. The new rate plan also did away with the Capital R&R component of the rates and combined the former R&R revenues with the operating revenues. This change, along with the scheduled rate increases that began October 16, 2023, led to a $5.8 million increase in operating revenues over the prior fiscal year.

Table A-3
Operating Revenues
For the years ended June 30, 2025 and 2024

	Water 2025	Sewer 2025	Hydro 2025	Total 2025	Water 2024	Sewer 2024	Hydro 2024	Total 2024	Dollar Change	Percent Change
Water sales and sewer charges	$16,317,946	$ 8,589,852	$ -	$24,907,798	$12,930,998	$ 7,159,957	$ -	$20,090,955	$ 4,816,843	23.98%
Water and sewer fees	329,109	42,375	-	371,484	303,252	37,101	-	340,353	31,131	9.15%
Public-public partnership revenue	$ -	$ -	749,526	749,526	$ -	$ -	$ -	-	749,526	100.00%
Power sales	-	-	210,032	210,032	-	-	-	-	210,032	100.00%
Total operating revenues	$16,647,055	$ 8,632,227	$ 959,558	$26,238,840	$13,234,250	$ 7,197,058	$ -	$20,431,308	$ 5,807,532	28.42%

Nonoperating Revenues

Nonoperating revenues include property taxes and investment income.

Nonoperating revenues decreased $892 thousand from $9.6 million FY 2023-24 to $8.7 million in FY 2024-25. The largest increase, $218 thousand, was in property taxes and assessments. As a result of GASB 94, the District's power sales have been split into two revenue categories, public-public partnership (PPP) and power sales. The PPP revenues are associated with NCPA and the North Fork Project, while power sales are related to the revenues we received from MID and New Hogan power generation.

Table A-4
Nonoperating Revenues
For the years ended June 30, 2025 and 2024

	Water 2025	Sewer 2025	Hydro 2025	Total 2025	Water 2024	Sewer 2024	Hydro 2024	Total 2024	Dollar Change	Percent Change
Property taxes and assessments	$ 3,663,044	$ 944,703	$ -	$ 4,607,747	$ 3,486,578	$ 902,795	$ -	$ 4,389,373	$ 218,374	4.98%
Lease revenue	52,058	19,254	-	71,312	47,425	17,541	-	64,966	6,346	9.77%
Investment income	1,707,243	759,948	25,318	2,492,509	1,907,021	806,014	-	2,713,035	(220,526)	-8.13%
Public-public partnership revenue	-	-	-	-	548,080	202,715	-	750,795	(750,795)	-100.00%
Power sales	-	-	-	-	225,041	83,234	-	308,275	(308,275)	-100.00%
Other income	340,232	78,000	766,233	1,184,465	868,650	162,866	-	1,031,516	152,949	14.83%
Grant revenues	38,490	22	-	38,512	86,405	139,726	-	226,131	(187,619)	-82.97%
Gain (loss) on sale of capital assets	202,224	74,992	-	277,216	55,236	24,409	-	79,645	197,571	248.06%
Total nonoperating revenues	$ 6,003,291	$ 1,876,919	$ 791,551	$ 8,671,761	$ 7,224,436	$ 2,339,300	$ -	$ 9,563,736	$ (891,975)	-9.33%

Operating Expenses, Excluding Depreciation

Operating expenses include salary and benefits, repairs and maintenance, professional and utility services.

Total FY 2024-25 operating expenses, excluding depreciation, were $24.1 million, a $1.1 million increase compared to FY 2023-24. Salaries and benefits were $2.4 million higher than FY 2023-24, mainly due to merit increases and increase number of overall employees. Utility services came in lower, as did postemployment benefits (pension and OPEB). For more information on these plans, see Note 12 (pension) and Note 14 (OPEB) in *Notes to Basic Financial Statements*.

Table A-5
Operating Expenses, Excluding Depreciation
For the years ended June 30, 2025 and 2024 (restated)

	Water 2025	Sewer 2025	Hydro 2025	Total 2025	Water 2024	Sewer 2024	Hydro 2024	Total 2024	Dollar Change	Percent Change
Salaries and benefits	$ 9,155,810	$ 3,376,549	$ 11,518	$ 12,543,877	$ 7,552,803	$ 2,571,609	$ -	$ 10,124,412	$ 2,419,465	23.90%
Repairs and maintenance	940,141	503,644	-	1,443,785	779,854	636,186	-	1,416,040	27,745	1.96%
Materials and supplies	698,712	296,266	-	994,978	701,670	387,513	-	1,089,183	(94,205)	-8.65%
Utility services	1,065,835	440,041	-	1,505,876	1,571,811	624,214	-	2,196,025	(690,149)	-31.43%
Professional services	262,007	(137,667)	1,263,896	1,388,236	1,144,514	386,391	-	1,530,905	(142,669)	-9.32%
Vehicle and equipment	375,522	143,910	-	519,432	422,439	142,601	-	565,040	(45,608)	-8.07%
Other operating expenses	1,780,569	1,234,945	128,454	3,143,968	1,053,853	538,599	-	1,592,452	1,551,516	97.43%
Travel and training	76,251	26,887	656	103,794	54,759	18,190	-	72,949	30,845	42.28%
Director costs	113,412	41,861	-	155,273	98,911	36,552	-	135,463	19,810	14.62%
Postemployment benefits	599,367	220,863	13	820,243	814,100	303,977	-	1,118,077	(297,834)	-26.64%
Pension benefits	1,077,465	398,515	-	1,475,980	2,324,891	859,891	-	3,184,782	(1,708,802)	-53.66%
Total operating expenses, excluding depreciation	$ 16,145,091	$ 6,545,814	$ 1,404,537	$ 24,095,442	$ 16,519,605	$ 6,505,723	$ -	$ 23,025,328	$ 1,070,114	4.65%

Nonoperating Expenses

Includes gain/(loss) on the sale of capital assets, and debt service interest expense.

Nonoperating expenses were $1.2 million, $744 thousand less than the prior fiscal year. The District recorded a $19 thousand arbitrage expense that will be due to the IRS for investment income on the 2022 Water and Sewer CIP loans.

Table A-6
Nonoperating Expenses
For the years ended June 30, 2025 and 2024

	Water 2025	Sewer 2025	Hydro 2025	Total 2025	Water 2024	Sewer 2024	Hydro 2024	Total 2024	Dollar Change	Percent Change
Interest expense	$ 797,637	$ 358,913	$ -	$ 1,156,550	$ 866,331	$ 422,921	$ -	$ 1,289,252	$ (132,702)	-10.29%
Arbitrage expense	13,962	5,135	-	19,097	471,380	159,252	-	630,632	(611,535)	-96.97%
Total nonoperating expenses	$ 811,599	$ 364,048	$ -	$ 1,175,647	$ 1,337,711	$ 582,173	$ -	$ 1,919,884	$ (744,237)	-38.76%

Net Operating Income (Loss), Excluding Depreciation and Amortization

An important measure of an organization's performance.

Both operating revenues and expenses showed improvement in FY 24-25. The District adopted a new water and sewer rate plan on September 13, 2023, which increased both water and sewer rates. The new rate plan increases rates each July through fiscal year 2028. The new rate plan also did away with the Capital R&R component of the rates and combined the former R&R revenues with the operating revenues. These changes led to a $5.8 million increase in operating revenues over the prior fiscal year. Higher operating expenses were primarily due to increases in salary and benefits, as well as other expenses, such as professional service, and other operating expenses.

Table A-7
Net Operating Income, Excluding Depreciation
For the years ended June 30, 2025 & 2024 (restated)

	Water 2025	Sewer 2025	Hydro 2025	Total 2025	Water 2024	Sewer 2024	Hydro 2024	Total 2024	Dollar Change	Percent Change
Operating revenues	$ 16,647,055	$ 8,632,227	$ 959,558	$ 26,238,840	$ 13,234,250	$ 7,197,058	$ -	$ 20,431,308	$ 5,807,532	28.42%
Operating expenses	(16,145,091)	(6,545,814)	(1,404,537)	(24,095,442)	(16,519,605)	(6,505,723)	-	$(23,025,328)	(1,070,114)	4.65%
Net operating income/(loss), excluding depreciation	$ 501,964	$ 2,086,413	$ (444,979)	$ 2,143,398	$ (3,285,355)	$ 691,335	$ -	$ (2,594,020)	$ 4,737,418	182.63%

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

Additions and deletions to capital assets encompass a broad range of infrastructure, including water and sewer plants, recycled water facilities, construction in progress, and other assets such as vehicles, equipment, and office equipment. All capital asset increases are consistent with the District's implementation of its capital improvement program. Details of the District's capital assets, net of accumulated depreciation and amortization, are listed in the following table:

Table A-8
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2025 and 2024

	Water 2025	Sewer 2025	Hydro 2025	Total 2025	Water 2024	Sewer 2024	Hydro 2024	Total 2024	Dollar Change	Percent Change
Capital assets, not being depreciated										
Land	4,195,042	10,127,157	-	$ 14,322,199	$ 4,195,043	$ 10,127,156	$ -	$ 14,322,199	$ -	0.00%
Construction in progress	24,931,642	12,425,749	-	37,357,391	18,620,575	15,808,060	-	34,428,635	2,928,756	8.51%
Total capital assets, not being depreciated	29,126,684	22,552,906	-	51,679,590	22,815,618	25,935,216	-	48,750,834	2,928,756	6.01%
Capital assets, being depreciated										
Buildings	20,044,180	2,817,912	-	22,862,092	20,044,180	2,817,911	-	22,862,091	1	0.00%
Utility system - infrastructure	132,075,707	63,145,114	-	195,220,821	128,267,661	54,208,304	-	182,475,965	12,744,856	6.98%
Right-to-use lease asset	1,155,464	427,363	-	1,582,827	1,319,880	488,174	-	1,808,054	(225,227)	-12.46%
Machinery and equipment	12,837,655	7,666,139	-	20,503,794	12,725,501	7,679,720	-	20,405,221	98,573	0.48%
Total capital assets, being depreciated	166,113,006	74,056,528	-	240,169,534	162,357,222	65,194,109	-	227,551,331	12,618,203	5.55%
Less accumulated depreciation for:										
Buildings	(11,130,213)	(1,816,448)	-	(12,946,661)	(10,729,158)	(1,775,018)	-	(12,504,176)	(442,485)	3.54%
Utility system - infrastructure	(72,826,969)	(30,241,453)	-	(103,068,422)	(70,028,308)	(29,130,930)	-	(99,159,238)	(3,909,184)	3.94%
Right-to-use lease asset	(592,965)	(219,315)	-	(812,280)	(704,137)	(260,434)	-	(964,571)	152,291	-15.79%
Machinery and equipment	(11,215,694)	(6,690,943)	-	(17,906,637)	(10,930,939)	(6,504,098)	-	(17,435,037)	(471,600)	2.70%
Total accumulated depreciation	(95,765,841)	(38,968,159)	-	(134,734,000)	(92,392,542)	(37,670,480)	-	(130,063,022)	(4,670,978)	3.59%
Total capital assets, being depreciated, net	70,347,165	35,088,369	-	105,435,534	69,964,680	27,523,629	-	97,488,309	7,947,225	8.15%
Total capital assets, net	$ 99,473,849	$ 57,641,275	$ -	$157,115,124	$ 92,780,298	$ 53,458,845	$ -	$146,239,143	$10,875,981	7.44%

Net capital assets totaled approximately $157.1 million in FY 2024-25, $10.9 million higher than the prior year. An increase of $16.1 million in capital asset costs was offset by $5.1 million in depreciation expense and $.1 million in net disposals of capital assets in FY 2024-25.

The major capital asset additions for fiscal year 2024-25 include Jenny Line Clearwell #2 Tank Reroof, CC Lift Station 15 & 18 Rehab/Replacement, Jenny Lind A-B Transmission Main, Copper Cove Tank B/Clearwell, a Water Truck, Roller and West Point/Wilseyville Consolidation Project.

Additional information about capital assets is presented in Note 6 of the *Notes to Basic Financial Statements*.

LONG-TERM LIABILITIES

As of June 30, 2025, the District had $39.3 million in long-term debt, loans, and leases outstanding. Total long-term liabilities decreased $1.9 million from FY 2023-24, or 4.6%, due to a decrease of $1.2 million on the Series 2022 Water and Sewer Revenue Bonds, and $338 thousand on the Umpqua Bank 2019 PERS Loan. A condensed summary of the District's long-term liabilities are as follows:

Table A-9
Condensed Long Term Liabilities
As of June 30, 2025 and 2024

	Total 2025	Total 2024	Dollar Change	Percent Change
Water Fund:				
U.S. Bureau of Reclamation Note	$ -	$ 35,651	$ (35,651)	-100.00%
Umpqua 2019 Taxable Pension Loan	2,703,920	2,950,660	(246,740)	-8.36%
Series 2016 Water Enterprise Revenue Bonds	2,252,100	2,302,000	(49,900)	-2.17%
Enterprise Lease	601,913	636,019	(34,106)	-5.36%
Umpqua Loan - 2020	-	20,379	(20,379)	-100.00%
Series 2021 Water Revenue COP	4,602,280	4,693,280	(91,000)	-1.94%
Series 2022 Water Revenue Bonds	17,423,000	18,205,000	(782,000)	-4.30%
Umpqua Loan - 2021	44,823	132,841	(88,018)	-66.26%
Total Water Fund loans and notes	27,628,036	28,975,830	(1,347,794)	-4.65%
Arbitrage Rebate Liability Series 2022 Bonds	485,342	471,380	13,962	
Total Water Fund liabilities	28,113,378	29,447,210	(1,333,832)	-4.53%
Sewer Fund:				
U.S. Bureau of Reclamation Note	-	13,186	(13,186)	-100.00%
Umpqua 2019 Taxable Pension Loan	1,000,068	1,091,328	(91,260)	-8.36%
Enterprise Lease	222,625	235,240	(12,615)	-5.36%
Umpqua Loan - 2020	-	7,537	(7,537)	-100.00%
Series 2022 Sewer Revenue Bonds	9,758,000	10,185,000	(427,000)	-4.19%
Umpqua Loan - 2021	16,579	49,133	(32,554)	-66.26%
Total Sewer Fund loans and notes	10,997,272	11,581,424	(584,152)	-5.04%
Arbitrage Rebate Liability Series 2022 Bonds	164,387	159,252	5,135	
Total Sewer Fund liabilities	11,161,659	11,740,676	(579,017)	-4.93%
Total long-term liabilities	$ 39,275,037	$ 41,187,886	$ (1,912,849)	-4.64%

Additional information on the District's debt and loans can be found in Note 7 of the *Notes to Basic Financial Statements*.

ECONOMIC CONDITION AND OUTLOOK

Until the Fiscal Year ending June 30, 2024, the District maintained two operating funds, the Water and Wastewater Enterprise Funds. In addition to water and wastewater activities, these funds also shared the District's hydropower activities. These activities included the revenues and expenditures associated with the District's two Federal Energy Regulatory Commission (FERC) licenses, the North Fork Project on the Stanislaus River, operated by the Northern California Power Agency (NCPA), and New Hogan Project on the Calaveras River, operated by the Modesto Irrigation District (MID).

On July 1, 2024, the District created the Hydropower Enterprise Fund, which moved all hydropower activities out of the water and wastewater funds. This includes hydropower revenues from the NCPA and MID, FERC relicensing expenses, and FERC related water rights and dam fees. This shift did not materially affect either the Water or Wastewater Enterprises Funds. As the Hydropower Fund evolves, its focus will be the renewal of the FERC licenses for the North Fork Project and the New Hogan Projects, both of which are set to expire in 2032. The District and its consultants are working to renew both licenses.

Per the 2020 Census, Calaveras County population was 45,292, which showed modest growth of about 2.12% from 2010 to 2020. Recent estimates from the State Department of Finance place the 2025 population at approximately 46,430. The County's unemployment rate was 6.5% as of June 30, 2025, up slightly from 6.0% in 2024.

The public sector remains the County's largest employer at approximately 25%, followed by education, health services, leisure and hospitality, and retail. Health services saw the largest employment gains.

As the County's largest water and sewer district, both in terms of the number of customers and the size of its geographic footprint, maintaining the District's extensive water and sewer infrastructure is an ongoing challenge. However, the District, its Board and employees are committed to maintaining and updating its capital infrastructure – pipeline, lift stations, storage tanks, treatment plants, etc. In September 2023, the District adopted a new five-year water and sewer rate plan designed to fund both operational needs and support the District's Capital Improvement Program (CIP). The new rate plan ended the dedicated Capital R&R component of the rates and combined these former revenues with the operating revenues. This change provides the District with more financial flexibility while continuing its commitment to its CIP program. To that end, the Board amended its reserve policies in October 2023 to set minimum CIP funding levels, including the use of the former R&R revenues.

The District's Board of Directors annually reviews and adopts the District's Five-Year Capital Improvement Program (CIP), which is the basis for the subsequent year's CIP budget. The District anticipates increasing its investment in the repair and replacement of its aging infrastructure, as well as an increase in developer-funded expansion in the Copperopolis and Valley Springs areas.

This year was the second year of a five-year water and sewer rate plan, which was adopted in 2023. The additional revenues generated from the rate plan help offset the increasing costs of operating and maintaining the water and sewer systems. Although the District remains focused on implementing cost-cutting and efficiency measures to reduce expenses, the District cannot compromise its capacity to meet public health and safety requirements. The rates also support short and long-term CIP funding for water and sewer projects throughout the District.

Fiscal Year 2024-25 was another year of challenges for the District, increased state and federal operating requirements, staff retirements, and an aging infrastructure. Although there was an increase in Net Operating Income, the District remains diligent in cost savings efforts. The increase in operating revenues was a combination of rate increases and the shift of R&R revenues to operating revenues. Future increases in operating revenues will be less as they will be solely dependent on rate increases and the addition of new accounts.

While the District's financial position is relatively stable, many short and long-term challenges remain. There is the challenge of keeping up with aging infrastructure repairs, as well as the demand to increase staffing levels to meet operational needs. Staff remains slightly below the pre 2008 recession levels even though regulatory burdens and the demand for District services have increased over time. New technologies and business practices have helped to increase efficiency, but the increased demand for the District and its need to maintain safe and effective operations will necessitate increases in the number of full-time employees. Furthermore, the District faces the need to invest considerable resources in the relicensing efforts of the District's hydropower projects, the North Fork Project and New Hogan. To meet these financial challenges and minimize future rate increases, the District must continue to increase efficiencies, identify strategies to decrease long-term pension and retiree health liabilities, and aggressively pursue grants and external funding for infrastructure improvements.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the District at (209) 754-3543 or via our website at www.ccwd.org.

CALAVERAS COUNTY WATER DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2025
(WITH PRIOR YEAR DATA FOR COMPARATIVE PURPOSES ONLY)

	Business-type Activities - Enterprise Funds			Totals for Comparative Purposes Only	
	Water	**Sewer**	**Hydro**	**2025**	**(restated) 2024**
ASSETS					
Current Assets					
Cash and cash equivalents	$ 13,700,299	$ 6,924,005	$ 2,917,736	$ 23,542,040	$ 16,698,062
Accounts receivable	4,280,596	2,110,638	425,365	6,816,599	5,740,603
Taxes receivable	302,629	90,943	-	393,572	297,993
Grants receivable	476,270	283,362	-	759,632	2,343,351
Leases receivable, current	12,884	4,765	-	17,649	48,237
Public-public partnership receivable, current	-	-	726,917	726,917	724,051
Interest receivable	38,177	5,525	7,475	51,177	39,454
Prepaid expenses and other assets	140,706	52,410	17,876	210,992	740,861
Total current assets	18,951,561	9,471,648	4,095,369	32,518,578	26,632,612
Noncurrent Assets					
Cash and cash equivalents, restricted	20,298,096	10,089,645	-	30,387,741	41,639,765
Interest receivable, restricted	26,509	32,302	-	58,811	47,836
Interfund loans, restricted	-	229,908	-	229,908	270,000
Total noncurrent, restricted assets	20,324,605	10,351,855	-	30,676,460	41,957,601
Leases receivable, noncurrent	945,122	349,566	-	1,294,688	1,006,756
Public-public partnership receivable, noncurrent	-	-	4,111,465	4,111,465	4,838,382
Interfund loans, noncurrent	-	-	-	-	521,661
Capital Assets:					
Nondepreciable	29,126,684	22,552,906	-	51,679,590	48,750,834
Depreciable, net	70,347,165	35,088,369	-	105,435,534	97,488,309
Total capital assets, net	99,473,849	57,641,275	-	157,115,124	146,239,143
Total noncurrent assets	120,743,576	68,342,696	4,111,465	193,197,737	194,563,543
Total Assets	139,695,137	77,814,344	8,206,834	225,716,315	221,196,155
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	3,162,258	1,169,602	-	4,331,860	6,074,474
OPEB	2,215,309	819,362	-	3,034,671	4,425,335
Total Deferred Outflows of Resources	5,377,567	1,988,964	-	7,366,531	10,499,809
Total Assets and Deferred Outflows of Resources	$ 145,072,704	$ 79,803,308	$ 8,206,834	$ 233,082,846	$ 231,695,964

The accompanying notes are an integral part to the basic financial statements.

CALAVERAS COUNTY WATER DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (continued)
JUNE 30, 2025
(WITH PRIOR YEAR DATA FOR COMPARATIVE PURPOSES ONLY)

	Business-type Activities - Enterprise Funds			Totals for Comparitive Purposes Only	
					(restated)
	Water	**Sewer**	**Hydro**	**2025**	**2024**
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued expenses	$ 2,927,768	$ 1,249,009	$ 472,702	$ 4,649,479	$ 5,665,277
Deposits payable	268,071	5,923	-	273,994	282,164
Accrued interest payable	237,013	113,655	-	350,668	362,682
Long-term liabilities, current	1,891,144	778,712	-	2,669,856	2,142,219
Accrued compensated absences, current	483,133	178,693	-	661,826	412,933
Total current liabilities	5,807,129	2,325,992	472,702	8,605,823	8,865,275
Noncurrent Liabilities:					
Unearned revenue	39,363	12,709	17,876	69,948	278,603
Interfund loans	229,908	-	-	229,908	791,661
Retention payable	701,539	405,589	-	1,107,128	1,182,549
Long-term liabilities, noncurrent	26,222,233	10,382,947	-	36,605,180	39,045,667
Accrued compensated absences, noncurrent	395,417	146,250	-	541,667	642,348
Net pension liability	7,219,768	2,670,325	-	9,890,093	9,872,103
Net OPEB liability	3,400,494	1,257,718	-	4,658,212	5,946,368
Total noncurrent liabilities	38,208,722	14,875,538	17,876	53,102,136	57,759,299
Total Liabilities	44,015,851	17,201,530	490,578	61,707,959	66,624,574
DEFERRED INFLOWS OF RESOURCES					
Pension plan	745,383	275,689	-	1,021,072	1,305,696
OPEB	1,894,561	700,728	-	2,595,289	2,929,540
Leases	866,277	320,404	-	1,186,681	962,932
Public-public partnership	-	-	4,923,889	4,923,889	5,615,747
Total Deferred Inflows of Resources	3,506,221	1,296,821	4,923,889	9,726,931	10,813,915
NET POSITION (DEFICIT)					
Net investment in capital assets	79,152,013	47,644,071	-	126,796,084	129,230,756
Restricted	15,206,414	13,660,886	-	28,867,300	18,515,018
Unrestricted	3,192,205	-	2,792,367	5,984,572	6,511,701
Total Net Position (Deficit)	97,550,632	61,304,957	2,792,367	161,647,956	154,257,475
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 145,072,704	$ 79,803,308	$ 8,206,834	$ 233,082,846	$ 231,695,964

The accompanying notes are an integral part to the basic financial statements.

CALAVERAS COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH PRIOR YEAR DATA FOR COMPARATIVE PURPOSES ONLY)

	Business-type Activities - Enterprise Funds			Totals for Comparative Purposes Only	
	Water	**Sewer**	**Hydro**	**2025**	**(restated) 2024**
OPERATING REVENUES					
Water sales and sewer charges	$ 16,317,946	$ 8,589,852	$ -	$ 24,907,798	$ 20,090,955
Water and sewer fees	329,109	42,375	-	371,484	340,353
Public-public partnership revenue	-	-	749,526	749,526	-
Power sales	-	-	210,032	210,032	-
Total Operating Revenues	16,647,055	8,632,227	959,558	26,238,840	20,431,308
OPERATING EXPENSES					
Salaries and benefits	9,155,810	3,376,549	11,518	12,543,877	10,124,412
Repairs and maintenance	940,141	503,644	-	1,443,785	1,416,040
Materials and supplies	698,712	296,266	-	994,978	1,089,183
Utility services	1,065,835	440,041	-	1,505,876	2,196,025
Professional services	262,007	(137,667)	1,263,896	1,388,236	1,530,905
Vehicle and equipment	375,522	143,910	-	519,432	565,040
Other operating expenses	1,780,569	1,234,945	128,454	3,143,968	1,592,452
Travel and training	76,251	26,887	656	103,794	72,949
Director costs	113,412	41,861	-	155,273	135,463
Postemployment benefits	599,367	220,863	13	820,243	1,118,077
Pension benefits	1,077,465	398,515	-	1,475,980	3,184,782
Depreciation and amortization	3,706,840	1,430,537	-	5,137,377	4,985,533
Total Operating Expenses	19,851,931	7,976,351	1,404,537	29,232,819	28,010,861
Net Income (loss) from Operations	(3,204,876)	655,876	(444,979)	(2,993,979)	(7,579,553)
NONOPERATING REVENUES (EXPENSES)					
Property taxes and assessment	3,663,044	944,703	-	4,607,747	4,389,373
Lease revenue	52,058	19,254	-	71,312	64,966
Investment income	1,707,243	759,948	25,318	2,492,509	2,713,035
Public-public partnership revenue	-	-	-	-	750,795
Power sales	-	-	-	-	308,275
Other income	340,232	78,000	766,233	1,184,465	1,031,516
Grant revenue	38,490	22	-	38,512	226,131
(Loss)/gain on sale of capital assets	202,224	74,992	-	277,216	79,645
Interest expense	(797,637)	(358,913)	-	(1,156,550)	(1,289,252)
Arbitrage expense	(13,962)	(5,135)	-	(19,097)	(630,632)
Total Nonoperating Revenues (Expenses)	5,191,692	1,512,871	791,551	7,496,114	7,643,852
Net Income (loss) before Capital Contributions and Transfers	1,986,816	2,168,747	346,572	4,502,135	64,299
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Transfers in	19,411,279	18,888,907	2,445,795	40,745,981	-
Transfers out	(20,115,100)	(20,630,881)	-	(40,745,981)	-
Expansion Fee	387,998	124,779	-	512,777	547,132
Capital renovations and replacements (R & R) fees	-	-	-	-	1,204,680
Other capital contributions	257,008	2,118,561	-	2,375,569	4,946,034
Total Capital Contributions and Transfers	(58,815)	501,366	2,445,795	2,888,346	6,697,846
Change in Net Position	1,928,001	2,670,113	2,792,367	7,390,481	6,762,145
Net Position, Beginning of Year	95,936,892	58,751,078	-	154,687,970	147,495,330
Prior Period Adjustment	(314,261)	(116,234)	-	(430,495)	-
Net Position, Beginning of Year (Restated)	95,622,631	58,634,844	-	154,257,475	147,495,330
Net Position, End of Year	$ 97,550,632	$ 61,304,957	$ 2,792,367	$ 161,647,956	$ 154,257,475

The accompanying notes are an integral part to the basic financial statements.

CALAVERAS COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH PRIOR YEAR DATA FOR COMPARATIVE PURPOSES ONLY)

	Business-type Activities - Enterprise Funds			Totals for Comparative Purposes Only	
	Water	**Sewer**	**Hydro**	**2025**	**2024**
Cash Flows from Operating Activities:					
Cash receipts from customers	$ 16,067,530	$ 8,326,420	$ 584,262	$ 24,978,212	$ 19,129,150
Cash paid to suppliers for goods and services	(5,611,541)	(3,036,277)	(902,191)	(9,550,009)	(11,960,518)
Cash paid to employees for services	(9,929,565)	(3,661,828)	(11,518)	(13,602,911)	(8,025,487)
Net cash provided by (used for) operating activities	526,424	1,628,315	(329,447)	1,825,292	(856,855)
Cash Flows from Non-Capital Financing Activities:					
Property taxes and assessments	3,590,570	921,598	-	4,512,168	4,324,454
Lease revenue received	27,534	10,183	-	37,717	66,331
Public-public partnership revenues	-	-	-	-	750,795
Power sales	-	-	-	-	308,275
Other income	340,232	78,000	766,233	1,184,465	1,031,516
Operating grants from outside agencies	(64,240)	1,686,471	-	1,622,231	(158,798)
Interfund transfers	(261,171)	(2,237,938)	2,445,795	(53,314)	-
Net cash provided by (used for) non-capital financing activities	3,632,925	458,314	3,212,028	7,303,267	6,322,573
Cash Flows from Capital and Related Financing Activities:					
Capital contributions received	645,006	2,243,340	-	2,888,346	5,888,374
Acquisition of capital assets	(10,085,525)	(5,756,612)	-	(15,842,137)	(15,811,700)
Proceeds from disposal of capital assets	202,224	74,992	-	277,216	79,645
Proceeds from long-term liabilities	-	-	-	-	227,825
Principal paid on long-term liabilities	(1,527,844)	(650,745)	-	(2,178,589)	(2,338,392)
Interest payments on long-term liabilities	(803,856)	(364,708)	-	(1,168,564)	(1,312,795)
Net cash provided by (used for) by capital and related financing activities	(11,569,995)	(4,453,733)	-	(16,023,728)	(13,267,043)
Cash Flows from Investing Activities:					
Interest received	1,698,956	753,012	35,155	2,487,123	2,712,528
Net cash provided by (used for) investing activities	1,698,956	753,012	35,155	2,487,123	2,712,528
Net increase (decrease) in cash and cash equivalents	(5,711,690)	(1,614,092)	2,917,736	(4,408,046)	(5,088,797)
Cash and cash equivalents, beginning of year	39,710,085	18,627,742	-	58,337,827	63,426,624
Cash and cash equivalents, end of year	$ 33,998,395	$ 17,013,650	$ 2,917,736	$ 53,929,781	$ 58,337,827
Reconciliation of cash and cash equivalents to the Statement of Net Position:					
Cash and cash equivalents	$ 13,700,299	$ 6,924,005	$ 2,917,736	$ 23,542,040	$ 16,698,062
Restricted cash and cash equivalents	20,298,096	10,089,645	-	30,387,741	41,639,765
Cash and cash equivalents, end of year	$ 33,998,395	$ 17,013,650	$ 2,917,736	$ 53,929,781	$ 58,337,827

The accompanying notes are an integral part to the basic financial statements.

CALAVERAS COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (continued)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH PRIOR YEAR DATA FOR COMPARATIVE PURPOSES ONLY)

	Business-type Activities - Enterprise Funds			Totals for Comparitive Purposes Only	
	Water	**Sewer**	**Hydro**	**2025**	**(restated) 2024**
Reconciliation of net income (loss) from operations to net cash provided by operating activities:					
Net income (loss) from operations	$ (3,204,876)	$ 655,876	$ (444,979)	$ (2,993,979)	$ (7,579,553)
Adjustments to reconcile net income (loss) from operations to net cash provided by (used for) operating activities:					
Depreciation and amortization	3,706,840	1,430,537	-	5,137,377	4,985,533
Abandoned construction in progress projects	-	-	-	-	105,025
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Accounts receivable	(349,551)	(301,080)	(425,365)	(1,075,996)	(1,316,264)
Public-public partnership receivable and related deferred inflows of resources	-	-	32,193	32,193	-
Prepaid expenses and other assets	330,600	7,640	18,126	356,366	(302,215)
Deposits	-	-	-	-	4,500
Accounts payable and accrued expenses	(877,921)	(610,579)	472,702	(1,015,798)	879,306
Deposits payable	(8,170)	-	-	(8,170)	14,008
Unearned revenue	(221,804)	(4,727)	17,876	(208,655)	(416)
Retention payable	134,817	(210,238)	-	(75,421)	-
Net pension liability and related deferred inflows and outflows of resourse	1,077,466	398,514	-	- 1,475,980	1,949,090
Net OPEB liability and related deferred inflows and outflows of resource	(169,172)	(62,571)	-	- (231,743)	310,983
Compensated absences	108,195	324,943	-	433,138	93,148
Net cash provided by (used for) operating activities	$ 526,424	$ 1,628,315	$ (329,447)	$ 1,825,292	$ (856,855)
Supplemental Disclosure of Noncash Activities:					
Change in capital asset purchases payable	$ (954,024)	$ (472,169)	$ -	$ (1,426,193)	$ (1,538,393)
Change in arbitrage payable	$ 13,962	$ 5,135	$ -	$ 19,097	$ 630,632
Abandoned contruction in process	$ -	$ -	$ -	$ -	$ 105,025
Increase in leases receivable through issued leases	$ 180,049	$ 66,593	$ -	$ 246,642	$ -

The accompanying notes are an integral part to the basic financial statements.

CALAVERAS COUNTY WATER DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
ASSESSMENT DISTRICT CUSTODIAL FUNDS
JUNE 30, 2025

ASSETS		
Current Assets:		
Cash and cash equivalents	$	265,358
Interest receivable		690
Due from County of Calaveras		1,338
Restricted assets:		
Cash and cash equivalents with fiscal agents		256,121
Total Assets		523,507
LIABILITIES		
Current Liabilities:		
Accounts payable		3,358
Due to bond holders		45,444
Total liabilities		48,802
NET POSITION		
Restricted for individuals or other governments	$	474,705

The accompanying notes are an integral part to the basic financial statements.

CALAVERAS COUNTY WATER DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ASSESSMENT DISTRICT CUSTODIAL FUNDS
JUNE 30, 2025

ADDITIONS		
Special assessment taxes	$	193,190
Investment earnings		14,749
Other income		2,855
Total Additions		210,794
DEDUCTIONS		
Debt service		177,283
Other		27,432
Total Deductions		204,715
Net Increase (Decrease) In Fiduciary Net Position		6,079
Net Position, Beginning of Year		468,626
Net Position, End of Year	$	474,705

The accompanying notes are an integral part to the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The Calaveras County Water District (the District) was formed on September 6, 1946 under the County Water District Law (California Water Code Sections 30000-33901) for the purpose of assisting residents of Calaveras County in establishing and protecting their water resources. The District's boundaries are the same as the boundary lines of the County of Calaveras, which encompasses approximately 640,000 acres. The District provides retail water services to approximately 13,400 municipal, residential, and commercial customers; retail sewer services to approximately 5,000 customers; and provides wholesale treated water to two independent retail water service providers. Water and sewer services are provided to five major operational areas and three smaller service areas within the boundaries of the District. The District is also engaged in the development of hydroelectric power for financial support and maximizing its water supply. The District has 76,300 acre-feet of post-1914 water rights on the North Fork of the Stanislaus River, 1,830 acre-feet of water rights on the Bear Creek tributary to the Middle Fork of the Mokelumne River, a contractual allocation of 31,278 acre-feet of the U.S. Bureau of Reclamation's water rights in the New Hogan Reservoir on the Calaveras River and water rights from various other sources. The District's facilities consist of six water treatment plants, twenty-eight treated water storage facilities and thirteen sewer treatment facilities.

The District has two power generating facilities operated by other governmental agencies under contracts where the District receives a contractual monthly payment, and the other agencies receive the rights to power generated and are responsible for the operating costs of the hydroelectric power generating facilities. The Northern California Power Agency is responsible for the power generating facility on the North Fork of the Stanislaus River. The other power generating facility is at the New Hogan Reservoir, which is operated by the Modesto Irrigation District. However, in the case of the New Hogan Reservoir, the District and the Stockton East Water District reimburse the Army Corps of Engineers proportional shares of the operating and maintenance costs of the reservoir's dam and water storage.

The District's Federal Energy Regulatory Commission (FERC) license for both of these facilities expires in 2032. The FERC relicensing costs will be reported as part of construction in progress and will result in an intangible asset being reported when the license is issued that will be amortized over the license period.

The financial statements include the financial activities of the Calaveras County Water District Public Financing Authority (the Authority), which was formed under a joint exercise of power agreement between the District and the Independent Cities Finance Authority (ICFA). The Authority was established on April 4, 2016, to provide assistance to the District in the issuance of debt (see Note 7). The Authority is a component unit of the District because the District's Board of Directors serves as the Board of Directors of the Authority and the District is financially accountable for the Authority. The JPA agreement provides that the liabilities of the Authority do not constitute liabilities of the District or ICFA but requires the District and Authority to indemnify the ICFA for any and all costs and liabilities arising directly or indirectly from the Authority's activities. The District has a residual interest in any property held by the Authority upon its dissolution. The Authority does not issue separate financial statements.

The District administers eight assessment districts for which the District's Board of Directors serves as the governing body of the assessment districts. The District can impose its will on and has administrative responsibility for all of the assessment districts. As a result, the assessment districts are component units of the District. The Wallace Assessment District (Wallace AD) was formed to reimburse the District for certain sewer improvements. The District can access the Wallace AD's resources for the provision of services the District provides to the Wallace AD and, as a result, reports the Wallace AD on a blended basis with the District's Sewer Fund. The remaining assessment districts are used for conduit debt or to hold assets for external parties and, as a result, are considered fiduciary component units. The assessment districts do not issue separate financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued): The District is also a member of the following joint power authorities/agencies (JPAs) where the District is not responsible for the liabilities of the JPAs under the JPA agreements and only has a residual interest in any assets held by the JPAs upon termination of the agreements: Association of California Water Agencies (ACWA) and ACWA Joint Powers Insurance Authority, Calaveras-Amador Mokelumne River Authority, Calaveras Public Power Agency, Tuolumne-Stanislaus Integrated Regional Water Management Joint Powers Authority, Upper Mokelumne River Watershed Authority, and Eastern San Joaquin Groundwater Authority.

Basis of Presentation – Fund Accounting: The District's resources are allocated to and accounted for in these basic financial statements using the enterprise fund type of the proprietary fund group. A fund is a self-balancing set of accounts. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Net position for the enterprise fund represents the amount available for future operations.

The District reports the following major proprietary funds:

Water Fund — This fund accounts for the activities of providing water to rate payers of the District.

Sewer Fund — This fund accounts for the activities of providing sewer management to rate payers of the District.

Hydro Fund – This fund accounts for the activities of providing hydroelectric management to rate payers of the District.

The District also reports the following fiduciary fund:

Custodial Funds — This fund is used to account for assets held by the District as an agent for seven special assessment districts within its boundaries used to finance improvements within the special assessment districts, including improvements financed with special assessment bonds. The resources are held for the related bond holders or landowners.

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds and custodial funds are accounted for on the economic resources measurement focus. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the fund are included on the statement of net position. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net assets. Enterprise funds and agency funds use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District, including providing water service, water supply development and planning, wastewater treatment and disposal and recycling. Operating revenues consist primarily of water sales, sewer charges and related fees. Operating expenses consist of the cost of sales and services, administration and depreciation on capital assets. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities. Cost reimbursement grant revenues are recognized as revenue when the reimbursable costs are incurred under the accrual basis of accounting. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The District allocates general and administrative expenses 73% to the Water Fund and 27% to the Sewer Fund according to the relative number of water and sewer accounts.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less, including restricted assets, to be cash and cash equivalents, which includes investments in the California Local Agency Investment Fund (LAIF), money market mutual funds and certificates of deposit.

Accounts Receivable: Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. Receivables include a year-end accrual for water and sewer utility services provided through the end of the fiscal year that were not billed at year-end. Accounts receivable are reported net of an allowance for uncollectible accounts in the amount of $33,975 and $16,765 for the Water Fund and Sewer Fund, respectively, at June 30, 2025.

Restricted Assets: Restricted assets consist of unspent expansion and capital renovation and replacement (R & R) fees that are restricted to certain expansion and construction projects. Restricted assets also include unspent bond proceeds that are restricted to future bond payments. Fiscal agent cash and cash equivalents in the Agency Funds represents amounts required to be held for future debt payments by the related bond indenture. There were no amounts payable from restricted assets in the Water, Sewer and Hydroelectric Funds at June 30, 2025.

Public-Public Partnership Arrangements (PPPs): PPP's are defined by GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* ("GASB 94"), as arrangements in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Underlying PPP assets include: (a) existing assets of a transferor, (b) assets that are newly purchased or constructed by the operator, or (c) existing assets of a transferor that are to be improved by the operator. Recognition of the underlying PPP receivable should be reported at the present value of the payments expected to be received using the economic resources measurement focus. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term. See Note 5 for discussion of the District's PPP.

Interfund Transactions: During the course of operations, numerous transactions occur between individual enterprise funds that may result in an amount owed between funds. "Due to and from other funds" represents short-term interfund receivables and payables. Interfund loans represent the noncurrent portion of interfund borrowings. The interfund loans outstanding between the Water and Sewer Fund at year-end includes a building loan for the District's operations headquarters project, a loan to cover debt service for the Jenny Lind water expansion funds loan and a long-term borrowing by the Sewer Fund from the Water Fund to cover cash deficits. Repayment terms are discussed in Note 9.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued):

	Years
Buildings	50
Improvements other than buildings	15-50
Machinery and equipment	4-10
Vehicles	8-10
Computer equipment and software	3-4

It is the District's policy to capitalize assets with a cost of $5,000 or more with useful lives in excess of one year. The cost of assets sold or retired (and the related amounts of accumulated depreciation) is eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Right-to-use lease assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

Deferred Inflows and Outflows of Resources: In addition to assets and liabilities, the Statement of Net Position will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District's leases receivable, pension plan and OPEB plan as described in Notes 4, 12, and 14, respectively.

Compensated Absences: A total of 22 to 32 days of Personal Time Off (PTO) leave per year may be accumulated by each employee. Employees are paid 100% of their PTO leave hours upon death, termination or retirement. The liability for compensated absences is recorded as a liability in the Statement of Net Position. The current portion of this liability is estimated based on historical trends. The cost of compensated absences is recorded in the period it is incurred and is liquidated in the Water and Sewer Funds. Activity in current compensated absences was as follows for the years ended June 30, 2025:

Balance at July 1, 2024	*Net changes	Balance at June 30, 2025	Due within One year
$ 1,055,281	$ 148,212	$ 1,203,493	$ 661,826

Lease Liabilities: Lease liabilities represent the District's obligation to make lease payments arising from leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The lease payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate.

Subscription Liabilities: Subscription liabilities represent the District's obligation to make subscription payments arising from subscription contracts. Subscription liabilities are recognized at the subscription commencement date based on the present value of the future subscription payments expected to be made during the subscription term.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subscription Liabilities (continued): The subscription payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate. The District had no material agreements meeting the definition of subscriptions under GASB Statement No. 96.

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

Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense, information about the fiduciary net position of the plan held by the Public Agency Retirement Systems (PARS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

Budgetary Principles: The Board of Directors does not operate under any legal budgeting constraints. Budget integration is employed as a management control device. Budgets are formally adopted by the Board and take effect on each July 1.

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

Comparative Totals: The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024 from which the summarized information was derived.

Governmental Accounting Standards Update: During the year ending June 30, 2025, the District implemented the following standards:

GASB 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 reporting periods beginning after December 15, 2023.

GASB Statement No. 102 – *Certain Risk Disclosures.* The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Released GASB Statements to be implemented in future financial statements are as follows:

GASB 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. This statement also addresses certain application issues. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. This Statement requires lease assets recognized in accordance with GASB Statement No. 87, *Leases*, right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, subscription assets recognized in accordance with GASB Statement. No 96, *Subscription- Based Information Technology Arrangements*, and other intangible assets to be disclosed separately in capital assets footnote disclosures. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should disclose the ending historical cost and accumulated depreciation by major class of asset and the carrying amount of debt for which the assets are pledged as collateral by major class of asset held for sale under this Statement. This provisions of this Statement are effective for fiscal years beginning after June 15, 2025. The District will fully analyze the impact of these new Statements prior to the effective dates listed above.

GASB Statement No. 105 – *Subsequent Events.* The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this statement are effective for fiscal years beginning after June 15, 2026.

Reclassifications: Certain reclassifications have been made to the prior year financial statements to conform to current year presentation. There were no changes to the ending net position and/or change in net position from the reclassifications to the prior year presented figures.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. Management has determined that the events in Note 20 require disclosure in accordance with accounting standards.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The District pools its cash and investments for the purpose of increasing income through investment activity. Cash and deposits are stated at cost. Investments are stated at fair value. Investment income is allocated to funds based on the previous month end cash and investments balance.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

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

	Enterprise Funds	Fiduciary Funds	Total
Cash and cash equivalents	$ 23,542,040	$ 265,358	$ 23,807,398
Restricted cash and cash equivalents	30,387,741	-	30,387,741
Restricted cash and cash equivalents with fiscal agents	-	256,121	256,121
Total cash and investments	$ 53,929,781	$ 521,479	$ 54,451,260

Cash, cash equivalents and investments consisted of the following as of June 30, 2025:

	Enterprise Funds	Fiduciary Funds	Total
Cash on hand	$ 600	$ -	$ 600
Bank deposits	3,824,084	265,358	4,089,442
Total cash and deposits	3,824,684	265,358	4,090,042
U.S. Treasury obligations	9,330,827	-	9,330,827
U.S. Treasury State and Local Government Securities (SLGS)	16,241,099	-	16,241,099
Cash held by USDA	169,343	-	169,343
U.S. agency securities	3,049,687	-	3,049,687
Corporate notes	5,414,260	-	5,414,260
Money market mutual funds	227,075	-	227,075
Local Agency Investment Fund (LAIF)	12,635,465	-	12,635,465
Asset backed securities	1,105,330	-	1,105,330
Supranational notes	594,767	-	594,767
Collateralized mortgage obligations	1,128,728	-	1,128,728
Municipal bonds	208,516	-	208,516
Investments with fiscal agents:			
Money market mutual funds	-	256,121	256,121
Total investments	50,105,097	256,121	50,361,218
Total cash and investments	$ 53,929,781	$ 521,479	$ 54,451,260

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – *Financial Affairs.* The table below identifies the investment types that are authorized for the District by 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 trustee 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.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Investment Policy (continued):

The District's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Credit Quality
Local district bonds	5 years	50%	AA
U.S. Treasury obligations	5 years	100%	N/A
State of California obligations	5 years	100%	AA
Other state obligations	5 years	20%	AA
California local district obligations	5 years	50%	AA
U.S agency securities	5 years	100%	None
Bankers acceptances	180 days	40%	A
Commercial paper	270 days	25%	AA
Negotiable certificates of deposit	5 years	30%	N/A
Repurchase agreements	1 year	20%	None
Reverse repurchase agreements	92 days	20% of base	A
Medium term corporate notes	5 years	30%	A
Money market mutual funds	N/A	20%	(1)
Joint Powers Authority	N/A	20%	None
Collateralized mortgage obligations	5 years	20%	AA
Collateralized bank deposits	5 years	20%	AA
Time deposits	2 years	20%	N/A
Local Agency Investment Fund (LAIF)	N/A	No limit	N/A
County pooled investment funds	N/A	30%	None
Asset backed securities	5 years	20%	AA
Municipal obligations	5 years	30%	A
Supranational securities	5 years	30%	AA
Non-negotiable certificates of deposit	2 years	40%	None

(1) Must be highest rated by 2 of the 3 nationally recognized rating agencies.

The District complied with all other provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, the institutions in which deposits were made and security requirements.

Investments Authorized by Debt Agreements: The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt agreements. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments Authorized by Debt Agreements:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Credit Quality
Local district bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
State of California obligations	5 years	100%	None
Other state obligations	5 years	None	None
California local district obligations	5 years	None	None
U.S agency securities	5 years	None	None
Bankers acceptances	180 days	40%/30%	None
Commercial paper	270 days	25% or 10%	A1/P1/F1
Negotiable certificates of deposit	5 years	30%	none
Repurchase agreements	1 year	None	Various
Reverse repurchase agreements	92 days	20% of base	A1/P1/F1
Medium term corporate notes	5 years	30%	A or >
Money market mutual funds	N/A	20%	(1)
Joint Powers Authority	N/A	None	None
Collateralized mortgage obligations	5 years	None	AA
Collateralized bank deposits	5 years	None	AA
Time deposits	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
County pooled investment funds	N/A	None	None
Asset backed securities	5 years	None	None
Municipal obligations	5 years	None	None
Supranational securities	5 years	None	None
Non-negotiable certificates of deposit	5 years	100%	None

(1) Must be highest rated by 2 of the 3 nationally recognized rating agencies.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates can 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 the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time 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 (including investments held by bond trustee and cash equivalents) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

		Remaining Maturity (in Months)			
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
U.S. Treasury Obligations	$ 9,330,827	$ 1,168,758	$ 2,582,752	$ 5,579,317	-
U.S. Treasury State and Local Government Securities (SLGS)	16,241,099	16,241,099	-	-	-
Cash held by USDA	169,343	169,343	-	-	-
U.S. agency securities	3,049,687	-	-	3,049,687	-
Corporate notes	5,414,260	244,693	871,850	4,297,717	-
Money market mutual funds	227,075	227,075	-	-	-
LAIF	12,635,465	12,635,465	-	-	-
Asset backed securities	1,105,330	-	142,027	963,303	-
Supranational notes	594,767	594,767	-	-	-
Collateralized mortgage obligations	1,128,728	-	-	1,128,728	-
Municipal bonds	208,516	-	-	208,516	-
Investments with fiscal agent:					
Money market mutual funds	256,121	256,121	-	-	-
Total Investments	$ 50,361,218	$ 31,537,321	$ 3,596,629	$ 15,227,268	$ -

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment and cash equivalent type at June 30, 2025:

			Ratings as of Year-end							
Investment Type	Amount	Minimum Legal Rating	AAA/Aaa	Aa1/AA+	Aa2/AA	Aa3/AA-	A1/A+	A2/A	A3/A-	Not Rated
U.S. Treasury Obligations	$ 9,330,827	N/A	$ -	$ 9,330,827	$ -	$ -	$ -	$ -	$ -	$ -
U.S. Treasury State and Local Government Securities (SLGS)	16,241,099	N/A	-	16,241,099	-	-	-	-	-	-
Cash held by USDA	169,343	N/A	-	-	-	-	-	-	-	169,343
U.S. agency securities	3,049,687	N/A	-	3,049,687	-	-	-	-	-	-
Corporate notes	5,414,260	A	244,696	-	449,987	2,047,971	1,286,134	1,132,652	252,820	-
Money market mutual funds	227,075	(1)	227,075							-
LAIF	12,635,465	N/A	-	-	-	-	-	-	-	12,635,465
Asset backed securities	1,105,330	AA	1,105,330	-	-	-	-	-	-	-
Supranational notes	594,767	AA	594,767	-	-	-	-	-	-	-
Collateralized mortgage obligations	1,128,728	AA	1,128,728	-	-	-	-	-	-	-
Municipal bonds	208,516	A	208,516	-	-	-	-	-	-	-
Investments with fiscal agent:										
Money market mutual funds	256,121	(1)	256,121	-	-	-	-	-	-	-
Total Investments	$ 50,361,218		$ 3,765,233	$ 28,621,613	$ 449,987	$ 2,047,971	$ 1,286,134	$ 1,132,652	$ 252,820	$ 12,804,808

(1) Must be rated the highest rating by 2 of the 3 nationally recognized rating agencies.

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 5% of total investments, with the exception of U.S. Treasury Obligations, mutual funds, and external investment pools. As of June 30, 2025 the District had no investments that exceeded 5% of its total investments that required disclosure.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2025, the carrying amount of the District's deposits, including Agency Fund deposits, was $4,089,438, respectively, and the balance in financial institutions was $4,104,237. Of the balances in financial institutions, $250,000 was insured by the Federal Deposit Insurance Corporation and the remaining amount was secured by a pledge of securities by the financial institution, but not in the name of the District. The money market mutual funds are held by the same broker-dealers (counterparty) used by the District to buy the securities.

California Local Agency Investment Fund: LAIF is stated at fair value. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The weighted average maturity of investments held by LAIF was 248 days at June 30, 2025.

Cash Held by USDA: The amounts reported as cash held by the U.S. Department of Agriculture (USDA) represents unspent proceeds on the Series 2021 Certificates of Participation that was retained by the USDA in the U.S. Treasury.

NOTE 3 – FAIR VALUE MEASUREMENT

Effective January 1, 2016, the District implemented GASB No. 72. GASB No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The District utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

GASB No. 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by GASB No. 72 are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs that reflect the District's own assumptions about factors that market participants would use in pricing the asset or liability.

The valuation methods of the fair value measurements are as follows:

- LAIF – uses the fair value of the pool's share price multiplied by the number of shares held. This pool can include a variety of investments such as U.S. government securities, federal agency securities, negotiable certificates of deposit, bankers' acceptances, commercial paper, corporate bonds, bank notes, and other investments. The fair values of the securities are generally based on quoted market prices.
- Corporate Notes – uses a market based approach. Evaluations are based on various market and industry inputs.
- Municipal Bonds – uses a market approach based on institutional note quotes. Evaluations are based on various market and industry inputs.
- Money Market Mutual Fund – uses a net asset value as determined by the fund manager. Money market mutual fund may include several different underlying obligations, of which at least 80% of the net assets are invested in U.S. Government obligations including, U.S. Treasury obligations and obligations of U.S. Government Agencies, authorities, instrumentalities, or sponsored enterprises obligations, and municipal securities.
- U.S. Treasury Obligations – uses a market-based approach. Valuations are based on quoted prices in active markets for identical securities. U.S. Treasury obligations are highly liquid and actively traded, and fair values are generally based on observable market prices.
- U.S. Agency Securities – uses a market-based approach. Valuations are based on observable market inputs, including quoted prices for similar securities, yield curves, and credit spreads. Fair values are generally provided by third-party pricing services using market data.
- Asset-Backed Securities – uses a market-based approach. Valuations are based on observable market inputs such as interest rate curves, credit spreads, and projected cash flows. Fair values are generally determined using third-party pricing services that utilize market and industry data.
- Supranational Notes – uses a market-based approach. Valuations are based on observable inputs including quoted prices for similar securities, benchmark yield curves, and market spreads. Fair values are generally derived from market quotations and pricing services.
- Collateralized Mortgage Obligations (CMOs) – uses a market-based approach. Valuations are based on observable market inputs including interest rate curves, prepayment assumptions, and market spread data. Fair values are generally provided by third-party pricing services utilizing observable inputs.

NOTE 3 – FAIR VALUE MEASUREMENT (continued)

For investments classified within Level 2 of the fair value hierarchy, the District's custodians generally use a multi-dimensional relational method. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others. Investments classified as Level 3 represent securities that are entirely owned by the District and have not traded publicly. The securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated.

The following table identifies the level within the fair value hierarchy that the District's financial assets and liabilities were accounted for on a recurring basis as of June 30, 2025. As required by GASB 72, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The District's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of liabilities and their placement within the fair value hierarchy levels.

	Fair Value Measurements on a Recurring Basis			
		Quoted Prices in Active Markets for Identical Assets	Sigificant Other Observable Inputs	Significant Unobservable Inputs
Investment Type	Total	Level 1	Level 2	Level 3
U.S Treasury Obligations	$ 9,330,827	$ -	$ 9,330,827	$ -
U.S. Treasury State and Local Government Securities (SLGS)	16,241,100	-	16,241,100	-
U.S agency securities	3,049,687	-	3,049,687	-
Corporate notes	5,414,264	-	5,414,264	-
Asset backed securities	1,105,330	-	1,105,330	-
Supranational notes	594,767	-	594,767	-
Collateralized mortgage obligations	1,128,728	-	1,128,728	-
Municipal bonds	208,516	-	208,516	-
Total investments by fair value level	37,073,219	$ -	$ 37,073,219	$ -
Investments not subject to fair value heirarchy:				
Cash held by USDA	169,343			
Money market mutual funds	227,075			
LAIF	12,635,465			
MMMF with fiscal agent	256,116			
Total Investments	$ 50,361,218			

NOTE 4 – LEASE RECEIVABLES

The District records a lease receivable and deferred inflow of resources for the present value of the future payments received under agreements for leases of property under GASB Statement No. 87. The District has five property leases for cellular towers that contain multiple five-year extensions and provide for increases in rent ranging from 2% to 3%. These leases expire from November 24, 2025 through September 1, 2049. For purposes of discounting future payments on the lease, the District used a discount rate of 4.75% to 9.25%. The deferred inflow is being amortized over 2.25 years to 24.75 years, the remaining terms of the leases, including option periods considered reasonably certain of being exercised. The District reported a lease receivable of $1,312,337 and deferred inflow of resources of $1,186,681 as of June 30, 2025. The District recognized lease revenue of $71,312 and lease interest income of $77,771 during the year ended June 30, 2025 under these leases.

Payments for the lease receivables are expected to be received in the following subsequent years:

Year	Principal	Interest	Total
2026	$ 17,649	$ 89,229	$ 106,878
2027	14,505	88,429	102,934
2028	17,344	87,706	105,050
2029	20,932	86,297	107,229
2030	25,331	84,863	110,194
Thereafter	1,216,576	867,634	2,084,210
	$ 1,312,337	$ 1,304,158	$ 2,616,495

NOTE 5 – PUBLIC-PUBLIC PARTNERSHIPS (PPP)

The District is the transferor in a PPP arrangement with Northern California Power Agency (NCPA) to convey to NCPA the right to construct, operate and maintain the North Fork Stanislaus River Hydroelectric Development Project (the Project) on behalf of the District. NCPA operates the Project for hydroelectric power generation and is entitled to receive all the electric capacity and energy generated by the Project from the date of initial operation of the Project through the expiration of the Federal Energy Regulation Commission (FERC) license to operate the facility, which will expire on January 31, 2032. The District owns the Project under the agreement and is required to obtain and maintain the FERC license. NCPA shall operate and maintain, provide replacements for all facilities of the Project which are necessary to produce and transmit power in accordance with Prudent Utility Practice. The District received a one-time lump sum payment of $14.5 million prior to April 1, 1985 and receives monthly payments that increase or decrease with the quarterly composite irrigation and hydrological cost index each year through the year ended June 30, 2032. The District received $749,526 and $747,456 under the agreement during the years ended June 30, 2025 and 2024, respectively. The District recognized a PPP receivable and a deferred inflow of resources that is being amortized and recognized as revenue over the term of the agreement. Due to the future payments being variable, the District used the most recent payment available discounted at the prime rate of 4.75%, which is the market-based rate that approximates the District's incremental borrowing rate, to compute the PPP receivable and deferred inflows of resources as of July 1, 2022. NCPA has an option to extend the agreement through the next FERC license period under the agreement. However, the District is currently negotiating the terms of the option with NCPA and has not included the option period in the computation of the PPP receivable and deferred inflows of resources.

NOTE 6 – CAPITAL ASSETS

Capital Assets: Capital asset activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Disposals	Transfers and Adjustments	Ending Balance
Capital assets not being depreciated:					
Land	$ 14,322,199	$ -	$ -	$ -	$ 14,322,199
Construction in progress	34,428,635	15,698,302	(12,769,546)	-	37,357,391
Total capital assets not being depreciated	48,750,834	15,698,302	(12,769,546)	-	51,679,590
Capital assets being depreciated:					
Buildings	22,862,092	-	-	-	22,862,092
Utility system-infrastructure	182,475,965	12,579,575	(23,943)	189,224	195,220,821
Right-to-use lease asset	1,808,055	246,642	(471,870)	-	1,582,827
Machinery and equipment	20,405,219	357,349	(65,914)	(192,860)	20,503,794
Total capital assets being depreciated	227,551,331	13,183,566	(561,727)	(3,636)	240,169,534
Less accumulated depreciation:					
Buildings	(12,504,176)	(442,485)	-	-	(12,946,661)
Utility system-infrastructure	(99,159,238)	(3,909,184)	-	-	(103,068,422)
Right-to-use lease asset	(964,571)	(250,686)	402,977	-	(812,280)
Machinery and equipment	(17,435,037)	(535,022)	63,422	-	(17,906,637)
Total accumulated depreciation	(130,063,022)	(5,137,377)	466,399	-	(134,734,000)
Total capital assets being depreciated, net	97,488,309	8,046,189	(95,328)	(3,636)	105,435,534
Total capital assets, net	$ 146,239,143	$ 23,744,491	$ (12,864,874)	$ (3,636)	$ 157,115,124

Depreciation and amortization expense for the year ended June 30, 2025, was $5,137,377.

NOTE 7 – LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2025 is as follows:

June 30, 2025	Beginning Balance as of July 1, 2024	Additions	Reductions	Ending Balance as of June 30, 2025	Due Within One Year
Water Fund:					
U.S. Bureau of Reclamation Note - Hogan	$ 35,651	$ -	$ (35,651)	$ -	$ -
Umpqua Bank Series 2019 Taxable Revenue Refunding Loan	2,950,660	-	(246,740)	2,703,920	246,740
Series 2016 Water Enterprise Revenue Bonds	2,302,000	-	(49,900)	2,252,100	51,000
Lease - Enterprise Fleet Management	636,019	180,049	(214,156)	601,912	166,239
2020 Loan - Umpqua	20,379	-	(20,379)	-	-
Series 2021 Water Revenue Certificates of Participation	4,693,280	-	(91,000)	4,602,280	92,000
Installment Purchase Contract - 2022	18,205,000	-	(782,000)	17,423,000	805,000
2021 Loan - Umpqua	132,841	-	(88,018)	44,823	44,823
Total Water Fund amortizing liabilities	28,975,830	180,049	(1,527,844)	27,628,035	1,405,802
Arbitrage Rebate Liability Series 2022 Bonds	471,380	13,962	-	485,342	485,342
Total Water Fund Liabilities	29,447,210	194,011	(1,527,844)	28,113,377	1,891,144
Sewer Fund:					
U.S. Bureau of Reclamation Note - Hogan	13,186	-	(13,186)	-	-
Umpqua Bank Series 2019 Taxable Revenue Refunding Loan	1,091,328	-	(91,260)	1,000,068	91,260
Lease - Enterprise Fleet Management	235,240	66,593	(79,207)	222,626	61,486
2020 Loan - Umpqua	7,537	-	(7,537)	-	-
Installment Purchase Contract - 2022	10,185,000	-	(427,000)	9,758,000	445,000
2021 Loan - Umpqua	49,133	-	(32,555)	16,578	16,579
Total Sewer Fund amortizing liabilities	11,581,424	66,593	(650,745)	10,997,272	614,325
Arbitrage Rebate Liability Series 2022 Bonds	159,252	5,135	-	164,387	164,387
Total Sewer Fund Liabilities	11,740,676	71,728	(650,745)	11,161,659	778,712
Total long-term liabilities	$ 41,187,886	$ 265,739	$ (2,178,589)	$ 39,275,036	$ 2,669,856

Description of Water Fund Liabilities – Direct Borrowings:

Series 2016 Water Enterprise Revenue Bonds: On June 16, 2016, the Calaveras County Water District Public Financing Authority issued the Series 2016 Water Enterprise Revenue Bonds with a borrowing limit of $2,622,000 to assist in the funding of the Ebbetts Pass Reach 3A Pipeline Replacement Project. The Bonds will be paid solely from installment sale payments made from the District's net water system revenues to purchase the project assets. The bonds will be paid annually each September 1 in principal amounts ranging from $48,800 to $99,500 and semi-annual interest payments ranging from $1,119 to $26,447 at 2.25% through September 1, 2055.

Series 2021 Water Revenue Certificates of Participation: On June 24, 2021, the Calaveras County Water District Public Financing Authority issued the Series 2021 Water Revenue Certificates of Participation (Automatic Radio Read Meter Project) in the amount of $5,000,000. The Certificates were sold to the United States Department of Agriculture. The Certificates will be paid solely from installment sale payments made from the District's net water system revenues to purchase the project assets. The bonds will be paid annually each March 1 in principal amounts ranging from $89,000 to $171,000 and semi-annual interest payments ranging from $1,496 to $42,621 at 1.75% from March 1, 2022 through March 1, 2061. Upon default, the Certificates may be called immediately due and payable.

NOTE 7 – LONG-TERM DEBT (continued)

Installment Purchase Contract - 2022: On June 1, 2022, the Calaveras County Water District Public Financing Authority issued Installment Purchase Contract - 2022 (Water Project) in the amount of $19,843,000 to assist in the funding of various Copper Cove Tank B & Clearwell, Copper Cove Tank B Pump Station Renovation, Jenny Lind A-B Transmission Pipeline, Lake Tulloch Water Line Crossing and Copper Cove Zone B-C Transmission Pipeline and Pump Station Projects. The bonds were sold to Webster Bank. The bonds will be paid solely from installment sale payments made from the District's net water system revenues to purchase the project assets. The bonds will be paid annually each March 1 in principal amounts ranging from $782,000 to $1,279,000 and semiannual interest payments ranging from $18,801 to $278,771 at 2.94% from September 1, 2022 through March 1, 2042.

Description of Sewer Fund Liabilities – Direct Borrowings:

Installment Purchase Contract - 2022: On June 1, 2022, the Calaveras County Water District Public Financing Authority issued Installment Purchase Contract - 2022 (Sewer Project) in the amount of $11,100,000 to assist in the funding of the Arnold Secondary Clarifier and Wastewater Treatment Plant Project, Copper Cove Lift Stations Project and Copper Cover Secondary, Tertiary, DAF, and UV Improvements Project. The bonds were sold to the First Foundation Public Finance. The bonds will be paid solely from installment sale payments made from the District's net sewer system revenues to purchase the project assets. The bonds will be paid annually each June 1 in principal amounts ranging from $431,000 to $736,000 and semi-annual interest payments ranging from $11,776 to $170,928 at 3.20% from December 1, 2022 through June 1, 2042.

Description of Shared Water Fund and Sewer Fund Liabilities – Direct Borrowings:

U.S. Bureau of Reclamation Note: Under the terms of a contract dated August 25, 1970, between the United States of America, the Stockton-East Water District, and Calaveras County Water District, the two districts agreed to repay the United States of America 36.2% of the construction cost of the New Hogan Dam, excluding recreation features. Under the terms of a side agreement, the payment of all obligations under the Bureau contract is split between the two districts, whereby Stockton-East Water District is responsible for 43.5% of the repayments and Calaveras County Water District is responsible for 56.5% of the payments. The agreement required the Calaveras County Water District to make annual payments based on a variable computation to Stockton-East Water District through 2010 with no interest. The unpaid balance at September 2010 began to bear interest at 4.5%. The agreement contains a provision requiring a penalty of 0.5% per month on delinquent payments over 30 days past due. Annual principal payments range from $48,837 to $55,242 and annual interest payments range from $2,198 to $4,684 through June 10, 2025. The remaining balance on the contract at June 30, 2025 was $0.

The contract also requires the District to make payments to Stockton-East Water District for the Calaveras County Water District's share of expenses for operations, maintenance, replacements and contract administration. These costs are expensed as incurred.

Umpqua Bank Series 2019 Taxable Revenue Refunding Loan Obligations (CalPERS Refunding Project): On February 1, 2019, the District obtained a $5,665,000 loan from Umpqua Bank in order to reduce and refinance the District's unfunded accrued actuarial pension liability (UAL) in the District's defined benefit pension plan administered by the California State Public Employees' Retirement System (CalPERS). $5,544,652 was deposited directly with CalPERS under the loan agreement, with the remaining amount funding issuance costs. The District's future UAL payments to CalPERS will be reduced due to this deposit. The loan is payable from a pledge on the District's net water and wastewater revenue as defined in the agreement and the District must collect rates, fees and charges during the term of the loan that are at least equal to 125% of the debt service payments on this loan and all other parity debt. The loan agreement defines events of default as 1) failure to pay any principal and interest payment when due; 2) failure to observe and perform a covenant for a period of 30 days after written notice is provided by the Bank; 3) default on any parity obligation; 4) bankruptcy; 5) material misrepresentation made in the execution of the loan; 6) an event causing the loan to cease to be a legal, valid, and binding obligation of the District; and 7) dissolution or termination of the District.

NOTE 7 – LONG-TERM DEBT (continued)

Umpqua Bank Series 2019 Taxable Revenue Refunding Loan Obligations (CalPERS Refunding Project) (continued): The loan is subject to an acceleration clause upon default of the District causing the principal and accrued interest to be immediately due and payable. The Bank also has the right under the agreement to apply to and obtain from a court a decree or order necessary to require the District to charge and collect rates for water services sufficient to meet requirements of the loan agreement. Semi-annual principal and interest payments ranging from $176,591 to $239,708 are due beginning on September 1, 2019 through March 1, 2036. The interest rate on the loan is 3.32%. In the event of default, the interest rate increases 3%.

Lease - Enterprise Fleet Management Lease Program: On June 7, 2019, the District entered into a multi-year lease program for vehicle replacement with Enterprise Fleet Management. Each year, vehicles in the fleet are evaluated and proposed additions and retirements are taken to the Board for approval. The term of the lease begins on the date each vehicle is delivered to the District. As of June 30, 2025, there were 39 leases outstanding with a total lease liability of $824,537, which is shared between the Water and Sewer Fund at 73% and 27%, respectively. Monthly lease payments for each lease are due at the beginning of each month for 60 months at a stated interest rates between 4.25% and 8.5% through December 2030, which totaled $334,675 during the year ended June 30, 2025. At the end of the lease term, the District has the option to buy the assets or can trade in the assets at the remaining lease balance. If the option to buy the asset is exercised, the District agrees to pay within 30 days after the end of the term for each vehicle an additional rent amount equal to the greater of the excess of the book value of the leased vehicle over the greater of the wholesale value of the vehicle or 20% of the delivered price of the vehicle. In the event of default, the interest rate will increase to 18% or the highest rate permitted by law and the assets may be repossessed. Lease assets had a cost and accumulated amortization of $1,582,826 and $812,280, respectively.

Loan - Umpqua Agreement: On July 24, 2020, the District entered into a loan agreement for a Vacuum Truck purchased for $470,090. The loan is payable through August 15, 2024. Payments are due quarterly on the 15th of November, February, May, and August in the amount of $31,269 at an interest rate of 2.963%. If the District fails to make the required payment on or before the date it becomes due, the District is required to pay interest on the delinquent payments from the due date until paid at the lesser of 18.00% per annum or the maximum permitted by law. During the year ended June 30, 2025, the District paid off the loan.

Loan - Umpqua Agreement: On October 27, 2021, the District entered into a loan agreement for a Vacuum Truck purchased for $470,810. The loan is payable through November 1, 2025. Payments are due quarterly on the 1st of February, May, August, and November in the amount of $30,984 at an interest rate of 2.449%. If the District fails to make the required payment on or before the date it becomes due, the District is required to pay interest on the delinquent payments from the due date until paid at the lesser of 18.00% per annum or the maximum permitted by law.

NOTE 7 – LONG-TERM DEBT (continued)

The annual requirements to amortize the outstanding long-term liabilities were as follows as of June 30, 2025:

Year Ended June 30,	Water Fund Principal	Water Fund Interest	Water Fund Total	Sewer Fund Principal	Sewer Fund Interest	Sewer Fund Total
2026	$ 1,405,802	$ 772,413	$ 2,178,215	$ 614,325	$ 47,907	$ 662,232
2027	1,383,708	725,865	2,109,573	606,462	40,469	646,931
2028	1,410,293	677,842	2,088,135	620,902	32,758	653,660
2029	1,351,890	630,972	1,982,862	604,240	25,768	630,008
2030	1,349,282	593,592	1,942,874	607,438	22,576	630,014
2031-2035	6,954,780	2,357,867	9,312,647	3,195,420	1,072,212	4,267,632
2036-2040	6,880,970	1,357,132	8,238,102	3,321,330	547,995	3,869,325
2041-2045	3,518,600	487,316	4,005,916	1,427,155	69,344	1,506,344
2046-2050	1,097,300	274,687	1,371,987	-	-	-
2051-2055	1,209,400	163,348	1,372,748	-	-	-
2056-2060	911,500	59,284	970,784	-	-	-
2061	154,510	2,993	173,993	-	-	-
	$ 27,628,035	$ 8,103,312	$ 35,747,837	$ 10,997,272	$ 1,859,029	$ 12,866,146

Pledged Revenues: The District has pledged future Water Fund and Sewer (wastewater) Fund revenues, net of specified operating expenses, to repay each of its Water Fund and Sewer Fund loans and bonds as described above. Proceeds from the loans and bonds were used to fund certain water and sewer improvements, to purchase capital assets or refund certain prior debt issuances as described above. The loans and bonds are payable through March 1, 2061. Annual principal and interest on the loans and bonds are expected to be 75% or less of net revenues as required by the loan and bond covenants. Total principal and interest remaining to be paid on the loans and bonds are reported in the "Total" column for the Water Fund and Sewer Fund in the table above. Total principal and interest paid on all debt payable from net revenues in the Water and Sewer Funds related to the Debt Service Coverage Ratio was $1,934,184 and $879,664, respectively, and total water and sewer system net revenues were $8,329,371 and $4,632,475 for the year ended June 30, 2025. At June 30, 2025, the District's total water and sewer system net revenues were 431% and 527% of debt service payments, respectively, as described in the debt service coverage ratio calculation in the Other Supplementary Information section of the financial statements.

Arbitrage: Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the actual earnings from the investment of tax-exempt bond proceeds, which exceed related interest earnings if such investments were invested at a rate equal to the yield of the bonds, must be remitted to the Federal on every fifth anniversary of each bond issuance. The District has evaluated each series of tax exempt debt issued by the District. The District has recognized an arbitrage liability of $649,729 as of June 30, 2025. The payment is due June 30, 2026.

NOTE 8 – INTERNAL LOANS

On June 13, 2012, the Board of Directors approved a loan from special project funds in the District's interest reserve funds to cover debt service payments for the Jenny Lind water expansion funds loan. The transaction resulted in an internal loan of $1,522,736 from the Sewer Fund to the Water Fund after segregating joint costs. The Jenny Lind water expansion funds debt service obligation ended September 2017. The internal loan is non-interest bearing and will be repaid from new water connection fees from the Jenny Lind service area as available. The outstanding loan balance as of June 30, 2025 was $1,000,000, However, after eliminating the portion of the loan within the Water Fund the remaining loan reported on the Statement of Net Position was an interfund loan of $270,000 from the Sewer Fund to the Water Fund at June 30, 2025 as follows:

Internal loan from other funds	Internal loan to other funds	Gross Amount	Eliminating Entry	Net Amount
Water Reserve Fund	Water Jenny Lind Expansion Fund	$ 730,000	$ (730,000)	$ -
Sewer Reserve Fund	Water Jenny Lind Expansion Fund	229,908	-	229,908
Total		$ 959,908	$ (730,000)	$ 229,908

NOTE 9 – INTERFUND TRANSACTIONS

Interfund transfers are used to transfer resources from the fund receiving the resources to the fund spending the resources. Transfers within individual funds are eliminated for reporting purposes. Interfund transfers during the year ended June 30, 2025 totaled approximately $40.7 million. During the year ended June 30, 2025 the Water and Sewer funds transferred the assets, liabilities and deferred inflows of resources, including the public-public partnership receivable and related deferred inflows of resources to the newly created Hydro fund.

NOTE 10 – SPECIAL ASSESMENT DISTRICT DEBT

The District acts as agent for the bondholders of five of the nine special assessment districts in the District's service area. Each of these special assessment districts has issued bonds to finance improvements within the related district. The bonds are secured solely by liens on real property in the related assessment district. The County of Calaveras collects special assessments from the property owners in these special assessment districts. The special assessments collected are forwarded to the District, which directs payment to the bondholders through the designated paying agent. The District is not obligated in any manner in the event of default of this debt, which is not included in the District's financial statements. On February 24, 2021, the District refinanced the DaLee/Cassidy Water System Assessment District Series 2010 Limited Obligation Improvement Bonds and the Fly-In Acres Assessment District Series 2013 Limited Obligation Improvement Bonds with the 2021 Refinancing Assessment District Bonds. The outstanding principal amounts of these special assessment bonds were as follows at June 30, 2025:

District	Amount
Amold Sewer #9S4 A/B	$ 25,000
DaLee/Cassidy	592,316
Fly-In Acres	1,415,281
Total	$ 2,032,597

Additionally, the La Contenta Assessment District (AD 604) remains in default/foreclosure. The District will continue to act as the agent for La Contenta as foreclosure counsel works with the remaining two delinquent property owners. The two properties are in foreclosure and have had summary judgements filed against them. Currently the values of the properties (both unimproved) are significantly less than the lien amounts.

NOTE 11 – NET POSITION

Net Position: Net position is categorized as the net investment in capital assets, restricted, and unrestricted as follows:

Net Investment in Capital Assets: This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position: This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Net position restricted for expansion and construction consisted of development expansion fee revenues, unspent Wallace Assessment District special tax assessments collected for future sewer project expenses, offset by liabilities recorded at year-end, and unspent grant proceeds advanced by the grantor.

There are no longer Capital R&R restricted funds. The Wallace AD had a balance of $59,344 as of June 30, 2025. The balance as of December 29, 2025 is $12,181, which will be going to the District to reimburse the District for administrative costs.

The expansion fee revenues and fund balance are associated with the following:

344	Water Expansion Fund - West Point
354	Water Expansion Fund - Ebbetts Pass
356	Water Expansion Fund - Sheep Ranch
364	Water Expansion Fund - Jenny Lind
374	Water Expansion Fund - Copper Cove
394	Water Expansion Fund – Wallace
540	Sewer Expansion Fund - Forest Meadows
542	Sewer Expansion Fund - Big Trees Village
544	Sewer Expansion Fund – Arnold
546	Sewer Expansion Fund - Vallecito
548	Sewer Expansion Fund - Six Mile Village
354	Sewer Expansion Fund - West Point
564	Sewer Expansion Fund - La Contenta
565	Sewer Expansion Fund - Southworth
584	Sewer Expansion Fund - Copper Cove
594	Sewer Expansion Fund - Wallace

There are also:

323	Water CIP Loan I
327	USDA AMI/AMR Construction Fund
523	Sewer CIP Loan I

Unrestricted Net Position: This category represents net position not restricted for any project or other purpose.

Designations of Unrestricted Net Position: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. They are reported as part of the District's unrestricted net position.

Designations of unrestricted net position consisted of the following designations limited to the amount of unrestricted net position available to designate in each fund and the amounts as approved by the Board of Directors at June 30, 2025:

NOTE 11 – NET POSITION (continued)

	Limited to Unrestricted Net Position			As Approved		
	Water Fund	Sewer Fund	Hydroelectric Fund	Water Fund	Sewer Fund	Hydroelectric Fund
Designated:						
90 Day Emergency Operating Revenue	$ 3,192,205	$ -	$ -	$ 3,192,205	$ 1,173,871	$ -
Water Resources and FERC Reserve	-	-	-	3,000,000	-	2,457,054
CIP Cash Flow Reserve	-	-	-	1,241,000	459,000	-
Special Projects Reserve	-	-	-	1,143,717	423,019	-
Total designated	3,192,205	-	-	$ 8,576,922	$ 2,055,890	$ 2,457,054
Undesignated	-	-	2,792,367			
Total unrestricted net position	$ 3,192,205	$ -	$ 2,792,367			

NOTE 12 – DEFINED BENEFIT PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). The District participates in the Miscellaneous Risk Pool and the following rate plans:

- Miscellaneous Plan First Tier
- Miscellaneous Plan Second Tier
- PEPRA Miscellaneous Plan

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

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each rate plan are applied as specified by the Public Employees' Retirement Law. Plan provisions and benefits in effect were as follows for the year ended June 30, 2025:

Hire date	Miscellaneous Plan First Tier (Prior to August 1, 2012)	Miscellaneous Plan Second Tier (August 1, 2012 to December 31, 2012)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly beneifts, as a % of eligible compensation	2.00-2.70%	1.092%-2.418%	1.0% to 2.5%
Final average compensation period	One year	Three years	Three years
Required employee contribution rates	8.00%	7.00%	7.75%
Required employer contribution rates	15.95%	10.10%	7.68%

In addition to the contribution rates above, the District made a payment of $644,902 to its unfunded actuarial liability during the year ended June 30, 2025. The first-tier rate plan is closed to all new participants while the second-tier rate plan is closed to new members that are not already CalPERS eligible participants.

NOTE 12 – DEFINED BENEFIT PLAN (continued)

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employee contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2025, the employer contributions to the Plan (all rate plans combined) were $1,442,513.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2025, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan (all rate plans combined) of $9,890,093.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan as of June 30, 2025 is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures as required by GASB Statement No. 68. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan was as follows at June 30, 2025:

Proportion - June 30, 2023	0.19743%
Proportion - June 30, 2024	0.20448%
Change - increase (decrease)	0.00705%

For the year ended June 30, 2025 the District recognized pension expense of $1,475,980. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 254,196	$ -
Differences between expected and actual experiences	855,089	33,365
Differences between projected and actual investment earnings	569,361	-
Adjustment due to differences in proportions	-	987,707
Change in employer's proportion	1,210,701	-
Pension contributions subsequent to measurement date	1,442,513	-
Total	$ 4,331,860	$ 1,021,072

The amount in the table above reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as net deferred outflows (inflows) of resources related to pensions will be recognized as pension expense as follows at June 30, 2025:

NOTE 12 – DEFINED BENEFIT PLAN (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources (continued):

Year Ended June 30,		
2026	$	903,152
2027		1,176,283
2028		(16,046)
2029		(195,114)
Total	$	1,868,275

Actuarial Assumptions: The total pension liabilities for each of the rate plans were determined using the following actuarial assumptions for the year ended June 30, 2025:

Valuation Date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry-Age Normal Cost Method
Amortization method	Level percent of payroll
Asset valuaton method	Market value
Actuarial assumptions:	
Discount rate	6.90% (1)
Inflation	2.30%
Projected salary increase	0.2%-7.64% (2)
Mortality	Derived using CalPERS membership data for all funds

(1) Net of pension plan investment expenses, including inflation

(2) Depending on entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by Society of Actuaries. For more details on this table, please refer to the 2021 Experience Study report that can be found on the CalPERS website. The Experience Study Report can be found on CalPERS' website under Forms and Publications.

Discount Rate: The discount rates used by CalPERS to measure the total pension liability was 6.90% in the June 30, 2024 accounting valuation. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the CalPERS website under the GASB 68 section.

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 returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

NOTE 12 – DEFINED BENEFIT PLAN (continued)

Discount Rate (continued): In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated per each PERF C fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for each of the rate plans as of the measurement date of June 30, 2024. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)(b)
Global equity - cap weighted	30.0%	4.54%
Global equity - non-cap-weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

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

(b) Figures are based on the 2021-22 Asset Liability Management Study

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, 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 or 1-percentage point higher than the current rate:

	1% Decrease -1% (5.90%)	Current Discount Rate 6.90%	1% Increase +1% (7.90%)
Net pension liability	$ 17,688,207	$ 9,890,093	$ 3,471,096

NOTE 12 – DEFINED BENEFIT PLAN (continued)

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: At June 30, 2025 the District's contributions payable to the Plan was $21,096.

NOTE 13 – DEFINED CONTRIBUTION PLANS

The District offers three single-employer defined contribution Internal Revenue Code Section 401(a) Government Money Purchase Plans (401(a) Plans). The District offers two 401(a) Plans administered by Corebridge Retirement, Inc. One plan is for SEIU Local 1021 Union members only and the other plan is for non-union confidential employees only. The third 401(a) plan is administered by Voya Retirement and Annuity Company and is open to all employees. Benefit terms for the 401(a) Plans are established and may be amended by the District's Board of Directors subject to the provision of employment agreements. Employees are eligible to participate in the plan on their date of hire. Both Corebridge plans have a non-discretionary 1% employee contribution that is picked up by the District. The Corebridge non-union plan has an employer match of up to $4,000 or 12.5% of employee contributions and the Corebridge union plan has discretionary employer contributions. The Voya plan only has discretionary contributions by employees and the District. Employees are fully vested in their own and the District's contributions immediately. During the year ended June 30, 2025, the District contributed $20,417, while employees did not contribute to the 401(a) Plans.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS PLAN

Defined Benefit Plan Description: The District's other postemployment benefits (OPEB) plan (the Plan) is an agent multiple employer defined benefit healthcare plan administered by Public Agency Retirement Services (PARS). It is closed to new members. PARS maintains the Plan's assets in a trust fund that complies with Section 115 of the Internal Revenue Code and provides administration of benefits and investment services. The Plan assets are invested by PARS together with assets of other participating employers. The Plan provides medical, dental and vision insurance benefits to eligible retirees and surviving spouses. Employees who retire directly from the District and their dependents are eligible for the District paid benefits if they meet the following criteria under Board Resolution 2007-106:

> Medical Post Retirement Benefits — Employees hired by the District on or before July 31, 2001 who retire from the District with a minimum of five (5) years of service credit for work performed at the District may elect to be provided post-employment medical insurance coverage.
>
> Employees hired by the District on or after August 1, 2001 through September 30, 2021 who retire from the District with a minimum of five (5) years of service at the District and ten (10) years of CalPERS service credit are eligible for post-employment medical coverage under the vesting schedule and provisions of Government Code 22893.
>
> Dental and Vision Post Retirement Benefits — Employees hired on or before December 31, 2007 who retire from the District with at least five (5) years of service at the District may elect post-employment dental and vision coverage at no cost to the retiree. Employees hired on or after January 1, 2008 are not eligible to receive any post-employment dental or vision coverage.

The District's Board of Directors establishes and amends benefit provisions. The Plan itself and PARS do not issue separate publicly available financial statements.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

On September 30, 2021, the District ceased offering the Plan and revised the vesting schedule, so the Plan is closed to new members. Employees hired prior to the recension of the vesting schedule, who did not opt out of Government Code 22893, will receive a retiree medical benefit equal to Government Code 22893 less the minimum equal contribution as established annually by CalPERS. Plan employees were offered a buyout of their Plan retiree medical benefits based on years of CalPERS service that was payable on January 1, 2022 out of the PARS trust account. A total of 10 employees accepted the buyout in the amount of $534,800.

Employees Covered by Benefit Terms: At June 30, 2025, the following employees were covered by the benefit terms:

Active Employees	73
Inactive employees or beneficiaries currently receiving benefit payments	63
	136

Contributions: The District's Board of Directors has the authority to establish and amend the contribution requirements of the District and employees under the authority granted to it under the California Water Code. The District has a policy of contributing to the PARS trust based on the actuarially determined contribution (ADC) in addition to paying premiums due on a pay-as-you-go basis. Employees are not required to contribute to the Plan. During the fiscal year ended June 30, 2025, the District's implied subsidy contributions were $151,939 and insurance premiums paid were $820,804, resulting in total contributions of $972,743.

The District contributes, at a minimum, a percentage of the weighted average cost of the four basic health benefit plans that had the largest state enrollment in the previous benefit year. This percentage is based upon each participant's years of service according to the following scale:

Credited Years of Service	Percentage of the Weighted Average Cost	Credited Years of Service	Percentage of the Weighted Average Cost
Less than 10	0%	15	75%
10	50%	16	80%
11	55%	17	85%
12	60%	18	90%
13	65%	19	95%
14 or more	70%	20 or more	100%

Net OPEB Liability: The District's net OPEB liability at June 30, 2025 was measured as of June 30 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions: The total OPEB liability at June 30, 2025 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

Valuation Date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumtions:	
Discount rate	6.30%
Inflation	2.30%
Aggregate salary increases	2.80%
Investment rate of return	6.30%
Healthcare cost trend rates	Based on 2023 Getzen model with an initial rate of 6.5% Non-Medicare/5.75% Medicare decreasing gradually to an ultimate rate of 3.94% in 2075
Dental and vision premium increases	4.00%
Mortality rates	Derived using CalPERS membership data
Participation rate	100%

Actuarial Assumptions (continued): Mortality and retirement rates were based on 2021 CalPERS Experience Study published in November 2021. It was assumed 100% of eligible participants would participate in the Plan and 80% of future retirees would cover spouses at retirement.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) was used and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of June 30, 2025 for each major asset class are summarized in the following table:

Investment Class	Target Allocation	Long-term Expected Real Rate of Return
Equity	48.30%	5.14%
Fixed income	44.90%	2.36%
Real estate	1.80%	3.79%
Cash	5.00%	0.77%
Total	100.00%	

The table above shows the target asset allocation in the PARS Moderate HighMark Plus investment portfolio.

Discount Rate: The discount rate used to measure the total OPEB liability was 6.30% at June 30, 2025. The projection of cash flows used to determine the discount rate assumed that District contributions will continue based upon the current funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

Changes in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2024	$ 17,337,267	$ 11,390,899	$ 5,946,368
Changes for the year:			
Service cost	463,438	-	463,438
Interest on the total OPEB liability	1,038,860	-	1,038,860
Differences between expected and actual experience	85,238	-	85,238
Changes in assumptions	(616,047)	-	(616,047)
Contributions from the employer:	-	-	-
Employer - District's contributions	-	820,804	(820,804)
Employer - Implicit subsidy	-	151,939	(151,939)
Net investment income	-	1,347,948	(1,347,948)
Benefit payments, including refunds of employee contributions	(820,804)	(820,804)	-
Implicit subsidy	(151,939)	(151,939)	-
Administrative expenses	-	(61,046)	61,046
Net changes	(1,254)	1,286,902	(1,288,156)
Balance at June 30, 2025	$ 17,336,013	$ 12,677,801	$ 4,658,212

Changes in Assumptions: Changes in assumptions during the year ended June 30, 2025 include decreasing the inflation factor from 2.50% to 2.30%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 5.30%	Current Discount Rate 6.30%	1% Increase 7.30%
Net OPEB liability	$ 6,854,571	$ 4,658,212	$ 2,831,390

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	Trend Rate -1% (5.50%)	Current Healthcare Trend Rate (6.50%)	Trend Rate +1% (7.50%)
Net OPEB Liability	$ 2,481,503	$ 4,658,212	$ 7,337,921

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2025, the District recognized OPEB expense of $820,243. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resource	Deferred Inflows of Resources
Differences between expected and actual experience	$ 755,628	$ (1,723,715)
Changes in assumptions or other inputs	1,015,553	(871,574)
Net differences between projected and actual earnings on plan investments	105,202	-
Contributions subsequent to the measurement date	1,158,288	-
Total	$ 3,034,671	$ (2,595,289)

The amount reported as contributions after the measurement date above will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows as of June 30, 2025:

Year Ended June 30,	
2026	$ (121,590)
2027	183,410
2028	(48,300)
2029	(591,922)
2030	(78,061)
Thereafter	(62,443)
Total	$ (718,906)

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

The recognition period differs depending on the source of gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. The net difference between expected and actual experience is recognized over the expended average remaining service lifetime (EARSL), which was 6.00 years at June 30, 2025.

Defined Contribution Retiree Health Plan Description: On October 1, 2021 the District began offering a defined contribution retiree health plan (DCRH) in the form of a Retirement Health Savings Plan to all employees hired after October 1, 2021 and employees hired prior to that date that elected to join the plan. Benefit terms, including contribution requirements, were established by and may be amended by the Board of Directors. The DCRH is administered by MissionSquare Retirement.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

Defined Contribution Retiree Health Plan Description (continued): The District is required to contribute $15 to $65 per pay period for 24 pay periods per year to the DCRH under the District's Memorandum of Understanding with the employee bargaining unit. Employees may also make contributions. All contributions are fully vested when made. During the year ended June 30, 2025 the District contributed $63,183 to employees' retiree health savings accounts.

NOTE 15 – DEFERRED COMPENSATION PLANS

The District offers three deferred compensation plans under IRC Section 457: the CalPERS IRC Section 457 Deferred Compensation (CalPERS Plan), the Corebridge Retirement, Inc. IRC Section 457 Deferred Compensation Plan (Corebridge Plan), and the Voya Retirement and Annuity Company IRC Section 457 Plan (Voya Plan) (collectively Plans). Benefit terms, including contribution requirements, are established and may be amended by the Board of Directors subject to the provisions of employment agreements. All three plans are available to all District employees. Employee contributions to all three plans are voluntary. The District is required to match the first $4,000 of contributions by management staff and the first $1,000 of contributions by SIEU Union employees to the Plans (if not contributed to 401(a) Plan). Employees may contribute up to applicable Internal Revenue Code limits. Employees are fully vested in all employer and employee contributions when they are made. Employer contributions to the CalPERS Plan, Corebridge Plan and Voya Plan were $43,302, $2,400, and $4,326, respectively. Employee contributions to the CalPERS Plan, Corebridge Plan and Voya Plan were $156,165, $6,000, and $17,616, respectively.

NOTE 16 – RISK MANAGEMENT

The District participates in the Association of California Water Agencies Joint Powers Authority (JPIA), a public entity risk pool of water agencies in California, for general, automobile, public officials' errors and omissions liability, property damage and business interruption coverage. Through its membership in the JPIA, the District is provided with excess coverage for these items through commercial insurance. Loss contingency reserves established by the JPIA are funded by contributions from member agencies. The District pays an annual premium to the JPIA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the JPIA. Financial statements for the JPIA may be obtained at 2100 Professional Drive, Roseville, California 95661-3700 or www.acwajpia.com.

The District's self-insured retention levels and limits on coverage under the JPIA are as follows as of June 30, 2025:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General liability	$5,000,000	$5,000,000 to 50,000,000	None
Public officials liability	5,000,000	50,000,000	None
Cyber liability		3,000,000/5,000,000 occurrence/aggregate	50,000 to 100,000
Property damage, includng buildings, personal property, fixed equipment, mobile equipment, vehicles, flood, and other	10,000,000	2,500,000 to 490,000,000	1,000 to 100,000
Crime	100,000	1,000,000	1,000 to 100,000
Workers compensation	2,000,000	Statutory limit	None
Employers liability	2,000,000	4,000,000 aggregate limit	None

Settled claims have not exceeded insurance coverage in any of the past four fiscal years and no significant changes or reductions in insurance coverage have occurred.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

The District has contractual commitments related to the following capital projects outstanding as of June 30, 2025:

Jenny Lind Tank A-B Transmission Main	$ 5,196,472
Tank Management Clearwell #2 Tank B	951,562
Lake Tulloch Submerged Water Line	301,621
West Point Backup Water Filter	109,778
CC Zone B-C Trns Pipeline	70,489
West Point Water Supply Drought	250,994
West Point/Wilseyville Construction	564,230
Huckleberry LS Improvements	41,842
CC Sec/Tertiary UV Improvements	1,204,003
Arnold Secondary Clarifier	10,586
CCWWTP Pond 6 Enlargement	96,850
Total	$ 8,798,427

Grant Contingency: Amounts received or receivable under grant agreements are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, could possibly need to be returned to the granting agency. The amount, if any, of expenditures that may be disallowed by the grantors cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Legal Contingencies: Various claims and suits are filed against the District in the normal course of business. Although the outcome of these claims is not presently determinable, in the opinion of the District's management, after consultation with legal counsel, the resolution of any claims outstanding will not have a material adverse effect on the financial condition of the District.

Gain Contingency: The District has a dispute with Stockton East Water District over OM&R payments due under a contract between the districts. If the dispute is settled in the District's favor, approximately $425,000 will be received by the District for unpaid OM&R costs. The contingent revenue was not accrued as a receivable and revenue under GASB Statement No. 62, requires the contingency to be resolved before contingent revenue may be recognized.

NOTE 18 – PRIOR PERIOD ADJUSTMENT

The District recorded a prior period adjustment of $430,495 to properly accrue expenses that occurred during the fiscal year ending June 30, 2024 for expenses related to the agreement with Stockton East Water District. The adjustment was recorded in the Water and Sewer Funds as an increase to accrued expenses and a reduction to beginning net position.

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 101, *Compensated Absences* establishes governments to recognize liabilities for compensated absences when leave has been earned but not yet used or paid, provided it is attributable to past service, accumulates, and is likely to be used or paid. Certain types of leave, like parental or military leave, only result in liabilities once the leave begins. The liability should be measured based on current pay rates and include directly related salary costs, with expenditures recognized in financial statements based on the amount expected to be paid with available financial resources. This change in accounting principle was applied prospectively.

The impact of GASB 101 was an increase to current and long-term liabilities totaling $83,632 and is included in the line items accrued compensated absences – current and accrued compensated absences – noncurrent on the Statement of Financial Position.

NOTE 20 – SUBSEQUENT EVENTS

In July 2025, the District entered into a 20-year installment purchase contract with Capital One Public Funding, LLC (Capital One) for $16,615,000 at an interest rate of 4.69%. In November 2025, Capital One modified the contract and required a $1.6 million security deposit until the United States Department of Agriculture approves the District's parity request, and increased the interest rate to 4.83%.

Subsequent events have been evaluated through February 26, 2026, which is the date the financial statements were available to be issued.

CALAVERAS COUNTY WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

CALAVERAS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – MISCELLANEOUS PLAN (UNAUDITED)
JUNE 30, 2025

Last 10 Fiscal Years	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.20448%	0.19743%	0.18183%	0.02227%	0.14287%	0.12843%	0.26677%	0.25981%	0.25186%	0.25186%
Proportionate share of the net pension liability	$ 9,890,093	$ 9,872,103	$ 8,508,273	$ 422,876	$ 6,026,566	$ 5,142,799	$10,053,891	$10,242,016	$ 8,797,338	$ 6,909,619
Covered payroll - plan measurement period	$ 7,000,369	$ 6,700,234	$ 6,203,496	$ 5,721,768	$ 5,528,469	$ 5,373,055	$ 5,379,180	$ 5,526,427	$ 5,155,786	$ 4,776,189
Proportionate share of the net pension liability as a percentage of covered payroll	141.28%	147.34%	137.15%	7.39%	109.01%	95.71%	186.90%	185.33%	170.63%	144.67%
Plan fiduciary net position	$47,899,238	$46,243,920	$43,655,735	$47,749,694	$40,177,142	$38,200,893	$30,854,793	$28,867,804	$25,711,678	$25,880,156
Plan fiduciary net position as a percentage of the total pension liability	82.89%	82.41%	83.69%	99.12%	88.96%	88.13%	89.41%	83.65%	74.51%	78.93%
Notes to schedule:										
Changes in benefit terms: There were no changes to benefit terms										
Change in assumptions:										
Change in the discount rate	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%

CALAVERAS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN – MISCELLANEOUS PLAN
JUNE 30, 2025

Last 10 Fiscal Years	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 1,442,513	$ 1,235,693	$ 1,231,455	$ 1,081,895	$ 953,187	$ 849,664	$ 1,131,574	$ 1,012,621	$ 946,214	$ 535,436
Contributions in relation to the actuarially determined contribution	(1,442,513)	(1,235,693)	(1,231,455)	(1,081,895)	(953,187)	(849,664)	6,676,136	(1,012,621)	(946,214)	(535,436)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (5,544,562)	$ -	$ -	$ -
District's covered-employee payroll	$ 7,328,951	$ 7,000,369	$ 6,700,234	$ 6,203,496	$ 5,721,768	$ 5,528,469	$ 5,373,055	$ 5,379,180	$ 5,256,427	$ 5,155,786
Contributions as a percentage of covered-employee payroll	19.68%	17.65%	18.38%	17.44%	16.66%	15.37%	124.25%	18.82%	18.00%	10.39%

NOTES TO SCHEDULE:

Valuation Date:	June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.30%
Salary increases	Varies by age and service
Payroll growth	2.75%
Investment rate of return	6.90%
Retirement age	50 to 67 years
Mortality	Most recent CalPERS Experience Study

CALAVERAS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2025

Last 10 Fiscal Years*	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	$ 463,438	$ 577,046	$ 407,027	$ 530,841	$ 507,982	$ 393,335	$ 356,032	$ 339,078
Interest on total OPEB liability	1,038,860	1,136,679	1,037,219	1,129,595	1,070,276	974,068	921,936	873,640
Change of benefit terms	-	-	-	(407,492)	-	-	-	-
Differences between expected and actual experience	85,238	(1,912,739)	1,365,848	(1,345,668)	-	1,788,002	(13,392)	-
Changes in assumptions	(616,047)	(370,842)	2,031,104	(296,687)	-	(1,226,349)	-	-
Benefit payments, including refunds of employee contributions	(820,804)	(732,970)	(722,505)	(596,953)	(768,012)	(570,587)	(534,668)	(544,601)
Implicit subsidy	(151,939)	(174,754)	(150,979)	(142,432)	-	-	-	-
Net change in total OPEB liability	(1,254)	(1,477,580)	3,967,714	(1,128,796)	810,246	1,358,469	729,908	668,117
Total Net OPEB liability- beginning	17,337,267	18,814,847	14,847,133	15,975,929	15,165,683	13,807,214	13,077,306	12,409,189
Total Net OPEB liability- ending (a)	$ 17,336,013	$ 17,337,267	$ 18,814,847	$ 14,847,133	$ 15,975,929	$ 15,165,683	$ 13,807,214	$ 13,077,306
Plan Fiduciary Net Position								
Contributions- employer	$ 820,804	$ 732,970	$ 722,505	$ 1,160,166	$ 1,614,145	$ 1,422,545	$ 1,228,844	$ 1,156,609
Contributions- employees	-	-	-	-	-	-	-	-
Contributions - implicit subsidy	151,939	174,754	150,979	142,432	-	-	-	-
Net investment income	1,347,948	808,400	(1,583,110)	2,305,656	362,855	562,710	405,162	564,907
Benefit payments	(820,804)	(732,970)	(722,505)	(596,953)	(768,012)	(570,587)	(534,668)	(544,601)
Implicit subsidy	(151,939)	(174,754)	(150,979)	(142,432)	-	-	-	-
Other miscellaneous income/(expense)	-	-	(551,205)	-	-	-	-	-
Administrative expense	(61,046)	(57,309)	(64,359)	(59,274)	(50,062)	(41,110)	(17,301)	(15,813)
Net change in plan fiduciary net position	1,286,902	751,091	(2,198,674)	2,809,595	1,158,926	1,373,558	1,082,037	1,161,102
Total plan fiduciary net position- beginning	11,390,899	10,639,808	12,838,482	10,028,887	8,869,961	7,496,403	6,414,366	5,253,264
Total plan fiduciary net position- ending (b)	$ 12,677,801	$ 11,390,899	$ 10,639,808	$ 12,838,482	$ 10,028,887	$ 8,869,961	$ 7,496,403	$ 6,414,366
Net OPEB liability- ending (a)-(b)	$ 4,658,212	$ 5,946,368	$ 8,175,039	$ 2,008,651	$ 5,947,042	$ 6,295,722	$ 6,310,811	$ 6,662,940
Plan fiduciary net position as a percentage of the total OPEB liability	73.13%	65.70%	56.55%	86.47%	62.77%	58.49%	54.29%	49.05%
District's covered-employee payroll	6,712,623	6,700,234	6,203,496	5,721,768	5,528,469	5,373,055	5,379,180	5,256,427
Net OPEB liability as a percentage of covered-employee payroll	69.39%	88.75%	131.78%	35.11%	107.57%	117.17%	117.32%	126.76%

NOTES TO SCHEDULE:

*Fiscal Year 2018 was the first year of retroactive implementation; therefore, only eight available years are shown as of June 30, 2025.

CALAVERAS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF PLAN CONTRIBUTIONS TO THE OPEB PLAN
JUNE 30, 2025

Last 10 Fiscal Years*	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 1,112,827	$ 1,365,193	$ 577,267	$ 606,965	$ 1,046,475	$ 1,105,921	$ 851,958	$ 746,759
Contributions in relation to the actuarially determined contribution	(1,158,288)	(990,289)	(907,724)	(873,484)	(1,302,598)	(1,614,145)	(1,422,545)	(1,228,844)
Contribution deficiency (excess)	$ (45,461)	$ 374,904	$ (330,457)	$ (266,519)	$ (256,123)	$ (508,224)	$ (570,587)	$ (482,085)
District's covered-employee payroll	$ 6,434,387	$ 6,712,623	$ 6,700,234	$ 6,203,496	$ 5,721,768	$ 5,528,469	$ 5,373,055	$ 5,379,180
Contributions as a percentage of covered-employee payroll	18.00%	14.75%	13.55%	14.08%	22.77%	29.20%	26.48%	22.84%

NOTES TO SCHEDULE:

Valuation Date: June 30, 2023

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Inflation	2.30%
Salary increases	2.80%
Investment rate of return	6.30%
Retirement age	CalPERS Miscellaneous Risk Pool age
Pre-retirement mortality	Based on 2021 CalPERS Mortality for Miscellaneous and School Employees
Post-retirement mortality	Based on 2021 CalPERS Mortality for Miscellaneous and School Employees

*Fiscal Year 2018 was the first year of retroactive implementation; therefore, only eight available years are shown as of June 30, 2025.

CALAVERAS COUNTY WATER DISTRICT

SUPPLEMENTARY INFORMATION

CALAVERAS COUNTY WATER DISTRICT
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
ASSESSMENT DISTRICT CUSTODIAL FUNDS
JUNE 30, 2025

ASSETS	West Point Acres Fund	Wilseyville Fund	Amold Sewer Fund	New Hogan/La Contenta Fund	Saddle Creek Fund	DaLee Cassidy Fund	Fly-in Acres Fund	Total
Current Assets:								
Cash and cash equivalents	$ 16,060	$ 5	$ 38,203	$ 87,934	$ 123,156	$ -	$ -	$ 265,358
Interest receivable	42	-	99	229	320	-	-	690
Due from County of Calaveras	-	-	1,338	-	-	-	-	1,338
Cash and cash equivalents with fiscal agents	-	-	-	6	-	108,942	147,173	256,121
Total Assets	16,102	5	39,640	88,169	123,476	108,942	147,173	523,507
LIABILITIES								
Current Liabilities:								
Accounts payable	-	-	-	358	-	1,231	1,769	3,358
Due to bond holders	-	-	-	45,444	-	-	-	45,444
Total liabilities	-	-	-	45,802	-	1,231	1,769	48,802
NET POSITION								
Restricted for individuals or other governments	$ 16,102	$ 5	$ 39,640	$ 42,367	$ 123,476	$ 107,711	$ 145,404	$ 474,705

CALAVERAS COUNTY WATER DISTRICT
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
ASSESSMENT DISTRICT CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	West Point Acres Fund	Wilseyville Fund	Amold Sewer Fund	New Hogan/La Contenta Fund	Saddle Creek Fund	DaLee Cassidy Fund	Fly-in Acres Fund	Total
ADDITIONS								
Special assessment taxes	$ -	$ -	$ 25,470	$ -	$ -	$ 55,187	$ 112,533	$ 193,190
Investment earnings	376	-	1,083	2,228	2,899	2,770	5,393	14,749
Other income	-	-	-	-	-	2,855	-	2,855
Total Additions	376	-	26,553	2,228	2,899	60,812	117,926	210,794
DEDUCTIONS								
Debt service	-	-	26,472	-	-	51,201	99,610	177,283
Other	-	-	5,031	10,648	1,113	4,086	6,554	27,432
Total Deductions	-	-	31,503	10,648	1,113	55,287	106,164	204,715
Net Increase (Decrease) in Fiduciary Net Position	376	-	(4,950)	(8,420)	1,786	5,525	11,762	6,079
Net Position, Beginning of Year	15,726	5	44,590	50,787	121,690	102,186	133,642	468,626
Net Position, End of Year	$ 16,102	$ 5	$ 39,640	$ 42,367	$ 123,476	$ 107,711	$ 145,404	$ 474,705

CALAVERAS COUNTY WATER DISTRICT
DEBT SERVICE COVERAGE RATIO – WATER FUND
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
REVENUES		
Water operating revenues	$ 16,647,055	$ 13,234,250
Property taxes	3,663,044	3,486,578
Investment income	1,707,243	1,907,021
Expansion fees	387,998	438,009
Public-public partnership revenue	-	-
Power sales	-	225,041
Capital R&R fees	-	912,897
Other income	392,290	916,075
Total Revenues	22,797,630	21,119,871
EXPENSES		
Total Operating Expenses	19,851,931	19,792,788
Less: Pension Benefits (GASB 68 noncash portion)	(1,077,465)	(1,422,836)
Less: Postemployment benefits	(599,367)	(814,100)
Less: Depreciation	(3,706,840)	(3,587,444)
Total Operating Expenses	14,468,259	13,968,408
Net Revenues	$ 8,329,371	$ 7,151,463
DEBT SERVICE		
Series 2016 Water Enterprise Revenue Bonds	$ 101,134	$ 101,144
Series 2019 Taxable Revenue Refunding Loan	342,678	350,870
Series 2021 Water Certificates of Participation	173,145	172,703
Webster Series 2022 Water Installment Agreement	1,317,227	1,316,542
Total Debt Service	$ 1,934,184	$ 1,941,259
Debt Service Coverage	4.31	3.68
Required Debt Service Coverage	1.25	1.25

CALAVERAS COUNTY WATER DISTRICT
DEBT SERVICE COVERAGE RATIO – SEWER FUND
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
REVENUES		
Sewer operating revenues	$ 8,632,227	$ 7,197,058
Property taxes	944,703	902,795
Investment income	759,948	806,014
Expansion fees	124,779	109,123
Public-public partnership revenue	-	-
Power sales	-	83,234
Capital R&R fees	-	291,783
Other income	97,254	180,407
Total Revenues	10,558,911	9,570,414
EXPENSES		
Total Operating Expenses	7,976,351	7,787,578
Less: Pension Benefits (GASB 68 noncash portion)	(398,515)	(526,253)
Less: Postemployment benefits	(220,863)	(303,977)
Less: Depreciation	(1,430,537)	(1,398,089)
Total Operating Expenses	5,926,436	5,559,259
Net Revenues	$ 4,632,475	$ 4,011,155
DEBT SERVICE		
Series 2019 Taxable Revenue Refunding Loan	$ 126,744	$ 129,774
Sewer COP 2022	752,920	753,168
Total Debt Service	$ 879,664	$ 882,942
Debt Service Coverage	5.27	4.54
Required Debt Service Coverage	1.25	1.25

HUDSON&
COMPANY INC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Calaveras County Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Calaveras County Water District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 26, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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.

HUDSON & COMPANY, INC.

Hudson + Company, Inc.

Fresno, California
February 26, 2026