STAFF REPORT

To: **Coastside County Water District Board of Directors**

From: **Jeffrey Schneider, Assistant General Manager**

Agenda: **January 14, 2025**

Report Date: **January 10, 2025**

Agenda Title: Accept the Coastside County Water District Basic Financial Statements and Independent Auditor's Report for Fiscal Year Ended June 30, 2024.

Recommendation/Motion:

Accept the Coastside County Water District Basic Financial Statements and Independent Auditor's Report for Fiscal Year Ended June 30, 2024.

Background:

C.J. Brown & Company, CPAs, the District's Independent Auditor, has completed work on the Basic Financial Statements for the Year Ended June 30, 2024. The Auditor's letter attests that the financial statements present fairly the financial position of the District. No exceptions or concerns were noted.

Mr. Jonathan Abadesco, the Audit Partner assigned to the District, will be at the January Board meeting via Zoom to discuss the Financial Statements and to answer the Board's questions.

Attachments:

A. Coastside County Water District – Annual Financial Report for the Fiscal Years ended June 30, 2024 and 2023
   - Includes Independent Auditor's Report on Internal Controls and Compliance
B. Management Report for the Year ended June 30, 2024
C. C.J. Brown & Company, CPAs Presentation Materials

Attachment A

Coastside County Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

Mission Statement

The mission of Coastside County Water District is to provide our customers with high quality water and service at the lowest possible price, in accordance with the following values:

- ***Reliability and sustainability of system facilities***
- ***Timeliness of District policies, procedures, actions, and decisions***
- ***50-year outlook when replacing infrastructure***
- ***Legality of all District actions and behaviors***
- ***Culture of openness, fairness, and inclusiveness***

Coastside County Water District

Board of Directors as of June 30, 2024

Name	Title	Elected/ Appointed	Current Term
Chris Mickelsen	President	Appointed	12/22-11/26
Glenn Reynolds	Vice-President	Appointed	12/24-11/28
Ken Coverdell	Director	Appointed	12/24-11/28
Robert Feldman	Director	Appointed	12/22-11/26
John Muller	Director	Appointed	12/24-11/28

Coastside County Water District
Mary Rogren, General Manager
766 Main Street
Half Moon Bay, California 94019
(650) 726-4405 – www.coastsidewater.org

Coastside County Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

Coastside County Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2024 and 2023

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Financial Section

Independent Auditor's Report

Board of Directors
Coastside County Water District
Half Moon Bay, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Coastside County Water District (District), which comprises the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coastside County Water District as of June 30, 2024 and 2023, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the required supplementary information on pages 48 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 51 and 52.

C.J. Brown & Company, CPAs
Cypress, California
January 14, 2025

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Coastside County Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2024, the District's net position increased 5.02% or $2,717,213 to $56,798,950 as a result from ongoing operations. In fiscal year 2023, the District's net position increased 5.10% or $2,624,816 to $54,081,737 as a result from ongoing operations.

- In fiscal year 2024, the District's operating revenues increased 9.27% or $1,061,125 to $12,504,037. In fiscal year 2023, the District's operating revenues decreased 9.78% or $1,239,963 to $11,442,912.

- In fiscal year 2024, the District's non-operating revenues increased 31.33% or $694,010 to $2,909,175. In fiscal year 2023, the District's non-operating revenues increased 9.18% or $186,176 to $2,215,165.

- In fiscal year 2024, the District's operating expenses increased 21.43% or $1,680,380 to $9,521,262. In fiscal year 2023, the District's operating expenses decreased 17.61% or $1,675,606 to $7,840,882.

- In fiscal year 2024, the District's non-operating expenses decreased 5.56% or $34,431 to $585,376. In fiscal year 2023, the District's non-operating expenses increased 19.42% or $100,796 to $619,807.

- In fiscal year 2024, the District's capital contributions were $59,021. In fiscal year 2023, there were no reportable capital contributions.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position include all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows report cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important question asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. One can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 47.

Statements of Net Position

Condensed Statements of Net Position

	2024	2023	Change	As Restated 2022	Change
Assets:					
Current assets	$ 14,937,307	15,745,146	(807,839)	18,741,000	(2,995,854)
Non-current assets	447,419	148,912	298,507	267,287	(118,375)
Capital assets, net	68,191,283	65,656,956	2,534,327	62,182,935	3,474,021
Total assets	83,576,009	81,551,014	2,024,995	81,191,222	359,792
Deferred outflows of resources:	2,003,365	1,999,894	3,471	934,315	1,065,579
Liabilities:					
Current liabilities	2,257,660	2,199,722	57,938	2,311,095	(111,373)
Non-current liabilities	25,441,362	26,070,285	(628,923)	25,708,582	361,703
Total liabilities	27,699,022	28,270,007	(570,985)	28,019,677	250,330
Deferred inflows of resources:	1,081,402	1,199,164	(117,762)	2,648,939	(1,449,775)
Net position:					
Net investment in capital assets	48,782,570	45,255,084	3,527,486	40,732,904	4,522,180
Restricted	434,373	314,093	120,280	450,382	(136,289)
Unrestricted	7,582,007	8,512,560	(930,553)	10,273,635	(1,761,075)
Total net position	$ 56,798,950	54,081,737	2,717,213	51,456,921	2,624,816

Statements of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $56,798,950 and $54,081,737 as of June 30, 2024 and 2023, respectively.

By far, the largest portion of the District's net position (86% and 84% as of June 30, 2024 and 2023, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2024 and 2023, the District showed a positive balance in its unrestricted net position of $7,582,007 and $8,512,560, respectively, which may be utilized in future years. See Note 11 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2024	2023	Change	As Restated 2022	Change
Revenue:					
Operating revenue	$ 12,504,037	11,442,912	1,061,125	12,682,875	(1,239,963)
Non-operating revenue	2,909,175	2,215,165	694,010	2,028,989	186,176
Total revenue	15,413,212	13,658,077	1,755,135	14,711,864	(1,053,787)
Expense:					
Operating expense	9,521,262	7,840,882	1,680,380	9,516,488	(1,675,606)
Depreciation	2,648,382	2,572,572	75,810	2,547,547	25,025
Non-operating expense	585,376	619,807	(34,431)	519,011	100,796
Total expense	12,755,020	11,033,261	1,721,759	12,583,046	(1,549,785)
Net income before capital contributions	2,658,192	2,624,816	33,376	2,128,818	495,998
Capital contributions:	59,021	-	59,021	202,431	(202,431)
Change in net position	2,717,213	2,624,816	92,397	2,331,249	293,567
Net position, beginning of year, as restated	54,081,737	51,456,921	2,624,816	49,125,672	2,331,249
Net position, end of year	$ 56,798,950	54,081,737	2,717,213	51,456,921	2,624,816

The Statements of Revenues, Expenses, and Changes of Net Position show how the District's net position changed during the fiscal years. In the case of the District, net position increased 5.02% or $2,717,213 in fiscal year 2024 to $56,798,950 as a result from ongoing operations. In fiscal year 2023, the District's net position increased 5.10% or $2,624,816 to $54,081,737 as a result of ongoing operations.

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

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2024, total revenues increased 12.85% or $1,755,135 to $15,413,212. Operating revenues increased 9.27% or $1,061,125 to $12,504,037, due to an increase in water consumption sales. Non-operating revenues increased 31.33% or $694,010, primarily due to increases of $420,563 in investment returns, $120,225 in transmission and storage fees, $113,994 in property taxes, and $29,051 in lease revenue. In fiscal year 2023, total revenues decreased 7.16% or $1,053,787 to $13,658,077. Operating revenues decreased 9.78% or $1,239,963, due to a decrease in water consumption sales. Non-operating revenues increased 9.18% or $186,176, primarily due to increases of $303,001 in investment returns and $25,245 in property taxes, offset by a decrease of $136,255 in transmission and storage fees as compared to the prior year.

In fiscal year 2024, total expenses (including depreciation) increased 15.61% or $1,721,759 to $12,755,020. Operating expenses increased 21.43% or $1,680,380 to $9,521,262, due to increases of $735,192 in general and administrative expenses which includes an increase of $535,832 in non-cash pension expense driven by actuarial changes, $447,591 in source of supply due to an increase in consumption, $330,360 in pumping expense, which includes an increase of $142,200 in non-cash pension expense driven by actuarial changes, and $167,237 in transmission and distribution, which includes an increase of $314,249 in non-cash pension expense driven by actuarial changes as compared to prior year. Non-operating expenses decreased 5.56% or $34,431 to $585,376, due primarily to a decrease of $41,317 in interest related to long-term debt as compared to the prior year. In fiscal year 2023, total expenses (including depreciation) decreased 12.32% or $1,549,785 to $11,033,261. Operating expenses decreased 17.61% or $1,675,606, due to decreases of $799,293 in pumping expense which includes an increase of $121,980 in non-cash pension expense driven by actuarial changes, $791,263 in general and administrative expense, which includes an increase of $592,222 in non-cash pension expense driven by actuarial changes, $108,691 in source of supply due to a decrease in consumption, which was offset by an increase of $23,641 in transmission and distribution expense as compared to prior year. Non-operating expenses increased 19.42% or $100,796, due primarily to an increase of $95,800 in interest related to long-term debt as compared to the prior year.

In fiscal year 2024, the District's capital contributions were $59,021. In fiscal year 2023, there were no reportable capital contributions.

Capital Asset Administration

Changes in capital asset amounts for 2024 were as follows:

		Balance 2023	Additions	Transfers/ Deletions	Balance 2024
Capital assets:					
Non-depreciable assets	$	12,551,711	5,244,600	(1,218,333)	16,577,978
Depreciable and amortizable assets		95,929,922	1,156,443	-	97,086,365
Accumulated depreciation and amortization		(42,824,677)	(2,648,383)	-	(45,473,060)
Total capital assets, net	$	65,656,956	3,752,660	(1,218,333)	68,191,283

Capital Asset Administration, continued

Changes in capital asset amounts for 2023 were as follows:

		As Restated 2022	Additions	Transfers/ Deletions	Balance 2023
Capital assets:					
Non-depreciable assets	$	9,657,257	5,814,108	(2,919,654)	12,551,711
Depreciable and amortizable assets		92,794,948	3,152,139	(17,165)	95,929,922
Accumulated depreciation and amortization		(40,269,270)	(2,572,572)	17,165	(42,824,677)
Total capital assets, net	$	62,182,935	6,393,675	(2,919,654)	65,656,956

At the end of fiscal years 2024 and 2023, the District's investment in capital assets amounted to $68,191,283 and $65,656,956 (net of accumulated depreciation and amortization), respectively. This investment in capital assets includes land, source of supply infrastructure, transmission and distribution systems, the Crystal Springs pump station, treatment plants, well fields and tanks, pipelines and meters, buildings and structures, vehicles, furniture, and equipment, leased equipment, leased software, and construction-in-process. See Note 3 to the basic financial statements for further detailed information on the District's capital assets.

Debt Administration

Changes in long-term debt amounts for 2024 were as follows:

		Balance 2023	Additions	Transfers/ Deletions	Balance 2024
Long-term debt:					
Lease payable	$	130,327	-	(47,284)	83,043
Loans payable		20,271,545	-	(945,875)	19,325,670
Total long-term debt	$	20,401,872	-	(993,159)	19,408,713

Changes in long-term debt amounts for 2023 were as follows:

		As Restated 2022	Additions	Transfers/ Deletions	Balance 2023
Long-term debt:					
Lease payable	$	177,807	-	(47,480)	130,327
Loans payable		21,272,224	-	(1,000,679)	20,271,545
Total long-term debt	$	21,450,031	-	(1,048,159)	20,401,872

In 2024, long-term debt decreased by $993,159 due to current year scheduled principal payments. In 2023, long-term debt decreased by $1,048,159 due to current year scheduled principal payments. The long-term debt position of the District is more fully analyzed in Note 6 to the basic financial statements.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present, and future periods.

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with respect to the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Assistant General Manager – Finance and Administration at 766 Main Street, Half Moon Bay, California 94019 – (650) 726-4405.

Basic Financial Statements

Coastside County Water District
Statements of Net Position
June 30, 2024 and 2023

		2024	2023
Current assets:			
Cash and cash equivalents (note 2)	$	11,843,877	13,349,964
Restricted – cash and cash equivalents (note 2)		184,373	64,093
Accrued interest receivable		126,673	101,779
Accounts receivable – water sales and services		1,859,942	1,531,293
Accounts receivable – other		10,446	22,647
Accounts receivable – property taxes		18,253	21,554
Materials and supplies inventory		416,151	274,166
Water-in-storage inventory		46,920	33,088
Prepaid expenses and other deposits		247,121	228,187
Leases receivable (note 3)		183,551	118,375
Total current assets		14,937,307	15,745,146
Non-current assets:			
Leases receivable (note 3)		447,419	148,912
Capital assets – not being depreciated (note 4)		16,577,978	12,551,711
Capital assets, net – being depreciated and amortized (note 4)		51,613,305	53,105,245
Total non-current assets		68,638,702	65,805,868
Total assets		83,576,009	81,551,014
Deferred outflows of resources:			
Deferred other post-employment benefits outflows (note 7)		39,500	43,202
Deferred pension outflows (note 8)		1,963,865	1,956,692
Total deferred outflows of resources	$	2,003,365	1,999,894

Continued on next page

See accompanying notes to the basic financial statements

Coastside County Water District
Statements of Net Position, continued
June 30, 2024 and 2023

		2024	2023
Current liabilities:			
Accounts payable and accrued expenses	$	787,973	740,219
Accrued wages and related payables		117,008	107,246
Customer deposits and deferred revenue		58,504	65,749
Accrued interest payable		189,674	198,529
Long-term liabilities – due within one year:			
Compensated absences (note 5)		96,025	94,820
Leases payable (note 6)		40,938	47,284
Loans payable (note 6)		967,538	945,875
Total current liabilities		2,257,660	2,199,722
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)		288,074	284,461
Leases payable (note 6)		42,105	83,043
Loans payable (note 6)		18,358,132	19,325,670
Net other post-employment benefit liability (note 7)		1,776,654	1,749,650
Net pension liability (note 8)		4,976,397	4,627,461
Total non-current liabilities		25,441,362	26,070,285
Total liabilities		27,699,022	28,270,007
Deferred inflows of resources:			
Deferred other post-employment benefits inflows (note 7)		380,439	658,144
Deferred pension inflows (note 8)		94,894	291,094
Deferred lease inflows (note 3)		606,069	249,926
Total deferred inflows		1,081,402	1,199,164
Net position (note 9):			
Net investment in capital assets		48,782,570	45,255,084
Restricted		434,373	314,093
Unrestricted		7,582,007	8,512,560
Total net position	$	56,798,950	54,081,737

See accompanying notes to the basic financial statements

Coastside County Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Water consumption sales	$ 12,504,037	11,442,912
Total operating revenues	12,504,037	11,442,912
Operating expenses:		
Source of supply	2,312,772	1,865,181
Pumping	1,195,548	865,188
Transmission and distribution	2,518,476	2,351,239
General and administrative	3,494,466	2,759,274
Total operating expenses	9,521,262	7,840,882
Operating income before depreciation and amortization expense	2,982,775	3,602,030
Depreciation and amortization expense	(2,648,382)	(2,572,572)
Operating income	334,393	1,029,458
Non-operating revenue(expense):		
Property taxes	1,859,572	1,745,578
Investment returns	620,018	199,455
Transmission and storage fees	184,345	64,120
Lease revenue	208,417	179,366
Lease interest earnings	21,633	10,522
Interest expense	(560,204)	(601,521)
Collection fees – County	(25,172)	(18,286)
Gain on disposition of assets	-	3,500
Other revenue	15,190	12,624
Total non-operating, net	2,323,799	1,595,358
Net income before capital contributions	2,658,192	2,624,816
Capital contributions:		
Capital contributions – state	59,021	-
Total capital contributions	59,021	-
Change in net position	2,717,213	2,624,816
Net position, beginning of year	54,081,737	51,456,921
Net position, end of year	$ 56,798,950	54,081,737

See accompanying notes to the basic financial statements

Coastside County Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	$ 12,180,344	11,588,352
Cash paid to employees for salaries and wages	(3,503,188)	(1,732,468)
Cash paid to vendors and suppliers for materials and services	(5,521,840)	(5,306,525)
Net cash provided by operating activities	3,155,316	4,549,359
Cash flows from non-capital financing activities:		
Cash receipts from property taxes	1,862,873	1,740,447
Cash paid for collection fees	(25,172)	(18,286)
Net cash provided by non-capital financing activities	1,837,701	1,722,161
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,087,622)	(8,030,766)
Proceeds from capital contributions	59,021	-
Proceeds from sale of capital assets	-	3,500
Principal paid on long-term debt	(993,159)	(1,048,159)
Interest paid on long-term debt	(569,059)	(605,633)
Net cash used in capital and related financing activities	(6,590,819)	(9,681,058)
Cash flows from investing activities:		
Investment returns	554,045	312,949
Principal received on leases receivable	(363,683)	186,400
Interest received on leases receivable	21,633	10,522
Net cash provided by investing activities	211,995	509,871
Net decrease in cash and cash equivalents	(1,385,807)	(2,899,667)
Cash and cash equivalents, beginning of year	13,414,057	16,313,724
Cash and cash equivalents, end of year	$ 12,028,250	13,414,057

Reconciliation of cash and cash equivalents to the statement of financial position:		
Cash and cash equivalents	$ 11,843,877	13,349,964
Restricted assets – cash and cash equivalents	184,373	64,093
Total cash and cash equivalents	$ 12,028,250	13,414,057

Continued on next page

See accompanying notes to the basic financial statements

Coastside County Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 334,393	1,029,458
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,648,382	2,572,572
Other revenues	407,952	256,110
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services	(328,649)	135,276
Accounts receivable – other	12,201	3,900
Materials and supplies inventory	(141,985)	(45,844)
Water-in-storage inventory	(13,832)	2,042
Prepaid expenses and other deposits	(18,934)	21,066
(Increase)Decrease in deferred outflows of resources		
Deferred other post-employement benefits outflows	3,702	80,239
Deferred pension outflows	(7,173)	(1,145,818)
Increase(Decrease) in liabilities and deferred inflows:		
Accounts payable and accrued expenses	47,754	(77,159)
Accrued wages and related payables	9,762	7,245
Customer deposits and deferred revenue	(7,245)	6,264
Compensated absences	4,818	45,556
Other post-employment benefit obligation	(27,004)	893,766
Net pension liability	348,936	2,214,461
Decrease in deferred inflows of resources		
Deferred other post-employement benefits inflows	(277,705)	622,588
Deferred pension inflows	(196,200)	(1,894,216)
Deferred lease inflows	356,143	(178,147)
Total adjustments	2,820,923	3,519,901
Net cash provided by operating activities	$ 3,155,316	4,549,359
Non cash investing, capital and related financing activities:		
Change in fair value of funds deposited with LAIF	$ (41,079)	196,641

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The Coastside County Water District (District) was formed in July 1947 for the purposes of furnishing potable water within the District's service area. The District operates under the authority of the provisions found in Division 12 of the State of California Water Code. The District is located in San Mateo County and includes the City of Half Moon Bay and the unincorporated communities of El Granada, Miramar, and Princeton-By-The-Sea. The District provides water to approximately 19,000 customers. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

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

Financial Reporting

The District has adopted the following GASB pronouncements in the current year:

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Use of Estimates

The preparation of the basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- *Level 1* – This valuation level is based on quoted prices in active markets for identical assets.
- *Level 2* – This valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- *Level 3* – This valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management has evaluated the accounts and believes all accounts are collectible at June 30. When management deems customer accounts uncollectible, the District uses the direct write off method for the write-off those accounts to bad debt expense.

Restricted Assets

Certain assets of the District are restricted for use by ordinance or debt covenant and, accordingly, are shown as restricted assets on the accompanying statements of net assets. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

Inventory and Water-in-Storage

Materials and supplies inventory consists primarily of water meters, pipe and pipefittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using the weighted-average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed. Water-in-storage is valued at average cost.

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Prepaids

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

Lease Receivable / Payable

Leases receivable / payable are measured at the present value of payments expected to be received (paid) during the lease term.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

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

- Source of supply infrastructure – 10 to 50 years
- Transmission and distribution system – 50 years
- Pump station – Crystal Springs – 50 years
- Treatment Plants – 30 years
- Well field and tanks – 10 to 50 years
- Buildings and structures – 5 to 50 years
- Vehicles – 5 to 10 years
- Furniture and equipment – 5 to 10 years

Leased equipment is amortized on a straight-line basis over the life of the lease.

Deferred Outflows of Resources

The statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following pension related items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to the employer contributions made after the measurement date of the total OPEB liability. This amount will be amortized-in-full against the total OPEB liability in the next fiscal year.

Pensions

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Deferred Outflows of Resources, continued

Pensions, continued

- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred outflow for the net difference in actual and proportionate share of employer contribution which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and portions of sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated. Cash payment of unused sick leave is payable at 50% to those employees eligible for retirement and meet vesting requirements.

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plans' 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.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2022 and June 30, 2022
- Measurement Dates: June 30, 2023 and June 30, 2022
- Measurement Periods: July 1, 2022 to June 30, 2023 and July 1, 2021 to June 30, 2022

Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2022 and June 30, 2021
- Measurement Dates: June 30, 2023 and June 30, 2022
- Measurement Periods: July 1, 2022 to June 30, 2023 and July 1, 2021 to June 30, 2022

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

Deferred Inflows of Resources

The statements of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources,* represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following pension related item that qualifies for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the Plans' experience (gains)/losses which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.
- Deferred inflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.

Pensions

- Deferred inflow for the net adjustment due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position.
- *Restricted* – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

Property Taxes

Property taxes receivable at year-end are related to property taxes collected by the County of San Mateo, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	January 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

Budgetary Policies

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

(2) Cash and Investments

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

		2024	2023
Cash and cash equivalents	$	11,843,877	13,349,964
Cash and cash equivalents – restricted		184,373	64,093
Total cash and investments	$	12,028,250	13,414,057

Cash and cash equivalents as of June 30 consist of the following:

		2024	2023
Cash on hand	$	800	800
Deposits with financial institutions		898,007	628,903
Investments		11,129,443	12,784,354
Total cash and cash equivalents	$	12,028,250	13,414,057

As of June 30, the District's authorized deposits had the following maturities:

	2024	2023
Deposits in Local Agency Investment Fund	217 days	260 days

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

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

(2) Cash and Investments, continued

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates-of-deposit (negotiable or placed)	5 years	30%	10%
Commercial paper (prime)	270 days	10%	10%
Money market mutual funds	N/A	20%	None
State and local bonds, notes and warrants	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. 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 pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

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 California Government Code and the District's investment policy does 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. Of the bank balances, up to $250,000 held at each institution were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

(2) Cash and Investments, continued

Custodial Credit Risk, continued

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 Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the Pool).

Interest Rate Risk

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

At June 30, 2024 and 2023, the District's investments held to maturity were categorized as twelve months or less, respectively.

Credit Risk

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

Credit ratings at June 30, 2024 consisted of the following:

Investment Types	Total	Minimum Legal Rating	Rating as of Year End: AAA	Rating as of Year End: Not Rated
Local Agency Investment Fund (LAIF)	$ 11,109,634	N/A	$ -	11,109,634
Money Market Funds	19,809	AAA	19,809	-
Total	$ 11,129,443		$ 19,809	11,109,634

Credit ratings at June 30, 2023 consisted of the following:

Investment Types	Total	Minimum Legal Rating	Rating as of Year End: AAA	Rating as of Year End: Not Rated
Local Agency Investment Fund (LAIF)	$ 12,764,547	N/A	$ -	12,764,547
Money Market Funds	19,807	AAA	19,807	-
Total	$ 12,784,354		$ 19,807	12,764,547

(2) Cash and Investments, continued

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for external investment pools) that represent 5% or more of total District's investments at June 30, 2024 and 2023, respectively.

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2024 are as follows:

		Fair Value Measurements Using		
Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 19,809	19,809	-	-
Total investments measured at fair value	19,809	19,809	-	-
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	11,109,634			
Total	$ 11,129,443			

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2023 are as follows:

		Fair Value Measurements Using		
Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 19,807	19,807	-	-
Total investments measured at fair value	19,807	19,807	-	-
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	12,764,547			
Total	$ 12,784,354			

(3) Leases Receivable

Changes in leases receivable for the year ended June 30, were as follows:

	Balance 2023	Additions	Principal Payments	Balance 2024	Current Portion	Long-term Portion	Deferred Inflows
Leases receivable:							
T Mobile SF1842	$ 8,194	349,463	(57,380)	300,277	63,388	236,889	$ (291,219)
T Mobile SF1943	6,842	211,558	(36,619)	181,781	38,374	143,407	(176,298)
Crown 147386	79,324	-	(35,563)	43,761	37,348	6,413	(38,398)
Crown 150104b	130,616	-	(34,082)	96,534	35,824	60,710	(92,554)
Verizon	42,311	-	(33,694)	8,617	8,617	-	(7,600)
Total leases receivable	$ 267,287	561,021	(197,338)	630,970	183,551	447,419	$ (606,069)

Changes in leases receivable for the year ended June 30, were as follows:

	Balance 2022	Additions	Principal Payments	Balance 2023	Current Portion	Long-term Portion	Deferred Inflows
Leases receivable:							
T Mobile SF1842	$ 56,268	-	(48,074)	8,194	8,194	-	$ (7,275)
T Mobile SF1943	46,988	-	(40,146)	6,842	6,842	-	(6,079)
Crown 147386	113,168	-	(33,844)	79,324	35,563	43,761	(71,312)
Crown 150104b	163,020	-	(32,404)	130,616	34,082	96,534	(127,262)
Verizon	74,243	-	(31,932)	42,311	33,694	8,617	(37,998)
Total leases receivable	$ 453,687	-	(186,400)	267,287	118,375	148,912	$ (249,926)

T-Mobile – SF1842

On August 25, 2008, the District entered into a lease agreement with T-Mobile Wireless. T-Mobile has agreed to pay the District for purpose of leasing communication tower space at the Alves Tank site. The terms of the agreement require T-Mobile to pay the District in annual installments through August 2028 and is adjusted annually by a rate of 4.00%.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 4.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2024 and 2023, deferred inflows were reported at $291,219 and $7,275, respectively.

Future payments to be received and deferred inflows as of June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2025	$ 63,388	9751	73,139	$ (69,893)
2026	68,675	7389	76,064	(69,892)
2027	74,274	4832	79,106	(69,893)
2028	80,201	2069	82,270	(69,892)
2029	13,739	62	13,801	(11,649)
Total	300,277	24,103	324,380	$ (291,219)
Current	(63,388)			
Non-current	$ 236,889			

(3) Leases Receivable, continued

T-Mobile – SF1943

On August 25, 2008, the District entered into a lease agreement with T-Mobile Wireless. T-Mobile has agreed to pay the District for purpose of leasing communication tower space at the Miramar Tank site. The terms of the agreement require T-Mobile to pay the District in annual installments through August 2028 and is adjusted annually by a rate of 4.00%.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 4.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2024 and 2023, deferred inflows were reported at $176,298 and $6,079, respectively.

Future payments to be received and deferred inflows as of June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2025	$ 38,374	5,903	44,277	$ (42,312)
2026	41,574	4,473	46,047	(42,311)
2027	44,964	2,925	47,889	(42,312)
2028	48,552	1,253	49,805	(42,311)
2029	8,317	37	8,354	(7,052)
Total	181,781	14,591	196,372	$ (176,298)
Current	(38,374)			
Non-current	$ 143,407			

Crown – 147386

On September 1, 2000, the District entered into a lease agreement with Sprint Wireless (Crown). Crown has agreed to pay the District for purpose of leasing communication tower space at the Miramar Tank site. The terms of the agreement require Crown to pay the District in annual installments through August 2030 and is adjusted annually by a CPI rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 4.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2024 and 2023, deferred inflows were reported at $38,398 and $71,312, respectively.

Future payments to be received and deferred inflows as of June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2025	$ 37,348	764	38,112	$ (32,913)
2026	6,413	23	6,436	(5,485)
Total	43,761	787	44,548	$ (38,398)
Current	(37,348)			
Non-current	$ 6,413			

(3) Leases Receivable, continued

Crown – 150104 b & a

On March 1, 1997, the District entered into a lease agreement with Sprint Wireless (Crown). Crown has agreed to pay the District for purpose of leasing communication tower space at the Nunes Waste Treatment Plant site. The terms of the agreement require Crown to pay the District in annual installments through February 2027 and is adjusted annually by a CPI rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 4.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2024 and 2023, deferred inflows were reported at $92,554 and $127,262, respectively. In fiscal year 2022, the "a" segment of the agreement ended and was replaced with the "b" segment.

Future payments to be received and deferred inflows as of June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2025	$ 35,824	2,288	38,112	$ (34,708)
2026	35,984	1,261	37,245	(34,708)
2027	24,726	266	24,992	(23,138)
Total	96,534	3,815	100,349	$ (92,554)
Current	(35,824)			
Non-current	$ 60,710			

Verizon

On October 1, 2009, the District entered into a lease agreement with Verizon Wireless (Verizon). Verizon has agreed to pay the District for purpose of leasing communication tower space at the Nunes Waste Treatment Plant site. The terms of the agreement require Verizon to pay the District in annual installments through February 2027 and is adjusted annually by a CPI rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow at present value using a discount rate of 4.00%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of June 30, 2024 and 2023, deferred inflows were reported at $7,600 and $37,998, respectively.

Future payments to be received and deferred inflows as of June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2025	$ 8,617	41	8,658	$ (7,600)
Total	8,617	41	8,658	$ (7,600)
Current	(8,617)			
Non-current	$ -			

(4) Capital Assets

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

		Balance 2023	Additions/ Transfers	Deletions/ Transfers	Balance 2024
Non-depreciable assets:					
Land	$	574,372	-	-	574,372
Construction-in-process		11,977,339	5,244,600	(1,218,333)	16,003,606
Total non-depreciable assets		12,551,711	5,244,600	(1,218,333)	16,577,978
Depreciable and amortizable assets:					
Source of supply		401,040	-	-	401,040
Transmission and distribution		22,556,287	112,223	-	22,668,510
Pump station – Crystal Springs		26,465,255	88,148	-	26,553,403
Treatment plants		12,896,233	336,913	-	13,233,146
Well field and tanks		4,479,022	49,642	-	4,528,664
Pipelines and meters		23,128,147	527,342	-	23,655,489
Buildings and structures		1,422,314	-	-	1,422,314
Vehicles		1,441,363	-	-	1,441,363
Furniture and equipment		2,855,315	42,175	-	2,897,490
Right-to-use – equipment		42,465	-	-	42,465
Right-to-use – software		242,481	-	-	242,481
Total depreciable and amortizable assets		95,929,922	1,156,443	-	97,086,365
Accumulated depreciation and amortization:					
Depreciable assets		(42,698,346)	(2,600,904)	-	(45,299,250)
Amortizable assets		(126,331)	(47,479)	-	(173,810)
Total accumulated depreciation and amortization:		(42,824,677)	(2,648,383)	-	(45,473,060)
Total depreciable assets, net		53,105,245	(1,491,940)	-	51,613,305
Total capital assets, net	$	65,656,956	3,752,660	(1,218,333)	68,191,283

Major changes to capital assets in 2024 consisted primarily of additions of $112,223 in upgrades to transmission and distribution assets, $88,148 in upgrades to pump station – Crystal Springs, $336,913 in treatment plants, $49,642 in upgrades to well field and tank assets, $527,342 in upgrades to pipelines and meters, and $42,175 in additions to furniture and equipment. Major deletions include $1,218,333 in transfers from construction in progress to depreciable assets.

(4) Capital Assets, continued

Changes in capital assets for the year ended June 30, 2023 were as follows:

	As Restated 2022	Additions/ Transfers	Deletions/ Transfers	Balance 2023
Non-depreciable assets:				
Land	$ 574,372	-	-	574,372
Construction-in-process	9,082,885	5,814,108	(2,919,654)	11,977,339
Total non-depreciable assets	9,657,257	5,814,108	(2,919,654)	12,551,711
Depreciable and amortizable assets:				
Source of supply	401,040	-	-	401,040
Transmission and distribution	22,512,264	44,023	-	22,556,287
Pump station – Crystal Springs	26,172,476	292,779	-	26,465,255
Treatment plants	12,896,233	-	-	12,896,233
Well field and tanks	4,459,150	19,872	-	4,479,022
Pipelines and meters	20,502,144	2,626,003	-	23,128,147
Buildings and structures	1,422,314	-	-	1,422,314
Vehicles	1,353,943	104,585	(17,165)	1,441,363
Furniture and equipment	2,790,438	64,877	-	2,855,315
Right-to-use – equipment	42,465	-	-	42,465
Right-to-use – software	242,481	-	-	242,481
Total depreciable and amortizable assets	92,794,948	3,152,139	(17,165)	95,929,922
Accumulated depreciation and amortization:				
Depreciable assets	(40,191,849)	(2,523,662)	17,165	(42,698,346)
Amortizable assets	(77,421)	(48,910)	-	(126,331)
Total accumulated depreciation and amortization:	(40,269,270)	(2,572,572)	17,165	(42,824,677)
Total depreciable assets, net	52,525,678	579,567	-	53,105,245
Total capital assets, net	$ 62,182,935	6,393,675	(2,919,654)	65,656,956

Major changes to capital assets in 2023 consisted primarily of additions of $44,023 in upgrades to transmission and distribution assets, $292,779 in upgrades to pump station – Crystal Springs, $19,872 in upgrades to well field and tank assets, $2,626,003 in upgrades to pipelines and meters, $104,585 in additions to vehicles, and $64,877 in additions to furniture and equipment. $242,481 in leased equipment was added during the implementation of GASB 96. Please see Note 13 for further information. Major deletions include $2,919,654 in transfers from construction in progress to depreciable assets, $17,165 in disposals of vehicles.

(5) Compensated Absences

Changes to compensated absences for the year ended June 30, 2024 were as follows:

	Balance 2023	Earned	Taken	Balance 2024	Current Portion	Long-term Portion
$	379,281	339,468	(334,650)	384,099	96,025	288,074

Changes to compensated absences for the year ended June 30, 2023 were as follows:

	Balance 2022	Earned	Taken	Balance 2023	Current Portion	Long-term Portion
$	333,725	316,175	(270,619)	379,281	94,820	284,461

(6) Long-term Debt

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

Long-term debt:		Balance 2023	Additions	Payments	Balance 2024	Current Portion	Long-term Portion
Lease payable:							
Ray Morgan Company	$	7,480	-	(7,480)	-	-	-
Aclara software		122,847	-	(39,804)	83,043	40,938	42,105
Total lease payable		130,327	-	(47,284)	83,043	40,938	42,105
Loans payable:							
CIEDB Installment Loan – 2011	$	4,895,040	-	(198,849)	4,696,191	204,397	4,491,794
CIEDB Installment Loan – 2016		4,868,263	-	(142,298)	4,725,965	147,193	4,578,772
JP Morgan Chase Bank NA		3,782,385	-	(334,197)	3,448,188	339,384	3,108,804
First Foundation Public Finance		6,725,857	-	(270,531)	6,455,326	276,564	6,178,762
Total loans payable		20,271,545	-	(945,875)	19,325,670	967,538	18,358,132
Long-term debt	$	20,401,872	-	(993,159)	19,408,713	1,008,476	18,400,237

Changes in long-term debt amounts for the year ended June 30, 2023 were as follows:

Long-term debt:		As Restated 2022	Additions	Payments	Balance 2023	Current Portion	Long-term Portion
Lease payable:							
Ray Morgan Company	$	16,259	-	(8,779)	7,480	7,480	-
Aclara software		161,548	-	(38,701)	122,847	39,804	83,043
Total lease payable		177,807	-	(47,480)	130,327	47,284	83,043
Loans payable:							
CIEDB Installment Loan – 2011	$	5,088,492	-	(193,452)	4,895,040	198,849	4,696,191
CIEDB Installment Loan – 2016		5,005,827	-	(137,564)	4,868,263	142,298	4,725,965
JP Morgan Chase Bank NA		4,106,002	-	(323,617)	3,782,385	334,197	3,448,188
First Foundation Public Finance		7,071,903	-	(346,046)	6,725,857	270,531	6,455,326
Total loans payable		21,272,224	-	(1,000,679)	20,271,545	945,875	19,325,670
Long-term debt	$	21,450,031	-	(1,048,159)	20,401,872	993,159	19,408,713

(6) Long-term Debt, continued

Ray Morgan Company – Equipment Lease

On March 4, 2019, the District entered into an agreement with Ray Morgan Company, to lease copier equipment for use in the District's administrative office. Terms of the agreement commenced on April 15, 2019, for a period of 60 months, with rent due monthly at $761 per month for the entire lease term.

Following the provisions set forth by *GASB Statement No. 87*, the District has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 2.85%. The right-to-use asset is amortized on a straight-line basis over the term of the lease. At June 30, 2024, the lease was paid-in-full.

Aclara Software – Software Lease

On April 1, 2017, the District entered into an agreement with Aclara Software, to lease AMI meter monitoring software for managing the District's meter infrastructure. Terms of the agreement commenced on April 1, 2017, for a period of 9 years, with payments due annually at $43,305 per year for the entire lease term.

Following the provisions set forth by *GASB Statement No. 96*, the District has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 2.85%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease payments are as follows:

Year	Principal	Interest	Total
2025	$ 40,938	2,367	43,305
2026	42,105	1,200	43,305
Total	83,043	3,567	86,610
Current	(40,938)		
Long-term	$ 42,105		

CEIDB Installment Loan – 2011

On October 10, 2011, the District entered into an installment loan in the amount $6,765,500 from the California Infrastructure and Economic Development Bank (CIEDB) for the purpose of financing the construction of the Denniston Creek Water Treatment Plant improvement project. Terms of the loan included a 30-year term with semi-annual interest of 2.79% (plus an annual fee of 0.3%) which is payable on August 1 and February 1. Principal payments commenced on February 1, 2013, maturing in fiscal year 2042.

(6) Long-term Debt, continued

CEIDB Installment Loan – 2011, continued

On March 1, 2015, the District and CEIDB into a replacement installment loan agreement for the outstanding balance of $6,143,789 for the purpose of reducing the semi-annual interest to 2.54%.

Future remaining debt service payments are as follows:

Year		Principal	Interest	Total
2025	$	204,397	116,687	321,084
2026		210,099	111,423	321,522
2027		215,961	106,012	321,973
2028		221,987	100,450	322,437
2029		228,180	94,733	322,913
2030-2034		1,240,021	382,169	1,622,189
2035-2039		1,422,929	213,327	1,636,256
2040-2042		952,618	36,739	989,356
Total		4,696,191	1,161,541	5,857,732
Current		(204,397)		
Long-term	$	4,491,794		

CEIDB Installment Loan – 2016

On May 1, 2016, the District entered into an installment loan in the amount $5,628,000 from the California Infrastructure and Economic Development Bank (CIEDB) for the purpose of financing the District's Facilities Improvements project. Terms of the loan included a 30-year term with semi-annual interest of 3.44% (plus an annual fee of 0.3%) which is payable on August 1 and February 1. Principal payments commenced on August 1, 2017, maturing in fiscal year 2046.

Future remaining debt service payments are as follows:

Year		Principal	Interest	Total
2025	$	147,193	160,041	307,234
2026		152,256	154,891	307,147
2027		157,494	149,563	307,057
2028		162,912	144,052	306,964
2029		168,516	138,352	306,868
2030-2034		933,625	599,146	1,532,771
2035-2039		1,105,643	424,169	1,529,812
2040-2044		1,309,356	216,953	1,526,309
2045-2046		588,970	20,432	609,402
Total		4,725,965	2,007,599	6,733,564
Current		(147,193)		
Long-term	$	4,578,772		

(6) Long-term Debt, continued

JP Morgan Chase Loan – 2018

On July 23, 2018, the District entered into an installment loan agreement with JP Morgan Chase Bank in the amount of $5,311,319 for purpose of refinancing the District's 2006 Series B Water Revenue Bonds (through the California Statewide Communities Development Authority) originally used to finance certain capital improvements to the District's water system. Terms of the loan include semi-annual interest of 2.85% which is payable on October 1 and April 1. Principal payments commenced on October 1, 2018, maturing in fiscal year 2033.

Future remaining debt service payments are as follows:

Year	Principal	Interest	Total
2025	$ 339,384	93,437	432,821
2026	349,256	83,624	432,880
2027	363,716	73,464	437,180
2028	372,663	62,971	435,634
2029	380,709	52,235	432,944
2030-2033	1,642,460	95,239	1,737,699
Total	3,448,188	460,970	3,909,158
Current	(339,384)		
Long-term	$ 3,108,804		

First Foundation Public Finance– 2022

On March 11, 2022, the District entered into an installment loan agreement with First Foundation Public Finance in the amount of $7,071,903 for purpose of financing capital improvements to the District's water system. Terms of the loan include semi-annual interest of 2.23% which is payable on September 1 and March 1. Principal payments commence on September 1, 2022, maturing in fiscal year 2043.

Future remaining debt service payments are as follows:

Year	Principal	Interest	Total
2025	$ 276,564	140,870	417,434
2026	282,731	134,634	417,365
2027	289,036	128,259	417,295
2028	295,482	121,741	417,223
2029	302,071	115,079	417,150
2030-2034	1,614,451	470,135	2,084,586
2035-2039	1,802,671	279,815	2,082,486
2040-2043	1,592,320	71,996	1,664,316
Total	6,455,326	1,462,529	7,917,855
Current	(276,564)		
Long-term	$ 6,178,762		

(7) Other Post-employment Benefits (OPEB) Plan

General Information about the OPEB Plan

Plan Description

The District's defined benefit Other Post-Employment Benefit (OPEB) Plan (Plan) provides OPEB for all vested full-time employees who satisfy the eligibility rules. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan.

Benefits Provided

To be eligible for retiree health benefits, an employee must retire from the District on or after age 55 with at least 15 years of continuous service. Dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District's ACWA-JPIA (Association of California Water Agencies Joint Powers Insurance Authority) Medical Program. The District provides coverage of single-party medical and vision premiums for life and dental benefits until age 65. Employees hired after November 14, 2006 and before November 1, 2008, will receive 50% of the benefits coverage offered. Employees hired after November 1, 2008, are not eligible for post-employment health benefits.

Employees Covered by Benefit Terms

At June 30, the following employees were covered by the benefit terms:

	2024	2023
Active plan members	8	8
Retirees and beneficiaries receiving benefits	8	8
Total Plan membership	16	16

Contributions

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays 100% of its share of the cost of health and vision insurance for retirees and dental insurance up to age 65 under any group plan offered by ACWA-JPIA, subject to certain restrictions as determined by the District. The annual contribution is based on the actuarially determined contribution.

As of the fiscal years ended June 30, the contributions were as follows:

	2024	2023
Contributions – employer	$ 39,500	43,202

As of June 30, 2023 and 2022, employer OPEB contributions of $43,202 and $56,080 will be and were recognized as a reduction of total OPEB liability in the fiscal years ended June 30, 2025 and 2024, respectively.

Total OPEB Liability

As of the fiscal year ended June 30, the District reported its total OPEB liability as follows:

	2024	2023
Total OPEB liability	$ 1,776,654	1,749,650

(7) Other Post-employment Benefits (OPEB) Plan, continued

Total OPEB Liability, continued

The District's total OPEB liability was measured as of June 30, 2023 and 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022 and 2020, respectively. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Changes in the Total OPEB Liability

Changes in the total OPEB liability as of June 30, were as follows:

	June 30, 2024	June 30, 2023
Balance at beginning of year	$ 1,749,650	2,643,416
Changes for the year:		
Service cost	49,880	78,246
Interest	61,754	57,080
Employer contributions	(53,828)	(71,050)
Expected minus actual payments	(6,436)	(8,848)
Experience (gains)/losses	-	(624,852)
Assumption changes	(24,366)	(324,342)
Net changes	27,004	(893,766)
Balance at end of year	$ 1,776,654	1,749,650

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

For the fiscal years ended June 30, 2024 and 2023, the District recognized OPEB income of $207,499 and $147,737, respectively.

At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2024		June 30, 2023	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
OPEB contributions subsequent to the measurement date at June 30	$ 39,500	-	43,202	-
Net change in assumptions	-	(138,379)	-	(218,721)
Experience (gains)/losses	-	(242,060)	-	(439,423)
Total	$ 39,500	(380,439)	43,202	(658,144)

(7) Other Post-employment Benefits (OPEB) Plan, continued

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

As of June 30, 2024, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the total OPEB liability. OPEB related amounts will be recognized as OPEB expense as follows.

Fiscal Year Ending June 30,		Deferred Net Outflows / (Inflows) of Resources
2025	$	(309,016)
2026		(69,502)
2027		(1,921)

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2024 and 2023 – 2.50 percent
Salary increases	2.75 percent
Discount rate	2024 – 3.65 percent 2023 – 3.54 percent
Healthcare cost trend rates	4.00 percent per year
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees at age 55 with a minimum 15 years of service who were hired prior to November 15, 2006. 50 percent of projected health insurance premiums for retirees at age 55 with a minimum 15 years of service who were hired after November 14, 2006 and before November 1, 2008.

Discount Rate

As of the measurement dates June 30, 2023 and 2022, the discount rate used to measure the total OPEB liability was 3.65 percent and 3.54 percent, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

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

The table on the following page presents the total OPEB liability of the District, as well as what the District's total 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:

(7) Other Post-employment Benefits (OPEB) Plan, continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate, continued

At June 30, 2024, the discount rate comparison was the following:

		Discount Rate - 1% (2.65%)	Current Discount Rate (3.65%)	Discount Rate + 1% (4.65%)
District's total OPEB liability	$	2,008,845	1,776,654	1,586,214

At June 30, 2023, the discount rate comparison was the following:

		Discount Rate - 1% (2.54%)	Current Discount Rate (3.54%)	Discount Rate + 1% (4.54%)
District's total OPEB liability	$	1,523,393	1,749,650	2,026,750

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.00 percent decreasing to 2.00 percent) or 1-percentage-point higher (5.00 percent decreasing to 4.00 percent) than the current healthcare cost trend rates:

At June 30, 2024 the healthcare cost trend rate comparison was the following:

		1% Decrease (3.00% decreasing to 2.00%)	Healthcare Cost Trend Rates (4.00% decreasing to 3.00%)	1% Increase (5.00% decreasing to 4.00%)
District's total OPEB liability	$	1,539,906	1,776,654	2,064,502

At June 30, 2023 the healthcare cost trend rate comparison was the following:

		1% Decrease (3.00% decreasing to 2.00%)	Healthcare Cost Trend Rates (4.00% decreasing to 3.00%)	1% Increase (5.00% decreasing to 4.00%)
District's total OPEB liability	$	1,523,393	1,749,650	2,026,750

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

See page 48 for the Required Supplementary Information.

(8) Defined Benefit Pension Plan

Plan Description

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

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 (New Classic) Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. Employees hired after January 1, 2013, and have not previously participated in a CalPERS plan are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA. New employees that have previously participated in the Classic Plan are eligible for the District's CalPERS 2.0% at 60 Retirement Plan.

The Plan's provisions and benefits in effect at June 30 are summarized as follows:

	Miscellaneous Plan		
	Classic	**New Classic**	**PEPRA**
Hire date	Prior to August 14, 2010	On or after August 14, 2010, and prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55 - 60	55 - 60	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.5% to 2.4%	1.0% to 2.5%
2024:			
Required employee contribution rates	8.00%	7.00%	8.25%
Required employer contribution rates	14.92%	10.87%	8.00%
2023:			
Required employee contribution rates	8.00%	7.00%	7.25%
Required employer contribution rates	13.02%	9.30%	7.76%

(8) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers to 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 Plan 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.

As of the fiscal year ended June 30, the contributions for the Plan were as follows:

	Miscellaneous Plan	
	2024	**2023**
Contributions – employer	$ 625,337	604,192

Net Pension Liability

As of the fiscal year ended June 30, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan was as follows:

	Proportionate Share of Net Pension Liability	
	2024	**2023**
Miscellaneous Plan	$ 4,976,397	4,627,461

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 is measured as of June 30, 2023 and 2022, 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, 2022 and 2021, rolled forward to June 30, 2023 and 2022, respectively, using standard update procedures. 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 change in the proportionate share of the pension liability for the District's Plan as of the fiscal year ended June 30, were as follows:

	Miscellaneous Plan	
	2024	**2023**
Proportion – beginning of year	0.04006%	0.04462%
Proportion – end of year	0.03989%	0.04006%
Change – Increase (Decrease)	-0.00017%	-0.00456%

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2024 and 2023, the District recognized pension expense and (income) of $770,900 and ($221,381), respectively.

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2024		June 30, 2023	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to the measurement date	$ 625,337	-	604,192	-
Net difference between actual and expected experience	214,786	-	30,689	-
Net change in assumptions	300,449	-	474,181	-
Net difference between projected and actual earnings on plan investments	805,726	-	847,630	-
Net difference between actual contribution and proportionate share of contribution	17,567	-	-	(78,795)
Net adjustment due to differences in proportions of net pension liability	-	(94,894)	-	(212,299)
Total	$ 1,963,865	(94,894)	1,956,692	(291,094)

As of June 30 2024 and 2023, employer pension contributions of $625,337 and $604,192, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be and was recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025 and 2024, respectively.

As of June 30, 2024, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

Fiscal Year Ending June 30,	Deferred Net Outflows / (Inflows) of Resources
2025	$ 313,243
2026	196,443
2027	716,942
2028	17,006

(8) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liability in the June 30, 2023 and 2022, actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2022 and 2021
Measurement Date	June 30, 2023 and 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2024 - 6.90% 2023 - 6.90%
Inflation	2024 - 2.30% 2023 - 2.30%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	6.90 % Net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2024 and 2023 – 1997–2015
Post Retirement Benefit	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing

* 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 the Society of Actuaries. For more details, please refer to the 2021 experience study that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This discount rate is not adjusted for administrative expenses.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

(8) Defined Benefit Pension Plan, continued

Discount Rate, continued

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

As of June 30, 2024, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	New Strategic Allocation	Real Return Years 1–10
Global Equity - Cap-weighted	30.0%	4.45%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	27.00%
Mortgage-backed Securities	5.0%	50.00%
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%	

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

The table on the following page presents the District's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

(8) Defined Benefit Pension Plan, continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate, continued

At June 30, 2024 the discount rate comparison was the following:

	Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
District's net pension liability	$ 7,336,898	4,976,397	3,033,501

At June 30, 2023 the discount rate comparison was the following:

	Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
District's net pension liability	$ 6,872,514	4,627,461	2,780,339

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 49 and 50 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2024 and 2023, the District reported no payables for the outstanding amount of contribution to the pension plan, respectively.

(9) Net Position

Net Investment in Capital Assets

Calculation of net investment in capital assets as of June 30 were as follows:

	2024	2023
Capital assets:		
Capital assets – not being depreciated	$ 16,577,978	12,551,711
Capital assets, net – being depreciated and amortized	51,613,305	53,105,245
Current:		
Leases payable	(40,938)	(47,284)
Loans payable	(967,538)	(945,875)
Non-current:		
Leases payable	(42,105)	(83,043)
Loans payable	(18,358,132)	(19,325,670)
Total net investment in capital assets	$ 48,782,570	45,255,084

(9) Net Position, continued

Restricted Net Position

Calculation of restricted net position as of June 30 was as follows:

		2024	2023
Restricted – cash and cash equivalents	$	184,373	64,093
Restricted – rate stabilization		250,000	250,000
Total restricted net position	$	434,373	314,093

Unrestricted Net Position

Unrestricted net position as of June 30 were categorized as follows:

		2024	2023
Non-spendable net position:			
Materials and supplies inventory	$	416,151	274,166
Water-in-storage inventory		46,920	33,088
Prepaid expenses and other deposits		247,121	228,187
Total non-spendable net position		710,192	535,441
Spendable net position are designated as follows:			
Unrestricted		6,871,815	7,977,119
Total spendable net position		6,871,815	7,977,119
Total unrestricted net position	$	7,582,007	8,512,560

(10) Other District Sponsored Retirement Plans

Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust. The assets are held with the Variable Annuity Life Insurance Company (VALIC) and Empower for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. The total market value of all plan assets held in trust at June 30, 2024 and 2023, were $2,438,466 and $2,196,575, respectively.

(10) Other District Sponsored Retirement Plans, continued

The District has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statements of net position.

Defined Contribution Retirement Plan

For the benefit of its employees, the District participates in a 401a defined contribution retirement plan (Plan). The purpose of this Plan is to provide a post-retirement medical defined contribution plan for public employees that elect to participate in the Plan.

Federal law requires defined-contribution assets to be held in trust. The assets are held with Mission Square Retirement for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. The total market value of all plan assets held in trust at June 30, 2024 and 2023, were $563,851 and $465,846, respectively.

(11) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2024, the District participates in the ACWA/JPIA pooled programs for liability, property, and workers' compensation programs as follows:

- General and auto liability, public officials and employees' errors and omissions: The ACWA/JPIAs total risk financing self-insurance limits of $5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: $50 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

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

- Crime coverage up to $100,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, computer and funds transfer fraud coverage's, subject to $1,000 deductible per loss.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $500 million per loss, subject to a $5,000 deductible per loss. Mobile equipment and vehicles, on file, are paid on actual cost value basis at time of loss and subject to $1,000 deductible per loss.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to various deductibles depending on the type of equipment, on file.
- Cyber liability: including cyber-security up to $5,000,000 program aggregate limit, subject to a $3,000,000 limit maximum per member. Cyber liability deductible is $100,000 per incident.
- Workers' compensation coverage up to California statutory limits for all work-related injuries/illnesses covered by California law; a pooled self-insured limit of $2,000,000. The ACWA/JPIA purchased additional excess coverage layer: $2,000,000 employer's liability.

(11) Risk Management, continued

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2024, 2023 and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2024, 2023, and 2022, respectively.

(12) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2024 that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

(12) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements.* The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(13) Commitments and Contingencies

Construction Contracts

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

Litigation

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

(14) Subsequent Events

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of January 14, 2025, which is the date the financial statements were available to be issued.

Required Supplementary Information

Coastside County Water District
Schedules of Changes in the District's Total OPEB Liability and Related Ratios
As of June 30, 2024
Last Ten Years*

Fiscal year		June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability								
Service cost	$	49,880	78,246	75,384	42,880	46,953	45,696	44,473
Interest		61,754	57,080	56,548	80,847	90,043	91,126	81,573
Employer contributions		(53,828)	(71,050)	(59,118)	(53,593)	(40,360)	(61,033)	(58,686)
Expected minus actual payments		(6,436)	-	(13,149)	-	(16,052)	-	-
Assumption changes		(24,366)	(324,342)	14,924	247,093	97,523	(107,249)	-
Experience (gains)/losses		-	(633,700)	-	(66,627)	(234,153)	-	-
Net change in total OPEB liability		27,004	(893,766)	74,589	250,600	(56,046)	(31,460)	67,360
Total OPEB liability – beginning		1,749,650	2,643,416	2,568,827	2,318,227	2,374,273	2,405,733	2,338,373
Total OPEB liability – ending	$	1,776,654	1,749,650	2,643,416	2,568,827	2,318,227	2,374,273	2,405,733
Covered employee payroll	$	2,512,060	2,353,833	2,224,572	2,177,776	2,330,675	1,990,577	1,939,509
Total OPEB liability as a percentage of covered payroll		141.39%	134.53%	84.16%	84.78%	100.54%	83.84%	80.62%
Valuation Date		June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:								
Single and Agent Employers		Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method		(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inflation		2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary Increases		2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Investment Rate of Return		3.65%	3.54%	2.16%	2.20%	3.50%	3.80%	3.50%
Mortality, Retirement, Turnover		(2)	(2)	(2)	(2)	(2)	(2)	(2)

(1) Level percentage of payroll, closed

(2) 2017 CalPERS OPEB Assumption Model (2021)
2014 CalPERS OPEB Assumption Model (2020 – 2018)

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Coastside County Water District
Schedules of the District’s Proportionate Share of the Net Pension Liability
As of June 30, 2024
Last Ten Years*

	Measurement Dates									
Description	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.03989%	0.04006%	0.04462%	0.03635%	0.03746%	0.03848%	0.03951%	0.04102%	0.04484%	0.04212%
District's proportionate share of the net pension liability	$ 4,976,397	4,627,461	2,413,000	3,955,422	3,838,142	3,708,081	3,917,927	4,627,461	3,077,582	2,620,900
District's covered payroll	$ 2,512,060	2,353,833	2,224,572	2,177,776	2,330,675	1,990,577	1,939,509	1,885,311	1,689,259	1,562,529
District's proportionate share of the net pension liability as a percentage of its covered payroll	198.10%	196.59%	108.47%	181.63%	164.68%	186.28%	202.01%	245.45%	182.19%	167.73%
District's fiduciary net position as a percentage of the district's total pension liability	71.49%	71.90%	84.33%	71.75%	72.87%	71.99%	69.62%	69.14%	71.67%	76.34%

Notes To Schedule:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.
The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.
From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.
From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%
From fiscal year June 30, 2018 to June 30, 2019:
The inflation rate was reduced from 2.75% to 2.50%
From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.
From fiscal year June 30, 2020 to June 30, 2021:
There were no changes in assumptions.
From fiscal year June 30, 2021 to June 30, 2022:
There were no changes in assumptions.
From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%
The inflation rate was reduced from 2.50% to 2.30%
From fiscal year June 30, 2023 to June 30, 2024:
There were no changes in assumptions.

Coastside County Water District
Schedules of Pension Plan Contributions
As of June 30, 2024
Last Ten Years

	Fiscal Years Ended									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	$ 596,014	580,213	570,912	498,892	446,799	591,439	537,586	489,709	451,848	389,014
contribution's in relation to the actuarially determined contribution	(596,014)	(580,213)	(570,912)	(498,892)	(446,799)	(591,439)	(537,586)	(489,709)	(451,848)	(389,014)
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
Covered payroll	$ 2,512,060	2,353,833	2,224,572	2,177,776	2,330,675	1,990,577	1,939,509	1,885,311	1,689,259	1,562,529
Contribution's as a percentage of covered payroll	23.73%	24.65%	25.66%	22.91%	19.17%	29.71%	27.72%	25.97%	26.75%	24.90%

Notes To Schedule:

Valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.30%	2.30%	2.50%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.
(2) Depending on age, service, and type of employment.
(3) Net of pension plan investment expenser, including inflation.
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62.
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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Report on Internal Controls and Compliance

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Coastside County Water District
Half Moon Bay, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Coastside County Water District (District) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated January 14, 2025.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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*.

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards, (continued)*

Purpose of this Report

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

C.J. Brown & Company, CPAs
Cypress, California
January 14, 2025

Attachment B

Coastside County Water District

Management Report

June 30, 2024

Coastside County Water District

Management Report

Table of Contents

Board of Directors
Coastside County Water District
Half Moon Bay, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of Coastside County Water District (District) as of and for the years ended June 30, 2024 and 2023, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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

Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. However, in many cases audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries and have entered them into the general ledger of the District as of year end.

Prior Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. However, in many cases audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have prepared and the auditor has reviewed adjusting entries and reclassifications to close the District's accounting records as of fiscal year end.

* * * * * * * * * *

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

C.J. Brown & Company, CPAs
Cypress, California
January 14, 2025

APPENDIX

Coastside County Water District

Audit/Finance Committee Letter

June 30, 2024

Board of Directors
Coastside County Water District
Half Moon Bay, California

We have audited the financial statements of the business-type activities, of the Coastside County Water District (District) for the years ended June 30, 2024 and 2023. and have issued our report thereon dated January 14, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 4, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated January 14, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As auditors of the District, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As of and for the year ended June 30, 2024, the District implemented the provisions of *GASB Statement No. 99 – Omnibus 2022 and GASB Statement No. 100 – Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

> Management's estimate of capital assets depreciation and amortization is based on historical estimates of each capitalized / amortized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation and amortization calculations in determining that they are reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the other post-employment benefits (OPEB) plan: deferred outflows of resources, total OPEB liability, and deferred inflows of resources are based on the alternative measurement method to determine the liability balance. This alternative measurement method was determined and prepared by the District's third-party actuary. We evaluated the basis, methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the defined benefit pension plan's deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

Qualitative Aspects of the Entity's Significant Accounting Practices, continued

Significant Accounting Estimates, continued

The disclosure of capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits plan, in Note 7 to the basic financial statements is based on information which could differ from those in future periods.

The disclosure of the District's defined benefit pension plan, in Note 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 5 and 6 discloses all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 14, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Schedules of Changes in the District's Total OPEB Liability and Related Ratios, Schedules of District's Proportionate Share of the Net Pension Liability, and Schedules of Pension Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended to us by Mary Rogren, General Manager, Jeffrey Schneider, Assistant General Manager, and the District's administrative staff in the performance of our audit testwork. We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

C.J. Brown & Company, CPAs
Cypress, California
January 14, 2025

Coastside Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2024

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
GASB 68 Entry #1 - To reclassify 2023 contributions to NPL at June 30, 2024.			
1-2542-0000	Net Pension Liability	604,192.00	
1-1450-0000	Deferred Outflows - Pension		604,192.00
Total		**604,192.00**	**604,192.00**
Adjusting Journal Entries JE # 2			
GASB 68 Entry #2 - To reclassify 2024 contributions to Deferred Outflows of Resources at June 30, 2024.			
1-1450-0000	Deferred Outflows - Pension	625,337.00	
1-5441-00	GASB 68 Contra Contributions		337,682.00
1-5441-01	GASB 68 Contra Contributions		93,801.00
1-5441-02	GASB 68 Contra Contributions		193,854.00
Total		**625,337.00**	**625,337.00**
Adjusting Journal Entries JE # 3			
GASB 68 Entry #3 - To record changes in pension liability during MD FY22/23 at June 30, 2024. Note: Deferred Outflows and Deferred Inflow Entries are posted net.			
1-1450-0000	Deferred Outflows - Pension	406,877.00	
1-2560-0000	Deferred Inflows - Pension	113,211.00	
1-5442-00	GASB 68 CY (Income) Expense	233,842.00	
1-5442-01	GASB 68 CY (Income) Expense	64,956.00	
1-5442-02	GASB 68 CY (Income) Expense	134,242.00	
1-2542-0000	Net Pension Liability		953,128.00
Total		**953,128.00**	**953,128.00**
Adjusting Journal Entries JE # 4			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during MD FY22/23 at June 30, 2024. Note: Deferred Outflows and Deferred Inflow Entries are posted net.			
1-2560-0000	Deferred Inflows - Pension	82,989.00	
1-5442-00	GASB 68 CY (Income) Expense	182,444.00	
1-5442-01	GASB 68 CY (Income) Expense	50,679.00	
1-5442-02	GASB 68 CY (Income) Expense	104,737.00	
1-1450-0000	Deferred Outflows - Pension		420,849.00
Total		**420,849.00**	**420,849.00**
Adjusting Journal Entries JE # 5			
GASB 75 Entry #1 - To reclassify 2023 contributions to a reduction in Net OPEB Liability at June 30, 2024.			
1-2541-0000	Net OPEB Obligation	43,202.00	
1-1460-0000	Deferred Outflows - OPEB		43,202.00
Total		**43,202.00**	**43,202.00**
Adjusting Journal Entries JE # 6			
GASB 75 Entry #2 - To contra reclassify 2024 contributions for retiree benefits to deferred outflows of resources from expense at June 30, 2024.			
1-1460-0000	Deferred Outflows - OPEB	39,500.00	
1-5445-00	Supplemental Retirement 401a		21,330.00
1-5445-01	Supplemental Retirement 401a-Pumping		5,925.00
1-5445-02	Supplemental Retirement 401a-Trans & Distribution		12,245.00
Total		**39,500.00**	**39,500.00**
Adjusting Journal Entries JE # 7			
GASB 75 Entry #3 - To record changes in OPEB liability and related deferrals during MD 22/23 in the current year.			
1-5452-00	GASB 75 CY (Income) Expense Contra	54,545.00	
1-5452-01	GASB 75 CY (Income) Expense Contra - Pumping	15,151.00	
1-5452-02	GASB 75 CY (Income) Expense Contra - T&S	31,312.00	
1-2541-0000	Net OPEB Obligation		70,206.00
1-2570-0000	Deferred Inflows - OPEB		24,366.00
1-2570-0000	Deferred Inflows - OPEB		6,436.00
Total		**101,008.00**	**101,008.00**

Coastside Water District
Schedule of Audit Adjusting Journal Entries
June 30, 2024

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
GASB 75 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) at June 30, 2024.			
1-2570-0000	Deferred Inflows - OPEB	104,708.00	
1-2570-0000	Deferred Inflows - OPEB	203,799.00	
1-5452-00	GASB 75 CY (Income) Expense Contra		166,594.00
1-5452-01	GASB 75 CY (Income) Expense Contra - Pumping		46,276.00
1-5452-02	GASB 75 CY (Income) Expense Contra - T&S		95,637.00
Total		**308,507.00**	**308,507.00**
Adjusting Journal Entries JE # 9			
AJE - To reclassify CalEMA - FEMA Public Assistance Grant Funds received from Misc revenue to grant revenue account.			
1-4950-00	Miscellaneous Income	59,021.49	
1-4970-00	Contributions - State of CA FEMA - PAGrant		59,021.49
Total		**59,021.49**	**59,021.49**
	Total Adjusting Journal Entries	**3,154,744.49**	**3,154,744.49**
	Total All Journal Entries	**3,154,744.49**	**3,154,744.49**

Legend:

AJE	Audit Adjusting Journal Entry
GASB 68 Entry	Audit Pension Adjusting Journal Entry
GASB 75 Entry	Audit OPEB Adjusting Journal Entry
GASB 96 Entry	Audit Subscription Software Lease Adjusting Journal Entry
PPA	Prior Period Adjusting Journal Entry

Attachment C

75 Years of Service
COASTSIDE COUNTY WATER DISTRICT
EST. 1947

2024 Audit Presentation

Board of Directors Meeting
January 14, 2025

C.J. Brown and Company, CPAs

Professional Guidance

- The Audit Process is Governed by:
  - The AICPA’s Statements of Auditing Standards
  - Federal and State Requirements
- GAAP (Generally Accepted Accounting Principles) is Established By The Governmental Accounting Standards Board (GASB)

The Audit Process

- Interim Fieldwork – Assess the District's Internal Controls and Effectiveness
  - Gain and Understanding of the District's Control Framework
  - Test of Controls Testing – Accounting Cycles
- Final Fieldwork
  - Agree Balance to Supporting Documentation
  - Perform Analysis of Key Account Relationships
- Consideration of Fraud per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit"
  - Professional Skepticism
  - Interview of Board and Management

Statements of Net Position – Page 5

Condensed Statements of Net Position

		2024	2023	Change
Assets:				
Current assets	$	14,937,307	15,745,146	(807,839)
Non-current assets		447,419	148,912	298,507
Capital assets, net		68,191,283	65,656,956	2,534,327
Total assets		83,576,009	81,551,014	2,024,995
Deferred outflows of resources:		2,003,365	1,999,894	3,471
Liabilities:				
Current liabilities		2,257,660	2,199,722	57,938
Non-current liabilities		25,441,362	26,070,285	(628,923)
Total liabilities		27,699,022	28,270,007	(570,985)
Deferred inflows of resources:		1,081,402	1,199,164	(117,762)
Net position:				
Net investment in capital assets		48,782,570	45,255,084	3,527,486
Restricted		434,373	314,093	120,280
Unrestricted		7,582,007	8,512,560	(930,553)
Total net position	$	56,798,950	54,081,737	2,717,213

Statements of Revenues, Expenses and Changes in Net Position – Page 6

Condensed Statements of Revenues, Expenses, and Changes in Net Position

		2024	2023	Change
Revenue:				
Operating revenue	$	12,504,037	11,442,912	1,061,125
Non-operating revenue		2,909,175	2,215,165	694,010
Total revenue		15,413,212	13,658,077	1,755,135
Expense:				
Operating expense		9,521,262	7,840,882	1,680,380
Depreciation		2,648,382	2,572,572	75,810
Non-operating expense		585,376	619,807	(34,431)
Total expense		12,755,020	11,033,261	1,721,759
Net income before capital contributions		2,658,192	2,624,816	33,376
Capital contributions:		59,021	-	59,021
Change in net position		2,717,213	2,624,816	92,397
Net position, beginning of year, as restated		54,081,737	51,456,921	2,624,816
Net position, end of year	$	56,798,950	54,081,737	2,717,213

Auditor’s Report – Page 1

Independent Auditor’s Report

- **Unmodified “CLEAN” Opinion**
  - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coastside County Water District as of June 30, 2024….

Management Report

- **Our communication of control deficiencies:**
  - **No material weaknesses or significant deficiencies.**

SUMMARY

In 2024:

1. **The District received an unmodified "CLEAN" opinion**
2. **Net position increased by $2.7M as a result of ongoing operations.**
3. **Total revenues increased by $1.7M primarily due to:**
   a) **Operating revenues - Water consumption sales increasing by 1M.**
   b) **Non-operating revenues – increases in:**
      - **Investment returns by $420K;**
      - **Connections by $120K; and**
      - **Property taxes by $114K**
4. **Total expenses increased by $1.7M primarily due to an increase in operating expenses as follows:**
   a) **General and Admin Expenses, Pumping Expenses and Transmission and Distribution - by $1.2M, as a result of an increase in pension actuarial expense adjustments from CalPERS of $990K compared to the prior year; and**
   b) **Source of Supply – by $450K in water purchases related to an increase in consumption.**

Questions