



Coastside County Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2025 and 2024





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, 2025

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

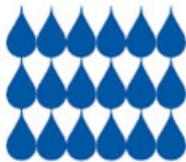
Coastside County Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2025 and 2024

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Annual Financial Report
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Financial Section



C.J. Brown & Company CPAs

An Accountancy Corporation

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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, 2025 and 2024, 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, 2025 and 2024, 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.

Independent Auditor's Report, continued

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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the District adopted the provisions of GASB Statement No. 101 – *Compensated Absences*. As a result, the District has restated its net position to reflect the effects of the change in its accounting policy. Our opinion is not modified with respect to this matter.

Independent Auditor's Report, continued

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 52 through 54 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 13, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 55 and 56.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs

Cypress, California

January 13, 2026

Coastside County Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

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, 2025 and 2024. 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 2025, the District's net position increased 4.80% or \$2,719,118 to \$59,334,680 as a result from ongoing operations. In fiscal year 2024, the District's net position increased 4.98% or \$2,685,110 to \$56,615,562 as a result from ongoing operations.
- In fiscal year 2025, the District's operating revenues increased 14.30% or \$1,787,929 to \$14,291,966. In fiscal year 2024, the District's operating revenues increased 9.27% or \$1,061,125 to \$12,504,037.
- In fiscal year 2025, the District's non-operating revenues increased 16.12% or \$469,020 to \$3,378,194. In fiscal year 2024, the District's non-operating revenues increased 31.33% or \$694,009 to \$2,909,174.
- In fiscal year 2025, the District's operating expenses increased 15.67% or \$1,496,779 to \$11,050,142. In fiscal year 2024, the District's operating expenses increased 19.53% or \$1,561,196 to \$9,553,363.
- In fiscal year 2025, the District's non-operating expenses increased 86.14% or \$504,266 to \$1,089,642. In fiscal year 2024, the District's non-operating expenses decreased 5.56% or \$34,431 to \$585,376.
- In fiscal year 2025, the District did not report any capital contributions. In fiscal year 2024, the District's capital contributions were \$59,021.

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.

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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 51.

Statements of Net Position

Condensed Statements of Net Position

	As Restated		As Restated		
	2025	2024	Change	2023	Change
Assets:					
Current assets	\$ 21,673,259	14,937,307	6,735,952	15,745,146	(807,839)
Non-current assets	410,816	447,419	(36,603)	148,912	298,507
Capital assets, net	<u>72,885,313</u>	<u>68,191,283</u>	<u>4,694,030</u>	<u>65,656,956</u>	<u>2,534,327</u>
Total assets	94,969,388	83,576,009	11,393,379	81,551,014	2,024,995
Deferred outflows of resources:	1,654,119	2,003,365	(349,246)	1,999,894	3,471
Liabilities:					
Current liabilities	4,132,900	2,445,380	1,687,520	2,370,185	75,195
Non-current liabilities	<u>32,327,571</u>	<u>25,437,030</u>	<u>6,890,541</u>	<u>26,051,107</u>	<u>(614,077)</u>
Total liabilities	36,460,471	27,882,410	8,578,061	28,421,292	(538,882)
Deferred inflows of resources:	828,356	1,081,402	(253,046)	1,199,164	(117,762)
Net position:					
Net investment in capital assets	54,447,035	48,782,570	5,664,465	45,255,084	3,527,486
Restricted	794,934	434,373	360,561	314,093	120,280
Unrestricted	<u>4,092,711</u>	<u>7,398,619</u>	<u>(3,305,908)</u>	<u>8,361,275</u>	<u>(962,656)</u>
Total net position	\$ 59,334,680	56,615,562	2,719,118	53,930,452	2,685,110

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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 \$59,334,680 and \$56,615,562 as of June 30, 2025 and 2024, respectively.

By far, the largest portion of the District's net position (92% and 86% as of June 30, 2025 and 2024, 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 2025 and 2024, the District showed a positive balance in its unrestricted net position of \$4,092,711 and \$7,398,619, respectively, which may be utilized in future years. See Note 9 for further information.

Statements of Revenues, Expenses, and Changes in Net Position

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

	As Restated		As Restated		
	2025	2024	Change	2023	Change
Revenue:					
Operating revenue	\$ 14,291,966	12,504,037	1,787,929	11,442,912	1,061,125
Non-operating revenue	<u>3,378,194</u>	<u>2,909,174</u>	<u>469,020</u>	<u>2,215,165</u>	<u>694,009</u>
Total revenue	<u>17,670,160</u>	<u>15,413,211</u>	<u>2,256,949</u>	<u>13,658,077</u>	<u>1,755,134</u>
Expense:					
Operating expense	11,050,142	9,553,363	1,496,779	7,992,167	1,561,196
Depreciation	2,811,258	2,648,383	162,875	2,572,572	75,811
Non-operating expense	<u>1,089,642</u>	<u>585,376</u>	<u>504,266</u>	<u>619,807</u>	<u>(34,431)</u>
Total expense	<u>14,951,042</u>	<u>12,787,122</u>	<u>2,163,920</u>	<u>11,184,546</u>	<u>1,602,576</u>
Net income before capital contributions	2,719,118	2,626,089	93,029	2,473,531	152,558
Capital contributions:	<u>-</u>	<u>59,021</u>	<u>(59,021)</u>	<u>-</u>	<u>59,021</u>
Change in net position	2,719,118	2,685,110	34,008	2,473,531	211,579
Net position, beginning of year, as restated	<u>56,615,562</u>	<u>53,930,452</u>	<u>2,685,110</u>	<u>51,456,921</u>	<u>2,473,531</u>
Net position, end of year	\$ 59,334,680	<u>56,615,562</u>	<u>2,719,118</u>	<u>53,930,452</u>	<u>2,685,110</u>

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 4.80% or \$2,719,118 to \$59,334,680 as a result from ongoing operations. In fiscal year 2024, the District's net position increased 4.98% or \$2,685,110 to \$56,615,562 as a result from ongoing operations

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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 2025, total revenues increased 14.64% or \$2,256,949 to \$17,670,160. Operating revenues increased 14.30% or \$1,787,929 to \$14,291,966, due to an increase in water consumption sales. Non-operating revenues increased 16.12% or \$469,020 to \$3,378,194, primarily due to increases of \$336,630 in transmission and storage fees, \$85,824 in investment returns, \$36,555 in property taxes, and \$7,332 in lease revenue.

In fiscal year 2024, total revenues increased 12.85% or \$1,755,134 to \$15,413,211. 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 \$694,009 to \$2,909,174, 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 2025, total expenses (including depreciation) increased 16.92% or \$2,163,920 to \$14,951,042. Operating expenses increased 15.67% or \$1,496,779 to \$11,050,142, due to increases of \$505,461 in general and administrative expenses which includes increases of \$126,026 in legal expense, \$120,548 in salaries related to cost-of-living adjustments, \$91,956 in computer services related to asset mapping and asset management services, \$99,438 in non-cash pension expense driven by actuarial changes, and \$86,405 in insurance expenses related to cost increases, \$436,356 in source of supply due to an increase in consumption, \$453,766 in pumping expense, which includes increases of \$209,412 in pumping production, \$146,249 in labor cost increases, and \$42,109 in maintenance expenses related to the increase in production, and \$101,196 in transmission and distribution, which includes increases of \$173,028 in operating and maintenance expenses, and \$43,210 in non-cash pension expense driven by actuarial changes offset by a decrease of \$84,612 in salaries expense as compared to the prior year. Non-operating expenses increased 86.14% or \$504,266 to \$1,089,642, due primarily to increases of \$242,968 in amortization of debt issuance costs, \$164,350 in loss on disposition of assets, and \$104,962 in interest related to long-term debt related to new bond debt issued in the current year as compared to the prior year.

In fiscal year 2024, total expenses (including depreciation) increased 14.33% or \$1,602,576 to \$12,787,122. Operating expenses increased 19.53% or \$1,561,196 to \$9,553,363, due to increases of \$691,486 in general and administrative expenses which includes an increase of \$535,832 in non-cash pension expense driven by actuarial changes and \$152,066 in salaries related to cost-of-living adjustments and a newly filled management position, \$447,591 in source of supply due to an increase in consumption, \$316,022 in pumping expense, which includes an increase of \$142,200 in non-cash pension expense driven by actuarial changes and \$129,333 in salaries expenses, and \$106,097 in transmission and distribution, which includes an increase of \$314,249 in non-cash pension expense driven by actuarial changes, offset by a decrease of \$106,673 in operation and maintenance expenses 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 2025, there were no reportable capital contributions. In fiscal year 2024, the District's capital contributions were \$59,021.

Coastside County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

Capital Asset Administration

Changes in capital asset amounts for 2025 were as follows:

	Balance 2024	Additions	Transfers/ Deletions	Balance 2025
Capital assets:				
Non-depreciable assets	\$ 16,577,978	7,643,468	(13,542,683)	10,678,763
Depreciable and amortizable assets	97,086,365	13,583,850	(669,608)	110,000,607
Accumulated depreciation and amortization	<u>(45,473,060)</u>	<u>(2,811,256)</u>	<u>490,258</u>	<u>(47,794,058)</u>
Total capital assets, net	<u>\$ 68,191,283</u>	<u>18,416,062</u>	<u>(13,722,033)</u>	<u>72,885,312</u>

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	<u>(42,824,677)</u>	<u>(2,648,383)</u>	<u>-</u>	<u>(45,473,060)</u>
Total capital assets, net	<u>\$ 65,656,956</u>	<u>3,752,660</u>	<u>(1,218,333)</u>	<u>68,191,283</u>

At the end of fiscal years 2025 and 2024, the District's investment in capital assets amounted to \$72,885,312 and \$68,191,283 (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 4 to the basic financial statements for further detailed information on the District's capital assets.

Coastsde County Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

Debt Administration

Changes in long-term debt amounts for 2025 were as follows:

	Balance 2024	Additions	Transfers/ Deletions	Balance 2025
Long-term debt:				
Lease payable	\$ 83,043	41,167	(44,064)	80,146
Loans payable	19,325,670	-	(967,538)	18,358,132
Bond payable	-	8,242,968	(11,504)	8,231,464
Total long-term debt	<u>\$ 19,408,713</u>	<u>8,284,135</u>	<u>(1,023,106)</u>	<u>26,669,742</u>

In 2025, long-term debt increased by \$8,284,135 due to additions of \$8,242,968 in bond payable related to newly issued debt and \$41,167 in lease payable additions. Long-term debt decreased by \$1,023,106 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.

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	<u>20,271,545</u>	<u>-</u>	<u>(945,875)</u>	<u>19,325,670</u>
Total long-term debt	<u>\$ 20,401,872</u>	<u>-</u>	<u>(993,159)</u>	<u>19,408,713</u>

In 2024, long-term debt decreased by \$993,159 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 of Finance and Administration at 766 Main Street, Half Moon Bay, California 94019 – (650) 726-4405.

Basic Financial Statements

Coastsde County Water District
Statements of Net Position
June 30, 2025 and 2024

	2025	As Restated 2024
Current assets:		
Cash and cash equivalents (note 2)	\$ 18,064,495	11,843,877
Restricted – cash and cash equivalents (note 2)	544,934	184,373
Accrued interest receivable	104,118	126,673
Accounts receivable – water sales and services	2,125,120	1,859,942
Accounts receivable – other	17,242	10,446
Accounts receivable – property taxes	20,627	18,253
Materials and supplies inventory	317,083	416,151
Water-in-storage inventory	34,744	46,920
Prepaid expenses and other deposits	260,982	247,121
Leases receivable (note 3)	<u>183,914</u>	<u>183,551</u>
Total current assets	<u>21,673,259</u>	<u>14,937,307</u>
Non-current assets:		
Leases receivable (note 3)	410,816	447,419
Capital assets – not being depreciated (note 4)	10,678,764	16,577,978
Capital assets, net – being depreciated and amortized (note 4)	<u>62,206,549</u>	<u>51,613,305</u>
Total non-current assets	<u>73,296,129</u>	<u>68,638,702</u>
Total assets	<u>94,969,388</u>	<u>83,576,009</u>
Deferred outflows of resources:		
Deferred other post-employment benefits outflows (note 7)	64,015	39,500
Deferred pension outflows (note 8)	<u>1,590,104</u>	<u>1,963,865</u>
Total deferred outflows of resources	<u>\$ 1,654,119</u>	<u>2,003,365</u>

Continued on next page

See accompanying notes to the basic financial statements.

Coastside County Water District
Statements of Net Position, continued
June 30, 2025 and 2024

	As Restated	
	2025	2024
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,032,562	787,975
Accrued wages and related payables	133,395	117,008
Customer deposits and deferred revenue	166,762	58,504
Accrued interest payable	333,537	189,674
Long-term liabilities – due within one year:		
Compensated absences (note 5)	282,477	283,743
Leases payable (note 6)	49,825	40,938
Loans payable (note 6)	994,342	967,538
Bond payable (note 6)	<u>140,000</u>	-
Total current liabilities	<u>4,132,900</u>	<u>2,445,380</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 5)	282,476	283,742
Leases payable (note 6)	30,321	42,105
Loans payable (note 6)	17,363,790	18,358,132
Bond payable (note 6)	8,091,464	-
Net other post-employment benefit liability (note 7)	1,621,376	1,776,654
Net pension liability (note 8)	<u>4,938,144</u>	<u>4,976,397</u>
Total non-current liabilities	<u>32,327,571</u>	<u>25,437,030</u>
Total liabilities	<u>36,460,471</u>	<u>27,882,410</u>
Deferred inflows of resources:		
Deferred other post-employment benefits inflows (note 7)	207,435	380,439
Deferred pension inflows (note 8)	58,154	94,894
Deferred lease inflows (note 3)	<u>562,767</u>	<u>606,069</u>
Total deferred inflows	<u>828,356</u>	<u>1,081,402</u>
Net position (note 9):		
Net investment in capital assets	54,447,035	48,782,570
Restricted	794,934	434,373
Unrestricted	<u>4,092,711</u>	<u>7,398,619</u>
Total net position	<u>\$ 59,334,680</u>	<u>56,615,562</u>

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, 2025 and 2024

	2025	As Restated 2024
Operating revenues:		
Water consumption sales	\$ 14,291,966	12,504,037
Total operating revenues	<u>14,291,966</u>	<u>12,504,037</u>
Operating expenses:		
Source of supply	2,749,128	2,312,772
Pumping	1,659,664	1,205,898
Transmission and distribution	2,625,998	2,524,802
General and administrative	<u>4,015,352</u>	<u>3,509,891</u>
Total operating expenses	<u>11,050,142</u>	<u>9,553,363</u>
Operating income before depreciation and amortization expense	3,241,824	2,950,674
Depreciation and amortization expense	<u>(2,811,258)</u>	<u>(2,648,383)</u>
Operating income	<u>430,566</u>	<u>302,291</u>
Non-operating revenue(expense):		
Property taxes	1,896,127	1,859,572
Investment returns	705,842	620,018
Transmission and storage fees	520,975	184,345
Lease revenue	215,749	208,417
Lease interest earnings	23,557	21,633
Interest expense	<u>(665,166)</u>	<u>(560,204)</u>
Amortization of debt issuance costs	<u>(242,968)</u>	-
Collection fees – County	<u>(17,158)</u>	<u>(25,172)</u>
Loss on disposition of assets	<u>(164,350)</u>	-
Other revenue	<u>15,944</u>	<u>15,189</u>
Total non-operating, net	<u>2,288,552</u>	<u>2,323,798</u>
Net income before capital contributions	<u>2,719,118</u>	<u>2,626,089</u>
Capital contributions:		
Capital contributions – state	<u>-</u>	<u>59,021</u>
Total capital contributions	<u>-</u>	<u>59,021</u>
Change in net position	<u>2,719,118</u>	<u>2,685,110</u>
Net position, beginning of year, as restated	<u>56,615,562</u>	<u>53,930,452</u>
Net position, end of year, as restated	<u>\$ 59,334,680</u>	<u>56,615,562</u>

See accompanying notes to the basic financial statements.

Coastside County Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2025 and 2024

	As Restated	
	2025	2024
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 14,128,250	12,180,344
Cash paid to employees for salaries and wages	(3,870,734)	(3,486,512)
Cash paid to vendors and suppliers for materials and services	<u>(4,857,690)</u>	<u>(5,538,515)</u>
Net cash provided by operating activities	<u>5,399,826</u>	<u>3,155,317</u>
Cash flows from non-capital financing activities:		
Cash receipts from property taxes	1,893,753	1,862,873
Cash paid for collection fees	<u>(17,158)</u>	<u>(25,172)</u>
Net cash provided by non-capital financing activities	<u>1,876,595</u>	<u>1,837,701</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(7,753,820)	(5,814,989)
Proceeds from capital contributions	-	59,021
Proceeds from sale of capital assets	(164,350)	-
Proceeds from issuance of lease payable	41,167	-
Proceeds from issuance of bonds payable	8,242,968	-
Bond issuance costs paid on long-term debt	(242,968)	-
Principal paid on long-term debt	(1,023,106)	(993,159)
Interest paid on long-term debt	<u>(764,271)</u>	<u>(569,059)</u>
Net cash used in capital and related financing activities	<u>(1,664,380)</u>	<u>(7,318,186)</u>
Cash flows from investing activities:		
Investment returns	739,785	554,045
Principal received on leases receivable	205,796	363,683
Interest received on leases receivable	<u>23,557</u>	<u>21,633</u>
Net cash provided by investing activities	<u>969,138</u>	<u>939,361</u>
Net increase(decrease) in cash and cash equivalents		
	6,581,179	(1,385,807)
Cash and cash equivalents, beginning of year	<u>12,028,250</u>	<u>13,414,057</u>
Cash and cash equivalents, end of year	<u>\$ 18,609,429</u>	<u>12,028,250</u>
Reconciliation of cash and cash equivalents to the statement of financial position:		
Cash and cash equivalents	\$ 18,064,495	11,843,877
Restricted assets – cash and cash equivalents	<u>544,934</u>	<u>184,373</u>
Total cash and cash equivalents	<u>\$ 18,609,429</u>	<u>12,028,250</u>

See accompanying notes to the basic financial statements.

Coastside County Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2025 and 2024

	As Restated	
	2025	2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating income		
Operating income	\$ 430,566	302,291
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,811,258	2,648,383
Other revenues	752,668	407,951
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services	(265,178)	(328,649)
Accounts receivable – other	(6,796)	12,201
Materials and supplies inventory	99,068	(141,985)
Water-in-storage inventory	12,176	(13,832)
Prepaid expenses and other deposits	(13,861)	(18,934)
(Increase)Decrease in deferred outflows of resources		
Deferred other post-employment benefits outflows	(24,515)	3,702
Deferred pension outflows	373,761	(7,173)
Increase(Decrease) in liabilities and deferred inflows:		
Accounts payable and accrued expenses	1,244,587	47,756
Accrued wages and related payables	16,387	9,762
Customer deposits and deferred revenue	108,258	(7,245)
Compensated absences	(2,532)	36,919
Other post-employment benefit obligation	155,278	(27,004)
Net pension liability	(38,253)	348,936
Decrease in deferred inflows of resources		
Deferred other post-employment benefits inflows	(173,004)	(277,705)
Deferred pension inflows	(36,740)	(196,200)
Deferred lease inflows	(43,302)	356,143
Total adjustments	<u>4,969,260</u>	<u>2,853,026</u>
Net cash provided by operating activities	<u>\$ 5,399,826</u>	<u>3,155,317</u>
Non cash investing, capital and related financing activities:		
Change in fair value of funds deposited with LAIF	\$ 11,388	(41,079)
Amortization of debt issuance costs	\$ 242,968	-

See accompanying notes to the basic financial statements.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

Financial Reporting, continued

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

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. See Note 1 – Compensated Absences, and Note 5 for the impact of this note on the financial statements due to implementation in the current fiscal year.

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.

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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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

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.

Prepays

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

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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

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.
- 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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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

Deferred Outflows of Resources, continued

Pensions, continued

- 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.

The District has adopted the provisions of GASB Statement No. 101. 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. The District has determined that the accrued vested sick liability meets the provisions, as reported above, of GASB Statement No. 101 for reporting. Therefore, a liability for the vested and accrued value of sick leave that will be settled in the future by employees as time off is included in the liability for compensated absences.

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 Dates: June 30, 2024 and June 30, 2022
- Measurement Dates: June 30, 2024 and June 30, 2023
- Measurement Periods: July 1, 2023 to June 30, 2024 and July 1, 2022 to June 30, 2023

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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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

Pensions, continued

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, 2023 and June 30, 2022
- Measurement Dates: June 30, 2024 and June 30, 2023
- Measurement Periods: July 1, 2023 to June 30, 2024 and July 1, 2022 to June 30, 2023

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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued
Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

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

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:

	2025	2024
Cash and cash equivalents	\$ 18,064,495	11,843,877
Cash and cash equivalents – restricted	<u>544,934</u>	<u>184,373</u>
Total cash and investments	\$ 18,609,429	12,028,250

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

	2025	2024
Cash on hand	\$ 800	800
Deposits with financial institutions	3,061,407	898,007
Investments	<u>15,547,222</u>	<u>11,129,443</u>
Total cash and cash equivalents	\$ 18,609,429	12,028,250

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

	2025	2024
Deposits in Local Agency Investment Fund	248 days	217 days

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Investments, continued

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, 2025 and 2024, 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, 2025 consisted of the following:

Investment Types	Total	Minimum	Rating as of Year End	
		Legal Rating	AAA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 9,514,598	N/A	\$ -	9,514,598
Money Market Funds	<u>6,032,624</u>	AAA	<u>6,032,624</u>	<u>-</u>
Total	<u><u>\$ 15,547,222</u></u>		<u><u>\$ 6,032,624</u></u>	<u><u>9,514,598</u></u>

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

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

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, 2025 and 2024, respectively.

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis at June 30, 2025 are as follows:

Investment Type	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Money market funds	\$ 6,032,624	6,032,624	-	-
Total investments measured at fair value	6,032,624	6,032,624	-	-
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	9,514,598			
Total	\$ 15,547,222			

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

Investment Type	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(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			

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(3) Leases Receivable

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

	Balance 2024	Additions	Principal Payments	Balance 2025	Current Portion	Long-term Portion	Deferred Inflows
Leases receivable:							
T Mobile SF1842	\$ 300,277	-	(63,388)	236,889	68,675	168,214	\$ (221,326)
T Mobile SF1943	181,781	-	(38,374)	143,407	41,574	101,833	(133,986)
Crown 147386	43,761	-	(37,348)	6,413	6,413	-	(5,486)
Crown 150104b	96,534	-	(35,824)	60,710	35,984	24,726	(57,846)
Verizon	8,617	169,556	(30,862)	147,311	31,268	116,043	(144,123)
Total leases receivable	\$ 630,970	169,556	(205,796)	594,730	183,914	410,816	\$ (562,767)

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)

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, 2025 and 2024, deferred inflows were reported at \$221,326 and \$291,219, respectively.

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2026	\$ 68,675	7,389	76,064	(69,892)
2027	74,274	4,832	79,106	(69,893)
2028	80,201	2,069	82,270	(69,892)
2029	13,739	62	13,801	(11,649)
Total	236,889	14,352	251,241	\$ (221,326)
Current	(68,675)			
Non-current	\$ 168,214			

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, 2025 and 2024, deferred inflows were reported at \$133,986 and \$176,298, respectively.

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
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	143,407	8,688	152,095	\$ (133,986)
Current	<u>(41,574)</u>			
Non-current	<u>\$ 101,833</u>			

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, 2025 and 2024, deferred inflows were reported at \$5,486 and \$38,398, respectively.

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2026	\$ 6,413	23	6,436	(5,486)
Total	6,413	23	6,436	\$ (5,486)
Current	<u>(6,413)</u>			
Non-current	<u>\$ -</u>			

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, 2025 and 2024, deferred inflows were reported at \$57,846 and \$92,554, 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, 2025, are as follows:

Fiscal Year					Deferred
	Principal	Interest	Total		Inflows
2026	\$ 35,984	1,261	37,245		(34,708)
2027	<u>24,726</u>	266	<u>24,992</u>		<u>(23,138)</u>
Total	60,710	1,527	62,237	\$	<u>(57,846)</u>
Current	<u>(35,984)</u>				
Non-current	<u>24,726</u>				

Verizon

On October 1, 2024, 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 September 2029 and is adjusted annually by a CPI rate of 2.00%.

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, 2025 and 2024, deferred inflows were reported at \$144,123 and \$7,600, respectively.

Future payments to be received and deferred inflows as of June 30, 2025, are as follows:

Fiscal Year					Deferred
	Principal	Interest	Total		Inflows
2026	\$ 31,268	5,346	36,614	\$	(33,911)
2027	33,292	4,054	37,346		<u>(33,911)</u>
2028	35,415	2,678	38,093		<u>(33,911)</u>
2029	37,639	1,216	38,855		<u>(33,911)</u>
2030	<u>9,697</u>	65	<u>9,762</u>		<u>(8,479)</u>
Total	147,311	13,359	160,670	\$	<u>(144,123)</u>
Current	<u>(31,268)</u>				
Non-current	<u>116,043</u>				

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(4) Capital Assets

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

	Balance 2024	Additions/ Transfers	Deletions/ Transfers	Balance 2025
Non-depreciable assets:				
Land	\$ 574,372	-	-	574,372
Construction-in-process	<u>16,003,606</u>	<u>7,643,468</u>	<u>(13,542,683)</u>	<u>10,104,391</u>
Total non-depreciable assets	<u>16,577,978</u>	<u>7,643,468</u>	<u>(13,542,683)</u>	<u>10,678,763</u>
Depreciable and amortizable assets:				
Source of supply	401,040	-	-	401,040
Transmission and distribution	22,668,510	155,067	-	22,823,577
Pump station – Crystal Springs	26,553,403	132,056	-	26,685,459
Treatment plants	13,233,146	11,957,506	(175,364)	25,015,288
Well field and tanks	4,528,664	21,700	(352,207)	4,198,157
Pipelines and meters	23,655,489	1,231,659	-	24,887,148
Buildings and structures	1,422,314	-	(659)	1,421,655
Vehicles	1,441,363	44,695	(46,916)	1,439,142
Furniture and equipment	2,897,490	-	(51,997)	2,845,493
Right-to-use – equipment	42,465	41,167	(42,465)	41,167
Right-to-use – software	<u>242,481</u>	<u>-</u>	<u>-</u>	<u>242,481</u>
Total depreciable and amortizable assets	<u>97,086,365</u>	<u>13,583,850</u>	<u>(669,608)</u>	<u>110,000,607</u>
Accumulated depreciation and amortization:				
Depreciable assets	(45,299,250)	(2,767,413)	447,793	(47,618,870)
Amortizable assets	<u>(173,810)</u>	<u>(43,843)</u>	<u>42,465</u>	<u>(175,188)</u>
Total accumulated depreciation and amortization:	<u>(45,473,060)</u>	<u>(2,811,256)</u>	<u>490,258</u>	<u>(47,794,058)</u>
Total depreciable assets, net	<u>51,613,305</u>	<u>10,772,594</u>	<u>(179,350)</u>	<u>62,206,549</u>
Total capital assets, net	<u>\$ 68,191,283</u>	<u>18,416,062</u>	<u>(13,722,033)</u>	<u>72,885,312</u>

Major changes to capital assets in 2025 consisted primarily of additions of \$7,643,468 in construction in progress project additions, \$155,067 in upgrades to transmission and distribution assets, \$132,056 in upgrades to pump station – Crystal Springs, \$11,957,506 in treatment plants, \$21,700 in upgrades to well field and tank assets, \$1,231,659 in upgrades to pipelines and meters, \$44,695 in additions to vehicles, and \$41,167 in right-to-use equipment. Major deletions include \$13,542,683 in transfers from construction in progress to depreciable assets, \$175,364 in treatment plants, \$352,207 in wellfield and tanks, \$46,916 in vehicles, \$51,997 in furniture and equipment, and \$42,465 in right-to-use equipment.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(4) Capital Assets, continued

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	<u>11,977,339</u>	5,244,600	(1,218,333)	<u>16,003,606</u>
Total non-depreciable assets	<u>12,551,711</u>	5,244,600	(1,218,333)	<u>16,577,978</u>
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	<u>242,481</u>	<u>-</u>	<u>-</u>	<u>242,481</u>
Total depreciable and amortizable assets	<u>95,929,922</u>	1,156,443	-	<u>97,086,365</u>
Accumulated depreciation and amortization:				
Depreciable assets	(42,698,346)	(2,600,904)	-	(45,299,250)
Amortizable assets	<u>(126,331)</u>	<u>(47,479)</u>	<u>-</u>	<u>(173,810)</u>
Total accumulated depreciation and amortization:	<u>(42,824,677)</u>	<u>(2,648,383)</u>	<u>-</u>	<u>(45,473,060)</u>
Total depreciable assets, net	<u>53,105,245</u>	<u>(1,491,940)</u>	<u>-</u>	<u>51,613,305</u>
Total capital assets, net	<u>\$ 65,656,956</u>	<u>3,752,660</u>	<u>(1,218,333)</u>	<u>68,191,283</u>

Major changes to capital assets in 2024 consisted primarily of additions of \$5,244,600 in construction in progress project additions, \$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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(5) Compensated Absences

The District recognizes a liability for compensated absences in accordance with GASB Statement No. 101, "Compensated Absences". Compensated absences comprise unpaid vacation leave that accrue when benefits are fully vested and are determined annually. Compensated absences for governmental funds will generally be liquidated through the general fund. The balance in the proprietary fund will be liquidated through the water fund.

As of June 30 2025, the liability for compensated absences was calculated based on employees' pay rates at the fiscal year end and historical usage data, considering employment policies. The liability represents amounts that are more likely than not to be used or paid out. The liability is reported in the Statement of Net Position.

The net change in the compensated absence liability for the fiscal years ended June 30, 2025 and 2024, decreased and increased by \$2,532 and \$36,919, respectively.

Changes to compensated absences for the year ended June 30, 2025 were as follows:

As Restated	Increase /	Balance	Current	Long-term
2024	(Decrease) Net	2025	Portion	Portion
\$ 567,485	(2,532) *	564,953	282,477	282,476

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

As Restated	Increase /	As Restated	Current	Long-term
2023	(Decrease) Net	2024	Portion	Portion
\$ 530,566	36,919 *	567,485	283,743	283,742

*The changes in the compensated absence liabilities are presented as a net change.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Long-term Debt

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

Long-term debt:	Balance	2024	Additions	Payments	Balance	2025	Current Portion	Long-term Portion
Leases payable:								
UB Business Services – Copier	\$ -		41,167	(3,126)	38,041		7,720	30,321
Aclara software	<u>83,043</u>		-	(40,938)	<u>42,105</u>		<u>42,105</u>	-
Total leases payable	<u>83,043</u>		<u>41,167</u>	<u>(44,064)</u>	<u>80,146</u>		<u>49,825</u>	<u>30,321</u>
Loans payable:								
CIEDB Installment Loan – 2011	\$ 4,696,191		-	(204,397)	4,491,794		210,099	4,281,695
CIEDB Installment Loan – 2016	4,725,965		-	(147,193)	4,578,772		152,256	4,426,516
JP Morgan Chase Bank NA	3,448,188		-	(339,384)	3,108,804		349,256	2,759,548
First Foundation Public Finance	<u>6,455,326</u>		-	<u>(276,564)</u>	<u>6,178,762</u>		<u>282,731</u>	<u>5,896,031</u>
Subtotal loans payable	<u>19,325,670</u>		-	<u>(967,538)</u>	<u>18,358,132</u>		<u>994,342</u>	<u>17,363,790</u>
Bond payable:								
Certificates of participation Series 2025	-		7,700,000	-	7,700,000		140,000	7,560,000
Premium Series 2025	<u>-</u>		<u>542,968</u>	<u>(11,504)</u>	<u>531,464</u>		-	<u>531,464</u>
Total bond payable	<u>-</u>		<u>8,242,968</u>	<u>(11,504)</u>	<u>8,231,464</u>		<u>140,000</u>	<u>8,091,464</u>
Long-term debt	<u>\$ 19,408,713</u>		<u>8,284,135</u>	<u>(1,023,106)</u>	<u>26,669,742</u>		<u>1,184,167</u>	<u>25,485,575</u>

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
Leases payable:								
Ray Morgan Company	\$ 7,480		-	(7,480)	-		-	-
Aclara software	<u>122,847</u>		-	<u>(39,804)</u>	<u>83,043</u>		<u>40,938</u>	<u>42,105</u>
Total leases payable	<u>130,327</u>		-	<u>(47,284)</u>	<u>83,043</u>		<u>40,938</u>	<u>42,105</u>
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	<u>6,725,857</u>		-	<u>(270,531)</u>	<u>6,455,326</u>		<u>276,564</u>	<u>6,178,762</u>
Total loans payable	<u>20,271,545</u>		-	<u>(945,875)</u>	<u>19,325,670</u>		<u>967,538</u>	<u>18,358,132</u>
Long-term debt	<u>\$ 20,401,872</u>		-	<u>(993,159)</u>	<u>19,408,713</u>		<u>1,008,476</u>	<u>18,400,237</u>

UB Business Services – Equipment Lease

On December 11, 2024, the District entered into an agreement with U.B. Business Services Company, to lease copier equipment for use in the District's administrative office. Terms of the agreement commenced on February 1, 2025, for a period of 60 months, with rent due monthly at \$759 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 4.02%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Coastsid e County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Long-term Debt, continued

UB Business Services – Equipment Lease, continued

Annual lease payments are as follows:

Year	Principal	Interest	Total
2026	\$ 7,720	1,388	9,108
2027	8,036	1,072	9,108
2028	8,365	743	9,108
2029	8,708	400	9,108
2030	<u>5,212</u>	<u>70</u>	<u>5,282</u>
Total	38,041	<u>3,673</u>	<u>41,714</u>
Current	<u>(7,720)</u>		
Long-term	\$ <u>30,321</u>		

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
2026	\$ 42,105	1,200	43,305
Total	42,105	<u>1,200</u>	<u>43,305</u>
Current	<u>(42,105)</u>		
Long-term	\$ <u>-</u>		

Coastsid County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Long-term Debt, continued

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.

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
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	234,546	88,857	323,403
2031-2035	1,274,617	350,233	1,624,850
2036-2040	1,462,629	176,680	1,639,309
2041-2042	<u>643,775</u>	<u>16,464</u>	<u>660,239</u>
Total	4,491,794	<u>1,044,853</u>	<u>5,536,647</u>
Current	<u>(210,099)</u>		
Long-term	\$ <u>4,281,695</u>		

Coastsid County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Long-term Debt, continued

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
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	174,313	132,455	306,768
2031-2035	965,742	566,477	1,532,219
2036-2040	1,143,677	385,480	1,529,157
2041-2045	1,354,397	171,136	1,525,533
2046	<u>299,465</u>	<u>5,151</u>	<u>304,616</u>
Total	4,578,772	<u>1,847,557</u>	<u>6,426,329</u>
Current	<u>(152,256)</u>		
Long-term	\$ <u>4,426,516</u>		

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
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	393,272	41,206	434,478
2031-2033	<u>1,249,188</u>	<u>54,033</u>	<u>1,303,221</u>
Total	3,108,804	<u>367,533</u>	<u>3,476,337</u>
Current	<u>(349,256)</u>		
Long-term	\$ <u>2,759,548</u>		

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Long-term Debt, continued

First Foundation Public Finance Loan– 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
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	308,807	108,267	417,074
2031-2035	1,650,453	433,731	2,084,184
2036-2040	1,842,871	239,168	2,082,039
2041-2043	<u>1,207,311</u>	<u>40,780</u>	<u>1,248,091</u>
Total	6,178,762	<u>1,321,659</u>	<u>7,500,421</u>
Current	<u>(282,731)</u>		
Long-term	\$ <u>5,896,031</u>		

2025 Certificates of Participation Bonds

On January 16, 2025, the District entered into an installment sale agreement with the CSDA Finance Corporation for the purpose of issuing \$7,700,000 of Water Revenue Certificates of Participation, Series 2025. The proceeds of the bonds will be used to finance acquisition and construction of certain improvements of the District's water system. District is obligated under the terms of the agreement, to make semiannual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semiannual basis by the District to the holders of the Bonds. The bonds were issued at a premium of \$542,968, which will be amortized over the life of the debt service. Interest and principal are payable on March 1st and September 1st of each year beginning on September 1, 2025, with interest rates ranging from 5% to 4%. The bonds are scheduled to mature on September 1, 2044. The rate covenants of the bonds require that net system revenues of the District for each fiscal year be equal to at least 120% of the annual debt service payments required for that fiscal year.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Long-term Debt, continued

2025 Certificates of Participation Bonds, continued

Future remaining debt service payments are as follows:

Year	Principal	Interest	Total
2026	\$ 140,000	390,813	530,813
2027	250,000	349,800	599,800
2028	260,000	337,050	597,050
2029	275,000	323,675	598,675
2030	290,000	309,550	599,550
2031-2035	1,670,000	1,311,500	2,981,500
2036-2040	2,130,000	838,250	2,968,250
2041-2045	<u>2,685,000</u>	<u>279,950</u>	<u>2,964,950</u>
Total	7,700,000	<u>4,140,588</u>	<u>11,840,588</u>
Current	<u>(140,000)</u>		
Long-term	\$ <u>7,560,000</u>		

(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:

	2025	2024
Active plan members	7	8
Retirees and beneficiaries receiving benefit:	9	8
Total Plan membership	<u>16</u>	<u>16</u>

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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:

	2025	2024
Contributions – employer	\$ <u>64,015</u>	<u>39,500</u>

As of June 30, 2025 and 2024, employer OPEB contributions of \$64,015 and \$39,500 will be and were recognized as a reduction of total OPEB liability in the fiscal years ended June 30, 2026 and 2025, respectively.

Total OPEB Liability

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

	2025	2024
Total OPEB liability	\$ <u>1,621,376</u>	<u>1,776,654</u>

The District's total OPEB liability was measured as of June 30, 2024 and 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2024 and 2022, 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, 2025	June 30, 2024
Balance at beginning of year	\$ <u>1,776,654</u>	<u>1,749,650</u>
Changes for the year:		
Service cost	49,936	49,880
Interest	64,654	61,754
Employer contributions	(48,848)	(53,828)
Expected minus actual payments	(11,699)	(6,436)
Experience (gains)/losses	(147,592)	-
Assumption changes	(61,729)	(24,366)
Net changes	(155,278)	27,004
Balance at end of year	\$ <u>1,621,376</u>	<u>1,776,654</u>

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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

For the fiscal years ended June 30, 2025 and 2024, the District recognized OPEB income of \$288,782 and \$207,499, respectively.

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

Description	June 30, 2025		June 30, 2024	
	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	\$ 64,015	-	39,500	-
Net change in assumptions	-	(67,394)	-	(138,379)
Experience (gains)/losses	-	(140,041)	-	(242,060)
Total	\$ 64,015	(207,435)	39,500	(380,439)

As of June 30, 2025, 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	
	2026	\$ (154,510)
2027		(52,925)
2028		-

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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	2025 and 2024 – 2.50 percent
Salary increases	2.75 percent
Discount rate	2025 – 3.93 percent 2024 – 3.65 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, 2024 and 2023, the discount rate used to measure the total OPEB liability was 3.93 percent and 3.65 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 below 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:

At June 30, 2025, the discount rate comparison was the following:

	Discount Rate - 1% (2.93%)	Discount Rate (3.93%)	Discount Rate + 1% (4.93%)
District's total OPEB liability	\$ <u>1,825,690</u>	\$ <u>1,621,376</u>	\$ <u>1,451,191</u>

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

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

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

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, 2025 the healthcare cost trend rate comparison was the following:

	1%	Healthcare Cost Trend	
	Decrease (3.00%)	Rates (4.00%)	1% Increase (5.00%)
	decreasing to 2.00%)	decreasing to 3.00%)	decreasing to 4.00%)
District's total OPEB liability	\$ <u>1,422,966</u>	<u>1,621,376</u>	<u>1,862,360</u>

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

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

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

See page 52 for the Required Supplementary Information.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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	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 2025:	2.0% to 2.5%	1.5% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.96%	6.93%	8.25%
Required employer contribution rates 2024:	14.99%	10.93%	8.18%
Required employee contribution rates	8.00%	7.00%	8.25%
Required employer contribution rates	14.92%	10.87%	8.00%

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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		
	2025	2024
Contributions – employer	\$ 674,296	625,337

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		
	2025	2024
Miscellaneous Plan	\$ 4,938,144	4,976,397

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, 2024 and 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 and 2022, rolled forward to June 30, 2024 and 2023, 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		
	2025	2024
Proportion – beginning of year	0.03989%	0.04006%
Proportion – end of year	0.04072%	0.03989%
Change – Increase (Decrease)	0.00083%	-0.00017%

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2025 and 2024, the District recognized pension expense of \$973,064 and \$770,900, respectively.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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:

Description	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 674,296	-	625,337	-
Net difference between actual and expected experience	410,287	-	214,786	-
Net change in assumptions	126,920	-	300,449	-
Net difference between projected and actual earnings on plan investments	284,282	-	805,726	-
Net difference between actual contribution and proportionate share of contribution	94,319	-	17,567	-
Net adjustment due to differences in proportions of net pension liability	-	(58,154)	-	(94,894)
Total	\$ 1,590,104	(58,154)	1,963,865	(94,894)

As of June 30 2025 and 2024, employer pension contributions of \$674,296 and \$625,337, 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, 2026 and 2025, respectively.

As of June 30, 2025, 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	
2026	\$ 214,124	
2027	734,623	
2028	10,777	
2029	(101,870)	

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, 2023 and 2022
Measurement Date	June 30, 2024 and 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2025 - 6.90% 2024 - 6.90%
Inflation	2025 - 2.30% 2024 - 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 Future
Period upon which actuarial Experience Survey assumptions were based	2025 and 2024 – 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.

Coastsid County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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, 2025, 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	<u><u>100%</u></u>	

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

The table below 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:

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

At June 30, 2025 the discount rate comparison was the following:

	Discount Rate – 1% (5.90%)	Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
District's net pension liability	\$ <u><u>7,478,598</u></u>	<u><u>4,938,144</u></u>	<u><u>2,846,975</u></u>

Coastsid County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(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%)	Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
District's net pension liability	\$ <u>7,336,898</u>	<u>4,976,397</u>	<u>3,033,501</u>

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 53 and 54 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2025 and 2024, 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:

	As Restated	
	2025	2024
Capital assets:		
Capital assets – not being depreciated	\$ 10,678,764	16,577,978
Capital assets, net – being depreciated and amortized	62,206,549	51,613,305
Current:		
Leases payable	(49,825)	(40,938)
Loans payable	(994,342)	(967,538)
Non-current:		
Leases payable	(30,321)	(42,105)
Loans payable	<u>(17,363,790)</u>	<u>(18,358,132)</u>
Total net investment in capital assets	<u>\$ 54,447,035</u>	<u>48,782,570</u>

Coastsid County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(9) Net Position, continued

Restricted Net Position

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

	2025	As Restated 2024
Restricted – cash and cash equivalents	\$ 544,934	184,373
Restricted – rate stabilization	<u>250,000</u>	<u>250,000</u>
Total restricted net position	<u><u>\$ 794,934</u></u>	<u><u>434,373</u></u>

Unrestricted Net Position

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

	2025	As Restated 2024
Non-spendable net position:		
Materials and supplies inventory	\$ 317,083	416,151
Water-in-storage inventory	34,744	46,920
Prepaid expenses and other deposits	<u>260,982</u>	<u>247,121</u>
Total non-spendable net position	<u><u>612,809</u></u>	<u><u>710,192</u></u>
Spendable net position are designated as follows:		
Unrestricted	<u>3,479,902</u>	<u>6,688,427</u>
Total spendable net position	<u><u>3,479,902</u></u>	<u><u>6,688,427</u></u>
Total unrestricted net position	<u><u>\$ 4,092,711</u></u>	<u><u>7,398,619</u></u>

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(10) Adjustments to Net Position

In fiscal year 2025, the District implemented GASB Statement No. 101 – *Compensated Absences* to recognize the provisions of the Statement towards its compensated absences liability. As a result of the implementation, the District recognized adjustments to its compensated absence liability and recorded prior period adjustments, decreases to net position, of \$151,285 at July 1, 2022 and \$183,386 at July 1, 2023.

The adjustments to net position are as follows:

Net position at July 1, 2022, as adjusted	\$ <u>51,456,921</u>
Change in net position at June 30, 2023, as previously stated	2,624,816
Effect of the adjustments to record 2023 compensated absences balances following GASB 101	<u>(151,285)</u>
Net position at July 1, 2023, as restated	\$ <u>53,930,452</u>
Change in net position at June 30, 2024, as previously stated	2,717,211
Effect of the adjustments to reverse 2023 compensated absences balances following GASB 101	151,285
Effect of the adjustments to record 2024 compensated absences balances following GASB 101	<u>(183,386)</u>
Subtotal adjustments	<u>(32,101)</u>
Net position at June 30, 2024, as restated	\$ <u>56,615,562</u>

(11) 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, 2025 and 2024, were \$2,848,376 and \$2,438,466, respectively.

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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(11) Other District Sponsored Retirement Plans, continued

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, 2025 and 2024, were \$566,670 and \$563,851, respectively.

(12) Risk Management

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

At June 30, 2025, the District participates in the ACWA/JPIA pooled programs for liability, property, and workers' compensation programs as follows:

- General auto liability, public officials' and employees' errors and omissions and employment practices liability: The ACWA/JPIA's total risk financing self-insurance limits of \$5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: \$55 million for general, auto, public officials' errors and omission and employment practices liability, which increases the limits on the insurance coverage noted above.

In addition, the District also participates in the following coverages:

- 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 \$150 million per loss, subject to a \$5,000 deductible per loss. Mobile equipment and vehicles, on file, are paid on replacement cost value basis at time of loss and subject to \$1,000 deductible per loss.
- Boiler and machinery 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 up to \$150 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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(12) Risk Management, continued

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2025, 2024 and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2023, respectively.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2025 that have effective dates that may impact future financial presentations.

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.

Coastside County Water District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(14) 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.

(15) Subsequent Events

Events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of January 13, 2026, 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, 2025
Last Ten Years*

Fiscal year	June 30, 2025	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	\$ 49,936	49,880	78,246	75,384	42,880	46,953	45,696	44,473
Interest	64,654	61,754	57,080	56,548	80,847	90,043	91,126	81,573
Employer contributions	(48,848)	(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	(61,729)	(24,366)	(324,342)	14,924	247,093	97,523	(107,249)	-
Experience (gains)/losses	<u>(159,291)</u>	<u>-</u>	<u>(633,700)</u>	<u>-</u>	<u>(66,627)</u>	<u>(234,153)</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	(155,278)	27,004	(893,766)	74,589	250,600	(56,046)	(31,460)	67,360
Total OPEB liability – beginning	<u>1,776,654</u>	<u>1,749,650</u>	<u>2,643,416</u>	<u>2,568,827</u>	<u>2,318,227</u>	<u>2,374,273</u>	<u>2,405,733</u>	<u>2,338,373</u>
Total OPEB liability – ending	<u>\$ 1,621,376</u>	<u>1,776,654</u>	<u>1,749,650</u>	<u>2,643,416</u>	<u>2,568,827</u>	<u>2,318,227</u>	<u>2,374,273</u>	<u>2,405,733</u>
Covered employee payroll	<u>\$ 2,857,360</u>	<u>2,512,060</u>	<u>2,353,833</u>	<u>2,224,572</u>	<u>2,177,776</u>	<u>2,330,675</u>	<u>1,990,577</u>	<u>1,939,509</u>
Total OPEB liability as a percentage of covered payroll	<u>176.23%</u>	<u>141.39%</u>	<u>134.53%</u>	<u>84.16%</u>	<u>84.78%</u>	<u>100.54%</u>	<u>83.84%</u>	<u>80.62%</u>
Valuation Date	<u>June 30, 2024</u>	<u>June 30, 2022</u>	<u>June 30, 2022</u>	<u>June 30, 2020</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2017</u>	<u>June 30, 2017</u>

Methods and Assumptions Used to Determine Contribution Rates:

Single and Agent Employers	Entry age							
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inflation	2.50%	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%	2.75%
Investment Rate of Return	3.93%	3.65%	3.54%	2.16%	2.20%	3.50%	3.80%	3.50%
Mortality, Retirement, Turnover	(2)	(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, 2025
Last Ten Years

Description	Measurement Dates										
	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	
District's proportion of the net pension liability	0.04072%	0.03989%	0.04006%	0.04462%	0.03635%	0.03746%	0.03848%	0.03951%	0.04102%	0.04484%	
District's proportionate share of the net pension liability	\$ 4,938,144	4,976,397	4,627,461	2,413,000	3,955,422	3,838,142	3,708,081	3,917,927	4,976,397	3,077,582	
District's covered payroll	\$ 2,857,360	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	
District's proportionate share of the net pension liability as a percentage of its covered payroll	172.82%	198.10%	196.59%	108.47%	181.63%	164.68%	186.28%	202.01%	263.96%	182.19%	
District's fiduciary net position as a percentage of the district's total pension liability	73.77%	71.49%	71.90%	84.33%	71.75%	72.87%	71.99%	69.62%	69.14%	71.67%	

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.

From fiscal year June 30, 2024 to June 30, 2025:

There were no changes in assumptions.

Coastside County Water District
Schedules of Pension Plan Contributions
As of June 30, 2025
Last Ten Years

	Fiscal Years Ended									
	June 30, 2025	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
Actuarially determined contribution contribution's in relation to the actuarially determined contribution	\$ 660,339	596,014	580,213	570,912	498,892	446,799	591,439	537,586	489,709	451,848
	<u>(660,339)</u>	<u>(596,014)</u>	<u>(580,213)</u>	<u>(570,912)</u>	<u>(498,892)</u>	<u>(446,799)</u>	<u>(591,439)</u>	<u>(537,586)</u>	<u>(489,709)</u>	<u>(451,848)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 2,857,360	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
Contribution's as a percentage of covered payroll	23.11%	23.73%	24.65%	25.66%	22.91%	19.17%	29.71%	27.72%	25.97%	26.75%

Notes To Schedule:

Valuation date	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
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Methods and assumptions used to determine contribution rates:

	Entry Age (1) Market Value									
Inflation	2.30%	2.30%	2.30%	2.50%	2.50%	2.63%	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)	6.90% (3)	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (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 expenses, including inflation.

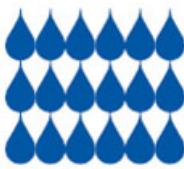
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62.

(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



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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, 2025 and 2024, 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 13, 2026.

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

C.J. Brown & Company, CPAs
Cypress, California
January 13, 2026