MIDWAY HEIGHTS COUNTY WATER DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2025
(With Comparative Amounts as of June 30, 2024)

NIGRO & NIGRO PC

MIDWAY HEIGHTS COUNTY WATER DISTRICT
For the Fiscal Year Ended June 30, 2025
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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Midway Heights County Water District
Meadow Vista, California

Opinion

We have audited the accompanying financial statements of the Midway Heights County Water District (District), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025, and the respective changes in its financial position and cash flows for the year 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1, 6, and 11 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences and Statement No. 102, Certain Risk Disclosures. Our opinion is not modified with respect to these matters

Management's Responsibility 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Jeff Nigro, CPA, CFE | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. Suite 290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
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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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of the District's Contributions to the Pension Plan, and the Schedule of Changes in the District's Total OPEB Liability and Related Ratios 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated March 19, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
March 19, 2026

Management's Discussion and Analysis (MD&A) offers readers of Midway Heights County Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2025, the District's net position decreased 2.59%, or $60,504 from the prior year's net position of $2,334,808 to $2,274,304 as a result of the year's operations.
- In fiscal year 2025, operating revenues decreased 0.51%, or $3,988 from $775,061 to $771,073, from the prior year, primarily due to decreases in water sales.
- In fiscal year 2025, operating expenses before depreciation expense increased by 3.11% or $24,179 from $776,339 to $800,518, from the prior year, primarily due to increases in general and administrative expenses.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, 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 Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). 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 Statement of Revenues, Expenses and Changes in Net Position. This statement measures 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 reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet 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 and liabilities 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 them. You 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.

Condensed Balance Sheets

	June 30, 2025	June 30, 2024	Change
Assets:			
Current assets	$ 820,974	$ 794,590	$ 26,384
Capital assets, net	2,258,023	2,352,017	(93,994)
Total assets	3,078,997	3,146,607	(67,610)
Deferred outflows of resources	83,723	114,083	(30,360)
Total assets and deferred outflows of resources	$ 3,162,720	$ 3,260,690	$ (97,970)
Liabilities:			
Current liabilities	$ 106,285	$ 126,322	$ (20,037)
Non-current liabilities	756,116	766,655	(10,539)
Total liabilities	862,401	892,977	(30,576)
Deferred inflows of resources	26,015	32,905	(6,890)
Net position:			
Net investment in capital assets	1,776,760	1,855,492	(78,732)
Unrestricted	497,544	479,316	18,228
Total net position	2,274,304	2,334,808	(60,504)
Total liabilities, deferred outflows of resources and net position	$ 3,162,720	$ 3,260,690	$ (97,970)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $2,274,304 as of June 30, 2025.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)
By far the largest portion of the District's net position (78% as of June 30, 2025) 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 its customers; consequently, these assets are not available for future spending.

At the end of year 2025, the District showed a positive balance in its unrestricted net position of $497,544 which may be utilized in future years.

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

	June 30, 2025	June 30, 2024	Change
Operating revenues	$ 771,073	$ 775,061	$ (3,988)
Operating expenses	(800,518)	(776,339)	(24,179)
Operating loss before depreciation	(29,445)	(1,278)	(28,167)
Depreciation expense	(99,474)	(109,114)	9,640
Operating loss	(128,919)	(110,392)	(18,527)
Non-operating revenues(expenses), net	68,415	244,003	(175,588)
Change in net position	(60,504)	133,611	(194,115)
Net position:			
Beginning of year	2,334,808	2,201,197	133,611
End of year	$ 2,274,304	$ 2,334,808	$ (60,504)

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position decreased 2.59%, or $60,504 from the prior year's net position of $2,334,808 to $2,274,304 as a result of the year's operations.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	June 30, 2025	June 30, 2024	Increase (Decrease)
Operating revenues:			
Water sales	$ 771,073	$ 775,061	$ (3,988)
Total operating revenues	771,073	775,061	(3,988)
Non-operating revenues:			
Property taxes	61,209	58,975	2,234
Investment earnings	18,740	16,838	1,902
Grant revenue	-	180,673	(180,673)
Total non-operating revenues	79,949	256,486	(176,537)
Total revenues	$ 851,022	$ 1,031,547	$ (180,525)

In fiscal year 2025, operating revenues decreased 0.51%, or $3,988 from $775,061 to $771,073, from the prior year, primarily due to decreases in water sales.

Also, non-operating revenues decreased by 68.83%, or $176,537 from $256,486 to $79,949 due to a decrease in grant revenue.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	June 30, 2025	June 30, 2024	Increase (Decrease)
Operating expenses:			
Source of supply	$ 166,366	$ 165,947	$ 419
Personnel services	410,846	390,592	20,254
Materials and services	49,372	71,244	(21,872)
General and administrative	173,934	148,556	25,378
Total operating expenses	800,518	776,339	24,179
Depreciation expense	99,474	109,114	(9,640)
Non-operating expenses:			
Interest expense	11,534	12,483	(949)
Total non-operating expenses	11,534	12,483	(949)
Total expenses	$ 911,526	$ 897,936	$ 13,590

In fiscal year 2025, operating expenses before depreciation expense increased by 3.11% or $24,179 from $776,339 to $800,518, from the prior year, primarily due to increases in general and administrative expenses.

Capital Assets

Capital assets:	Balance June 30, 2025	Balance June 30, 2024
Non-depreciable assets	$ 38,643	$ 71,399
Depreciable assets	4,594,105	4,579,337
Accumulated depreciation	(2,374,725)	(2,298,719)
Total capital assets, net	$ 2,258,023	$ 2,352,017

At the end of year 2025, the District's investment in capital assets amounted to $2,258,023 (net of accumulated depreciation), respectively. Capital asset additions amounted to $5,480 for various projects and equipment. See Note 4 for further information.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

The long-term debt of the District is summarized below:

Long-term debt:	Balance June 30, 2025	Balance June 30, 2024
SRF Loan payable	$ 481,263	$ 496,525
Right-to-use lease payable	38,236	9,675
Total long-term debt	$ 519,499	$ 506,200

In fiscal year 2025, long-term debt increased by $13,299. See Notes 5 and 7 for further information.

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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District Office, 16733 Placer Hills Rd, Meadow Vista CA, 95722 – (530) 878-8096.

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Balance Sheets

June 30, 2025 (With Comparative Amounts as of June 30, 2024)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2025	2024
Current assets:		
Cash and cash equivalents (Note 2)	$ 610,971	$ 595,298
Accrued interest receivable	1,643	1,454
Accounts receivable, net (Note 3)	151,529	154,165
Property taxes receivable	1,845	1,183
Inventory – materials and supplies	46,173	34,836
Prepaid expenses	8,813	7,654
Total current assets	820,974	794,590
Non-current assets:		
Capital assets – not being depreciated (Note 4)	38,643	71,399
Capital assets – being depreciated, net (Note 4)	2,219,380	2,280,618
Total non-current assets	2,258,023	2,352,017
Total assets	3,078,997	3,146,607
Deferred outflows of resources:		
Deferred amounts related to net OPEB liability(asset) (Note 8)	1,687	2,232
Deferred amounts related to net pension liability (Note 9)	82,036	111,851
Total deferred outflows of resources	83,723	114,083
Total assets and deferred outflows of resources	$ 3,162,720	$ 3,260,690
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	$ 43,576	$ 64,416
Deposits and unearned revenues	3,000	1,421
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	7,382	8,396
Right-to-use lease payable (Note 5)	7,489	8,266
Loan payable (Note 7)	44,838	43,823
Total current liabilities	106,285	126,322
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	22,145	25,187
Right-to-use lease payable (Note 5)	30,747	1,409
Loan payable (Note 7)	398,189	443,027
Net OPEB liability (Note 8)	172,764	162,029
Net pension liability (Note 9)	132,271	135,003
Total non-current liabilities	756,116	766,655
Total liabilities	862,401	892,977
Deferred inflows of resources:		
Deferred amounts related to net OPEB liability(asset) (Note 8)	25,569	17,881
Deferred amounts related to net pension liability (Note 9)	446	15,024
Total deferred inflows of resources	26,015	32,905
Net position:		
Net investment in capital assets (Note 10)	1,776,760	1,855,492
Unrestricted	497,544	479,316
Total net position	2,274,304	2,334,808
Total liabilities, deferred inflows of resources and net position	$ 3,162,720	$ 3,260,690

MIDWAY HEIGHTS COUNTY WATER DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)

	2025	2024
Operating revenues:		
Water sales	$ 771,073	$ 775,061
Total operating revenues	771,073	775,061
Operating expenses:		
Source of supply	166,366	165,947
Personnel services	410,846	390,592
Materials and services	49,372	71,244
General and administrative	173,934	148,556
Total operating expenses	800,518	776,339
Operating loss before depreciation	(29,445)	(1,278)
Depreciation expense	(99,474)	(109,114)
Operating loss	(128,919)	(110,392)
Non-operating revenues(expenses):		
Property taxes	61,209	58,975
Investment earnings	18,740	16,838
Grant revenue	-	180,673
Interest expense	(11,534)	(12,483)
Total non-operating revenues(expenses), net	68,415	244,003
Change in net position	(60,504)	133,611
Net position:		
Beginning of year	2,334,808	2,201,197
End of year	$ 2,274,304	$ 2,334,808

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Statements of Cash Flows

For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)

	2025	2024
Cash flows from operating activities:		
Cash receipts from customers and others	$ 775,288	$ 774,326
Cash paid to employees for salaries and wages	(301,571)	(387,127)
Cash paid to vendors and suppliers for materials and services	(504,866)	(369,480)
Net cash provided by (used in) operating activities	(31,149)	17,719
Cash flows from non-capital financing activities:		
Proceeds from property taxes	60,547	58,975
Proceeds from grants	-	349,779
Net cash provided by non-capital financing activities	60,547	408,754
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,480)	(363,410)
Proceeds from right-to-use lease payable	38,236	-
Principal paid on long-term debt	(53,498)	(69,583)
Interest paid on long-term debt	(11,534)	(12,555)
Net cash used in capital and related financing activities	(32,276)	(445,548)
Cash flows from investing activities:		
Investment earnings	18,551	16,838
Net cash provided by investing activities	18,551	16,838
Net increase(decrease) in cash and cash equivalents	15,673	(2,237)
Cash and cash equivalents:		
Beginning of year	595,298	597,535
End of year	$ 610,971	$ 595,298

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Statements of Cash Flows (continued)

For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)

	2025	2024
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	$ (128,919)	$ (110,392)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	99,474	109,114
Allowance for bad debt	200	-
Change in assets – (increase)decrease:		
Accounts receivable	2,436	(735)
Inventory – materials and supplies	(11,337)	(4,609)
Prepaid expenses	(1,159)	374
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to total OPEB liability	545	(2,232)
Deferred amounts related to net pension liability	29,815	(16,165)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(20,840)	11,035
Deposits and unearned revenues	1,579	(4,732)
Compensated absences	(4,056)	(325)
Total OPEB liability	10,735	(11,330)
Net pension liability	(2,732)	29,835
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to total OPEB liability	7,688	2,857
Deferred amounts related to net pension liability	(14,578)	15,024
Total adjustments	97,770	128,111
Net cash provided by (used in) operating activities	$ (31,149)	$ 17,719

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Midway Heights County Water District was established in November 1954 in Placer County. The District was formed under Division 12 of the California Water Code to provide water to the District's residents. The District encompasses 4.1 square miles and has 804 active customer connections. The District is governed by five Board of Directors elected by the District's residents. The basic operating revenues of the District are charges for delivered water services.

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 (GASB Statement No. 61). 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.

B. Basis of Presentation, Basis of Accounting

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 (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents
For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments
Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Receivables and Allowance for Doubtful Accounts
Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

4. Prepaids
Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Right-To-Use Lease Asset and Right-To-Use Lease Payable

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The District has established a single model for lease accounting based on the principle that leases are financings of a right-to-use underlying asset. As a lessee, the District is required to recognize a lease liability(payable) and an intangible right-to-use leased asset. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The District monitors changes in circumstances that would require remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

6. Inventories

Supply inventories maintained by the District consist primarily of water and irrigation system parts and supplies. Inventories are valued at cost using the first-in, first-out method.

7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over $1,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Transmission and distribution system	50-75 years
Buildings and improvements	20-30 years
Vehicles and field equipment	5-10 years
Office furniture and equipment	3-5 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Compensated Absences

In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the District's policies related to compensated absences. The measurement of compensated absences includes salary-related payment such as the employer portion of social security and Medicare taxes.

10. 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 and addition to/deductions 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.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2023
Measurement Date June 30, 2024
Measurement Period July 1, 2023 to June 30, 2024

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retires) as of the beginning of the measurement period.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

11. Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2023
Measurement Date June 30, 2024
Measurement Period July 1, 2023 to June 30, 2024

12. Net Position
Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted net position –** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

D. Use of Estimates
The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

The Placer County Assessor's Office assesses all real and personal property within the County each year. The Placer County Tax Collector's Office bills and collects the District's share of property taxes. The Placer County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIIIA of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Placer County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1
Levy date July 1
Due dates November 1 and March 1
Collection dates December 10 and November 10

F. Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

G. New Pronouncements– Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2025, the District has implemented new GASB pronouncements as follows:

GASB Statement No. 101 – Compensated Absences

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employees and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 6 for the effect of this Statement.

GASB Statement No. 102 – Certain Risk Disclosures

This GASB Statement requires state and local governments to disclose vulnerabilities due to certain concentrations and constraints that could significantly impact their financial health. A concentration refers to a dependency on a specific source—such as a major revenue stream, customer, supplier, or workforce– while a constraint involves legal, regulatory, contractual, or other external limitations that restrict an entity's ability to respond to those risks. If these factors make the government vulnerable to a near-term severe impact, disclosure is required in the notes to the financial statements. The goal of Statement No. 102 is to improve transparency and provide users with better insight into potential risks that could affect a government's financial condition. The District adopted the Statement as of July 1, 2024. See Note 11 for the effect of this Statement.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description	June 30, 2025
Cash and cash equivalents	$ 610,971
Total cash and investments	$ 610,971

Cash and investments consisted of the following:

Description	June 30, 2025
Cash on hand	$ 200
Demand deposits held with financial institutions	40,298
Deposits with money-market funds	54,361
Deposits with Placer County Treasury Investment Pool (PCTIP)	516,112
Total cash and investments	$ 610,971

Demand Deposits with Financial Institutions

At June 30, 2025, the carrying amount of the District's demand deposits were $40,298 and the financial institution's balances were $41,865. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

NOTE 2 – CASH AND INVESTMENTS (continued)

Money-Market Funds
Money-market funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of $1 per share (which is the funds main goal – preservation of principal). A money-market fund's portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers money market funds a cash equivalent due to their highly liquid nature and NAV of $1 per share. As of June 30, 2025, the District held $54,361, in money market funds.

Placer County Treasury Investment Pool (PCTIP)
The District is a voluntary participant in the Placer County Treasury Investment Pool (PCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Placer County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of $1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or depositing the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. As of March 31, 2025, the District's cash balance in PCTIP was $516,112.

Investments Authorized by the California Government Code and the District's Investment Policy
The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). 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
U.S. Government Sponsored Agency Securities	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	5%
CD Placement Service	5-years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1-year	None	None
Commercial Paper	270 days	25%	10%
Medium- Term Notes	5-years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5-years	None	None
Bank/Time Deposits	5-years	None	None

NOTE 2 – CASH AND INVESTMENTS (continued)

Disclosures Relating to Interest Rate Risk

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

Disclosures Relating to 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.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District's investments were assigned a Level 2 input on the Investment Table.

NOTE 3 – ACCOUNTS RECEIVABLE, NET

The balance at June 30, 2025, consists of the following;

Description	June 30, 2025
Accounts receivable	$ 151,729
Allowance for doubtful accounts	(200)
Total accounts receivable, net	$ 151,529

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

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

Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Non-depreciable assets:				
Land	$ 38,643	$ -	$ -	$ 38,643
Construction-in-process	32,756	-	(32,756)	-
Total non-depreciable assets	71,399	-	(32,756)	38,643
Depreciable assets:				
Transmission and distribution system	4,248,812	-	-	4,248,812
Building and Improvements	65,673	-	-	65,673
General Plant	20,352	-	-	20,352
Equipment	221,032	-	-	221,032
Lease assets – office space	23,468	38,236	(23,468)	38,236
Total depreciable assets	4,579,337	38,236	(23,468)	4,594,105
Accumulated depreciation:				
Transmission and distribution system	(36,587)	(2,208)	-	(38,795)
Building and Improvements	(2,007,886)	(86,735)	-	(2,094,621)
General Plant	(20,352)	-	-	(20,352)
Equipment	(220,856)	(101)	-	(220,957)
Lease assets – office space	(13,038)	(10,430)	23,468	-
Total accumulated depreciation	(2,298,719)	(99,474)	23,468	(2,374,725)
Total depreciable assets, net	2,280,618	(61,238)	-	2,219,380
Total capital assets, net	$ 2,352,017	$ (61,238)	$ (32,756)	$ 2,258,023

NOTE 5 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE

Changes in right-to-use lease payable for fiscal year ending June 30, 2025 were as follows:

Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
$ 9,675	$ 38,236	$ (9,675)	$ 38,236	$ 7,489	$ 30,747

NOTE 5 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE (continued)

Annual debt service requirements for the right-to-use lease payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 7,489	$ 581	$ 8,070
2027	9,153	531	9,684
2028	9,801	343	10,144
2029	10,092	144	10,236
2030	1,701	5	1,706
Total	38,236	$ 1,604	$ 39,840
Current	(7,489)		
Long-term	$ 30,747		

The District is reporting a total right-to-use leased asset, net of $38,236 and a right-to-use lease payable of $38,236 for the year ending June 30, 2025. Also, the District is reporting total amortization expense of $10,430, principal payments of $9,675 and interest expense of $183 related to the above noted leases.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease payments to the net present value. In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease.

The District's lease is summarized as follows:

Office Space
On June 30, 2025, the district entered into a 60-month lease agreement for the use of office space for admin use. An initial right-to-use liability was recorded on June 30, 2025, in the amount of $38,236. As of June 30, 2025, the value of the lease receivable was $38,236. The District is required to make monthly fixed payments based on an agreed upon payment schedule. The lease has an implied interest rate of 2%. The District is amortizing the right-to-use asset of $38,236 at $797 per month.

NOTE 6 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2025, were as follows:

Balance July 1, 2024	Net Change	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
$ 33,583	$ (4,056)	$ 29,527	$ 7,382	$ 22,145

As of June 30, 2025, the total liability for compensated absences was $29,527, of which $7,382 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an immaterial difference upon implementation of GASB Statement No. 101; therefore, no restatement was required.

NOTE 7 – LOAN PAYABLE

Changes in loans payable amounts for the year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Current Portion	Long-term Portion
State revolving fund loan	$ 486,850	$ -	$ (43,823)	$ 443,027	$ 44,838	$ 398,189

2012 State Revolving Fund Loan

In fiscal year 2012, the District and the State of California, Department of Public Health, entered into a contract for a construction loan in the amount of $559,000 under the Safe Drinking Water State Revolving Fund Law of 1977. The purpose of the loan was to assist the District in financing construction of the treated water tank and improvements at the existing tank site, which will enable the District to meet the State of California's safe drinking water standards. The loan proceeds were disbursed to the District based upon project expenditures submitted. The final construction costs totaled and submitted were $892,400, which was $333,400 more than the original contracted amount. The loan is scheduled to mature in fiscal year 2034. Principal and interest installments are payable each fiscal year at a rate of 2.304% on July 1st and January 1st. Annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 44,838	$ 9,948	$ 54,786
2027	45,876	8,910	54,786
2028	46,939	7,847	54,786
2029	48,027	6,759	54,786
2030	49,139	5,647	54,786
2031-2035	208,208	11,935	220,143
Total	443,027	$ 51,046	$ 494,073
Current	(44,838)		
Long-term	$ 398,189		

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary
The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025
OPEB related deferred outflows	$ 1,687
Total other post-employment benefits liability	172,764
OPEB related deferred inflows	25,569

A. General Information about the OPEB Plan

Plan Description
The District administers a single employer defined benefit healthcare plan. The District currently provides retiree medical benefits to eligible employees.

The District currently has one eligible employee, with benefits provided under special contract. The contract describes eligibility to be 25 years of service with the District. Upon retirement or voluntary termination, the District will provide the employee, and any eligible spouse, with District-paid medical benefits through CalPERS. Benefits will continue until the employee reaches Medicare eligibility, currently age 65. The District will pay the CalPERS medical premium, related to the plan the employee is currently enrolled in.

Funding Policy
The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. The District's required contribution is based on projected pay-as-you-go financing requirements. Currently, contributions are not required from plan members. The District does not have an OPEB trust established and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Contributions
Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For the fiscal year ended June 30, 2024, the measurement period, the District had not made any contributions.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Accounting for the Plan
The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when they are due and payable in accordance with the terms of each plan.

B. Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions
The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	3.97%
Inflation	2.30%
Payroll increases	2.80%
Healthcare Trend Rates	5.50% for 2024 - 2034
	4.50% for 2035 - 2074
	4.00% for 2075 and on
Morbidity	CalPERS 2021 Study
Mortality	CalPERS 2021 Study
Disability	Not valued
Retirement	2021 CalPERS Public Agency Miscellaneous experience study;

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Total OPEB Liability (continued)

Discount Rate
The discount rate used to measure the total OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the total OPEB Liability
The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balance at July 1, 2024 (Measurement date July 1, 2023)	$ 162,029	$ -	$ 162,029
Changes for the year:			
Service cost	5,194	-	5,194
Interest	6,455	-	6,455
Changes in assumption	(914)	-	(914)
Net changes	10,735	-	10,735
Balance at June 30, 2025 (Measurement date June 30, 2024)	$ 172,764	$ -	$ 172,764

Changes of Assumptions
In fiscal year 2023-24, the measurement period, there was an increase in the discount rate from 3.86% to 3.97%.

Change of Benefit Terms
In fiscal year 2023-24, the measurement period, there were no changes to the actuarial assumptions.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
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 a discount rate that is 1-percentage point lower (2.97%) or 1 percentage point higher (4.97%) than the current discount rate:

1% Decrease 2.97%	Discount Rate 3.97%	1% Increase 4.97%
$ 181,146	$ 172,764	$ 164,552

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the total OPEB Liability (continued)

Sensitivity of the Total OPEB Liability to Changes in Medical 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 medical trend rates that are 1-percentage point lower:

1% Decrease 4.50%	Healthcare Cost Trend Rate 5.50%	1% Increase 6.50%
$ 160,896	$ 172,764	$ 185,459

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
For the year ended June 30, 2025, the District recognized OPEB expense/(credit) of $18,968. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 1,687	$ (9,821)
Differences between expected and actual experience	-	(15,748)
Total Deferred Outflows/(Inflows) of Resources	$ 1,687	$ (25,569)

The differences between projected and actual earnings on plan investments are amortized over four years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2026	$ (7,705)
2027	(7,705)
2028	(7,705)
2029	(767)
Total	$ (23,882)

NOTE 9 – PENSION PLAN

Summary
The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025
Pension related deferred outflows	$ 82,036
Net pension liability	132,271
Pension related deferred inflows	446

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

A. General Information about the Pension Plan

The Plan
The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	7.000%	8.250%
Required employer contribution rates – FY 2025	11.380%	8.630%

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

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan

At June 30, 2024 measurement date, the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	Classic Tier 1	PEPRA Tier 2	Total
Active members	2	1	3
Transferred and terminated members	2	1	3
Retired members and beneficiaries	-	-	-
Total plan members	4	2	6

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided
CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five 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.

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

Contributions for the year ended June 30, 2025, were as follows:

	Miscellaneous Plans		
Contribution Type	Classic Tier 1	PEPRA Tier 2	Total
Contributions – employer	$ 28,808	$ 9,876	$ 38,684

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2025:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2025	**Fiscal Year Ending June 30, 2024**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2024	June 30, 2023	
Percentage of Risk Pool Net Pension Liability	0.002735%	0.002728%	0.000007%

The District's proportionate share percentage of the net pension liability for the June 30, 2024, measurement date was as follows:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2023 (Measurement Date)	$ 770,178	$ 635,175	$ 135,003
Balance as of June 30, 2024 (Measurement Date)	$ 869,212	$ 736,941	$ 132,271
Change in Plan Net Pension Liability	$ 99,034	$ 101,766	$ (2,732)

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)
For the year ended June 30, 2025, the District recognized pension expense of $49,873. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 38,684	$ -
Difference between actual and proportionate share of employer contributions	9,031	-
Adjustment due to differences in proportions	11,871	-
Differences between expected and actual experience	11,436	(446)
Differences between projected and actual earnings on pension plan investments	7,614	-
Changes in assumptions	3,400	-
Total Deferred Outflows/(Inflows) of Resources	$ 82,036	$ (446)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of $38,684 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2026	$ 19,268
2027	23,356
2028	2,891
2029	(2,609)
Total	$ 42,906

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023, total pension liability. The June 30, 2024, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return (continued)

The table below reflects long-term expected real rate of return by asset class.

Investment Type[1]	New Strategic Allocation	Real Return[1,2]
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

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

Discount Rate
The discount rate used to measure the total pension liability 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.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plan Type	**Discount Rate - 1% 5.90%**	**Current Discount Rate 6.90%**	**Discount Rate + 1% 7.90%**
CalPERS – Miscellaneous Plan	$ 249,562	$ 132,271	$ 35,722

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans
At June 30, 2024, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2025.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30, 2025:

Description	June 30, 2025
Net investment in capital assets:	
Capital assets – not being depreciated	$ 38,643
Capital assets, net – being depreciated	2,219,380
Right-to-use lease payable – current portion	(7,489)
SRF Loan – current portion	(44,838)
Right-to-use lease payable – non-current portion	(30,747)
SRF Loan – non-current portion	(398,189)
Total net investment in capital assets	$ 1,776,760

NOTE 11 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT NO. 102)

The District is subject to systematic risk due to receiving over 91% of its revenues from water sales. This dependence exposes the District to potential service interruptions or financial impacts in the event of drought conditions, regulatory restrictions, or contamination of the water source. Although the District has contingency plans and infrastructure in place to supplement supply in emergencies, such alternatives may not fully meet demand or could result in significant additional costs.

The District continues to evaluate and implement diversification strategies, including the development of additional groundwater sources, recycled water programs, and rate structure adjustments to mitigate these concentration risks.

In accordance with GASB Statement No. 102, Certain Risk Disclosures, this note serves to disclose the concentration of revenue and associated risks that could significantly impact the District's financial position and results of operations.

NOTE 12 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA	
B. Purpose	To pool member contributions and realize the advantages of self-insurance	
C. Participants	As of September 30, 2024 – 401 member districts	
D. Governing board	Nine representatives employed by members	
E. Condensed financial information	September 30, 2024	
Audit dated	March 27, 2025	
Statement of financial position:		**Sept 30, 2024**
Total assets		$ 308,144,466
Deferred outflows		3,099,110
Total liabilities		177,706,110
Deferred inflows		4,357,741
Net position		$ 129,179,725
Statement of revenues, expenses and changes in net position:		
Total revenues		$ 261,895,930
Total expenses		(253,429,117)
Change in net position		8,466,813
Beginning – net position		120,712,912
Ending – net position		$ 129,179,725
F. Member agencies share of year-end financial position		Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to $100,000 per occurrence and has purchased excess insurance coverage up to $500,000,000 (total insurable value of $48,405,017). The District has a $2,500 deductible for buildings, personal property and fixed equipment, a $25,000/$50,000 deductible for accidental mechanical breakdown, a $1,000 deductible for mobile equipment, and a $500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to $5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of $60,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to $5,000,000 per occurrence and has purchased excess insurance coverage in layers up to $60,000,000. This program does not have a deductible. Public Officials' Liability - The Insurance Authority has pooled self-insurance up to $5,000,000 per occurrence and has purchased excess insurance coverage in layers up to $60,000,000.

Cyber Liability - The Insurance Authority has purchased insurance coverage of $3,000,000 per occurrence/$5,000,000 aggregate. This program does not have a deductible.

NOTE 12 – RISK MANAGEMENT POOL (continued)

Crime - The Insurance Authority has pooled self-insurance up to $100,000 per occurrence. The District has a $1,000 deductible.

Public Official Bond - The District has purchased a $200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to $2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to $2,000,000 and has purchased excess insurance coverage of $2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to $500,000 per occurrence and has purchased excess coverage of $3,000,000. The District has a $10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

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.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases
The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months or less), including any options to extend, regardless of their probability of being exercised. Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

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.

NOTE 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 19, 2026, the date on which the financial statements were available to be issued.

Required Supplementary Information

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2015	0.00202%	$ 55,370	$ 141,656	31.84%	69.64%
June 30, 2016	0.00187%	64,884	173,896	33.50%	73.68%
June 30, 2017	0.00196%	77,269	193,677	36.57%	72.63%
June 30, 2018	0.00191%	71,928	211,308	35.54%	77.11%
June 30, 2019	0.00198%	79,283	202,405	38.14%	77.26%
June 30, 2020	0.00215%	90,822	207,848	39.61%	80.01%
June 30, 2021	0.00114%	21,736	229,283	9.34%	83.32%
June 30, 2022	0.00225%	105,169	232,742	43.93%	82.32%
June 30, 2023	0.00270%	135,003	239,412	67.45%	84.78%
June 30, 2024	0.00274%	132,271	196,110	67.45%	84.78%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and 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, 2022:
There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%.

From fiscal year June 30, 2023 to June 30, 2025:
There were no significant changes in assumptions.

MIDWAY HEIGHTS COUNTY WATER DISTRICT

Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2025

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	$ 18,357	$ (18,357)	$ -	173,896	10.56%
June 30, 2017	20,507	(20,507)	-	193,677	10.59%
June 30, 2018	21,698	(21,698)	-	211,308	10.27%
June 30, 2019	24,274	(24,274)	-	202,405	11.99%
June 30, 2020	27,691	(27,691)	-	207,848	13.32%
June 30, 2021	31,057	(31,057)	-	229,283	13.55%
June 30, 2022	31,516	(31,516)	-	232,742	13.54%
June 30, 2023	32,562	(32,562)	-	239,412	13.60%
June 30, 2024	35,951	(35,951)	-	196,110	18.33%
June 30, 2025	38,684	(38,684)	-	249,928	15.48%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2%@55 and 2%@60), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

MIDWAY HEIGHTS COUNTY WATER DISTRICT
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**
Measurement Date	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**
Total OPEB liability:				
Service cost	$ 5,194	$ 5,212	$ 8,160	$ 7,922
Interest	6,455	6,589	3,604	3,383
Changes of assumptions	(914)	2,777	(17,971)	-
Differences between expected and actual experience	-	(25,908)	-	-
Net change in total OPEB liability	10,735	(11,330)	(6,207)	11,305
Total OPEB liability - beginning	162,029	173,359	179,566	168,261
Total OPEB liability - ending	172,764	162,029	173,359	179,566
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-
District's net OPEB liability	$ 172,764	$ 162,029	$ 173,359	$ 179,566
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 119,299	$ 109,438	$ 106,248	$ 103,616
District's net OPEB liability as a percentage of covered-employee payroll	144.82%	148.06%	163.16%	173.30%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits
Measurement Date June 30, 2023 – There were no changes in benefits
Measurement Date June 30, 2024 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2021 – There were no changes in assumptions
Measurement Date June 30, 2022 – The discount rate was reduced to 1.92% from 3.69%
Measurement Date June 30, 2023 – The discount rate was reduced to 3.69% from 3.86%
Measurement Date June 30, 2024 – The discount rate was reduced to 3.86% from 3.97%

* Fiscal year 2022 was the first year of implementation; therefore, only four years are shown.

Other Independent Auditors' Reports

NIGRO & NIGRO PC

A Professional Accountancy Corporation

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

Board of Directors
Midway Heights County Water District
Meadow Vista, 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 Midway Heights County Water District (District), which comprise the balance sheet as of June 30, 2024, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 19, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Jeff Nigro, CPA, CFE | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. Suite 290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
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Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Nigro & Nigro, PC

Murrieta, California
March 19, 2026