

NORTH COAST COUNTY WATER DISTRICT

ANNUAL COMPREHENSIVE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 AND JUNE 30, 2024

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**North Coast County Water District
Annual Comprehensive Financial Report**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Coast County Water District
Pacifica, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the North Coast County Water District (the "District"), as of and for the fiscal year ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the North Coast County Water District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension contributions - CalPERS, schedule of proportionate share of net pension liability, and schedule of changes in the total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for



consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual financial report. The other information includes the Schedule of Capacity Charges, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A LLP

January 9, 2026
Morgan Hill, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

North Coast County Water District
Management's Discussion and Analysis
June 30, 2025 and June 30, 2024

INTRODUCTION

Management's Discussion and Analysis (MD&A) offers readers of North Coast County Water District (the District)'s financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2025 and 2024. 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 increased 3.26%, or \$1,576,654 from the prior year's net position of \$48,319,495 to \$49,896,149, as a result of the year's operations.

In fiscal year 2025, operating revenues increased by 12.89%, or \$1,773,867 from \$13,761,695 to \$15,535,562, from the prior year, primarily due to increases in residential and multi-unit water consumption sales as well as other operating revenues.

In fiscal year 2025, operating expenses before depreciation expense increased by 10.42% or \$1,405,102 from \$13,486,590 to \$14,891,692, from the prior year, primarily due to increases in costs for source of supply and general and transmission and distribution 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.

North Coast County Water District
Management’s Discussion and Analysis
June 30, 2025 and June 30, 2024

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

Table 1 - Condensed Balance Sheets					
	2025	2024	Dollar Change	Percentage Change	2023
Assets					
Current Assets	\$ 20,193,276	\$ 23,934,457	\$ (3,741,181)	-15.63%	\$ 21,540,766
Noncurrent Assets	5,128,836	18,632,404	(13,503,568)	-72.47%	22,682,924
Capital assets, net	61,792,951	43,808,325	17,984,626	41.05%	38,609,161
Total Assets	<u>\$ 87,115,063</u>	<u>\$ 86,375,186</u>	<u>\$ 739,877</u>	<u>0.86%</u>	<u>\$ 82,832,851</u>
Deferred Outflows of Resources	<u>\$ 2,072,705</u>	<u>\$ 2,243,372</u>	<u>\$ (170,667)</u>	<u>-7.61%</u>	<u>\$ 1,432,052</u>
Liabilities					
Current Liabilities	\$ 4,916,976	\$ 4,719,334	\$ 197,642	4.19%	\$ 2,391,896
Noncurrent Liabilities	33,878,159	34,887,074	(1,008,915)	-2.89%	33,651,968
Total Liabilities	<u>\$ 38,795,135</u>	<u>\$ 39,606,408</u>	<u>\$ (811,273)</u>	<u>-2.05%</u>	<u>\$ 36,043,864</u>
Deferred Inflows of Resources	<u>\$ 496,484</u>	<u>\$ 692,655</u>	<u>\$ (196,171)</u>	<u>-28.32%</u>	<u>\$ 4,189,963</u>
Net Position					
Net Investment in Capital Assets	\$ 42,733,726	\$ 37,302,136	\$ 5,431,590	14.56%	\$ 33,800,151
Unrestricted	7,162,423	11,017,359	(3,854,936)	-34.99%	10,230,925
Total Net Position	<u>\$ 49,896,149</u>	<u>\$ 48,319,495</u>	<u>\$ 1,576,654</u>	<u>3.26%</u>	<u>\$ 44,031,076</u>

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 \$49,896,149 as of June 30, 2025.

North Coast County Water District
Management's Discussion and Analysis
June 30, 2025 and June 30, 2024

By far the largest portion of the District's net position (77% 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 the fiscal year 2025, the District showed a positive balance in its unrestricted net position of \$7,162,423 which may be utilized in future years.

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

Table 2 - Condensed Statement of Revenues, Expenses and Changes in Net Position					
	2025	2024	Dollar Change	Percent Change	2023
Operating revenues	\$ 15,535,562	\$ 13,761,695	\$ 1,773,867	12.89%	\$ 13,202,308
Operating expenses	(14,891,692)	(13,486,590)	1,405,102	10.42%	(11,544,324)
Operating income before depreciation	643,870	275,105	368,765	134.05%	1,657,984
Depreciation expense	(1,321,512)	(1,284,111)	37,401	2.91%	(1,328,383)
Operating income (loss)	(677,642)	(1,009,006)	331,364	32.84%	329,601
Non-operating revenues (expenses), net	2,163,808	2,962,917	(799,109)	-26.97%	1,875,453
Capital contributions	90,488	24,798	65,690	264.90%	104,656
Change in net position	1,576,654	1,978,709	(402,055)	-20.32%	2,309,710
Beginning of the year	48,319,495	46,340,786	1,978,709	4.27%	41,579,472
End of the year	\$ 49,896,149	\$ 48,319,495	\$ 1,576,654	3.26%	\$ 43,889,182

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, net position increased 3.26%, or \$1,576,654 from the prior year's net position of \$48,319,495 to \$49,896,149, as a result of the year's operations.

Total Revenues

Table 3 - Total Revenues					
	2025	2024	Dollar Change	Percent Change	2023
Operating revenues:					
Water consumption sales	\$ 10,420,957	\$ 9,273,152	\$ 1,147,805	12.38%	\$ 8,811,077
Water service charges	4,584,362	4,320,368	263,994	6.11%	4,202,724
New service connections	7,526	28,257	(20,731)	-73.37%	28,420
Grant revenue	381,849	-	381,849	100.00%	-
Other operating revenues	140,868	139,918	950	0.68%	160,087
Total operating revenues	15,535,562	13,761,695	1,773,867	12.89%	13,202,308
Non-operating revenues:					
Property taxes	1,402,753	1,387,681	15,072	1.09%	1,304,727
Investment earnings	1,223,403	2,090,943	(867,540)	-41.49%	1,067,718
Rental revenue - cellular antennas	252,642	238,398	14,244	5.97%	244,779
Other non-operating revenues	14,137	5,908	8,229	139.29%	25,188
Total non-operating revenues	2,892,935	3,722,930	(829,995)	-22.29%	2,642,412
Total revenues	\$ 18,428,497	\$ 17,484,625	\$ 943,872	5.40%	\$ 15,844,720

North Coast County Water District
Management's Discussion and Analysis
June 30, 2025 and June 30, 2024

In fiscal year 2025, operating revenues increased by 12.89%, or \$1,773,867 from \$13,761,695 to \$15,535,562 from the prior year, primarily due to increases in residential and multi-unit water consumption sales as well as other operating revenues.

Total Expenses

Table 4 - Total expenses					
	2025	2024	Dollar Change	Percent Change	2023
Operating expenses:					
Source of supply	\$ 7,391,326	\$ 6,953,136	\$ 438,190	6.30%	\$ 5,333,113
Pumping and power	388,547	349,934	38,613	11.03%	325,750
Transmission and distribution	2,699,877	2,444,421	255,456	10.45%	2,433,162
General and administrative	4,411,942	3,739,099	672,843	17.99%	3,452,299
Total operating expenses	<u>14,891,692</u>	<u>13,486,590</u>	<u>1,405,102</u>	<u>10.42%</u>	<u>11,544,324</u>
Depreciation expense	<u>1,321,512</u>	<u>1,284,111</u>	<u>37,401</u>	<u>2.91%</u>	<u>1,328,383</u>
Non-operating expenses:					
Interest expense	<u>729,127</u>	<u>760,013</u>	<u>(30,886)</u>	<u>-4.06%</u>	<u>766,959</u>
Total non-operating expenses	<u>729,127</u>	<u>760,013</u>	<u>(30,886)</u>	<u>-4.06%</u>	<u>766,959</u>
Total expenses	<u>\$ 16,942,331</u>	<u>\$ 15,530,714</u>	<u>\$ 1,411,617</u>	<u>9.09%</u>	<u>\$ 13,639,666</u>

In fiscal year 2025, operating expenses before depreciation expense increased by 10.42% or \$1,405,102 from \$13,486,590 to \$14,891,692, from the prior year, primarily due to increases in costs for source of supply and general and administrative expenses.

Capital Assets

Table 5 - Capital Assets					
	2025	2024	Dollar Change	Percentage Change	2023
Capital assets:					
Non-depreciable assets	\$ 28,308,092	\$ 9,757,984	\$ 18,550,108	190.10%	\$ 5,445,755
Depreciable assets	60,575,746	60,233,120	342,626	0.57%	59,720,896
Accumulated depreciation	<u>(27,090,887)</u>	<u>(26,182,779)</u>	<u>(908,108)</u>	<u>-3.47%</u>	<u>(24,936,210)</u>
Total Assets	<u>\$ 61,792,951</u>	<u>\$ 43,808,325</u>	<u>\$ 17,984,626</u>	<u>41.05%</u>	<u>\$ 40,230,441</u>

At the end of the fiscal year 2025, the District's investment in capital assets amounted to \$61,792,951 (net of accumulated depreciation). Capital asset additions amounted to \$19,292,001 for various projects and equipment. See Note 6 for further information.

North Coast County Water District
Management’s Discussion and Analysis
June 30, 2025 and June 30, 2024

Debt Administration

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

Table 6 - Long-term Debt					
	2025	2024	Dollar Change	Percentage Change	2023
Long-term debt:					
Bonds payable	\$ 24,188,061	\$ 25,138,593	\$ (950,532)	-3.78%	\$ 26,069,125

Long-term debt decreased by a total of \$950,532 for the fiscal year ended June 30, 2025. Principal payments were \$830,000 and amortization of the debt premiums amounted to \$120,532. See Note 8 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.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any item that would affect the District’s current financial position.

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’s General Manager at 2400 Francisco Blvd, Pacifica, CA 94044 – (650) 355-3462 or send an e-mail to info@nccwd.com.

BASIC FINANCIAL STATEMENTS

North Coast County Water District
Statements of Net Position
As of June 30, 2025 and June 30, 2024

	2025	2024
Assets		
Current Assets:		
Cash and investments	\$ 18,353,356	\$ 22,365,156
Accounts receivable, net	1,413,992	829,110
Due from other governments	30,228	-
Accrued interest receivable	152,083	237,087
Lease receivable	-	252,450
Property taxes receivable	22,540	19,195
Prepaid expenses	221,077	231,459
Total Current Assets	20,193,276	23,934,457
Noncurrent Assets:		
Restricted cash and investments	5,128,836	18,632,404
Capital assets:		
Non-depreciable	28,308,092	9,757,984
Depreciable, net of accumulated depreciation	33,484,859	34,050,341
Total Capital Assets - Net	61,792,951	43,808,325
Total Noncurrent Assets - Net	66,921,787	62,440,729
Total Assets	\$ 87,115,063	\$ 86,375,186
 Deferred Outflows of Resources		
OPEB adjustments	\$ 237,741	\$ 65,996
Pension adjustments	1,834,964	2,177,376
Total Deferred Outflows of Resources	\$ 2,072,705	\$ 2,243,372

Continued

The notes to basic financial statements are an integral part of this statement.

North Coast County Water District
Statements of Net Position
As of June 30, 2025 and June 30, 2024

	2025	2024
Liabilities		
Current Liabilities:		
Accounts payable	\$ 2,113,932	\$ 1,675,505
Accrued expenses	1,044,016	1,037,650
Unearned revenue	111,218	456,477
Deposits payable	308,676	293,271
Accrued interest payable	275,698	266,239
Current portion of compensated absences	203,436	160,192
Current portion of long-term debt	860,000	830,000
Total Current Liabilities	4,916,976	4,719,334
Noncurrent Liabilities:		
Compensated absences, net of current portion	610,309	480,576
Long-term debt, net of current portion	23,328,061	24,308,593
Net OPEB liability	4,300,022	4,403,390
Net pension liability	5,639,767	5,694,515
Total Noncurrent Liabilities	33,878,159	34,887,074
Total Liabilities	\$ 38,795,135	\$ 39,606,408
 Deferred Inflows of Resources		
Leases	\$ -	\$ 224,708
OPEB adjustments	290,956	120,127
Pension adjustments	205,528	347,820
Total Deferred Inflows of Resources	\$ 496,484	\$ 692,655
 Net Position		
Net Investment in Capital Assets	\$ 42,733,726	\$ 37,302,136
Unrestricted	7,162,423	11,017,359
Total Net Position	\$ 49,896,149	\$ 48,319,495

Concluded

The notes to basic financial statements are an integral part of this statement.

North Coast County Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and June 30, 2024

	2025	2024
Operating Revenues:		
Water consumption sales	\$ 10,420,957	\$ 9,273,152
Water service charges	4,584,362	4,320,368
New service connections	7,526	28,257
Grant revenue	381,849	-
Other operating revenues	140,868	139,918
Total operating revenues	15,535,562	13,761,695
Operating Expenses:		
Source of supply	7,391,326	6,953,136
Pumping and power	388,547	349,934
Transmission and distribution	2,699,877	2,444,421
General and administrative	4,411,942	3,739,099
Depreciation expense	1,321,512	1,284,111
Total operating expenses	16,213,204	14,770,701
Operating Income (Loss)	(677,642)	(1,009,006)
Nonoperating Revenues (Expenses):		
Property taxes	1,402,753	1,387,681
Investment earnings	1,223,403	2,090,943
Rental revenue – cellular antennas	252,642	238,398
Gain (loss) on disposal of property, plant and equipment	14,137	5,908
Interest expense	(729,127)	(760,013)
Total nonoperating revenues (expenses)	2,163,808	2,962,917
Net Income (loss) before contributions	1,486,166	1,953,911
Capital contributions		
Capacity charges	90,488	24,798
Change in net position	1,576,654	1,978,709
Beginning net position	48,319,495	46,340,786
Ending net position	\$ 49,896,149	\$ 48,319,495

The notes to basic financial statements are an integral part of this statement.

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

	2025	2024
Cash Flows from Operating Activities:		
Cash received from customers and other	\$ 14,633,163	\$ 14,055,663
Cash paid to vendors and suppliers for materials and services	(11,335,633)	(9,558,631)
Cash paid to employees for salaries and wages	(2,886,819)	(2,651,136)
Net Cash Provided (Used) by Operating Activities	410,711	1,845,896
Cash Flows from Noncapital Financing Activities:		
Proceeds from property taxes	1,399,408	1,384,613
Receipts from cellular antenna rentals	252,642	238,398
Net Cash Provided (Used) by Noncapital Financing Activities	1,652,050	1,623,011
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(19,319,326)	(4,861,995)
Proceeds from capacity charges	90,488	24,798
Cash received on the sale of capital assets	14,137	5,908
Principal paid on long-term debt	(830,000)	(810,000)
Interest paid on long-term debt	(841,835)	(868,855)
Net Cash Provided (Used) by Capital and Related Financing Activities	(20,886,536)	(6,510,144)
Cash Flows from Investing Activities:		
Investment income (loss)	1,308,407	2,005,939
Net Cash Provided (Used) by Investing Activities	1,308,407	2,005,939
Net Increase (Decrease) in Cash and Cash Equivalents	(17,515,368)	(1,035,298)
Cash and Cash Equivalents Beginning	40,997,560	42,032,858
Cash and Cash Equivalents Ending	\$ 23,482,192	\$ 40,997,560

Continued

The notes to basic financial statements are an integral part of this statement.

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

	2025	2024
Reconciliation of Operating Income to Cash Flows Provided (Used)		
by Operating Activities:		
Operating Income (Loss)	\$ (677,642)	\$ (1,009,006)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	1,321,512	1,284,111
Change in assets - (increase) decrease:		
Accounts receivable, net	(584,882)	(65,229)
Lease receivable	252,450	238,704
Prepaid expenses	10,382	(81,191)
Change in deferred outflows of resources - (increase) decrease:		
Deferred amounts related to net OPEB liability	(171,745)	125,376
Deferred amounts related to net pension liability	342,412	116,495
Change in liabilities - increase (decrease):		
Accounts payable	438,427	973,243
Accrued expenses	6,366	410,302
Unearned revenues	(345,259)	345,198
Compensated absences	172,977	83,366
Net OPEB liability (asset)	(103,368)	(123,639)
Net pension obligations (asset)	(54,748)	226,458
Change in deferred inflows of resources - increase (decrease):		
Deferred amounts related to leases	(224,708)	(224,705)
Deferred amounts related to net OPEB liability	170,829	(380,907)
Deferred amounts related to net pension liability	(142,292)	(72,680)
Net Cash Provided (Used) by Operating Activities	\$ 410,711	\$ 1,845,896
 Noncash investing, capital and financing transactions		
Amortization of bond premium	\$ 120,532	\$ 120,532

Concluded

The notes to basic financial statements are an integral part of this statement

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

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The District is organized under the Water Code provisions of the general laws of the State of California and is governed by a five-member Board of Directors. The election process for the Board of Directors was restructured prior to the 2022 election. For election purposes, the District now has five distinct zones, with each electing one director. The District is located in Pacifica along the Pacific Ocean in San Mateo County; it purchases all of its water supply from the San Francisco Public Utilities Commission. Water is distributed to customers inside and outside the District's boundaries.

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 nonoperating 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.

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

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. *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.

3. *Prepays*

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

4. *Lease receivable and Deferred Inflows of Resources*

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

5. *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 \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

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

Estimated service lives for the District’s classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Transmission and distribution system	50 years
Source of supply plant	60-80 years
Reservoirs	40 years
Pumping plant	40 years
Telemetry	20 years
Water treatment plant	40 years
Office building	40 years
Equipment and vehicles	5-10 years

6. *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 assets 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

7. *Compensated Absences*

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. Unused balances of vacation are paid on an annual calendar year basis. District employees can only be paid up to 120 days of accumulated or the accrued balance of sick time as of June 30, 1997, if higher.

8. *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:

For the Fiscal Year Ended	June 30, 2025	June 30, 2024
Valuation Date	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023
Measurement Period	July 1, 2023 to June 30, 2024	July 1, 2022 to June 30, 2023

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

9. *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:

For the Fiscal Year Ended	June 30, 2025	June 30, 2024
Valuation Date	July 1, 2024	July 1, 2022
Measurement Date	June 30, 2025	June 30, 2024
Measurement Period	July 1, 2024 to June 30, 2025	July 1, 2023 to June 30, 2024

10. *Net Position*

Net position is classified into two components: net investment in capital assets 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.
- **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.

E. Property Taxes

The San Mateo County Assessor’s Office assesses all real and personal property within the County each year. The San Mateo County Tax Collector’s Office bills and collects the District’s share of property taxes. The San Mateo 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 XIII A 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 San Mateo County Tax Collector’s Office, which have not been credited to the District's cash balance as of June 30.

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

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 April 10

F. New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*

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

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The implementation of this statement did not have a material impact on the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the

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

government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The implementation of this statement did not have a material impact on the financial statements.

G. Upcoming New Accounting Pronouncements

Management will continue to analyze its accounting practices to determine the potential impact of the following recent GASB Statements on the District's financial statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (e) Budgetary comparison information (f) Financial trend information in the statistical section.

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

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class

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

of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

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

NOTE 2 - CASH AND INVESTMENTS

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

Description	June 30, 2025	June 30, 2024	Investment Rating
Cash and cash equivalents	\$ 18,353,356	\$ 22,365,156	Not Rated
Restricted - cash and cash equivalents	5,128,836	18,632,404	Not Rated
Total cash and cash equivalents	<u>\$ 23,482,192</u>	<u>\$ 40,997,560</u>	

Cash and investments consisted of the following:

Description	June 30, 2025	June 30, 2024	Investment Rating
Petty cash	\$ 500	\$ 500	Not Rated
Demand deposits held with financial institutions	1,970,098	1,690,609	Not Rated
Local agency investment fund (LAIF)	16,382,758	20,674,047	Not Rated
Money market mutual funds	5,128,836	18,632,404	Not Rated
Total cash and cash equivalents	<u>\$ 23,482,192</u>	<u>\$ 40,997,560</u>	

Demand Deposits with Financial Institutions

Interest bearing bank balances are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (“FDIC”). At June 30, 2025, the bank balance of the District’s cash in bank, which was \$3,760,648, exceeded the insured limit by \$3,510,648. At June 30, 2024, the bank balance of the District’s cash in bank, \$2,273,195, exceeded the insured limit by \$2,023,195. The carrying amount of the District’s demand deposits as of June 30, 2025 and June 30, 2024 were \$1,970,098 and \$1,690,609, respectively. 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

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

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.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the District held \$16,382,758 in LAIF.

Money-Market Mutual Funds

Money-market mutual 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 mutual 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 mutual 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 mutual funds a cash equivalent due to their highly liquid nature and NAV of \$1 per share. As of June 30, 2025, the District held \$5,128,836 in restricted money market mutual funds from the COP issuance.

NOTE 3 - RESTRICTED – CASH AND CASH EQUIVALENTS

Restricted – cash and cash equivalents as of June 30, 2025 and 2023 consisted of the following:

Description	June 30, 2025	June 30, 2024
Unspent proceeds from loan issuance	\$ 5,128,836	\$ 18,632,404
Less: Unspent proceeds from COP issuance	<u>(5,128,836)</u>	<u>(18,632,404)</u>
Total restricted – net position	<u>\$ -</u>	<u>\$ -</u>

North Coast County Water District
Notes to the Basic Financial Statements
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The restricted – cash and cash equivalents balance on the balance sheet at June 30, 2025 was cash holdings by the District’s fiscal agent from the remaining unused proceeds from the COP payable – 2022. This amount is then used in the calculation of net investment in capital assets. (See Note 11)

NOTE 4 - ACCOUNTS RECEIVABLE, NET

The balance at June 30, 2025 and 2024 consists of the following:

Description	June 30, 2025	June 30, 2024
Accounts receivable	\$ 1,471,055	\$ 886,173
Due from other governments	30,228	-
Allowance for doubtful accounts	(57,063)	(57,063)
Total accounts receivable, net	<u>\$ 1,444,220</u>	<u>\$ 829,110</u>

NOTE 5 - LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District’s lease receivable for the fiscal year ended June 30, 2025 was as follows:

Description	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Cellular antenna site rental - No.1	\$ 19,145	\$ -	\$ (19,145)	\$ -
Cellular antenna site rental - No.3	17,900	-	(17,900)	-
Cellular antenna site rental - No.4	18,650	-	(18,650)	-
Cellular antenna site rental - No.5	17,214	-	(17,214)	-
Cellular antenna site rental - No.6	52,780	-	(52,780)	-
Cellular antenna site rental - No.7	46,996	-	(46,996)	-
Cellular antenna site rental - No.8	36,358	-	(36,358)	-
Cellular antenna site rental - No.9	43,407	-	(43,407)	-
Total lease receivable	<u>\$ 252,450</u>	<u>\$ -</u>	<u>\$ (252,450)</u>	<u>\$ -</u>

Changes in the District’s lease receivable for the fiscal year ended June 30, 2024 was as follows:

Description	Balance July 01, 2023	Additions	Deductions	Balance June 30, 2024
Cellular antenna site rental – No. 1	\$ 37,354	\$ -	\$ (18,209)	\$ 19,145
Cellular antenna site rental – No. 3	34,925	-	(17,025)	17,900
Cellular antenna site rental – No. 4	36,387	-	(17,737)	18,650
Cellular antenna site rental – No. 5	33,163	-	(15,949)	17,214
Cellular antenna site rental – No. 6	102,002	-	(49,222)	52,780
Cellular antenna site rental – No. 7	91,693	-	(44,697)	46,996
Cellular antenna site rental – No. 8	70,938	-	(34,580)	36,358
Cellular antenna site rental – No. 9	84,692	-	(41,285)	43,407
Total lease receivable	<u>\$ 491,154</u>	<u>\$ -</u>	<u>\$ (238,704)</u>	<u>\$ 252,450</u>

There were no leases receivable or related deferred inflows of resources for the fiscal year ended June 30, 2025. Also, the District is reporting total lease revenue of \$244,980 and interest revenue of \$7,662 related to lease payments received for the fiscal year ended June 30, 2025.

North Coast County Water District
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The District is reporting a total lease receivable of \$252,450 and a total related deferred inflows of resources of \$224,708 for the fiscal year ended June 30, 2024. Also, the District is reporting total lease revenue of \$230,736 and interest revenue of \$7,662 related to lease payments received for the fiscal year ended June 30, 2024.

The leases held by the District do not have an implicit rate of return, therefore the District used their Incremental borrowing rate of 2.00% to discount the lease revenue 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. Also, certain leasing-types are considered “volatile leases.” Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility.

The District’s lease is summarized as follows:

Cellular Antenna Site Rental – No. 1

The District, on July 1, 2021, renewed a continuous lease with AT&T for 60 months as lessor for use of the Gypsy Hill tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$86,478. As of June 30, 2025 and 2024, the value of the lease receivable was \$0 and \$19,145, respectively. The lease is required to make monthly fixed payments of \$1,412 for the first 12-month period, then increases by the reported CPI on February 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$0 and \$17,295 as of June 30, 2025 and 2024, respectively. The District recognized lease revenue of \$17,295 and interest revenue of \$209 during the fiscal year 2025. The District recognized lease revenue of \$17,296 and interest revenue of \$582 during the fiscal year 2024. The lease has not been extended by the District after the completion of this lease period.

Cellular Antenna Site Rental – No. 2

The District, on July 1, 2021, renewed a continuous lease with Sprint/T-Mobile for 60 months as lessor for use of the Gypsy Hill tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$83,704. The lease was cancelled by the Lessee effective December 31, 2022. As of June 30, 2025 and 2024, the value of the lease receivable was \$0. The lease was required to make monthly fixed payments of \$1,367 for the first 12-month period, then increased by the reported CPI on February 1st of each year. The lease had an interest rate of 2.00%. The value of the deferred inflow of resources was \$0 as of June 30, 2025 and 2024.

Cellular Antenna Site Rental – No. 3

The District, on July 1, 2021, renewed a continuous lease with Sprint/T-Mobile for 60 months as lessor for use of the Royce tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$80,854. As of June 30, 2025 and 2024, the value of the lease receivable was \$0 and \$17,900, respectively. The lease is required to make monthly fixed payments of \$1,320 for the first 12-month period, then increases by the reported CPI on February 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$0 and \$16,170 as of June 30, 2025 and 2024, respectively. The District recognized lease revenue of \$16,170 and interest revenue of \$196 during the fiscal year 2025. The District recognized lease revenue of \$16,171 and interest revenue of \$544 during the fiscal year 2024. The lease has not been extended by the District after the completion of this lease period.

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Cellular Antenna Site Rental – No. 4

The District, on July 1, 2021, renewed a continuous lease with Sprint/T-Mobile for 60 months as lessor for use of the Skyline tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$84,239. As of June 30, 2025 and 2024, the value of the lease receivable was \$0 and \$18,650, respectively. The lease is required to make monthly fixed payments of \$1,376 for the first 12-month period, then increases by the reported CPI on February 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$0 and \$16,848 as of June 30, 2025 and 2024, respectively. The District recognized lease revenue of \$16,848 and interest revenue of \$204 during the fiscal year 2025. The District recognized lease revenue of \$16,848 and interest revenue of \$567 during the fiscal year 2024. The lease has not been extended by the District after the completion of this lease period.

Cellular Antenna Site Rental – No. 5

The District, on July 1, 2021, renewed a continuous lease with T-Mobile for 60 months as lessor for use of the Fassler tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$76,188. As of June 30, 2025 and 2024, the value of the lease receivable was \$0 and \$17,214, respectively. The lease is required to make monthly fixed payments of \$1,238 for the first 12-month period, then increases by the reported CPI on February 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$0 and \$15,237 as of June 30, 2025 and 2024, respectively. The District recognized lease revenue of \$15,237 and interest revenue of \$192 during the fiscal year 2025. The District recognized lease revenue of \$15,238 and interest revenue of \$519 during the fiscal year 2024. The lease has not been extended by the District after the completion of this lease period.

Cellular Antenna Site Rental – No. 6

The District, on July 1, 2021, renewed a continuous lease with T-Mobile for 60 months as lessor for use of the Royce tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$230,176. As of June 30, 2025 and 2024, the value of the lease receivable was \$0 and \$52,780, respectively. The lease is required to make monthly fixed payments of \$3,584 for the first 12-month period, then increase 5.0% on February 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$0 and \$46,035 as of June 30, 2025 and 2024, respectively. The District recognized lease revenue of \$46,035 and interest revenue of \$580 during the fiscal year 2025. The District recognized lease revenue of \$46,035 and interest revenue of \$1,596 during the fiscal year 2024. The lease has not been extended by the District after the completion of this lease period.

Cellular Antenna Site Rental – No.7

The District, on July 1, 2021, renewed a continuous lease with T-Mobile for 60 months as lessor for use of the Skyline tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$204,870. As of June 30, 2025 and 2024, the value of the lease receivable was \$0 and \$46,996, respectively. The lease is required to make monthly fixed payments of \$2,961 for the first 12-month period, then increases by the reported CPI on February 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$0 and \$40,974 as of June 30, 2025 and 2024, respectively. The District recognized lease revenue of \$40,974 and interest revenue of \$514 during the fiscal year 2025. The District recognized lease revenue of \$40,974 and interest revenue of \$1,429 during the fiscal year 2024. The lease has not been extended by the District after the completion of this lease period.

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Cellular Antenna Site Rental – No. 8

The District, on July 1, 2021, renewed a continuous lease with Verizon for 60 months as lessor for use of the Gypsy Hill tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$164,658. As of June 30, 2025 and 2024, the value of the lease receivable was \$0 and \$36,358, respectively. The lease is required to make monthly fixed payments of \$2,688 for the first 12-month period, then increase 3.0% on February 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$0 and \$32,931 as of June 30, 2025 and 2024, respectively. The District recognized lease revenue of \$32,932 and interest revenue of \$398 during the fiscal year 2025. The District recognized lease revenue of \$32,932 and interest revenue of \$1,105 during the fiscal year 2024. The lease has not been extended by the District after the completion of this lease period.

Cellular Antenna Site Rental – No. 9

The District, on July 1, 2021, renewed a continuous lease with Verizon for 60 months as lessor for use of the Royce tank as a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$196,071. As of June 30, 2025 and 2024, the value of the lease receivable was \$0 and \$43,408, respectively. The lease is required to make monthly fixed payments of \$3,202 for the first 12-month period, then increases by the reported CPI on February 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$0 and \$39,214 as of June 30, 2025 and 2024, respectively. The District recognized lease revenue of \$39,214 and interest revenue of \$475 during the fiscal year 2025. The District recognized lease revenue of \$39,214 and interest revenue of \$1,320 during the fiscal year 2024. The lease has not been extended by the District after the completion of this lease period.

There were no future lease receivables as of June 30, 2025.

Changes in the District’s deferred inflows of resources related to leases for June 30, 2025 is as follows:

Description	Balance July 01, 2024	Additions	Deductions	Balance June 30, 2025
Cellular antenna site rental - No.1	\$ 17,295	\$ -	\$ (17,295)	\$ -
Cellular antenna site rental - No.3	16,170	-	(16,170)	-
Cellular antenna site rental - No.4	16,848	-	(16,848)	-
Cellular antenna site rental - No.5	15,237	-	(15,237)	-
Cellular antenna site rental - No.6	46,035	-	(46,035)	-
Cellular antenna site rental - No.7	40,974	-	(40,974)	-
Cellular antenna site rental - No.8	32,931	-	(32,931)	-
Cellular antenna site rental - No.9	39,218	-	(39,218)	-
Total deferred inflows	<u>\$ 224,708</u>	<u>\$ -</u>	<u>\$ (224,708)</u>	<u>\$ -</u>

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Changes in the District's deferred inflows of resources related to leases for June 30, 2024 is as follows:

Description	Balance			Balance June 30, 2024
	July 01, 2023	Additions	Deductions	
Cellular antenna site rental – No. 1	\$ 34,591	\$ -	\$ (17,296)	\$ 17,295
Cellular antenna site rental – No. 3	32,341	-	(16,171)	16,170
Cellular antenna site rental – No. 4	33,696	-	(16,848)	16,848
Cellular antenna site rental – No. 5	30,475	-	(15,238)	15,237
Cellular antenna site rental – No. 6	92,070	-	(46,035)	46,035
Cellular antenna site rental – No. 7	81,948	-	(40,974)	40,974
Cellular antenna site rental – No. 8	65,863	-	(32,932)	32,931
Cellular antenna site rental – No. 9	78,429	-	(39,211)	39,218
Total deferred inflows	<u>\$ 449,413</u>	<u>\$ -</u>	<u>\$ (224,705)</u>	<u>\$ 224,708</u>

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

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

Description	Balance			Balance June 30, 2025
	June 30, 2024	Additions	Deletions/ Adjustments	
Non-depreciable:				
Land	\$ 832,867	\$ -	\$ -	\$ 832,867
Construction in Progress	8,925,117	18,550,108	-	27,475,225
Total Non-Depreciable	<u>9,757,984</u>	<u>18,550,108</u>	<u>-</u>	<u>28,308,092</u>
Depreciable:				
Transmission and Distribution System	22,452,644	579,307	-	23,031,951
Source of Supply Plant	4,926,665	108,464	-	5,035,129
Reservoirs	14,331,690	-	-	14,331,690
Pumping Plant	1,981,484	-	-	1,981,484
Recycled Water Project	10,709,292	-	-	10,709,292
Telemetry Equipment	1,140,303	4,512	-	1,144,815
Water Treatment Plant	300,762	638	-	301,400
Office Building	300,000	-	(300,000)	-
Office Building and Warehouse	1,297,708	-	(136,779)	1,160,929
Equipment	2,792,572	91,438	(4,954)	2,879,056
Total Depreciable	<u>60,233,120</u>	<u>784,359</u>	<u>(441,733)</u>	<u>60,575,746</u>
Less Accumulated Depreciation for:				
Accumulated Depreciation	(26,182,779)	(1,321,512)	413,404	(27,090,887)
Total Accumulated Depreciation	<u>(26,182,779)</u>	<u>(1,321,512)</u>	<u>413,404</u>	<u>(27,090,887)</u>
Total Depreciable - Net	<u>34,050,341</u>	<u>(537,153)</u>	<u>(28,329)</u>	<u>33,484,859</u>
Total Capital Assets - Net	<u>\$ 43,808,325</u>	<u>\$ 18,012,955</u>	<u>\$ (28,329)</u>	<u>\$ 61,792,951</u>

Depreciation expense for the fiscal year ended June 30, 2025 was \$1,321,512.

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Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2025 and June 30, 2024

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

Description	Balance June 30, 2023	Additions	Deletions/ Adjustments	Balance June 30, 2024
Non-depreciable:				
Land	\$ 832,867	\$ -	\$ -	\$ 832,867
Construction in Progress	4,612,888	4,325,682	(13,453)	8,925,117
Total Non-Depreciable	<u>5,445,755</u>	<u>4,325,682</u>	<u>(13,453)</u>	<u>9,757,984</u>
Depreciable:				
Transmission and Distribution System	22,250,290	202,354	-	22,452,644
Source of Supply Plant	4,773,316	153,349	-	4,926,665
Reservoirs	14,331,690	-	-	14,331,690
Pumping Plant	1,981,484	-	-	1,981,484
Recycled Water Project	10,698,810	10,482	-	10,709,292
Telemetry Equipment	1,056,958	83,345	-	1,140,303
Water Treatment Plant	300,762	-	-	300,762
Office Building	300,000	-	-	300,000
Office Building and Warehouse	1,335,250	-	(37,542)	1,297,708
Equipment	2,692,335	100,237	-	2,792,572
Total Depreciable	<u>59,720,896</u>	<u>549,767</u>	<u>(37,542)</u>	<u>60,233,120</u>
Less Accumulated Depreciation for:				
Accumulated Depreciation	(24,936,210)	(1,284,111)	37,542	(26,182,779)
Total Accumulated Depreciation	<u>(24,936,210)</u>	<u>(1,284,111)</u>	<u>37,542</u>	<u>(26,182,779)</u>
Total Depreciable - Net	<u>34,784,686</u>	<u>(734,344)</u>	<u>-</u>	<u>34,050,341</u>
Total Capital Assets - Net	<u>\$ 40,230,441</u>	<u>\$ 3,591,338</u>	<u>\$ (13,453)</u>	<u>\$ 43,808,325</u>

Depreciation expense for the fiscal year ended June 30, 2024 was \$1,284,111.

NOTE 7 - COMPENSATED ABSENCES

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

Balance July 01, 2024	Additions	Deletions/ Adjustments	Balance June 30, 2025	Due within One Year	Due in More Than One Year
\$ 640,768	\$ 297,103	\$ (124,126)	\$ 813,745	\$ 203,436	\$ 610,309

Summary changes to compensated absences balances for the fiscal year ended June 30, 2024, were as follows:

Balance July 01, 2023	Additions	Deletions/ Adjustments	Balance June 30, 2024	Due within One Year	Due in More Than One Year
\$ 557,402	\$ 266,593	\$ (183,227)	\$ 640,768	\$ 160,192	\$ 480,576

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NOTE 8 - LONG-TERM DEBT

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

Description	Balance July 01, 2024	Additions/ Adjustments	Payments/ Amortization	Balance June 30, 2025	Current Portion
2012C Revenue Refundings Bonds	\$ 2,370,000	\$ -	\$ (445,000)	\$ 1,925,000	\$ 460,000
2021 Certificates of Participation (COP)	19,485,000	-	(385,000)	19,100,000	400,000
2021 COP - premium	3,283,593	-	(120,532)	3,163,061	-
Total bonds payable	<u>\$ 25,138,593</u>	<u>\$ -</u>	<u>\$ (950,532)</u>	<u>\$ 24,188,061</u>	<u>\$ 860,000</u>

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

Description	Balance July 01, 2023	Additions/ Adjustments	Payments/ Amortization	Balance June 30, 2024	Current Portion
2012C Revenue Refundings Bonds	\$ 2,810,000	\$ -	\$ (440,000)	\$ 2,370,000	\$ 445,000
2021 Certificates of Participation (COP)	19,855,000	-	(370,000)	19,485,000	385,000
2021 COP - premium	3,404,125	-	(120,532)	3,283,593	-
Total bonds payable	<u>\$ 26,069,125</u>	<u>\$ -</u>	<u>\$ (930,532)</u>	<u>\$ 25,138,593</u>	<u>\$ 830,000</u>

2012 Series C, Water Revenue Refunding Bonds

In June 2012, the California Statewide Communities Development Authority issued 2012 Water and Wastewater Revenue Bonds Series C. The bonds were issued to refund the 2003 Water and Waster Revenue Bonds Series A.

The Debt is scheduled to mature in fiscal year 2029. Interest is payable semi-annually on October 1st and April 1st each year at a rate of 2.00% to 4.00% (depending on the coupon payment date) while the principal payments are made on October 1st of each year. At June 30, 2025, a total of \$1,925,000 of the 2012 Water Revenue Refunding Bonds Series C remains outstanding.

Maturities of the 2012 Water Revenue Refunding Bonds, Series C and interest payments subsequent to June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 460,000	\$ 53,325	\$ 513,325
2027	475,000	39,300	514,300
2028	485,000	24,294	509,294
2029	505,000	8,206	513,206
Total	<u>\$ 1,925,000</u>	<u>\$ 125,125</u>	<u>\$ 2,050,125</u>

2021 Certificates of Participation (COP)

On November 23, 2021, COPs with a face value of \$20,210,000 were sold by the Public Property Financing Corporation (Corporation) to finance certain capital improvement projects including the cost of design, acquisition, and construction of a new District administration building, corporation yard and a new water tank. An installment purchase agreement between the District, as Buyer, and the Corporation, as Seller, was executed for the scheduled payment of principal and interest associated with the COPs. The

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installment payments are to be paid from general funds as described in the installment agreement. The 2021 COPs bear an interest rate of 4.00% and are payable semiannually on April 1 and September 1 of each year, commencing September 1, 2022. The 2021 COPs mature in fiscal year 2052. An interest rate premium in the amount of \$3,615,966 was calculated on the issuance of the COPs and will be amortized over the life of the debt. At June 30, 2025, a total of \$19,100,000 of the 2021 COPs remains outstanding.

Maturities of the 2021 COPs and interest payments subsequent to June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 400,000	\$ 756,000	\$ 1,156,000
2027	420,000	739,600	1,159,600
2028	435,000	722,500	1,157,500
2029	450,000	704,800	1,154,800
2030	470,000	686,400	1,156,400
2031-2035	2,655,000	3,127,900	5,782,900
2036-2040	3,250,000	2,539,000	5,789,000
2041-2045	3,960,000	1,820,600	5,780,600
2046-2050	4,835,000	943,900	5,778,900
2051-2052	2,225,000	89,900	2,314,900
Total	\$ 19,100,000	\$ 12,130,600	\$ 31,230,600

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The District's single employer defined benefit postemployment healthcare plan provides health care benefits to eligible retirees in accordance with a Board resolution. The District provides health insurance benefits through the Association of California Water Agencies (ACWA/JPIA) Blue Cross plan and Kaiser Permanente (small business plan) to some employees who retire. The medical, dental, and vision benefits are paid for life for retiring employees that were hired on or before May 16, 2013. For employees hired after May 16, 2013, the District will not provide group medical, vision care, and dental health insurance plans after their retirement.

Benefits Provided

A retired employee and dependent spouse, or spouse of a deceased employee or retiree, must satisfy the following requirements in order to be eligible for postemployment medical and dental benefits: employee is a minimum of 55 years of age with at least 12 years of continuous service or employee may retire at or after the age of 50 with at least 15 years of aggregate service. The District will pay for benefits under this election based on the following formula:

<u>Years of Service at Retirement</u>	<u>Percentage of Premium Covered</u>
15-19 years	50%
20-24 years	75%
25+ years	100%

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

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Employees Covered by Benefit Terms

The benefit terms covered the following employees:

	June 30, 2025	June 30, 2024
Active employees	6	8
Inactive employees	21	23
Total employees	27	31

Contributions

The contribution requirements of the plan members and the District are established and may be amended by the District’s Board of Directors, and/or employee associations. Currently, contributions from plan members are not required. The District pays retiree benefits (premium contributions) as they come due. For the fiscal year ended June 30, 2025, the District paid \$286,188 in pay-as-you-go premiums and the estimated implicit subsidy was \$31,194 resulting in total payments of \$317,382. For fiscal year ended June 30, 2024, the District paid \$283,718 in pay-as-you-go premiums and the estimated implicit subsidy was \$23,208 resulting in total payments of \$306,926. There are no assets accumulated in a GASB compliant trust for the District’s OPEB plan.

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

	June 30, 2025	June 30, 2024
Valuation Date:	July 1, 2024	July 1, 2022
Measurement Date:	June 30, 2025	June 30, 2023
Valuation of Fiduciary Net Position	No assets held in an irrevocable trust as of the measurement date.	No assets held in an irrevocable trust as of the measurement date.
Actuarial Cost Method:	Entry-Age, Level Percentage of Pay	Entry-Age, Level Percentage of Pay
Amortization Period:	2.9 years	2.9 years
Actuarial Assumptions:		
Discount Rate	5.20%	3.97%
Inflation	2.50%	2.50%
Payroll Increases	3.00%	3.00%
Trend Rate	7.00%	5.50%
Municipal Bond Rate	5.20%	3.97%
Mortality	CalPERS Experience Study (2000-2019)	CalPERS Experience Study (2000-2019)

Notes:

The discount rate increased from 3.97% to 5.20%

The trend rate increased from 5.50% to 7.00%

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2025 and 2024 was 5.20% and 3.97%, respectively. The District's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

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For the Fiscal Years Ended June 30, 2025 and June 30, 2024

Total OPEB Liability

For the fiscal year ended June 30, 2025 (reporting date), the District's total OPEB liability was measured as of June 30, 2025 (measurement date), and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2024 (valuation date). For the fiscal year ended June 30, 2024 (reporting date), the District's total OPEB liability was measured as of June 30, 2024 (measurement date), and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2022 (valuation date).

The following summarizes the changes in the total OPEB liability during the fiscal year ended June 30, 2025 and 2024:

Total OPEB Liability Balance	June 30, 2025	June 30, 2024
Beginning Total OPEB Liability	\$ 4,403,390	\$ 4,527,029
Service cost	73,449	67,692
Interest in Total OPEB Liability	195,313	171,489
Balance of difference between actual/exp experience	362,868	-
Balance of changes in assumptions	(417,616)	(55,894)
Benefit payments	(317,382)	(306,926)
Net changes	(103,368)	(123,639)
Ending Total OPEB Liability	<u>\$ 4,300,022</u>	<u>\$ 4,403,390</u>
Covered Employee Payroll	\$ 2,682,295	\$ 1,231,183
TOL as a % of Covered Employee Payroll	160.31%	357.66%
Service Cost as a % of Covered Emp Payroll	2.74%	5.50%

Deferred Inflows and Outflows of Resources

At June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 237,741	\$ -	\$ 26,132	\$ 14,217
Change in assumptions	-	290,956	39,864	105,910
Totals	<u>\$ 237,741</u>	<u>\$ 290,956</u>	<u>\$ 65,996</u>	<u>\$ 120,127</u>

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

Fiscal Year Ending June 30,	June 30, 2025	June 30, 2024
2025	\$ -	\$ (36,785)
2026	(36,225)	(17,346)
2027	(16,990)	-
Total	\$ (53,215)	\$ (54,131)

OPEB Expense

The following summarizes the OPEB expense by source during the fiscal year ended June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
Service cost	\$ 73,449	\$ 67,692
Interest in TOL	195,313	171,489
Difference between actual and expected experience	137,042	(22,959)
Change in assumptions	(192,706)	(288,466)
OPEB Expense	\$ 213,098	\$ (72,244)

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the fiscal year ended June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
Total OPEB liability ending	\$ 4,300,022	\$ 4,403,390
Total OPEB liability beginning	(4,403,390)	(4,527,029)
Change in total OPEB liability	(103,368)	(123,639)
Changes in deferred outflows	(171,745)	125,376
Changes in deferred inflows	170,829	(380,907)
Employer contributions and implicit subsidy	317,382	306,926
OPEB Expense	\$ 213,098	\$ (72,244)

Sensitivity to Changes in the Discount Rate

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 (5.20% for 2025 and 3.97% for 2024) that is one percentage point lower or one percentage point higher, is as follows:

	2025	2024
1% Decrease	\$ 4,821,470	\$ 4,952,987
Discount Rate	\$ 4,300,022	\$ 4,403,390
1% Increase	\$ 3,859,753	\$ 3,940,180

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For the Fiscal Years Ended June 30, 2025 and June 30, 2024

Sensitivity to Changes in the Healthcare Cost Trend Rates

The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates (7.0% for 2025 and 5.5% for 2024) that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	2025		2024
1% Decrease	\$ 3,776,409	\$	3,814,320
Trend Rate	\$ 4,300,022	\$	4,403,390
1% Increase	\$ 4,942,414	\$	5,133,153

NOTE 10 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan); cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension Plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or from CalPERS Executive Office - 400 Q Street - Sacramento, CA 95811.

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 the Plan are applied as specified by the Public Employees' Retirement Law.

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The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
		On or between	
	Prior to	December 17,	On or after January
	December 17,	2011 & December	1, 2013
Hire date	2011	31, 2012	1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	55	62
Monthly benefits as a % of eligible compensation	2.7%	2.00%	2%
Required employee contribution rates	8.00%	0.000%	7.75%
Required employer contribution rates	16.1%	12.6%	7.96%

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
		On or between	
	Prior to	December 17,	On or after January
	December 17,	2011 & December	1, 2013
Hire date	2011	31, 2012	1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	50 to 55+	50 to 55+	52 to 67+
Monthly benefits as a % of eligible compensation	2.0% to 2.7%	1% to 2.5%	1% to 2.5%
Required employee contribution rates	8.00%	7.00%	7.75%
Required employer contribution rates	15.95%	12.47%	7.68%

Employees Covered - At June 30, 2025 (valuation date 2023) and 2024 (valuation date 2022), the following employees were covered by the benefit terms for the Plan:

	2025	2024
Active	19	20
Transferred	7	5
Separated	5	6
Retired	25	23
Total	56	54

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 the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the

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

fiscal year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30, 2025 and 2024, the District made the following pension contributions:

	2025	2024
Tier 1	\$ 712,719	\$ 545,582
PEPRA	165,209	74,818
Total	\$ 877,928	\$ 620,400

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

The District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	2025	2024
Proportionate Share of NPL	\$ 5,639,767	\$ 5,694,515

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

	2025	2024
Beginning Proportion	0.11389%	0.11686%
Ending Proportion	0.11661%	0.11389%
Change - Increase/(Decrease)	-0.00272%	0.00297%

For the fiscal year ended June 30, 2025 and 2024, the District recognized a pension expense of \$1,023,221 and \$890,471, respectively.

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

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 144,954	\$ -	\$ 343,830	\$ -
Differences between Expected and Actual Experience	487,610	19,026	290,929	45,130
Differences between Projected and Actual Investment Earnings	324,674	-	922,063	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	82,889	357	68,264
Change in Employer's Proportion	-	103,613	-	234,426
Pension Contributions Made Subsequent to Measurement Date	877,928	-	620,400	-
Total	\$ 1,835,166	\$ 205,528	\$ 2,177,578	\$ 347,820

The District reported \$877,928 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability during the fiscal 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 pension expense as follows:

Fiscal Year Ending June 30:	2025	2024
2025	\$ -	\$ 308,838
2026	202,095	208,999
2027	667,587	665,416
2028	(6,711)	26,105
2029	(111,262)	-
Total	\$ 751,709	\$ 1,209,358

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

Actuarial Assumptions - The total pension liabilities in the June 30, 2023 and 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll Growth	2.80%	2.80%
Projected Salary Increase	(1)	(1)
Investment Rate of Return	6.8% (2)	6.8% (2)
Mortality	(3)	(3)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 6.9 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

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

The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Return (1)(2)</u>
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

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

- The following presents the Town's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>2025</u>	<u>2024</u>
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 8,809,243	\$ 8,669,163
Current	6.90%	6.90%
Net Pension Liability	\$ 5,639,767	\$ 5,694,515
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 3,030,821	\$ 3,246,913

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

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

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30, 2025 and 2024:

Description	June 30, 2025	June 30, 2024
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 28,308,092	\$ 9,757,984
Capital assets, net – being depreciated	33,484,859	34,050,341
Long-term debt – current portion	(860,000)	(830,000)
Long-term debt – non-current portion	(23,328,061)	(24,308,593)
Unspent proceeds from COP issuance (Note 3)	5,128,836	18,632,404
Total net investment in capital assets	<u>\$ 42,733,726</u>	<u>\$ 37,302,136</u>

NOTE 12 - DEFERRED COMPENSATION SAVINGS PLAN

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors.

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

NOTE 13 - 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.

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

Audited condensed financial information for the Insurance Authority is presented below for the fiscal year ended September 30, 2024 (most recent information available):

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	Eight representatives employed by members
E. Condensed financial information	September 30, 2024
Audit signed	March 27, 2025

Statement of financial position:	<u>Sept 30, 2024</u>
Total assets	\$ 308,144,466
Deferred outflows	3,099,110
Total liabilities	177,706,110
Deferred inflows	4,357,741
Net position	<u>\$ 129,179,725</u>

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	<u>\$ 129,179,725</u>

F. Member agencies share of year-end financial position	Not Calculated
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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 \$9,158,448). The District has a \$10,000 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$2,500 deductible for mobile equipment, and a \$1,000 deductible for licensed vehicles. Earthquake coverage deductible is at 5% per unit of insurance, subject to a \$75,000 minimum.

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 includes bodily injury, property damage (including automobiles), and pollution does and does not have a deductible.

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

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.

Property - The District has insurance on buildings, personal property, fixed equipment, vehicles, and mobile equipment with deductibles ranging from \$1,000 for vehicles to \$10,000 for buildings.

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$3,000,000 aggregate. The District has a self-insured retention of \$50,000.

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

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.

Workers' Compensation Program

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California. ACWA JPIA's self-insured retention is \$2,000,000 for each accident, and excess coverage is covered up to statutory limits for each accident.

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 fiscal years ended 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 14 - 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, de 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.

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The District had outstanding contracts, including purchase orders, with balances totaling \$12,340,270 as of June 30, 2025.

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

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 15 - SUBSEQUENT EVENTS

The District has evaluated subsequent events and transactions that occurred after the date of the financial statements through January 9, 2026, the date on which the financial statements were available to be issued. The financial statements include all events and transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

North Coast County Water District
Schedule of Pension Contributions - CalPERS
June 30, 2025

Miscellaneous Plan					
Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Contractually Required Contrib.	\$ 421,912	\$ 496,227	\$ 528,974	\$ 593,287	\$ 607,426
Contrib. in Relation to Contractually Required Contributions	436,132	496,227	528,974	593,287	607,426
Contribution Deficiency (Excess)	(14,220)	-	-	\$ -	\$ -
Covered Payroll	\$ 1,565,577	\$ 1,527,533	\$ 1,703,966	\$ 1,655,381	\$ 1,636,813
Contrib. as % of Covered Payroll	27.86%	32.49%	31.04%	35.84%	37.11%

Miscellaneous Plan					
Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Contractually Required Contrib.	\$ 681,359	\$ 746,553	\$ 619,151	\$ 620,400	\$ 877,928
Contrib. in Relation to Contractually Required Contributions	681,359	746,553	619,151	620,400	877,928
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,692,267	\$ 1,950,960	\$ 1,966,022	\$ 2,184,662	\$ 2,191,314
Contrib. as % of Covered Payroll	40.26%	38.27%	31.49%	28.40%	40.06%

Notes to Schedule:

Valuation Date: June 30, 2023

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 26 years
Inflation Assumed at 2.30%
Investment Rate of Returns set at 6.8%

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2023.

The CalPERS mortality assumptions was adjusted in fiscal year 2023.

North Coast County Water District
Schedule of Proportionate Share of the Net Pension Liability
June 30, 2025

Miscellaneous Plan					
Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Proportion of NPL	0.13691%	0.12456%	0.12192%	0.12179%	0.11958%
Proportionate Share of NPL	\$ 3,756,060	\$ 4,327,222	\$ 4,805,974	\$ 4,590,011	\$ 4,788,707
Covered Payroll	\$ 1,565,577	\$ 1,527,533	\$ 1,703,966	\$ 1,655,381	\$ 1,636,813
Proportionate Share of NPL as a % of Covered Payroll	239.92%	283.28%	282.05%	277.28%	292.56%
Plan's Fid Net Position as % of TPL	70.87%	67.72%	68.38%	71.19%	72.15%
Miscellaneous Plan					
Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Proportion of NPL	0.11789%	0.14415%	0.11686%	0.11388%	0.11661%
Proportionate Share of NPL	\$ 4,972,700	\$ 2,737,055	\$ 5,468,057	\$ 5,694,515	\$ 5,639,767
Covered Payroll	\$ 1,692,267	\$ 1,950,960	\$ 1,966,022	\$ 2,184,662	\$ 2,191,314
Proportionate Share of NPL as a % of Covered Payroll	293.85%	140.29%	278.13%	260.66%	257.37%
Plan's Fid Net Position as % of TPL	73.02%	86.29%	73.86%	74.10%	75.99%

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2023.

The CalPERS mortality assumptions was adjusted in fiscal year 2023.

North Coast County Water District
Schedule of Changes in the Total OPEB Liability
June 30, 2025

Fiscal Year Ended (FYE)	2018	2019	2020	2021	2022	2023	2024	2025
Measurement Period FYE	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability (TOL)								
Service cost	\$ 228,758	\$ 187,592	\$ 248,118	\$ 110,210	\$ 132,169	\$ 67,435	\$ 67,692	\$ 73,449
Interest	198,831	153,972	136,765	132,970	110,392	169,367	171,489	195,313
Changes of assumptions	-	-	-	598,242	(1,108,622)	119,590	(55,894)	(417,616)
Diff. between expected/actual experience	(1,127,012)	727,704	(40,208)	351,863	(227,466)	78,396	-	362,868
Benefit payments	(219,443)	(236,688)	(318,435)	(339,286)	(296,056)	(282,895)	(306,926)	(317,382)
Net change in Total OPEB Liability	(918,866)	832,580	26,240	853,999	(1,389,583)	151,893	(123,639)	(103,368)
Total OPEB Liability - beginning	4,970,766	4,051,900	4,884,480	4,910,720	5,764,719	4,375,136	4,527,029	4,403,390
Total OPEB Liability - ending	<u>\$ 4,051,900</u>	<u>\$ 4,884,480</u>	<u>\$ 4,910,720</u>	<u>\$ 5,764,719</u>	<u>\$ 4,375,136</u>	<u>\$ 4,527,029</u>	<u>\$ 4,403,390</u>	<u>\$ 4,300,022</u>
Covered employee payroll	\$ 1,923,330	\$ 2,080,080	\$ 1,883,273	\$ 1,970,105	\$ 1,205,671	\$ 1,222,690	\$ 1,231,183	\$ 2,682,295
TOL as a % of covered payroll	210.67%	234.82%	260.75%	292.61%	362.88%	370.25%	357.66%	160.31%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

Discount rates changed from 3.5% to 2.21% in FY2020, to 2.16% in FY2021, to 4.09% in FY2023, to 3.97% in FY2024, and then to 5.20% in FY2025.

Benefit term changes included the following in FY2023:

The maximum amount paid by the District was increased from \$350 per month to \$500 per month.

Retired certificated and management employees amounts increased from \$1,471 to a range of \$780 to \$1,544.

OTHER INFORMATION

North Coast County Water District
Schedule of Capacity Charges
For the Fiscal Year Ended June 30, 2025

Transmission and Storage Revenue Reconciliation A/C #4980

Transmission and Storage Revenue Details Analysis:	Amount
131 Brighton	\$ 13,124
389 Buckingham Way	26,559
Clarendon Pipeline Relocation	31,872
1139 Crespi	11,650
689 Montezuma	7,412
306 Pacific	5,312
1120 Sheila Lane	(5,441)
Total Transmission & Storage Revenue	\$ 90,488

Public improvement expenditures for the fiscal year ended June 30, 2025:

Public improvement projects	Project expenditures	Percentage Complete
HQ Upgrade	\$ 14,684,172	90%
Sheila Tank Replacement Project	3,680,110	95%
Loop at Everglades Pipeline Project	964,086	75%
Annual Pipeline Project	437,331	30%
Meter Replacement Program	109,533	32%
Regulator Updates	4,513	31%
Fassler Tank Replacement Project	369,158	3%
	\$ 20,248,903	
	Project expenditures funded with the above fees	
	Amount	Percentage
	\$ 90,488	0%

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***



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

To the Board of Directors
North Coast County Water District
Pacifica, California

We have audited, 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, the financial statements of the North Coast County Water District (the “District”) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 9, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

January 9, 2026
Morgan Hill, California