

**RIO LINDA/ELVERTA
COMMUNITY WATER DISTRICT**



Rio Linda, California

BASIC FINANCIAL STATEMENTS

**YEAR ENDING
JULY 1, 2024 - JUNE 30, 2025**

Prepared by
Timothy R. Shaw, General Manager

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Basic Financial Report
June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rio Linda/Elverta Community Water District
Rio Linda, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Rio Linda/Elverta Community Water District (District), California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2025, and the changes in financial position and cash flows thereof for the 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. 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 requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2024 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated October 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

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

Maze + Associates

Pleasant Hill, California
October 20, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2025 and 2024

The management of the Rio Linda/Elverta Water District (District) presents this Management's Discussion and Analysis to achieve two goals:

1. To comply with the requirements of Governmental Accounting Standards Board Statement 34 (GASB 34) that are designed to provide more and easier-to-understand information about the finances of local government agencies such as the District; and,
2. To provide readers with narrative information that may help in understanding and interpreting the information presented in the District's financial statements for the fiscal year ended June 30, 2025 (FY 2024-25).

Questions or comments regarding this Management's Discussion and Analysis may be directed to the District General Manager via the following methods:

Mailing address:

Rio Linda/Elverta Community Water District
730 L St.
Rio Linda, California 95673
Telephone: (916) 991-1000
E-mail: gm@rlcwd.com

FINANCIAL HIGHLIGHTS

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities and financial position at the close of FY 2024-25.

- ❖ The District's assets exceeded its liabilities by \$22,248,419 as of June 30, 2025, which is an increase of \$5,548,060 compared to June 30, 2024. Total assets increased by \$4,618,482 while total liabilities decreased by \$929,578. The deferred outflow decreased \$259,447 to \$562,294 and deferred inflows decreased \$14,988 to \$135,211 as of June 30, 2025. The District's net investment in capital assets, \$10,531,059, is composed of the capital assets of the District net of related debt – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Unrestricted net assets totaled \$11,414,082, an increase of \$4,816,998 from the prior FY 2023-24.
- ❖ The District's operating revenues were \$3,410,863 and non-operating revenues were \$5,431,316, totaling \$8,842,179. Water sales to customers totaled 37% of all revenues.
- ❖ The District's total net long-term liabilities were \$5,852,427 and includes the Water Revenue Refunding Bond, State Revolving Fund Loan, Installment Sales Agreement (Surcharge 2 Loan), Unearned revenue, OPEB Liability, and Net Pension Liability.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2025 and 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: (1) Management's Discussion and Analysis; and (2) the financial statements, which includes the notes to financial statements.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

The Statement of Net Position presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

Statement of Net Position

As of June 30, 2025, the total net position of the District was \$22,675,502. The following table summarizes assets, liabilities, and net position on June 30, 2025, 2024, and 2023:

	2025	2024	2023
Current Assets, Unrestricted	\$3,342,018	\$3,019,997	\$2,574,664
Restricted Cash and Cash Equivalents	10,552,759	5,939,076	5,778,333
OPEB Asset	25,135	4,751	-
Capital assets, net	15,202,939	15,540,545	15,809,931
Total Assets	29,122,851	24,504,369	24,162,928
Total Deferred Outflows	562,294	821,741	1,106,047
Total Assets and Deferred Outflows	29,685,145	25,326,110	25,268,975
Current Liabilities	1,022,005	1,061,620	1,188,106
Long-term Liabilities	5,852,427	6,742,390	7,598,921
Total Liabilities	6,874,432	7,804,010	8,787,027
Total Deferred Inflows	135,211	150,199	142,087
Total Liabilities and Deferred Inflows	7,009,643	7,954,209	8,929,114
Net Position			
Net investment in capital assets	10,531,059	10,069,591	9,494,326
Restricted for OPEB asset	25,135	-	-
Restricted debt service reserves	705,226	705,226	705,226
Unrestricted	11,414,082	6,597,084	6,140,309
Total Net Position	\$22,675,502	\$17,371,901	\$16,339,861

The District's net position reflects Debt Service restrictions imposed as its loan requirements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management’s Discussion and Analysis
June 30, 2025 and 2024

Below is a summary analysis of changes:

Summary Analysis of Changes	2025/2024	2024/2023
Total Assets and Deferred Outflows	17.21%	0.23%
Total Liabilities and Deferred Inflows	-11.88%	-10.92%
Total Net Position	30.53%	6.32%

Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended June 30, 2025, 2024, and 2023:

	2025	2024	2023
Operating Revenues:			
Water sales	3,289,213	3,033,043	2,832,861
Other operating revenues	121,650	102,349	145,750
Total Operating Revenues	<u>3,410,863</u>	<u>3,135,392</u>	<u>2,978,611</u>
Operating Expenses:			
Personnel services	1,588,600	1,670,796	220,703
Professional services	162,153	95,501	87,992
Field operations	602,793	522,865	377,740
Conservation	496	334	-
Administration	283,301	234,766	213,456
Depreciation and Amortization	732,551	698,601	754,396
Total Operating Expenses	<u>3,369,894</u>	<u>3,222,863</u>	<u>1,654,287</u>
Net Income from Operations	40,969	(87,471)	1,324,324
Non-Operating Revenues(Expenses)			
Surcharge	972,781	971,493	965,073
Other non-operating revenues	4,458,535	257,768	167,252
Non-Operating Expenses	(168,684)	(329,688)	(245,342)
Net Non-Operating Revenues	<u>5,262,632</u>	<u>899,573</u>	<u>886,983</u>
Net Income before capital contributions	<u>5,303,601</u>	<u>812,102</u>	<u>2,211,307</u>
Capital Contributions			
Capacity Fees	-	219,938	78,193
Capital Grants	-	-	-
Total Capital Contributions	<u>-</u>	<u>219,938</u>	<u>78,193</u>
Change in net position	5,303,601	1,032,040	2,289,500
Net position, beginning of year	<u>17,371,901</u>	<u>5,303,601</u>	<u>10,057,923</u>
Net positions, end of year	<u>22,675,502</u>	<u>17,371,901</u>	<u>16,339,861</u>

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2025 and 2024

Changes from Fiscal Year 2023-2024 to Fiscal Year 2024-2025:

Total net position increased \$5,303,601 or 30.53%. The large increase in comparison to FY 2023-24 is from Chromium 6 settlement proceeds of \$4,095,012, a one-time lump-sum settlement.

Total operating revenues increased \$275,471 or 8.79% primarily due to annual increased water rates, delinquency fees, and other operating revenue collected by outside contractor damages. Operating expenses exceeded operating revenue by \$40,969. Operating expenses increased by \$147,031, a 4.56% increase primarily due to inflation.

Changes from Fiscal Year 2022-2023 to Fiscal Year 2023-2024:

Total net position increased \$1,032,040 or 6.32% primary due to a 6.06% increase in Net Invested in Capital Assets and a 7.44% increase in Unrestricted Equity.

Total operating revenues increased \$97,588 or 3.21% primarily due to the annual increase in water rates. Operating revenue exceeded operating expenses by \$14,958. Operating expenses increased by \$200,017, a 6.62% increase primarily due to inflation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District's net investment in capital assets was \$10,531,059 including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components); water production facilities (groundwater wells); land; buildings and both mobile and fixed equipment.

Additional information on the District's capital assets can be found in Note 3, Capital Assets, of the notes to the basic financial statements.

Debt Administration

The District continues to meet its debt obligations under its Water Revenue Refunding Bonds. Through scheduled debt service payments during 2024-25, principal on its collective debt was reduced by \$162,415 during the year. The District's total debt from its 2016 issuance now stands at approximately \$1.187 million.

The District continues to meet its debt obligations to the State Water Resource Control Board State Revolving Fund (SRF) Loan through scheduled debt service payments during 2024-25, principal on its collective debt was reduced by \$399,288 during the year. The District's total debt from the SRF Loan now stands at approximately \$2.113 million.

During FY 18-19, the District entered into an installment sale agreement (Surcharge 2) with Pacific Premier Bank formerly OPUS Bank for \$3.87 million. During FY 24-25, the District paid the principal \$250,000 on this debt. As of June 30, 2025, the District's total debt from the Pacific Premier Bank loan was \$1.835 million.

Compensated absences, composed of vacation hours earned by employees that are payable upon termination or retirement, are valued at \$91,941 at the end of 2024-25, an increase of \$10,843 from the 2023-24 year-end amount of \$81,098.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2025 and 2024

Additional information on debt activity can be found in Note 4, Long-Term Liabilities, of the notes to the basic financial statements.

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District adopted an operating budget for FY 2025-26 (\$3.54 M revenue and \$3.09 M expenses) with a 3.8% increase in income, a 12.93% increase in expense, and a 33.48% decrease in net income compared with the FY 2024-25 Operating Budget.

The historical trend levels of inflation experienced in FY 2022-23 have subsided, and the District anticipates a stable rate of inflation to remain at or below 3%. The current multi-year rate structure operating costs and CalPERS pension costs both assume a maximum inflation of 3%. The District's approach to mitigation for inflation has included cost-cutting efforts such as switching to lower cost service providers and/or terminating services and memberships entailing annual dues. The opposing influences to cost reductions are ever-present with new mandates from the state, e.g., new contaminant limits, new reporting requirements and new policies.

The District completed a rate study/cost of service analysis for a multi-year rate restructuring, and the Board adopted the new rates at the public hearing on August 16, 2021. The adoption of new state laws (SB 555, SB 606, AB 1668) has created new requirements for water efficiency and limits on water loss. These laws also influenced the new rate structure. Each calendar year after the August 2021 rate structure change has resulted in significantly lower total water use. The multi-year rate structure adopted by the Board in August 2021 establishes rates adjustments through 2025. Although inflation has stabilized, it is greater than zero. Accordingly, the District needs to consider another multi-year rate adjustment for rates beginning in calendar year 2026.

A significant portion of the District's budget continues to be repayment of the long-term debt including the Water Revenue Bond, Surcharge 1, and Surcharge 2 loans in the amount of approximately \$774,500 per year representing principal and interest.

A complex formula and practices deployed by CalPERS results in a lag between events impacting employee pension Unfunded Accrued Liability (UAL) and the CalPERS implementation of increased annual UAL payments. The net effect of these CalPERS formulas/practices is a much higher total interest amount paid by the employers. Furthermore, the increase in annual payments is not linear, the increase in the first two years following a change is approximately 2% to 3%. The increase in the subsequent 18 years is in the 15% to 20% range. To illustrate; the increase in the annual payment the District would have paid in July 2021 is at least 16% higher than the \$68,000 payment the District paid in July 2020. As such, the District implemented mitigation measures to offset the dramatic annual UAL payments it would otherwise incur. The mitigation was an internal loan from the long-term capital improvement funding to fund an Additional Discretionary Payment to CalPERS to reduce the Unfunded Accrued Liability.

The State Water Board finalized its re-adoption of the Hexavalent Chromium Maximum Contaminant Lever (MCL) The District has expended resources for compliance with the newly re-adopted MCL via engagement of a treatment facilities design engineering firm. Additional expenditures include transitioning to dual-licensed water system operators. Funding for capital improvements for treating Hexavalent Chromium has been established via Surcharge #2. Operating costs associated with Hexavalent Chromium are addressed in the multi-year rate restructuring previously described above and include but are not limited to employment of properly licensed operators, consumable treatment materials and facilities insurance.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2025 and 2024

Large-scale residential development remains on the distant horizon, but not in the financial planning range. Contrastingly, large-scale residential development has commenced at Sutter Pointe beyond the District's northern boundary. The impediments to District growth continues to be the Sacramento Planning document, which precludes any net increase in groundwater pumping. Sutter Pointe is in Sutter County and not subject to Sacramento County planning documents. Infill projects in the form of Accessory Dwelling Units and some small commercial developments have continued to materialize.



BASIC FINANCIAL STATEMENTS

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2025
(WITH COMPARATIVE DATA FOR JUNE 30, 2024)

ASSETS	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$2,629,183	\$2,307,238
Accounts receivable	690,593	642,742
Accrued interest receivable	2,934	2,750
Inventory		48,648
Prepaid expenses	<u>19,308</u>	<u>18,619</u>
Total current assets	<u>3,342,018</u>	<u>3,019,997</u>
NON-CURRENT ASSETS		
Restricted cash and investments	10,552,759	5,939,076
OPEB Asset	25,135	4,751
Capital assets:		
Nondepreciable	901,869	1,701,253
Depreciable, net of accumulated depreciation	<u>14,301,070</u>	<u>13,839,292</u>
Total capital assets, net	<u>15,202,939</u>	<u>15,540,545</u>
Total non-current assets	<u>25,780,833</u>	<u>21,484,372</u>
TOTAL ASSETS	<u>29,122,851</u>	<u>24,504,369</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	546,591	817,126
OPEB related	<u>15,703</u>	<u>4,615</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>562,294</u>	<u>821,741</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	60,661	127,748
Accrued salaries and benefits	50,693	44,807
Accrued interest payable	20,963	23,713
Deposits payable	120,357	124,222
Unearned revenue	49,255	49,255
Accrued compensated absences - current portion	91,941	81,098
Current portion of bonds and loans payable	<u>628,135</u>	<u>610,777</u>
Total current liabilities	<u>1,022,005</u>	<u>1,061,620</u>
NON-CURRENT LIABILITIES		
Unearned revenue	410,267	459,522
Bonds and loans payable	4,507,791	5,336,852
Net pension liability	<u>934,369</u>	<u>946,016</u>
Total non-current liabilities	<u>5,852,427</u>	<u>6,742,390</u>
TOTAL LIABILITIES	<u>6,874,432</u>	<u>7,804,010</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	106,857	112,980
OPEB related	<u>28,354</u>	<u>37,219</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>135,211</u>	<u>150,199</u>
NET POSITION		
Net investment in capital assets	10,531,059	10,069,591
Restricted for OPEB asset	25,135	
Restricted for debt service	705,226	705,226
Unrestricted	<u>11,414,082</u>	<u>6,597,084</u>
TOTAL NET POSITION	<u>\$22,675,502</u>	<u>\$17,371,901</u>

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
OPERATING REVENUES		
Water sales	\$3,289,213	\$3,033,043
Account service charges	93,254	85,085
Other water service fees	28,396	17,264
Total operating revenues	3,410,863	3,135,392
OPERATING EXPENSES		
Personnel services	1,588,600	1,670,796
Professional services	162,153	95,501
Field operations:		
Transmission and distribution	157,673	101,394
Pumping	265,408	270,317
Transportation	19,081	24,165
Treatment	36,405	30,288
Other	124,226	96,701
Conservation	496	334
Administration	283,301	234,766
Depreciation	732,551	698,601
Total operating expenses	3,369,894	3,222,863
OPERATING INCOME (LOSSES)	40,969	(87,471)
NONOPERATING REVENUES (EXPENSES)		
Surcharge	972,781	971,493
Interest income	182,155	81,405
Property tax	132,113	127,108
Rental income	49,255	49,255
Settlement proceeds	4,095,012	
(Loss) gain on disposition of assets		(132,892)
Interest expense	(166,520)	(193,220)
Other non-operating revenues and (expenses)	(2,164)	(3,576)
Total nonoperating revenues (expenses), net	5,262,632	899,573
INCOME BEFORE CAPITAL CONTRIBUTIONS	5,303,601	812,102
CAPITAL CONTRIBUTIONS		
Capacity fees	-	219,938
Total capital contributions	-	219,938
CHANGE IN NET POSITION	5,303,601	1,032,040
NET POSITION, BEGINNING OF YEAR	17,371,901	16,339,861
NET POSITION, END OF YEAR	\$22,675,502	\$17,371,901

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$3,313,573	\$3,043,909
Payments to suppliers	(1,071,736)	(963,309)
Payments to employees and related benefits	(1,359,443)	(1,276,935)
Net cash provided by operating activities	882,394	803,665
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of taxes	132,113	127,108
Net cash provided by noncapital financing activities	132,113	127,108
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Surcharge revenue received	972,781	971,493
Capacity fees		219,938
Payments on long-term debt	(811,703)	(925,879)
Purchase and construction of capital assets	(394,945)	(556,346)
Retirement of utility plant and equipment		(5,761)
Interest and fees paid on long-term debt	(171,434)	(199,655)
Net cash used for capital and related financing activities	(405,301)	(496,210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental income	49,255	49,255
Settlement proceeds	4,095,012	
Interest received	182,155	81,405
Net cash provided by investing activities	4,326,422	130,660
NET INCREASE (DECREASE) IN CASH	4,935,628	565,223
Cash, beginning of year	8,246,314	7,681,091
Cash, end of year	\$13,181,942	\$8,246,314
Cash and cash equivalents consist of the following:		
Unrestricted	\$2,629,183	\$2,307,238
Restricted	10,552,759	5,939,076
	\$13,181,942	\$8,246,314

(Continued)

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income (losses)	\$40,969	(\$87,471)
Adjustments to reconcile operating losses to cash flows from operating activities:		
Depreciation	732,551	698,601
Changes in assets and liabilities:		
Receivables, net	(48,035)	(42,228)
Inventory	48,648	926
Prepaid expenses	(689)	449
Net OPEB Asset	(40,337)	(45,210)
Accounts payable	(67,087)	(114,153)
Accrued payroll and related expenses	5,886	6,269
Refundable deposits	(3,865)	2,935
Unearned revenue	(49,255)	(49,255)
Compensated absences	10,843	15,415
Net pension liability	252,765	417,387
Net cash provided (used) by operating activities	\$882,394	\$803,665

See accompanying notes to financial statements

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NOTES TO BASIC FINANCIAL STATEMENTS

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

The basic financial statements of the Rio Linda/Elverta Community Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In addition, the District applies Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. *Reporting Entity*

The District was formed on November 9, 1948, and provided water and sewer services. Sewer services were transferred to Sacramento County in 1976. The District no longer provides sewer service. The District currently provides domestic water service and fire flows to approximately 4,643 metered accounts, including procurement, quality, and distribution. The District is governed by a Board of Directors consisting of five directors elected by residents of the District.

B. *Basis of Presentation – Fund Accounting*

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

C. *Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted, and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Earned but unbilled water services are accrued as revenue.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

C. *Basis of Accounting (Continued)*

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principle operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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 expenses during the reporting period. Actual results could differ from those estimates.

E. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits, Local Agency Investment Fund (LAIF), an investment pool managed by the State of California, and money market mutual funds.

F. *Restricted Assets*

Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants and ordinances. In addition, proceeds from the surcharge levied on customer accounts are restricted for capital improvements. Certain other amounts received by the District are restricted for other purposes.

G. *Investments*

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

H. Capital Assets

Capital assets are recorded at historical cost. Donated assets are valued at acquisition value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over estimated useful lives of 8 to 60 years for transmission and distribution, and 3 to 50 years for general plant assets. Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

I. Accounts Receivable

The District issues water invoices bi-monthly based on meter readings. Delinquent water invoices may have a lien placed on the property. The District does not provide for an allowance for uncollectible accounts due to the lien process.

J. Deferred Outflows and Inflows of Resources

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

K. Unearned Revenues

Unearned revenue represents funds received for future rental income on various cell tower leases.

L. Contributed Facilities

The District receives facilities (hydrant, pipes, valves, etc.), from developers resulting from developers preparing the sites to connect to the District. The District records these items as capital assets and depreciates them over their estimated useful life.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

M. Property Taxes

Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Sacramento levies, bills, and collects property taxes and special assessments for the District. Under the County’s “Teeter Plan”, the County remits the entire amount levied and handles all delinquencies, retaining interest, and penalties. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on July 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

N. Compensated Absences

The District has a policy whereby employees can accrue up to a maximum of 300 hours of vacation leave. All accrued vacation leave will be paid to the employee on termination of employment. Accumulated unpaid vacation leave is accrued when earned. Employees accrue sick leave, but any remaining balance at termination of employment is not paid out to the employee.

O. Lease Accounting

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The District does not currently have any leases that meet the definition under GASB 87.

P. Prior Year Summarized Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District’s financial statement for the year ended June 30, 2024 from which the summarized information was derived.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2025 and 2024, are classified in the accompanying financial statements as follows:

	2025	2024
Cash and cash equivalents	\$2,629,183	\$2,307,238
Restricted cash and cash equivalents	10,552,759	5,939,076
Total District Cash and Investments	\$13,181,942	\$8,246,314

Cash and investments as of June 30, 2025 and 2024, consisted of the following:

	2025	2024
Deposits with financial institutions		
Total Cash	\$11,644,752	\$6,777,278
Local Agency Investment Fund	982,820	939,074
Held by Bond Trustee:		
Money Market Mutual Fund	107,000	71,298
Negotiable Certificates of Deposit	49,733	140,947
Government Agency Securities	347,677	317,717
U.S. Treasury Bills	49,960	
Total Investments	1,537,190	1,469,036
Total District Cash and Investments	\$13,181,942	\$8,246,314

A. Investment Policy

California statutes authorize districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The list below identifies the investment types that are authorized by the District’s investment policy.

This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. During the year ended June 30, 2025, the District’s permissible investments included the following instruments:

- Investment pool authorized under \$75 million Liquid CA Account Statues governed by Government Code Sections 16429.1-16429.4 AKA Local Agency Investment Fund of LAIF.
- California Employers Retiree Benefit Trust (CERBT).
- Money Market Mutual Funds governed by Government Code Sections 53601.6(b).

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The Water Revenues Refunding Bond agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

C. Interest Rate Risk

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

Information about the sensitivity of the fair value of the District’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
Local Agency Investment Fund	\$982,820			\$982,820
Held by Bond Trustee:				
Money Market Mutual Fund	107,000			107,000
Negotiable Certificates of Deposit		\$49,733		49,733
U.S. Government Agency Securities			\$347,677	347,677
U.S. Treasury Bills		49,960		49,960
Total Investments	\$1,089,820	\$49,733	\$347,677	\$1,537,190

D. Credit Risk

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

	Minimum Legal Rating	Total	Ratings as of Year End	
			AAA	Not Rated
Local Agency Investment Fund	N/A	\$982,820		\$982,820
Held by Bond Trustee				
Money Market Mutual Fund	N/A	107,000		107,000
Negotiable Certificates of Deposit	N/A	49,733		49,733
Government Agency Securities	A	347,677	\$347,677	
U.S. Treasury Bills	N/A	49,960		49,960
Total Investments		\$1,537,190	\$347,677	\$1,189,513

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2025, the carrying amount of the District’s deposits were \$11,644,752. Of that balance, \$750,000 was covered and \$10,894,752 was not covered by federal depository insurance. As of June 30, 2025, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

<u>Reported Investment Type</u>	<u>Amount</u>
Money Market Mutual Funds	\$107,000
Negotiable Certificates of Deposit	49,733
Government Agency Securities	347,677
U.S. Treasury Bills	49,960

F. Investment in LAIF

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2025, the average life on investments funds invested by LAIF was 248 days.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 – CAPITAL ASSETS

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

	Balance at June 30, 2024	Additions	Deletions	Transfers	Balance at June 30, 2025
Nondepreciable:					
Land	\$576,673				\$576,673
Construction in progress	1,124,580	\$23,149		(\$822,533)	325,196
Total nondepreciable assets	<u>1,701,253</u>	<u>23,149</u>		<u>(822,533)</u>	<u>901,869</u>
Depreciable:					
Water system facilities	25,323,455	362,296		808,054	26,493,805
General plant assets	653,965	9,500	(\$7,805)	14,479	670,139
Intangible assets	383,083				383,083
Total capital assets being depreciated	<u>26,360,503</u>	<u>371,796</u>	<u>(7,805)</u>	<u>822,533</u>	<u>27,547,027</u>
Less: Accumulated depreciation					
Water system facilities	(11,719,022)	(667,543)			(12,386,565)
General plant assets	(501,935)	(46,291)	7,805		(540,421)
Intangible assets	(300,254)	(18,717)			(318,971)
Total accumulated depreciation	<u>(12,521,211)</u>	<u>(732,551)</u>	<u>7,805</u>		<u>(13,245,957)</u>
Net capital assets being depreciated	<u>13,839,292</u>	<u>(360,755)</u>		<u>822,533</u>	<u>14,301,070</u>
Total capital assets	<u>\$15,540,545</u>	<u>(\$337,606)</u>			<u>\$15,202,939</u>

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Nondepreciable:				
Land	\$576,673			\$576,673
Construction in progress	873,030	\$378,681	(\$127,131)	1,124,580
Total nondepreciable assets	<u>1,449,703</u>	<u>378,681</u>	<u>(127,131)</u>	<u>1,701,253</u>
Depreciable:				
Water system facilities	25,140,030	310,556	(\$127,131)	25,323,455
General plant assets	685,385		(31,420)	653,965
Intangible assets	383,083			383,083
Total capital assets being depreciated	<u>26,208,498</u>	<u>310,556</u>	<u>(158,551)</u>	<u>26,360,503</u>
Less: Accumulated depreciation				
Water system facilities	(11,073,905)	(645,117)		(11,719,022)
General plant assets	(492,829)	(34,766)	25,660	(501,935)
Intangible assets	(281,536)	(18,718)		(300,254)
Total accumulated depreciation	<u>(11,848,270)</u>	<u>(698,601)</u>	<u>25,660</u>	<u>(12,521,211)</u>
Net capital assets being depreciated	<u>14,360,228</u>	<u>(388,045)</u>	<u>(132,891)</u>	<u>13,839,292</u>
Business-type activities capital assets, net	<u>\$15,809,931</u>	<u>(\$9,364)</u>	<u>(\$260,022)</u>	<u>\$15,540,545</u>

Depreciation expense in the amount of \$732,551 and \$698,601 was recorded for the years ended June 30, 2025 and 2024, respectively, and is included with depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 – LONG-TERM LIABILITIES

2011 Safe Drinking Water State Revolving Fund Loan – Direct Borrowing: On June 30, 2011, the District finalized the Safe Drinking Water Loan funding agreement in the amount of \$7,499,045 at an interest rate of 2.57% to be paid over 20 years. The loan proceeds will assist the District in complying with the State safe drinking water standards. The project was completed in June 2015, and the actual borrowed by the District was only \$7,179,073. Semi-annual loan payments of \$230,677 are due on January 1 and July 1, through July 1, 2035. As of June 30, 2025, the District’s loan balance was \$2,113,785.

2015 Water Revenue Refunding Bonds – Direct Borrowing: On April 1, 2015, the District entered into a loan agreement with Umpqua Bank to issue Series 2015 Water Revenue Refunding Bonds at an interest rate of 3.61%, the proceeds of which were used to provide financing for the refunding and defeasance of the District’s 2003 Water Revenue Refunding Bonds. These 2003 Bonds were issued to refund debt used to finance certain capital improvements to the District’s water system. Semi-annual principal payments, ranging from \$48,776 to \$136,000, and semi-annual interest payments, ranging from \$1,210 to \$40,642, are due on May 1 and November 1, through November 1, 2031. As of June 30, 2025, the District’s loan balance was \$1,187,101.

Installment Sale Agreement – Direct Borrowing: On March 1, 2018, the District entered into an installment sale agreement with Pacific Premier Bank, formerly Opus Bank, for \$3,870,000 at an interest rate of 3.28%. Proceeds from the agreement are for the construction of Well 16 and future wellhead treatment. Semi-annual principal payments, ranging from \$120,000 to \$155,000, and semi-annual interest payments, ranging from \$36,163 to \$49,201, are due on April 1 and October 1, through April 1, 2032. As of June 30, 2025, the District’s loan balance was \$1,835,040.

The activity of the District’s long-term liabilities during the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Amount due within one year
2011 State Safe Drinking Water Loan	\$2,513,073		(\$399,288)	\$2,113,785	\$203,494
2015 Water Revenue Refunding Bond	1,349,516		(162,415)	1,187,101	169,641
Pacific Premier Bank Loan	2,085,040		(250,000)	1,835,040	255,000
Total bonds and loans payable	5,947,629		(811,703)	5,135,926	628,135
Compensated Absences	81,098	\$10,843 *		91,941	91,941
Net Pension Liability	946,016		(11,647)	934,369	
Other Post-Employment Benefits	(4,751)		(20,384)	(25,135)	
Total long-term debt, net	6,969,992	10,843	(843,734)	6,137,101	720,076

* This is a net amount

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The activity of the District’s long-term liabilities during the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Amount due within one year
2011 State Safe Drinking Water Loan	\$2,902,303		(\$389,230)	\$2,513,073	\$198,362
2015 Water Revenue Refunding Bond	1,506,424		(156,908)	1,349,516	162,415
Water Meter Replacement Loan	139,741		(139,741)		
Pacific Premier Bank Loan	2,325,040		(240,000)	2,085,040	250,000
Total bonds and loans payable	6,873,508		(925,879)	5,947,629	610,777
Compensated Absences	65,683	\$57,584	(42,169)	81,098	81,098
Net Pension Liability	824,024	121,992		946,016	
Other Post-Employment Benefits	37,482		(42,233)	(4,751)	
Total long-term debt, net	\$7,800,697	\$179,576	(\$84,402)	\$6,969,992	\$691,875

The annual requirements to amortize the outstanding debt as of June 30, 2025 are as follows:

For the Year Ending June 30	Principal	Interest	Total
2026	\$834,245	\$144,258	\$978,503
2027	858,811	120,184	978,995
2028	885,500	95,305	980,805
2029	916,186	69,632	985,818
2030	894,937	43,106	938,043
2031 - 2032	746,247	24,083	770,330
Totals	\$5,135,926	\$496,568	\$5,632,494

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2015 Water Revenue Refunding Bonds in the original amount of \$2,688,622. Proceeds of the refunded bonds funded the acquisition and construction of certain facilities, as indicated above. The Bonds are payable solely from water customer net revenues and are payable through November 2031. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Bonds was \$1,315,085 and \$1,516,843 at June 30, 2025 and 2024, respectively.

The District pledged surcharge fee revenues, to repay the 2011 State Safe Drinking Water Loan in the amount up to \$7,299,045. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$399,288 and \$389,230 for the years ended June 30, 2025 and 2024, respectively. The total surcharge fee revenues were \$530,409 and \$531,109 for the years ended June 30, 2025 and 2024, respectively. The District is required to maintain net revenues at least 1.2 times total annual debt service. The District’s surcharge revenues exceeded this requirement at June 30, 2025 and 2024. Total principal and interest remaining to be paid on the Bonds was \$2,113,785 and \$2,725,152 at June 30, 2025 and 2024, respectively.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The District pledged surcharge fee revenues, to repay the installment sale agreement with Pacific Premier Bank in the amount up to \$4,094,662. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$316,340 and \$314,294 for the years ended June 30, 2025 and 2024, respectively. The total surcharge fee revenues were \$441,672 and \$441,084 for the years ended June 30, 2025 and 2024, respectively. The District is required to maintain net revenues at least 1.25 times total annual debt service. The District’s surcharge revenues exceeded this requirement at June 30, 2025 and 2024. Total principal and interest remaining to be paid on the Bonds was \$2,053,625 and \$2,369,965 at June 30, 2025 and 2024, respectively.

Arbitrage Rebate Liability: Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all “Non-Purpose Investments” allocable to “Gross Proceeds” of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2025 and 2024.

NOTE 5 – UNEARNED REVENUE

In August 2014, the District assigned the right to receive rental income on various cell tower leases for a period of 20 years to Wireless Capital Partners, LLC, in exchange for \$985,101 of cash. The District is also entitled to receive 50% of any rental increases after the expiration of the current leases. The District will recognize the revenue from this agreement over a period of 20 years, or \$49,255 annually. The balance of unearned revenue at June 30, 2025, was \$410,267.

NOTE 6 – NET POSITION

Restrictions: Restricted net position consist of constraints placed on net position use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position consisted of the following at June 30:

	2025	2024
Debt service reserve on 2015 Water Revenue Refunding Bonds	\$243,871	\$243,871
Debt service reserve on State Loan	461,355	461,355
Total Investments	\$705,226	\$705,226

The restrictions for debt service represent debt service and other reserves required by the related debt covenants. The restriction for State Loan repayment represents surcharges collected under Ordinance No. 2009-03 passed by the Board in May 2009 to fund projects to comply with a State of California Department of Public Health Compliance Order and to repay the State Loan per the loan agreement.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Description – The District contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. PERS require agencies with less than 100 active members in the plan to participate in the risk pool. All full and part-time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times the monthly average salary of their highest twelve consecutive months, full-time equivalent, monthly pay. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees’ Retirement Law. The Plan selects optional benefit provisions from the benefit menu by a contract with PERS and adopts those benefits through District resolution. PERS issues a separate annual comprehensive financial report. Copies of the PERS’ annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy – The District has two tiers of participants, classic and PEPR. Active classic plan members were required to contribute 7% of their annual covered salary. Starting in December 2011, the District contributed 3.5% on behalf of the employees. Active PEPR plan members are required pay all of their employee share currently at 6.75%. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for the classic plan for fiscal year 2024/2025 and 2023/2024 was 11.84%. The required employer contribution rate for the PEPR plan for fiscal year 2024/2025 and 2023/2024 was 7.68%. The contribution requirements of the plan members and the District are established and may be amended by PERS. The District’s contributions for the years June 30, 2025 and 2024, were \$150,385 and \$124,286, respectively, which were equal to the required contributions each year.

At June 30, 2025, the District reported a liability of \$934,369 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long- term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)
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The Plan’s provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.50%
Required employee contribution rates	7.00%	7.75%
Required employer contribution rates	11.88%	7.87%

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates from all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2025, the District’s total contributions to the plan were \$150,385

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to 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 Plan and additions to/reductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported as fair value.

As of June 30, 2025, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$934,369

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)
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The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and 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 pension plan relative to the projected contributions of all participating employers actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of the June 30, 2023 and 2024 was as follows:

	Miscellaneous
Proportion - June 30, 2023	0.0189%
Proportion - June 30, 2024	0.0193%
Change - Increase (Decrease)	0.0004%

At June 30, 2025, the District recognized pension expense of \$365,745 as of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$150,385	
Differences between expected and actual experience	80,785	(\$3,152)
Changes of assumptions	24,015	
Change in proportion and differences between employer contributions and proportionate share of contributions	237,616	(103,705)
Net difference between projected and actual earnings on pension plan investments	53,790	
Total	\$546,591	(\$106,857)

\$150,385 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Annual Amortization
2026	\$122,950
2027	188,284
2028	(3,451)
2029	(18,434)
Thereafter	-
Total	\$289,349

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)
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Actuarial Assumptions – For the measurement period ended June 30, 2024, the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. The June 30, 2025 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

	Miscellaneous
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry-Age and Service
Investment Rate of Return	6.90%
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (1)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2023 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.90%. The projections of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

The expected real rates of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return (a,b)
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

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

(b) Figures are based on the 2021 Asset Liability Management study.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes to the Discount Rate – The following presents what the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability	\$1,732,668
Current Discount Rate	6.90%
Net Pension Liability	\$934,369
1% Increase	7.90%
Net Pension Liability	\$277,252

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial Reports.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) ASSET

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date		July 1, 2023
Measurement date		June 30, 2023
Measurement period	June 30, 2022 - June 30, 2023	

A. Plan Description

The District provides funding in varying amounts to eligible retirees to assist eligible retirees with their cost of maintaining healthcare insurance through a changed plan administered by California Employer’s Retirement Benefit Trust (CERBT). The District’s retiree healthcare benefit is not subject to the Public Employees’ Medical & Hospital Care Act (PEMHCA) and the plan does not issue a stand-alone financial report. Retiree health benefits are secured through outside providers and premiums are reimbursed by the District according to the rules and to the extent described below. Because retirees do not remain on the District's group health plans, there is no implicit rate subsidy.

Retiree health benefits vary by tier, which is based on date of hire, as follows:

Tier 1: Hired prior to January 1, 2003: Eligible for District-paid retiree health benefits after the later of age 50 and 5 years of service. Coverage will be for retiree and one eligible dependent, up to \$600/month for retiree and \$800/month for retiree plus one coverage.

Tier 2: Hired on or after January 1, 2003 but prior to May 1, 2004: Eligible employees who have attained the age of fifty (50) and have at least 10 years of service with the District earn a benefit in retirement. The District contributes a percentage of the premium for retiree and one eligible dependent, up to a maximum of \$600/month for retiree and \$800/month for retiree plus one coverage, based on years of service at retirement, as follows:

Years of Service	District Share	Retiree Share
10	50% (\$300/\$400)	50%
11	55% (\$330/\$440)	45%
12	60% (\$360/\$480)	40%
13	65% (\$390/\$520)	35%
14	70% (\$420/\$560)	30%
15	75% (\$450/\$600)	25%
16	80% (\$480/\$640)	20%
17	85% (\$510/\$680)	15%
18	90% (\$540/\$720)	10%
19	95% (\$570/\$760)	5%
20+	100% (\$600/\$800)	0%

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) ASSET (Continued)

A. Plan Description (Continued)

Tier 3: Hired on or after May 1, 2004 and before January 1, 2013: Eligible for District-paid benefits after the later of age 50 and 5 years of service. Benefit of \$300/month for the retiree only.

Tier 4: Hired on or after January 1, 2013: Eligible for District-paid benefits after the later of age 62 and 20 years of service. Benefits limited to \$300/month for the retiree only.

Benefits for all tiers end at eligibility for Medicare (age 65). Benefits are reduced for employees working less than full-time for the 3-year period before retirement. One retired General Manager is receiving District-paid benefits of \$300/month until age 65. One retired Manager is receiving District-paid lifetime benefits, under a special contract, not to exceed \$1,050/month for retiree and spouse coverage. Current Board members will not be entitled to District-paid retiree health benefits upon retirement.

Current Board members and the General Manager will not be entitled to District-paid retiree health benefits upon retirement.

Plan membership as of July 1, 2023 consisted of the following:

Active employees	9
Inactive employees or beneficiaries currently receiving benefit payments	<u>2</u>
Total	<u><u>11</u></u>

Contributions: The contribution requirements of Plan members and the District are established and amended by the District. Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Contributions made on behalf of the plan members for the year ended June 30, 2025 were \$14,748.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) ASSET (Continued)

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

	Actuarial Assumptions
Valuation Date	July 1, 2023
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025
Actuarial Assumptions:	
Asset Valuation Method	Fair value of assets
Discount Rate	5.75%
Inflation	2.50% annually
Salary Increases	3.00% per year
Investment Rate of Return	5.75% net of OPEB plan investment expense
Mortality Rate	Pre-retirement Mortality Rates for Public Agency Miscellaneous from 2000-2019 CalPERS Experience Study. Post-retirement Mortality Rates for Public Agency Miscellaneous from 2000-2019 CalPERS Experience Study.
Healthcare Trend Rate	5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2025-2029 and 4.00 percent for 2030 and later years.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2023 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Rate of Return
Global Equity	34.0%	4.80%
Fixed Income	41.0%	1.80%
Treasury Inflation Protected Securities	5.0%	1.60%
Real Estate	17.0%	3.70%
Commodities	3.0%	1.90%
Total	100.0%	

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) ASSET (Continued)

Discount rate: GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Rate of Plan Investments	Fidelity GO AA (Bond Rate) 20 Years Municipal Index	Discount Rate
June 30, 2024	June 30, 2024	5.75%	3.97%	5.75%
June 30, 2025	June 30, 2025	5.75%	5.20%	5.75%

B. Changes in the Net OPEB Asset

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB Asset during the measurement period ending on June 30, 2025 for the District.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2023 (June 30, 2023 Measurement Date)	\$124,389	\$129,140	(\$4,751)
Changes Recognized for the Measurement Period:			
Service Cost	1,170		1,170
Interest on the total OPEB liability	6,802		6,802
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions			
Contributions from the employer	(14,748)	14,748	(29,496)
Other income - adjustment			
Net investment income		13,708	(13,708)
Benefit payments		(14,748)	14,748
Trustee fees		(56)	56
Administrative expenses		(44)	44
Net changes	(6,776)	13,608	(20,384)
Balance at June 30, 2024 (June 30, 2024 Measurement Date)	<u>\$117,613</u>	<u>\$142,748</u>	<u>(\$25,135)</u>

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) ASSET (Continued)

C. *Sensitivity of the District’s Net OPEB Asset to Changes in the Discount Rate*

The following presents the net OPEB liability, as well as what the net OPEB asset would be if it were calculated using a discount rate that is 1- percentage point lower (4.75 percent) or 1- percentage-point higher (6.75 percent) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
4.75%	5.75%	6.75%
(\$19,363)	(\$25,135)	(\$30,535)

D. *Sensitivity of the District’s Net OPEB Asset to Changes in the Healthcare Cost Trend Rates*

The following presents the net OPEB asset, as well as what the net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75 percent decreasing to 4.75 percent) or 1- percentage-point higher (5.75 percent decreasing to 6.75 percent) than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Healthcare Trend Rate		
1% Decrease	Current Trend	1% Increase
(\$27,407)	(\$25,135)	(\$23,199)

E. *Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2025, the District’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to measurement date	\$14,748	
Differences between actual and expected experience		(\$19,837)
Changes of assumptions	955	(5,426)
Net differences between projected and actual earnings on plan investments		(3,091)
Total	\$15,703	(\$28,354)

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) ASSET (Continued)

F. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss.

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30	Annual Amortization
2026	(\$9,138)
2027	(9,992)
2028	(5,605)
2029	(2,193)
2030	(471)
Thereafter	-
Total	<u><u>(\$27,399)</u></u>

G. Net OPEB Expense

For the year ended June 30, 2025, the District’s OPEB expense was (\$10,841). Detail of the expense is shown below:

Service Cost	\$1,170
Interest Cost	6,802
Expected return on assets	(7,425)
Administrative expense	44
Recognition of deferred outflows and inflows:	
Differences between expected and actual experience	(7,586)
Changes of assumptions	(4,030)
Differences between projected and actual investment	184
Total recognition of deferred outflows and inflows	<u><u>(11,432)</u></u>
Net OPEB expense	<u><u>(\$10,841)</u></u>

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 9 – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general and auto liability, public official’s liability, employment practices liability, property damage and fidelity insurance. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which the group purchases commercial excess insurance.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District’s deductibles and maximum coverage are as follows:

Type of Coverage	ACWA/JPIA Self- Insured Retention	Re-Insurance/ Excess Commercial Insurance	Deductible
Liability – General, Auto, & Public		\$5,000,000 -	
Officials Errors & Omissions	\$5,000,000	55,000,000	None
Property Program	10,000,000	2,500,000 - 150,000,000	\$1,000 - \$100,000
Crime Program	100,000	N/A	1,000

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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REQUIRED SUPPLEMENTARY INFORMATION

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 Cost-Sharing Multiple-Employer Defined Pension Plan
 Last 10 Years
 SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY AND RELATED RATIOS AS OF
 THE MEASUREMENT DATE

Measurement Date	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
Plan's proportion of the Net Pension Liability (Asset)	0.0283%	0.0249%	0.0260%	0.0262%	0.0264%
Plan's proportion share of the Net Pension Liability (Asset)	\$611,042	\$902,961	\$1,033,555	\$987,630	\$1,055,771
Plan's Covered Payroll	377,098	516,107	523,983	605,031	567,137
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	162.04%	174.96%	197.25%	163.24%	186.16%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.76%	81.32%	75.87%	77.02%	75.81%

Change in assumption - In 2017, the accounting discount rate was decreased from 7.65% to 7.15%.

Measurement Date	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>
Plan's proportion of the Net Pension Liability (Asset)	0.0265%	0.0003%	0.0176%	0.0189%	0.0193%
Plan's proportion share of the Net Pension Liability (Asset)	\$1,117,944	\$4,903	\$824,024	\$946,016	\$934,369
Plan's Covered Payroll	634,435	667,672	664,160	692,136	692,136
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	176.21%	0.73%	124.07%	136.68%	135.00%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.71%	99.90%	84.27%	84.03%	78.08%

Change in assumption - In 2017, the accounting discount rate was decreased from 7.65% to 7.15%.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 Cost-Sharing Multiple Employer Defined Pension Plan
 Last 10 Years
 SCHEDULE OF CONTRIBUTIONS

Fiscal Year	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$70,003	\$95,128	\$118,924	\$126,796	\$137,446
Contributions in relation to the actuarially determined contributions	<u>70,003</u>	<u>95,128</u>	<u>118,924</u>	<u>126,796</u>	<u>137,446</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 Covered payroll	 <u>\$516,107</u>	 <u>\$523,983</u>	 <u>\$605,031</u>	 <u>\$567,137</u>	 <u>\$634,435</u>
 Contributions as a percentage of covered payroll	 18.56%	 13.56%	 18.15%	 19.66%	 22.36%
 Fiscal Year	 <u>2021</u>	 <u>2022</u>	 <u>2023</u>	 <u>2024</u>	 <u>2025</u>
Actuarially determined contribution	\$131,713	\$109,967	\$123,604	\$124,286	\$150,385
Contributions in relation to the actuarially determined contributions	<u>631,713</u>	<u>109,967</u>	<u>123,604</u>	<u>124,286</u>	<u>150,385</u>
Contribution deficiency (excess)	<u>(\$500,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 Covered payroll	 <u>\$667,672</u>	 <u>\$664,160</u>	 <u>\$692,136</u>	 <u>\$814,503</u>	 <u>\$843,556</u>
 Contributions as a percentage of covered payroll	 21.66%	 94.61%	 16.56%	 15.26%	 15.26%

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

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

For the measurement year ending June 30

Last 10 fiscal years*

Measurement Date - June 30,	2018	2019	2020	2021
Total OPEB Liability				
Service Cost	\$1,739	\$1,649	\$1,179	\$1,213
Interest	8,526	9,099	8,856	8,493
Plan contributions	(21,017)	(22,178)	(16,563)	(16,200)
Investment earnings				
Administrative and trustee expenses				
Difference between expected and actual experiences			(57,042)	
Changes in assumptions	(9,723)	(22,885)	(9,986)	
Net change in total OPEB liability	(20,475)	(34,315)	(73,556)	(6,494)
Total OPEB liability - beginning	282,824	262,349	228,034	154,478
Total OPEB liability - ending (a)	<u>\$262,349</u>	<u>\$228,034</u>	<u>\$154,478</u>	<u>\$147,984</u>
Plan fiduciary net position				
Contributions - employer	\$16,200	\$38,534	\$36,563	\$36,200
Contributions - employee				
Net investment income		105	2,324	7,803
Benefit payments	(16,200)	(22,178)	(16,563)	(16,200)
Administrative expenses				(22)
Other expenses				(15)
Net change in plan fiduciary net position		16,461	22,324	27,766
Plan fiduciary net position - beginning			16,461	38,785
Plan fiduciary net position - ending (b)		<u>\$16,461</u>	<u>\$38,785</u>	<u>\$66,551</u>
Net OPEB liability/(asset) - ending (a)-(b)	<u>\$262,349</u>	<u>\$211,573</u>	<u>\$115,693</u>	<u>\$81,433</u>
Plan fiduciary net position as a percentage of the total OPEB liability/(Asset)	0%	7%	25%	45%
Covered-employee payroll	<u>\$604,181</u>	<u>\$668,161</u>	<u>\$703,736</u>	<u>\$724,458</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>43.42%</u>	<u>31.66%</u>	<u>16.44%</u>	<u>11.24%</u>

Note to Schedule: * Fiscal year 2018 was the first year of implementation.

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$944	\$972	\$1,136	\$1,170
8,281	7,953	7,210	6,802
	(15,525)	(16,200)	(14,748)
(128)			
2,315			
		(5,041)	
<u>(14,406)</u>		<u>(1,106)</u>	
(2,994)	(6,600)	(14,001)	(6,776)
<u>147,984</u>	<u>144,990</u>	<u>138,390</u>	<u>124,389</u>
<u>\$144,990</u>	<u>\$138,390</u>	<u>\$124,389</u>	<u>\$117,613</u>
\$35,405	\$35,525	\$36,200	\$14,748
(9,339)	2,822	8,320	13,708
(14,406)	(15,525)	(16,200)	(14,748)
(33)	(39)	(51)	(56)
<u>(24)</u>	<u>(29)</u>	<u>(37)</u>	<u>(44)</u>
11,603	22,754	28,232	13,608
<u>66,551</u>	<u>78,154</u>	<u>100,908</u>	<u>129,140</u>
<u>\$78,154</u>	<u>\$100,908</u>	<u>\$129,140</u>	<u>\$142,748</u>
<u>\$66,836</u>	<u>\$37,482</u>	<u>(\$4,751)</u>	<u>(\$25,135)</u>
54%	73%	104%	121%
<u>\$768,054</u>	<u>\$768,190</u>	<u>\$823,987</u>	<u>\$747,445</u>
<u>8.70%</u>	<u>4.88%</u>	<u>-0.58%</u>	<u>-3.36%</u>

SCHEDULE OF CONTRIBUTIONS

Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022	2023	2024	2025
Contributions in relation to the actuarially determined contribution	\$16,200	\$38,534	\$36,563	\$36,200	\$35,405	\$35,525	\$36,200	\$14,748
Actuarially determined contribution	16,200	8,088	8,521	8,776	5,064	5,216	3,847	3,847
Contribution deficiency (excess)		(\$30,446)	(\$28,042)	(\$27,424)	(\$30,341)	(\$30,309)	(\$32,353)	(\$10,901)
Covered-employee payroll	\$604,181	\$668,161	\$703,736	\$724,458	\$768,054	\$768,190	\$823,987	\$747,445
Contributions as a percentage of covered-employee payroll	2.68%	1.21%	1.21%	1.21%	0.66%	0.68%	0.47%	0.51%

Note to Schedule: * Fiscal year 2018 was the first year of implementation.

Methods and assumptions used to determine contribution rates:

Valuation date: 7/1/2023

Actuarial Assumptions:

Actuarial cost method: Entry Age Normal
 Amortization method: Level Percent of Pay
 Amortization period: 20 Years remain
 Asset valuation method: Fair value
 Inflation: 2.50%
 Salary increases: 3.00%
 Investment rate of return: 5.75%
 Healthcare cost trend rates: 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069, and 4.00% for 2070 and later years; Medicare ages: 4.50% for 2025-2029 and 4.00% for 2030 and later years.

Mortality: Preretirement Mortality Rates for Public Agency Miscellaneous from 2000-2019 CalPERS Experience Study.

Mortality improvement: Post-retirement Mortality Rates for Public Agency Miscellaneous from 2000-2019 CalPERS Experience Study.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

FOR THE YEAR ENDED JUNE 30, 2025

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**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2025

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors
Rio Linda/Elverta Community Water District
Rio Linda, California

In planning and performing our audit of the basic financial statements of the Rio Linda/Elverta Community Water District (District), California, as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be a potential benefit to the District.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads 'Maze + Associates'.

Pleasant Hill, California
October 20, 2025

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**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2025**

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncement taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2025/26:

GASB 103 – Financial Reporting Model Improvements

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

Management’s Discussion and Analysis – This Statement continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government’s financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items – This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position – This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2025**

GASB 103 – Financial Reporting Model Improvements (Continued)

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Budgetary Comparison Information – This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

How the Changes in This Statement Will Improve Financial Reporting

The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

The requirement for presentation of major component unit information will improve comparability.

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

REQUIRED COMMUNICATIONS

To the Board of Directors
Rio Linda/Elverta Community Water District
Rio Linda, California

We have audited the basic financial statements of the Rio Linda/Elverta Community Water District (District), California, for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 9, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are included in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 101 – *Compensated Absences*

GASB 102 – *Certain Risk Disclosures*

Unusual Transactions, Controversial or Emerging Areas - We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates - Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District’s financial statements were:

Estimate of Depreciation: Management’s estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1H and 3 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 7 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Assets and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB assets is disclosed in Note 8 to the financial statements and is based on an actuarial study determined by a consultant, which is based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures - Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the District's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated October 20, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
October 20, 2025

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