San Gabriel Valley Municipal Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2025 and 2024

Mission Statement

The San Gabriel Valley Municipal Water District is dedicated to providing reliable water for the communities of Alhambra, Azusa, Monterey Park, and Sierra Madre in a cost-effective manner.

San Gabriel Valley Municipal Water District

Board of Directors as of June 30, 2025

Name	Title	Division
Dr. Steven T. Placido	President	II
Miles L. Prince	Vice-President	IV
Bruce H. Knoles	Secretary	V
Mike Eng	Treasurer	III
Mark R. Paulson	Director	I

San Gabriel Valley Municipal Water District
Jose Reynoso, General Manager
1402 N. Vosburg Drive
Azusa, California 91702
(626) 969-7911

San Gabriel Valley Municipal Water District

Annual Financial Report

For the Fiscal Years Ended June 30, 2025 and 2024

San Gabriel Valley Municipal Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2025 and 2024

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Introductory Section

February 9, 2026

Board of Directors
San Gabriel Valley Municipal Water District

Introduction

It is our pleasure to submit the Annual Financial Report for the San Gabriel Valley Municipal Water District for the fiscal years ended June 30, 2025 and 2024, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the information presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

This report is organized into two sections: (1) Introductory and (2) Financial. The Introductory section offers general information about the District's organization and current District activities and reports on a summary of significant financial results and includes Management's Discussion and Analysis of the District's basic financial statements. The Independent Auditor's Report is a component of the Introductory Section. The Financial section includes the District's audited basic financial statements with accompanying notes.

Accounting Principles Generally Accepted in the United States of America (US GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditors' Report.

District Structure and Leadership

The San Gabriel Valley Municipal Water District was organized in 1959. Included in the District are its four member cities, the cities of Alhambra, Azusa, Monterey Park, and Sierra Madre. The District imports State Water Project water through its pipeline which was completed in 1974. The pipeline begins at the Devil Canyon Powerplant on the East Branch of the State Water Project, County of San Bernardino, and terminates in the San Gabriel Canyon Spreading Grounds, County of Los Angeles. The District's operation's include delivery of water through the Devil Canyon-Azusa Pipeline, as well as the generation of electricity at its San Dimas Hydroelectric Facility. Currently all energy produced is sold to the City of Azusa.

The imported water is spread in the Main San Gabriel Basin. The Main San Gabriel Basin Judgment requires replacement water be spread in the Main San Gabriel Basin. The replacement water spread in the Main San Gabriel Basin is to replace water pumped by the four above mentioned cities in excess of their pumping rights. In addition, the District has an obligation under the Long Beach Judgment to ensure there is adequate water flowing through the Whittier Narrows into the Central Basin. This is a requirement of the San Gabriel River Judgment and is implemented by the San Gabriel River Watermaster.

District Structure and Leadership, continued

The District is governed by a five-member Board of Directors representing five divisions and managed by a General Manager. All administrative, operational, and external affairs functions report to the General Manager. Field operations are overseen by the Assistant General Manager and consist of three System Operator / Inspector positions, including one Supervising System Operator / Inspector, one Senior System Operator / Inspector, and one System Operator / Inspector position that is currently vacant. Administrative support is provided by the Executive Assistant, who also oversees the Accounting Specialist. External communications and governmental affairs are managed by the External Affairs Manager with support from the External Affairs Specialist.

The District's Board of Directors meets each month. Meetings are publicly noticed and citizens are encouraged to attend.

District Services

The District provides replenishment water for the cities of Alhambra, Azusa, Monterey Park, and Sierra Madre in accordance with the Main San Gabriel Basin Judgment. The District has a contract with the California Department of Water Resources for the delivery of up to 28,800 acre-feet of water annually from the State Water Project.

Economic Condition and Outlook

The District's financial outlook is influenced in part by property tax revenues derived from assessed property values of member cities in Los Angeles County, which have demonstrated stable long-term growth. The District's outlook is also affected by water supply availability, contractual obligations associated with the State Water Project, and groundwater management requirements under the Main San Gabriel Basin Judgment and Physical Solution.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with US GAAP. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity, and yield in that order. District funds are invested in the State Treasurer's Local Agency Investment Fund, and institutional savings and checking accounts.

SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AZUSA | SIERRA MADRE | MONTEREY PARK | ALHAMBRA

Water Rates and District Revenues

District policy direction ensures that all revenues from water sales, property taxes, interest from investments, and hydro-electric sales must support all District operations including capital project funding. Accordingly, tax rates, water rates, and the investment policy are reviewed on an annual basis.

Audit and Financial Reporting

State law requires the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of C.J. Brown & Company, CPAs has conducted the fiscal year 2025 audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Other References

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

Acknowledgements

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in planning and implementation of the San Gabriel Valley Municipal Water District's fiscal policies.

Respectfully submitted,

Jose Reynoso
General Manager

Financial Section

C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

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Independent Auditor's Report

Board of Directors
San Gabriel Valley Municipal Water District
Azusa, California

Opinion

We have audited the accompanying financial statements of the San Gabriel Valley Municipal Water District (District), which comprises the statements of net position as of June 30, 2025 and 2024 and the related statements of revenues, expenses, and changes in net position for the fiscal years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Gabriel Valley Municipal Water District as of June 30, 2025 and 2024, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter

As discussed in Note 9 to the financial statements, the District made several adjustments to net position. During the fiscal year 2025, the District identified that contributions to its established trust account to offset the District's total OPEB Plan liability had not been properly reported in the annual actuarial valuation reports beginning in the fiscal year ending June 30, 2022 through June 30, 2024. As a result, the District has restated its net position for the fiscal periods ending 2022, 2023, and 2024 to reflect the revised actuarial changes in its OPEB Plan; deferred outflows, net OPEB liability, and deferred inflows. Our opinion is not modified with respect to this matter.

During the fiscal year 2025, the District identified a vendor invoice related to an ongoing capital construction project was not correctly reported in the fiscal year ending June 30, 2024. As a result, the District has restated its net position to reflect the correction in its construction-in-progress balance reported within capital assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 12 and the required supplementary information on pages 51 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and schedules of operating expenses is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of operating expenses on page 55 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedules of operating expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section on pages 1 through 3 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 56 and 57.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
February 9, 2026

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the San Gabriel Valley Municipal Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes which follow this section.

Financial Highlights

- The District's net position increased 9.49% or $5,181,703 to $59,790,668, as a result from ongoing operations. In 2024, the District's net position increased 10.82% or $5,332,175, to $54,608,965 as a result from ongoing operations.
- The District's operating revenues decreased 67.79% or $3,549,201, to $1,686,364. In 2024, the District's operating revenues increased 275.60% or $3,841,656, to $5,235,565.
- The District's non-operating revenues decreased 2.73% or $509,876 to $18,154,744. In 2024, the District's non-operating revenues increased 12.45% or $2,066,622, to $18,664,620.
- The District's operating expenses decreased 22.02% or $3,881,078, to $13,743,156. In 2024, the District's operating expenses increased 50.63% or $5,923,995, to $17,624,234.
- The District's non-operating expenses decreased 39.87% or $124,919, to $188,404. In 2024, the District's non-operating expenses decreased 41.84% or $225,433, to $313,323.

Required Financial Statements

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

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

Financial Analysis of the District

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 18 through 50.

Statements of Net Position

Condensed Statements of Net Position

	2025	As Restated 2024	Change	As Restated 2023	Change
Assets:					
Current assets	$ 35,481,335	34,781,381	699,954	29,671,063	5,110,318
Non-current assets	12,462,341	9,703,621	2,758,720	12,404,561	(2,700,940)
Capital assets, net	15,126,912	15,316,073	(189,161)	13,318,599	1,997,474
Total assets	63,070,588	59,801,075	3,269,513	55,394,223	4,406,852
Deferred outflows of resources	1,631,536	2,100,889	(469,353)	2,159,787	(58,898)
Liabilities:					
Current liabilities	727,753	1,672,970	(945,217)	1,738,021	(65,051)
Non-current liabilities	3,898,681	4,714,765	(816,084)	4,924,512	(209,747)
Total liabilities	4,626,434	6,387,735	(1,761,301)	6,662,533	(274,798)
Deferred inflows of resources	285,022	905,264	(620,242)	1,614,687	(709,423)
Net position:					
Net investment in capital assets	15,126,912	15,316,073	(189,161)	13,318,599	1,997,474
Unrestricted	44,663,756	39,292,892	5,370,864	35,958,191	3,334,701
Total net position	$ 59,790,668	54,608,965	5,181,703	49,276,790	5,332,175

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by $59,790,668 and $54,608,965 as of June 30, 2025 and 2024, respectively.

Statements of Net Position, continued

Compared to the previous year, net position of the District increased $5,181,703 and $5,332,175 in capital assets and (2) unrestricted net position.

By far the largest portion of the District's net position (25% and 28% as of June 30, 2025 and 2024, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal year 2025 and 2024, the District showed a positive balance in its unrestricted net position of $44,663,756 and $39,292,892, respectively. See note 8 for the amount of spendable net position that may be utilized in future years.

Statements of Revenues, Expenses, and Changes in Net Position

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

	2025	As Restated 2024	Change	As Restated 2023	Change
Revenues:					
Operating revenues	$ 1,686,364	5,235,565	(3,549,201)	1,393,909	3,841,656
Non-operating revenues	18,154,744	18,664,620	(509,876)	16,597,998	2,066,622
Total revenues	19,841,108	23,900,185	(4,059,077)	17,991,907	5,908,278
Expenses:					
Operating expenses	13,743,156	17,624,234	(3,881,078)	11,700,239	5,923,995
Depreciation expense	739,725	642,333	97,392	696,807	(54,474)
Non-operating expense	188,404	313,323	(124,919)	538,756	(225,433)
Total expenses	14,671,285	18,579,890	(3,908,605)	12,935,802	5,644,088
Net income before capital contributions	5,169,823	5,320,295	(150,472)	5,056,105	264,190
Capital contributions:	11,880	11,880	-	11,880	-
Change in net position	5,181,703	5,332,175	(150,472)	5,067,985	264,190
Net position, beginning of year	54,608,965	49,276,790	5,332,175	44,208,805	5,067,985
Net position, end of year	$ 59,790,668	54,608,965	5,181,703	49,276,790	5,332,175

The statements of revenues, expenses, and changes of net position show how the District's net position changed during the fiscal year. In the case of the District, net position increased by $5,181,703 and $5,332,175 for the fiscal years ended June 30, 2025 and 2024, respectively.

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

In fiscal year 2025, total revenues decreased 16.98% or $4,059,077 to $19,841,108. Operating revenues decreased 67.79% or $3,549,201, to $1,686,364, primarily due to decreases of $3,317,299 in water sales and $221,689 in hydroelectric power sales. Non-operating revenues decreased 2.73% or $509,876 to $18,154,744, primarily due to decreases of $262,201 in interest and investment earnings, $20,029 in ad valorem property taxes, and $223,179 in voter approved property taxes as compared to the prior year.

Statements of Revenues, Expenses, and Changes in Net Position

In fiscal year 2024, total revenues increased 32.84% or $5,908,278 to $23,900,185. Operating revenues increased 275.60% or $3,841,656, to $5,235,565, primarily due to increases of $3,641,598 in water sales and $191,879 in hydroelectric power sales. Non-operating revenues increased 12.45% or $2,066,622, to $18,664,620, primarily due to increases of $973,685 in interest and investment earnings, $583,241 in ad valorem property taxes, and $505,037 in voter approved property taxes as compared to the prior year.

In fiscal year 2025, total expenses (including depreciation) decreased 21.04% or $3,908,605 to $14,671,285. Operating expenses decreased 22.02% or $3,881,078, to $13,743,156, primarily due to decreases in two categories; 1) $3,424,309 in source of supply water deliveries principally related to a 50% allocation decrease in addition to state water supply contract cost credits, and 2) $456,769 in general and administrative expenses. The decrease in general and administrative expenses was largely due to decreases of $473,616 in consulting and engineering fees due to completion of the Pipeline Schedule 1 Assessment and Remediation project in the prior year, $185,186 in actuarial changes and amortization in the pension plan account balances, offset by increases of $69,338 in salaries and benefits, $72,383 in election expenses, $47,892 in insurance expenses, and $21,679 in public relations water conservation expenses. Non-operating expenses decreased 39.87% or $124,919, to $188,404, primarily due to decreases of $132,907 in grant funding to other agencies as compared to the prior year.

In fiscal year 2024, total expenses (including depreciation) increased 43.63% or $5,644,088, to $18,579,890. Operating expenses increased 50.63% or $5,923,995, to $17,624,234, primarily due to increases in two categories; 1) $5,639,969 in source of supply water deliveries related to increases in state water supply contract costs, and 2) $284,026 in general and administrative expenses. Increases in general and administrative were principally due to increases of $288,681 in actuarial changes in the other post-employment benefit amounts, $138,285 in salary expenses, and $113,149 in consulting and engineering fees, offset by decreases of $181,291 in public employee's retirement benefit expenses and $129,876 in public relations and water conservation program expenses. Non-operating expenses decreased 41.84% or $225,433, to $313,323, primarily due to decreases of $175,363 in discount on the City of Sierra Madre note receivable recorded in the prior year and $64,351 in grant funding to other agencies.

In fiscal year 2025, there were no changes to capital contributions reported at $11,880. In fiscal year 2024, there were no changes to capital contributions reported at $11,880.

Capital Asset Administration

Changes to capital asset amounts for 2025 were as follows:

		As Restated 2024	Additions	Transfers/ Deletions	Balance 2025
Capital assets:					
Non-depreciable assets	$	2,763,028	310,878	(2,125,400)	948,506
Depreciable and amortizable assets		38,462,509	2,365,086	(3,200)	40,824,395
Accumulated depreciation and amortization		(25,909,464)	(739,725)	3,200	(26,645,989)
Total capital assets, net	$	15,316,073	1,936,239	(2,125,400)	15,126,912

Capital Asset Administration, continued

Changes to capital asset amounts for 2024 were as follows:

		Balance 2023	Additions	Transfers/ Deletions	As Restated 2024
Capital assets:					
Non-depreciable assets	$	748,544	2,221,800	(207,316)	2,763,028
Depreciable and amortizable assets		37,872,878	625,323	(35,692)	38,462,509
Accumulated depreciation and amortization		(25,302,823)	(642,333)	35,692	(25,909,464)
Total capital assets, net	$	13,318,599	2,204,790	(207,316)	15,316,073

At the end of fiscal years 2025 and 2024, the District's investment in capital assets (net of accumulated depreciation) amounted to \$15,126,912 and \$15,316,073, respectively. This investment in capital assets includes land, pipelines, buildings and structures, equipment, vehicles, and construction-in-process, etc. Major capital assets additions during the year included additions to construction-in-progress for ongoing projects, upgrades to pipeline assets, upgrades to buildings and structures. At the end of fiscal years 2025 and 2024, disposals amounted to \$3,200 and \$35,692, respectively.

Conditions Affecting Current Financial Position

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

Requests for Information

This financial report is designed to provide the District's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability with respect to the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at 1402 N. Vosburg Drive, PO Box 1299 Azusa, California 91702.

Basic Financial Statements

San Gabriel Valley Municipal Water District
Statements of Net Position
June 30, 2025 and 2024

		2025	As Restated 2024
Current assets:			
Cash and cash equivalents (note 2)	$	29,477,756	25,835,948
Investments (note 2)		3,619,681	5,426,287
Accrued interest receivable		214,583	183,552
Accounts receivable – water sales and services		89,136	1,229,181
Accounts receivable – property taxes		321,711	591,897
Advances to member cities – current portion (note 3)		670,000	940,000
Water-in-storage inventory		990,216	465,600
Prepaid expenses and deposits		98,252	108,916
Total current assets		35,481,335	34,781,381
Non-current assets:			
Investments (note 2)		6,374,486	4,410,502
Advances to member cities, net (note 3)		6,087,855	5,293,119
Capital assets, not being depreciated (note 4)		948,506	2,763,028
Depreciable capital assets, net (note 4)		14,178,406	12,553,045
Total non-current assets		27,589,253	25,019,694
Total assets		63,070,588	59,801,075
Deferred outflows of resources:			
Deferred other post-employment benefits outflows (note 6)		836,335	631,250
Deferred pension outflows (note 7)		795,201	1,469,639
Total deferred outflows of resources	$	1,631,536	2,100,889

Continued on next page

See accompanying notes to the basic financial statements.

San Gabriel Valley Municipal Water District
Statements of Net Position, continued
June 30, 2025 and 2024

	2025	As Restated 2024
Current liabilities:		
Accounts payable and accrued expenses	$ 152,840	1,158,522
Accrued salaries and wages	44,543	32,709
Unearned revenue	381,774	354,675
Long-term liabilities – due within one year:		
Compensated absences (note 5)	148,596	127,064
Total current liabilities	727,753	1,672,970
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 5)	274,419	317,756
Net other post-employment benefit liability (note 6)	2,244,473	2,604,157
Net pension liability (note 7)	1,379,789	1,792,852
Total non-current liabilities	3,898,681	4,714,765
Total liabilities	4,626,434	6,387,735
Deferred inflows of resources:		
Deferred other post-employment benefits inflows (note 6)	3,624	491,031
Deferred pension inflows (note 7)	281,398	414,233
Total deferred inflows of resources	285,022	905,264
Net position:		
Net investment in capital assets	15,126,912	15,316,073
Unrestricted (note 8)	44,663,756	39,292,892
Total net position	$ 59,790,668	54,608,965

See accompanying notes to the basic financial statements.

San Gabriel Valley Municipal Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	As Restated 2024
Operating revenues:		
Water sales	$ 1,675,025	4,992,324
Hydroelectric sales	-	221,689
Other services	11,339	21,552
Total operating revenues	1,686,364	5,235,565
Operating expenses:		
Source of supply – water deliveries	10,929,225	14,353,534
General and administrative	2,813,931	3,270,700
Total operating expenses	13,743,156	17,624,234
Operating loss before depreciation and amortization expense	(12,056,792)	(12,388,669)
Depreciation and amortization expense	(739,725)	(642,333)
Operating loss	(12,796,517)	(13,031,002)
Non-operating revenue(expense):		
Property taxes – ad valorem	6,810,923	6,830,952
Property taxes – voter approved	10,209,530	10,432,709
Interest and investment earnings	1,134,099	1,396,300
Grant funding to other agencies	(79,220)	(212,127)
Property tax collection and administrative expense	(109,184)	(101,196)
Other non-operating, net	192	4,659
Total non-operating revenue, net	17,966,340	18,351,297
Net income before capital contribution	5,169,823	5,320,295
Capital contributions:		
Reimbursement of capital expenditures	11,880	11,880
Change in net position	5,181,703	5,332,175
Net position, beginning of year, as restated (note 9)	54,608,965	49,276,790
Net position, end of year, as restated	$ 59,790,668	54,608,965

See accompanying notes to the basic financial statements.

San Gabriel Valley Municipal Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2025 and 2024

		2025	As Restated 2024
Cash flows from operating activities:			
Cash receipts from water sales	$	1,686,364	5,013,876
Cash receipts from hydroelectric sales		-	221,689
Cash paid to employees for salaries and wages		(1,397,093)	(1,159,820)
Cash paid to vendors and suppliers for materials and services		(13,659,067)	(17,313,354)
Net cash used in operating activities		(13,369,796)	(13,237,609)
Cash flows from non-capital financing activities:			
Cash receipts from property taxes		17,290,639	17,256,044
Cash paid for collection fees		(109,184)	(101,196)
Net cash provided by non-capital financing activities		17,181,455	17,154,848
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(550,558)	(2,639,807)
Grant funding paid to other agencies		(79,220)	(212,127)
Proceeds from capital contributions		11,880	11,880
Issuance of advance to member agency		(524,736)	(31,306)
Net cash used in capital and related financing activities		(1,142,634)	(2,871,360)
Cash flows from investing activities:			
Purchase of investments		(7,589,930)	(2,553,127)
Proceeds for the sale of investments		7,459,645	2,117,195
Interest earnings received		1,103,068	1,395,982
Net cash provided by investing activities		972,783	960,050
Net increase in cash and cash equivalents		3,641,808	2,005,929
Cash and cash equivalents, beginning of year		25,835,948	23,830,019
Cash and cash equivalents, end of year	$	29,477,756	25,835,948

Continued on next page

See accompanying notes to the basic financial statements.

San Gabriel Valley Municipal Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2025 and 2024

		2025	As Restated 2024
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$	(12,796,517)	(13,031,002)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense		739,725	642,333
Other, net		192	4,659
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase)Decrease in assets:			
Accounts receivable		1,140,045	(1,165,894)
Water-in-storage inventory		(524,616)	955,050
Prepaid expenses and deposits		10,664	63,399
(Increase)Decrease in deferred outflows of resources:			
Deferred other post-employment benefits outflows		(205,085)	(198,940)
Deferred pension outflows		674,438	257,838
Increase(Decrease) in liabilities:			
Accounts payable and accrued expenses		(1,005,682)	137,110
Accrued salaries and wages		11,834	2,613
Compensated absences		(21,805)	(5,856)
Other post-employment benefit liability		(359,684)	99,734
Net pension liability		(413,063)	(289,230)
Increase(Decrease) in deferred inflows of resources:			
Deferred other post-employment benefits inflows		(487,407)	(775,964)
Deferred pension inflows		(132,835)	66,541
Total adjustments		(573,279)	(206,607)
Net cash used in operating activities	$	(13,369,796)	(13,237,609)
Non-cash investing, capital and financing transactions:			
Change in fair-market value of funds deposited in LAIF	$	18,419	(40,026)
Change in fair-market value of funds deposited in UBS	$	(31,976)	(145,339)

See accompanying notes to the basic financial statements.

(1) Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The San Gabriel Valley Municipal Water District was organized in 1959. Included in the District are the cities of Alhambra, Azusa, Monterey Park, and Sierra Madre. The District imports state water through its pipeline which was completed in 1975. The pipeline originates at the State Water Project located at Devil Canyon, County of San Bernardino, and terminates in the San Gabriel Canyon Spreading Grounds. The District maintains the pipeline and also generates electricity, which is sold to the City of Azusa at its San Dimas electrical generating plant.

The imported water is spread in the Main San Gabriel Basin and the Central Basin. The Main San Gabriel Basin Watermaster requires that replacement water and cyclic storage be spread in the Main San Gabriel Basin. The water spread in the Main San Gabriel Basin is to replace water pumped by the four above mentioned cities in excess of their pumping rights. The San Gabriel River Watermaster requires that make-up water be spread in the Central Basin to satisfy the terms of Long Beach Judgment.

The District is governed by a five-member Board of Directors representing five divisions. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employs eight employees. The District's Board of Directors meets each month. Meetings are publicly noticed and citizens are encouraged to attend.

B. Basis of Accounting and Measurement Focus

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

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

C. Financial Reporting

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

(1) Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

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

Governmental Accounting Standards Board Statement No. 101

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

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

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. See Note 1.D.10. and Note 6 for the impact of this note on the financial statements due to implementation in the current fiscal year.

Governmental Accounting Standards Board Statement No. 102

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

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

(1) Summary of Significant Accounting Policies, continued

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments and Investment Policy

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

4. Fair Value Measurements

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

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

5. Accounts Receivable and Allowance for Bad Debts

The District considers accounts receivable to be fully collectable and accordingly, no allowance for doubtful accounts is considered necessary.

6. Inventory

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

7. Prepaid Expenses

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

(1) Summary of Significant Accounting Policies, continued

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

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $1,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are also expensed in the current period.

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

- Pipeline – 7 to 75 years
- Telemetry equipment – 10 years
- Buildings and structures – 7 to 30 years
- Office furniture and equipment – 5 to 15 years
- Vehicles and equipment – 5 to 10 years
- State Water Project – 60 years

9. Deferred Outflows of Resources

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

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net OPEB liability. This amount will be amortized-in-full against the net OPEB liability in the next fiscal year.
- Deferred outflow for the plans' experience (gains)/losses which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the OPEB plans' fiduciary net position. This amount is amortized over a 5-year period.

Pensions

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

(1) Summary of Significant Accounting Policies, continued

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

9. Deferred Outflows of Resources, continued

Pensions, continued

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

10. Compensated Absences

The District's policy is to permit employees to accumulate earned but unused vacation and sick time pay benefits. All vacation and sick time is accrued when incurred. Upon termination of employment, employees are paid all unused vacation and qualifying unused sick time up to a maximum of 960 hours.

The District has adopted the provisions of GASB Statement No. 101. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The District has determined that the accrued vested sick liability meets the provisions, as reported above, of GASB Statement No. 101 for reporting. Therefore, a liability for the vested and accrued value of sick leave that will be settled in the future by employees as time off is included in the liability for compensated absences.

11. Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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

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

(1) Summary of Significant Accounting Policies, continued

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

12. Pensions

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

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

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

13. Deferred Inflows of Resources

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

Pensions

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

14. Net Position

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

- *Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position.

- *Restricted* – Consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.

- *Unrestricted* – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

(1) Summary of Significant Accounting Policies, continued

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

15. Water Sales

Water sales are billed when Watermaster places an order for replacement water.

16. Property Taxes and Assessments

The County of Los Angeles Assessor's Office assesses all real and personal property within the County each year. The County of Los Angeles Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of Los Angeles Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

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

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

17. Capital Contributions

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

18. Budgetary Policies

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

(2) Cash and Investments

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

	2025	2024
Cash and cash equivalents	$ 29,477,756	25,835,948
Investments:		
Certificates-of-deposit – current	3,619,681	5,186,287
U.S. Treasury notes – current	-	240,000
Total investments – current	3,619,681	5,426,287
Certificates-of- deposit – non-current	6,374,486	4,410,502
Total cash and investments	$ 39,471,923	35,672,737

(2) Cash and Investments, continued

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

	2025	2024
Cash on hand	$ 442	442
Deposits with financial institutions	14,359,619	15,000,269
Investments and cash equivalents	25,111,862	20,672,026
Total cash and investments	$ 39,471,923	35,672,737

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

	2025	2024
Deposits held with the California Local Agency Investment Fund (LAIF)	248 days	217 days

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Government Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	80%	N/A
U.S. Government Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper, Prime Quality	5 years	15%	10%
Certificates of Deposit	5 years	30%	$250,000
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	15%	None
Local Agency Investment Fund (LAIF)	N/A	None	$75 Million
Collateralized Bank Deposits	5 years	25%	None
Investment Trust of California (CalTRUST)	N/A	15%	N/A

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(2) Cash and Investments, continued

Investment in State Investment Pool, continued

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy 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. Of the bank balances, up to $250,000 held at each institution were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Interest Rate Risk

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

As of June 30, 2025, the District's investments are scheduled to mature as follows:

			Remaining Maturity			
Investment Type		**Total**	**12 Months or Less**	**13 to 24 Months**	**25 to 60 Months**	**Thereafter**
Local Agency Investment Fund	$	15,389,508	15,389,508	-	-	-
Certificates-of-deposit		9,722,354	3,347,868	3,295,946	1,439,854	1,638,686
Total	$	25,111,862	18,737,376	3,295,946	1,439,854	1,638,686

(2) Cash and Investments, continued

As of June 30, 2024, the District's investments are scheduled to mature as follows:

			Remaining Maturity			
Investment Type		**Total**	**12 Months or Less**	**13 to 24 Months**	**25 to 60 Months**	**Thereafter**
Local Agency Investment Fund	$	10,824,927	10,824,927	-	-	-
Certificates-of-deposit		9,607,099	5,196,597	1,869,633	1,139,023	1,401,846
U.S. Treasury notes		240,000	240,000	-	-	-
Total	$	20,672,026	16,261,524	1,869,633	1,139,023	1,401,846

Credit Risk

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

Credit ratings as of June 30, 2025, were as follows:

				Rating at Year End	
Investment Type		**Total**	**Minimum Legal Rating**	**AAA**	**Not Rated**
Local Agency Investment Fund	$	15,389,508	N/A	-	15,389,508
Certificates-of-deposit		9,722,354	Aaa	9,722,354	-
Total	$	25,111,862		9,722,354	15,389,508

Credit ratings as of June 30, 2024, were as follows:

				Rating at Year End	
Investment Type		**Total**	**Minimum Legal Rating**	**AAA**	**Not Rated**
Local Agency Investment Fund	$	10,824,927	N/A	-	10,824,927
Certificates-of-deposit		9,607,099	Aaa	9,607,099	-
U.S. Treasury notes		240,000	Aaa	240,000	-
Total	$	20,672,026		9,847,099	10,824,927

(2) Cash and Investments, continued

Fair Value Measurements

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2025, are as follows:

		Fair Value Measurements Using		
Investment Type	**Total**	**Qouted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates-of-deposit	$ 9,722,354	-	9,722,354	-
Total	$ 9,722,354	-	9,722,354	-

Inputs and valuations methods used for each of the District's investment classes are as follows:

- Certificates-of-deposit – The fair value of certificate-of-deposit is generally determined using a market-based model in which valuation consideration is given to yield or price of comparable securities, coupon rate, maturity, credit quality, and dealer-provided prices (Level 2).

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2024, are as follows:

		Fair Value Measurements Using		
Investment Type	**Total**	**Qouted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates-of-deposit	$ 9,607,099	-	9,607,099	-
U.S. Treasury notes	240,000	240,000	-	-
Total	$ 9,847,099	240,000	9,607,099	-

Inputs and valuations methods used for each of the District's investment classes are as follows:

- U.S. Treasury securities – The fair value U.S. Treasury securities is generally based on quoted market prices in active markets (Level 1).
- Certificates-of-deposit – The fair value of certificate-of-deposit is generally determined using a market-based model in which valuation consideration is given to yield or price of comparable securities, coupon rate, maturity, credit quality, and dealer-provided prices (Level 2).

(2) Cash and Investments, continued

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District's investments as of June 30, 2025 and 2024, respectively.

(3) Advances to Member Cities Receivable

Changes in notes receivable at June 30, 2025 were as follows:

	Balance 2024	Additions	Principal Pymts/ Amortization	Balance 2025	Current Portion	Long-term Portion
Notes receivable:						
City of Monterey Park	$ 4,000,000	-	-	4,000,000	400,000	3,600,000
Less: Unamortized discount	(322,824)	-	-	(322,824)	-	(322,824)
Total City of Monterey Park	3,677,176	-	-	3,677,176	400,000	3,277,176
City of Sierra Madre	2,700,000	-	(540,000)	2,160,000	270,000	1,890,000
Less: Unamortized discount	(144,057)	-	28,346	(115,711)	-	(115,711)
Total City of Sierra Madre	2,555,943	-	(511,654)	2,044,289	270,000	1,774,289
City of Azusa	-	1,036,390 *	-	1,036,390	-	1,036,390
Less: Unamortized discount	-	- **	-	-	-	-
Total City of Sierra Madre	-	1,036,390	-	1,036,390	-	1,036,390
Total notes receivable	$ 6,233,119	1,036,390	(511,654)	6,757,855	670,000	6,087,855
Less: Current portion	(940,000)			(670,000)		
Long-term portion	$ 5,293,119			6,087,855		

* Loan balance will accumulate as construction costs are reimbursed until balance meets approved loan amount of $3.4 million.

** Discount will be added once loan amount reaches $3.4 million.

Changes in notes receivable at June 30, 2024 were as follows:

	Balance 2023	Additions	Principal Pymts/ Amortization	Balance 2024	Current Portion	Long-term Portion
Notes receivable:						
City of Monterey Park	$ 4,000,000	-	-	4,000,000	400,000	3,600,000
Less: Unamortized discount	(322,824)	-	-	(322,824)	-	(322,824)
Total City of Monterey Park	3,677,176	-	-	3,677,176	400,000	3,277,176
City of Sierra Madre	2,700,000	-	-	2,700,000	540,000	2,160,000
Less: Unamortized discount	(175,363)	-	31,306	(144,057)	-	(144,057)
Total City of Sierra Madre	2,524,637	-	31,306	2,555,943	540,000	2,015,943
Total notes receivable	$ 6,201,813	-	31,306	6,233,119	940,000	5,293,119
Less: Current portion	(670,000)			(940,000)		
Long-term portion	$ 5,531,813			5,293,119		

(3) Advances to Member Cities Receivable, continued

City of Monterey Park

On March 1, 2021, the District entered into a loan agreement with the City of Monterey Park for the purpose of providing funding towards the construction of a PFAS Treatment Plant. Terms of the agreement call for annual principal only payments in the amount of $400,000 at a rate of zero percent, commencing one year after the filing of the Notice of Completion for the project. The District discounted the note using the March 1, 2021 10-year treasury bill rate of 1.56%.

Principal and discount amortization are as follows:

Fiscal Year	Principal	Discount Amortization	Total
2026	$ 400,000	(57,364)	342,636
2027	400,000	(52,019)	347,981
2028	400,000	(46,590)	353,410
2029	400,000	(41,077)	358,923
2030	400,000	(35,478)	364,522
2031 - 2035	2,000,000	(90,296)	1,909,704
Total	4,000,000	(322,824)	3,677,176
Less: Current portion	(400,000)		
Less: Unamort. discount	(322,824)		
Total non-current	$ 3,277,176		

(3) Advances to Member Cities Receivable, continued

City of Sierra Madre

On July 29, 2021, the District entered into a loan agreement with the City of Sierra Madre for the purpose of providing funding towards the planning, design, construction, and construction administration of three water main construction projects. Terms of the agreement call for annual principal only payments in the amount of $270,000 at a rate of zero percent, commencing after the filing of the Notice of Completion for the projects. The District discounted the note using the July 29, 2021 10-year Treasury Bill rate of 1.24%.

Principal and discount amortization are as follows:

Fiscal Year		Principal	Discount Amortization	Total
2026	$	270,000	(25,349)	244,651
2027		270,000	(22,316)	247,684
2028		270,000	(19,244)	250,756
2029		270,000	(16,135)	253,865
2030		270,000	(12,987)	257,013
2031 - 2033		810,000	(19,680)	790,320
Total		2,160,000	(115,711)	2,044,289
Less: Current portion		(270,000)		
Less: Unamort. discount		(115,711)		
Total non-current	$	1,774,289		

City of Azusa Loan Receivable

On September 9, 2024, the District approved a loan request in the amount of $3,400,000 from the City of Azusa (the City) for the purpose of financing the City's South Reservoir Replacement Project. Terms of the loan include a term of 10 years at 0% interest. At June 30, 2025, the District paid for Project claims for the City amounting to $1,036,390. The remainder of the loan balance is expected to be fulfilled during the fiscal year ending June 30, 2026. The discount will be recorded when the loan is fulfilled. Repayment of the loan will commence on the first anniversary of the date the City signs the Notice of Completion for the Project.

(4) Capital Assets

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

	Balance 2024	Additions/ Transfers	Deletions/ Transfers	Balance 2025
Non-depreciable assets:				
Land	$ 735,931	-	-	735,931
Construction-in-process	2,027,097	310,878	(2,125,400)	212,575
Total non-depreciable assets	2,763,028	310,878	(2,125,400)	948,506
Depreciable assets:				
Pipeline	27,207,443	2,125,400	-	29,332,843
Buildings and structures	3,699,603	150,908	-	3,850,511
Telemetry equipment	1,014,607	-	-	1,014,607
Office furniture and equipment	240,121	6,158	(1,700)	244,579
Vehicles and equipment	516,570	82,620	(1,500)	597,690
State water project participation rights	5,784,165	-	-	5,784,165
Total depreciable assets	38,462,509	2,365,086	(3,200)	40,824,395
Accumulated depreciation and amortization:				
Pipeline	(17,378,995)	(487,789)	-	(17,866,784)
Buildings and structures	(2,426,853)	(70,583)	-	(2,497,436)
Telemetry Equipment	(868,844)	(18,142)	-	(886,986)
Office furniture and equipment	(144,908)	(14,180)	1,700	(157,388)
Vehicles and equipment	(366,129)	(52,628)	1,500	(417,257)
State water project participation rights	(4,723,735)	(96,403)	-	(4,820,138)
Total accumulated depreciation	(25,909,464)	(739,725)	3,200	(26,645,989)
Total depreciable assets, net	12,553,045	1,625,361	-	14,178,406
Total capital assets, net	$ 15,316,073			15,126,912

Major capital assets additions during the year included additions to construction-in-progress for ongoing projects, upgrades to pipeline assets, upgrades to buildings and structures, and vehicles and equipment. There were no major disposals in the current year.

(4) Capital Assets, continued

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

	Balance 2023	Additions/ Transfers	Deletions/ Transfers	As Restated 2024
Non-depreciable assets:				
Land	$ 735,931	-	-	735,931
Construction-in-process	12,613	2,221,800	(207,316)	2,027,097
Total non-depreciable assets	748,544	2,221,800	(207,316)	2,763,028
Depreciable assets:				
Pipeline	26,881,938	325,505	-	27,207,443
Buildings and structures	3,575,807	125,682	(1,886)	3,699,603
Telemetry equipment	932,973	81,634	-	1,014,607
Office furniture and equipment	181,425	92,502	(33,806)	240,121
Vehicles and equipment	516,570	-	-	516,570
State water project participation rights	5,784,165	-	-	5,784,165
Total depreciable assets	37,872,878	625,323	(35,692)	38,462,509
Accumulated depreciation and amortization:				
Pipeline	(17,006,890)	(372,105)	-	(17,378,995)
Buildings and structures	(2,407,549)	(21,190)	1,886	(2,426,853)
Telemetry Equipment	(777,819)	(91,025)	-	(868,844)
Office furniture and equipment	(166,070)	(12,644)	33,806	(144,908)
Vehicles and equipment	(317,163)	(48,966)	-	(366,129)
State water project participation rights	(4,627,332)	(96,403)	-	(4,723,735)
Total accumulated depreciation	(25,302,823)	(642,333)	35,692	(25,909,464)
Total depreciable assets, net	12,570,055	(17,010)	-	12,553,045
Total capital assets, net	$ 13,318,599			15,316,073

Major capital assets additions during the year included additions to construction-in-progress for ongoing projects, upgrades to pipeline assets, upgrades to buildings and structures, additions to telemetry equipment, and office furniture and equipment. Major disposals included disposals to office furniture and equipment.

(5) Compensated Absences

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

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

(5) Compensated Absences, continued

The net change in the compensated absence liability for the fiscal years ended June 30, 2025 and 2024, decreased by $21,805 and $5,856, respectively.

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

Balance 2024	Increase / (Decrease)	Balance 2025	Due Within One Year	Due in More Than One Year
$ 444,820	(21,805) *	423,015	148,596	274,419

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

Balance 2023	Increase / (Decrease)	Balance 2024	Due Within One Year	Due in More Than One Year
$ 450,676	(5,856) *	444,820	127,064	317,756

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

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

General Information about the OPEB Plan

Plan Description

The District's defined benefit Other Post-Employment Benefit (OPEB) Plan (Plan) provides OPEB for all vested full-time employees who retire from the District on or after age 55 with at least fiveyears of CalPERS service. The Plan is a single employer defined benefit OPEB plan administered by the District. The District's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. The District participates in California Employers' Retiree Benefit Truist (CERBT), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code. Copies of CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA 95814.

Benefits Provided

To be eligible for retiree health benefits, an employee must retire from the District on or after age 55 with at least 5 years of continuous service. Dependents (under the age of 26) are also eligible to receive benefits. Retirees may enroll in the plan available through the District's ACWA-JPIA (Association of California Water Agencies Joint Powers Insurance Authority) Medical Program. The District provides coverage for retirees and dependents medical, dental/vision for life. The Retirees will receive a maximum of $4,000 per family for out-of-pocket medical expenses and $3,000 for dental/vision (combined) for the retiree and each dependent.

Employees Covered by Benefit Terms

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

	2025	2024
Active plan members	8	8
Retirees and beneficiaries receiving benefits	12	12
Total Plan membership	20	20

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

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District, District's Board of Directors, and/or the employee associations. The District pays 100% of its share of the cost of health and vision insurance for retirees and dental insurance up to age 65 under any group plan offered by ACWA-JPIA, subject to certain restrictions as determined by the District. Currently, contributions are not required from plan members. The District has established a trust for the purpose of holding funds that have been irrevocably contributed by the District toward funding of its OPEB obligation. This trust is being administered by California Employers' Retiree Benefit Truist (CERBT). Annually, the Board of Directors determines the amount that the District will fund to this trust.

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

	2025	As Restated 2024
Contributions – employer	$ 692,277	579,366

As of June 30, 2025 and 2024, employer pension contributions of $692,277 and $579,366, respectively, were reported as deferred outflows of resources related to contributions subsequent to the measurement dates.

Net OPEB Liability

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

	2025	As Restated 2024
Net OPEB liability	$ 2,244,473	2,604,157

The District's net OPEB liability was measured as of June 30, 2024 and 2023, and the net OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023, respectively. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

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

Changes in the Net OPEB Liability

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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2024, as restated	$ 3,184,621	580,464	2,604,157
Changes for the year:			
Service cost	100,705	-	100,705
Interest	185,348	-	185,348
Differences between expected and actual experience	1,492	-	1,492
Assumption changes	-	-	-
Net investment income	-	68,152	(68,152)
Contributions	-	-	-
Employer – District's contributions	-	570,978	(570,978)
Employer – Implicit subsidy	-	8,388	(8,388)
Benefit payments	(170,978)	(170,978)	-
Implicit rate subsidy	(8,388)	(8,388)	-
Administrative expense	-	(289)	289
Net changes	108,179	467,863	(359,684)
Balance at June 30, 2025	$ 3,292,800	1,048,327	2,244,473

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

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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023, as restated	$ 2,876,843	372,420	2,504,423
Changes for the year:			
Service cost	72,160	-	72,160
Interest	177,623	-	177,623
Differences between expected and actual experience	251,907	-	251,907
Assumption changes	(7,250)	-	(7,250)
Net investment income	-	8,194	(8,194)
Contributions			
Employer – District's contributions	-	384,604	(384,604)
Employer – Implicit subsidy	-	2,058	(2,058)
Benefit payments	(184,604)	(184,604)	-
Implicit rate subsidy	(2,058)	(2,058)	-
Administrative expense	-	(150)	150
Net changes	307,778	208,044	99,734
Balance at June 30, 2024, as restated	$ 3,184,621	580,464	2,604,157

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

For the fiscal year ended June 30, 2025 and 2024, the District recognized OPEB income of $359,899 and $295,804, respectively.

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

	June 30, 2025		As Restated June 30, 2024	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
OPEB contributions subsequent to the measurement date at June 30	$ 692,277	-	579,366	-
Net change in assumptions	-	(3,624)	-	(352,509)
Experience losses/(gains)	125,438	-	-	(138,522)
Net difference between projected and actual earnings on OPEB Plan investments	18,620	-	51,884.00	-
Total	$ 836,335	(3,624)	631,250	(491,031)

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

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

As of June 30, 2025 and 2024, employer OPEB contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of $692,277 and $579,366 will be and were recognized as a reduction of net OPEB liability in the fiscal year ended June 30, 2026 and 2025, respectively.

As of June 30, 2025, there were amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB which are required to be recognized in OPEB expense over future periods, respectively. OPEB related amounts will be recognized as pension expense as follows.

Fiscal Year Ending June 30,	Deferred Net Outflows / (Inflows) of Resources
2026	$ 70,275
2027	74,708
2028	28
2029	(4,577)

Actuarial Assumptions

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

Inflation	2025 – 2.30 percent 2024 – 2.30 percent
Salary increases	2.80 percent
Discount rate	2025 – 5.80 percent 2024 – 5.80 percent
Healthcare cost trend rates	2025 – Pre-medicare 7.40 percent per year 2024 – Pre-medicare 6.80 percent per year 2025 – Medicare 4.20 percent per year 2024 – Medicare 4.17 percent per year
Retirees' share of benefit-related costs	Actual premium increases through 2032, followed by projected premium increases shown in the 2021 Medicare Trustees report for the next six years followed by the same assumption as medical/rx. Cost sharing: same as medical/rx trend rates Dental/vision: 3.50% for all years.

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

Discount Rate

As of the measurement date June 30, 2024 and 2023, the discount rate used to measure the net OPEB liability was 5.80 percent, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

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

The table below presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

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

	Discount Rate - 1% (4.80%)	Current Discount Rate (5.80%)	Discount Rate + 1% (6.80%)
District's net OPEB liability	$ 3,615,152	2,244,473	1,931,918

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

	Discount Rate - 1% (4.80%)	Current Discount Rate (5.80%)	Discount Rate + 1% (6.80%)
District's net OPEB liability	$ 2,966,028	2,604,157	2,299,107

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

At June 30, 2025 the healthcare cost trend rate comparison was the following:

	1% Decrease (6.80% decreasing to 5.80%)	Healthcare Cost Trend Rates (6.80%)	1% Increase (6.80% increasing to 7.80%)
District's net OPEB liability	$ 1,884,272	2,244,473	2,666,136

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

	1% Decrease (6.80% decreasing to 5.80%)	Healthcare Cost Trend Rates (6.80%)	1% Increase (6.80% increasing to 7.80%)
District's net OPEB liability	$ 2,279,649	2,604,157	2,982,463

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

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

Schedules of Other Post-Employment Benefits Plan Contributions

See pages 51 and 52 for the Required Supplementary Schedules.

(7) Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 (New Classic) Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. Employees hired after January 1, 2013, and have not previously participated in a CalPERS plan are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA. New employees that have previously participated in the Classic Plan are eligible for the District's CalPERS 2.0% at 55 Retirement Plan.

(7) Defined Benefit Pension Plan, continued

Benefits Provided, continued

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

	Miscellaneous Plan	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	55 - 60	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
2025:		
Required employee contribution rates	6.93%	8.25%
Required employer contribution rates	13.31%	8.18%
2024:		
Required employee contribution rates	6.92%	8.25%
Required employer contribution rates	13.26%	8.00%

Contributions

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

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

	Miscellaneous Plan	
	2025	**2024**
Contributions – employer	$ 286,690	555,433

Net Pension Liability

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

	Proportionate Share of Net Pension Liability	
	2025	**2024**
Miscellaneous Plan	$ 1,379,789	1,792,852

(7) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of the fiscal years ended June 30, 2025 and 2024, the net pension liability of the Plan is measured as of June 30, 2024 and 2023 (the measurement dates), respectively. The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 and 2022 (the valuation dates), rolled forward to June 30, 2024 and 2023, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the pension liability for the District's Plan as of the fiscal year ended June 30, were as follows:

	Miscellaneous Plan	
	2025	2024
Proportion – beginning of year	0.01437%	0.01803%
Proportion – end of year	0.01138%	0.01437%
Change – Increase (Decrease)	-0.00299%	-0.00366%

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2025 and 2024, the District recognized pension income of $140,204 and $182,759, respectively.

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

	June 30, 2025		June 30, 2024	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 286,690	-	555,433	-
Net difference between actual and expected experience	114,641	-	77,381	-
Net change in assumptions	35,463	-	108,243	-
Net difference between projected and actual earnings on plan investments	79,433	-	290,279	-
Net difference between actual contribution and proportionate share of contribution	278,974	-	438,303	-
Net adjustment due to differences in proportions of net pension liability	-	(281,398)	-	(414,233)
Total	$ 795,201	(281,398)	1,469,639	(414,233)

(7) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, 2025 and 2024, employer pension contributions of $286,690 and $555,433, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be and were recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026 and 2025, respectively.

As of June 30, 2025, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

Fiscal Year Ending June 30,	Deferred Net Outflows / (Inflows) of Resources
2026	$ 82,160
2027	175,097
2028	(2,922)
2029	(27,222)

Actuarial Assumptions

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

Valuation Dates	June 30, 2023 and 2022
Measurement Dates	June 30, 2024 and 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rates	2025 - 6.90% 2024 - 6.90%
Inflation	2025 - 2.30% 2024 - 2.30%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	6.90 % Net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2025 and 2024 – 1997–2015
Post Retirement Benefit	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

(7) Defined Benefit Pension Plan, continued

Actuarial Assumptions, continued

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. 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 was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

(7) Defined Benefit Pension Plan, continued

Discount Rate, continued

As of June 30, 2025 and 2024, the target allocation and the long-term expected real rate of return by asset class is as follows:

Asset Class	New Strategic Allocation	Real Return Years 1–10
Global Equity - Cap-weighted	30.0%	4.45%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	27.00%
Mortgage-backed Securities	5.0%	50.00%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

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

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

As of June 30, 2025, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
District's net pension liability	$ 3,186,927	1,379,789	(107,751)

As of June 30, 2024, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
District's net pension liability	$ 3,491,640	1,792,852	394,604

(7) Defined Benefit Pension Plan, continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 53 and 54 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2025 and 2024, the Agency reported $0 in payables for the outstanding amount of contribution to the pension plan, respectively.

(8) Unrestricted Net Position

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

		2025	As Restated 2024
Unrestricted :			
Non-spendable net position:			
Water-in-storage inventory	$	990,216	465,600
Prepaid and other assets		98,252	108,916
Total non-spendable net position		1,088,468	574,516
Spendable net position		43,575,288	38,718,376
Total unrestricted net position	$	44,663,756	39,292,892

(9) Adjustments to Net Position

OPEB Liability – Plan Funding

In fiscal year 2025, the District had determined that its funding contributions initiated in the fiscal year ending 2022 were not reported as part of the issued OPEB actuarial valuations from fiscal year 2022, 2023, 2024. As a result, the OPEB liability and related deferrals for June 30, 2022, 2023, and 2024 were overstated by $876,557, $408,281, and $462,791, respectively. The District obtained revised actuarial valuation reports for each of the years affected and restated its net position for June 30, 2022, 2023 and 2024.

Construction -in-Progress– Prior Year Understatement

In fiscal year 2025, the District identified an invoice which was not reported in capital assets in fiscal year 2024 but was recorded in fiscal year 2025. The effect of this understated the reported balance of construction-in-progress in fiscal year 2024 by $44,825. The District restated its net position for June 30, 2024, accordingly.

(9) Adjustments to Net Position, continued

The adjustments to net position were as follows:

Net position at July 1, 2022, as previously stated	$ 39,352,019
Change in net position at June 30, 2022, as previously stated	3,980,229
Effect of actuarial adjustment to reduce deferred outflows for revision due to District funding of the net OPEB liability	(255,950)
Effect of actuarial adjustment to reduce total OPEB liability for revision due to District funding of the net OPEB liability	2,090,528
Effect of actuarial adjustment to increase deferred inflows for revision due to District funding of the net OPEB liability	(958,021)
Subtotal adjustments	876,557
Net position at June 30, 2022, as restated	$ 44,208,805
Change in net position at June 30, 2023, as previously stated	4,659,704
Effect of reversal of actuarial adjustment to deferred outflows for revision due to District funding of the net OPEB liability	255,950
Effect of reversal of actuarial adjustment to total OPEB liability for revision due to District funding of the net OPEB liability	(2,090,528)
Effect of reversal of actuarial adjustment to deferred inflows for revision due to District funding of the net OPEB liability	958,021
Effect of actuarial adjustment to reduce deferred outflows for revision due to District funding of the net OPEB liability	275,600
Effect of actuarial adjustment to reduce total OPEB liability for revision due to District funding of the net OPEB liability	1,179,163
Effect of actuarial adjustment to increase deferred inflows for revision due to District funding of the net OPEB liability	(169,925)
Subtotal adjustments	408,281
Net position at June 30, 2023, as restated	$ 49,276,790

Continued on next page

(9) Adjustments to Net Position, continued

The adjustments to net position were as follows:

Net position at June 30, 2023, as restated	$	49,276,790
Change in net position at June 30, 2024, as previously stated		4,824,559
Effect of reversal of actuarial adjustment to deferred outflows for revision due to District funding of the net OPEB liability		(275,600)
Effect of reversal of actuarial adjustment to total OPEB liability for revision due to District funding of the net OPEB liability		(1,179,163)
Effect of reversal of actuarial adjustment to deferred inflows for revision due to District funding of the net OPEB liability		169,925
Effect of actuarial adjustment to reduce deferred outflows for revision due to District funding of the net OPEB liability		451,884
Effect of actuarial adjustment to reduce total OPEB liability for revision due to District funding of the net OPEB liability		1,346,928
Effect of actuarial adjustment to increase deferred inflows for revision due to District funding of the net OPEB liability		(51,183)
Effect of adjustment to increase construction in progress for vendor invoice incorrectly excluded		44,825
Subtotal adjustments		507,616
Net position at June 30, 2024, as restated	$	54,608,965

(10) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk-pooling self-insurance joint powers authority created under provisions of California Government Code Sections 6500 et. seq., to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs that pool self-insured losses and to purchase excess insurance coverage.

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

- General, Automobile, Employment Practices & Public Officials’ Liability. Broad coverage against third-party claims for the District, its directors, employees and volunteers. Covered up to the following limits: the JPIA pools for the first $5 million and purchases excess coverage with limits up to $55 million with aggregated policy limits.

(10) Risk Management, continued

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

- Property Loss: Covered up to replacement value with a $2,500 deductible per occurrence on scheduled buildings, fixed equipment and contents. Replacement cost value on scheduled mobile equipment with a $1,000 deductible per occurrence and replacement cash value on scheduled vehicles with a $500, deductible per occurrence. JPIA is self-insured up to $10,000,000 per loss and has purchased re-insurance coverage up to a $150,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to a sub-limit of $100,000,000 with a deductible $25,000 to $50,0000, depending on the type of equipment. Property Program includes Earthquake with an aggregate limit of $2.5M, and is subject to a minimum $75,000 deductible, Flood Coverage with an aggregate limit of $25,000,000, and is subject to a $100,000 deductible.
- Employee Dishonesty/Crime Supplement: Insured up to $100,000 per occurrence with a $1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2025, 2024, and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2023. Separate financial statements of JPIA can be obtained at 2100 Professional Drive, Roseville, CA 95661 or http://www.acwajpia.com/FinancialStatements.aspx.

(11) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust. The assets are held with Lincoln Financial for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to the claims of the District's general creditors. The total market value of all plan assets held in trust at June 30, 2025 and 2024, was $2,458,185 and $2,364,110, respectively.

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

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

Governmental Accounting Standards Board Statement No. 103

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

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

Governmental Accounting Standards Board Statement No. 104

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

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

(13) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. The management of the District believes that such disallowances, if any, would not be significant.

Litigation

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

(14) Subsequent Events

All other events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of February 9, 2026, which is the date the financial statements were available to be issued.

Required Supplementary Information

San Gabriel Valley Municipal Water District
Schedules of Changes in the District's Total OPEB Liability and Related Ratios
As of June 30, 2025
Last Ten Years*

Fiscal year		June 30, 2025	As Restated June 30, 2024	As Restated June 30, 2023	As Restated June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability									
Service cost	$	100,705	72,160	70,195	218,142	180,064	134,409	184,425	179,271
Interest		185,348	177,623	174,191	135,574	153,721	207,620	200,281	195,701
Employer contributions		-	-	-	-	(221,696)	(226,025)	(222,325)	(213,797)
Assumption changes		-	(7,250)	-	(1,432,299)	451,114	(374,643)	(128,680)	-
Experience (gains)/losses		1,492	251,907	(6,539)	(1,299,178)	25,010	(613,323)	-	-
Benefit payments		(170,978)	(184,604)	(176,567)	(208,055)	-	-	-	-
Implicity subsidy		(8,388)	(2,058)	(6,064)	(22,757)	-	-	-	-
Net change in total OPEB liability		108,179	307,778	55,216	(2,608,573)	588,213	(871,962)	33,701	161,175
Total OPEB liability – beginning		3,184,621	2,876,843	2,821,627	5,430,200	4,841,987	5,713,949	5,680,248	5,519,073
Total OPEB liability – ending	$	3,292,800	3,184,621	2,876,843	2,821,627	5,430,200	4,841,987	5,713,949	5,680,248
Plan fiduciary net position									
Contributions	$	570,978	384,604	376,567	408,055	-	-	-	-
Implicit subsidy		8,388	2,058	6,064	22,757	-	-	-	-
Net investment income		68,152	8,194	(47,655)	20,227	-	-	-	-
Benefit payments		(170,978)	(184,604)	(176,567)	(208,055)	-	-	-	-
Implicit subsidy		(8,388)	(2,058)	(6,064)	(22,757)	-	-	-	-
Adminsitrative expense		(289)	(150)	(100)	(52)	-	-	-	-
Net change in plan fiduciary net position		467,863	208,044	152,245	220,175	-	-	-	-
Plan fiduciary net position – beginning		580,464	372,420	220,175	-	-	-	-	-
Plan fiduciary net position – ending	$	1,048,327	580,464	372,420	220,175	-	-	-	-
Net OPEB liability	$	2,244,473	2,604,157	2,504,423	2,601,452	5,430,200	4,841,987	5,713,949	5,680,248
Covered employee payroll	$	1,230,457	1,230,457	1,079,038	1,032,988	916,068	916,068	812,255	810,600
Net OPEB liability as a percentage of covered payroll		267.61%	258.82%	266.61%	273.15%	592.77%	528.56%	703.47%	700.75%
Valuation Date		June 30, 2023	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:									
Single and Agent Employers		Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method		(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Inflation		2.30%	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%
Salary Increases		2.80%	2.80%	2.80%	2.80%	2.75%	2.75%	2.75%	2.75%
Discount rate		5.80%	5.80%	6.22%	6.22%	2.45%			
Investment Rate of Return		5.80%	5.80%	6.22%	6.22%	6.22%	3.13%	3.13%	3.13%
Mortality, Retirement, Turnover		(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)

(1) Level percentage of payroll, closed

(2) Based on 2021 Getzen model that reflects actual premium increases through 2023, followed by 5.50% decreasing gradually to an ultimate rate of 4.04% in 2075 for non-Medicare and 4.00% for all years for Medicare.

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

San Gabriel Valley Municipal Water District
Schedules of OPEB Plan Contributions
As of June 30, 2025
Last Ten Years*

Description		Fiscal Years Ended 2025	2024	2023	2022*	2021*	2020*	2019*	2018*
Actuarial determine contribution	$	276,447	255,514	255,079	-	-	-	-	-
Contributions in relation to the actuarial determined contribution		(692,277)	(579,366)	(386,662)	-	-	-	-	-
Contrubution deficiency (excess)	$	(415,830)	(323,852)	(131,583)	-	-	-	-	-
District's covered payroll		1,264,910	1,230,457	1,230,457	1,079,038	1,032,988	916,068	916,068	812,255
Contribution's as a percentage of covered payroll		54.73%	47.09%	31.42%	0.00%	0.00%	0.00%	0.00%	0.00%

* Reporting is not applicable, prior to Plan funding.

San Gabriel Valley Municipal Water District
Schedules of District's Proportionate Share of the Net Pension Liability
As of June 30, 2025
Last Ten Years

	Measurement Dates									
Description	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.01138%	0.01437%	0.01803%	0.01524%	0.02370%	0.02298%	0.02209%	0.02179%	0.02102%	0.01869%
District's proportionate share of the net pension liability	$ 1,379,789	1,792,852	2,082,082	824,291	2,578,972	2,355,085	2,128,755	2,161,060	1,819,051	1,283,170
District's covered payroll	$ 1,245,434	1,024,751	1,064,443	1,010,926	919,383	881,317	804,724	795,176	844,340	754,456
District's proportionate share of the net pension liability as a percentage of its covered payroll	110.79%	174.95%	195.60%	81.54%	280.51%	267.22%	264.53%	271.77%	215.44%	170.08%
District's fiduciary net position as a percentage of the district's total pension liability	89.70%	85.73%	82.18%	92.62%	75.89%	77.12%	78.42%	75.39%	79.58%	85.10%

Notes To Schedule:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 to June 30, 2016:
GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.
The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.
From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.
From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%
From fiscal year June 30, 2018 to June 30, 2019:
The inflation rate was reduced from 2.75% to 2.50%
From fiscal year June 30, 2019 to June 30, 2020:
There were no changes in assumptions.
From fiscal year June 30, 2020 to June 30, 2021:
There were no changes in assumptions.
From fiscal year June 30, 2021 to June 30, 2022:
There were no changes in assumptions.
From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%
The inflation rate was reduced from 2.50% to 2.30%
From fiscal year June 30, 2023 to June 30, 2024:
There were no changes in assumptions.
From fiscal year June 30, 2024 to June 30, 2025:
There were no changes in assumptions.

San Gabriel Valley Municipal Water District
Schedules of Pension Plan Contributions
As of June 30, 2025
Last Ten Years

		Fiscal Years Ended									
		June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Actuarially determined contribution	$	277,346	279,646	307,821	301,888	233,098	195,840	195,840	175,177	122,358	131,256
contribution's in relation to the actuarially determined contribution		(277,346)	(279,646)	(307,821)	(301,888)	(233,098)	(195,840)	(195,840)	(175,177)	(122,358)	(131,256)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-	-
Covered payroll	$	1,338,752	1,245,434	1,024,751	1,064,443	1,010,926	919,383	881,317	804,724	795,176	844,340
Contribution's as a percentage of covered payroll		20.72%	22.45%	30.04%	28.36%	23.06%	21.30%	22.22%	21.77%	15.39%	15.55%

Notes To Schedule:

Valuation date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.30%	2.30%	2.30%	2.50%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	6.90% (3)	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

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

Supplemental Information

San Gabriel Valley Municipal Water District
Schedules of Operating Expenses
For the Fiscal Year Ended June 30, 2025

		2025	As Restated 2024
Source of supply:			
Salaries and wages	$	340,974	292,154
Maintenance – plant and pipeline		64,571	119,902
Water sold		1,942,388	5,231,131
State water supply contract costs		8,547,175	8,686,151
Hydroelectric plant maintenance		34,117	24,196
Total source of supply	$	10,929,225	14,353,534
General and administrative:			
Salaries and wages		1,114,181	1,044,843
Employee benefits:			
Public employees retirement benefits		472,506	658,692
Payroll taxes		103,560	94,116
Workers' compensation insurance		24,921	17,026
Group health, dental and life insurance		552,720	531,503
Other post-employment benefits (income)		(552,176)	(475,170)
Uniforms		3,547	2,845
Insurance		70,710	51,930
Office supplies and expense		30,661	28,828
Election expenses		72,383	-
Membership dues, conferences, and travel		146,246	137,668
Public relations and water conservation program		224,845	203,166
Consulting and engineering fees		98,376	571,992
Government relations		96,491	97,705
Directors fees		49,800	54,400
Legal fees		76,887	74,259
Accounting fees		26,686	36,539
Telephone and communications		38,872	47,694
Utilities		23,004	20,972
Vehicle maintenance		40,398	38,660
Maintenance – buildings and grounds		98,503	32,233
Property tax		810	799
Total general and administrative	$	2,813,931	3,270,700

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Report on Internal Controls and Compliance

C.J. Brown & Company CPAs
An Accountancy Corporation

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
San Gabriel Valley Municipal Water District
Azusa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Gabriel Valley Municipal Water District (District), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated February 9, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

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

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
February 9, 2026