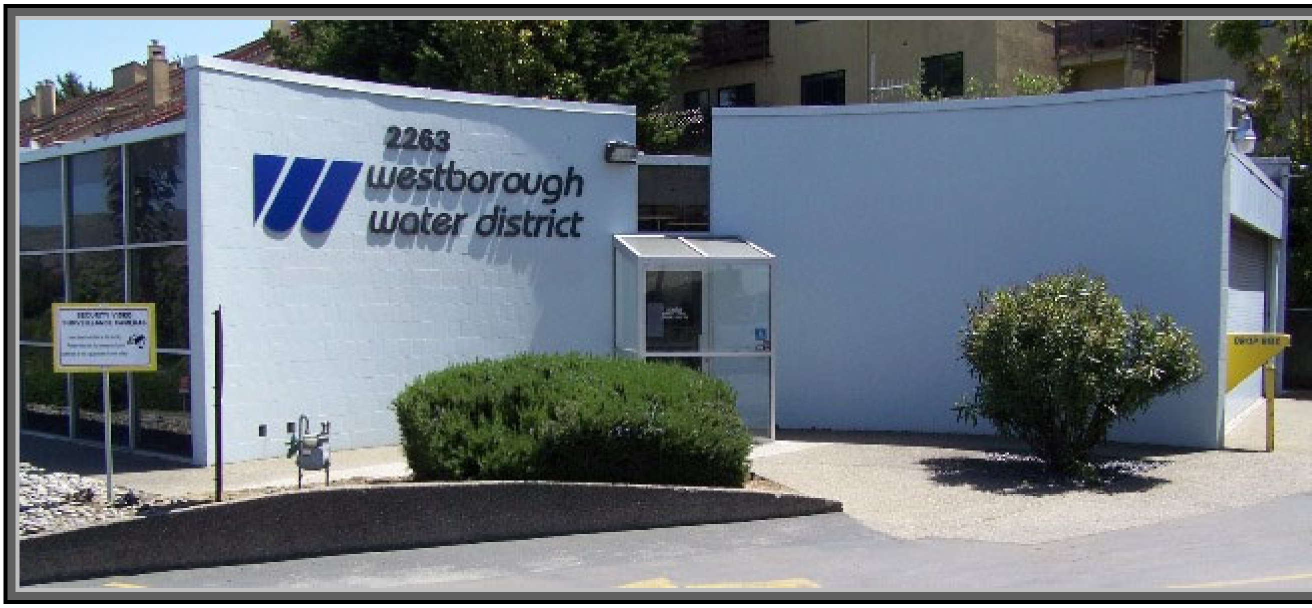
Westborough Water District
Annual Financial Report

For the Fiscal Years Ended
June 30, 2025 and 2024



Mission Statement

The mission of the Westborough Water District is to provide a stable supply of high quality safe drinking water at a fair price to all customers of the District. In addition, the District has the mission to provide reliable sewer service through the North San Mateo County Sanitation District. The Board, the staff and all employees of Westborough Water District are committed to providing its customers with high quality, cost-effective and environmentally sensitive customer service.

Board of Directors as of June 30, 2025

Name	Title	Elected/ Appointed	Current Term
Don Amuzie	President	Elected	11/2024-11/2028
Perry H. Bautista	Vice President	Elected	11/2022-11/2026
Julie L. Richards	Director	Elected	11/2024-11/2028
Janet G. Medina	Director	Elected	11/2024-11/2028
Tom Chambers	Director	Elected	11/2022-11/2026

Patricia Mairena, General Manager
Westborough Water District
2263 Westborough Boulevard
So. San Francisco, California 94080
(650) 589-1435 – www.westboroughwater.org

Westborough Water District

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Financial Section

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An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
Westborough Water District
South San Francisco, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Westborough Water District (District) for the years ended 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 respective financial position of the Westborough Water District, as of June 30 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits 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 Audits of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control–related matters that we identified during the audits.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the District made the following adjustments to net position; adopted the provisions of GASB Statement No. 101 – *Compensated Absences*, adjusted property tax receivable and revenue for ERAF property tax accruals not accrued for in prior years, and made adjustments to its fund allocation methodology related to shared operating expense and non-operating revenue accounts between the Water and Sewer funds. As a result, the District has restated its net position to reflect the effects of the change in its accounting policy for compensated absences, the recording of ERAF property tax accruals, and allocation changes applied to its Water and Sewer fund balances. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8, and the Required Supplementary Information on pages 43 through 46 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental information on pages 47 through 54, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 combining schedules of net position and combining schedules of revenues, expenses, and changes in net position are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audits 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 April 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 55 and 56.

C.J. Brown & Company, CPAs

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

Westborough Water District

Management's Discussion and Analysis

For the Fiscal Years Ended June 30, 2025 and 2024

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Westborough 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

- In fiscal year 2025, the District's net position increased 15.32% or $1,887,527 to $14,209,300 as a result of ongoing operations. In fiscal year 2024, the District's net position increased 7.82% or $893,898 to $12,321,773 as a result of ongoing operations.
- Total revenues increased 13.31% or $1,118,405 to $9,519,648. In fiscal year 2024, the District's total revenues increased 2.55% or $209,077 to $8,401,243.
- Operating revenues increased 12.61% or $941,273 to $8,403,272. In fiscal year 2024, the District's operating revenues increased 2.62% or $190,378 to $7,461,999.
- Non-operating revenues increased 18.86% or $177,132 to $1,116,376. In fiscal year 2024, the District's non-operating revenues increased 2.03% or $18,699 to $939,244.
- Total expenses increased 1.66% or $124,776 to $7,632,121. In fiscal year 2024, the District's total expenses increased 4.63% or $332,006 to $7,507,345.
- Operating expenses increased 1.78% or $127,419 to $7,293,181. In fiscal year 2024, the District's operating expenses increased 4.76% or $325,553 to $7,165,762.

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 District's statements consist of two funds: the Water Fund and the Sewer Fund. The District's records are maintained on an enterprise basis, as it is the intent of the Board of Directors that the costs of providing water and sewer to customers of the District are financed primarily through user charges.

The Statement of Net Position includes all 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 revenues 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. These statements can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net change 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 help 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 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 (assets and deferred outflows of resources, less 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 14 through 42.

Statement of Net Position

Condensed Statements of Net Position

	2025	As Restated 2024	Change	As Restated 2023	Change
Assets:					
Current assets	$ 9,354,050	7,168,199	2,185,851	6,423,215	744,984
Non-current assets	8,150,746	8,187,097	(36,351)	8,084,455	102,642
Total assets	17,504,796	15,355,296	2,149,500	14,507,670	847,626
Deferred outflows of resources	640,249	813,472	(173,223)	691,462	122,010
Liabilities:					
Current liabilities	2,049,212	1,821,935	227,277	1,994,063	(172,128)
Non-current liabilities	1,490,220	1,537,220	(47,000)	1,230,030	307,190
Total liabilities	3,539,432	3,359,155	180,277	3,224,093	135,062
Deferred inflows of resources	396,313	487,840	(91,527)	547,164	(59,324)
Net position:					
Net investment in capital assets	7,980,786	7,981,835	(1,049)	7,846,834	135,001
Restricted for capital projects	122,293	286,523	(164,230)	141,540	144,983
Unrestricted	6,106,221	4,053,415	2,052,806	3,439,501	613,914
Total net position	$ 14,209,300	12,321,773	1,887,527	11,427,875	893,898

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $14,209,300 and $12,321,773, as of June 30, 2025 and 2024, respectively.

Statement of Net Position, (continued)

By far the largest portion of the District's net position (56% and 65% 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 had no outstanding long-term debt at June 30, 2025 and 2024, respectively. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2025 and 2024, the District showed a positive balance in its unrestricted net position of $6,106,221 and $4,053,415, respectively. See Note 9 to the basic financial statements for further information.

Statement 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 2022	Change
Revenues:					
Operating revenues	$ 8,403,272	7,461,999	941,273	7,271,621	190,378
Non-operating revenues	1,116,376	939,244	177,132	920,545	18,699
Total revenues	9,519,648	8,401,243	1,118,405	8,192,166	209,077
Expenses:					
Operating expenses	7,293,181	7,165,762	127,419	6,840,209	325,553
Depreciation	338,940	341,583	(2,643)	335,130	6,453
Total expenses	7,632,121	7,507,345	124,776	7,175,339	332,006
Changes in net position	1,887,527	893,898	993,629	1,016,827	(122,929)
Net position, beginning of year, as restated	12,321,773	11,427,875	893,898	10,411,048	1,016,827
Net position, end of year, as restated	$ 14,209,300	12,321,773	1,887,527	11,427,875	893,898

The Statement of Revenues, Expenses, and Changes of Net Position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased 15.32% or $1,887,527 to $14,209,300 as a result of ongoing operations. In fiscal year 2024, the District's net position increased 7.82% or $893,898 to $12,321,773 as a result of ongoing operations.

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

Total revenues increased 13.31% or $1,118,405 to $9,519,648 in 2025. Operating revenues increased 12.61% or $941,273 to $8,403,272, primarily due to increases of $842,428 in water consumption sales and $98,085 in wastewater services. Non-operating revenues increased 18.86% or $177,132 to $1,116,376, primarily due to increases of $77,469 in insurance recovery, $65,099 in investment earnings, and $49,194 in property taxes, offset by a decrease of $13,476 in other non-operating revenue as compared to the prior year.

Statement of Revenues, Expenses, and Changes in Net Position, continued

In fiscal year 2024, total revenues increased 2.55% or $209,077 to $8,401,243. Operating revenues increased 2.62% or $190,378 to $7,461,999, due to increases of $132,436 in water consumption sales and $57,348 in wastewater service. Non-operating revenues increased 2.03% or $18,699 to $939,244, due to increases of $185,946 in investment earnings, offset by decreases of $118,366 in property taxes and $51,286 in insurance recovery as compared to the prior year.

Total expenses increased 1.66% or $124,776 to $7,632,121 in 2025. Operating expenses increased 1.78% or $127,419 to $7,293,181, primarily due to increases of $213,961 in water purchases and $42,276 in special services, offset by decreases of $47,108 in treatment and disposal, $36,975 in general and administrative expenses, $31,902 in employee benefits, and $12,896 in system maintenance as compared to the prior year.

In fiscal year 2024, total expenses increased 4.63% or $332,006 to $7,507,345. Operating expenses increased 4.76% or $325,553 to $7,165,762, primarily due to increases of $99,378 in treatment and disposal, $79,864 in water purchases, $49,869 in system maintenance, $49,341 in utilities, $45,800 in general and administrative expenses, and $25,541 in salaries, offset by decreases of $22,754 in employee benefits and $18,027 in vehicle expenses as compared to the prior year.

Capital Asset Administration

Changes in capital asset amounts for 2025 were as follows:

	Balance 2024	Additions	Transfers/ Deletions	Balance 2025
Capital assets:				
Non-depreciable assets	$ 388,756	350,308	(212,825)	526,239
Depreciable assets	14,824,592	200,409	-	15,025,001
Accumulated depreciation	(7,231,513)	(338,941)	-	(7,570,454)
Total capital assets, net	$ 7,981,835	211,776	(212,825)	7,980,786

Changes in capital asset amounts for 2024 were as follows:

	Balance 2023	Additions	Transfers/ Deletions	Balance 2024
Capital assets:				
Non-depreciable assets	$ 191,002	483,718	(285,964)	388,756
Depreciable assets	14,545,762	278,830	-	14,824,592
Accumulated depreciation	(6,889,930)	(341,583)	-	(7,231,513)
Total capital assets, net	$ 7,846,834	420,965	(285,964)	7,981,835

At the end of fiscal year 2025 and 2024, the District's investment in capital assets net of accumulated depreciation amounted to $7,980,786 and $7,981,835, respectively. These investments in capital assets includes land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, and vehicles, etc. See Note 5 to the basic financial statements for further information.

Conditions Affecting Current Financial Position

Management is unaware of any other 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 funding sources, customers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Patricia Mairena, General Manager of Westborough Water District, 2263 Westborough Blvd., South San Francisco, CA 94080-5406.

Basic Financial Statements

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

		2025	As Restated 2024
Current assets:			
Cash and cash equivalents (note 2)	$	7,817,504	5,578,965
Cash and cash equivalents – restricted (note 2)		121,446	271,504
Accrued interest receivable		70,889	35,138
Accrued interest receivable – restricted		847	15,019
Accounts receivable – water sales and services, net (note 3)		911,313	776,681
Property tax receivable		123,362	118,806
Lease receivable (note 4)		35,331	32,798
Materials and supplies inventory		233,686	305,158
Prepaid expenses and other deposits		39,672	34,130
Total current assets		9,354,050	7,168,199
Non-current assets:			
Lease receivable (note 4)		169,960	205,262
Capital assets – not being depreciated (note 5)		526,239	388,756
Capital assets – being depreciated, net (note 5)		7,454,547	7,593,079
Total non-current assets		8,150,746	8,187,097
Total assets		17,504,796	15,355,296
Deferred outflows of resources:			
Deferred other post-employment benefit outflows (note 7)		141,130	173,441
Deferred pension outflows (note 8)		499,119	640,031
Total deferred outflows of resources	$	640,249	813,472

Continued on next page

See accompanying notes to the basic financial statements

Westborough Water District
Statements of Net Position, (continued)
June 30, 2025 and 2024

		2025	As Restated 2024
Current liabilities:			
Accounts payable and accrued expenses	$	210,058	196,349
Accrued sewer service charge		1,295,288	1,042,340
Deposits		415,750	410,232
Unearned revenue		20,263	24,366
Long-term liabilities – due within one year:			
Compensated absences (note 6)		107,853	148,648
Total current liabilities		2,049,212	1,821,935
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 6)		-	14,953
Net other post-employment benefit liability (note 7)		239,547	267,500
Net pension liability (note 8)		1,250,673	1,254,767
Total non-current liabilities		1,490,220	1,537,220
Total liabilities		3,539,432	3,359,155
Deferred inflows of resources:			
Deferred lease inflows (note 4)		167,281	200,686
Deferred other post-employment benefit inflows (note 7)		100,215	138,665
Deferred pension inflows (note 8)		128,817	148,489
Total deferred inflows of resources		396,313	487,840
Net position:			
Net investment in capital assets		7,980,786	7,981,835
Restricted (note 9)		122,293	286,523
Unrestricted (note 9)		6,106,221	4,053,415
Total net position	$	14,209,300	12,321,773

See accompanying notes to the basic financial statements

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

		2025	As Restated 2024
Operating revenues:			
Water consumption sales	$	4,985,869	4,143,441
Wastewater service		3,392,054	3,293,969
Other charges and services		25,349	24,589
Total operating revenues		8,403,272	7,461,999
Operating expenses:			
Salaries		458,373	458,906
Employee benefits		161,948	193,850
Payroll taxes		36,664	33,734
Water purchases		2,028,612	1,814,651
Utilities		329,009	322,887
System maintenance		141,176	154,072
Supplies and small tools		11,522	18,337
Special services		119,162	76,886
Technical communications		10,814	9,903
Vehicles		28,365	30,917
Treatment and disposal		2,610,338	2,657,446
General and administrative		1,357,198	1,394,173
Total operating expenses		7,293,181	7,165,762
Operating income before depreciation		1,110,091	296,237
Depreciation		(338,940)	(341,583)
Operating income (loss)		771,151	(45,346)
Non-operating revenues, net:			
Property taxes		697,065	647,871
Investment earnings, net of fair value		299,376	234,277
Interest on rental income		6,360	7,471
Rental revenue		33,405	33,448
Insurance recovery		77,469	-
Other non-operating revenue		2,701	16,177
Total non-operating revenues, net		1,116,376	939,244
Changes in net position		1,887,527	893,898
Net position, beginning of year, as restated (note 10)		12,321,773	11,427,875
Net position, end of year, as restated (note 10)	$	14,209,300	12,321,773

See accompanying notes to the basic financial statements

Westborough 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 customers for sales and services	$ 8,381,579	7,461,027
Cash paid to vendors and suppliers for materials and services	(5,954,495)	(6,306,001)
Cash paid to employees for salaries and wages	(981,934)	(911,916)
Net cash provided by operating activities	1,445,150	243,110
Cash flows from non-capital financing activities:		
Proceeds from property taxes	697,065	647,871
Net cash provided by non-capital financing activities	697,065	647,871
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(337,891)	(476,584)
Net cash used in capital and related financing activities	(337,891)	(476,584)
Cash flows from investing activities:		
Interest and investment earnings	284,157	225,116
Net cash provided by investing activities	284,157	225,116
Net increase in cash and cash equivalents	2,088,481	639,513
Cash and cash equivalents, beginning of year	5,850,469	5,210,956
Cash and cash equivalents, end of year	$ 7,938,950	5,850,469
Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	$ 7,817,504	5,578,965
Cash and cash equivalents – restricted	121,446	271,504
Total cash and cash equivalents	$ 7,938,950	5,850,469

Continued on next page

See accompanying notes to the basic financial statements

Westborough Water District
Statements of Cash Flows, (continued)
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	As Restated 2024
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 771,151	(45,346)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	338,940	341,583
Rental income	33,405	33,448
Insurance recovery	77,469	-
Other non-operating, net	2,701	16,177
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable – sales and services, net	(134,632)	(47,386)
Property tax receivable	(4,556)	36,661
Lease receivable	32,769	29,956
Materials and supplies inventory	71,472	(71,920)
Prepaid expenses and other deposits	(5,542)	(3,791)
Deferred other post-employment benefit outflows	32,311	(21,861)
Deferred pension outflows	140,912	(100,149)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued expenses	266,657	(221,367)
Deposits	5,518	44,854
Unearned revenue	(4,103)	8,704
Compensated absences	(55,748)	10,634
Net other post-employment benefit liability	(27,953)	68,858
Net pension liability	(4,094)	223,379
Deferred lease inflows	(33,405)	(33,167)
Deferred other post-employment benefit inflows	(38,450)	(69,414)
Deferred pension inflows	(19,672)	43,257
Total adjustments	673,999	288,456
Net cash provided by operating activities	$ 1,445,150	243,110
Non-cash investing, capital, and financing transactions:		
Change in fair-market value of funds deposited with LAIF	$ 8,614	(19,276)

See accompanying notes to the basic financial statements

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Westborough Water District (District) is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District has been providing water and sewer services to the residents of the South San Francisco area since 1961. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

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 and sewer services to its customers on a continuing basis be financed or recovered primarily through user charges (water and sewer service fees). 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 sewer services, as well as water purchases and sewer treatment, 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.

The District recognizes revenue from water and sewer service charges based on cycle billings performed bi-monthly. The District accrues revenues with respect to water and sewer service sold but not billed at the end of a fiscal period.

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.

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.

Note 1 – Summary of Significant Accounting Policies, (continued)

Financial Reporting, continued

Governmental Accounting Standards Board Statement No.101, continued

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

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. See Note 1 – Compensated Absences, and Note 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.

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

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period.

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 at the time of purchase to be cash equivalents.

Note 1 – Summary of Significant Accounting Policies, (continued)

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

Investments and Investment Policy

The District has adopted an investment policy directing the General Manager to deposit funds in financial institutions. 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.

Restricted Assets

Certain assets of the District are restricted for use by ordinance and, accordingly, are shown as restricted assets on the accompanying statements of net position. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

Property Taxes and Assessments

The County of San Mateo Assessor's Office assesses all real and personal property within the County each year. The County of San Mateo Tax Collector's Offices bills and collects the District's share of property taxes and assessments. The County of San Mateo 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 San Mateo, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

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

Lease Receivable

Lease receivables are measured at the present value of payments expected to be received during the lease term.

Prepaids

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

Inventory

Inventory consists primarily of materials used in construction and maintenance of the water and sewer systems and is stated at cost using the average-cost method.

Note 1 – Summary of Significant Accounting Policies, (continued)

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

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 $500. Contributed assets are recorded at estimated fair market value at the date of contribution. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

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

Sewer facilities	40 to 50 years
Water facilities	50 years
Buildings	5 to 10 years
Joint-use-facilities	50 years
Meters	5 to 15 years
Office equipment	5 to 15 years
Maintenance facilities	30 to 40 years

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 items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to employer contributions made after the measurement date of the net other post-employment benefit liability. This amount will be amortized-in-full against the net other post-employment benefit liability in the next fiscal year.
- 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 post-employment benefits through the Plan.
- Deferred outflow for the net difference between projected and actual earnings on investments of the other post-employment benefit plan’s fiduciary net position. This amount is amortized over a 5 year period.

Pensions

- Deferred outflow which is equal to 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 difference 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 pension 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 pension through the Plan.

Note 1 – Summary of Significant Accounting Policies, (continued)

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

Deferred Outflows of Resources, continued

Pensions, continued

- Deferred outflow for the net difference between projected and actual earnings on investments of the pension plan's fiduciary net position. This amount is amortized over a 5 year period.
- Deferred outflow for the adjustments due to differences 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 pension through the Plan.

Compensated Absences

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.

The District's policy is to permit employees to accumulate earned vacation and sick leave according to the number of years of service with the District. The liability for the vested of vacation and sick leave is recorded as an expense when earned.

Upon separation from the District as a result of retirement, disability, or death, permanent employees are entitled to receive compensation at their current base salary for all unused vacation, up to a maximum of 30 days, and sick leave, up to a maximum of 120 days. Sick leave is paid if the employee is retirement eligible and meets vesting requirements. Sick leave is not paid for those circumstances where an employee has not completed the probationary period or is separated from the District upon termination.

As of June 30, 2025, the vacation accrual schedule is as follows:

Years of service completed	Days of vacation earned annually
1 to 4	10 (two weeks)
5 to 9	15 (three weeks)
10 to 14	20 (four weeks)
15 to 19	25 (five weeks)
20 to 24	30 (six weeks)

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, 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.

Note 1 – Summary of Significant Accounting Policies, (continued)

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

Post-Employment Benefits Other Than Pensions (OPEB), continued

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

Pensions

For purposes of measuring the net pension liability, 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 Plan's 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 June 30, 2022
- Measurement dates: June 30, 2024 and June 30, 2023
- Measurement periods: July 1, 2023 to June 30, 2024 and July 1, 2022 to June 30, 2023

Deferred Inflows of Resources

The statements of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources,* represents an acquisition of resources applicable to future periods and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time.

The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the net difference 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 post-employment benefits through the Plan.

Pensions

- Deferred inflow for the net difference between the actual and proportionate share of employer contribution and net changes in proportion 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 pension through the Plan.

Deposit Connection Fees

Connection fees are collected by the District to cover the cost of service connections within the District. Funds in excess of connection costs are refunded to the customer.

Water and Sewer Sales

The District recognizes water and sewer service charges based on cycle billings rendered to customers on a bi-monthly basis.

Note 1 – Summary of Significant Accounting Policies, (continued)

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

Capital Contributions

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

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 amortization, and reduced by outstanding balances of any debt or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *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 is not included in the determination of the net investment in capital assets or restricted component of net position.

Budgetary Policies

The District adopts a one year 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.

Reclassification

The District has reclassified certain prior year information to conform with current year presentations.

Note 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	$	7,817,504	5,578,965
Cash and cash equivalents – restricted		121,446	271,504
Total cash and cash equivalents	$	7,938,950	5,850,469

Cash and investments as of June 30 consist of the following:

		2025	2024
Cash on hand	$	600	600
Deposits with financial institutions		740,841	496,350
Deposits held with California Local Agency Investment Fund (LAIF)		7,197,509	5,353,519
Total cash and investments	$	7,938,950	5,850,469

Note 2 – Cash and Investments, continued

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

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of 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. 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).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to $250,000 is 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.

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

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment 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.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate 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 rate. 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 requirements for cash flow and liquidity needed for operations.

Note 2 – Cash and Investments, continued

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Note 3 – Accounts Receivable – Water Sales and Services, Net

At fiscal year end, the District reviews it receivables balance for uncollectible accounts. At fiscal years ending 2025 and 2024, accounts receivable was determined to be fully collectible at fiscal year-end.

The balance at June 30 consists of the following:

	2025	2024
Accounts receivable – water sales and services	$ 911,313	776,681
Accounts receivable – water sales, net	$ 911,313	776,681

Note 4 – Lease Receivable

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

	Balance 2024	Additions	Principal Payments	Balance 2025	Current Portion	Long-term Portion	Deferred Inflows
Lease receivable:							
Crown Castle	$ 238,060	-	(32,769)	205,291	35,331	169,960	$ (167,281)
Total lease receivable	$ 238,060	-	(32,769)	205,291	35,331	169,960	$ (167,281)

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

	Balance 2023	Additions	Principal Payments	Balance 2024	Current Portion	Long-term Portion	Deferred Inflows
Lease receivable:							
Crown Castle	$ 268,016	-	(29,956)	238,060	32,798	205,262	$ (200,686)
Total lease receivable	$ 268,016	-	(29,956)	238,060	32,798	205,262	$ (200,686)

Note 4 – Lease Receivable, continued

Crown Castle

On July 1, 1995, the District entered into a lease agreement with AT&T Wireless. On March 28, 2014, AT&T transferred ownership to its subsidiary Crown Castle ATT, LLC (Crown Castle). Crown Castle has agreed to pay the District for purpose of leasing communication tower space at its Skyline Boulevard site. The terms of the agreement require Crown Castle to pay the District in monthly installments through June 2030 and is adjusted annually by a rate of 3.00% and 7.00%.

Following the provisions set forth by *GASB Statement No. 87*, the District recorded a lease receivable and a deferred inflow of resources at present value using a discount rate of 2.85%. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. As of June 30, 2025 and 2024, deferred inflows of resources were reported at $167,281 and $200,686, respectively.

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

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2026	$ 35,331	5,378	40,709	(33,408)
2027	38,001	4,337	42,338	(33,407)
2028	40,815	3,217	44,032	(33,407)
2029	43,778	2,015	45,793	(33,408)
2030	47,366	727	48,093	(33,651)
Total	205,291	15,674	220,965	$ (167,281)
Current	(35,331)			
Non-current	$ 169,960			

Note 5 – Capital Assets

Changes in capital assets for 2025 were as follows:

		Balance 2024	Additions/ Transfers	Deletions/ Transfers	Balance 2025
Non-depreciable assets:					
Land	$	182,632	-	-	182,632
Construction in progress		206,124	350,308	(212,825)	343,607
Total non-depreciable assets		388,756	350,308	(212,825)	526,239
Depreciable assets:					
Buildings		1,503,834	-	-	1,503,834
Water facilities		8,206,496	24,838	-	8,231,334
Sewer facilities		3,445,900	91,246	-	3,537,146
Joint use facilities		94,907	-	-	94,907
Maintenance facilities		478,624	-	-	478,624
Water meters		935,856	81,740	-	1,017,596
Furniture and equipment		158,975	2,585	-	161,560
Total depreciable assets		14,824,592	200,409	-	15,025,001
Accumulated depreciation:					
Buildings		(763,526)	(37,495)	-	(801,021)
Water facilities		(3,546,299)	(165,855)	-	(3,712,154)
Sewer facilities		(1,878,772)	(67,659)	-	(1,946,431)
Joint use facilities		(81,125)	(511)	-	(81,636)
Maintenance facilities		(467,026)	(8,443)	-	(475,469)
Water meters		(370,460)	(46,617)	-	(417,077)
Furniture and equipment		(124,305)	(12,361)	-	(136,666)
Total accumulated depreciation		(7,231,513)	(338,941)	-	(7,570,454)
Total depreciable assets, net		7,593,079	(138,532)	-	7,454,547
Total capital assets, net	$	7,981,835	211,776	(212,825)	7,980,786

Major changes to capital assets consisted primarily of additions of $350,308 in construction in progress, $24,838 in upgrades to water facilities, $91,246 in upgrades to sewer facilities, $81,740 in additions to water meters, and $2,585 in upgrades to furniture and equipment. Construction in progress transfers included $197,825 to water facilities, sewer facilities, and water meters. The District abandoned / expensed $15,000 in construction in progress.

Note 5 – Capital Assets, (continued)

Changes in capital assets for 2024 were as follows:

	Balance 2023	Additions/ Transfers	Deletions/ Transfers	Balance 2024
Non-depreciable assets:				
Land	$ 182,632	-	-	182,632
Construction in progress	8,370	483,718	(285,964)	206,124
Total non-depreciable assets	191,002	483,718	(285,964)	388,756
Depreciable assets:				
Buildings	1,503,834	-	-	1,503,834
Water facilities	8,095,129	111,367	-	8,206,496
Sewer facilities	3,382,231	63,669	-	3,445,900
Joint use facilities	94,907	-	-	94,907
Maintenance facilities	478,624	-	-	478,624
Water meters	833,296	102,560	-	935,856
Furniture and equipment	157,741	1,234	-	158,975
Total depreciable assets	14,545,762	278,830	-	14,824,592
Accumulated depreciation:				
Buildings	(726,031)	(37,495)	-	(763,526)
Water facilities	(3,379,677)	(166,622)	-	(3,546,299)
Sewer facilities	(1,812,471)	(66,301)	-	(1,878,772)
Joint use facilities	(80,613)	(512)	-	(81,125)
Maintenance facilities	(455,843)	(11,183)	-	(467,026)
Water meters	(323,576)	(46,884)	-	(370,460)
Furniture and equipment	(111,719)	(12,586)	-	(124,305)
Total accumulated depreciation	(6,889,930)	(341,583)	-	(7,231,513)
Total depreciable assets, net	7,655,832	(62,753)	-	7,593,079
Total capital assets, net	$ 7,846,834	420,965	(285,964)	7,981,835

Major changes to capital assets consisted primarily of additions of $483,718 in construction in progress, $111,367 in upgrades to water facilities, $102,560 in additions to water meters, $63,669 in upgrades to sewer facilities, and $1,234 in upgrades to furniture and equipment. Construction in progress transfers included $277,596 to water facilities. The District abandoned / expensed $8,368 in construction in progress.

Note 6 – 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.

The net change in the compensated absence liability for the fiscal years ended June 30, 2025 and 2024, decreased and increased by $55,748 and $10,634 respectively.

The change to compensated absences balances at June 30, 2025 was as follows:

As Restated 2024	Change	Balance 2025	Current Portion	Long-term Portion
$ 163,601	(55,748) *	107,853	107,853	-

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

The change to compensated absences balances at June 30, 2024 was as follows:

As Restated 2023	Change	As Restated 2024	Current Portion	Long-term Portion
$ 152,967	10,634 *	163,601	148,648	14,953

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

Note 7 – Other Post-Employment Benefits (OPEB) Plan

Plan Description

The District provides other post-employment benefits (OPEB) to qualified employees who retire from the District and meet the District's vesting requirements. The Plan is a single employer defined benefit OPEB plan administered by the District. The District participates in CalPERS California Employer's Retiree Benefit Trust Program (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. The reporting requirements for these benefit programs as they pertain to the District are set forth below.

Benefits Provided

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are eligible to receive benefits. Retirees may enroll in any plan available through the District's medical program. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

Note 7 – Other Post-Employment Benefits (OPEB) Plan, (continued)

Benefits Provided, continued

The following requirements must be satisfied in order to be eligible for post-employment medical benefits:

- Employees hired before May 1, 2011, who retire from the District after attainment of age 55 and with 15 years of service.
- Employees hired on or after January 1, 2013, who retire from the District after attainment of age 60 and with 15 years of service.

Employees Covered by Benefit Terms

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

	2025	2024
Active plan members	6	6
Retiree plan members	1	1
Total Plan membership	7	7

Contributions

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays 100% of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The annual contribution is based on the actuarially determined contribution.

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

	2025	2024
Contributions – employer	$ 14,536	9,315
Total employer paid contributions	$ 14,536	9,315

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 $14,536 and $9,315 will be/were recognized as a reduction of the net OPEB liability for the fiscal years ended June 30, 2026 and 2025, respectively.

Net OPEB Liability

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

Note 7 – Other Post-Employment Benefits (OPEB) Plan, (continued)

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 – 2.50 percent 2024 – 2.50 percent
Salary increases	2025 – 2.80 percent, average, including inflation 2024 – 2.75 percent, average, including inflation
Discount rate	2025 – 6.25 percent 2024 – 6.25 percent
Healthcare cost trend rates – 2025	Non-Medicare – 7.10/5.00 percent (HMO/PPO) for 2024, decreasing to an ultimate rate of 5.00% percent in 2043 Medicare (Kaiser) – 5.75/5.90 percent (HMO/PPO) for 2024, decreasing to an ultimate rate of 3.75 percent in 2038
Healthcare cost trend rates – 2024	Non-Medicare – 7.10/5.00 percent (HMO/PPO) for 2024, decreasing to an ultimate rate of 5.00% percent in 2043 Medicare (Kaiser) – 5.90/4.50 percent (HMO/PPO) for 2024, decreasing to an ultimate rate of 3.75 percent in 2038
Retirees' share of benefit-related costs	100 percent of the District's share of projected health insurance premiums for retirees age 55 with a minimum 15 years of service hired before January 1, 2013. 100 percent of the District's share of projected health insurance premiums for retirees age 65 with a minimum 15 years of service hired on or after January 1, 2013.

The actuarial assumptions used in the June 30, 2023 valuation was based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The asset class percentages were taken from the current composition of the CERBT trust, and the expected yields were taken from a CalPERS publication for the Pension Fund. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2025 and 2024, are summarized in the table on the following page.

Note 7 – Other Post-Employment Benefits (OPEB) Plan, (continued)

Actuarial Assumptions, (continued)

Asset Class	Target Allocation* CERB-Strategy 1	Expected Real Return**
Global equity	49.0%	5.69%
Fixed income	23.0%	1.41%
Treasury inflation	5.0%	2.26%
Commodities	3.0%	6.86%
Real estate trusts	20.0%	2.81%
Total	100%	

* CalPERS 2024 Asset Liability Management (ALM) Study
** JP Morgan arithmetic Long-Term Capital Market Assumptio

Discount Rate

As of June 30, 2025 and 2024, the discount rate used to measure the net OPEB liability was 6.25%, respectively. The projection of cash flow used to determine the discount rate assumed that the District's contributions will be made at rates equal to the retirees' benefits. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

Changes in the net OPEB liability as of June 30, 2025 (measured at June 30, 2024) were as follows:

	June 30, 2025			June 30, 2024
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Net OPEB Liability
Balance at beginning of year	$ 952,937	685,437	267,500	198,642
Changes for the year:				
Service cost	31,552	-	31,552	22,036
Interest	60,357	-	60,357	52,474
Benefit payments	(38,140)	(38,140)	-	-
Difference between expected and actual experience	2,651	-	2,651	33,300
Change in assumptions	-	-	-	43,593
Employer contributions	-	47,455	(47,455)	(41,939)
Net investment income	-	75,282	(75,282)	(40,790)
Administrative expenses	-	(224)	224	184
Net change	56,420	84,373	(27,953)	68,858
Balance at end of year	$ 1,009,357	769,810	239,547	267,500

Note 7 – Other Post-Employment Benefits (OPEB) Plan, (continued)

Change of Benefit Terms

There were no changes in benefit terms.

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

The following tables present the District's net OPEB liability calculated using the discount rate, as well as what the District's net OPEB 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.

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

	Discount Rate - 1%	Current Discount Rate 6.25%	Discount Rate + 1%
Net OPEB liability	$ 378,620	239,547	125,598

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

	Discount Rate - 1%	Current Discount Rate 6.25%	Discount Rate + 1%
Net OPEB liability	$ 398,716	267,500	160,003

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

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	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	$ 115,801	239,547	392,034

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	$ 150,747	267,500	411,386

Note 7 – Other Post-Employment Benefits (OPEB) Plan, (continued)

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

For the fiscal years ended June 30, 2025 and 2024, the District recognized OPEB expense of $32,378 and $25,038, 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		June 30, 2024	
Description		**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Employer contributions made subsequent to measurement date	$	66,470	-	47,455	-
Changes in assumptions		66,643	-	83,198	-
Differences between expected and actual experience		-	(100,215)	-	(138,665)
Net differences between expected and actual return on investments		8,017	-	42,788	-
Total	$	141,130	(100,215)	173,441	(138,665)

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

Fiscal Year Ending June 30:		Net Deferred Outflows/ (Inflows) of Resources
2026	$	(19,615)
2027		2,176
2028		(13,043)
2029		(11,046)
2030		2,387
Thereafter		13,586

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in separately issued CalPERS financial reports.

See pages 43 and 44 for the Required Supplementary Information.

Note 8 – Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee, 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 Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

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. 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 55 Risk Pool Retirement Plan to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2012. All employees hired after January 1, 2013 are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plan's provision and benefits in effect at June 30, 2025 and 2024, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	**Tier 2**
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 service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
2025:		
Required employee contribution rates	7.00%	7.75%
Required employer contribution rates	11.88%	7.87%
2024:		
Required employee contribution rates	6.92%	7.75%
Required employer contribution rates	11.84%	7.68%

Note 8 – Defined Benefit Pension Plan, (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in 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 years ended June 30, the contributions for the Plan were as follows:

		Miscellaneous Plan	
District paid contributions:		**2025**	**2024**
Employer	$	181,815	153,550
Employee (paid by employer)		5,688	5,443
Total District paid contributions	$	187,503	158,993

Net Pension Liability

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

		Proportionate Share of Net Pension Liability	
		2025	**2024**
Miscellaneous Plan	$	1,250,673	1,254,767

The District's net pension liability for the PERF C is measured as the proportionate share of the net pension liability for the miscellaneous pool. As of 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 PERF C's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 and 2022 (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 net pension liability as of the fiscal years ended June 30, were as follows:

	Miscellaneous Plan	
	2025	**2024**
Proportion – beginning of year	0.01006%	0.00893%
Proportion – end of year	0.01031%	0.01006%
Change – Increase (Decrease)	0.00025%	0.00113%

Note 8 – Defined Benefit Pension Plan, (continued)

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2025 and 2024, the District recognized pension expense of $298,961 and $320,035, respectively.

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pension 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	$ 181,815	-	153,550	-
Differences between actual and expected experience	103,911	-	54,156	-
Change in assumptions	32,144	-	75,755	-
Net difference between projected and actual earnings on plan investments	71,997	-	203,156	-
Differences between actual contribution and proportionate share of contribution	-	(128,817)	-	(148,489)
Adjustments due to differences in proportions of net pension liability	109,252	-	153,414	-
Total	$ 499,119	(128,817)	640,031	(148,489)

As of June 30 2025 and 2024, the District reported $181,815 and $153,550, respectively, as deferred outflows of resources related to contributions subsequent to the measurement dates. Pension contributions subsequent to the measurement date for the year ended June 30, 2025, will be recognized as a reduction of the net pension liability for the year ended June 30, 2026. Pension contributions subsequent to the measurement date for the year ended June 30, 2024, were recognized as a reduction of the net pension liability for the year ended June 30, 2025.

At June 30, 2025, other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2026	$ 85,226
2027	116,467
2028	7,596
2029	(20,802)

Note 8 – Defined Benefit Pension Plan, (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2023 and 2022, actuarial valuation reports were determined using the following actuarial assumptions:

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 rate	2025 - 6.90% 2024 - 6.90%
Inflation	2025 - 2.30% 2024 - 2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90% Net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' membership data for all funds
Period upon which actuarial Experience Survey assumption were based	2025 and 2024 – 1997-2015
Post retirement benefit	2025 and 2024 – Contract COLA up to 2.50% until Purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

* The mortality table above was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that 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 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.

Note 8 – Defined Benefit Pension Plan, (continued)

Discount Rate, continued

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

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

Asset Class	New Strategic Allocation	Real Return Years 1–10[1,2]
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%	

[1] An expected inflation of 2.30% used for this period.

[2] Figures are based on the 2021-22 Asset Liability Mangement study.

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

The following tables present 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 proportionate 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.

Note 8 – Defined Benefit Pension Plan, (continued)

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

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

		Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's net pension liability	$	2,200,704	1,250,673	468,658

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

		Discount Rate - 1% 5.90%	Prior Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's net pension liability	$	2,129,175	1,254,767	535,054

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 45 and 46 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2025 and 2024, the District reported no payables for the outstanding amount of contribution to the pension plan.

Note 9 – Net Position

Restricted net position is comprised of the following:

		2025	As Restated 2024
Restricted net position:			
Cash and cash equivalents – restricted	$	121,446	271,504
Accrued interest receivable – restricted		847	15,019
Total restricted net position	$	122,293	286,523

Note 9 – Net Position, continued

Unrestricted net position is comprised of the following:

		2025	As Restated 2024
Non-spendable net position:			
Materials and supplies inventory	$	233,686	305,158
Prepaid expenses		39,672	34,130
Total non-spendable net position		273,358	339,288
Spendable net position are designated as follows:			
Emergency reserve		1,134,369	1,068,023
Capital reserve		169,470	170,792
Operating reserve		1,890,616	1,780,038
Unrestricted (reserved for operations)		2,638,408	695,274
Total spendable net position		5,832,863	3,714,127
Total unrestricted net position	$	6,106,221	4,053,415

Note 10 – Adjustments to Net Position

GASB Statement No. 101 – Compensated Absences, Pronouncement Implementation

In fiscal year 2025, the District implemented GASB Statement No. 101 – *Compensated Absences* to recognize the provisions of the Statement towards its compensated absences liability. As a result of the implementation, the District recognized adjustments to its compensated absence liability and recorded prior period adjustments, decreases to net position, of $18,919 at July 1, 2022 and $21,428 at July 1, 2023. Please see Note 6 for further information.

ERAF Property Tax Receivable

In fiscal year 2025, the District determined it had not properly recorded it ERAF property tax receivable at June 30, 2023 and 2024. As a result of the implementation, the District recognized adjustments to its property tax receivables and recorded prior period adjustments, increases to net position, of $113,316 as of June 30, 2023 and $113,917 as of June 30, 2024.

Water and Sewer Operating Expense and Non-Operating Revenue Allocation Method

In fiscal year 2025, the District made adjustments to its fund allocation methodology related to shared operating expense and non-operating revenue accounts between the Water and Sewer funds. As a result, the District has restated its net position to reflect the effects of the changes in its allocation application adjustments to its Water and Sewer fund balances.

Note 10 – Adjustments to Net Position, continued

The adjustments to net position were as follows:

		Enterprise Funds		As Restated
		Water Fund	Sewer Fund	Total
Net position, at July 1, 2022, as previously stated	$	**5,375,354**	**5,035,694**	**10,411,048**
Restatements applied to fiscal year ending June 30, 2023:				
Effect of the adjustments to record 2023 compensated absences balances following GASB 101		(18,919)	-	(18,919)
Effect of the adjustments to record 2023 ERAF receivable balance		113,316	-	113,316
Subtotal restatements applied to fiscal year ending June 30, 2023		94,397	-	94,397
Effect of fund allocation adjustments on net position:				
Operating expenses:				
General and administrative		267,103	(267,103)	-
Non-operating revenue:				
Property taxes		(195,877)	195,877	-
Investment earnings, net of fair value		(33,481)	33,481	-
Insurance recovery		(15,386)	15,386	-
Other non-operating revenue		(4,143)	4,143	-
Subtotal effect on allocation adjustments on net position		18,216	(18,216)	-
Change in net position at June 30, 2023, as previously stated		541,853	380,577	922,430
Net position at June 30, 2023, as restated		**6,029,820**	**5,398,055**	**11,427,875**
Restatements applied to fiscal year ending June 30, 2024:				
Effect of the adjustments to reverse 2023 compensated absences balances following GASB 101		18,919		18,919
Effect of the adjustments to record 2024 compensated absences balances following GASB 101		(21,428)	-	(21,428)
Effect of the adjustments to reverse 2023 ERAF receivable balance		(113,316)	-	(113,316)
Effect of the adjustments to record 2024 ERAF receivable balance		113,917	-	113,917
Subtotal restatements applied to fiscal year ending June 30, 2024		(1,908)	-	(1,908)
Effect of fund allocation adjustments on net position:				
Operating expenses:				
General and administrative		198,685	(198,685)	-
Non-operating revenue:				
Property taxes		(194,181)	194,181	-
Investment earnings, net of fair value		(145,049)	145,049	-
Other non-operating revenue		(4,854)	4,854	-
Subtotal effect on allocation adjustments on net position		(145,399)	145,399	-
Change in net position at June 30, 2024, as previously stated		610,722	285,084	895,806
Net position at June 30, 2024, as restated	$	**6,493,235**	**5,828,538**	**12,321,773**

Note 11 – Risk Management

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

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

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

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

- Crime coverage up to $100,000 per loss includes public employee dishonesty, depositor's forgery or alteration, theft, computer, and funds transfer fraud coverage's, subject to $1,000 deductible per loss.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis. The ACWA/JPIA is self-insured up to $10,000,000 per loss and has purchased re-insurance coverage for scheduled values up to a combined total of $150 million per loss. The District's deductible for scheduled value is $2,500 per loss. Mobile equipment and vehicles, on file, are paid on actual cost value basis at time of loss and subject to $1,000 deductible per loss. The property Program includes Earthquake with aggregate limit of $2,500,000, and is subject to minimum $75,000 deductible, Flood Coverage with aggregate limit of $25,000,000 and subject to a $100,000 deductible.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to various deductibles depending on the type of equipment, on file.
- Cyber Liability: including Cyber Security up to $3,000,000 per member and $5,000,000 Aggregate Limit. Cyber Liability retention varies from $50,000 to $100,000 depending on District Total Scheduled Values.
- Workers' compensation coverage up to California statutory limits for all work-related injuries/illnesses covered by California law; a pooled self-insured limit of $2,000,000 and excess insurance coverage has been purchased.

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

Note 12 – Governmental Accounting Standards Board Statements Issued, Not Yet Effective

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

Governmental Accounting Standards Board Statement No. 103

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

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

Governmental Accounting Standards Board Statement No. 104

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

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

Governmental Accounting Standards Board Statement No. 105

In December 2025, the GASB issued Statement No. 105 – *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

Note 13 – Commitments and Contingencies

Litigation

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

Note 14 – Subsequent Events

Events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of April 9, 2026, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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Required Supplementary Information

Westborough Water District
Schedules of Changes in the Net OPEB Liability and Related Ratios
As of June 30, 2025
Last Ten Years*

Fiscal year ending		June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability									
Service cost	$	31,552	22,036	21,447	19,217	18,969	17,393	23,118	22,390
Interest		60,357	52,474	49,957	57,675	53,738	57,894	57,894	52,467
Differences in expected and actual experience		2,651	33,300	(563)	(161,612)	-	(167,988)	-	-
Changes in assumptions		-	43,593	-	42,515	(14,635)	65,593	-	-
Benefit payments		(38,140)	(31,572)	(30,760)	-	-	-	-	-
Actuary valuation adjustment		-	-	-	-	-	(75,287)	-	-
Net change in total OPEB liability		56,420	119,831	40,081	(42,205)	58,072	(102,395)	81,012	74,857
Total OPEB liability – beginning		952,937	833,106	793,025	835,230	777,158	879,553	798,541	723,684
Total OPEB liability – ending	$	1,009,357	952,937	833,106	793,025	835,230	777,158	879,553	798,541
Plan fiduciary net position									
Contributions employer	$	47,455	41,939	50,131	41,088	53,336	51,657	51,657	50,031
Net investment income		75,282	40,790	(95,078)	144,363	15,990	23,513	23,695	24,637
Benefit payments		(38,140)	(31,572)	(30,760)	-	-	-	-	-
Administrative expense		(224)	(184)	(180)	(199)	(224)	(82)	(188)	(160)
Actuary valuation adjustment		-	-	-	-	-	(75,287)	-	-
Net change in plan fiduciary net position		84,373	50,973	(75,887)	185,252	69,102	(199)	75,027	74,392
Plan fiduciary net position – beginning		685,437	634,464	710,351	525,099	455,997	456,196	381,169	306,777
Plan fiduciary net position – ending	$	769,810	685,437	634,464	710,351	525,099	455,997	456,196	381,169
Net OPEB liability – ending	$	239,547	267,500	198,642	82,674	310,131	321,161	423,357	417,372
Covered payroll	$	715,723	798,358	697,597	684,359	736,560	758,050	478,714	N/A
Net OPEB liability as a percentage of covered payroll		33.47%	33.51%	28.48%	12.08%	42.11%	42.37%	88.44%	N/A

Notes to Schedule

Valuation dates	June 30, 2023	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and assumptions used to determine contribution rates:								
Single and agent employers	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age norma
Amortization method	(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
Inflation	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	3.00%	3.00%
Salary increases	2.80%	2.75%	2.75%	2.75%	3.00%	3.00%	3.25%	3.25%
Investment rate of return	6.25%	6.25%	6.25%	6.25%	6.75%	6.75%	7.25%	7.25%
Mortality, retirement, disability Termination	(4)	(4)	(4)	(4)	(3)	(3)	(2)	(2)
Other information	(6)	(6)	(6)	(6)	(5)	(5)	N/A	N/A

(1) Level percentage of payroll, closed
(2) Pre-retirement mortality based on RP-2014 Employee Mortality Tables, Post-retirement mortality rates based on RP-2014 Health Annuitant Mortality Table
(3) CalPERS 1997-2015 Experience Study
(4) CalPERS 2000-2019 Experience Study
(5) Mortality projected fully generational with Scale MP-2019
(6) Mortality projected fully generational with Scale MP-2021

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

Westborough Water District
Schedules of OPEB Plan Contributions
As of June 30, 2025
Last Ten Years*

Fiscal year ending		June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	$	31,686	30,724	31,686	42,403	41,088	53,336	51,657	50,031
Contributions in relation to the actuarially determined contribution		(70,152)	(47,455)	(41,939)	(50,131)	(41,088)	(53,336)	(51,657)	(50,031)
Contribution deficiency (excess)	$	(38,466)	(16,731)	(10,253)	(7,728)	-	-	-	-
Covered payroll	$	735,763	715,723	798,358	697,597	684,359	736,560	758,050	478,714
Contribution's as a percentage of covered payroll		9.53%	6.63%	5.25%	7.19%	6.00%	7.24%	6.81%	10.45%

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

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

Measurement dates		June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability		0.01031%	0.01006%	0.00893%	0.00516%	0.00740%	0.00700%	0.00659%	0.00659%	0.00622%	0.00560%
District's proportionate share of the net pension liability	$	1,250,673	1,254,767	1,031,388	279,248	805,442	717,152	634,828	653,647	538,400	384,145
District's covered payroll	$	822,927	755,204	941,063	761,676	666,767	646,536	616,165	585,652	564,574	546,648
District's proportionate share of the net pension liability as a percentage of its covered payroll		151.98%	166.15%	109.60%	36.66%	120.80%	110.92%	103.03%	111.61%	95.36%	70.27%
District's fiduciary net position as a percentage of the District's total pension liability		82.24%	80.59%	80.89%	94.09%	81.26%	81.20%	81.79%	79.00%	79.63%	84.06%

Notes to schedule:

Benefits changes:
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 long-term expected rate of return should be determined net of pension plan investment expense but without reduction of 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.

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

Fiscal year ending		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	$	165,928	206,333	153,411	133,340	120,567	104,440	87,578	74,208	67,046	59,092
Contributions in relation to the actuarially determined contribution		(165,928)	(206,333)	(153,411)	(133,340)	(120,567)	(104,440)	(87,578)	(74,208)	(67,046)	(59,092)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-	-
Covered payroll	$	884,840	822,927	755,204	941,063	761,676	666,767	646,536	616,165	585,652	564,574
Contribution's as a percentage of covered payroll		18.75%	25.07%	20.31%	14.17%	15.83%	15.66%	13.55%	12.04%	11.45%	10.47%

Notes to schedule:

Valuation dates	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	2.300%	2.300%	2.300%	2.500%	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%
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)	7.150% (3)	7.000% (3)	7.250% (3)	7.375% (3)	7.500% (3)	7.500% (3)	7.500% (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 expense, 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

Westborough Water District
Combining Schedule of Net Position
June 30, 2025

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Current assets:			
Cash and cash equivalents	$ 1,793,912	6,023,592	7,817,504
Cash and cash equivalents – restricted	46,670	74,776	121,446
Accrued interest receivable	17,814	53,075	70,889
Accrued interest receivable – restricted	343	504	847
Accounts receivable – water sales and services, net	834,883	76,430	911,313
Property tax receivable	123,362	-	123,362
Lease receivable	35,331	-	35,331
Materials and supplies inventory	233,686	-	233,686
Prepaid expenses and other deposits	39,672	-	39,672
Total current assets	3,125,673	6,228,377	9,354,050
Non-current assets:			
Lease receivable	169,960	-	169,960
Capital assets – not being depreciated	526,239	-	526,239
Capital assets – being depreciated, net	5,863,832	1,590,715	7,454,547
Total non-current assets	6,560,031	1,590,715	8,150,746
Total assets	9,685,704	7,819,092	17,504,796
Deferred outflows of resources:			
Deferred OPEB outflows	141,130	-	141,130
Deferred pension outflows	499,119	-	499,119
Total deferred outflows of resources	640,249	-	640,249
Current liabilities:			
Accounts payable and accrued expenses	210,058	-	210,058
Accrued sewer service charge	-	1,295,288	1,295,288
Deposits	415,750	-	415,750
Unearned revenue	20,263	-	20,263
Long-term liabilities – due within one year:			
Compensated absences	107,853	-	107,853
Total current liabilities	753,924	1,295,288	2,049,212
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	-	-	-
Net OPEB liability	239,547	-	239,547
Net pension liability	1,250,673	-	1,250,673
Total non-current liabilities	1,490,220	-	1,490,220
Total liabilities	2,244,144	1,295,288	3,539,432
Deferred inflows of resources:			
Deferred lease inflows	167,281	-	167,281
Deferred OPEB inflows	100,215	-	100,215
Deferred pension inflows	128,817	-	128,817
Total deferred inflows of resources	396,313	-	396,313
Net position:			
Net investment in capital assets	6,390,071	1,590,715	7,980,786
Restricted	47,013	75,280	122,293
Unrestricted	1,248,412	4,857,809	6,106,221
Total net position	$ 7,685,496	6,523,804	14,209,300

Westborough Water District
Combining Schedule of Net Position
June 30, 2024

		Enterprise Funds		As Restated
		Water Fund	Sewer Fund	Total
Current assets:				
Cash and cash equivalents	$	480,832	5,098,133	5,578,965
Cash and cash equivalents – restricted		192,011	79,493	271,504
Accrued interest receivable		1,518	33,620	35,138
Accrued interest receivable – restricted		612	14,407	15,019
Accounts receivable – water sales and services, net		698,584	78,097	776,681
Property tax receivable		118,806	-	118,806
Lease receivable		32,798	-	32,798
Materials and supplies inventory		305,158	-	305,158
Prepaid expenses and other deposits		34,130	-	34,130
Total current assets		1,864,449	5,303,750	7,168,199
Non-current assets:				
Lease receivable		205,262	-	205,262
Capital assets – not being depreciated		388,756	-	388,756
Capital assets – being depreciated, net		6,025,951	1,567,128	7,593,079
Total non-current assets		6,619,969	1,567,128	8,187,097
Total assets		8,484,418	6,870,878	15,355,296
Deferred outflows of resources:				
Deferred OPEB outflows		173,441	-	173,441
Deferred pension outflows		640,031	-	640,031
Total deferred outflows of resources		813,472	-	813,472
Current liabilities:				
Accounts payable and accrued expenses		196,349	-	196,349
Accrued sewer service charge		-	1,042,340	1,042,340
Deposits		410,232	-	410,232
Unearned revenue		24,366	-	24,366
Long-term liabilities – due within one year:				
Compensated absences		148,648	-	148,648
Total current liabilities		779,595	1,042,340	1,821,935
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences		14,953	-	14,953
Net OPEB liability		267,500	-	267,500
Net pension liability		1,254,767	-	1,254,767
Total non-current liabilities		1,537,220	-	1,537,220
Total liabilities		2,316,815	1,042,340	3,359,155
Deferred inflows of resources:				
Deferred lease inflows		200,686	-	200,686
Deferred OPEB inflows		138,665	-	138,665
Deferred pension inflows		148,489	-	148,489
Total deferred inflows of resources		487,840	-	487,840
Net position:				
Net investment in capital assets		6,414,707	1,567,128	7,981,835
Restricted		192,623	93,900	286,523
Unrestricted		(114,095)	4,167,510	4,053,415
Total net position	$	6,493,235	5,828,538	12,321,773

Westborough Water District
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2025

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues:			
Water consumption sales	$ 4,985,869	-	4,985,869
Wastewater service	-	3,392,054	3,392,054
Other charges and services	24,549	800	25,349
Total operating revenues	5,010,418	3,392,854	8,403,272
Operating expenses:			
Salaries	458,373	-	458,373
Employee benefits	161,948	-	161,948
Payroll taxes	36,664	-	36,664
Water purchases	2,028,612	-	2,028,612
Utilities	183,447	145,562	329,009
System maintenance	45,141	96,035	141,176
Supplies and small tools	11,522	-	11,522
Special services	119,162	-	119,162
Technical communications	10,814	-	10,814
Vehicles	28,365	-	28,365
Treatment and disposal	-	2,610,338	2,610,338
General and administrative	1,102,844	254,354	1,357,198
Total operating expenses	4,186,892	3,106,289	7,293,181
Operating income before depreciation	823,526	286,565	1,110,091
Depreciation	(271,282)	(67,658)	(338,940)
Operating (loss) income	552,244	218,907	771,151
Non-operating revenue(expense), net:			
Property taxes	458,226	238,839	697,065
Investment earnings, net of fair value	139,325	160,051	299,376
Interest on rental income	6,360	-	6,360
Rental revenue	33,405	-	33,405
Insurance recovery	-	77,469	77,469
Other non-operating revenue	2,701	-	2,701
Total non-operating revenues, net	640,017	476,359	1,116,376
Changes in net position	1,192,261	695,266	1,887,527
Net position, beginning of year, as restated	6,493,235	5,828,538	12,321,773
Net position, end of year	$ 7,685,496	6,523,804	14,209,300

Westborough Water District
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2024

	Enterprise Funds		As Restated
	Water Fund	Sewer Fund	Total
Operating revenues:			
Water consumption sales	$ 4,143,441	-	4,143,441
Wastewater service	-	3,293,969	3,293,969
Other charges and services	23,589	1,000	24,589
Total operating revenues	4,167,030	3,294,969	7,461,999
Operating expenses:			
Salaries and benefits	458,906	-	458,906
Employee benefits	193,850	-	193,850
Payroll taxes	33,734	-	33,734
Water purchases	1,814,651	-	1,814,651
Utilities	176,485	146,402	322,887
System maintenance	72,813	81,259	154,072
Supplies and small tools	18,337	-	18,337
Special services	76,886	-	76,886
Technical communications	9,903	-	9,903
Vehicles	30,917	-	30,917
Treatment and disposal	-	2,657,446	2,657,446
General and administrative	1,137,011	257,162	1,394,173
Total operating expenses	4,023,493	3,142,269	7,165,762
Operating (loss) income before depreciation	143,537	152,700	296,237
Depreciation	(275,282)	(66,301)	(341,583)
Operating (loss) income	(131,745)	86,399	(45,346)
Non-operating revenue:			
Property taxes	453,690	194,181	647,871
Investment earnings, net of fair value	89,228	145,049	234,277
Interest on rental income	7,471	-	7,471
Rental revenue	33,448	-	33,448
Insurance recovery	-	-	-
Other non-operating revenue	11,323	4,854	16,177
Total non-operating revenues, net	595,160	344,084	939,244
Changes in net position	463,415	430,483	893,898
Net position, beginning of year, as restated	6,029,820	5,398,055	11,427,875
Net position, end of year, as restated	$ 6,493,235	5,828,538	12,321,773

Westborough Water District
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Adopted Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Operating revenues:				
Water consumption sales	$ 4,953,010	4,953,010	4,985,869	32,859
Wastewater service	3,376,361	3,376,361	3,392,054	15,693
Other charges and services	20,000	20,000	25,349	5,349
Total operating revenues	8,349,371	8,349,371	8,403,272	53,901
Operating expenses:				
Salaries and benefits	544,108	544,108	458,373	85,735
Employee benefits	64,508	64,508	161,948	(97,440)
Payroll taxes	43,575	43,575	36,664	6,911
Water purchases	2,018,988	2,018,988	2,028,612	(9,624)
Utilities	377,795	377,795	329,009	48,786
System maintenance	88,900	88,900	141,176	(52,276)
Supplies and small tools	15,000	15,000	11,522	3,478
Special services	116,394	116,394	119,162	(2,768)
Technical communications	13,424	13,424	10,814	2,610
Vehicles	35,000	35,000	28,365	6,635
Treatment and disposal	2,718,598	2,718,598	2,610,338	108,260
General and administrative	1,526,172	1,526,172	1,357,198	168,974
Total operating expenses	7,562,462	7,562,462	7,293,181	269,281
Operating income before depreciation and amortization	786,909	786,909	1,110,091	323,182
Depreciation	(341,272)	(341,272)	(338,940)	2,332
Operating income (loss)	445,637	445,637	771,151	325,514
Non-operating revenues, net:				
Property taxes	697,000	697,000	697,065	65
Interest and investment unrealized loss	132,373	132,373	299,376	167,003
Interest on rental income	-	-	6,360	6,360
Rental revenue	37,000	37,000	33,405	(3,595)
Insurance recovery	-	-	77,469	77,469
Other non-operating revenue	-	-	2,701	2,701
Total non-operating revenues, net	866,373	866,373	1,116,376	250,003
Changes in net position	$ 1,312,010	1,312,010	1,887,527	575,517
Net position, beginning of year			12,321,773	
Net position, end of year			$ 14,209,300	

Westborough Water District
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Adopted Original Budget	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Operating revenues:				
Water consumption sales	$ 4,196,733	4,196,733	4,143,441	(53,292)
Wastewater service	3,284,888	3,284,888	3,293,969	9,081
Other charges and services	19,200	19,200	24,589	5,389
Total operating revenues	7,500,821	7,500,821	7,461,999	(38,822)
Operating expenses:				
Salaries and benefits	514,236	514,236	458,906	55,330
Employee benefits	61,266	61,266	193,850	(132,584)
Payroll taxes	34,825	34,825	33,734	1,091
Water purchases	1,906,743	1,906,743	1,814,651	92,092
Utilities	300,316	300,316	322,887	(22,571)
System maintenance	84,905	84,905	154,072	(69,167)
Supplies and small tools	15,000	15,000	18,337	(3,337)
Special services	91,717	91,717	76,886	14,831
Technical communications	11,260	11,260	9,903	1,357
Vehicles	35,000	35,000	30,917	4,083
Treatment and disposal	2,762,425	2,762,425	2,657,446	104,979
General and administrative	1,302,458	1,302,458	1,394,173	(91,715)
Total operating expenses	7,120,151	7,120,151	7,165,762	(45,611)
Operating income before depreciation and amortization	380,670	380,670	296,237	(84,433)
Depreciation	(365,000)	(365,000)	(341,583)	23,417
Operating income (loss)	15,670	15,670	(45,346)	(61,016)
Non-operating revenues, net:				
Property taxes	676,549	676,549	647,871	(28,678)
Interest and investment unrealized loss	90,107	90,107	234,277	144,170
Interest on rental income	-	-	7,471	7,471
Rental revenue	36,192	36,192	33,448	(2,744)
Other non-operating revenue	-	-	16,177	16,177
Total non-operating revenues, net	802,848	802,848	939,244	136,396
Changes in net position	$ 818,518	818,518	893,898	75,380
Net position, beginning of year, as restated			11,427,875	
Net position, end of year, as restated			$ 12,321,773	

Westborough Water District
Schedule of Capacity Charges
For the Year Ended June 30, 2025

		Water	Sewer	Total
Beginning balance as of July 1, 2024	$	313,837	148,791	462,628
Capacity fees received for the fiscal year ended June 30, 2025				
Storage and transmission fees		-	-	-
Total capacity charges	$	313,837	148,791	462,628

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

		Project expenditures			Project expenditures funded with the above fees	
Public improvement projects		Water	Sewer	Total	Amount	Percentage
Skyline tanks structural analysis, coating, and inspection	$	267,167	-	267,167	267,167	100%
Greendale easement sanitary improvements		-	69,298	69,298	69,298	100%
MAP update		-	4,717	4,717	4,717	100%
Total expenditures		267,167	74,015	341,182		
Excess fees over expenditures		46,670	74,776	121,446		
Ending balance as of June 30, 2025	$	46,670	74,776	121,446		

See accompanying notes to the schedule of capacity charges

Westborough Water District
Schedule of Capacity Charges
For the Year Ended June 30, 2024

Capacity fees received for the fiscal year ended June 30, 2024				
Storage and transmission fees		-	8,156	8,156
Total capacity charges	$	313,837	148,791	462,628

Public improvement expenditures for the fiscal year ended June 30, 2024 are as follows:

		Project expenditures			Project expenditures funded with the above fees	
Public improvement projects		Water	Sewer	Total	Amount	Percentage
Skyline tanks structural analysis, coating, and inspection	$	117,109	-	117,109	117,109	100%
Greendale easement sanitary improvements		-	69,298	69,298	69,298	100%
MAP update		4,717	-	4,717	4,717	100%
Total expenditures		121,826	69,298	191,124		
Excess fees over expenditures		192,011	79,493	271,504		
Ending balance as of June 30, 2024	$	192,011	79,493	271,504		

See accompanying notes to the schedule of capacity charges

Report on Internal Controls and Compliance

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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 Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Westborough Water District
South San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Westborough Water District (District), as of and for the years June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated April 9, 2026.

Internal Control Over Financial Reporting

In planning and performing our audits 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 audits 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 audits, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

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

C.J. Brown & Company, CPAs

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