



**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2025**

**Idyllwild Water District**

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**Idyllwild Water District**

**List of Principal Officers as of June 30, 2025**

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*BOARD OF DIRECTORS*

<u>Title</u>	<u>Name</u>
President	Charles Schelly
Vice-President	Jessica Priefer
Director	Mitch Davis
Director	Steve Olson
Director	Wendy Harsha

*ADMINISTRATION*

General Manager	Bill Rojas
Chief Financial Officer	Hosny Shouman

*ORGANIZATION*

The Idyllwild Water District was formed on March 21, 1955 for the purpose of providing a domestic water supply to the community of Idyllwild, California under Section 30000 of the California Water Code. Improvement District No. 1 ("Wastewater") was established by Board action on March 10, 1966 to provide wastewater services within the community.

*Independent Auditor's Report*

Board of Directors  
Idyllwild Water District  
Idyllwild, California

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the business-type activities of Idyllwild Water District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for California Special Districts*.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and OPEB schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2025 on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, CA  
November 12, 2025

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The intent of the management's discussion and analysis (MD&A) is to provide highlights of the Idyllwild Water District's operational and financial activities for the fiscal year ended June 30, 2025. Readers are encouraged to review this section in conjunction with the accompanying financial statements and notes.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Idyllwild Water District (the District) operates under California Irrigation District Law as a utility enterprise. As such, the District presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting, similar to methods used by private sector companies. These financial statements are designed to provide readers with a broad overview of the finances and also presents changes in cash balances, and information about both short-term and long-term activities of the District. There are three required components to these statements: the MD&A, the basic financial statements, and the notes to the financial statements. As an enterprise fund, the District's financial statements include four components:

- 1) **Statement of Net Position** presents information on all of the District's assets, liabilities, and deferred inflows/outflows with the difference between the two reported as net position. The statement of net position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net position is displayed in three categories: net investment in capital assets, restricted, and unrestricted.
- 2) **Statement of Revenues, Expenses, and Changes in Net Position** presents information that reflects show how the District's net position changed during the year. All revenues and expenses are recorded on an accrual basis, meaning the transactions are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. These present the District's operations over the past year and determine whether the District has recovered its costs through water sales, user fees, and other charges.
- 3) **Statement of Cash Flows** provides information regarding the District's cash receipts and cash disbursements during the year. These statements report cash activity in four categories: operating, noncapital financing, capital and related financing, and investing. This statement differs from the statement of revenues, expenses, and changes in net position in that it accounts only for transactions that result from cash receipts and cash disbursements. As in the past, the statement of cash flows continues to reconcile the reasons why cash from operating activities differ from operating income/(loss).
- 4) **Notes to the Basic Financial Statements** provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements. The notes are located immediately following the financial statements.

**Idyllwild Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025**

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**FINANCIAL HIGHLIGHTS**

**THE DISTRICT'S OPERATIONS - AN OVERVIEW**

The District operates under the authority of Section 30000, Division 12 of the California Water Code and engages in water and wastewater activities, which are classified, as "proprietary". These activities are accounted for much like that of a private business using the full accrual method of accounting for financial transactions. Major activities include production and treatment of groundwater; sale and delivery of water to residential and commercial accounts; and collection, treatment, and disposal of wastewater. The District also owns a small fleet of vehicles and other rolling stock to support the various operating activities for water and wastewater activities.

**WATER SALES:**

Water sales were \$2,11,970, an increase of \$239,984 or 12.8% from the prior year. The increase can be attributed to a combination of increased residential and commercial rates and the total amount of water sold. Water sold during the years ended June 30, 2025 and 2024 were 10,951,601 cubic feet and 10,015,699 cubic feet, respectively, a 9.3% increase. The District is in Stage One for water conservation.

**IMPROVEMENT DISTRICT NO. 1 - WASTEWATER SERVICES:**

Wastewater service charges were \$961,667, an increase of \$125,115 or 15.0% from the prior year and ended the year at \$961,667. The increase can be attributed to a combination of increased rates and changes in the number of equivalent dwelling units.

**CAPITAL ASSETS:**

As of June 30, 2025, total capital assets, net of accumulated depreciation were \$10,544,255, a \$1,873,500 increase from June 30, 2024. Depreciable capital assets were \$19,060,061, a \$2,728,975 increase from June 30, 2024. The increase is primarily related to additions in the transmission and distribution and general plant categories.

The following were major additions:

*Additions:*

• Jameson Drive pipeline	\$773,391
• Property purchase	\$733,576
• Southridge Tank rehabilitation	\$378,500
• Toyota purchase	\$55,651
• Dodge purchase	\$78,273
• Strawberry Division project	\$65,591
• Office solar project	\$53,008
• Various other additions	\$215,925

**INVESTMENT INCOME:**

Total investment income for the year ended June 30, 2025 was \$167,046. The decrease is a primarily attributable a combination of lower invested funds and lower returns on the District's conservative investments (treasury bills, certificates of deposits, savings, money market funds, and local agency investment funds (state and local)).

**Idyllwild Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025**

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**PROPERTY TAXES:**

Total property tax revenues for the year ended June 30, 2025 were \$675,943, compared to \$656,062 in the prior year, a 3% increase.

**DISTRICT OPERATIONS:**

Operating expenses \$3,248,259 for the year ended June 30, 2025, an increase of \$67,388 or 2.1% from the prior year. The increase is primarily associated with increased depreciation expense of \$84,085, offset by lower operating expenses.

Nonoperating expenses for the year ended June 30, 2025 were \$701, compared to \$4,534 in the prior year.

**DEPRECIATION EXPENSE:**

Depreciation expense was \$486,415, an increase of \$84,085 or 20.9% from the prior year. The increase is directly associated with the increase in depreciable assets.

**TOTAL REVENUES:**

Total revenues for the year ended June 30, 2025 were \$3,971,188 compared to the prior year of \$3,660,457, an increase of \$310,731 or 8.5%. The increase is primarily due to increases in water sales and wastewater sales. The following table presents a comparison of revenues by category for years ended June 30, 2025 and 2024:

**COMBINED REVENUES BY CATEGORY  
FOR THE FISCAL YEARS ENDED June 30, 2024 AND 2025**

<i>Revenue category</i>	2024		2025		Change	
	Amount	% of Total	Amount	% of Total	Amount	%
Water sales	\$ 1,871,986	51.14%	\$ 2,111,970	53.18%	\$ 239,984	12.8%
Wastewater services	836,552	22.85%	961,667	24.22%	125,115	15.0%
Service fees and other	18,871	0.52%	273	0.01%	(18,598)	-98.6%
Investment income	198,838	5.43%	167,046	4.21%	(31,792)	-16.0%
Property taxes - 1%	656,062	17.92%	675,943	17.02%	19,881	3.0%
Standby charge	22,838	0.62%	23,089	0.58%	251	1.1%
Capacity fee	14,819	0.40%	30,299	0.77%	15,480	104.5%
Other income	40,491	1.11%	901	0.02%	(39,590)	-97.8%
Total revenues	<u>\$ 3,660,457</u>	<u>100%</u>	<u>\$ 3,971,188</u>	<u>100%</u>	<u>\$ 310,731</u>	<u>8.5%</u>

**TOTAL EXPENSES:**

Combined expenses for the year totaled \$3,248,960 compared to a prior year of \$3,185,405, an increase of \$63,555 or 2.0%, which includes total operating expenses of \$2,486,919 (excluding other operating, non-operating and interest) compared to the prior year of \$2,547,089. The primary reason for this increase is the inflation of the materials used.

**Idyllwild Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025**

**COMBINED EXPENSES BY CATEGORY  
FOR THE FISCAL YEARS ENDED June 30, 2024 AND 2025**

Expense category	2024		2025		Change	
	Amount	% of Total	Amount	% of Total	Amount	%
Water operations	\$ 946,665	29.7%	\$ 1,084,410	33.4%	\$ 137,745	14.6%
Wastewater operations	413,380	13.0%	386,206	11.9%	(27,174)	-6.6%
General and admin	1,187,044	37.3%	1,016,303	31.3%	(170,741)	-14.4%
Other operating	633,782	19.9%	761,340	23.4%	127,558	20.1%
Other non-operating	4,534	0.1%	701	0.0%	(3,833)	-84.5%
Total expenses	<u>\$ 3,185,405</u>	<u>100.0%</u>	<u>\$ 3,248,960</u>	<u>100.0%</u>	<u>\$ 63,555</u>	<u>2.0%</u>

**STATEMENT OF NET POSITION:**

The District's net position increased by \$722,228 or 5.8%, due to current operations. The District ended the year with \$13,252,248 in total net position. Following is a summary table of statement of net position for the years ended June 30, 2025 and 2024:

**STATEMENT OF NET POSITION:  
AS OF JUNE 30, 2025 AND 2024**

	2024	2025	Change	
			Amount	%
Assets:				
Current	\$ 5,802,703	\$ 6,382,258	\$ 579,555	10.0%
Non-current: capital assets	8,670,755	10,544,255	1,873,500	21.6%
Total assets	<u>14,473,458</u>	<u>16,926,513</u>	<u>2,453,055</u>	<u>16.9%</u>
Deferred outflow of resources				
OPEB related	143,042	149,555	6,513	4.6%
Liabilities:				
Current	383,284	2,163,486	1,780,202	464.5%
Other non-current	1,198,297	1,282,540	84,243	7.0%
Total liabilities	<u>1,581,581</u>	<u>3,446,026</u>	<u>1,864,445</u>	<u>117.9%</u>
Deferred inflow of resources				
OPEB related	504,899	377,794	(127,105)	-25.2%
Net position:				
Net investment in capital assets	8,670,755	10,530,330	1,859,575	21.4%
Unrestricted	3,859,265	2,721,918	(1,137,347)	-29.5%
Total net position	<u>\$ 12,530,020</u>	<u>\$ 13,252,248</u>	<u>\$ 722,228</u>	<u>5.8%</u>

**CHANGES IN FINANCIAL CONDITION OF THE DISTRICT:**

The following provides explanations for some of the changes between fiscal years, as reflected in the above balance sheet data.

**Idyllwild Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025**

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**CURRENT ASSETS:**

Current assets increased by \$579,555 or 10.0% from the prior year. This is due primarily from the increase in certificates of deposit of \$205,843. Property tax receivable decreased by \$1,612 or 6.9%. In addition, interest receivable and inventories increased/decreased by \$525 and \$6,312, respectively. In the current year, there was a short-term borrowing of cash from the Wastewater Fund to the Water Fund in the amount of \$2,008,206, which will be repaid within the next fiscal year.

**CURRENT LIABILITIES:**

Current liabilities increased by \$1,780,202 due primarily to the short-term borrowing from the Wastewater Fund to the Water Fund.

**LONG-TERM DEBT OUTSTANDING:**

The District currently has no long-term debt outstanding.

**TOTAL OPEB LIABILITY:**

The District had an actuarial firm perform a calculation of the total other post-employment benefits (OPEB) liability for the "Retiree's Health Benefit Plan" in accordance with Governmental Accounting Standards Board (GASB) Statement 75. A net increase in the total OPEB liability was recorded in the current fiscal year in the amount of \$105,976. See note 9 for additional information.

**CAPITAL ASSETS:**

The District reported total capital assets of \$10,544,255 net of accumulated depreciation, as of June 30, 2025 compared to \$8,670,755 as of June 30, 2024, an increase of \$1,873,500 or 21.6%. See note 4 for additional information. The following table provides information on capital assets as of June 30, 2025 and 2024:

**CAPITAL ASSETS  
AS OF JUNE 30, 2024 AND 2025**

	2024	2025	Change	
			Amount	%
Construction in progress	\$ 879,745	\$ 436,286	\$ (443,459)	-50.4%
Land and land improvements	606,101	680,500	74,399	12.3%
Source of supply	1,395,506	1,421,324	25,818	1.9%
Pumping plant	97,161	97,161	-	0.0%
Treatment plant	872,162	872,162	-	0.0%
Transmission and distribution	8,954,239	10,171,721	1,217,482	13.6%
General plant	2,084,448	3,575,123	1,490,675	71.5%
Subsurface lines	1,389,330	1,389,330	-	0.0%
Wastewater treatment facilities	1,125,216	1,120,216	(5,000)	-0.4%
Wastewater disposal facilities	413,024	413,024	-	0.0%
Capital assets, at cost	17,816,932	20,176,847	2,359,915	13.2%
Less accumulated depreciation	(9,146,177)	(9,632,592)	(486,415)	5.3%
Capital assets, net	<u>\$ 8,670,755</u>	<u>\$ 10,544,255</u>	<u>\$ 1,873,500</u>	<u>21.6%</u>

**Idyllwild Water District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2025**

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**DISTRICT REVENUES AND EXPENSES ACTUAL VS. BUDGET:**

The table below compares actual revenues and expenses of the District to budgeted amounts used by the District to monitor performance during the fiscal year.

**ACTUAL VERSUS BUDGET  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Water base fees and revenue	\$ 2,112,243	\$ 1,916,748	\$ 195,495
Wastewater base fees and revenue	961,667	980,353	(18,686)
Interest and other revenues	198,246	25,700	172,546
Property taxes - 1% and standby fees	699,032	668,250	30,782
<b>Total revenues</b>	<b>3,971,188</b>	<b>3,591,051</b>	<b>380,137</b>
<u>Expenses</u>			
Water operations (including G&A)	2,047,038	2,260,060	213,022
Wastewater operations (including G&A)	714,806	693,035	(21,771)
Depreciation	486,415	-	(486,415)
Other expense	701	-	(701)
<b>Total expenses</b>	<b>3,248,960</b>	<b>2,953,095</b>	<b>(295,865)</b>
<b>Change in net position</b>	<b>\$ 722,228</b>	<b>\$ 637,956</b>	<b>\$ 84,272</b>

The District's capital budget was \$1,575,000 for the year ended June 30, 2025, however, capital expenditures were \$2,359,915, an overage of \$748,905. The overage is primarily related to the unbudgeted purchase of a property that will be used for General Manager's residence and to drill a well.

**UPCOMING EVENTS:**

The District is working on updating its Water Service Policies and Procedures and Employees Policies and Procedures.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT:**

This management's discussion and analysis section is designed to provide Idyllwild Water District elected officials, our customers, and creditors with a general overview of the District's financial activities for fiscal year 2025 for public monies it receives and expends. If you have any questions regarding this section or require additional financial information, please contact the District, at 25945 CA-243, Idyllwild, California, 92549 or online at [idyllwildwater.com](http://idyllwildwater.com).

**Idyllwild Water District**  
**Statement of Net Position**  
**June 30, 2025**

	Water	Improvement District No. 1 - Wastewater	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 2,097,010	\$ 1,705,770	\$ 3,802,780
Certificates of deposit	130,899	263,556	394,455
Accounts receivable, net:			
Sales and service	37,495	19,335	56,830
Taxes and assessments	18,494	6,392	24,886
Accrued interest receivable	18,371	14,483	32,854
Inventories	51,784	-	51,784
Prepays	7,847	2,616	10,463
Due from other funds	-	2,008,206	2,008,206
	<u>2,361,900</u>	<u>4,020,358</u>	<u>6,382,258</u>
Capital assets:			
Land and land improvements	580,135	100,365	680,500
Construction in progress	57,561	378,725	436,286
Property, plant and equipment, net	8,961,957	465,512	9,427,469
	<u>9,599,653</u>	<u>944,602</u>	<u>10,544,255</u>
<b>Total assets</b>	<u>11,961,553</u>	<u>4,964,960</u>	<u>16,926,513</u>
<b>Deferred Outflows of Resources</b>			
OPEB related	112,165	37,390	149,555
	<u>112,165</u>	<u>37,390</u>	<u>149,555</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	42,629	12,957	55,586
Compensated absences payable	39,038	13,013	52,051
Due to other funds	2,008,206	-	2,008,206
Current portion total OPEB liability	35,732	11,911	47,643
	<u>2,125,605</u>	<u>37,881</u>	<u>2,163,486</u>
Noncurrent liabilities:			
Total OPEB liability	941,618	313,872	1,255,490
Unearned revenue	13,966	13,084	27,050
	<u>955,584</u>	<u>326,956</u>	<u>1,282,540</u>
<b>Total liabilities</b>	<u>3,081,189</u>	<u>364,837</u>	<u>3,446,026</u>
<b>Deferred Inflows of Resources</b>			
OPEB related	283,346	94,448	377,794
	<u>283,346</u>	<u>94,448</u>	<u>377,794</u>
<b>Net Position</b>			
Net investment in capital assets	9,585,728	944,602	10,530,330
Unrestricted	(876,545)	3,598,463	2,721,918
<b>Total net position</b>	<u>\$ 8,709,183</u>	<u>\$ 4,543,065</u>	<u>\$ 13,252,248</u>

*The notes are an integral part of these financial statements.*

**Idyllwild Water District**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2025**

	Water	Improvement District No. 1 - Wastewater	Total
<b>Operating Revenues</b>			
Sales and charges for services:			
Residential	\$ 1,390,110	\$ 307,230	\$ 1,697,340
Commercial	721,860	654,437	1,376,297
Other fees and charges	273	-	273
	<u>2,112,243</u>	<u>961,667</u>	<u>3,073,910</u>
<b>Operating Expenses</b>			
Source of supply	365,926	-	365,926
Transmission and distribution	227,836	-	227,836
Pumping	60,827	-	60,827
Water treatment	277,221	-	277,221
Customer accounts	152,600	372	152,972
Wastewater collection	-	29,540	29,540
Wastewater treatment	-	255,608	255,608
Wastewater disposal	-	100,686	100,686
Other operating expenses	591,763	169,577	761,340
General and administrative	801,224	215,079	1,016,303
	<u>2,477,397</u>	<u>770,862</u>	<u>3,248,259</u>
Total operating expenses	<u>2,477,397</u>	<u>770,862</u>	<u>3,248,259</u>
Operating income (loss)	<u>(365,154)</u>	<u>190,805</u>	<u>(174,349)</u>
<b>Nonoperating Revenues</b>			
Investment income	99,443	67,603	167,046
Property taxes and assessments	497,353	178,590	675,943
Standby fees	17,833	5,256	23,089
Capacity fees	14,954	15,345	30,299
Other nonoperating revenue	901	-	901
	<u>630,484</u>	<u>266,794</u>	<u>897,278</u>
Total nonoperating revenues	<u>630,484</u>	<u>266,794</u>	<u>897,278</u>
<b>Nonoperating Expenses</b>			
Tax collection fees	701	-	701
	<u>701</u>	<u>-</u>	<u>701</u>
Total nonoperating expenses	<u>701</u>	<u>-</u>	<u>701</u>
Change in net position	264,629	457,599	722,228
Net position, beginning of year	<u>8,444,554</u>	<u>4,085,466</u>	<u>12,530,020</u>
Net position, end of year	<u>\$ 8,709,183</u>	<u>\$ 4,543,065</u>	<u>\$ 13,252,248</u>

*The notes are an integral part of these financial statements.*

**Idyllwild Water District  
Statement of Cash Flows  
For the Year Ended June 30, 2025**

	Water	Improvement District No. 1 - Wastewater	Total
<b>Cash Flows from Operating Activities</b>			
Cash received from customers	\$ 2,124,624	\$ 963,652	\$ 3,088,276
Cash payments for services, supplies and employees	<u>(2,249,257)</u>	<u>(797,180)</u>	<u>(3,046,437)</u>
Net cash provided by (used for) operating activities	<u>(124,633)</u>	<u>166,472</u>	<u>41,839</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Property taxes	495,474	178,857	674,331
Other nonoperating income	18,734	5,256	23,990
Other nonoperating expenses	<u>(701)</u>	<u>-</u>	<u>(701)</u>
Net cash provided by noncapital financing activities	<u>513,507</u>	<u>184,113</u>	<u>697,620</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(2,256,671)	(89,319)	(2,345,990)
Capacity fees received	14,954	15,345	30,299
Cash paid to/received by other funds	<u>2,008,206</u>	<u>(2,008,206)</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>(233,511)</u>	<u>(2,082,180)</u>	<u>(2,315,691)</u>
<b>Cash Flows from Investing Activities</b>			
Investment income	<u>98,249</u>	<u>67,372</u>	<u>165,621</u>
Net cash provided by investing activities	<u>98,249</u>	<u>67,372</u>	<u>165,621</u>
Net increase (decrease) in cash and cash equivalents	253,612	(1,664,223)	(1,410,611)
Cash and cash equivalents, beginning of year	<u>1,974,297</u>	<u>3,633,549</u>	<u>5,607,846</u>
Cash and cash equivalents, end of year	<u>\$ 2,227,909</u>	<u>\$ 1,969,326</u>	<u>\$ 4,197,235</u>
<b>Cash and Investments are presented in the Statement of Net Position as follows:</b>			
Cash and investments	\$ 2,097,010	\$ 1,705,770	\$ 3,802,780
Certificates of deposit	<u>130,899</u>	<u>263,556</u>	<u>394,455</u>
Total	<u>\$ 2,227,909</u>	<u>\$ 1,969,326</u>	<u>\$ 4,197,235</u>

*The notes are an integral part of these financial statements.*

**Idyllwild Water District**  
**Statement of Cash Flows (continued)**  
**For the Year Ended June 30, 2025**

	Water	Improvement District No. 1 - Wastewater	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	\$ (365,154)	\$ 190,805	\$ (174,349)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	430,359	56,056	486,415
(Increase) decrease in assets and deferred outflows of resources:			
Receivables	12,381	1,985	14,366
Inventories	6,311	-	6,311
Prepays	(374)	(126)	(500)
OPEB related deferred outflows of resources	(4,884)	(1,629)	(6,513)
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable and accrued liabilities	(209,011)	(57,978)	(266,989)
Unearned revenue	-	(24,553)	(24,553)
Total OPEB liability	79,482	26,494	105,976
Compensated absences payable	21,585	7,195	28,780
OPEB related deferred inflows of resources	(95,328)	(31,777)	(127,105)
Net cash provided by (used for) operating activities	<u>\$ (124,633)</u>	<u>\$ 166,472</u>	<u>\$ 41,839</u>
<b>Noncash, investing, capital and financing activities</b>			
Construction in process in accounts payable	<u>\$ 13,925</u>	<u>\$ -</u>	<u>\$ 13,925</u>

*The notes are an integral part of these financial statements.*

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

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**Note 1: Significant accounting policies**

*Description of reporting District*

The Idyllwild Water District (the District) was formed on March 21, 1955 for the purpose of providing a domestic water supply to the community of Idyllwild, California under Section 30000 of the California Water Code. Improvement District No. 1 was established by Board action on March 10, 1966 to provide wastewater services within the community. The financial statements of the Idyllwild Water District include the financial activities of Improvement District No. 1 as an oversight component of the District. The oversight responsibility of the District arises from the fact that the two operations are related financially and have the same management and governing board.

The District reports the following enterprise funds:

*Water* – This fund is used to account for the sale of water to domestic and commercial accounts. It is also used to account for the costs of distributing, new construction, and repair and maintenance of various water facilities and other related infrastructure.

*Improvement District No. 1 Wastewater* – This fund is used to account for the treatment and disposal of wastewater. It is also used to account for the costs of collection, new construction, and repair and maintenance of various wastewater facilities and other related infrastructure.

*Measurement focus and basis of accounting*

The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, revenue and expenses are recognized on an accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods (water) in connection with the principal ongoing operations.

The District recognizes revenue from water sales, wastewater service fees and water availability fees as it is earned. Taxes and assessments are recognized as revenue based upon amounts reported to the District by the County of Riverside, net of an allowance for delinquencies.

*Net position flow assumption*

At various times, the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

*Budgetary accounting*

The District prepares and adopts budgets for both the Water and Improvement District, but does not present budgetary information because it is not legally required to adopt and adhere to a budget. All budgets are adopted on a basis consistent with generally accepted accounting principles.

*Use of estimates*

The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the statements. Actual results could differ from those estimates.

**Idyllwild Water District  
Notes to Financial Statements  
For the Year Ended June 30, 2025**

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**Note 1: Significant accounting policies, continued**

*Property tax calendar*

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	January 1
Levy date	July 1 through June 30
Due date	November 1 – First installment February 1 – Second installment
Delinquent date	December 10 – First installment April 10 – Second installment

Under California law, property taxes and other charges (such as assessments) are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to agencies based on complex formulas prescribed by state statutes. The County of Riverside bills, collects and remits property taxes and assessments to the District through the County's property tax billing process.

*Cash and cash equivalents*

For purposes of the statement of cash flows, the District considers all investments purchased with a maturity of three months or less to be cash equivalents.

*Deposits and investments*

Investments for the District are reported at fair value as applicable.

*Water receivables*

No allowance for doubtful accounts is provided because management believes all receivables are collectible.

*Materials inventory*

Inventory consists primarily of supplies used in the maintenance of plant and equipment and is valued at weighted-average cost using the first in/first out method.

*Capital assets and depreciation*

Acquisitions of property, plant and equipment of \$5,000 or more with a useful life of greater than three years are capitalized and depreciated. Contributed assets are recorded at their fair value at the date of contribution. Donated capital assets are recorded at their acquisition value at the date of donation. Self-constructed assets are recorded at the amount of direct labor and materials.

Depreciation is provided on a straight-line basis over the following estimated useful lives of the assets:

<u>Water District</u>	<u>Years</u>
Source of supply	15 - 100
Pumping plant	7 - 50
Treatment plant	25 - 40
Transmission and distribution	40 - 60
General plant	3 - 40

**Idyllwild Water District  
Notes to Financial Statements  
For the Year Ended June 30, 2025**

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**Note 1: Significant accounting policies, continued**

*Capital assets and depreciation, continued*

<u>Improvement District No.1</u>	<u>Years</u>
Subsurface lines	20 - 40
Wastewater treatment facilities	5 - 40
Wastewater disposal facilities	12 - 100
General plant	3 - 20

*Net position is categorized as follows:*

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

*Other Post-Employment Benefits (OPEB)*

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

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

Valuation Date:	June 30, 2023
Measurement Date:	June 30, 2024
Measurement Period:	June 30, 2023 to June 30, 2024

**Note 2: Concentrations**

During the year ended June 30, 2025, the District had revenues from an unrelated party that amount to more than 10% of net sales. Accounts receivable and net sales to this customer as of and for the year ended June 30, 2025 were as follows:

	<u>Net Sales</u>		<u>Accounts Receivable</u>	
	<u>Water</u>	<u>Improvement District No. 1 - Wastewater</u>	<u>Water</u>	<u>Improvement District No. 1 - Wastewater</u>
Customer A	<u>\$ 249,807</u>	<u>\$ 143,522</u>	<u>\$ 19,582</u>	<u>\$ 11,960</u>

There are no indications that the customer will not continue to operate.

**Idyllwild Water District  
Notes to Financial Statements  
For the Year Ended June 30, 2025**

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**Note 3: Cash and cash equivalents**

Cash and cash equivalents are presented in the financial statements as of June 30, 2025 as follows:

	<u>Water</u>	<u>Improvement District No. 1</u>
Cash and cash equivalents	\$ 2,097,010	\$ 1,705,770
Certificates of deposit	130,899	263,556
<b>Total cash and cash equivalents</b>	<b>\$ 2,227,909</b>	<b>\$ 1,969,326</b>

Cash and cash equivalents consisted of the following at June 30:

Deposits with financial institutions	\$ 195,351	\$ 330,083
Money market funds	111,973	52,153
Cash on hand	275	-
LAIF	1,678,793	1,323,534
California CLASS pooled investment	110,618	-
Certificates of deposit	130,899	263,556
<b>Total cash and cash equivalents</b>	<b>\$ 2,227,909</b>	<b>\$ 1,969,326</b>

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each participant may invest up to \$75,000,000. Investments in LAIF are highly-liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Also, LAIF is overseen by the Local Agency Investment Advisory Board which consists of five members, in accordance with State statute. LAIF is not currently rated by any rating agency. LAIF allows a maximum of 15 transactions per month, with a minimum of \$5,000 per transaction. Any withdrawal of over \$10,000,000 requires a 24-hour notice.

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (California CLASS). California CLASS is a joint exercise of powers District authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. The fair value of the District's investment in this pool is reported in the accompanying financial statements.

*Interest rate risk*

The District has adopted an investment policy which limits the weighted-average maturity of the District's investments to one year as a means of managing their exposure to fair value losses arising from increasing interest rates.

*Concentration of credit risk*

During the fiscal year, the District did not hold investments in one issuer that represented 5% or more of the District's total investment portfolio. Investments issued or explicitly guaranteed by the U.S. government as well as mutual funds, external investment pools and other pooled assets are exempt from disclosure.

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

**Note 3: Cash and cash equivalents, continued**

*Investments authorized by the California Government Code and the Districts' Investment Policy*

The following table identifies the investment types that are authorized by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by trustees that are governed by the provisions of debt agreements, rather than the general provisions of the California Government Code or the Districts' investment policies.

Authorized Investment Type	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States treasury obligations	None	None
U.S. government sponsored securities	75%	None
California State warrants/notes/bonds	67%	None
Local Agency Investment Fund	67%	\$75,000,000
Other pooled investments	67%	None
Money market funds	None	None
Non-negotiable certificates of deposit	50%	50%
District bonds	None	None

Any other investment authorized by the provisions of CGC 5922 and 53601

\* = Surplus funds (monies not expected to be expended for at least six months from the date of investment of such monies.)

*Investments authorized by debt agreements*

Investments of debt proceeds held by trustees (fiscal agents) are governed by provisions of the debt agreements, rather than the provisions of the California Government Code or the District's investment policies. The District currently does not have any debt or cash held by trustees.

Investment maturities as of June 30, 2025 were as follows:

Investment type	Fair Value	Remaining maturity	
		12 Months or Less	13 to 60 Months
<i>Water District</i>			
Local Agency Investment Fund	\$ 1,678,793	\$ 1,678,793	\$ -
Certificates of Deposit	130,899	130,899	-
California Class pooled investment	110,618	110,618	-
Money market funds	111,973	111,973	-
<b>Total investments - Water District</b>	<b>\$ 2,032,283</b>	<b>\$ 2,032,283</b>	<b>\$ -</b>
<i>Improvement District No. 1</i>			
Local Agency Investment Fund	\$ 1,323,534	\$ 1,323,534	\$ -
Certificates of deposit	263,556	263,556	-
Money market funds	52,153	52,153	-
<b>Total investments - Improvement District No. 1</b>	<b>\$ 1,639,243</b>	<b>\$ 1,639,243</b>	<b>\$ -</b>

**Idyllwild Water District  
Notes to Financial Statements  
For the Year Ended June 30, 2025**

**Note 3: Cash and cash equivalents, continued**

*Custodial credit risk*

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institute secure deposits made by state and local governmental units by pledging securities in an individual 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 pool must equal at least 110% of the total amount deposited by public agencies.

California law also allows financial institutions to secure the Districts' deposits by pledging first trust deed mortgage notes, having a value of 150% of the secured public deposits. At June 30, 2025, the District's deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California law.

*Fair value measurements*

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments subject to the fair value hierarchy.

*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. State law limits investments in certain investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy further limits investments in Money Market Mutual Funds to funds that carry the highest rating of at least two of the three largest national rating organizations.

<u>Investment type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating</u>	<u>Not Rated</u>
<i>Water District</i>				
Local Agency Investment Fund	\$ 1,678,793	NA	NA	\$ 1,678,793
Certificates of deposit	130,899	None	NA	130,899
California Class pooled investment	110,618	None	AAA <sub>m</sub>	-
Money market funds	111,973			111,973
<b>Total investments - Water District</b>	<b>\$ 2,032,283</b>			<b>\$1,921,665</b>
<i>Improvement District No. 1</i>				
Local Agency Investment Fund	\$ 1,323,534	NA	NA	\$ 1,323,534
Certificates of deposit	263,556	None	NA	263,556
Money market funds	52,153	None	NA	52,153
<b>Total investments - Improvement District No. 1</b>	<b>\$ 1,639,243</b>			<b>\$1,639,243</b>

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

**Note 4: Capital assets**

The investment in capital assets as of June 30, 2025 consists of the following:

<i>Water District</i>	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Capital assets not being depreciated:</b>					
Construction in progress	\$ 511,044	\$ 1,309,738	\$ -	\$ (1,763,221)	\$ 57,561
Land and land improvements	580,135	-	-	-	580,135
Total capital assets not being depreciated	1,091,179	1,309,738	-	(1,763,221)	637,696
<b>Capital assets being depreciated:</b>					
Source of supply	1,395,506	25,818	-	-	1,421,324
Pumping plant	97,162	-	-	-	97,162
Treatment plant	872,161	-	-	-	872,161
Transmission and distribution	8,954,239	-	-	1,217,482	10,171,721
General plant	1,769,006	935,040	-	545,739	3,249,785
Total capital assets being depreciated	13,088,074	960,858	-	1,763,221	15,812,153
Less accumulated depreciation	(6,419,837)	(430,359)	-	-	(6,850,196)
Net capital assets being depreciated	6,668,237	530,499	-	1,763,221	8,961,957
Net capital assets	\$ 7,759,416	\$ 1,840,237	\$ -	\$ -	\$ 9,599,653
<b>Improvement District No. 1</b>					
<b>Capital assets not being depreciated:</b>					
Construction in progress	\$ 368,701	\$ 10,024	\$ -	\$ -	\$ 378,725
Land	25,966	69,399	-	5,000	100,365
Total capital assets not being depreciated	394,667	79,423	-	5,000	479,090
<b>Capital assets being depreciated:</b>					
Subsurface lines	1,389,330	-	-	-	1,389,330
Wastewater treatment facilities	1,125,216	-	-	(5,000)	1,120,216
Wastewater disposal facilities	413,024	-	-	-	413,024
General plant	315,442	9,896	-	-	325,338
Total capital assets being depreciated	3,243,012	9,896	-	(5,000)	3,247,908
Less accumulated depreciation	(2,726,340)	(56,056)	-	-	(2,782,396)
Net capital assets being depreciated	516,672	(46,160)	-	(5,000)	465,512
Net capital assets	\$ 911,339	\$ 33,263	\$ -	\$ -	\$ 944,602

In the current year, there was a transfer of costs associated with a land purchase in the prior year that was erroneously included in additions to Wastewater treatment facilities of \$5,000. The costs have been transferred to the land classification.

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

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**Note 5: Net position**

The District has adopted net position reserve policies that clearly identify reserve categories and purposes while also setting target levels that are consistent with the District's mission, uniqueness and philosophy. The District believes the reserves are prudent fiscal management tools that provide a cornerstone of long-term financial management. The reserve balances are reviewed annually to ensure they meet the needs, current and long-term, of the District. As of June 30, 2025, the District had the following reserves in unrestricted net position:

Net position reserves policy	Water	Improvement District No. 1 - Wastewater
Working capital	\$ 112,500	\$ 37,500
Emergency	150,000	50,000
Capital improvement and replacement	150,000	50,000
Vehicle and equipment replacement	75,000	25,000
Vacation/sick/annual leave liability	25,000	6,000
OPEB	400,000	150,000
Total reserves	\$ 912,500	\$ 318,500

**Note 6: Compensated absences payable**

Vested or accumulated vacation leave is recognized as an expense and liability as the benefits accrue to the employees. The change in compensated absences for the year is as follows:

	Beginning Balance	Additions*	Deletions*	Ending Balance
Compensated absences	\$ 23,271	\$ 28,780	\$ -	\$ 52,051

\* = net change

**Note 7: 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. During the year ended June 30, 2025, the District participated in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA), which was organized for the purpose of providing liability insurance for the member agencies. The JPIA is a risk-pooling self-insurance authority created under the provisions of California Government Code Section 6500. The JPIA is governed by a board consisting of a representative from each member agency. The board controls the operations of the JPIA, including selections of management and approval of operating budgets. The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The accounts and records of ACWA/JPIA are audited by an independent certified public accounting firm.

**Idyllwild Water District  
Notes to Financial Statements  
For the Year Ended June 30, 2025**

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**Note 7: Risk management, continued**

The District has deductibles as follows:

Buildings, fixed equipment and personal property:	\$2,500
Mobile equipment:	\$2,500
Licensed vehicles:	\$1,000
Crime	\$1,000
Boiler and machinery	various

The District pays annual premiums for the coverages, which are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and there were no instances in the past three years where a settlement exceeded the District's coverage.

**Note 8: Employees' retirement plan -- defined contribution**

All permanent employees hired on or before December 31, 2013 are covered under the Idyllwild Water District Money Purchase Pension Plan 401(a) (the Plan) administered by the District through ING Pension acting as trustee. The Plan is fully-funded by a contribution rate of 21.5% of eligible salaries and wages made entirely by the District. The Board of Directors of the District has the authority, in its sole discretion, to amend, reduce contributions or terminate the Plan at any time.

The District adopted a new pension plan 457(b) (the 457(b) Plan) starting January 1, 2014. For employees hired on or after January 1, 2014, the District contributes 10% for each new employee and matching up to 5% if the employee elects to contribute up to 5%. The 457(b) Plan is administered by the District through ING pension acting as trustee.

The 457(b) Plan is also available to all current employees hired before December 31, 2013 however, the District will not provide matching contributions. In addition, District employees are also covered under Social Security, funded equally by the District and the employee, or as prescribed by applicable laws.

The District's contributions to the employees' retirement plans for the year ended June 30, 2025 were \$21,069.

**Note 9: Postemployment benefits other than pensions**

*Plan description*

The District has established a single-employer Retiree Healthcare Plan (Retiree Plan). This coverage is available for employees who reach the following: 1) age 55 and ten years of service (before 1/1/2014, closed to new entrants) or 2) age 65 with ten years of service (after 12/31/2013, open to new entrants). The healthcare coverage provided by the District meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 75. A separate financial report is not prepared for the Plan.

*Plan benefits*

For the closed Retiree Plan, the District pays a variable percentage (50% - 100%) of the retiree and spouses pre-Medicare medical premiums and 100% of the retiree and spouse supplemental Medicare and prescription drug coverage upon reaching Medicare age.

**Idyllwild Water District  
Notes to Financial Statements  
For the Year Ended June 30, 2025**

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**Note 9: Postemployment benefits other than pensions, continued**

For the open Retiree Plan, the District pays a variable percentage (50% - 100%) of the retiree and spouses Medicare supplement and prescription drug coverage.

*Employees covered*

As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Retiree Plan:

Active employees	6
Inactive employees or beneficiaries currently receiving benefits	6
Total	<u>12</u>

*Contributions*

The Retiree Plan and its contribution requirements are established and may be amended by the Board of Directors. For the year ended June 30, 2025, the District's cash contributions were \$47,643 in payments to for insurance premiums not reimbursed by a trust. There was no implicit contribution in the current year.

*Total OPEB liability*

The District's total OPEB liability was measured as of June 30, 2024. The current valuation and the total OPEB liability are based on a roll forward of the June 30, 2023 valuation using the following actuarial methods and assumptions:

**Actuarial assumptions:**

Discount rate	3.93%
Inflation	2.50%
Salary increases	3.00% per year, used only to allocate the cost of benefits between service years
Mortality rate	CalPERS 2021 Experience Study; Projected with MacLeod Watts Scale 2022
Pre-retirement turnover healthcare trend rate	6.5% in 2025, fluctuating down to 3.9% by 2075

*Discount rate*

The discount rate used to measure the total OPEB liability was 3.93% percent. The District is currently financing its OPEB liability on a pay-as-you-go basis. The discount rate used in the valuation is based on the Bond Buyer General Obligation 20 Year Bond Municipal Bond Index.

*Changes of assumptions*

As of measurement date June 30, 2025, the discount rate used was 3.93%, which decreased from 4.13% in 2024.

**Idyllwild Water District  
Notes to Financial Statements  
For the Year Ended June 30, 2025**

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**Note 9: Postemployment benefits other than pensions, continued**

*Changes in the OPEB liability*

The changes in the total OPEB liability for the plan are as follows:

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2024</b> (Measurement Date June 30, 2023)	<u>\$ 1,197,157</u>
<b>Changes during the period:</b>	
Service cost	68,942
Interest	51,214
Changes of assumptions	37,934
Benefit payments	<u>(52,114)</u>
<b>Net change in fiscal year</b>	<u>105,976</u>
<b>Balance at June 30, 2025</b> (Measurement Date June 30, 2024)	<u><u>\$ 1,303,133</u></u>

*Sensitivity of the total OPEB liability to changes in the discount rate*

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for fiscal year ended June 30, 2025:

	Discount Rate		
	1% Decrease 2.93%	Current Rate 3.93%	1% Increase 4.93%
Total OPEB Liability	<u>\$ 1,523,249</u>	<u>\$ 1,303,133</u>	<u>\$ 1,130,417</u>

*Sensitivity of the total OPEB liability to changes in the health care cost trend rates*

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for fiscal year ended June 30, 2025:

	Healthcare Cost Trend Rates		
	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	<u>\$ 1,123,571</u>	<u>\$ 1,303,133</u>	<u>\$ 1,537,829</u>

**Idyllwild Water District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

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**Note 9: Postemployment benefits other than pensions, continued**

*Recognition of deferred outflows and deferred inflows of resources*

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service Lifetime (EARSL) 7.29 years

*OPEB expense and deferred outflows/inflows of resources related to OPEB*

For the year ended June 30, 2025, the District recognized OPEB expense of \$20,001. The following is a breakdown of items impacting OPEB expense:

Service cost	\$ 68,942
Interest cost	51,214
Recognized deferred resources items	
Assumption changes	(33,099)
Plan experience	(67,056)
	<hr/>
Total OPEB expense	<u>\$ 20,001</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 47,643	\$ -
Differences between expected and actual experience	-	165,325
Changes of assumptions	101,912	212,469
	<hr/>	<hr/>
Total	<u>\$ 149,555</u>	<u>\$ 377,794</u>

**Idyllwild Water District  
Notes to Financial Statements  
For the Year Ended June 30, 2025**

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**Note 9: Postemployment benefits other than pensions, continued**

The \$47,643 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the upcoming fiscal year. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended <u>June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2026	\$ (96,649)
2027	(81,597)
2028	(70,491)
2029	(43,325)
2030	8,279
Thereafter	7,901

**Note 10: Due to/from other funds**

In the current year, the District had short-term borrowings from the Wastewater Fund to the Water Fund of \$2,008,206 to cover negative cash balances in the Water Fund bank accounts. These funds are anticipated to be repaid in the following fiscal year.

**Idyllwild Water District  
Required Supplementary Information  
Schedule of Changes in the Total OPEB Liability and Related Ratios  
Last 10 years\***

Fiscal year	2025	2024	2023	2022	2021
<b>Total OPEB Liability</b>					
Service cost	\$ 68,942	\$ 59,173	\$ 107,689	\$ 108,708	\$ 101,592
Interest cost	51,214	46,869	32,065	42,137	40,665
Plan experience differences	-	(24,880)	-	(247,615)	-
Changes in assumptions	37,934	54,704	(365,450)	39,727	31,426
Benefit payments	(52,114)	(51,363)	(50,083)	(80,235)	(48,226)
<b>Net change in Total OPEB Liability</b>	<b>105,976</b>	<b>84,703</b>	<b>(275,779)</b>	<b>(117,278)</b>	<b>125,457</b>
<b>Total OPEB Liability - beginning</b>	<b>1,197,157</b>	<b>1,112,454</b>	<b>1,388,233</b>	<b>1,505,511</b>	<b>1,380,054</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 1,303,133</b>	<b>\$ 1,197,157</b>	<b>\$ 1,112,454</b>	<b>\$ 1,388,233</b>	<b>\$ 1,505,511</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 890,946	\$ 796,265	\$ 417,225	\$ 707,862	\$ 487,181
Total OPEB liability as a percentage of covered-employee payroll	146.26%	150.35%	266.63%	196.12%	309.02%

  

Fiscal year	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 111,866	\$ 103,549	\$ 114,967
Interest cost	47,273	45,325	38,546
Plan experience differences	(211,280)	-	-
Changes in assumptions	(16,483)	32,602	(89,965)
Benefit payments	(51,602)	(51,445)	(33,233)
<b>Net change in Total OPEB Liability</b>	<b>(120,226)</b>	<b>130,031</b>	<b>30,315</b>
<b>Total OPEB Liability - beginning</b>	<b>1,500,280</b>	<b>1,370,249</b>	<b>1,339,934</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 1,380,054</b>	<b>\$ 1,500,280</b>	<b>\$ 1,370,249</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 642,100	\$ 564,056	\$ 474,999
Total OPEB liability as a percentage of covered-employee payroll	214.93%	265.98%	288.47%

**Notes to Schedule:**

*Changes Since the Prior Valuation:*

Discount rate: Decreased from 4.13% to 3.93%.

The District does not currently have funds accumulated in a trust, as defined by GASB 75, to pay for future benefits.

\* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.