Management Letter

February 16, 2026

Alpine Springs County Water District
270 Alpine Meadow Road
Alpine Meadows, California 96146

In planning and performing our audit of the financial statements of Alpine Springs County Water District (the District) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of internal control over financial reporting (internal control) as a basis for designing auditing 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate letter dated February 16, 2026, contains our communication of significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated February 16, 2026, on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

Sincerely,

MUN CPAs, LLP

MUN CPAs, LLP

Alpine Springs County Water District

Report on Control Deficiencies and Recommendations for Improvements

June 30, 2025

Cash Receipts

Segregation of Duties (Repeat)

There is inadequate segregation of duties around the cash receipts process. The same employee opens the mail, records the receipt of checks or cash, prepares the deposit slip, and deposits the payment to the bank. Segregation of duties should exist between the collection, recording, and deposit functions in the cash receipt process. We recommend the General Manager review and initial all deposit slips prior to cash deposits taking place.

Review and Approval Documentation

Current District procedures over cash receipts include the review of monthly read reports, including exception reports, and the final billing to ensure bills are processed properly. We noted no indication of review of such reports. We recommend the District ensure reports are signed as evidence of review and approval.

Journal Entries

Current District procedures over journal entries include recording of journal entries by the District Accountant and review of journal entries by the General Manager. However, we noted that not all journal entries are reviewed and approved. As such, we recommend that a journal entry report is included as part of the monthly financial report package that is provided to the Board for review.

ALPINE SPRINGS COUNTY WATER DISTRICT
APPROPRIATIONS LIMIT CALCULATION
AS OF JUNE 30, 2025

MUN CPAs, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CALIFORNIA 95833

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
the Alpine Springs County Water District
Alpine Meadows, California

We have performed the procedures enumerated below on the accompanying Appropriations Limit Calculation of the Alpine Springs County Water District (District) for the year ended June 30, 2025. The Alpine Springs County Water District's management is responsible for the Appropriations Limit Calculation.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 of Article XIIIB of the California Constitution. Additionally, the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We obtained the completed internal calculations and compared the limit and annual adjustment factors included in those calculations to the limit and annual adjustment factors that were adopted by a resolution of the Board of Directors. We compared the population and inflation options included in the aforementioned calculations to those that were selected by a recorded vote of the Board of Directors.

   Finding: No exceptions were noted as a result of our procedures.

2. For the Appropriations Limit Calculation, we added June 30, 2024's appropriations limit to the annual permitted adjustments and agreed the resulting amount to the June 30, 2025 appropriations limit.

   Finding: No exceptions were noted as a result of our procedures.

3. We compared current year information presented in the appropriations limit calculation to supporting worksheets.

   Finding: No exceptions were noted as a result of our procedures.

4. We compared the June 30, 2024 appropriations limit presented in the appropriations limit calculation to the prior year appropriations limit adopted by the Board of Directors during the prior year.

   Finding: No exceptions were noted as a result of our procedures.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Appropriations Limit Calculation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIIIB of the California Constitution.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

MUN CPAs, LLP

Sacramento, California
February 16, 2026

ALPINE SPRINGS COUNTY WATER DISTRICT
APPROPRIATIONS LIMIT CALCULATION
JUNE 30, 2025

	Amount	Source
A. Prior year's appropriations limit at June 30, 2024	$ 2,189,369	
B. Adjustment factors for the current fiscal year:		
1. Population change	1.0017	* State Finance
2. Inflation (per capita personal income change)	1.0362	* State Finance
Total adjustment	1.0380	* [(B1xB2)-1.0]
C. Annual adjustment	82,758	AxB
D. Other Adjustments		
Lost responsibility (-)	-	
Transfer to fees (-)	-	
Assumed responsibility (+)	-	
	-	
E. Total adjustments	82,758	C+D
F. Current year's appropriations limit at June 30, 2025	$ 2,272,127	A+E

* Rounded to the nearest ten thousandth

ALPINE SPRINGS COUNTY WATER DISTRICT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2025

MUN CPAs, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CALIFORNIA 95833

ALPINE SPRINGS COUNTY WATER DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
the Alpine Springs County Water District
Alpine Meadows, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Alpine Springs County 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 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 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 the District's internal control over financial reporting and compliance.

MUN CPAs, LLP

Sacramento, California
February 16, 2026

ALPINE SPRINGS COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

This section of the Alpine Springs County Water District's (the “District”) financial report presents a discussion and analysis of the District’s financial performance during the fiscal year ended June 30, 2025.

Financial Highlights

The District's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $7,500,824 (total net position). Of this amount, the District's unrestricted net position increased to $2,556,222 from $4,998,680, a decrease of $2,442,458. The District's total net position of $7,500,824 is composed of the capital assets of the District - water supply, storage, transmission, distribution systems, sewer collection systems, land, buildings, park facilities, and equipment - belonging to the District in the amount of $4,944,602. The remaining balance of the District's net position $2,556,222 is unrestricted.

The District's net position increased by $731,944 or 10% primarily due to an increase in investments. The District's cash and investments balance increased to $2,567,368 from $1,804,985, while the District's accounts payable increased by $21,417 due to timing of payment to NTFPD compared to the last fiscal year.

The District's total revenue from all sources including contributions for the fiscal year ended June 30, 2025 was $3,303,220. This is an increase of 9% over June 30, 2024 and was attributed to an increased collection of utility fees given the 2024 approved rate increase that went into effect July 2024.

The District's operating revenues, consisting of service revenues from direct customer sales (i.e., water, sewer, garbage, and park user fee charges) totaled $2,111,545. General revenues from property taxes, interest and other sources totaled $1,191,675.

The District's operating expenses increased this fiscal year, from $2,470,919 to $2,571,276. This increase was due to a general annual increase in cost of services and supplies across all funds.

As of the end of fiscal year June 30, 2025, the District had $460,600 of outstanding long-term debt related to a financed purchase, in addition to the net OPEB and net pension liabilities.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's financial statements, which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements and required supplementary information.

Using the integrated approach as prescribed by GASB 34, the financial statements presented herein include all the activities of the District.

The government-wide financial statements present the financial picture of the District from the economic resources' measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. All assets and liabilities associated with the operation of the District are included in the statement of net position.

The fund financial statements include statements for each of the two categories of activities - governmental and business type. The financial statements of governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The financial statements of business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

Government-Wide Financial Statements

The statement of net position and statement of activities report information about the District as a whole and about its activities. These statements include all the assets and liabilities of the District using the accrual basis of accounting, which is the accounting method used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report on the District’s net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District’s financial health, or financial position. Over

time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Others to consider are changes in the District's property tax base and the condition of the District's infrastructure.

In the statement of net position and the statement of activities, the District's activities are separated as follows:

Governmental Activities - The District's basic services are reported in this category, which include General Government (Fire Service) and Park Service. Property taxes, user fees, interest and other income finance these activities.

Business-Type Activities - The District charges a fee to customers to cover all or most of the cost of certain services the District provides. The District's water system, wastewater collection system and garbage services activities are reported in this category.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law. However, management has established several other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental Funds - The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of the results in the governmental fund financial statements to those in the government-wide financial statements are explained in the reconciliation schedule following each governmental fund financial statement.

Proprietary Funds - When the District charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of activities and statement of revenues, expenses and changes in fund net position. Proprietary funds are also referred to as enterprise funds. The District's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows for the proprietary funds.

Notes to the Financial Statements and Required Supplementary Information

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 45.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the schedule of other post employment benefit (OPEB) contributions, schedule of changes in the net OPEB liability and pension liability schedules. Required supplementary information can be found on pages 46 - 54 of this report.

Government-Wide Financial Analysis

The District's net position for governmental activities decreased from $1,335,544 to $1,306,774 (approximately 0.02%) and business-type activities increased from $5,433,336 to $6,194,050 (approximately 0.57%).

Changes between June 30, 2025 and 2024 fiscal years are explained in detail below:

Total assets and deferred outflows of resources increased by approximately $678,897 or 8.38%.

Governmental Activities:

- Cash and investments decreased by approximately $156,747.
- Taxes receivable increased by approximately $1,114.
- Capital assets increased by $13,391.
- Deferred outflows of resources decreased by $7,270.

Business-Type Activities:

- Cash and investments increased by $919,130.
- Accounts receivable increased by $68,385.
- Capital assets decreased by $104,381.
- Deferred outflows of resources decreased by $29,102.

Total liabilities and deferred inflows of resources decreased by $53,047 or 8.81%.

Governmental Activities:

- Accounts payable decreased by $3,913.
- Long-term liabilities decreased by $3,868.
- Deferred inflows of resources decreased by $3,818.

Business-Type Activates:

- Current liabilities increased by $39,152.
- Long-term liabilities decreased by $42,658.
- Deferred inflows of resources decreased by $15,275.

Statement of Net Position

As of June 30, 2025 and 2024, the net position of the District was:

Table 1: Statement of Net Position

	June 30, 2025	June 30, 2024	Change in Dollars	Percentage Change
ASSETS				
Cash and investments	$ 2,567,368	$ 1,804,985	$ 762,383	29.70 %
Accounts and taxes receivable	288,999	219,500	69,499	24.05 %
Accrued interest receivable	-	23,175	(23,175)	DIV/0 %
Prepaid expenses	67,054	69,502	(2,448)	(3.65)%
Capital assets, net of accumulated depreciation	4,971,689	5,062,679	(90,990)	(1.83)%
Land usage and easement rights	17,436	17,436	-	- %
Total Assets	7,912,546	7,197,277	715,269	9.04 %
DEFERRED OUTFLOWS OF RESOURCES				
Changes in net pension liability	75,189	87,559	(12,370)	(16.45)%
Changes in net OPEB liability	115,359	139,361	(24,002)	(20.81)%
Total Deferred Outflows of Resources	190,548	226,920	(36,372)	(19.09)%
LIABILITIES				
Current liabilities	124,075	111,504	12,571	10.13 %
Long-term liabilities	460,600	507,125	(46,525)	(10.10)%
Total Liabilities	584,675	618,629	(33,954)	(5.81)%
DEFERRED INFLOWS OF RESOURCES				
Changes in net pension liability	154	720	(566)	(367.53)%
Changes in net OPEB liability	17,441	35,968	(18,527)	(106.23)%
Total Deferred Inflows of Resources	17,595	36,688	(19,093)	(108.51)%
NET POSITION				
Net investment in capital assets	4,944,602	4,998,680	(54,078)	(1.09)%
Unrestricted	2,556,222	1,770,200	786,022	30.75 %
Total Net Position	$ 7,500,824	$ 6,768,880	$ 731,944	9.76 %

Per District policy, net cash assets were placed into funds that were identified for specified purposes. this includes replacement of the District's infrastructure, equipment and vehicles, and construction of new capital improvements.

Based on the GASB 68 and GASB 75 adjustments, total deferred outflows of $190,548 and total deferred inflows of $17,595 were recorded in fiscal year 2025.

The 10% net decrease in long-term liabilities were the result of an increase in an installment note payable and net pension liability.

Change in Net Position

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

Table 2: Change in Net Position

	June 30, 2025	June 30, 2024	Change in Dollars	Percentage Change
OPERATING REVENUES				
Water	$ 1,250,616	$ 1,050,535	$ 200,081	16.00 %
Sewer	441,622	409,551	32,071	7.26 %
Garbage	384,067	368,731	15,336	3.99 %
Park	35,240	45,840	(10,600)	(30.08)%
Total Operating Revenues	2,111,545	1,874,657	236,888	11.22 %
GENERAL REVENUES				
Property taxes	1,031,981	993,725	38,256	3.71 %
Contributions	41,370	39,773	1,597	3.86 %
Interest and other	118,324	103,609	14,715	12.44 %
Total General Revenues	1,191,675	1,137,107	54,568	4.58 %
Total Revenues	3,303,220	3,011,764	291,456	8.82 %
OPERATING EXPENSES				
General government	898,451	842,337	56,114	6.25 %
Park	259,697	217,797	41,900	16.13 %
Water	869,030	884,272	(15,242)	(1.75)%
Sewer	199,789	212,820	(13,031)	(6.52)%
Garbage	344,309	313,693	30,616	8.89 %
Total Expenses	2,571,276	2,470,919	100,357	3.90 %
CHANGE IN NET POSITION	731,944	540,845	191,099	26.11 %
NET POSITION - BEGINNING OF YEAR	6,768,880	6,228,035	540,845	7.99 %
NET POSITION - END OF YEAR	$ 7,500,824	$ 6,768,880	$ 731,944	9.76 %

District Funds

The District's governmental funds include a General Fund and a Park Fund. The governmental funds (as presented in the balance sheets on page 14) report a combined fund balance of $414,815 which is a decrease of $36,247 over last year. The decrease mainly resulted from the increase of property tax revenues.

The District's proprietary funds, also called enterprise funds, include a Water Fund, a Sewer Fund, and a Garbage Fund. The proprietary funds (as presented in the statements of net position on page 18) reported combined fund total net position of $6,194,050, which is an increase of $760,714 or 14.00% over last year. The increase primarily resulted from an increase in investments building up reserves after the large outlay for the Tank 4 replacement CIP project.

Government Funds

- The fund balance at year end for the District's General Fund (as presented in the balance sheets on page 14) was $400,511. This was a decrease of $38,962 over last year.
- The fund balance at year end for the District's Park Fund (as presented in the balance sheets on page 14) was a deficit of $72,709. This was a $2,715 increase over the previous year's deficit balance.

Water Fund

- The Water Fund showed an increase of $199,900 in operating revenues over the fiscal year ended June 30, 2025, with total operating revenues of $1,250,616 for the fiscal year ended June 30, 2025.
- Operating expenses decreased by $15,326 resulting in net operating income of $381,670 for the fiscal year ended June 30, 2025, an increase of $213,613 over fiscal year 2024.
- The increase in the operating income was mainly due to the increase in service fee collection.

Sewer Fund

- The Sewer Fund showed an increase of $32,071 in operating revenues over the previous fiscal year, with total operating revenues of $441,622.
- Operating expenses decreased by $13,492, with total operating expenses of $199,789.
- The Sewer Fund showed an operating income of $241,833, which is an increase of $45,563 over the $196,731 operating income for the previous fiscal year.

Garbage Fund

- The Garbage Fund showed an increase of $15,336 in operating revenues over the previous fiscal year, with total operating revenues of $384,067 for the fiscal year ended June 30, 2025.
- Operating expenses showed an increase of $30,385 over the previous fiscal year.
- The Garbage Fund showed an operating income of $39,758 for the year ended June 30, 2025, compared to an operating income of $55,038 for the previous fiscal year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the District’s investment in capital assets was $4,944,602, including water production, collection, storage, transmission and distribution systems, sewer collection systems, the park, administrative offices, operations building, and fire station. This is a decrease of $46,559 (-0.93%) over the previous fiscal year. In fiscal year 2024, a CAT 907M equipment Loader was purchased on an installment note as a stand-alone equipment addition to capital assets. The total outstanding installment note balance was $81,435 as of June 30, 2024.

The District had neither short- nor long-term lease obligations.

The District had a net OPEB liability of $415,220 as of June 30, 2025, compared to $433,136 as of June 30, 2024, and a total net pension liability of $45,380 as of June 30, 2025, compared to a net pension liability of $46,624 as of June 30, 2024.

General Fund Budgetary Highlights

The total actual revenues in the General Fund, as presented on page 55, were $850,081, which is $16,053 higher than budgeted revenues, while the total actual expenditures were $889,043, which was $50,639 higher than budgeted. Actual expenditures exceeded revenues by $38,962.

Economic Factors and Future Budget Considerations

These factors were considered in preparing the District’s budget for Fiscal Year 2025/26.

Requests for Information

This financial report is designed to provide residents, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions about this report or requests for any additional information should be directed to:

General Manager
Joseph Mueller
Phone: (530) 583-2342
Fax: (530) 582-0228
Email: joe@alpinesprings.org

Budget & Finance Committee
Janet Grant, Chair
Email: jgrant@alpinesprings.org

ALPINE SPRINGS COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	$ 263,391	$ 2,303,977	$ 2,567,368
Accounts receivable	-	233,236	233,236
Taxes receivable	55,763	-	55,763
Prepaid items	13,411	53,643	67,054
Land usage and easement rights (Note 4)	-	17,436	17,436
Capital assets (Note 5)			
Land and construction in progress	763,827	65,984	829,811
Other capital assets, net of depreciation	279,004	3,862,874	4,141,878
Total capital assets	1,042,831	3,928,858	4,971,689
Total Assets	1,375,396	6,537,150	7,912,546
DEFERRED OUTFLOWS OF RESOURCES			
Changes in net pension liability (Note 7)	15,038	60,151	75,189
Changes in net OPEB liability (Note 8)	23,072	92,287	115,359
Total Deferred Outflows of Resources	38,110	152,438	190,548
LIABILITIES			
Accounts payable	2,072	25,330	27,402
Accrued payroll and benefits	2,691	13,800	16,491
Unearned revenue	-	21,447	21,447
Pension liability (Note 7)			
Due in more than one year	9,076	36,304	45,380
Other postemployment benefits (Note 8)			
Due in more than one year	83,044	332,176	415,220
Accrued compensated absences (Note 6)			
Due within one year	6,329	25,319	31,648
Long-term liabilities (Note 6)			
Due within one year	-	27,087	27,087
Total Liabilities	103,212	481,463	584,675
DEFERRED INFLOWS OF RESOURCES			
Changes in net pension liability (Note 7)	31	123	154
changes in net OPEB liability (Note 8)	3,489	13,952	17,441
Total Deferred Inflows of Resources	3,520	14,075	17,595
NET POSITION			
Net investment in capital assets	1,042,831	3,901,771	4,944,602
Unrestricted	263,943	2,292,279	2,556,222
Total Net Position	$ 1,306,774	$ 6,194,050	$ 7,500,824

See accompanying notes to the basic financial statements.

ALPINE SPRINGS COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
					Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government
Governmental activities:							
General government	$ 898,451	$ 1,039	$ -	$ -	$ (897,412)	$ -	$ (897,412)
Park	259,697	35,240	-	14,204	(210,253)	-	(210,253)
Total governmental activities	1,158,148	36,279	-	14,204	(1,107,665)	-	(1,107,665)
Business-type activities:							
Water	869,030	1,250,616	-	18,601	-	400,187	400,187
Sewer	199,789	441,622	-	8,565	-	250,398	250,398
Garbage	344,309	384,067	-	-	-	39,758	39,758
Total business-type activities	1,413,128	2,076,305	-	27,166	-	690,343	690,343
Total primary government	$ 2,571,276	$ 2,112,584	$ -	$ 41,370	(1,107,665)	690,343	(417,322)
General revenues:							
Property taxes					1,031,981	-	1,031,981
Interest income					46,914	70,371	117,285
Total general revenues					1,078,895	70,371	1,149,266
Change in net position					(28,770)	760,714	731,944
Net position - July 1, 2024					1,335,544	5,433,336	6,768,880
Net position - June 30, 2025					$ 1,306,774	$ 6,194,050	$ 7,500,824

See accompanying notes to the basic financial statements.

ALPINE SPRINGS COUNTY WATER DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Park	Total Governmental Funds
ASSETS			
Cash and investments	$ 263,391	$ -	$ 263,391
Taxes receivable	55,763	-	55,763
Due from other funds	82,250	-	82,250
Prepaid items	-	13,411	13,411
Total Assets	$ 401,404	$ 13,411	$ 414,815
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	$ 893	$ 1,179	$ 2,072
Due to other funds	-	82,250	82,250
Accrued payroll and benefits	-	2,691	2,691
Total Liabilities	893	86,120	87,013
FUND BALANCES (DEFICITS)			
Nonspendable	-	13,411	13,411
Unassigned	400,511	(86,120)	314,391
Total Fund Balances (Deficits)	400,511	(72,709)	327,802
Total Liabilities and Fund Balances (Deficits)	$ 401,404	$ 13,411	$ 414,815

See accompanying notes to the basic financial statements.

ALPINE SPRINGS COUNTY WATER DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances of governmental funds	$	327,802
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of $773,612.		1,042,831
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.		15,038
Deferred outflows of resources related to changes in the net OPEB liability are not applicable to the current period.		23,072
Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds.		
Net pension liability		(9,076)
Net OPEB liability		(83,044)
Compensated absences		(6,329)
Deferred inflows related to changes in net pension liability		(31)
Deferred inflows related to changes in the net OPEB liability		(3,489)
Net position of governmental activities	$	1,306,774

See accompanying notes to the basic financial statements.

ALPINE SPRINGS COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General	Park	Total Governmental Funds
REVENUES			
Taxes and assessments	$ 825,585	$ 206,396	$ 1,031,981
Charges for services	1,039	35,240	36,279
Interest income	23,457	23,457	46,914
Total Revenues	850,081	265,093	1,115,174
EXPENDITURES			
Current:			
General government	889,043	-	889,043
Recreation and parks	-	237,894	237,894
Capital outlay	-	24,484	24,484
Total Expenditures	889,043	262,378	1,151,421
Excess (Deficiency) of Revenues over Expenditures	(38,962)	2,715	(36,247)
Net Change in Fund Balances (Deficits)	(38,962)	2,715	(36,247)
Fund Balances (Deficits) - Beginning of Year	439,473	(75,424)	364,049
Fund Balances (Deficits) - End of Year	$ 400,511	$ (72,709)	$ 327,802

See accompanying notes to the basic financial statements.

ALPINE SPRINGS COUNTY WATER DISTRICT
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	$	(36,247)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset purchases		24,484
Depreciation expense		(25,297)
Capital contribution		14,204
Compensated absences expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.		(6,329)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pension expense related to deferred outflows and inflows of resources		(2,108)
OPEB expense related to deferred outflows and inflows of resources		2,523
Change in net position of governmental activities	$	(28,770)

See accompanying notes to the basic financial statements.

ALPINE SPRINGS COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Water	Sewer	Garbage	Total
ASSETS				
Current Assets				
Cash and investments	$ -	$ 1,984,339	$ 319,638	$ 2,303,977
Accounts receivable	233,236	-	-	233,236
Due from other funds	-	340,607	340,606	681,213
Prepaid items	43,585	6,705	3,353	53,643
Total Current Assets	276,821	2,331,651	663,597	3,272,069
Non-Current Assets				
Capital assets, net of accumulated depreciation	3,510,257	326,133	92,468	3,928,858
Land usage and easement rights	17,436	-	-	17,436
Total Non-Current Assets	3,527,693	326,133	92,468	3,946,294
Total Assets	3,804,514	2,657,784	756,065	7,218,363
DEFERRED OUTFLOWS OF RESOURCES				
Changes in net pension liability	48,873	7,519	3,759	60,151
Changes in net OPEB liability	74,983	11,537	5,767	92,287
Total Deferred Outflows of Resources	123,856	19,056	9,526	152,438
LIABILITIES				
Current Liabilities				
Accounts payable	23,842	863	625	25,330
Due to other funds	681,213	-	-	681,213
Accrued payroll and benefits	11,782	1,345	673	13,800
Unearned revenue	21,447	-	-	21,447
Compensated absences - current portion	20,571	3,165	1,583	25,319
Long-term liabilities - current portion	27,087	-	-	27,087
Total Current Liabilities	785,942	5,373	2,881	794,196
Non-Current Liabilities				
Net pension liability	29,497	4,538	2,269	36,304
Net OPEB liability	269,894	41,521	20,761	332,176
Total Non-Current Liabilities	299,391	46,059	23,030	368,480
Total Liabilities	1,085,333	51,432	25,911	1,162,676
DEFERRED INFLOWS OF RESOURCES				
Changes in net pension liability	100	15	8	123
Changes in net OPEB liability	11,335	1,744	873	13,952
Total Deferred Inflows of Resources	11,435	1,759	881	14,075
NET POSITION				
Net investment in capital assets	3,483,170	326,133	92,468	3,901,771
Unrestricted	(651,568)	2,297,516	646,331	2,292,279
Total Net Position	$ 2,831,602	$ 2,623,649	$ 738,799	$ 6,194,050

See accompanying notes to the basic financial statements.

ALPINE SPRINGS COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Water	Sewer	Garbage	Total
OPERATING REVENUES				
Charges for services	$ 1,250,616	$ 441,622	$ 384,067	$ 2,076,305
Total Operating Revenue	1,250,616	441,622	384,067	2,076,305
OPERATING EXPENSES				
Salaries and benefits	419,855	69,353	35,857	525,065
Insurance	15,899	15,899	15,899	47,697
Building materials and supplies	27,458	3,152	1,189	31,799
Office expenses	23,145	4,419	1,996	29,560
Professional services	36,205	21,371	19,766	77,342
Repairs and maintenance	8,193	1,072	536	9,801
Utilities and communications	28,943	13,799	13,278	56,020
Vehicles and fuel	3,577	550	275	4,402
Garbage services	-	-	242,301	242,301
Depreciation	247,323	24,781	12,047	284,151
Federal and State mandates	56,173	45,190	1,126	102,489
Training	1,408	128	-	1,536
Other	767	75	39	881
Total Operating Expenses	868,946	199,789	344,309	1,413,044
Operating Income	381,670	241,833	39,758	663,261
NON-OPERATING REVENUES (EXPENSES)				
Interest income	23,457	23,457	23,457	70,371
Interest expense	(84)	-	-	(84)
Total Non-Operating Revenues (Expenses)	23,373	23,457	23,457	70,287
Income Before Contributions	405,043	265,290	63,215	733,548
CONTRIBUTIONS				
Capital connection fees	18,601	8,565	-	27,166
Total Contributions	18,601	8,565	-	27,166
Change in net position	423,644	273,855	63,215	760,714
Net Position - Beginning of Year	2,407,958	2,349,794	675,584	5,433,336
Net Position - End of Year	$ 2,831,602	$ 2,623,649	$ 738,799	$ 6,194,050

See accompanying notes to the basic financial statements.

ALPINE SPRINGS COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2025

	Water	Sewer	Garbage	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 1,203,678	$ 441,622	$ 384,067	$ 2,029,367
Cash paid to suppliers	(177,672)	(104,754)	(295,759)	(578,185)
Cash paid to employees	(423,932)	(68,622)	(35,491)	(528,045)
Net Cash Provided by Operating Activities	602,074	268,246	52,817	923,137
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Interfund repayments received	-	299,224	243,364	542,588
Interfund repayments paid	(395,725)	-	-	(395,725)
Net Cash (Used for) Provided by Non-Capital Financing Activities	(395,725)	299,224	243,364	146,863
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection fees	18,601	8,565	-	27,166
Acquisition of capital assets	(193,975)	-	-	(193,975)
Principal paid on long-term debt	(54,348)	-	-	(54,348)
Interest paid on long-term debt	(84)	-	-	(84)
Net Cash (Used for) Provided By Capital and Related Financing Activities	(229,806)	8,565	-	(221,241)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	23,457	23,457	23,457	70,371
Net Cash Provided by Investing Activities	23,457	23,457	23,457	70,371
Net Increase in Cash and Cash Equivalents	-	599,492	319,638	919,130
Cash and Cash Equivalents - July 1, 2024	-	1,384,847	-	1,384,847
Cash and Cash Equivalents - June 30, 2025	$ -	$ 1,984,339	$ 319,638	$ 2,303,977

See accompanying notes to the basic financial statements.

ALPINE SPRINGS COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2025

	Water	Sewer	Garbage	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income	$ 381,670	$ 241,833	$ 39,758	$ 663,261
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	247,323	24,781	12,047	284,151
(Increase) decrease in:				
Accounts receivable	(68,385)	-	-	(68,385)
Prepaid expenses	1,592	245	122	1,959
Increase (decrease) in:				
Accounts payable	23,842	863	625	25,330
Accrued payroll and benefits	(8,685)	270	135	(8,280)
Unearned revenue	21,447	-	-	21,447
Compensated absences	4,608	461	231	5,300
Net pension obligation	6,865	1,056	531	8,452
Net OPEB obligation	(8,203)	(1,263)	(632)	(10,098)
Net Cash Provided by Operating Activities	$ 602,074	$ 268,246	$ 52,817	$ 923,137

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Alpine Springs County Water District (the District), operates under a California state charter adopted March 25, 1963. The District provides water, sewer, garbage, fire and park services as authorized.

B. Basis of Presentation

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America. These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The statement of net position and the statement of activities display financial information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the District's business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The fund types of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Major Funds

The District reported the following major governmental funds in the accompanying financial statements:

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Park Fund (Special Revenue Fund) - The Park Fund is used to account for the activities of the District's park services.

The District reports the following major proprietary funds in the accompanying financial statements:

Water Fund - The Water Fund is used to account for the delivery of the District's water services.

Sewer Fund - The Sewer Fund is used to account for the delivery of the District's wastewater (sewer) services.

Garbage Fund - The Garbage Fund is used to account for the delivery of the District's garbage services.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and proprietary activities are presented using the economic resources measurement focus as defined in item "b" below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources, and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and proprietary activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of year-end or 120 days for capital projects. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Proceeds of governmental long-term liabilities and financing through leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of enterprise funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased including amounts held in the District’s investment pool, to be cash and cash equivalents.

E. Accounts and Property Tax Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts, if applicable, and estimated refunds due. Major receivable balance for the governmental activities includes property taxes.

In the fund financial statements, material receivable in governmental funds include revenue accruals such as property tax revenue since it is usually both measurable and available. Nonexchange transactions collectible but not available are recorded as deferred inflows of resources in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received.

F. Capital Assets

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Statements

In the government-wide financial statements, capital outlay with a cost of $5,000 or more and a useful life of one year or longer are capitalized. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Contributed capital assets are reported at acquisition value as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Depreciation/amortization is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method over 5 - 40 years depending on the type of asset.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Compensated absences include leave for which employees may receive cash payments or other forms of settlement, either during employment or upon termination. These include, but are not limited to, vacation leave, management leave, sick leave, holidays, and bereavement leave. Under GASB 101, a liability is recognized for: (1) leave that has been earned but not yet used, and (2) leave that has been used but not yet paid or settled. The liability is measured based on the amount of leave that is more likely than not to be paid or settled. This includes applicable salary-related payments, if those contributions are directly associated with the payment of compensated absences.

H. Long-Term Liabilities

In the government-wide financial statements and the proprietary fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Initial issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, except for insurance, are expensed in the period incurred. Amortization of bond premiums or discounts, insurance costs, and deferred amounts on refunding are included in interest expense.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental funds recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Medical Benefits

The District is contracted with California Public Employee's Retirement System (CalPERS) for medical and prescription coverage to provide active and retiree health benefit services. The plan rules are in accordance with the Board of Directors' resolutions and subject to the Public Employees' Medical and Hospital Care Act (PEMHCA).

J. Pensions

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred 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) plan and additions to/deductions 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. Plan investments are reported at fair value.

K. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's 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 recognized when currently due and payable in accordance with the benefit terms. Investments 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, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 - June 30, 2025

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications

Government-wide Statements

Net position is the excess of all the District's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the government-wide level, and are described below:

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and 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.

b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

a. Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the government's highest level of decision-making authority.

d. Assigned - Amounts that are constrained by the Board of Director's intent to be used for specific purposes through a resolution, but are neither restricted or committed. The Board of Director's assigns fund balances for specific purposes by resolution adopting the annual budget for the upcoming fiscal year, or by an amending budget resolution during the fiscal year.

e. Unassigned - Amounts representing the residual classification for the general fund or any other fund with a negative fund balance.

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances. The District records reserves to indicate that a portion of the fund balance is legally segregated for specific future use. Designated fund balances and retained earnings represent tentative management plans for future use that are subject to change.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

O. Property Taxes

Placer County assesses properties, bills, collects, and distributes property taxes to the District. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on February 1 of the fiscal year and is delinquent if not paid by March 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

The District recognizes property taxes when received.

P. Budgets

By state law, the District's governing board must adopt a budget prior to the beginning of each fiscal year. The budget must be adopted in a properly noticed meeting.

Actual revenue and expenditures/expenses are compared to total budgeted amounts monthly and budgets by fund quarterly as a management control device for all budgeted funds. The District monitors capital expenditures by comparison to specific project appropriation accounts.

Q. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Implementation of Governmental Accounting Standards Board Statements

Effective July 1, 2024, the District implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary 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 by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The District adopted this accounting guidance for its June 30, 2025 year-end. There was no significant impact to the financial statements as a result of implementation.

Government Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The District adopted this accounting guidance for its June 30, 2025 year-end. There was no significant impact to the financial statements as a result of implementation.

S. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2025 or later. The District has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the District's fiscal year ending June 30, 2026.

Government Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the District's fiscal year ending June 30, 2026.

Governmental Accounting Standards Board Statement No. 105

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events. The requirements of this Statement will improve financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

NOTE 2: CASH AND INVESTMENTS

Cash and cash equivalents as of June 30, 2025 consisted of the following:

Cash and cash equivalents:	
Cash on hand	$ 315
Unrestricted deposits in financial institutions	190,939
Total cash and cash equivalents	191,254
Investments	
Investments held by the County	177,613
Local Agency Investment Fund (LAIF)	193,033
California CLASS	2,005,468
Total investments	2,376,114
Total cash and investments	$ 2,567,368

Authorized Investments

Pursuant to the District's investment policy, which includes certain diversification requirements, the District may make any investments permitted by *California Government Code Section 53601*, which includes U.S. Government guaranteed investments; registered state warrants; bonds or treasury notes; bonds, notes or warrants of any local agency; prime commercial paper with the highest ranking issued by Moody's Investors Service or Standard & Poor's Corp.; repurchase agreements; and certificates of deposit. As provided for in the investment policy, the District may invest with the following approved brokers/dealers and financial institutions: California State Local Agency Investment Fund, Placer County Pooled Treasury, Bank of the West, US Bank, Wells Fargo Advisors, California Employers' Retiree Benefit Trust (CERBT), and California CLASS.

Investments held by the County

County pool investments consist of District cash held by the Placer County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire 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 is recorded on an amortized cost basis. The monies held in LAIF are not subject to categorization by risk category.

LAIF is administered by the State Treasurer and is audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office; 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment in California CLASS

California CLASS is a Joint Powers Authority created by public agencies to provide a convenient method for agencies to pool their assets for investment purposes. California CLASS is governed by a Board of Trustees made up of experienced local agency executives. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. Following the investment policy direction established by the Board of Trustees, the primary objective of the investment manager is to safeguard the principal. The secondary objective shall be to meet the liquidity needs of the participants, and the final objective shall be to maximize the yield in a manner consistent with the first two objectives. The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that participants are willing to assume in obtaining such return. The District invests in the California CLASS Prime Fund. The 30 day yield at June 30, 2025 was 4.3433% and the weighted average maturity was 40.09 days.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the District's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the District to meet all projected obligations. At June 30, 2025, the District had no significant interest rate risk related to cash and investments held.

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in California CLASS is rated AAAm. The District's investment in LAIF and investments held by the County are not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The District's investment policy contains limitations on the amount that can be invested in any one issuer. At June 30, 2025, the District had no concentration of credit risk and complied with the requirements of the District's investment policy.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. At June 30, 2025, the District had no custodial credit risk related to investments.

The District's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than $250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first $250,000 of the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the $250,000 insured amount are collateralized.

As of June 30, 2025, the carrying amount of the District's deposits was $190,939 and bank balances were $217,356. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

NOTE 3: INTERFUND TRANSACTIONS

Due to/from Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. The composition of due to/from other funds as of June 30, 2025 was as follows:

Receivable Fund	Payable Fund	Description	Amount
Governmental Funds			
General Fund	Park Fund	Capital Projects Reimbursements	$ 82,250
		Total Governmental Funds	$ 82,250
Business-Type Funds			
Sewer Fund	Water Fund	Capital Projects Reimbursements	$ 340,607
Garbage Fund	Water Fund	Capital Projects Reimbursements	340,606
		Total Business-Type Funds	$ 681,213

NOTE 4: LAND USAGE AND EASEMENT RIGHTS

Conveyance of land and easement rights to the District are capitalized at their estimated value to the District at time of conveyance. The value of unused land owned by the District, currently classified as Greenbelt, is not included in this report. This land value may be determined at a later date by appraisal and would need to be adjusted back to the date of conveyance before being included as an asset of statement of net position.

NOTE 5: CAPITAL ASSETS

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

Governmental Activities:

	Balance at July 1, 2024	Additions	Transfers	Balance at June 30, 2025
Capital assets not being depreciated				
Land	$ 763,827	$ -	$ -	$ 763,827
Total capital assets not being depreciated	763,827	-	-	763,827
Capital assets being depreciated				
Firehouse	376,338	-	-	376,338
Fire-related vehicles and equipment	343,336	-	-	343,336
Other vehicles	32,187	-	-	32,187
Office equipment	20,253	-	-	20,253
Maintenance equipment	73,307	-	-	73,307
Building improvements	89,273	-	14,205	103,478
Land improvements	54,669	-	-	54,669
Park improvements	24,564	24,484	-	49,048
Total capital assets being depreciated	1,013,927	24,484	14,205	1,052,616
Less accumulated depreciation	(748,315)	(25,297)	-	(773,612)
Total capital assets being depreciated, net	265,612	(813)	14,205	279,004
Total Capital Assets, Net	$ 1,029,439	$ (813)	$ 14,205	$ 1,042,831

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

General government	$ 9,408
Park	15,889
Total governmental activities depreciation expense	$ 25,297

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	Balance at July 1, 2024	Additions	Transfers	Balance at June 30, 2025
Capital assets not being depreciated				
Construction in progress	$ -	$ 193,975	$ (127,991)	$ 65,984
Total capital assets not being depreciated	-	193,975	(127,991)	65,984
Capital assets being depreciated				
Water system	6,657,802	-	71,168	6,728,970
Sewer system	1,046,200	-	-	1,046,200
Truckee River interceptor	358,524	-	-	358,524
Alpine Springs interceptor	58,095	-	-	58,095
Inflow and infiltration	26,031	-	-	26,031
Vehicles	96,562	-	-	96,562
Office equipment	60,759	-	-	60,759
Maintenance equipment	219,920	-	-	219,920
SCADA system	172,423	-	-	172,423
Buildings improvements	267,817	-	42,618	310,435
Land improvements	164,009	-	-	164,009
Total capital assets being depreciated	9,128,142	-	113,786	9,241,928
Less accumulated depreciation	(5,094,903)	(284,151)	-	(5,379,054)
Total capital assets being depreciated, net	4,033,239	(284,151)	113,786	3,862,874
Total Capital Assets, Net	$ 4,033,239	$ (90,176)	$ (14,205)	$ 3,928,858

Depreciation expense was charged to the business-type functions as follows:

Business-type Activities:

Water	$ 247,323
Sewer	24,781
Garbage	12,047
Total business-type activities depreciation expense	$ 284,151

NOTE 6: LONG-TERM LIABILITIES

A. Governmental Activities

The following is a summary of changes in the District's long-term liabilities for the fiscal year ended June 30, 2025:

	Balance at July 1, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
Governmental Activities:					
Compensated absences*	$ 5,408	$ 921	$ -	$ 6,329	$ 6,329
Total Governmental Activities	$ 5,408	$ 921	$ -	$ 6,329	$ 6,329
Business-Type Activities:					
Financed purchase	$ 81,435	$ -	$ (54,348)	$ 27,087	$ 27,087
Compensated absences*	21,632	3,687	-	25,319	25,319
Total Business-Type Activities	$ 103,067	$ 3,687	$ (54,348)	$ 52,406	$ 52,406

* Reported at net amounts.

Payments on the financed purchase is made from the Water fund. Payments on the compensated absences are made from the fund for which the related employee worked, General fund, Park fund, Water fund, Sewer fund, and Garbage fund.

A description of the long-term liabilities related to governmental activities at June 30, 2025 follows:

Compensated Absences

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred.

A description of the long-term liabilities related to business-type activities at June 30, 2025 follows:

Financed Purchase

In November 2022, the District entered into a finance purchase agreement in the amount of $162,161 to finance the purchase of equipment. Monthly principal and interest payments began in January 2023 and are required until maturity in December 2025 at an interest rate of 0.159%. The related equipment is included in capital assets at a net book value of $106,177.

Future debt service payments on the agreement are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	$ 27,087	$ 15	$ 27,102
Total	$ 27,087	$ 15	$ 27,102

NOTE 7: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Pension Plan. The District's PEPRA Miscellaneous Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pool. Benefit provisions under the Plan is established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Basic Death Benefit. The cost of living adjustment for the plan is applied as specified by the Public Employee's Retirement Law.

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

	PEPRA Misc. On or after
Hire Date	January 1, 2013
Benefit formula	2.0% @ 62
Benefit vesting schedule	5 years of service
Benefit payments	Monthly for life
Retirement age	62 yrs
Monthly benefits, as of % of eligible compensation	1% to 2.5%
Required employee contribution rates	7.75%
Required employer contribution rates	7.87%
Required UAL contribution	$1,851

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined 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. The District's contributions to the Plan for the year ended June 30, 2025 were $34,225.

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

As of June 30, 2025, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of $45,380. $9,076 of the liability is reported in governmental activities and $36,304 of the liability is reported in business-type activities.

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Proportion - June 30, 2023	0.00093 %
Proportion - June 30, 2024	0.00094 %
Change - increase (decrease)	0.00001 %

For the year ended June 30, 2025, the District recognized pension expense of $40,481. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 34,225	$ -
Differences between expected and actual experience	3,924	154
Changes of assumptions	1,166	-
Changes in employer's proportion	17,314	-
Difference between the employer's contributions and proportionate share of contributions	15,948	-
Net differences between projected and actual investment earnings	2,612	-
Total	$ 75,189	$ 154

$34,225 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2026	$ 20,939
2027	16,099
2028	4,668
2029	(896)

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% net of pension plan investment expenses; includes inflation.
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter.

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

Changes in Assumptions

For the measurement period June 30, 2024, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the net pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The table below reflects long-term expected real rates of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return (1, 2)
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)

(1) An expected inflation of 2.3% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management Study.

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

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

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Net Pension Liability (Asset)	$ 124,982	$ 45,380	$ (20,145)

Pension Plan Fiduciary Net Position

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

NOTE 8: OTHER POST EMPLOYMENT BENEFITS

Plan Description

The Plan provides other post-employment benefits to qualified employees and selected officials as well as their eligible survivors and dependents. The California Employers' Retiree Benefit Trust (CERBT) is part of the Public District portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employees with the State of California. CalPERS issues a separate annual comprehensive financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 Q Street, Sacramento, CA, 95814.

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided

The District provides post-retirement benefits to eligible employees as follows:

	Hired Prior to July 1, 2022	Hired After to July 1, 2022
Benefits types provided	Medical only	Medical only
Duration of benefits	Lifetime	Lifetime
Required service	20 years	20 years
Minimum age	Retirement from CalPERS	Retirement from CalPERS
Dependent coverage	Yes	No
District contribution %	100% at age 62 and beyond Graded % for years prior to age 62 depending on retirement age	100% at age 62 and beyond* Graded % for years prior to age 62 depending on retirement age

*PEMHCA Minimum only post-65

Employees Covered

As of the June 30, 2025 measurement period, the following employees were covered by the benefit terms:

Active employees	4
Inactive employees or beneficiaries currently receiving benefit payments	3
Total	7

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District. For the year ended June 30, 2025, the District paid on behalf of its retirees $55,778.

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024. Standard actuarial update procedures were used to project/discount from valuation to measurement dates. The net OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Year-End Reporting Date	June 30, 2025
Actuarial Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry-Age Normal Cost Method
Discount Rate	5.75%
Rate of Return on Investments	5.75%, net of expenses, including inflation
General Inflation	2.50%
Mortality	2021 CalPERS Mortality for Miscellaneous Employees
Pre-Retirement Turnover	2021 CalPERS Mortality for Miscellaneous Employees
Salary Increases	2.75%
Medical Trend	4.00%

Changes in Assumptions

During the measurement period June 30, 2024, there were no changes in assumptions.

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the net OPEB liability.

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class Component	Target Allocation * CERBT - Strategy 3	Assumed Gross Return
All Equities	23%	7.25%
All Fixed Income	51%	4.25%
Real Estate Investment Trusts	14%	7.25%
All Commodities	3%	7.25%
Treasury Inflation Protected Securities (TIPS)	9%	3.00%

Net OPEB Liability

Changes in the net OPEB liability during the fiscal year ending June 30, 2025 was as follows:

	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance June 30, 2024 (measurement date)	$ 581,978	$ 148,662	$ 433,316
Service cost	16,264	-	16,264
Interest cost	33,248	13,946	19,302
Contributions - employer	-	55,778	(55,778)
Net investment income	2,001	-	2,001
Benefit payments	(25,778)	(25,778)	-
Administrative expense	-	(115)	115
Net change	25,735	43,831	(18,096)
Balance at June 30, 2025 (measurement date)	$ 607,713	$ 192,493	$ 415,220

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

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

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability	$ 501,974	$ 415,220	$ 344,266

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the net OPEB liability of the District, as well as what the 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 rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	$ 330,793	$ 415,220	$ 521,083

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of $13,902. As of fiscal year ended June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 17,423	$ 3,347
Differences between expected and actual experience	97,936	13,892
Net difference between projected and actual return on investments	-	202
Total	$ 115,359	$ 17,441

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

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2026	$ 16,718
2027	18,112
2028	17,387
2029	16,177
2030	15,221
Thereafter	14,303

NOTE 9: GARBAGE SERVICES

Effective July 1, 2005, Ordinance No. 5-2005 was passed by the Board of Directors of the District, providing compulsory trash collection service for all District residents. The trash collection costs are paid by the service recipients. The District has made arrangements with a California corporation to provide trash disposal services. Trash collection fees incurred in 2025 was $242,301 and is included as the primary component of fees under operating expenses as reported in the statement of statement of revenues, expenses, and changes in net position - proprietary funds.

NOTE 10: FUND BALANCE

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The District's nonspendable fund balance totaled $13,411 as of June 30, 2025 and consisted of prepaid expenses.

Fund Balance Deficits

As of June 30, 2025, the following fund had a fund balance deficit:

Fund	Deficit
Park Fund	$ 72,709

These deficits were a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues.

NOTE 11: JOINT POWERS AGREEMENTS

The District is a member with other special districts of a Joint Powers Authority, Special District Risk Management Authority (SDRMA), which provides general insurance coverage. SDRMA is governed by a board consisting of 7 district representatives from 505 districts. The SDRMA Board controls the operations of the Joint Powers Authority, independent of any influence by the member districts beyond their representation on the Board.

The following is a summary of the most current audited financial information for SDRMA JPA as of June 30, 2024 (the most recent information available):

Total assets	$ 162,354,367
Total deferred outflows of resources	1,620,957
Total liabilities	78,404,034
Total deferred inflows of resources	384,924
Net position	85,186,366
Operating revenues	107,500,542
Operating expenses	104,002,777
Nonoperating income	10,167,398
Change in net position	13,665,163

If the District's deposits are not adequate to meet costs of claims and expenses, a retrospective adjustment to make up the difference, subject to minimum and maximum amounts, can take place. Coverage under this program has not changed and settled claims resulting from these risks have not exceeded coverage in any of the past three years.

The District is also a member of California Association for Park and Recreation Indemnity (CAPRI) which provides workers' compensation coverage for the District. CAPRI is governed by a Board consisting of representatives from member agencies. The Board controls their operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the joint powers authority.

NOTE 11: JOINT POWERS AGREEMENTS (CONTINUED)

The following is a summary of the most current audited financial information for the CAPRI portfolio as of June 30, 2024 (the most recent information available):

Total assets	$ 37,931,463
Total deferred outflows of resources	352,168
Total liabilities	19,341,803
Total deferred inflows of resources	53,296
Net position	18,888,532
Total operating revenues	17,821,461
Total operating expenses	15,110,444
Total nonoperating revenue	2,649,131
Change in net position	5,360,148

Complete financial statements for CAPRI can be obtained at 1075 Creekside Ridge Dr, Suite 240, Roseville, CA 95678.

The relationships between the District and the joint powers authorities are such that they are not component units of the District for financial reporting purposes.

NOTE 12: EXCESS EXPENDITURES OVER APPROPRIATIONS

The General Fund incurred expenditures in excess of appropriations in the amount of $34,586 for the year ended June 30, 2025.

The excess expenditures were covered by available fund balance in the fund.

NOTE 13: COMMITMENTS

In January 2021, the District entered into a renewed contract with a local fire protection district to provide fire protection, emergency medical and related services for the District for the period commencing January 1, 2021 through December 31, 2036.

This contract contains provisions that require the payment of property tax revenues from the District to the fire protection district according to the following schedule.

Year Ending June 30,	Amount
2022 - 2036	80% of gross property taxes received

In October 2023, the District voted to terminate the contract with the local fire protection district with the end date of October 2026. The District is committed to adopting a new contract before the 2026 termination date.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 16, 2026 the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

REQUIRED SUPPLEMENTARY INFORMATION

ALPINE SPRINGS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2025
LAST 10 YEARS

	Measurement Period				
	2024	**2023**	**2022**	**2021**	**2020**
Proportion of the net pension liability	0.000940 %	0.000932 %	0.000566 %	(0.001495)%	0.000329 %
Proportionate share of the net pension liability	$ 45,380	$ 46,624	$ 26,467	$ (28,378)	$ 13,862
Covered payroll	$ 444,100	$ 345,730	$ 308,623	$ 235,008	$ 191,740
Proportionate share of the net pension liability as a percentage of covered payroll	10.22 %	13.49 %	8.58 %	(12.08)%	7.23 %
Plan fiduciary net position as a percentage of the total pension liability	76.20 %	76.20 %	76.70 %	88.30 %	75.10 %

Notes to Schedule:

Benefit changes: In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions: In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.3 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22. In 2021, 2020 and 2019, there were no changes. In 2018, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

*The District adopted the Plan in fiscal year 2015. There was no valuation or measurement date as of the beginning of the year. As a result, there was no pension liability to record in that year.

ALPINE SPRINGS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
AS OF JUNE 30, 2025
LAST 10 YEARS

	Measurement Period				
	2019	**2018**	**2017**	**2016**	**2015***
Proportion of the net pension liability	0.000212 %	0.000063 %	0.000046 %	0.000016 %	- %
Proportionate share of the net pension liability	$ 8,482	$ 2,372	$ 4,532	$ 544	$ -
Covered payroll	$ 205,345	$ 186,899	$ 199,037	$ 200,141	$ 145,933
Proportionate share of the net pension liability as a percentage of covered payroll	4.13 %	1.27 %	2.28 %	0.27 %	- %
Plan fiduciary net position as a percentage of the total pension liability	75.30 %	75.30 %	73.31 %	74.06 %	78.40 %

ALPINE SPRINGS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
AS OF JUNE 30, 2025
LAST 10 YEARS

	Fiscal Year-End				
	2025	**2024**	**2023**	**2022**	**2021**
Contractually required contribution (actuarially determined)	$ 34,225	$ 34,104	$ 28,173	$ 25,510	$ 20,090
Contributions in relation to the actuarially determined contributions	34,225	34,104	28,173	25,510	20,090
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 412,121	$ 444,100	$ 345,730	$ 308,623	$ 235,008
Contributions as a percentage of covered payroll	8.30 %	7.68 %	8.15 %	8.27 %	8.55 %

ALPINE SPRINGS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS (CONTINUED)
AS OF JUNE 30, 2025
LAST 10 YEARS

	Fiscal Year-End				
	2020	**2019**	**2018**	**2017**	**2016**
Contractually required contribution (actuarially determined)	$ 13,901	$ 8,218	$ 12,222	$ 12,941	$ 11,399
Contributions in relation to the actuarially determined contributions	13,901	15,624	12,770	12,582	11,399
Contribution deficiency (excess)	$ -	$ (7,406)	$ (548)	$ 359	$ -
Covered payroll	$ 191,740	$ 205,345	$ 186,899	$ 200,141	$ 183,814
Contributions as a percentage of covered payroll	7.25 %	4.00 %	6.54 %	6.47 %	6.20 %

ALPINE SPRINGS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2025
LAST 10 YEARS *

	Measurement Period			
	2025	**2024**	**2023**	**2022**
Changes in the net OPEB Liability				
Service cost	$ 16,264	$ 18,179	$ 17,692	$ 14,152
Interest	33,248	27,563	26,123	25,962
Actual vs. expected experience	2,001	124,330	115	(21,720)
Assumption changes	-	5,458	-	-
Benefit payments	(25,778)	(21,599)	(18,369)	(17,555)
Expected minus actual benefit payments	-	1,809	-	-
Changes in benefit terms	-	(53,918)	-	-
Net Changes	25,735	101,822	25,561	839
net OPEB Liability (beginning of year)	581,978	480,156	454,595	453,756
net OPEB Liability (end of year)	$ 607,713	$ 581,978	$ 480,156	$ 454,595
Changes in Plan Fiduciary Net Position				
Employer contributions as benefit payments	$ 25,778	$ 21,599	$ 18,369	$ 17,555
Employer contributions to Trust	30,000	30,000	30,000	30,000
Interest	-	-	-	(5,714)
Expected investment income	9,407	7,273	5,448	-
Actual benefit payments from employer	(25,778)	(21,599)	(18,369)	(17,555)
Investment gain(losses)	4,539	(48)	(3,623)	-
Administrative expenses	(115)	(97)	(70)	(48)
Net Changes	43,831	37,128	31,755	24,238
Plan Fiduciary Net Position (beginning of year)	148,662	111,534	79,779	55,541
Plan Fiduciary Net Position (end of year)	$ 192,493	$ 148,662	$ 111,534	$ 79,779
Net OPEB Liability	$ 415,220	$ 433,316	$ 368,622	$ 374,816
Plan Fiduciary Net Position as a Percentage of the net OPEB Liability	31.7 %	25.5 %	23.2 %	17.5 %
Covered employee payroll	$ 267,783	$ 260,616	$ 201,555	$ 196,032
Net OPEB Liability as a Percentage of Covered-Employee Payroll	155.1 %	166.3 %	182.9 %	191.2 %

ALPINE SPRINGS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
AS OF JUNE 30, 2025
LAST 10 YEARS *

	Measurement Period			
	2021	**2020**	**2019**	**2018**
Changes in the net OPEB Liability				
Service cost	$ 12,978	$ 12,453	$ 20,988	$ 20,426
Interest	25,087	22,493	27,719	16,500
Actual vs. expected experience	-	3,010	-	-
Assumption changes	12,849	19,637	(120,739)	-
Benefit payments	(17,564)	(11,699)	(9,897)	(9,516)
Expected minus actual benefit payments	-	-	-	-
Changes in benefit terms	-	-	-	-
Net Changes	33,350	45,894	(81,929)	27,410
net OPEB Liability (beginning of year)	420,406	374,512	456,441	429,031
net OPEB Liability (end of year)	$ 453,756	$ 420,406	$ 374,512	$ 456,441
Changes in Plan Fiduciary Net Position				
Employer contributions as benefit payments	$ 17,564	$ 11,699	$ 9,897	$ 9,516
Employer contributions to Trust	20,000	30,000	-	-
Interest	-	-	-	-
Expected investment income	2,477	899	-	-
Actual benefit payments from employer	(17,564)	(11,699)	(9,897)	(9,516)
Investment gain(losses)	1,794	419	-	-
Administrative expenses	(28)	(20)	-	-
Net Changes	24,243	31,298	-	-
Plan Fiduciary Net Position (beginning of year)	31,298	-	-	-
Plan Fiduciary Net Position (end of year)	$ 55,541	$ 31,298	$ -	$ -
Net OPEB Liability	$ 398,215	$ 389,108	$ 374,512	$ 456,441
Plan Fiduciary Net Position as a Percentage of the net OPEB Liability	12.2 %	7.4 %	- %	- %
Covered employee payroll	$ 183,082	$ 191,740	$ 205,345	$ 186,899
Net OPEB Liability as a Percentage of Covered-Employee Payroll	217.5 %	202.9 %	182.4 %	244.2 %

ALPINE SPRINGS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
AS OF JUNE 30, 2025
LAST 10 YEARS *

Notes to Schedule:

Changes in Assumptions

In 2023 and 2024, there were no changes in assumptions. The discount rate changed during the fiscal year June 30, 2019 from 3.8% to 6%, then decreased during fiscal year June 30, 2021 from 6% to 5.75%. The inflation rate changed for the fiscal year June 30, 2023.

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only eight years are shown. Additional years' information will be displayed as it becomes available.

ALPINE SPRINGS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN
AS OF JUNE 30, 2025
LAST 10 YEARS *

	Fiscal Year			
	2025	**2024**	**2023**	**2022**
Actuarially Determined Contribution (ADC)**	$ -	$ -	$ -	$ -
Contributions in relation to the ADC	(55,778)	(51,599)	(48,369)	(47,555)
Contribution deficiency (excess)	$ (55,778)	$ (51,599)	$ (48,369)	$ (47,555)
Covered-Employee Payroll	$ 267,783	$ 260,616	$ 201,555	$ 196,032
Contributions as a Percentage of Covered-Employee Payroll	20.8 %	19.8 %	24.0 %	24.3 %

* Schedule is intended to show information for ten years. Fiscal year 2018 was the first year of implementation, therefore only eight years are shown. Additional years' information will be displayed as it becomes available.

** Amount was not calculated. The District's contribution was assumed to be made on an ad hoc basis.

ALPINE SPRINGS COUNTY WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (CONTINUED)
AS OF JUNE 30, 2025
LAST 10 YEARS *

	Fiscal Year			
	2021	**2020**	**2019**	**2018**
Actuarially Determined Contribution (ADC)**	$ -	$ -	$ -	$ -
Contributions in relation to the ADC	(37,564)	(41,699)	(9,897)	(9,516)
Contribution deficiency (excess)	$ (37,564)	$ (41,699)	$ (9,897)	(9,516)
Covered-Employee Payroll	$ 183,082	$ 191,740	$ 205,345	$ 186,899
Contributions as a Percentage of Covered-Employee Payroll	20.5 %	21.7 %	4.8 %	5.1 %

ALPINE SPRINGS COUNTY WATER DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and assessments	$ 821,028	$ 825,585	$ 4,557
Interest income	1,000	23,457	22,457
Other revenues	12,000	1,039	(10,961)
Total Revenues	834,028	850,081	16,053
EXPENDITURES			
Current:			
General government			
Professional services	807,343	869,916	(62,573)
Utilities and communications	20,985	15,584	5,401
Directors' fees	2,370	2,355	15
Office expenses	1,166	742	424
Other	6,540	446	6,094
Total Expenditures	838,404	889,043	(50,639)
Excess (deficiency) of revenues over expenditures	(4,376)	(38,962)	(34,586)
Net change in fund balance	$ (4,376)	(38,962)	$ (34,586)
Fund balance - July 1, 2024		439,473	
Fund balance - June 30, 2025		$ 400,511	

ALPINE SPRINGS COUNTY WATER DISTRICT
PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and assessments	$ 144,887	$ 206,396	$ 61,509
Charges for services	40,000	35,240	(4,760)
Interest income	1,000	23,457	22,457
Other revenues	40,000	-	(40,000)
Total Revenues	225,887	265,093	39,206
EXPENDITURES			
Current:			
Recreation and parks			
Professional services	261,225	222,699	38,526
Utilities and communications	11,447	11,897	(450)
Directors' fees	2,370	2,355	15
Office expenses	-	218	(218)
Other	6,540	725	5,815
Capital outlay	-	24,484	(24,484)
Total Expenditures	281,582	262,378	19,204
Excess (deficiency) of revenues over expenditures	(55,695)	2,715	58,410
Net change in fund balance	$ (55,695)	2,715	$ 58,410
Fund balance (deficit) - July 1, 2024		(75,424)	
Fund balance (deficit) - June 30, 2025		$ (72,709)	

ALPINE SPRINGS COUNTY WATER DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the General Fund, Park Fund, Water Fund, Sewer Fund, and Garbage Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

1. District employees prepare estimates of revenue and recommendations for the next year's budget.
2. The District General Manager submits to the Board of Directors a recommended operating budget for the fiscal year commencing the following July 1.
3. The preliminary budget is adopted by a resolution of the Board of Directors on or before June 30.
4. The final budget is adopted by the Board of Directors on or before August 30.
5. All unused appropriations for budgeted amounts lapse at the end of the year.

The District employs budget control by account codes and by individual appropriation accounts. The budgets are revised during the year by the Board of Directors to provide for revised priorities. Expenditures cannot legally exceed appropriations by object level, which is a category of account codes such as salaries and benefits or charges for services. Management can transfer budgeted amounts between expenditure accounts within an object level without the approval of the Board of Directors.

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

To the Board of Directors
Alpine Springs County Water District
Alpine Meadows, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alpine Springs County 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, and have issued our report thereon dated February 16, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first section of this paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Alpine Springs County Water District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Alpine Springs County Water District's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. Alpine Springs County Water District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sacramento, California
February 16, 2026

ALPINE SPRINGS COUNTY WATER DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025

Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted *Government Auditing Standards.*

Finding 2025-001: Cash and Interfund Transactions (Significant Deficiency)

Criteria

Governmental fund financial statements must be prepared in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). GASB Statement No. 54 defines governmental funds as separate fiscal and accounting entities that must report their own assets and liabilities — including cash — within a self-balancing set of accounts. Therefore, cash must be properly allocated and reported at the individual fund level to comply with GAAP.

GASB Statement No. 34 specifically defines interfund activity and requires interfund loans to be reported as interfund receivables in the lending fund and interfund payables in the borrowing fund.

Condition

Cash balances were not being properly reflected for each governmental or proprietary fund. While revenue and expenditure activity is recorded to the proper fund through allocated journal entries, the corresponding cash activity was not being allocated to each fund's cash account. Instead, the District was recording all cash transactions through either a general fund or water cash account, and using the "due from/to interfund" accounts to represent the amounts owed between funds.

These "due from/to interfund" balances were accumulating over several years, resulting in material interfund receivables/payables that did not reflect actual interfund activity. In addition, in a prior year, significant captial projects for the water fund were funded out of the sewer and garbage funds. A formal interfund agreement was never established resulting in a balance owed from the water fund to the sewer and garbage funds.

Cause

The District's general ledger system does not support fund accounting for cash transactions, and a supplemental procedure to allocate cash to funds as transactions occur was not implemented.

Effect

As presented for audit, cash and interfund balances in each fund required reconciliation and adjustments.

There is no agreement or payment plan established between funds for transactions that involved interund borrowings in prior years.

Recommendation

We recommend the District implement supplemental procedures to ensure cash is allocated to each fund. In addition, these procedures should also be applied to any receivables and payables recorded at year-end.

We recommend management determine amounts due from each fund by performing a comprehensive reconciliation of due to/from interfund accounts. Formalized interfund borrowing agreements should be established and approved by the Board.

Views of Responsible Officials

Management agrees with the comment and will ensure a process is in place to allocate cash to each fund and a formalized interfund borrowing agreement is established and approved by the Board.

February 16, 2026

To the Board of Directors
Alpine Springs County Water District
270 Alpine Meadow Road
Alpine Meadow, California 96146

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of Alpine Springs County Water District (the District) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 29, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement 101, *Compensated Absences*, and No. 102 *Certain Risk Disclosures*. There was no significant impact to the financial statements as a result of implementation. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimate of the net pension liability and other post-employment benefits liability are based on actuarial valuations.
>
> Management's estimate of depreciation is based on useful life and the District's capitalization policy.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The material misstatements in Attachment A were detected as a result of audit procedures and were corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 16, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedule, pension related schedules, and OPEB related schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Very truly yours,

MUN CPAs, LLP

MUN CPAs, LLP

Attachment A

ALPINE SPRINGS COUNTY WATER DISTRICT
SUMMARY OF AUDIT ADJUSTMENTS
JUNE 30, 2025

	Effect - Increase (Decrease)				
Description	**Assets & Deferred Outflows**	**Liabilities & Deferred Inflows**	**Equity**	**Revenue**	**Expenses**
Current Year Differences					
To record GASB 68 activity	$ (12,370)	$ (1,810)			$ 10,560
To adjust the balance for HRA payable at year end		$ (13,389)			$ (13,389)
To adjust accrued payroll balance at year end		$ 2,704			$ 2,704
To reclassify capitalized items below capitalization threshold to expenses	$ (1,261)				$ 1,261
To reclass utility prepayments to deferred revenue	$ 21,447	$ 21,447			
To record GASB 75 activity	$ (24,002)	$ (36,623)			$ (12,621)
Total Income Statement Effect				$ -	$ (11,485)
Balance Sheet Effect	$ (16,186)	$ (27,671)	$ -		