



**WESTERN MUNICIPAL
WATER DISTRICT**

Powered by water. Driven by service.

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the fiscal year ended June 30, 2025





ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Prepared by: Western Municipal Water District's Finance Department

WESTERN MUNICIPAL WATER DISTRICT

Western Municipal Water District (Western Water) is securing your water supply for today and tomorrow. Western Water is one of the largest public agencies in Riverside County providing water, wastewater (sewer), and recycled water services to nearly 1 million people, both wholesale and retail customers, across 527-square miles in western Riverside County.

MISSION

To provide water supply, wastewater disposal, and water resource management to the public in a safe, reliable, environmentally sensitive, and financially responsible manner.

VISION

To enhance Western Water's leadership role by integrating the best-in-business processes and business systems while developing a leading-edge workforce that continuously creates greater efficiency and value for our customers.

VALUES

Service excellence

Exceeding the expectations of all customers and stakeholders.

Public trust, accountability, and transparency

Maintaining a standard of exceptional integrity, honor, and respect through open communication and accessibility.

Efficiency

Ensuring that our dedication to efficiency standards extends across Western Water and beyond water resources, providing guidance to all financial and operational decisions.

Environmental stewardship

Promoting responsible and sustainable practices in water and other natural resources.

Water supply reliability

Securing a safe and stable water supply through diverse source strategies and innovative water resource management.

Fiscal responsibility and value

Ensuring the financial stability of Western Water and value to the customer through sound fiscal management and disciplined decision making.

Employee empowerment

Fostering an environment where organizational effectiveness is valued, mutual respect is paramount, and employee support and development is fundamental to our core culture.

Innovation

Continuously seeking and introducing new ideas, services, and opportunities in all that we do. We thrive on our ability to find solutions and possibilities through the ingenuity and creativity of our team.

Powered by water. Driven by service.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

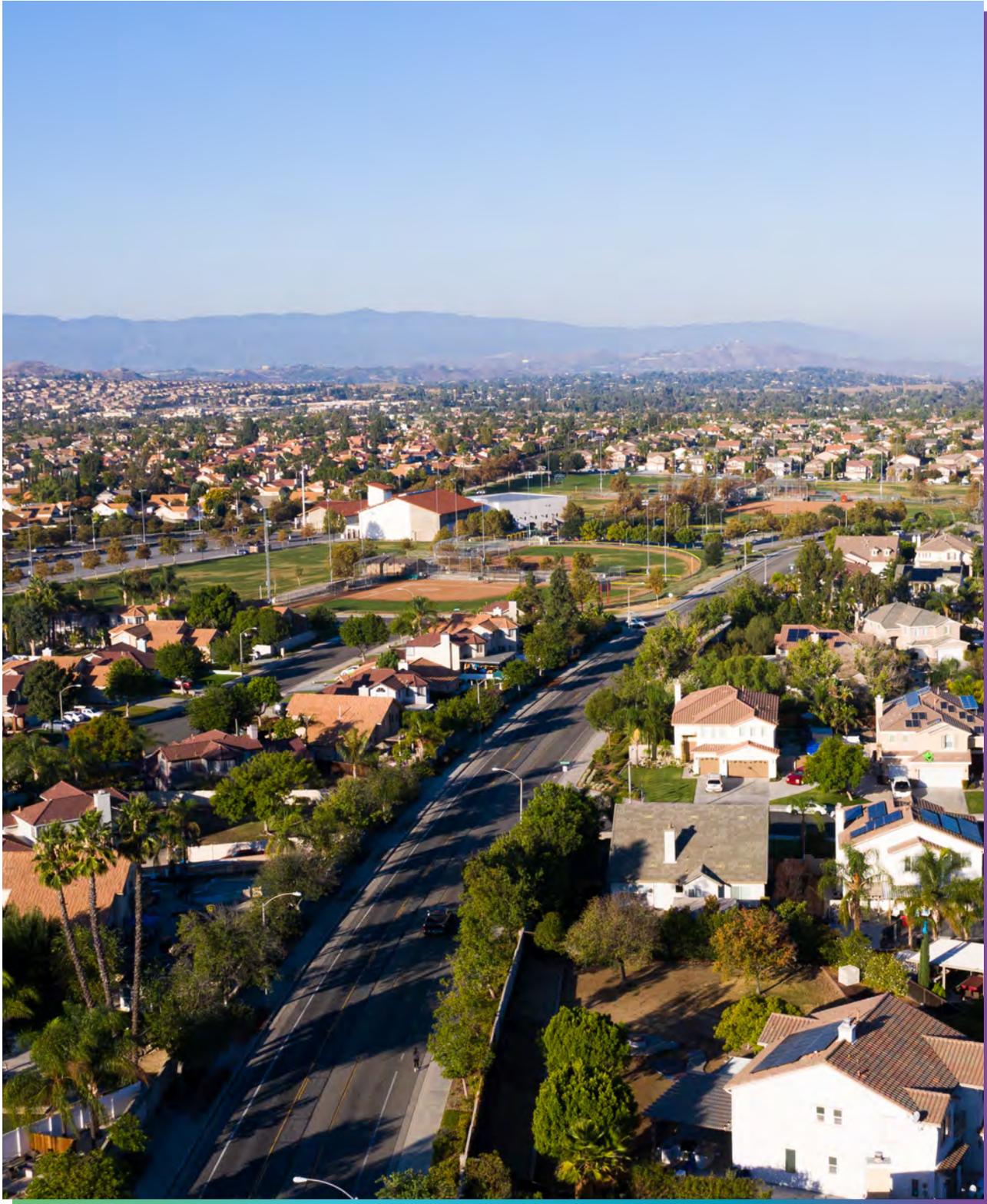


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DEBT CAPACITY

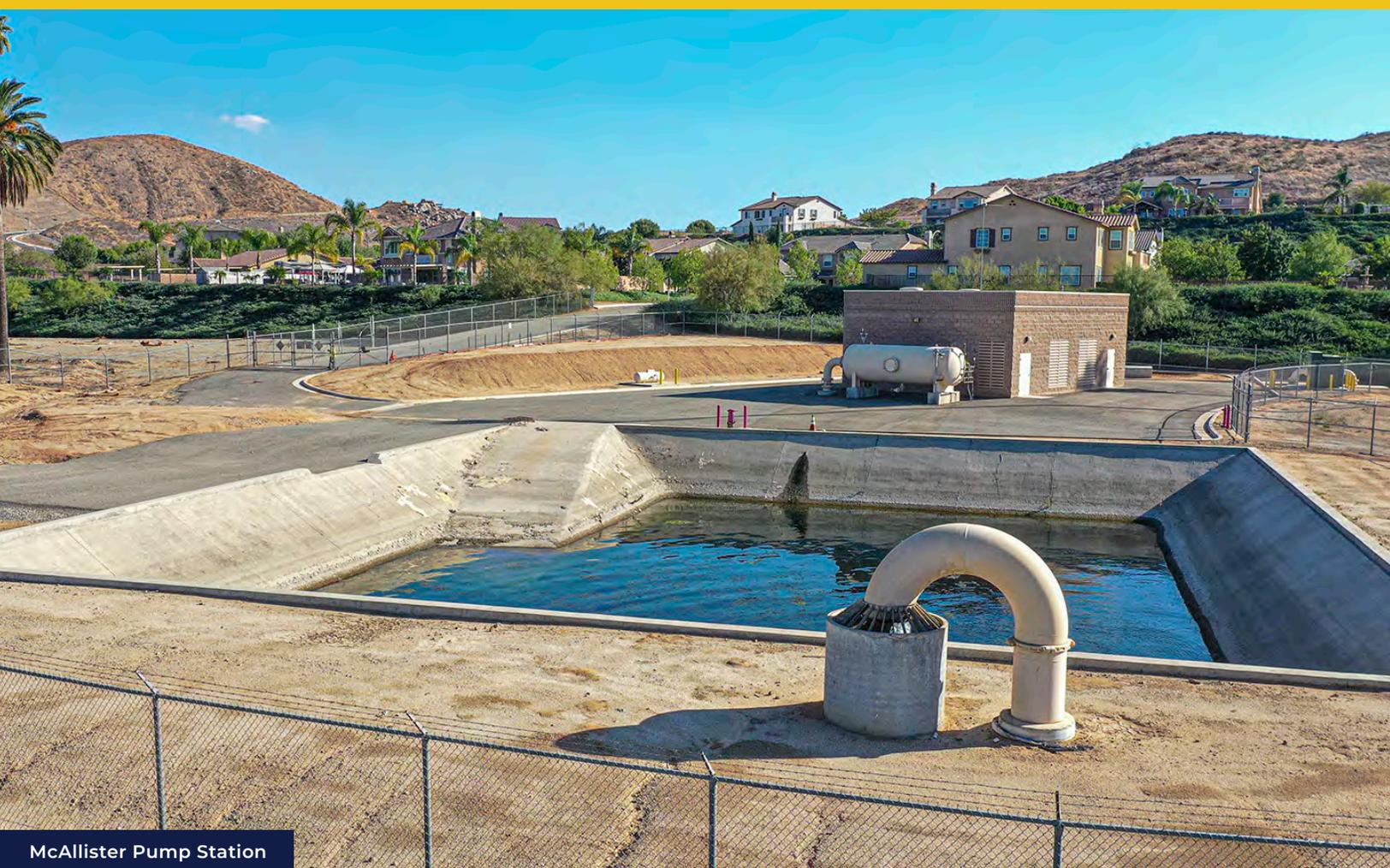
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McAllister Pump Station

INTRODUCTORY SECTION



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2024-25

An aerial photograph of a suburban town with numerous houses and trees, set against a backdrop of rolling hills and mountains under a clear sky. In the foreground, the top of a large, white, cylindrical water tower is visible, partially obscuring the bottom of the frame.

WESTERN WATER

Powered by water. Driven by service.

Western Water invests in reliable projects to secure water supply for our customers and the region. These investments focus on securing new water rights, stormwater capture, water wheeling from outside our service area, water recycling and groundwater desalting. We believe that reliable water resources are imperative for those not-so-rainy days and years that are common to Southern California.



Craig D. Miller
General Manager

MESSAGE FROM THE GENERAL MANAGER

December 19, 2025

To the Board of Directors and customers served by Western Water,

I am pleased to present Western Municipal Water District's (Western Water) Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. Our Finance Department has prepared this report following the guidelines recommended by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP).

Western Water remains committed to using customer revenue responsibly to build, monitor, and maintain the systems that deliver water and wastewater (sewer) service—both for today and for future generations. We are accountable for the accuracy of the data presented, as well as the completeness and fairness of the report, including its disclosures. We believe the information is accurate in all material respects and transparently represents Western Water's operations and financial condition.

This report includes all necessary disclosures to enhance understanding of our financial position. In accordance with GAAP, it features a narrative introduction, overview, and analysis, along with the basic financial statements presented in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A, which should be reviewed alongside the basic financial statements. The MD&A is located immediately after the report from the independent audit firm.

Western Water's basic financial statements have been audited by Clifton Larson Allen, LLP, a licensed and reputable firm of certified public accountants. The independent audit aims to provide reasonable assurance that Western Water's basic financial statements for the fiscal year ended June 30, 2025, are free of material misstatements. The audit process involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles applied, evaluating significant estimates made by management, and reviewing the overall presentation of the financial statements.

The independent auditors have issued an unmodified opinion, affirming that Western Water's basic financial statements for the fiscal year ended June 30, 2025, are fairly presented in accordance with GAAP. The independent auditor's report is included as the first component of the financial section of this document.

Sincerely,

Craig D. Miller
General Manager

REPORTING ENTITY AND ITS SERVICES

WESTERN WATER'S SERVICE AREA

Western Municipal Water District (Western Water) is one of the largest public agencies in Riverside County, providing water, wastewater, and recycled water services to nearly a million people, both wholesale and retail customers, who live, work and play within 527 square miles in one of California's most populous regions. Within Western Water's service boundaries are the cities of Canyon Lake, Corona, Eastvale, Jurupa Valley, Lake Elsinore, Murrieta, Norco, Riverside, and Temecula. Western Water provides imported water to its service area as a supplement to the region's local water supply.



The assessed valuation of Western Water's service area has grown from less than \$150 million when formed in 1954 to approximately \$155 billion in this past fiscal year. The population of Riverside County is about 2.5 million, of which Western Water both directly and indirectly serves approximately 985,700 people - or 40 percent of the county's population.

WESTERN WATER'S AUTHORITY

Western Water was formed by voters on January 19, 1954, under the Municipal Water District Act of 1911, to distribute supplemental water purchased from The Metropolitan Water District of Southern California (MWD) to a growing western Riverside County. Before Western Water's creation, the local water supply was primarily groundwater wells that would become insufficient to support the growing region's water demands.

Western Water is authorized to acquire, distribute, store, treat, recycle, recapture, and salvage any water (including sewage) for the beneficial use of Western Water, its residents within the service area, or the owners of rights to water within Western Water's boundaries.



The Municipal Water District Act of 1911 authorizes Western Water to exercise the power of eminent domain; to levy and collect taxes; to fix, revise and collect rates or other charges for the delivery of water, to use facilities or property, or provision for service; and to fix in each fiscal year a water and/or wastewater standby charge on land within the boundaries of Western Water to which water and wastewater services are made available by Western Water. Western Water may also issue bonds, borrow money, and incur debt.

REPORTING ENTITY AND ITS SERVICES

GOVERNANCE

Western Water is a quasi-governmental agency (Special District) of the state of California. Western Water is not regulated by the Public Utilities Commission, but instead is governed by a body of five directors who are publicly elected for a four-year term from comparably sized divisions based on population.

Since the year of its inception, Western Water has been a member of MWD, which is a cooperative organization of 26 cities and water agencies that are responsible for providing imported water to arid Southern California. Western Water has one representative on the MWD Board.

Western Water employs 165 full-time staff under the direction of the board-appointed general manager. Western Water's general manager is also a court-appointed member of the watermaster committees with responsibilities for reporting compliance with water quality and quantity provisions of court orders regarding water rights issues in the Santa Ana River watershed and the San Bernardino groundwater basin area.



WATER SERVICES

Western Water serves approximately 25,760 retail, residential and commercial accounts and eight water agencies and cities with water from both the Colorado River and the State Water Project - purchased from MWD - and from local sources. In fiscal year 2025, Western Water delivered 25,089 acre-feet to its retail service area and 64,236 acre-feet to its wholesale service area, for a total of 89,324 acre-feet. For additional details, please refer to Tables VIII and IX in the Statistical Section. This is equal to about 29 billion gallons, or nearly 44,100 Olympic sized swimming pools. Approximately 65 percent of the purchased water delivered was potable water (drinking water); the balance was non-potable or raw water. Wholesale customers that buy water from Western Water and in turn sell the water to their own customers are Box Springs Mutual Water Company, the cities of Corona and Norco, Eagle Valley Mutual Water Company, Elsinore Valley Municipal Water District, Jurupa Community Services District, Rancho California Water District, and Temescal Valley Water District.

ARLINGTON DESALTER AND THE COMBINED DESALTER ENTERPRISE PROGRAM

To reduce dependence on imported water, Western Water invested in local water supplies and infrastructure to serve existing and future retail and wholesale water demands. To fully optimize the benefits of these investments, Western Water launched the Combined Desalter Enterprise Program (Program). This Program conveys local desalted groundwater to participating wholesale customers (Jurupa Community Services District and the cities of Norco and Corona), and to the Riverside retail service area. The goal of the Program is to produce and deliver 10,000 acre-feet of water annually.



REPORTING ENTITY AND ITS SERVICES

The Program utilizes Western Water's entitlement to 3,534 acre-feet of water from the Chino Basin that was secured by investing in the Chino Basin Desalter Authority Expansion Project. The rest of the Program water is supplied by Western Water's Arlington Desalter, a 7.2 million-gallon per day (MGD) reverse osmosis water treatment plant that turns brackish (salty) groundwater into high-quality drinking water.

The strategic location of the recently constructed Sterling Pump Station and La Sierra Pipeline connects the Arlington Desalter to the Mills Gravity Line (MGL), effectively connecting two sections of Western Water's distribution system that were previously separated. This connection allows Program water to be delivered to the Riverside retail service area and the MGL providing greater operational flexibility and enhanced regional reliability and resiliency.

RETAIL WATER SERVICES

Western Water supplies water directly to approximately 25,760 residential, commercial, and agricultural users in the communities of El Sobrante, Lake Mathews, March Air Reserve Base, Mission Grove, Orangecrest, Rainbow Canyon, Temescal Creek, Woodcrest, and portions of the cities of Riverside and Murrieta. The Murrieta service area, unlike most of Western Water's retail service area, has its own local groundwater wells that are supplemented by imported water supplies.

Arlington Desalter reverse osmosis membranes



Reverse osmosis (RO) system during a RO membrane change out at the Arlington Desalter

SEWER AND RECYCLED WATER SERVICES

WESTERN WATER RECYCLING FACILITY

Western Water owns and operates the Western Water Recycling Facility (WWRF), which provides wastewater collection and treatment for the March Air Reserve Base and nearby residential and commercial customers located in portions of the city and county of Riverside. WWRF has a 3 MGD capacity and is currently operating at about 1.7 MGD.

WWRF provides wastewater treatment services for about 2,000 customers including the March Air Reserve Base and several commercial customers.

The treated wastewater from WWRF is used in Western Water's recycled water system. Supplemented with non-potable local groundwater and surface water from the Colorado River Aqueduct, the tertiary treated recycled water from WWRF is used by customers to irrigate landscaping and agriculture.



Western Water Recycling Facility



Western Riverside County Regional Wastewater Authority Treatment Plant

WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER AUTHORITY'S TREATMENT PLANT

Western Water is one of the five member agencies comprising the Western Riverside County Regional Wastewater Authority (WRCRWA). Since 1998, Western Water has been the contracted operator of the WRCRWA treatment plant located near the Santa Ana River, west of the city of Norco. Agencies and communities served by

the plant include the city of Corona, Home Gardens Sanitary District, Jurupa Community Services District, the city of Norco, and Western Water.

The treatment plant has a total capacity of 14 MGD, and currently processes an average of 8.96 MGD from residential and commercial wastewater customers, some of which are in Western Water's retail service area. Of the total plant capacity of 14 MGD, Western Water owns treatment capacity rights of 1.93 MGD. Wastewater flows from Western Water customers averages 0.71 MGD, or 37 percent of the treatment capacity right.

In 2018 the plant completed a \$74.3 million upgrade and expansion to 14 MGD to better serve the needs of the steady growth in the region. Since Western Water's existing owned capacity is sufficient for its current and future customers, Western Water did not participate in the plant expansion cost, but participated in related odor control costs. WRCRWA received a change of use permit from the State Water Resources Control Board (SWRCB) in February 2018, allowing WRCRWA member agencies to use some or all of its recycled water for beneficial reuse (e.g., irrigation, groundwater recharge). WRCRWA continues to pursue the highest and most efficient use of its recycled water. This includes opportunities to connect WRCRWA with other agencies to sell surplus recycled water.

SEWER AND RECYCLED WATER SERVICES

LA SIERRA SERVICE AREA

Western Water provides wastewater collection and conveyance services to approximately 5,400 customers in the La Sierra area of the city of Riverside. The collected wastewater, averaging about 0.71 MGD, flows to the WRCRWA treatment plant with ultimate disposal of the tertiary treated wastewater into the Prado Basin. The collection system serving La Sierra is maintained by Western Water personnel who ensure pipelines and lift stations are functioning properly.

SANTA ROSA REGIONAL RESOURCES AUTHORITY

Western Water is one of the three member agencies comprising the Santa Rosa Regional Resources Authority (SRRRA), located in Murrieta. SRRRA is responsible for collecting, treating and disposing of or recycling wastewater for residents and businesses in the Murrieta, Temecula, and Wildomar communities. This joint powers authority comprises Elsinore Valley Municipal Water District, Rancho California Water District, and Western Water. Wastewater flows originating in the SRRRA service area are treated at the Santa Rosa Water Reclamation Facility. The treatment plant has a total capacity of 5 MGD, of which Western Water owns 1.0 MGD. During fiscal year 2025, the plant treated an average of 2.99 MGD, with Western Water's share averaging 0.81 MGD.

MURRIETA SERVICE AREA

Western Water provides wastewater collection and conveyance services to approximately 2,300 customers surrounding the historic downtown area of the city of Murrieta. Treatment of about 0.81 MGD of wastewater from the Murrieta area is provided by SRRRA. In addition, Eastern Municipal Water District provides treatment services to 69 of Western Water's Murrieta commercial customers.

INLAND EMPIRE BRINE LINE

The Inland Empire Brine Line (Brine Line), is an industrial wastewater disposal system owned by the Santa Ana Watershed Project Authority (SAWPA). The Brine Line is designed to convey 30 MGD of non-reclaimable wastewater from the upper Santa Ana River basin area to the ocean for disposal after treatment by the Orange County Sanitation District. The non-reclaimable wastewater consists of desalter brine concentrate, or salt-laden waste, and industrial wastewater. The Brine Line dischargers include desalter facilities operated by the Chino Desalter Authority, city of Corona, Eastern Municipal Water District, Western Water and other commercial and industrial entities. Western Water is a member agency of SAWPA and operates a wastewater disposal station located at the city of Corona's Wastewater Treatment Plant No. 1, which has a connection to the Brine Line.



ECONOMIC CONDITIONS AND OUTLOOK

As with all industries, the water industry is affected by a wide variety of economic factors, including legislative action, regulatory requirements, inflation, and labor force availability. Significant factors that particularly affect Western Water are the availability and cost of water, energy costs, and property development.

For Western Water, efficient water use by all customers is paramount. As California continues to ebb and flow between dry and wet cycles, it is Western Water's responsibility to help communicate the value of water and assist customers in using it wisely. In order to assist its customers to continue to save water, Western Water has increased indoor and outdoor rebate funding available to customers. Western Water is participating in all Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB) working groups to lobby for future water use efficiency standards that are achievable by water users Statewide.

In response to state legislation (AB 1668 and SB 606), Western Water continues to collaborate with the DWR and SWRCB to implement the long-term framework, Making Conservation a California Way of Life. These regulations establish new efficiency standards that will become increasingly stringent over time, particularly for indoor and outdoor water use. Western Water supports this effort by participating in statewide workgroups, advancing water loss reporting, piloting data-streaming tools, and expanding customer programs such as turf transformation and water efficiency assessments. Collectively, these actions strengthen resiliency and prepare the region to meet future water-use efficiency standards.

Although Western Water has increased local water supplies over the years, it is still heavily dependent upon imported supplies from MWD for 64 percent of all water for its retail customers. MWD continues to experience increases in the cost of acquiring and delivering water to



ECONOMIC CONDITIONS AND OUTLOOK

member agencies, such as Western Water. As a result, MWD's full-service potable water volumetric cost will increase from \$1,395 per acre-foot to \$1,528 per acre-foot on January 1, 2026, an 9.5 percent increase. New meter connections per year have steadily increased due to development activity. Western Water continues to plan for and construct the necessary infrastructure capable of accommodating the significant long-term growth expected in the region. In addition, Western Water is aggressively pursuing alternative sources of water and expanding efficiency and education programs, as well as increasing the use of non-potable and recycled water where appropriate.



North Well Facility with Wellhead treatment installed

MAJOR ACCOMPLISHMENTS

Western Water continues to actively and deliberately shape a reliable, resilient water future for the communities we serve. Guided by a skilled and dedicated team, our mission is rooted in delivering safe, high-quality water and wastewater service while preparing for future challenges. Since 1954, Western Water has built a legacy of reliability. In the past year alone, we distributed approximately 25 billion gallons of water across our wholesale and retail service areas, reflecting the scale and importance of the services we provide. Today, that legacy is strengthened by our commitment to innovation, fiscal responsibility, and collaboration, fueled by a customer-focused culture that embraces leadership at every level.

COLLABORATION AND STATEWIDE LEADERSHIP

With most of our water traveling more than 500 miles from Northern California, Western Water recognizes that securing California's water future requires leadership and decisive action. Over the past year, Western Water played a leading role in advancing solutions to the state's water supply challenges through its leadership in the California Water for All coalition and support for the passage of Senate Bill 72. This pivotal legislation establishes statewide water supply targets and enhances coordination and accountability between state and local agencies. Western Water also continues to champion long-term infrastructure investments, such as the Delta Conveyance Project, to ensure a resilient statewide water system for generations to come.

INVESTING IN LOCAL RELIABILITY

Closer to home, Western Water has made significant progress on infrastructure projects that strengthen our system and improve reliability. In Woodcrest and Mission Grove, more than 12,000 linear feet of aging pipelines were replaced to ensure consistent water delivery. Well 7 in Riverside, will expand our ability to produce local supplies, while design and planning move forward on the Mockingbird Pump Station. This project will strengthen system resiliency for years to come. Western Water opened a new water filling station in Gavilan Hills to improve water access for residents without direct service connections. Combined, these efforts reflect our commitment to both immediate, local service reliability and long-term community benefit.

EXPANDING STORAGE AND REGIONAL PARTNERS

Western Water's regional partnerships turn planning into action, linking local investments with regional strategies that secure long-term water reliability. Western Water continues to invest in regional groundwater storage through the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). All the SARCCUP projects were successfully completed by July 31, 2025, meeting the grant deadline and the total amount of grant dollars from SARCCUP that funded these local supply and flexibility enhancement projects was \$14,174,033 as of June 30, 2025. This partnership, supported by Proposition 84 funding and administered through the Santa Ana Watershed Project Authority, allows participating agencies to capture and store water in wet years for use during dry periods. To date, Western Water has stored more than 8,000 acre-feet of water, with capacity expansion planned for 2025 to strengthen drought preparedness and operational flexibility.



The Sterling Pump Station can pump more than 9,000 gallons of water per minute through the La Sierra Pipeline

MAJOR ACCOMPLISHMENTS

As a member agency of the Metropolitan Water District of Southern California (Metropolitan), Western Water also represents Riverside County communities in decisions that shape how imported water is delivered, priced, and managed. With a dedicated board representative, Western Water is actively working to reshape Metropolitan's business model to better reflect today's climate and economic realities. This includes advocating for fairness, transparency, and long-term sustainability in both water supply planning and fiscal resiliency, with an emphasis on increasing fixed revenues, adopting more conservative water sales assumptions, and strengthening reserve targets. Together with neighboring and statewide partners, Western Water is helping to build a more resilient, interconnected water system that can adapt to future challenges and ensure reliability for generations to come.

FISCAL STEWARDSHIP AND TRANSPARENCY

A commitment to transparency and accountability guides every investment we make. During the past year, Western Water secured more than \$14 million in grant funding, supporting projects that support water quality, enhance resiliency, and upgrade critical infrastructure, helping to reduce the cost burden on our customers. Western Water also earned the highest possible 'AAA' financial rating from both S&P Global Ratings and Fitch Ratings, reflecting strong financial management and long-term planning. Equally important, Western Water advanced its four-year rate adjustment program, designed to provide customers with long-term stability and predictable rates.

ENHANCING CUSTOMER TOOLS & SUPPORT

Western Water remains committed to enhancing customer experience. Over the past year, we've expanded the tools and resources available to help customers manage their water use and understand their service. This includes the continued rollout of new, advanced meters and the launch of the My Western Water Portal, which together provides customers with real-time access to their water usage, billing information, and conservation tools.

Western Water further strengthened its connection with the community by attending neighborhood meetings, community events, and local association gatherings to listen, answer questions, and build trust. This hands-on engagement, paired with expanded digital communication and timely construction updates, ensures customers stay informed and perspectives are integrated into decisions.



FINANCIAL POLICIES AND CONTROLS



Western Water has formally adopted the following financial policies and implemented the following internal controls:

CASH RESERVE POLICY

This policy states the purpose, source, and minimum/maximum funding levels for each of its designated reserves. These reserves have been established to meet internal requirements and/or external legal requirements. This policy enables restricting funds for future infrastructure needs, replacement of aging facilities, bond reserves, and various operating reserves to mitigate unexpected occurrences. These reserves are critical to Western Water's financial strength and high credit ratings.

INTEREST AND FINANCIAL RISK MANAGEMENT POLICY

The purpose of this policy is to establish guidelines for the use and management of all interest rate and risk management agreements incurred in connection with the expected issuance of new bonds, notes, and other obligations, or to accompany bonds already issued, or to manage other risks of Western Water. This policy sets forth the manner of execution of swaps, and provides for security and payment provisions, risk considerations, and certain other relevant provisions.

DEBT AND FINANCIAL MANAGEMENT POLICY

Western Water's debt and financial management policy is designed to establish parameters for issuing debt and provide guidance to decision-makers concerning all options available to finance infrastructure and other capital projects so that the most prudent, equitable and cost-effective method of financing is selected. The policy also documents the objectives to be achieved by staff both prior and subsequent to debt issuance. It promotes objectivity in the decision-making process and facilitates the financing process by establishing important policy decisions in advance.

INVESTMENT POLICY

The investment policy establishes guidelines and practices to be used in effectively managing Western Water's available cash and investment portfolio. It applies to all cash and investment assets of Western Water except those funds maintained in deferred compensation accounts for employees, and those funds maintained for the retired employee medical benefit. All Western Water monies, including those not required for immediate expenditure, are to be invested in compliance with governing provisions of law (California Government Code Sections 53600 et seq.). The policy lists in detail authorized investments and the percentage of portfolio limitations and required credit ratings for each investment type.

ACCOUNTING AND REPORTING CONTROLS

Western Water's Finance Department is responsible for providing financial services including accounting and reporting, budgeting, accounts payable and receivable, purchasing, and custody and investment of funds. Western Water accounts for its activities as an enterprise fund and prepares its financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. It is the intent of the board of directors to manage Western Water's operations as a business, thus matching revenues against the costs of providing the services. Western Water also reports on fiduciary fund activities for the Western Municipal Water District Retirement Medical Plan, an Other Post-Employment Benefit Plan. The fiduciary fund reporting focuses on economic resources and are accounted for under the accrual basis of accounting.

FINANCIAL POLICIES AND CONTROL

INTERNAL CONTROLS

Western Water operates within a system of internal accounting controls established and continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded in accordance with Western Water policies and procedures. When establishing and reviewing controls, management must consider the cost of the control and the value of the benefit derived from its utilization. Management typically maintains or implements only those controls for which its value adequately exceeds its costs. Past audits have not noted any weaknesses in internal controls.

BUDGETARY CONTROLS

Though Western Water is not legally required to adopt and adhere to a budget or present budgetary comparison information, the board of directors has chosen to approve a two-year operating budget as a management tool. Quarterly comparison reports of budget to actual are prepared and presented at a summary level to the board of directors, along with explanations of significant variances.



Western Water's Operations Yard, the backbone of our operations team who works around the clock to serve you water 24/7, 365 days a year.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement (COA) for Excellence in Financial Reporting to Western Water for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This is the 19th year that Western Water has achieved this prestigious award. To be awarded a COA, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A COA is valid for a period of one year only. We believe that our current ACFR continues to meet the COA Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to express our appreciation to the Finance Department staff and the independent accounting firm of Clifton Larson Allen, LLP for the efforts made to prepare this report. We would also like to thank the board of directors for their continued interest and support in all aspects of Western Water's financial management.

Respectfully submitted,



Craig D. Miller
General Manager



Richard R. Aragon
Assistant General Manager / Chief Financial Officer

AWARDS AND ACKNOWLEDGMENTS



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Western Municipal Water District
of Riverside County
California**

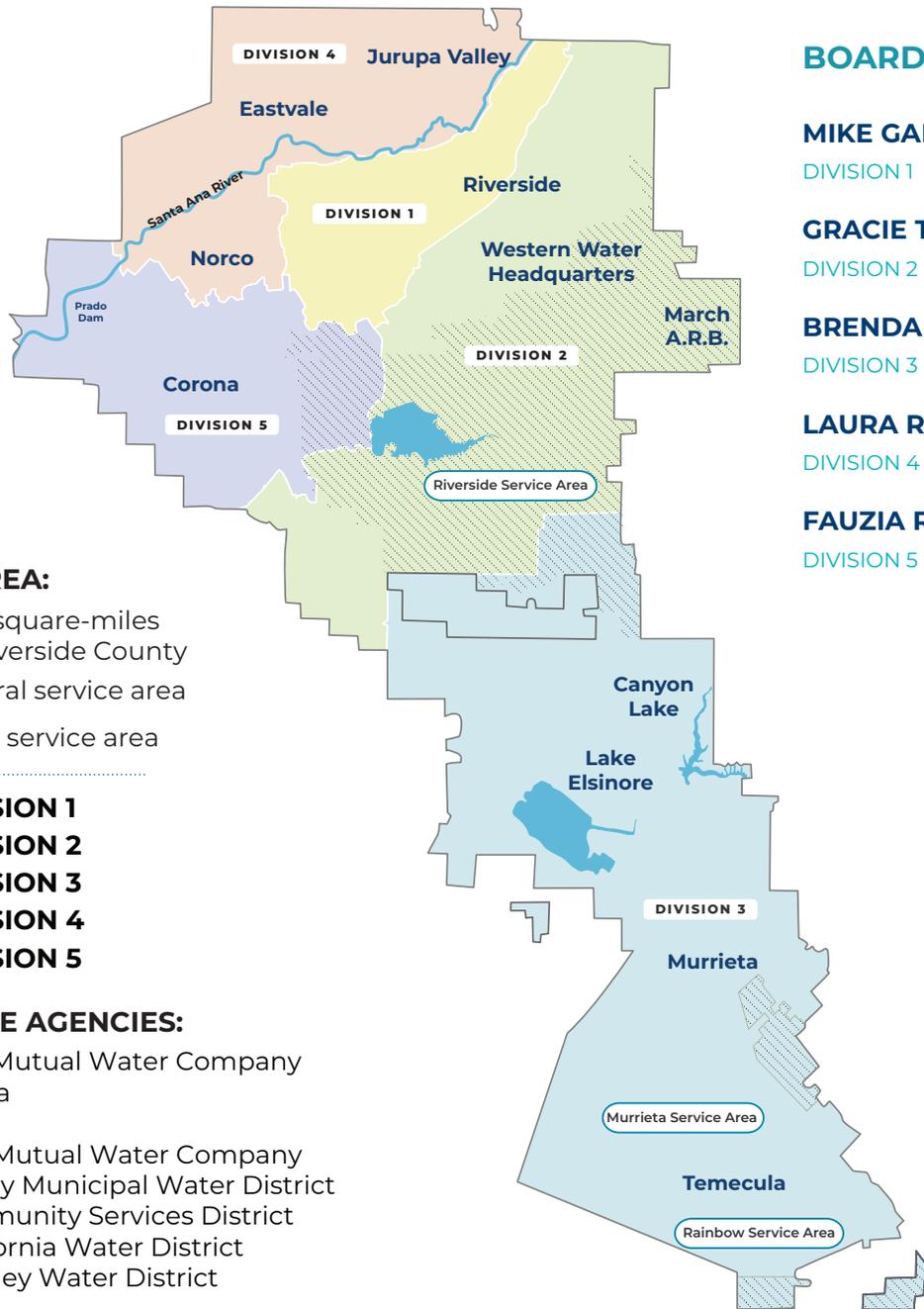
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

WESTERN WATER'S SERVICE AREA MAP



SERVICE AREA:

Roughly 527 square-miles in western Riverside County

General service area

Retail service area

DIVISION 1

DIVISION 2

DIVISION 3

DIVISION 4

DIVISION 5

WHOLESALE AGENCIES:

Box Springs Mutual Water Company

City of Corona

City of Norco

Eagle Valley Mutual Water Company

Elsinore Valley Municipal Water District

Jurupa Community Services District

Rancho California Water District

Temescal Valley Water District

Agencies also within Western's boundaries are City of Riverside, Home Gardens County Water District, Home Gardens Sanitary District, and Rubidoux Community Services District.

BOARD OF DIRECTORS

MIKE GARDNER

DIVISION 1

GRACIE TORRES

DIVISION 2

BRENDA DENNSTEDT

DIVISION 3

LAURA ROUGHTON

DIVISION 4

FAUZIA RIZVI

DIVISION 5



WESTERN WATER OFFICIALS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

ELECTED BOARD OF DIRECTORS

Mike Gardner, division 1

LENGTH OF SERVICE

4 YEARS

Gracie Torres, division 2

6 YEARS

Brenda Dennstedt, division 3, secretary/treasurer

18 YEARS

Laura Roughton, division 4, president

3 YEARS

Fauzia Rizvi, division 5, vice-president

4 YEARS

EXECUTIVE MANAGEMENT TEAM

LENGTH OF SERVICE

Craig D. Miller, general manager

11 YEARS

Timothy T. Barr, deputy general manager

30 YEARS

Richard R. Aragon, assistant general manager/chief financial officer

1 YEAR

Sarah Macdonald, assistant general manager/communications and customer experience

6 YEARS

Candi Judd, director of human resources

9 YEARS

Christopher Fike, director of maintenance operations

10 YEARS

Derek Kawaii, director of engineering

19 YEARS

Gary Miller, director of system operations

9 YEARS

Joshua Aguilar, deputy director of water resources

3 YEARS

Mike Mouser, director of information services

9 YEARS

Paul Rugge, executive director of operations

20 YEARS

Ryan Shaw, director of water resources

8 YEARS

Sonia Huff, deputy director of engineering

23 YEARS

Tony Pollak, deputy director of systems operations

11 YEARS

Veronica Zheng, director of finance

15 YEARS

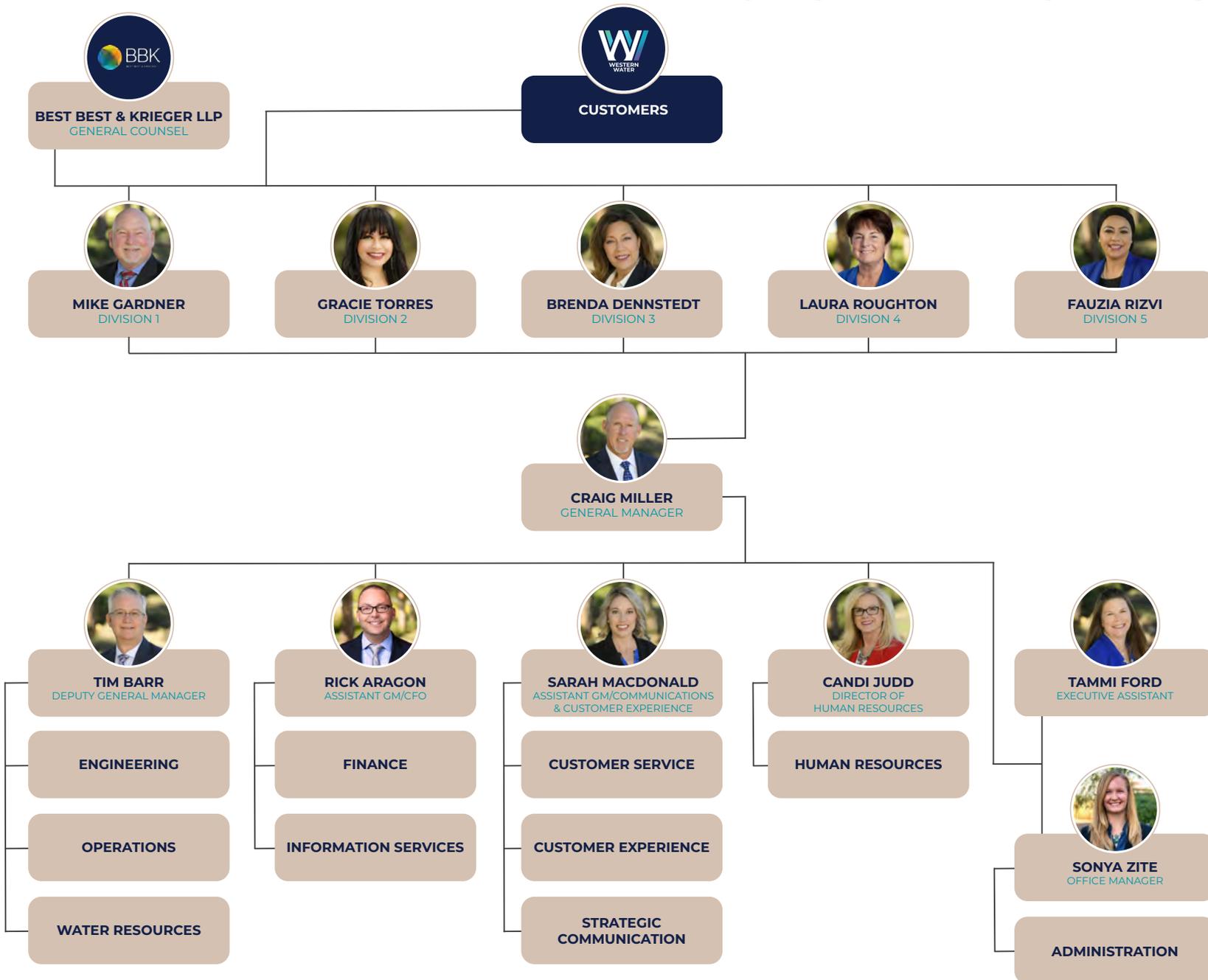
GENERAL COUNSEL

LENGTH OF SERVICE

Best Best & Krieger, LLP

68 YEARS

ORGANIZATIONAL CHART



FINANCIAL SECTION



FINANCIAL SECTION

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
2024-25



INDEPENDENT AUDITORS' REPORT

Board of Directors
Western Municipal Water District
Riverside, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Western Municipal 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 business-type activities and the fiduciary activities 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 (GAAS) 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 Auditors' 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. The financial statements of the fiduciary activities were not audited in accordance with *Government Auditing Standards*.

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.

Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the plan's net pension liability and related ratios as of the measurement date, the schedule of contributions - pension, the schedule of changes in the net other postemployment benefits (OPEB) liability and related ratios, and the schedule of contributions – OPEB, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, 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.



CliftonLarsonAllen LLP

Irvine, California
December 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Western Municipal Water District of Riverside County (Western Water), we offer readers of the basic financial statements this narrative overview and analysis of the financial activities of Western Water for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the preceding Independent Auditor's Report, and the accompanying notes to the basic financial statements.

Overview

Western Water

Western Water was formed in 1954 under the Municipal Water District Act of 1911 for the purpose of bringing supplemental water from the Metropolitan Water District of Southern California to a growing western Riverside County. Western Water operates under the authority of the California Water Code and engages in various activities classified as "proprietary." The primary activities of Western Water include the sale and delivery of potable and non-potable water to wholesale, domestic, agricultural and commercial accounts, as well as the collection, treatment and disposal of wastewater. Western Water also provides both operating and administrative contract services to other agencies within its 527-square-mile service area.

Required Financial Statements

The basic financial statements of Western Water report information utilizing the full accrual basis of accounting and conform to accounting principles that are generally accepted in the United States of America. The basic financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data on Western Water's financial condition and operating results. They are the Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows.

The *Statement of Net Position* presents information on Western Water's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and provides information about the nature and amounts of investments in resources and obligations to Western Water's creditors with the remaining balance being reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of Western Water is improving or deteriorating. However, one must consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

The *Statement of Revenues, Expenses and Change in Net Position* identifies Western Water's revenues and expenses for the fiscal year. It provides information on operations over the past fiscal year and can be used to determine whether Western Water has recovered all of its projected costs through user fees, tax revenues and other service-related charges.

The *Statement of Cash Flows* presents information regarding Western Water's cash receipts and cash payments for the fiscal year according to whether they stem from operating activities, non-capital financing activities, capital and related financing activities or investing activities. From this statement, the reader can obtain comparative information on the sources and uses of Western Water's cash.

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements and are an integral part of the basic financial statements.

In addition, Western Water reports information on a Fiduciary Fund where Western Water holds the assets as a trustee for the benefit of others. The Fiduciary Fund Statements consist of the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

The *Statement of Fiduciary Net Position* presents information on assets, liabilities, and deferred outflow and inflow of resources of fiduciary activities.

The *Statement of Changes in Fiduciary Net Position* presents additions to and deductions from net position of the Fiduciary Fund.

Summary Financial Information and Analysis

Western Water's Statement of Net Position remains strong, providing a foundation for continued growth within Western Water's service area. Historically, Western Water experiences a loss at the operating level, meaning operating revenues are less than operating expenses. This operating loss is normally offset by net non-operating revenues. In fiscal year 2025, this loss has been offset by net non-operating revenues primarily from property tax revenues, investment earnings and capacity rights sales. Explanations for significant changes from the prior year are provided in the discussion that follows.

Statements of Net Position

The following table compares the various categories of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position between the current and prior fiscal year.

Condensed Statements of Net Position as of June 30, 2025 and 2024

	<u>As of June 30,</u>		<u>Increase (Decrease)</u>	
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current	\$ 330,496,342	\$ 291,491,451	\$ 39,004,891	13.4%
Noncurrent:				
Capital	471,740,726	467,205,188	4,535,538	1.0%
Other	82,878,786	74,137,319	8,741,467	11.8%
Total Assets	\$ 885,115,854	\$ 832,833,958	\$ 52,281,896	6.3%
Deferred Outflows of Resources	\$ 19,869,267	\$ 23,762,892	\$ (3,893,625)	-16.4%
Liabilities				
Current	\$ 50,479,674	\$ 49,454,743	\$ 1,024,931	2.1%
Noncurrent	218,629,426	227,341,318	(8,711,892)	-3.8%
Total Liabilities	\$ 269,109,100	\$ 276,796,061	\$ (7,686,961)	-2.8%
Deferred Inflows of Resources	\$ 12,929,765	\$ 13,103,279	\$ (173,514)	-1.3%
Net Position				
Net investment in capital assets	\$ 287,003,720	\$ 283,773,471	\$ 3,230,249	1.1%
Restricted for debt service	1,510,763	1,510,763	-	0.0%
Restricted for capacity charges	33,394,182	30,368,532	3,025,650	10.0%
Restricted for OPEB benefits	9,565,932	7,362,569	2,203,363	29.9%
Restricted for construction-related escrow accounts	792,545	765,394	27,151	3.5%
Unrestricted	290,679,114	242,916,781	47,762,333	19.7%
Total Net Position	\$ 622,946,256	\$ 566,697,510	\$ 56,248,746	9.9%

Assets

At June 30, 2025, total assets increased by \$52.3 million, or 6.3% as compared to June 30, 2024. This increase is primarily due to increases in current assets of \$39.0 million and increases in non-current assets of \$13.3 million.

The increase in current assets is mainly due to (1) an increase in cash and investments of \$35.8 million from receipts of property taxes as well as recognition of realized and unrealized investment earnings, 2) an increase in water inventory of \$6.3 million with Western Water's major initiative in expanding stored water, and 3) a decrease in accounts receivable of \$3.3 million. The decrease in accounts receivable is mainly contributed by a \$9.5 million reduction in receivables from wholesale customers due to timing of customer payments, offset by an increase of \$4.3 million Per- and Polyfluoroalkyl Substances (PFAS) settlement relating to Arlington and Murrieta water systems.

The increase in non-current assets is primarily due to 1) an increase in capital assets of \$4.5 million relating to construction-in-progress and purchase of capacity rights, 2) an increase in notes receivable of \$6.4 million due to the sale of capacity rights in the Mills Gravity Line to Elsinore Valley Municipal Water District (EVMWD), and 3) an increase of \$2.2 million in net Other Post-Employment Benefits (OPEB) asset benefited by the investment performance of the plan. Information on Western Water's OPEB can be found in Note 11 of the Notes to the Basic Financial Statements.

Deferred Outflows of Resources

Deferred outflows of resources are consumption of net position that apply to future periods. As of June 30, 2025, total deferred outflows of resources decreased by \$3.9 million, or 16.4% as compared to June 30, 2024. This is largely due to a decrease in the deferred outflow of resources related to debt refunding of \$0.8 million, a decrease in the deferred pension outflow of \$2.4 million, and a decrease to deferred OPEB outflow in the amount of \$0.6 million. The decreases are relating to annual amortization as well as recognition of various deferrals for the pension and OPEB plans. Information on Western Water's pensions and OPEBs can be found in Notes 10 and 11, respectively, of the Notes to the Basic Financial Statements.

Liabilities

At June 30, 2025, total liabilities decreased by \$7.7 million, or 2.8% as compared to June 30, 2024. This is primarily due to decreases in non-current liabilities of \$8.7 million relating to annual principal payments made towards long-term liabilities. Information on Western Water's liabilities can be found in Notes 7, 10 and 11, respectively, of the Notes to the Basic Financial Statements.

Deferred Inflows of Resources

Deferred inflows of resources are acquisition of net position applicable to a future reporting period. As of June 30, 2025, total deferred inflows of resources decreased by \$0.2 million, or 1.3% as compared to June 30, 2024. This is primarily due to decreases in deferred inflows of resources related to swap and pensions in the amounts of \$0.6 million and \$0.4 million, respectively, offset by an increase in deferred OPEB inflow of \$0.2 million, and an increase in deferred inflow of resources related to leases of \$0.6 million. Information on Western Water's interest rate swap, pensions, OPEBs and leases can be found in Notes 8, 10, 11 and 13, respectively, of the Notes to the Basic Financial Statements.

Net Position

Net position is the net from Western Water's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position increased as of June 30, 2025 by \$56.2 million, or 9.9% as compared to June 30, 2024. Net position is classified into five categories: 1) net investment in capital assets, 2) restricted for debt service, 3) restricted for capacity charges, 4) restricted for other post-employment benefits, and 5) unrestricted.

Net Investment in Capital Assets – The amount of net investment in capital assets, net of related debt, is the carrying value of capital assets less accumulated depreciation and less any liability outstanding related to the capital assets. The amount as of June 30, 2025 was \$287 million. The \$3.2 million, or 1.1% increase in fiscal year 2025 is detailed in the next table. Note that the amounts reported as “related debt” in the following table can either increase if debt proceeds are applied to fund capital assets, or decrease due to required annual debt service payments.

Net Investment in Capital Assets as of June 30, 2025 and 2024

	As of June 30,		Increase (Decrease)	
	2025	2024	\$ Change	% Change
Plant, building and improvements	\$ 492,685,469	\$ 477,389,556	\$ 15,295,913	3.2%
Capacity rights	139,472,005	137,201,607	2,270,398	1.7%
Construction in progress	55,476,762	53,510,009	1,966,753	3.7%
Land and land improvements	17,668,663	17,668,663	-	0.0%
Equipment and vehicles	20,079,682	18,812,494	1,267,188	6.7%
Right of use assets	6,422,236	6,538,930	(116,694)	-1.8%
Total capital assets	731,804,817	711,121,259	20,683,558	2.9%
Less accumulated depreciation	(260,064,091)	(243,916,071)	(16,148,020)	6.6%
Capital assets, net	471,740,726	467,205,188	4,535,538	1.0%
Less related debt:				
State Water Resources Control Board				
La Sierra Pipeline	31,302,419	32,328,257	(1,025,838)	-3.2%
Western Riverside County Regional Wastewater Authority	451,018	481,354	(30,336)	-6.3%
Santa Rosa Regional Resources Authority	11,064,467	11,732,471	(668,004)	-5.7%
2012 Series A bonds	22,933,693	24,281,671	(1,347,978)	-5.6%
2020 Series A bonds	103,893,478	100,856,447	3,037,031	3.0%
Note on headquarters building	1,377,593	2,724,440	(1,346,847)	-49.4%
Revolving note payable	4,998,466	4,998,529	(63)	0.0%
Lease and subscription-based payables	2,305,293	2,841,492	(536,199)	-18.9%
Acquisition and construction of capital assets in accounts payable	6,410,579	3,187,056	3,223,523	101.1%
Net investment in capital assets	\$ 287,003,720	\$ 283,773,471	\$ 3,230,249	1.1%

Restricted for Capacity Charges – The \$33.4 million restricted for capacity charges at June 30, 2025 reflects added facilities charges and distribution system fees received from land owners and developers for connecting to the current existing or construction of the future expansion of water distribution and wastewater treatment and conveyance systems. An equivalent amount is reported in the Assets section of the Statement of Net Position as part of the restricted investments line item (classified as capacity charges in Note 3 of the Notes to the Basic Financial Statements). Net position becomes restricted when constraints placed on use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Additional information related to restricted cash and investments can be found in Note 3 of the Notes to the Basic Financial Statements.

Restricted for other post-employment benefits (OPEB) – The \$9.6 million restricted for OPEB at June 30, 2025 consists of net assets recognized for OPEB.

Restricted for construction-related escrow accounts – The \$0.8 million restricted for related escrow accounts at June 30, 2025 consists of cash in bank escrow accounts to be released to the contractor upon successful completion of the related construction project.

Unrestricted – The unrestricted amount is the portion of net position that is not already classified in the above categories. The total amount of unrestricted net position at June 30, 2025 was \$290.7 million. Although these funds are not restricted, the Board of Directors of Western Water has designated these funds for various construction projects, system improvements and operations.

Changes in Net Position

The following table compares the various categories of revenues, expenses and changes in net position between the current and prior fiscal year:

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Fiscal Years Ended June 30, 2025 and 2024

	Fiscal Years Ended June 30,		Increase (Decrease)	
	2025	2024	\$ Change	% Change
Operating Revenue	\$ 159,266,210	\$ 138,503,062	\$ 20,763,148	15.0%
Operating Expenses	(178,919,194)	(159,089,941)	(19,829,253)	12.5%
Net Non-operating Revenue	66,366,860	50,787,277	15,579,583	30.7%
Net Income (Loss) Before Capital Contributions	46,713,876	30,200,398	16,513,478	54.7%
Capital Contributions	9,534,870	15,360,439	(5,825,569)	-37.9%
Change in Net Position	56,248,746	45,560,837	10,687,909	23.5%
Net Position, July 1	566,697,510	521,136,673	45,560,837	8.7%
Net Position, June 30	\$ 622,946,256	\$ 566,697,510	\$ 56,248,746	9.9%

Combined Revenue

The following table presents a comparison of revenues by category for the fiscal years ended June 30, 2025 and 2024:

Revenues by Category for the Fiscal Years Ended June 30, 2025 and 2024

Revenue Category	Fiscal Years Ended June 30,		Increase (Decrease)	
	2025	2024	\$ Change	% Change
Water sales	\$ 107,649,931	\$ 89,803,872	\$ 17,846,059	19.9%
Water service	27,762,692	25,039,170	2,723,522	10.9%
Wastewater disposal	16,927,895	16,314,298	613,597	3.8%
Contractual services	6,811,393	7,146,951	(335,558)	-4.7%
Property taxes	38,464,149	36,667,081	1,797,068	4.9%
Investment earnings	19,455,840	11,200,381	8,255,459	73.7%
Capacity rights sales	8,489,648	8,453,404	36,244	0.4%
Other	5,275,838	1,469,108	3,806,730	259.1%
Total revenues	\$ 230,837,386	\$ 196,094,265	\$ 34,743,121	17.7%
Capital contributions	9,534,870	15,360,439	(5,825,569)	-37.9%
Total revenues and capital contributions	\$ 240,372,256	\$ 211,454,704	\$ 28,917,552	13.7%

Combined revenue (excluding capital contributions) for fiscal year 2025 totaled \$230.8 million, an increase of \$34.7 million, or 17.7% from fiscal year 2024. The most significant variances from fiscal year 2024 to 2025 were in three revenue categories: water sales (\$17.8 million increase), investment earnings (\$8.3 million increase) and other revenues (\$3.8 million).

Water Sales - The \$17.8 million increase in water sales was a result of an increase in demand in Western Water's wholesale service area due to higher sales to EVMWD and the City of Corona during the fiscal year.

Investment Earnings - The \$8.3 million increase in investment earnings was primarily due to greater interest earnings on Western Water's investment portfolio and market reaction to cuts on the Federal Funds Rate during the fiscal year.

Other Revenues – The \$3.8 million increase was attributable to a PFAS settlement relating to Arlington and Murrieta water systems of \$4.3 million during the fiscal year.

Capital Contributions

During fiscal year 2025, Western Water experienced a decrease of \$5.8 million, or 37.9% from fiscal year 2024, in capital contributions. Capital contributions include water and sewer added facilities charges (capacity charges), contributed assets from developers and grant proceeds. The decrease in capital contributions is mainly due to timing of developer activities.

Combined Expenses

The following table presents a comparison of expenses by category for the fiscal year ended June 30, 2025 and 2024:

Expenses by Category for the Fiscal Years Ended June 30, 2025 and 2024

<u>Expense Category</u>	<u>Fiscal Years Ended June 30,</u>		<u>Increase (Decrease)</u>	
	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Source of supply	\$ 1,958,484	\$ 1,606,742	\$ 351,742	21.9%
Purchased water	91,252,093	76,783,173	14,468,920	18.8%
Pumping - booster pumps	7,802,966	6,711,868	1,091,098	16.3%
Water treatment	6,245,883	5,913,441	332,442	5.6%
Transmission and distribution	14,930,584	13,929,597	1,000,987	7.2%
Administrative and general	16,293,810	15,681,894	611,916	3.9%
Contractual services	5,999,936	6,016,625	(16,689)	-0.3%
Wastewater disposal	15,242,318	13,000,396	2,241,922	17.2%
Depreciation and amortization	16,271,451	16,095,818	175,633	1.1%
Interest expense	4,710,318	4,737,345	(27,027)	-0.6%
Other	3,415,667	5,416,968	(2,001,301)	-36.9%
Total expenses	<u>\$ 184,123,510</u>	<u>\$ 165,893,867</u>	<u>\$ 18,229,643</u>	11.0%

Combined expenses for fiscal year 2025 totaled \$184.1 million, an increase of \$18.2 million, or 11.0% from fiscal year 2024, which is primarily due to increases in 1) purchased water, in the amount of \$14.5 million, 2) wastewater disposal of \$2.2 million, 3) pumping – booster pumps, in the amount of \$1.1 million, and 4) transmission and distribution expense of \$1.0 million.

Purchased Water – The \$14.5 million increase in purchased water expense was mainly due to increase in demand in Western Water's wholesale service area due to higher sales to EVMWD and the City of Corona during the fiscal year.

Wastewater Disposal – The \$2.2 million increase in wastewater disposal expense is primarily attributable to increased labor and associated indirect costs, including vehicle-related costs, totaling approximately \$1.0 million. In addition, pass-through charges from wholesale wastewater providers increased by approximately \$0.4 million, and utility, insurance, contract services, and maintenance expenses increased by approximately \$0.4 million.

Pumping – booster pumps – The \$1.1 million increase in pumping – booster pumps expense is due to higher purchased power costs and higher operating expenses with higher water sales during the fiscal year.

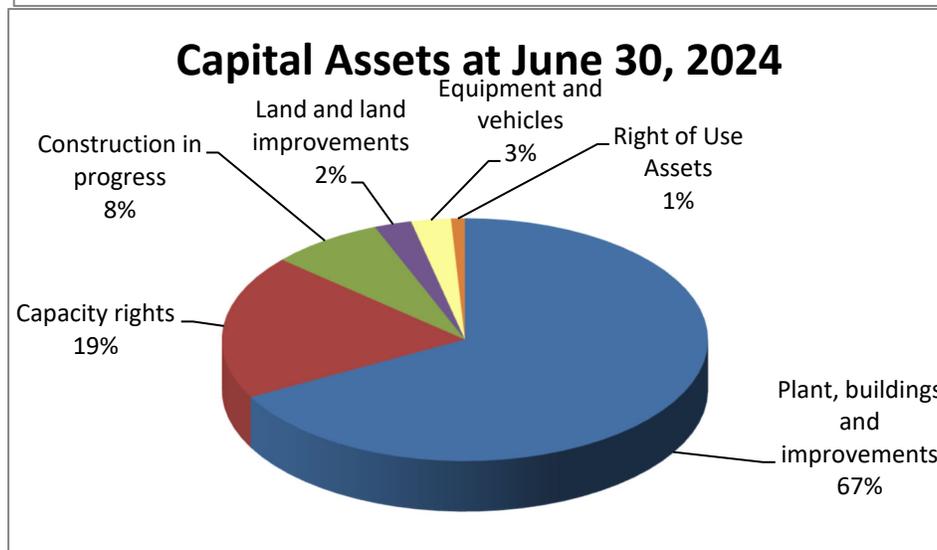
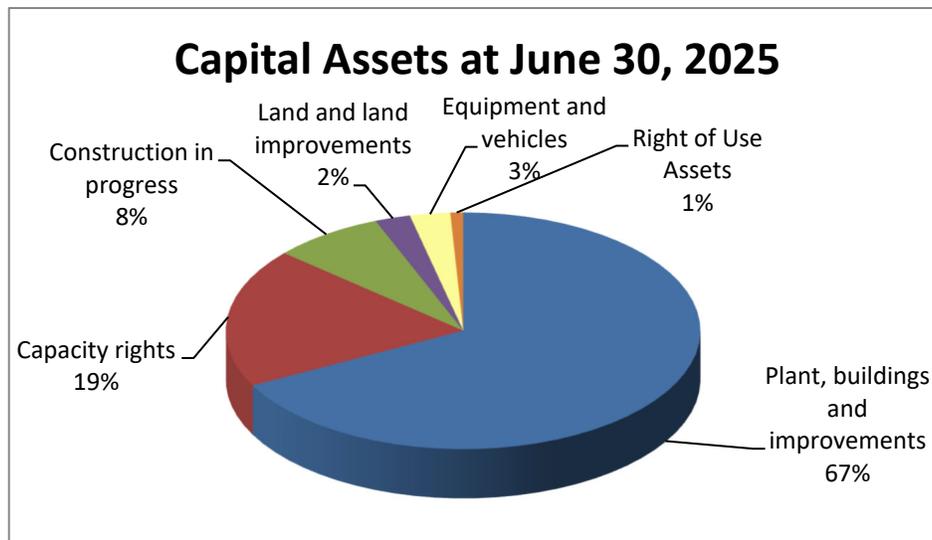
Transmission and Distribution – The \$1.0 million increase in transmission and distribution expense is due to higher labor costs attributable to this function.

Capital Assets

Western Water's investment in capital assets as of June 30, 2025 was \$471.7 million (net of accumulated depreciation). This includes investment in buildings, building improvements, capacity rights, land, land improvements, equipment, vehicles, and plant assets such as supply sources, pumping stations, water treatment plant, transmission and distribution pipelines, wastewater plant, etc. Additional information can be found in Note 6 of the Notes to the Basic Financial Statements.

The following table summarizes Western Water's capital assets, net of accumulated depreciation, at June 30:

	<u>2025</u>	<u>2024</u>
Plant, buildings and improvements	\$ 492,685,469	\$ 477,389,556
Capacity rights	139,472,005	137,201,607
Construction in progress	55,476,762	53,510,009
Land and land improvements	17,668,663	17,668,663
Equipment and vehicles	20,079,682	18,812,494
Right of use assets	<u>6,422,236</u>	<u>6,538,930</u>
Total capital assets	731,804,817	711,121,259
Less accumulated depreciation	<u>(260,064,091)</u>	<u>(243,916,071)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 471,740,726</u>	<u>\$ 467,205,188</u>



Long-term Liabilities

As of June 30, 2025, Western Water has outstanding long-term liabilities of \$218.6 million. Long-term liabilities include a swap liability, compensated absences, amounts due to other governments, bonds, leases, notes payable, net pension liability. Additional information regarding long-term debt can be found in Note 7 of the Notes to the Basic Financial Statements, information regarding the swap liability can be found in Note 8, and information regarding the net pension liability can be found in Note 10.

Western Water's outstanding long-term liabilities as of June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Compensated absences	\$ 5,683,716	\$ 5,981,620
Lease payable	2,305,293	2,841,492
Due to other governments	42,817,904	44,542,082
Bonds payable		
Revenue bonds	119,060,000	121,355,000
Unamortized discount	-	-
Unamortized premium	21,986,197	23,883,215
Swap liability	1,376,701	1,720,733
Note payable	6,377,593	7,724,441
Net pension liability	28,444,986	28,641,008
Total long-term liabilities	<u>228,052,390</u>	<u>236,689,591</u>
Less current portion	<u>(9,422,964)</u>	<u>(9,348,273)</u>
Total long-term liabilities, net of current portion	<u>\$ 218,629,426</u>	<u>\$ 227,341,318</u>

Economic Factors and Next Year's Budgets and Rates

Anticipated growth will further create demand for water supply, wastewater treatment and disposal, and additional capital facilities. These demands have been anticipated in Western Water's facility master plans with new supply demands being met through imported water, interties with neighboring agencies, desalted water, maximizing reclaimed water and conservation. Western Water's 2026 fiscal year budget includes \$32.8 million in capital projects, net of estimated grant funding.

Rates effective July 1, 2025 as recommended by a cost-of-service study, were adopted by the Board of Directors on June 4, 2025. This resulted in an increase for fiscal year 2026 of approximately 7.6% to the median residential customer water bill in the Riverside service area, 6.6% to customers in the Murrieta service area, and 8.1% to customers in the Rainbow service area. To address increasing costs associated with operating and maintaining Western Water's wastewater (sewer) systems, revised sewer rates became effective on July 1, 2025 for the sewer service areas. These adjustments resulted in rate increases of 6.7% for the La Sierra sewer service area and 7.1% for the Western Water Recycling Facility (WWRF) sewer service area. In addition, sewer rates increased by 3.9% for the majority of customers in the Murrieta sewer service area.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the Western Municipal Water District of Riverside County's finances for the Board of Directors, customers, taxpayers, creditors and other interested parties. Questions concerning any of the information provided in the report or requests for additional information should be addressed to Western Water's Finance Department, 14205 Meridian Parkway, Riverside, CA 92518.

**Western Municipal Water District
Statement of Net Position
June 30, 2025**

Assets and Deferred Outflows of Resources

Current assets:	
Cash	\$ 4,523,535
Restricted cash	825,255
Investments	281,711,702
Receivables, net	27,646,840
Lease receivable	63,069
Water inventory	12,207,426
Materials and supplies inventory	2,364,988
Other current assets	1,153,527
Total current assets	330,496,342
Non-current assets:	
Restricted investments	50,316,862
Notes receivable	17,310,944
Assessments receivable	2,096,400
Derivative instrument - interest rate swap	2,474,943
Net OPEB Asset	9,565,932
Lease Receivable	1,113,705
Capital assets not being depreciated	169,621,432
Capital assets being depreciated, net	302,119,294
Total non-current assets	554,619,512
Total assets	885,115,854
Deferred outflows of resources:	
Deferred outflow of resources - debt refunding	6,084,480
Deferred outflow of resources - pension	10,057,122
Deferred outflow of resources - OPEB	3,727,665
Total deferred outflows of resources	19,869,267

See accompanying notes to the basic financial statements.

Western Municipal Water District
Statement of Net Position (Continued)
June 30, 2025

Liabilities, Deferred Inflows of Resources, and Net Position

Current liabilities:

Accounts payable and accrued expenses	27,336,151
Customer deposits and unearned revenue	7,906,656
Construction advances	4,550,316
Accrued interest payable	1,263,587
Long-term liabilities - due in less than one year:	
Compensated absences	3,353,392
Lease and subscription-based payables	559,364
Due to other governments	1,747,615
Note payable	1,377,593
Bonds payable	2,385,000
Total current liabilities	50,479,674

Non-current liabilities:

Long-term liabilities - due in more than one year:	
Compensated absences	2,330,324
Lease and subscription-based payables	1,745,929
Due to other governments	41,070,289
Note payable	5,000,000
Bonds payable	140,037,898
Net pension	28,444,986
Total non-current liabilities	218,629,426
Total liabilities	269,109,100

Deferred inflows of resources:

Deferred inflow of resources - deferred swap inflow	2,474,943
Deferred inflow of resources - pension	265,928
Deferred inflow of resources - OPEB	9,041,998
Deferred inflow of resources - leases	1,146,896
Total deferred inflows of resources	12,929,765

Net Position:

Net investment in capital assets	287,003,720
Restricted for debt service	1,510,763
Restricted for capacity charges	33,394,182
Restricted for other post-employment benefits (OPEB)	9,565,932
Restricted for construction-related escrow accounts	792,545
Unrestricted	290,679,114
Total net position	\$ 622,946,256

See accompanying notes to the basic financial statements.

Western Municipal Water District
Statement of Revenues, Expense and Changes in Net Position
For the Year Ended June 30, 2025

Operating Revenues:	
Water sales	\$ 107,649,931
Water service	27,762,692
Wastewater disposal	16,927,895
Other charges and services	114,299
Contractual services	6,811,393
Total operating revenues	159,266,210
Operating Expenses:	
Source of supply	1,958,484
Purchased water	91,252,093
Pumping - booster pumps	7,802,966
Water treatment	6,245,883
Transmission and distribution	14,930,584
Customer accounts	2,631,976
Administrative and general	16,293,810
Contractual services	5,999,936
Wastewater disposal	15,242,318
Other operating expense	289,693
Total operating expenses before depreciation and amortization	162,647,743
Operating loss before depreciation and amortization	(3,381,533)
Depreciation and amortization	(16,271,451)
Operating loss	(19,652,984)
Non-operating revenue (expense):	
Property taxes and assessments	38,464,149
Investment earnings	19,455,840
Interest expense	(4,710,318)
Capacity rights sales	8,489,648
Other revenues	5,146,013
Other expenses	(493,998)
Gain on disposal of assets, net	15,526
Total net non-operating revenues	66,366,860
Net income before capital contributions	46,713,876
Capital contributions:	
Capacity charges	4,277,533
Developer capital contributions	2,182,277
Federal, state and local capital grants	3,075,060
Total capital contributions	9,534,870
Change in net position	56,248,746
Net position, beginning of year	566,697,510
Net position, end of year	\$ 622,946,256

See accompanying notes to the basic financial statements.

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

Cash flows from operating activities:	
Cash receipts from customers for water sales and services	\$ 168,530,482
Cash paid to employees for salaries and wages	(31,896,499)
Cash paid to vendors and suppliers for materials and services	<u>(142,197,212)</u>
Net cash (used) provided by operating activities	<u>(5,563,229)</u>
Cash flows from non-capital financing activities:	
Proceeds from property taxes and assessments	38,471,520
Payments received from notes receivable	1,744,354
Issuance of notes receivable	<u>(8,167,881)</u>
Net cash provided by non-capital financing activities	<u>32,047,993</u>
Cash flows from capital and related financing activities:	
Proceeds from capacity rights sales	8,489,648
Acquisition and construction of capital assets	(17,634,671)
Proceeds from disposal of capital assets	82,723
Proceeds from capital contributions	11,539,119
Principal paid on long-term debt	(5,902,225)
Interest paid on long-term debt	<u>(6,108,227)</u>
Net cash provided by (used in) capital and related financing activities	<u>(9,533,633)</u>
Cash flows from investing activities:	
Investment earnings	18,822,201
Purchase of investments	(102,187,298)
Proceeds from sale of investments	<u>54,164,926</u>
Net cash provided by (used in) investing activities	<u>(29,200,171)</u>
Net Increase (decrease) in cash	
	(12,249,040)
Cash, beginning of year	<u>17,597,830</u>
Cash, end of year	<u><u>\$ 5,348,790</u></u>
Reconciliation of cash to statement of net position:	
Cash	\$ 4,523,535
Restricted cash	825,255
Total Cash	<u><u>\$ 5,348,790</u></u>

Continued on next page

See accompanying notes to the basic financial statements.

**Western Municipal Water District
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2025**

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	<u>\$ (19,652,984)</u>
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Adjustments to reconcile operating loss to net cash provided by operating activities:

Depreciation and amortization	16,271,451
Other revenues	5,146,013
Other expenses	(493,998)

Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:

(Increase) decrease in assets:	
Accounts receivable	4,041,449
Water inventory	(6,268,831)
Materials and supplies inventory	(194,485)
Other current and noncurrent assets	(204,104)
Net OPEB asset	(2,203,363)
(Increase) decrease in deferred outflow of resources:	
Deferred outflow of resources - pension	2,352,546
Deferred outflow of resources - OPEB	662,772
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(4,407,554)
Customer deposits and unearned revenue	76,560
Compensated absences	(297,904)
Net pension liability	(196,022)
Increase (decrease) in deferred inflow of resources:	
Deferred inflow of resources - pension	(391,772)
Deferred inflow of resources - OPEB	196,997
Total adjustments	<u>14,089,755</u>
Net cash (used) provided by operating activities	<u><u>\$ (5,563,229)</u></u>

Non-cash investing, capital and financing transactions:

Change in fair value of investments	\$ 9,990,238
Capital contributions	2,182,277
Acquisition and construction of capital assets in accounts payable	6,410,579
State capital grant revenue	2,200,319

See accompanying notes to the basic financial statements.

**Western Municipal Water District
Statement of Fiduciary Net Position
June 30, 2025**

	<u>OPEB Trust Fund</u>
Assets	
Cash and Investments:	
Money Market Funds	\$ 181,118
Exchange-Traded Funds:	
Small Cap U.S. Equity	1,895,840
Mid Cap U.S. Equity	3,163,020
Large Cap U.S. Equity	3,601,220
International Equity	3,135,550
Emerging Market Equity	1,246,392
U.S. Core Bonds	7,915,225
U.S. High Yield Bonds	1,225,602
International Bonds	445,590
Real Estate	1,211,216
International Real Estate	374,738
Other	146,346
Accrued Interest	6,804
Prepaid Expenses	59,245
Total Assets	24,607,906
Liabilities	
Accrued Expenses	12,212
Net Position restricted for Other Postemployment Benefits	\$ 24,595,694

See accompanying notes to the basic financial statements.

**Western Municipal Water District
Statement of Change in Fiduciary Net Position
For the Year Ended June 30, 2025**

	<u>OPEB Trust Fund</u>
Additions:	
Contributions	
Employer	\$ 146,348
Total Contributions	146,348
 Investment Income	
Net Increase (Decrease) in Fair Value of Investments	1,703,760
Interest	5,736
Dividends	683,249
Total Investment Income	2,392,745
Less: Investment Expense	(46,780)
Net Investment Income	2,345,965
Total Additions	2,492,313
 Deductions	
Benefits	707,989
Administrative Expenses	35,868
Total Deductions	743,857
Change in Net Position	1,748,456
Net Position restricted for OPEB, Beginning of Year	22,847,238
Net Position restricted for OPEB, End of Year	\$ 24,595,694

See accompanying notes to the basic financial statements.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

Western Municipal Water District of Riverside County (Western Water) was formed in 1954 and created for the purpose of importing and delivering water to wholesale and retail customers within its service area. Western Water is governed by a five-member Board of Directors (the Board) who serve overlapping four-year terms. Western Water purchases approximately 82% of its water from the Metropolitan Water District of Southern California (MWD). Approximately 38% of the purchased water from MWD comes from the Colorado River aqueduct and approximately 62% comes from the State Water Project.

The criteria used in determining the scope of the financial reporting entity is based on Codification of Governmental Accounting and Financial Reporting Standards, Part II. Financial Reporting, Section 2100: *Defining the Financial Reporting Entity*. Western Water is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Western Water is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Western Municipal Water District Facilities Authority (the Authority) was created in October 2002 by a joint exercise of powers agreement for the purpose of financing public capital improvements. It is governed by a Board of Directors comprising Western Water's Board of Directors. The Authority has issued debt that is secured solely from installment payments payable under an installment purchase agreement entered into between Western Water and the Authority. All accounts or funds created and established pursuant to any instrument or agreement to which the Authority is a party, and any interest earned or accrued thereon, shall inure to the benefit of Western Water. Separate financial statements are not prepared for the Authority. It is reported as a blended component unit.

Fiduciary Component Unit

The Western Municipal Water District Retirement Medical Benefits Plan (the Medical Plan), an Other Post-Employment Benefit Plan, provides advance funding for post-employment healthcare benefits to eligible employees and eligible dependents in accordance with plan provisions. Separate financial statements are prepared for the Voluntary Employee's Beneficiary Association (VEBA) Trust, established by Western Water for the Medical Plan, and may be obtained at Western Municipal Water District, 14205 Meridian Parkway, Riverside, CA 92518.

B. Basis of Accounting and Measurement Focus

Western Water reports its activities as a special-purpose government engaged in business-type activities using the economic resources measurement focus, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where, in most instances, the intent of Western Water is that the costs of providing water or wastewater disposal to its service area on a continuing basis be financed or recovered primarily through user charges (water sales, water service charges and wastewater disposal), capital grants and similar funding.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Revenues and expenses are recognized on the full accrual basis of accounting.

Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

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

Western Water also reports on fiduciary fund activities. The Other Post-Employment Benefit Trust Fund is used to account for contribution and distributions related to the Medical Plan.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflow of Resources, and Net Position

1. Investments

Investments are generally reported in the accompanying statement of net position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as investment earnings reported for that fiscal year. In addition to the change in fair value, other investment earnings includes interest income and any gains or losses realized upon liquidation or sale of investments.

2. Receivables, Net Allowance for Uncollectible Accounts

Western Water extends credit to customers in the normal course of operations. Account write-offs are based on management's evaluation of customer accounts and creditor's ability to pay. The allowance for doubtful accounts is deducted against receivables on the statement of net position.

3. Property Taxes and Assessments

The County of Riverside Assessor's Office assesses all real and personal property within Riverside County (the County) each year. The County of Riverside Tax Collector's Office bills and collects Western Water's share of property taxes and assessments. The County of Riverside Treasurer's Office remits current and delinquent property tax collections to Western Water throughout the year. Property tax revenue is recognized in the period levied for, less an allowance estimated for uncollectibles. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide-assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the County, which have not been credited to Western Water's cash balance as of June 30. The property tax calendar is as follows:

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position, continued

3. Property Taxes and Assessments (Continued)

Lien Date	January 1
Levy Date	July 1 to June 30
Due Date	November 1 - First Installment February 1 - Second Installment
Delinquent Date	December 10 - First Installment April 10 - Second Installment

4. Hedge Accounting

Western Water applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Financial Instruments*, as amended by GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

Western Water has determined that its interest rate swap agreement for reducing interest rate risk exposure on its variable-rate debt is a hedging derivative instrument. Under hedge accounting, the fair values of a hedging derivative instrument are reported as either an asset and deferred swap inflow or deferred swap outflow and a liability in a government's statement of net position.

5. Inventory

Materials and supplies inventory primarily consists of materials and supplies used in the construction and maintenance of Western Water's ongoing operations and are valued at weighted-average cost.

Water inventory primarily consists of purchased water stored in various underground basins for future emergency use and are valued at weighted-average cost.

6. Restricted Assets

Restricted cash and investments are classified as restricted assets on the Statement of Net Position because these are maintained in separate bank accounts or tracked separately. Uses of these assets are restricted by applicable bond covenants, resolution, or contracts, such as with escrow agreements.

7. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Western Water policy has set the capitalization threshold for reporting capital assets at \$10,000 and an estimated useful life of more than one year. Donated assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position, continued

Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded over the estimated useful lives of the assets, as follows:

Asset Type	Estimate Useful Lives	Depreciation Method
Vehicles and Equipment	5 - 10 years	Declining balance with switch to straight-line
Right of use leased assets	5 - 10 years	Straight-line
Right of use subscription IT assets	5 - 10 years	Straight-line
Plant	20 - 75 years	Declining balance with switch to straight-line
Building	30 years	Declining balance with switch to straight-line

Western Water participates with various agencies entitling it to certain capacity rights. Such capacity rights are recorded as intangible assets and treated in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Western Water’s participation in these agencies is through cash payments. Monies used for the construction or expansion of capital assets, such as pipelines, wastewater facilities, etc., are recorded as capacity rights and included in capital assets. The capacity rights have either an indefinite useful life or a definite useful life depending on any legal, contractual, regulatory, technological or other factors that limit the useful life of the asset. Capacity rights with definite useful lives are amortized over the life of the agreements.

A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. Western Water periodically evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Management has determined that there were no such impairments at June 30, 2025.

Lease and subscription right to use IT assets are defined as assets with an initial, individual cost of more than \$78,400 and an estimated useful life of at least one year.

The intangible right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease asset into place. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use subscription IT assets are recognized at the subscription commencement date and represent Western Water’s right to use the underlying IT asset for the subscription term. The right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription IT asset into service.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position, continued

The right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies based on the individual subscription IT arrangements.

8. Compensated Absences

Western Water's policy is to permit employees to accumulate earned vacation leave up to a maximum of 480 hours and at a rate of 10 to 20 days per year based on the number of years of employment. Sick leave accrues at a rate of eight hours per month up to a maximum of 1,600 hours. The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

9. Deferred Outflow of Resources and Deferred Inflow of Resources

Western Water applies the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The statement requires that the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources be reported as net position. The impact of deferred outflow of resources and deferred inflow of resources on net position are explained in the following paragraphs.

At June 30, 2025, Western Water has three items reported as deferred outflow of resources. The first item relates to the deferred outflow of resources on debt refunding of \$6,084,480 at June 30, 2025. This amount relates to previous debt refundings in 2012 and 2020. It represents the difference in the carrying value of refunded debts and their reacquisition prices, net of amortization. The deferred outflow of resources on refunding are amortized as a component of interest expense over the life of the old debt or the new debt, whichever is shorter. The second and third items are the deferred outflow of resources related to pension and OPEB in the amount of \$10,057,122 and \$3,727,665, respectively. These amounts include the pension contributions made after the measurement date of the net pension liability, differences between expected and actual experience for both pension and OPEB, changes in assumption for both pension and OPEB, net difference between projected and actual earnings on pension plan investments, differences between the employer's contributions and the employer's proportionate share of contributions for pension, and adjustment due to differences in proportions for pension. Refer to Notes 10D and 11D for additional information.

At June 30, 2025, Western Water has four items reported as deferred inflow of resources. The first item relates to the deferred swap inflow of \$2,474,943. This amount would be recognized as an investment gain upon the early termination of the swap as it represents the fair market value or marked-to-market value of the swap at June 30, 2025. Western Water currently has no intention of terminating its interest rate swap agreement in advance.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position, continued

The second and third items relate to pension and OPEB in the amount of \$265,928 and \$9,041,998, respectively. The amounts include the deferred inflow resulting from differences between expected and actual experience for both pension and OPEB, changes of assumption for OPEB, adjustment due to differences in proportion for pension, differences between the employer's contributions and the employer's proportionate share of contributions for pension and net difference between projected and actual earnings on OPEB plan investments. Refer to Notes 10D and 11D for additional information. The fourth item relates to lease receivables in the amount of \$1,146,896. This amount is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. The deferred inflows of resources are recognized as revenue over the life of the lease term.

10. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding liability associated with the acquisition, construction or improvement of those assets.
- **Restricted for debt service** – This component of net position is restricted for debt service related to the La Sierra Project State Revolving Fund loan.
- **Restricted for capacity charges** – Restricted net position has constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Restricted for other post-employment benefits (OPEB)** – This component of net position consists of net position recognized for the OPEB.
- **Restricted for construction-related escrow accounts** – This component of net position consists of cash in escrow accounts until successful completion of related construction projects.
- **Unrestricted** – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

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

D. Revenues

1. Water and Wastewater Services

Water and wastewater revenue is based on usage and recognized at the time of use. Customers are billed on a monthly cyclical basis. Estimated unbilled water and wastewater revenue based on estimated usage through June 30 has been recognized at year-end.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Revenues, continued

2. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to Western Water by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment. Capital contributions are recognized on the statement of revenues, expenses and change in net position when the cash or capital assets are received.

3. Grants

When a grant agreement is approved and eligibility requirements are met, the amount is recorded as a receivable on the statement of net position and as capital grant contribution or non-operating grant revenue, as appropriate, on the statement of revenues, expenses and change in net position.

E. Pensions

For purposes of measuring the net pension liability (asset) and deferred outflows/inflows of resources related to pensions, and pension expense (income), information about the fiduciary net position of Western Water's California Public Employees' Retirement System (CalPERS) cost-sharing plan (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. Investments are reported at fair value.

F. Other Post-Employment Benefits (OPEB)

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

G. Use of Estimates

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

H. Budgetary Policies

Western Water adopts a biennial non-appropriated budget for planning, control and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(2) Cash and Investments

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

Cash	\$	4,523,535
Restricted Cash		825,255
Total Cash		<u>5,348,790</u>
Investments		281,711,702
Restricted Investments		50,316,862
Total Investments		<u>332,028,564</u>
Total Cash and Investments	\$	<u><u>337,377,354</u></u>

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

Petty Cash	\$	16,395
Deposits with Financial Institutions		4,507,140
Deposits with Escrow Agent		792,545
Deposits Held by Fiscal Agent		32,710
Total Cash		<u>5,348,790</u>
Money Market Mutual Funds		452,791
California Local Agency Investment Funds		28,676,008
California Asset Management Program		23,802,622
U.S. Treasury Notes		104,330,010
Government Sponsored Agency Securities		29,661,227
Corporate Medium Term Notes		72,156,567
Asset-Backed Securities		9,167,939
Collateralized Mortgage Obligations		42,188,114
Supranationals		7,929,856
Municipal Bonds		10,585,963
Helds by Fiscal Agent		
Local Agency Bonds		3,077,467
Total Investments		<u>332,028,564</u>
Total Cash and Investments	\$	<u><u>337,377,354</u></u>

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

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

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(2) Cash and Investments, continued

Investments Authorized by the California Government Code and Western Water's Investment Policy, continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Municipal Securities			
California State Obligations and Locas Agency Obligations, Notes or Bonds of any of the other 49 states	10 years	30%	5%
U.S. Treasury Obligations	10 years	No limit	No limit
U.S. Government Agency Securities Obligations	10 years	No limit	25%
Banker's Acceptance	180 days	40%	5%
Prime Commercial Paper	270 days	40%	5%
Federally Insured Time Deposits (Non-negotiable CDs)	5 years	20% (combined with collateralized time deposits)	FDIC limit
Collateralized Time Deposits (Non-negotiable CDs)	5 years	20% (combined with federally insured time deposits)	No limit
Certificate of Deposits Placement Services (CDARS)	5 years	30% (combined with CDs)	No limit
Negotiable Certificates of Deposit (NCDs)	5 years	30% (combined with CDARS)	5%
Repurchase Agreements	90 days	No limit	5%
Corporate Medium-Term Notes	5 years	30%	5%
Supranational	5 years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	\$75 million	No limit
Mutual Funds	N/A	20% (combined with Money Market Mutual Funds)	10%
Money Market Mutual Funds	N/A	20% (Combined with Mutual Funds)	No limit
Mortgage Pass-Through Securities, Asset-Backed Securities, Collateralized Mortgage Obligations (1)	5 years	20% (combined)	5%
Local Government Investment Pools	N/A	No limit	No limit

(1) Not applicable to securities issued by a federal agency or Government-Sponsored Enterprise.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreement rather than the general provisions of the California Government Code or Western Water's investment policy. The table below identifies the investment types that are authorized for investments held by a bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Government Obligation	No limit	No limit	No limit
Local Agency Bonds	No limit	No limit	No limit
U.S. Government Agency Securities Obligations	No limit	No limit	No limit
Certificate of Deposits	365 days	10%	No limit
Money Market Mutual Funds	N/A	No limit	No limit
Local Agency Investment Fund (LAIF)	N/A	No limit up to maximum allowable per LAIF	No limit

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(2) Cash and Investments, continued

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and Western Water’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as Local Agency Investment Fund (LAIF)). All investments, other than LAIF, are in the name of Western Water and held by a third-party custodian.

At June 30, 2025, the carrying amount of Western Water’s deposits was \$5,338,792, and the corresponding bank balance was \$7,307,264. The difference of \$1,968,472 was principally due to outstanding checks, wires and/or deposits in transit.

Of the bank balances, up to \$250,000 is federally insured under the Federal Deposit Insurance Corporation per financial institution with balances in excess of \$250,000 collateralized in accordance with the California Government Code; however, the collateralized securities are not held in the name of Western Water.

	Bank Balance	FDIC Insurance
Deposits with financial institution	\$ 6,483,543	\$ 250,000
Deposits with escrow agents	792,545	250,000
Deposits held by fiscal agent	31,176	31,176
Total bank balance	\$ 7,307,264	\$ 531,176

Investment in State Investment Pool

Western Water is a voluntary participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of Western Water’s investment in this pool is reported in the accompanying financial statements at amounts based upon Western Water’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is part of the California Pooled Money Investment Account (PMIA): included in LAIF’s investment portfolio are mortgage-backed and other asset-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes. The amounts invested in LAIF are recorded as cash and investments. As of June 30, 2025, Western Water’s total investment in LAIF was \$28,676,008.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(2) Cash and Investments, continued

Investment in California Asset Management Program

Western Water is a voluntary participant in the California Asset Management Program (CAMP) which is a permitted investment for all local agencies under California Government Code Section 53601. Western Water's investment in CAMP pool operates in a manner consistent with SEC Rule 2a-7, "Money Market Funds," of that Act. Accordingly, CAMP pool meets the definition of a "2a-7 like pool" set forth in GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. CAMP is not registered with the Securities and Exchange Commission (SEC) and is not rated. The amounts invested in CAMP are recorded as cash and investments. As of June 30, 2025, Western Water's total investment in CAMP was \$23,802,622.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Western Water's investment policy provides limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Maturities of investments at June 30, 2025 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1 Year	1 - 5 Years	6 - 10 Years
Money Market Mutual Funds	452,791	\$ 452,791	\$ -	\$ -
California Local Agency Investment Funds	28,676,008	28,676,008	-	-
California Asset Management Program	23,802,622	23,802,622	-	-
U.S. Treasury Notes	104,330,010	-	50,943,152	53,386,858
Government Sponsored Agency Securities	29,661,227	3,104,808	20,740,382	5,816,037
Corporate Medium Term Notes	72,156,567	11,425,438	60,731,129	-
Asset-Backed Securities	9,167,939	-	9,167,939	-
Collateralized Mortgage Obligations	42,188,114	-	15,360,977	26,827,137
Supranationals	7,929,856	7,929,856	-	-
Municipal Bonds	10,585,963	-	-	10,585,963
Helds by Fiscal Agent				
Local Agency Bonds	3,077,467	3,077,467	-	-
Totals	<u>\$ 332,028,564</u>	<u>\$ 78,468,990</u>	<u>\$ 156,943,579</u>	<u>\$ 96,615,995</u>

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.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(2) Cash and Investments, continued

Credit Risk, continued

Standard and Poor's credit ratings of investments as of June 30, 2025 were as follows:

Investment Type	Fair Value	Minimum Policy Rating	Exempt From Disclosure	Ratings as of Year-End				Not Rated
				AAA	AA/AA-/AA+	A/A-/A+	Others	
Money Market Mutual Funds	\$ 452,791	*	\$ -	\$ 452,791	\$ -	\$ -	\$ -	\$ -
California Local Agency Investment Funds	28,676,008	N/A	-	-	-	-	-	28,676,008
California Asset Management Program	23,802,622	N/A	-	-	-	-	-	23,802,622
U.S. Treasury Notes	104,330,010	N/A	104,330,010	-	-	-	-	-
Government Sponsored Agency Securities	29,661,227	None	-	-	29,661,227	-	-	-
Corporate Medium Term Notes	72,156,567	A**	-	-	20,905,889	47,294,074	1,910,927	2,045,677
Asset-Backed Securities	9,167,939	AA***	-	7,092,766	-	-	-	2,075,173
Collateralized Mortgage Obligations	42,188,114	AA	-	931,573	41,256,541	-	-	-
Supranationals	7,929,856	AAA	-	7,929,856	-	-	-	-
Municipal Bonds	10,585,963	A	-	3,314,794	7,271,169	-	-	-
Helds by Fiscal Agent								
Local Agency Bonds	3,077,467	*	-	3,077,467	-	-	-	-
Totals	\$ 332,028,564		\$ 104,330,010	\$ 22,799,247	\$ 99,094,826	\$ 47,294,074	\$ 1,910,927	\$ 56,599,480

* Highest rating by at least two nationally recognized statistical rating agencies

** Rated A or higher by at least one nationally recognized statistical rating agencies.

** Rated AA or higher by at least one nationally recognized statistical rating agencies.

Concentration of Credit Risk

Western Water's investment policy contains no limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer, other than the \$75 million limitation on LAIF, as stipulated by the California Government Code. Western Water's investment with LAIF is 8.58% of Western Water's total depository and investment portfolio as of June 30, 2025. Investments (excluding Held by Fiscal Agent) in any one issuer other than U.S. Treasury securities, mutual funds, external investment pools that represent 5% or more of total Western Water investments are as follows:

Issuer	Investment Type	Reported Amount	% of Total Investments
Federal Home Loan Bank	Government-Sponsored Agency Securities	\$ 17,310,066	5.26%
Federal Home Loan Mortgage Corporation	Collateralized Mortgage Obligations	42,188,114	12.83%

Fair Value Measurements

Western Water categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs. When quoted prices in active markets are not readily available, fair values are based on pricing models or matrices maximizing the use of observable inputs for similar securities as received by Western Water's investment advisor from a third party service provider. For Western Water's derivative instrument - interest rate swap, it is valued based on applying a standard interest rate swap valuation methodology and by taking into account certain observable interest curves. Level 3 inputs are significant unobservable inputs.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(2) Cash and Investments, continued

Fair Value Measurements, continued

Western Water has the following recurring fair value measurements as of June 30, 2025:

<u>Investments by Fair Value Level</u>	Fair Value or Amortized Cost	Level 1	Level 2	Level 3
Money Market Mutual Funds	\$ 452,791	\$ 452,791	\$ -	\$ -
U.S. Treasury Notes	104,330,010	-	104,330,010	-
Government Sponsored Agency Securities	29,661,227	-	29,661,227	-
Corporate Medium Term Notes	72,156,567	-	72,156,567	-
Asset-Backed Securities	9,167,939	-	9,167,939	-
Collateralized Mortgage Obligations	42,188,114	-	42,188,114	-
Supranationals	7,929,856	-	7,929,856	-
Municipal Bonds	10,585,963	-	10,585,963	-
Helds by Fiscal Agent				
Local Agency Bonds	3,077,467	-	3,077,467	-
Total Investments at Fair Value	<u>279,549,934</u>	<u>\$ 452,791</u>	<u>\$ 279,097,143</u>	<u>\$ -</u>
Investments Reported at Amortized Cost				
California Local Agency Investment Funds	28,676,008			
California Asset Management Program	23,802,622			
Total Investments	<u>\$ 332,028,564</u>			
Derivative Instruments - interest rate swap	<u>\$ 2,474,943</u>	<u>\$ -</u>	<u>\$ 2,474,943</u>	<u>\$ -</u>

OPEB Trust Fund

Cash and investments as of June 30, 2025 classified on the Statement of Fiduciary Net Position consist of the following:

Money Market Mutual Funds	\$ 181,118
Exchange-Traded Funds:	
Small Cap U.S. Equity	1,895,840
Mid Cap U.S. Equity	3,163,020
Large Cap U.S. Equity	3,601,220
International Equity	3,135,550
Emerging Market Equity	1,246,392
U.S. Core Bonds	7,915,225
U.S. High Yield Bonds	1,225,602
International Bonds	445,590
Real Estate	1,211,216
International Real Estate	374,738
Other	<u>146,346</u>
Total Cash and Investments	<u>\$ 24,541,857</u>

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(2) Cash and Investments, continued

OPEB Trust Fund, continued

Investments Authorized by the Trust Agreement

Investments of the OPEB Trust Fund are held by the trustee and governed by provisions of the trust agreement rather than the general provisions of the California Government Code. The table below identifies the investment classes that are authorized for investments held by the trustee. The table also identifies certain provisions of the trust agreement that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Exchange-traded funds and/or mutual funds:			
Equities			
Domestic	No limit	75%	No limit
International	No limit	50%	No limit
Real Estate			
Domestic	No limit	25%	No limit
International	No limit	10%	No limit
Commodities	No limit	25%	No limit
Bonds			
Domestic	No limit	75%	No limit
International	No limit	35%	No limit
Cash/Money Market Fund	N/A	10%	No limit

Custodial Credit Risk

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The OPEB Trust Fund's investment policy does not contain legal or policy requirements, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or Exchange-Traded Funds. All investments are in the name of the Trust and held by a third-party custodian.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. Interest rate risk applies to investments in debt securities. Maturities of investments at June 30, 2025 are as follows:

Investment	Fair Value	Investment Maturities (in Years)		
		Less Than 1 Year	1 - 5 Years	6 - 10 Years
Money Market Mutual Funds	181,118	\$ 181,118	\$ -	\$ -
Exchange-Traded Funds:				
US Core Bonds	7,915,225	7,915,225	-	-
US High Yield Bonds	1,225,602	1,225,602	-	-
International Bonds	445,590	445,590	-	-
Total	<u>\$ 9,767,535</u>	<u>\$ 9,767,535</u>	<u>\$ -</u>	<u>\$ -</u>

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(2) Cash and Investments, continued

OPEB Trust Fund, continued

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, Standard & Poor's and Moody's. Credit risk applies to investments in debt securities.

Credit ratings of investments at June 30, 2025 are as follows:

<u>Investment</u>	<u>Minimum Legal Rating</u>	<u>Fair Value</u>	<u>Rating as of Year-End AAA</u>	<u>Not Rated</u>
Money Market Mutual Funds	N/A	\$ 181,118	\$ 181,118	\$ -
Exchange-Traded Funds:				
US Core Bonds	N/A	7,915,225	-	7,915,225
US High Yield Bonds	N/A	1,225,602	-	1,225,602
International Bonds	N/A	445,590	-	445,590
Total		<u>\$ 9,767,535</u>	<u>\$ 181,118</u>	<u>\$ 9,586,417</u>

Concentration of Credit Risk

The OPEB Trust Fund's investment policy contains no limitations on the amounts that can be invested in any one issuer. The OPEB Trust Fund does not hold investments in any one issuer other than Mutual Funds or Exchange-Traded Funds that represent 5% or more of total investments.

Fair Value Measurements

The OPEB Trust Fund categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs. When quoted prices in active markets are not readily available, fair values are based on pricing models or matrices maximizing the use of observable inputs for similar securities as received by the OPEB Trust Fund's investment manager from a third-party service provider. Level 3 inputs are significant unobservable inputs.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(2) Cash and Investments, continued

OPEB Trust Fund, continued

Fair Value Measurements, continued

The hierarchy of the OPEB Trust Fund's investments at June 30, 2025 is as follows:

Investments by Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Money Market Mutual Funds	\$ 181,118	\$ 181,118	\$ -	\$ -
Exchange-Traded Funds:				
Small Cap U.S. Equity	1,895,840	1,895,840	-	-
Mid Cap U.S. Equity	3,163,020	3,163,020	-	-
Large Cap U.S. Equity	3,601,220	3,601,220	-	-
International Equity	3,135,550	3,135,550	-	-
Emerging Market Equity	1,246,392	1,246,392	-	-
U.S. Core Bonds	7,915,225	7,915,225	-	-
U.S. High Yield Bonds	1,225,602	1,225,602	-	-
International Bonds	445,590	445,590	-	-
Real Estate	1,211,216	1,211,216	-	-
International Real Estate	374,738	374,738	-	-
Other	146,346	146,346	-	-
Total Investments	<u>\$ 24,541,857</u>	<u>\$ 24,541,857</u>	<u>\$ -</u>	<u>\$ -</u>

(3) Restricted Cash and Investments

Restricted cash at June 30, 2025 are restricted as follows:

Cash in escrow and trustee accounts	\$ 792,545
2012 Series A Water Revenue Bonds Service Fund	29,425
2022 Series A Revolving Line of Credit	1,534
	<u>\$ 825,255</u>

Restricted investments at June 30, 2025 are restricted as follows:

Capacity charges	\$ 33,394,182
Customer deposits	4,409,049
Construction advances	4,550,316
Water Infrastructure Projects	3,375,086
La Sierra Project SRF Loan debt service requirement	1,510,763
2020 Series A Water Revenue Bonds Project Fund	3,077,466
	<u>\$ 50,316,862</u>

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(4) Receivables

Current Receivables, net

Current receivables at June 30, 2025 consisted of the following:

Utility services - wholesale	\$ 9,107,642
Utility services - retail	8,370,301
Accrued interest	2,421,527
Property taxes and assessments	958,665
Other	<u>7,024,992</u>
Gross Receivables	27,883,127
Less Allowance for Uncollectible Amounts	<u>236,287</u>
Net Receivables	<u><u>\$ 27,646,840</u></u>

Notes Receivable, Non-current

Non-current receivables at June 30, 2025 consisted of the following:

Note receivable from Jurupa Community Services District	\$ 3,241,806
Note receivable from Elsinore Valley Municipal Water District	14,069,138
	<u><u>\$ 17,310,944</u></u>

In May 2004, Western Water sold 3.0 million gallons per day (MGD) of its capacity rights in Western Riverside County Regional Wastewater Authority (WRCRWA) to Jurupa Community Services District (Jurupa or JCSD) for \$9,486,754, for which a note was received. The note requires Jurupa to pay Western Water 29 annual principal payments ranging from \$198,884 to \$517,098 beginning January 1, 2005. The interest rate is variable and currently at 3.305%.

In November 2020, Western Water entered into an agreement with Elsinore Valley Municipal Water District (EVMWD) wherein EVMWD secured an option to purchase 12 cubic feet per seconds (cfs) of service rights in the Mills Pipeline. In August 2023, the agreement was amended to split the one option into two separate options to purchase 6 cfs. The first option was exercised in August 2023 for \$8,167,881, payable to Western Water in installments of \$555,178 annually on October 1st over 18 years at an annual rate of 2.5% with the loan receivable maturing on October 1, 2040. The second option was exercised in December 2024 for \$8,167,881, payable to Western Water in installments of \$581,137 annually on December 31st over 17 years at an annual rate of 2.5% with the loan receivable maturing on December 31, 2040.

(5) Compensated Absences

Compensated absences comprise unpaid vacation and sick leave, which are accrued as earned. Western Water's liability for compensated absences is determined annually.

The changes to compensated absences balances for the year ended June 30, 2025 are as follows:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025	Current Portion	Long-term Portion
Compensated Absences	\$ 5,981,620	\$ -	\$ (297,904)	\$ 5,683,716	\$ 3,353,392	\$ 2,330,324

The change in the compensated absence liability is presented as a net change.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(6) Capital Assets

The balance in capital assets for the year ended June 30, 2025, are as follows:

	Balance at July 1, 2024	Additions	Transfers	Deletions	Balance at June 30, 2025
Capital Assets, Not Being Depreciated:					
Land	\$ 8,598,253	\$ -	\$ -	\$ -	\$ 8,598,253
Capacity rights	104,138,442	1,407,975	-	-	105,546,417
Construction-in-progress	53,215,520	18,900,372	(16,559,621)	(590,957)	54,965,314
Right of use subscription in progress	294,489	216,959	-	-	511,448
Total Capital Assets, Not Being Depreciated	<u>166,246,704</u>	<u>20,525,306</u>	<u>(16,559,621)</u>	<u>(590,957)</u>	<u>169,621,432</u>
Capital Assets, Being Depreciated and Amortized:					
Land improvements	9,070,410	-	-	-	9,070,410
Plant	486,428	-	-	-	486,428
Source of supply - plant	682,448	-	-	-	682,448
Pumping plant	32,591,281	-	8,386,212	-	40,977,493
Water treatment plant	8,906,259	-	-	-	8,906,259
Transmission and distribution plant	288,871,253	70,677	6,839,024	-	295,780,954
Wastewater treatment plant	118,686,854	-	-	-	118,686,854
Buildings	27,165,033	-	-	-	27,165,033
Furnitures, fixture and office equipment	1,666,441	-	-	-	1,666,441
Vehicles	5,019,075	-	29,476	-	5,048,551
Construction and maintenance equipment	2,650,499	-	388,093	-	3,038,592
Computer equipment	8,019,025	-	916,816	-	8,935,841
Miscellaneous equipment	1,457,454	-	-	(67,197)	1,390,257
Capacity rights	33,063,165	862,423	-	-	33,925,588
Right of use leased assets					
Ground lease	497,984	-	-	-	497,984
Vehicles	1,534,774	6,737	-	(123,431)	1,418,080
Right of use subscription assets	4,506,172	-	-	-	4,506,172
Total Capital Assets, Being Depreciated and Amortized	<u>544,874,555</u>	<u>939,837</u>	<u>16,559,621</u>	<u>(190,628)</u>	<u>562,183,385</u>
Less: Accumulated Depreciation and Amortization:					
Land improvements	(3,632,919)	(382,195)	-	-	(4,015,114)
Plant	(472,791)	(6,819)	-	-	(479,610)
Source of supply - plant	(682,448)	-	-	-	(682,448)
Pumping plant	(22,200,287)	(907,025)	-	-	(23,107,312)
Water treatment plant	(6,933,757)	(317,987)	-	-	(7,251,744)
Transmission and distribution plant	(120,392,969)	(7,575,434)	-	-	(127,968,403)
Wastewater treatment plant	(53,395,838)	(3,814,668)	-	-	(57,210,506)
Buildings	(11,854,516)	(900,465)	-	-	(12,754,981)
Furnitures, fixture and office equipment	(1,635,497)	(10,136)	-	-	(1,645,633)
Vehicles	(4,006,582)	(155,122)	-	-	(4,161,704)
Construction and maintenance equipment	(1,532,509)	(195,516)	-	-	(1,728,025)
Computer equipment	(7,571,263)	(254,329)	-	-	(7,825,592)
Miscellaneous equipment	(1,245,387)	(17,409)	-	-	(1,262,796)
Capacity rights	(7,475,191)	(673,169)	-	-	(8,148,360)
Right of use leased assets					
Ground lease	(38,307)	(12,769)	-	-	(51,076)
Vehicles	(515,295)	(301,535)	-	123,431	(693,399)
Right of use subscription assets	(330,515)	(746,873)	-	-	(1,077,388)
Total Accumulated Depreciation and Amortization	<u>(243,916,071)</u>	<u>(16,271,451)</u>	<u>-</u>	<u>123,431</u>	<u>(260,064,091)</u>
Total Capital Assets, Being Depreciated and Amortized, Net	<u>300,958,484</u>	<u>(15,331,614)</u>	<u>16,559,621</u>	<u>(67,197)</u>	<u>302,119,294</u>
Total Capital Assets, Net	<u>\$ 467,205,188</u>	<u>\$ 5,193,692</u>	<u>\$ -</u>	<u>\$ (658,154)</u>	<u>\$ 471,740,726</u>

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(6) Capital Assets, continued

Construction-In-Progress

Western Water has been involved in various construction projects throughout the year. The balances of the various construction projects that compose the construction-in-progress balance at June 30, 2025 are as follows:

Magnolia Ave Interconnection with Riverside Public Utilities	\$	6,824,441
SARCCUP Non Potable Well No. 7		5,349,112
Woodcrest Pipe Replacement		4,421,292
North Well 2 Wellhead Treatment		3,249,724
Cannon Pump Station & Interconnection with Riverside Public Utilities		1,654,221
SCADA Control System Upgrade		1,393,095
MGL Blow Off Replacement		1,256,787
1269 Forcemain		1,121,263
Jefferson Ave Water Improv		960,038
McKinley Grade Separation		923,629
Orangecrest Pipeline Replacement		880,221
Arlington Desalter Well #5 Rehab		812,210
Lake Mathews Pipeline Replacement		768,838
PFAS Removal Facility		666,525
Victoria Basin Monitoring		627,779
Riverside Campbell Interconnection		545,002
Various projects		23,511,137
Total Capital Assets, Being Depreciated	<u>\$</u>	<u>54,965,314</u>

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(7) Long-term Debt

Long-term debt activities for the year ended June 30, 2025 are as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Current Portion	Long-term Portion
<u>Due to Other Governments</u>						
Public Offering:						
Santa Rosa Regional Resources Authority: SRRRA 2017 Bond Issuance	\$ 6,009,685	\$ -	\$ (509,019)	\$ 5,500,666	\$ 513,630	\$ 4,987,036
Direct Borrowing:						
Western Riverside County Regional Wastewater Authority: State Water Resources Control Board - Plant Expansion	481,354	-	(30,336)	451,018	30,912	420,106
Santa Rosa Regional Resources Authority: SRRRA SRF Loan	5,722,786	-	(158,985)	5,563,801	161,846	5,401,955
State Water Resources Control Board - La Sierra Project	32,328,257	-	(1,025,838)	31,302,419	1,041,227	30,261,192
Total Due to Other Governments	44,542,082	-	(1,724,178)	42,817,904	1,747,615	41,070,289
<u>Bonds Payable</u>						
Public Offering:						
2012 Series A Bonds	32,025,000	-	(1,955,000)	30,070,000	2,030,000	28,040,000
2020 Series A Bonds	89,330,000	-	(340,000)	88,990,000	355,000	88,635,000
Unamortized premium	23,883,215	-	(1,897,018)	21,986,197	-	21,986,197
Swap liability ⁽¹⁾	1,720,733	-	(344,032)	1,376,701	-	1,376,701
Total Bonds Payable	146,958,948	-	(4,536,050)	142,422,898	2,385,000	140,037,898
<u>Note Payable</u>						
Direct Borrowing:						
Note payable - Headquarters Building	2,724,441	-	(1,346,848)	1,377,593	1,377,593	-
Revolving Notes - Line of Credit:						
Revolving notes, Series 2022A	5,000,000	-	-	5,000,000	-	5,000,000
Total Notes Payable	7,724,441	-	(1,346,848)	6,377,593	1,377,593	5,000,000
<u>Leases Payable ⁽²⁾:</u>						
Leases payable - Vehicles	1,059,914	-	(282,095)	777,819	291,637	486,182
Leases payable - Land	475,588	-	(6,754)	468,834	6,976	461,858
Total Leases Payable	1,535,502	-	(288,849)	1,246,653	298,613	948,040
<u>Subscriptions-based Payable ⁽³⁾:</u>						
Subscription Payable	1,305,990	-	(247,350)	1,058,640	260,751	797,889
Total Subscriptions-based Payable	1,305,990	-	(247,350)	1,058,640	260,751	797,889
 Total Business-Type Activities	 \$ 202,066,963	 \$ -	 \$ (8,143,275)	 \$ 193,923,688	 \$ 6,069,572	 \$ 187,854,116

⁽¹⁾Refer to Note 8 for further information on the swap liability agreement.

⁽²⁾Refer to Note 13 for further information on leases.

⁽³⁾Refer to Note 14 for further information on subscription-based information technology arrangements.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(7) Long-term Debt, continued

Scheduled future debt service requirements of long-term debt excluding lease payables and subscription-based payables, for years subsequent to June 30, 2025 are as follows, assuming that the 2012 Series A is remarketed and the liquidity agreement is renewed. If the liquidity agreement for 2012 Series A is not renewed in September 2027, amounts due in fiscal year 2028 will increase by \$25,935,000 than the amount reported below.

Year Ending June 30,	Principal	Interest ⁽¹⁾	Total
2026	\$ 5,510,208	\$ 6,061,511	\$ 11,571,719
2027	4,970,552	5,927,651	10,898,203
2028	11,011,793	5,778,946	16,790,739
2029	6,792,756	5,578,875	12,371,631
2030	7,002,856	5,341,779	12,344,635
2031-2035	39,597,041	22,721,305	62,318,346
2036-2040	46,132,739	13,989,936	60,122,675
2041-2045	31,878,375	4,416,843	36,295,218
2046-2050	13,644,008	1,549,779	15,193,787
2051-2052	1,715,169	74,065	1,789,234
Totals	<u>168,255,497</u>	<u>\$ 71,440,690</u>	<u>\$ 239,696,187</u>
Unamortized Premium	21,986,197		
Swap liability	<u>1,376,701</u>		
Total	191,618,395		
Less current portion	<u>(5,510,208)</u>		
Total non-current	<u>\$ 186,108,187</u>		

⁽¹⁾ The 2012 Series A bonds have an assumed interest rate of 2.715% based on the swap.

Due to Other Governments

Santa Rosa Regional Resources Authority (SRRRA)

SRRRA 2017 Bonds

On August 1, 2017, Western Water entered into a Capacity Funding Agreement with SRRRA in connection with the issuance of the 2017A and 2017B revenue bonds by SRRRA (collectively referred herein as SRRRA Bonds) to finance the acquisition of the Santa Rosa Water Reclamation Facility (SRWRF) and plant upgrades. Series 2017A tax-exempt, fixed-rate revenue bonds were issued in the amount of \$24,040,000 with interest ranging from 3.00% to 5.00% maturing on August 1, 2034. Series 2017B taxable fixed-rate revenue bonds were issued in the amount of \$31,190,000 with interest ranging from 1.5% to 3.65% maturing on August 1, 2031. Under the Capacity Funding Agreement, Western Water's shares of the 2017A and 2017B revenue bonds are \$4,156,438 and \$5,752,289, as revised respectively, which are approximately 18% of the total SRRRA Bonds based on Western Water's ownership of the treatment capacity in the SRWRF. Western Water's share of the outstanding balance as of June 30, 2025 is \$5,500,666.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(7) Long-term Debt, continued

Due to Other Governments, continued

Santa Rosa Regional Resources Authority (SRRRA), continued

SRRRA 2017 Bonds, continued

As of June 30, 2025, the future annual maturities of Western Water's obligation are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 513,630	\$ 193,857	\$ 707,487
2027	512,449	175,479	687,928
2028	524,272	158,342	682,614
2029	540,516	138,584	679,100
2030	500,589	117,418	618,007
2031-2034	2,909,210	257,472	3,166,682
Totals	<u>\$ 5,500,666</u>	<u>\$ 1,041,152</u>	<u>\$ 6,541,818</u>
Less current portion	(513,630)		
Total non-current	<u>\$ 4,987,036</u>		

Western Riverside County Regional Wastewater Authority (WRCRWA) - State Water Resources Control Board - Plant Expansion

This loan with WRCRWA is in connection with odor control improvements at the WRCRWA Plant and bears interest at 1.9% with a 20-year repayment term that began December 2018 and matures in December 2037. Western Water's loan amount is \$451,018 as of June 30, 2025.

As of June 30, 2025, the future annual maturities of Western Water's obligation are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 30,912	\$ 8,569	\$ 39,481
2027	31,499	7,982	39,481
2028	32,098	7,384	39,482
2029	32,708	6,774	39,482
2030	33,329	6,152	39,481
2031-2035	176,390	21,018	197,408
2036-2038	114,082	4,362	118,444
Totals	<u>\$ 451,018</u>	<u>\$ 62,241</u>	<u>\$ 513,259</u>
Less current portion	(30,912)		
Total non-current	<u>\$ 420,106</u>		

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(7) Long-term Debt, continued

Due to Other Governments, continued

SRRRA SRF Loan

On January 2, 2018, Western Water entered into a Funding Agreement with SRRRA for the SRRRA State Revolving Fund Loan with the State Water Resources Control Board in order to finance the costs of rehabilitation projects with respect to the SRWRF. Western Water's revised share of debt service is \$6,033,974, which is approximately 20% of the SRRRA SRF loan based on Western Water's ownership of the treatment capacity in the SRWRF, with interest at 1.8% maturing on September 30, 2051. As of June 30, 2025, Western Water's share is \$5,563,801.

As of June 30, 2025, the future annual maturities of Western Water's obligation are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 161,846	\$ 100,149	\$ 261,995
2027	164,759	97,236	261,995
2028	167,725	94,270	261,995
2029	170,744	91,251	261,995
2030	173,818	88,177	261,995
2031-2035	917,160	392,813	1,309,973
2036-2040	1,002,730	307,243	1,309,973
2041-2045	1,096,284	213,689	1,309,973
2046-2050	1,198,566	111,407	1,309,973
2051-2052	510,169	13,815	523,984
Totals	<u>\$ 5,563,801</u>	<u>\$ 1,510,050</u>	<u>\$ 7,073,851</u>
Less current portion	<u>(161,846)</u>		
Total non-current	<u>\$ 5,401,955</u>		

State Water Resources Control Board – La Sierra Project

On April 17, 2015, Western Water entered into an agreement with the State Water Resources Control Board (SWRCB) for a Clean Water State Revolving Fund Loan to finance the construction of the La Sierra Project. The maximum loan amount was \$24,000,000 with interest at 1.5%. On March 12, 2019, the SWRCB increased the original loan approval to \$35,794,100 with interest at 1.5%, which added funding for the construction of the Sterling Reservoir and Pump Station. Western Water's annual repayment every July 1st, including principal and interest, is \$1,510,763. The repayment term is 30 years, maturing on July 1, 2050. Total proceeds from the loan were \$35,794,100. Western Water's loan amount is \$31,302,419 as of June 30, 2025.

The loan with the State Water Resources Control Board contains covenants and restrictions that include, but are not limited to, assurances relating to adherence to the Clean Water Act, Equal Opportunity and Civil rights laws, and certain other assurances.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(7) Long-term Debt, continued

Due to Other Governments, continued

State Water Resources Control Board – La Sierra Project, continued

As of June 30, 2025, the future annual maturities of Western Water's obligation are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,041,227	\$ 469,537	\$ 1,510,764
2027	1,056,845	453,918	1,510,763
2028	1,072,698	438,065	1,510,763
2029	1,088,788	421,975	1,510,763
2030	1,105,120	405,643	1,510,763
2031-2035	5,779,281	1,774,533	7,553,814
2036-2040	6,225,927	1,327,887	7,553,814
2041-2045	6,707,091	846,723	7,553,814
2046-2050	7,225,442	328,372	7,553,814
Totals	<u>\$ 31,302,419</u>	<u>\$ 6,466,653</u>	<u>\$ 37,769,072</u>
Less current portion	(1,041,227)		
Total non-current	<u>\$ 30,261,192</u>		

Bonds Payable

As provided in the Bond Master Installment Purchase Agreement, Western Water has created a Rate Stabilization Fund into which Western Water deposited \$20,000,000 in May 2009. The balance in the Rate Stabilization Fund is currently \$20,000,000, which is recorded as Investments in the basic financial statements, with no usage of such funding during fiscal year 2025.

2012 Series A Bonds

In June 2012, the Authority issued \$43,775,000 of 2012 Series A Adjustable Rate Water Revenue Refunding Bonds (2012 Series A) to refund Western Water's 2009 Series A Adjustable Rate Water Revenue Refunding Bonds (2009 Series A). The refunded bonds were fully redeemed.

The 2012 Series A Bonds are adjustable interest rate bonds with varying optional redemption provisions whose rates adjust from the remarketing of bonds tendered for redemption. An underlying credit facility that expires in September 2027 provides liquidity and security for redemption should remarketing efforts not provide sufficient funds. In addition to optional redemption, mandatory redemption occurs through scheduled sinking fund payments. The bonds are secured by a pledge of Western Water's net revenues. Western Water is required to maintain net revenues equal to at least 110% of adjusted annual debt service. Refer to Note 8 for information on the interest-rate swap agreement associated with these bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$12,538,597. The difference is reported on the accompanying financial statements as a deferred outflow of resources, which will be amortized through 2032. The balance of the deferred outflow is \$2,080,978 at June 30, 2025.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(7) Long-term Debt, continued

Bonds Payable, continued

2012 Series A Bonds, continued

Scheduled principal maturities of \$25,935,000 occurring between fiscal year 2028-2043, along with any accrued interest would be due in fiscal year 2028 should the underlying credit facility, which matures in September 2027, not be renewed and the remarketing agent is unable to resell bonds that are tendered for redemption.

As of June 30, 2025, the future annual maturities of Western Water's obligation are as follows if the bonds are successfully remarketed and the underlying credit facility is renewed over the original terms of the bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest⁽¹⁾</u>	<u>Total</u>
2026	\$ 2,030,000	\$ 816,401	\$ 2,846,401
2027	2,105,000	761,286	2,866,286
2028	2,195,000	704,135	2,899,135
2029	2,280,000	644,541	2,924,541
2030	2,365,000	582,639	2,947,639
2031-2035	7,670,000	1,972,719	9,642,719
2036-2040	-	1,550,944	1,550,944
2041-2043	11,425,000	688,931	12,113,931
Totals	<u>\$ 30,070,000</u>	<u>\$ 7,721,596</u>	<u>\$ 37,791,596</u>
Less current portion	<u>(2,030,000)</u>		
Total non-current	<u>\$ 28,040,000</u>		

⁽¹⁾ Assuming an interest rate of 2.715% based on the swap.

2020 Series A Bonds

In July 2020, the Authority issued \$90,260,000 of the 2020 Series A Water Revenue Bonds with original issue premium of \$31,341,035. The bonds were issued to: 1) refund the 2010 Series B Water Revenue, Taxable Build America Bonds (2010 Series B) in the amount of \$42,755,000, 2) refund the 2016 Series A Adjustable Rate Water Revenue Refunding Bonds (2016 Series A) in the amount of \$51,975,000 prior to the October 1, 2020 mandatory tender date, and 3) provide funds to acquire various capital improvements to Western Water's water and wastewater system facilities in the amount of \$25,500,000.

The 2020 Series A bonds bear stated interest at 5.0% and are payable semiannually on April 1st and October 1st through October 2050.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,706,939. The difference is reported on the accompanying financial statements as a deferred outflow of resources, which will be amortized through 2050. The balance of the deferred outflow is \$4,003,502 at June 30, 2025.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(7) Long-term Debt, continued

Bonds Payable, continued

2020 Series A Bonds, continued

As of June 30, 2025, the outstanding balance on the 2020 Series A Revenue Bonds was \$88,990,000. The future annual maturities of Western Water's obligation are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 355,000	\$ 4,449,500	\$ 4,804,500
2027	1,100,000	4,431,750	5,531,750
2028	2,020,000	4,376,750	6,396,750
2029	2,680,000	4,275,750	6,955,750
2030	2,825,000	4,141,750	6,966,750
2031-2035	22,145,000	18,302,750	40,447,750
2036-2040	38,790,000	10,799,500	49,589,500
2041-2045	12,650,000	2,667,500	15,317,500
2046-2050	5,220,000	1,110,000	6,330,000
2051	1,205,000	60,250	1,265,250
Totals	<u>\$ 88,990,000</u>	<u>\$ 54,615,500</u>	<u>\$ 143,605,500</u>
Less current portion	<u>(355,000)</u>		
Total non-current	<u>\$ 88,635,000</u>		

Note Payable – Headquarters Building

In July 2016, Western Water refinanced the original unsecured financing done in September 2009 for the acquisition and development of its headquarters building. Along with this refinance, Western Water borrowed another \$8 million to accommodate the cash needs for certain capital projects. Terms of the note provide that Western Water is to make semiannual payments of \$700,546 every April 1st and October 1st, including interest, through April 2026. The note has a stated interest rate of 2.27%. As of June 30, 2025, the future annual maturities of Western Water's obligation are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,377,593	\$ 23,498	\$ 1,401,091

Note Payable - 2022A Revolving Line of Credit

On August 17, 2022, the Board of Directors of both Western Water and its Facilities Authority adopted Resolution No. 3244 and No. 23, respectively, to issue a four-year Tax-Exempt Rate Revolving Notes, Series of 2022A (revolving line of credit) with TD Bank, N.A., in an amount not to exceed \$20 million that expires on August 30, 2026 to provide funding for Western Water's Pipeline Replacement Program. This revolving line of credit has an interest rate based on a percentage of the Secured Overnight Financing Rate (SOFR) plus a margin based on Western Water's credit rating. The interest rate as of June 30, 2025 was 4.41%. In addition, there is an unutilized fee of 0.20% of the balance of the revolving line of credit remaining after draws. In conjunction with the issuance of the revolving line of credit, the Facilities Authority and Western Water entered into an Agency Agreement, an Installment Purchase Agreement and a Note Purchase and Continuing Covenant Agreement. As of June 30, 2025, and for the year then ended, there were two outstanding Notes, with a total outstanding principal balance of \$5 million.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(8) Interest Rate Swap

Western Water entered into an interest rate swap agreement for the Authority's 2009 Series A Water Revenue Refunding Bonds. In connection with the refunding of the 2009 Series A Bonds, Western Water has amended and restated the swap agreement, with the same counterparty, essentially replacing the 2009 Series A Bonds with the 2012 Series A Bonds with no change in notional amounts. The amended agreement carries over the swap liability of \$7,765,573 from the prior agreement. Western Water subsequently entered the Second Amended and Restated Transaction swap agreement in December 2022 which amended some of the terms and conditions and changed the guarantor. The interest rates remained unchanged.

For the fiscal year ended June 30, 2025, the balance of the swap liability is \$1,376,701. The swap liability is amortized as a component of interest expense over the life of the old debt or the new debt, whichever is shorter. Because of the carryover, the new agreement is considered a hybrid instrument for financial reporting, whose pay fixed rate of 2.715% (off-market rate) enables the pay-down of the carryover swap liability.

Western Water's objective with the swap agreement is to alter its exposure to interest rate fluctuations, specifically rising interest rates that would negatively impact cash flows, by swapping an obligation to pay fixed rates for one that pays a floating rate. The table that follows summarizes the significant swap payment terms:

	Western Water	Counterparty
Original Confirmation Date	November 4, 2008	November 4, 2008
Original Notional Amount	\$ 48,000,000	\$ 48,000,000
First Amended and Restated Date	June 26, 2012	June 26, 2012
Second Amended and Restated Date	December 1, 2022	December 1, 2022
Amended Notional Amount	\$ 43,775,000	\$ 43,775,000
Notional Reductions	Annually on October 1	Annually on October 1
Termination Date	October 1, 2042	October 1, 2042
Payment Dates	First calendar day of each month	First calendar day of each month
Original Payment Rate	2.960%	67% of 1-month LIBOR
Amended Payment Rate	2.715%	67% of 1-month SOFR + 0.1148%

Evaluation of Swap Effectiveness

Western Water applies the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 prescribes the accounting and financial reporting required for derivative instruments that hedge identified financial risks. If the derivative instrument is determined to be effective in reducing the identified exposure, hedge accounting provides that changes in the fair value of the hedging instrument—in this instance, the interest rate swap—be reported as either deferred inflows or deferred outflows in a government's statement of net position. To evaluate the effectiveness of the swap, the Synthetic Instrument Method prescribed by GASB Statement No. 53 was employed for the fiscal year ended June 30, 2025. The resulting analyses reveal the swap is effective as a hedging instrument for the fiscal year.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(8) Interest Rate Swap, continued

The fair value or marked-to-market value of the swap (imputed at market rate of 1.424%) as of June 30, 2025 is \$2,474,943, which is the amount Western Water would be owed as of this date should the swap be terminated. The change in fair value by \$594,892 results in a decrease in deferred swap inflow for the year ended June 30, 2025.

Credit Risk

The amended and restated interest rate swap agreement adds a third-party guarantor for any termination payment obligation that may be incurred by the counterparty.

The following tables compare the counterparty and guarantor credit ratings at June 30, 2025 against their threshold rating for termination:

Counterparty	Moody's	S&P
Senior Debt	Aa2	A+
Threshold Amount	A3	A-
Counterparty Guarantor	Moody's	S&P
Senior Debt	A1	A-
Threshold Amount	A3	A-

Interest Rate Risk

Western Water is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swap. As Secured Overnight Financing Rate (SOFR) decreases, Western Water's net payment on the swap may increase.

Basis Risk

Western Water is exposed to basis risk on the swap because the variable-rate payments received by Western Water are based on an index other than interest rates Western Water pays on hedged variable rate debt. For the fiscal year ended June 30, 2025, Western Water's 2012 Series A Bonds, which are hedged by the amended swap, had a weighted-average variable rate of 1.90%. Over the same period, the weighted average of 67% of one-month SOFR + .11448% was 3.17%. Therefore, Western Water's basis gain over this period was approximately 1.28%. As of June 30, 2025, the current rate on the 2012 Series A Bonds was .75%, and the current rate of 67% of one-month SOFR + .11448% was 2.97%, resulting in a basis gain of 2.22% for Western Water.

Termination Risk

The swap may be terminated by Western Water or its counterparty if the other party fails to perform under the terms of the contract. If, at the time of termination, the swap is in a liability position, Western Water would be obligated to pay the counterparty the liability position. Western Water has established policies to limit its termination liability payment risk to a predetermined percentage of its available reserves. Western Water is within its swap policy guidelines with respect to exposure to swap termination payments compared to its available reserves.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(9) Net Investment in Capital Assets

The balance at June 30 consists of the following:

Capital assets not being depreciated	\$	169,621,432
Capital assets being depreciated, net		302,119,294
Due to other government agencies		(42,817,904)
Bonds payable:		
Bonds payable (1)		(114,004,671)
Unspent Bond Proceeds (2)		3,079,217
Unamortized premium		(21,986,197)
Deferred outflow of resources - debt refunding		6,084,480
Notes payable:		
Notes		(6,377,593)
Unspent notes proceeds		1,534
Lease and subscription-based payables		(2,305,293)
Acquisition and construction of capital assets in accounts payable		(6,410,579)
Total Capital Assets, Being Depreciated	<u>\$</u>	<u>287,003,720</u>

- (1) Amount of bonds outstanding does not include a portion of the 2012A bonds proceeds that were utilized for purchases of capacity rights that Western Water no longer owns. As this amount was not related to acquisition of capital assets, this amount has been excluded from the calculation of net investment in capital assets.
- (2) The unspent bond proceeds amount excludes the \$29,425 in the 2012 Series A Water Revenue Bonds Service Fund as this amount represents the interest payment Western is required to pay monthly and that is funded ahead of the due date to avoid higher interest rates. It is not considered unspent bond proceeds. There are no remaining unspent bond proceeds for the 2012 A bonds.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(10) Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Descriptions

The Public Agency Cost-Sharing, Multiple-Employer Defined Benefit Pension Plan (Plan) is administered by CalPERS. The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 Annual Actuarial Valuation Reports. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation reports. The actuarial valuation reports and CalPERS' audited financial statements are publicly available reports that can be obtained from CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

All qualified permanent and probationary employees are eligible to participate in the Plan, administered by CalPERS. The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. Western Water sponsors three rate plans under the miscellaneous risk pool: Miscellaneous rate plan, Miscellaneous Second Tier rate plan and PEPRA Miscellaneous rate plan. Benefit provisions under the Plan are established by State statute and Western Water resolution.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to Plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for the PEPRA Miscellaneous rate plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(10) Defined Benefit Pension Plan, continued

A. General Information about the Pension Plan (the Plan), continued

Benefits Provided, continued

Western Water-sponsored rate plans' provisions and benefits in effect at June 30, 2025 are summarized as follows:

	Miscellaneous Rate Plan	Second Tier Rate Plan	Miscellaneous Rate Plan
Hire Date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit Formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 - 55	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.5%	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	8.000%	7.000%	7.750%
Required Employer Contribution Rates:			
Normal Cost Rate	14.130%	11.880%	7.870%
Payment of Unfunded Liability	\$ 2,116,798	\$ 73,704	\$ 19,230

Contributions

Section 20814(c) of PERL 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For the public agency cost-sharing plan covered by either the miscellaneous or safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. For the period ended June 30, 2025, the employer contributions for the respective Western Water-sponsored Miscellaneous rate plan, Miscellaneous Second Tier rate plan and PEPRA Miscellaneous rate plan are \$905,245, \$648,832 and \$768,312, plus respective lump sum payments of \$2,209,732. Thus, employer contributions made by Western Water to the Plan of the period ended June 30, 2025 is \$4,532,121.

B. Net Pension Liability

The net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(10) Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023 total pension liability using standard updated procedures. The June 30, 2024 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

Changes of benefit terms: None

Changes of Assumptions: There were no assumption changes.

Discount Rate

The discount rate used by CalPERS to measure the total pension liability for the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C) was 6.90%. 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.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(10) Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

Discount rate, continued

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

Asset Class (a)	Assumed Asset Allocation	Real Return (a) (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%
Total	<u>100.00%</u>	

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

(b) Figures are based on the 2022 Asset Liability Management study.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained from CalPERS' website under Forms and Publications at www.calpers.ca.gov. The Plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(10) Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

Pension Plan Fiduciary Net Position, continued

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and pension expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves.

C. Proportionate Share of Net Pension Liability

Western Water’s net pension liability for the Plan is measured as the proportionate share of the Plan's net pension liability. Western Water’s proportion of the net pension liability was based on a projection of Western Water’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The following tables shows Western Water's proportionate share of the net pension liability over the measurement period.

Measurement Date (MD)	Western Water's Total Pension Liability (a)	Western Water's Fiduciary Net Pension (b)	Western Water's Net Pension Liability (c) = (a) - (b)
Balance at: 06/30/2023	\$ 116,403,075	\$ 87,762,067	\$ 28,641,008
Balance at: 06/30/2024	124,805,350	96,360,319	28,444,986
Net Changes 2023-2024	<u>\$ 8,402,275</u>	<u>\$ 8,598,252</u>	<u>\$ (196,022)</u>

	Western Water Pension Plan
Proportion - June 30, 2023 (MD)	0.57277%
Proportion - June 30, 2024 (MD)	0.58812%
Change - Increase (Decrease)	0.01535%

MD = Measurement Date

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

The following presents Western Water’s proportionate share of the net pension liability for the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.90%) or one percentage-point higher (7.90%) than the current rate:

	1% Decrease in Discount Rate (5.90%)	Current Discount Rate (6.90%)	1% Increase in Discount Rate (7.90%)
Western Water's Net Pension Liability	\$ 45,286,262	\$ 28,444,986	\$ 14,582,136

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(10) Defined Benefit Pension Plan, continued

C. Proportionate Share of Net Pension Liability, continued

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

Difference between projected and actual earnings	Five-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the PERF C for the June 30, 2024, measurement period is 3.8 years, which was obtained by dividing the total service years of 630,177 (the sum of remaining service lifetimes of the active employees) by 166,163 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense/(Income) and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2023), Western Water's proportionate share of the Plan's net pension liability is \$28,641,008 (the net pension liability of the Miscellaneous Risk Pool as of June 30, 2023 is \$5,000,417,077).

For the measurement period ended June 30, 2024 (the measurement date), Western Water incurred pension expense of \$6,296,873 (the pension expense for the risk pool for the measurement period is \$1,093,361,824).

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(10) Defined Benefit Pension Plan, continued

D. Pension Expense/(Income) and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, continued

As of June 30, 2025, Western Water has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 731,095	\$ -
Differences Between Expected and Actual Experience	2,459,330	(95,961)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,637,543	-
Changes in Proportion	403,058	(17,772)
Differences Between Employer Contributions and Proportionate Share of Contributions	293,975	(152,195)
Employer Contributions Subsequent to the Measurement Date	4,532,121	-
Totals	\$ 10,057,122	\$ (265,928)

These amounts above are net of outflows and inflow recognized in the 2023-24 measurement period expense. \$4,532,121 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 rather than in the current fiscal year. Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in future pension expense as follows:

<u>Measurement Period Ending June 30,</u>	<u>Pension Expense Amount</u>
2025	\$ 1,785,244
2026	3,886,261
2027	148,734
2028	(561,166)
2029	-
Thereafter	-
Total	\$ 5,259,073

E. Payable to the Pension Plan

At June 30, 2025, Western Water reported a payable of \$267,508 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(11) Other Post-Employment Benefits

A. General Information about the OPEB Plan

Plan Description

Western Water is the Plan Administrator for the Western Municipal Water District Retirement Medical Benefits Plan (the Medical Plan). The Medical Plan was established effective June 15, 2006 and is a single employer defined benefit plan to provide advance funding for post-employment healthcare benefits to eligible employees and eligible dependents in accordance with plan provisions. Medical Plan assets are accumulated and benefits are paid from a voluntary employees' beneficiary association (VEBA) trust established by Western Water. Separate financial statements of the VEBA trust may be obtained at Western Municipal Water District, 14205 Meridian Parkway, Riverside, CA 92518.

Benefits Provided

Eligible participants for the Medical Plan are based on three groups:

- a. Group 1 are classified and non-classified employees hired on or before December 18, 2002, who are at least 55 years old at retirement and have completed at least 10 years of service. Western Water provides medical benefits for the employee and spouse/registered domestic partner.
- b. Group 2 are classified and non-classified employees hired after December 18, 2002, who are at least 55 years old at retirement and have completed at least 10 years of service. Western Water provides medical benefits for the employee only.
- c. Group 3 are classified and non-classified employees hired on or after July 1, 2021, who are at least 55 years old at retirement and have completed at least 20 years of service. Western Water provides medical benefits for the employee only.

Employees Covered

As of June 30, 2025, the following employees and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefit payments	68
Active employees	<u>168</u>
Total	<u>236</u>

Contributions

The Medical Plan and its contribution requirement of Western Water is established and may be amended by Western Water's Board of Directors. Western Water contributes to the VEBA trust an amount equal to the actuarially determined contribution at the time of biennial valuation. For the fiscal year ended June 30, 2025, Western Water's total benefit payments of \$146,348 net of estimated implied subsidy of \$146,348, resulted in no cash contributions to the trust.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(11) Other Post-Employment Benefits, continued

B. Net OPEB Liability (Asset)

Western Water's net OPEB liability (asset) was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated July 1, 2024, rolled forward using standard procedures to determine the June 30, 2025, measurement date. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Valuation Date	July 1, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry-Age Normal
Asset Valuation Method	Fair Value
Assumptions:	
Discount Rate	6.80%
Salary scale	2.80%
Investment Rate of Return	6.80%
Healthcare Cost Trend Rates	Actual premium rates, then 8.00% and 6.50% for pre-65 and post -65 respectively per annum in fiscal year 2026, decreasing 0.25% per year to an ultimate rate of 4.50% for fiscal years 2040 and later years.
Pre-retirement turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

The actuarial assumptions used in the July 1, 2024 valuation were based on a standard set of assumptions the actuary has used for similar valuations.

The long-term expected rate of return was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. 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 percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2025, are summarized in the following table:

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Equity	53.00%	5.50%
Fixed Income	40.00%	2.50%
REITS	7.00%	5.00%
Total	<u>100.00%</u>	<u>4.30%</u>
Inflation		2.50%

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(11) Other Post-Employment Benefits, continued

B. Net OPEB Liability (Asset), continued

Discount Rate

The discount rate used to measure the total OPEB liability was 6.80%. The projection of cash flows used to determine the discount rate assumed that Western Water's contributions would be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Medical Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees, and beneficiaries. Therefore, the long-term expected rate of return on the Medical Plan's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in net OPEB Liability (Asset)

The changes in the net OPEB liability (asset) are as follows:

	(A) Total OPEB Liability	(B) Plan Fiduciary Net Position	(A - B) Net Net OPEB Liability (Asset)
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances - June 30, 2024	\$ 15,484,669	\$ 22,847,238	\$ (7,362,569)
Changes for the Period:			
Service Cost	665,876	-	665,876
Interest	883,285	-	883,285
Difference Between Expected and Actual Experience	731,882	-	731,882
Assumption Changes	(1,970,316)	-	(1,970,316)
Employer Contributions	-	146,348	(146,348)
Employee Contributions	-	57,645	(57,645)
Net Investment Income	-	2,345,966	(2,345,966)
Benefit Payments and Refunds	(765,634)	(765,634)	-
Administrative Expense	-	(35,869)	35,869
Net Changes	<u>(454,907)</u>	<u>1,748,456</u>	<u>(2,203,363)</u>
Balances - June 30, 2025	<u>\$ 15,029,762</u>	<u>\$ 24,595,694</u>	<u>\$ (9,565,932)</u>

Change in Assumptions

Actuarial assumptions that changed from the prior year include the medical trend rate have been updated to rate of 8.00% for pre-65 and 6.5% for post-65 in 2026 decreasing 0.25% annually to an ultimate rate of 4.50%. This change caused an increase in liabilities.

Updated the discount rate from 5.60% as of June 30, 2024 to 6.80% as of June 30, 2025. This change resulted in a significant decrease in liabilities.

Change in Benefit Terms

There were no changes of benefit terms.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(11) Other Post-Employment Benefits, continued

C. Changes in net OPEB Liability (Asset), continued

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of Western Water, as well as what Western Water's net OPEB liability (asset) would be if it were calculated using a different rate that is one percentage point lower (5.8%) or one percentage point higher (7.8%) than the current discount rate:

	1% Decrease in Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase in Discount Rate (7.80%)
Net OPEB Liability (Asset)	\$ (7,711,402)	\$ (9,565,932)	\$ (11,122,182)

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

The following represents the net OPEB liability (asset) of Western Water, as well as Western Water's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease Cost Trend Rate (7.00% - Pre 65 and 5.5% - Post 65 Decreasing to 3.50%)	Current Healthcare Cost Trend Rate (8.00% - Pre 65 and 6.5% - Post 65 Decreasing to 4.50%)	1% Increase Cost Trend Rate (9.00% - Pre 65 and 7.5% - Post 65 Decreasing to 5.50%)
Net OPEB Liability (Asset)	\$ (11,484,806)	\$ (9,565,932)	\$ (7,192,753)

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

For the year ended June 30, 2025, Western Water recognized OPEB income of \$1,197,246. At June 30, 2025, Western Water 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
Differences Between Expected and Actual Experience	\$ 974,895	\$ (6,450,870)
Changes of Assumptions	2,752,770	(2,209,435)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(381,693)
Totals	\$ 3,727,665	\$ (9,041,998)

The net difference between projected and actual earnings on plan investments is amortized over a five-year period. The differences between actual and expected experience and change in assumptions are amortized over the expected average remaining service life.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(11) Other Post-Employment Benefits, continued

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB, continued

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

<u>Year Ending June 30.</u>	<u>OPEB Expense Amount</u>
2026	\$ (660,640)
2027	(1,428,791)
2028	(1,327,509)
2029	(1,376,711)
2030	(88,353)
Thereafter	<u>(432,329)</u>
Total	<u><u>\$ (5,314,333)</u></u>

E. Payable to the OPEB Plan

At June 30, 2025, Western Water had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

(12) Risk Management

Western Water is exposed to various risks of loss including, but not limited to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Western Water is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (JPIA), an intergovernmental risk-pooling self-insurance authority, created under the provisions of California Government Code Sections 6500 et. seq. The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. At June 30, 2025, Western Water participated in the following self-insurance and purchased insurance programs with JPIA:

- General, automobile, employment practices & public officials' liability: Broad coverage against third-party claims for Western Water, its directors, employees, and volunteers. Covered up to the following limits: the JPIA pools for first \$5,000,000 and purchases excess coverage limits to \$55,000,000 with aggregated policy limits.
- Property loss: Insured up to replacement value with a \$50,000 deductible per occurrence on scheduled buildings, fixed equipment and contents. Actual cash value on scheduled mobile equipment with a \$25,000 deductible per occurrence, and actual cash value on scheduled vehicles with a \$25,000 per occurrence. JPIA is self-insured up to \$10,000,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for accidental mechanical breakdown up to a sub-limit of \$100,000,000 with a deductible of \$25,000 to \$50,000 depending on the type of equipment. The property program also includes earthquake coverage with an aggregate limit of \$2,500,000, with a deductible equal to 5% of Western Water's total insurable values affected in a loss, subject to a minimum of \$75,000, and flood coverage with an aggregate limit up to \$25,000,000 and a sub-limit of \$10,000,000 for Flood Zones A or V, with a \$100,000 deductible.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(12) Risk Management, continued

- Workers' compensation: Insured for employer's liability for job-related injury or disease with a \$4,000,000 program aggregate limit. JPIA pools the first \$2,000,000 and purchases excess coverage for California statutory limits up to a \$4,000,000 program aggregate limit.
- Cyber liability: Including cyber security up to \$3,000,000 per member and \$5,000,000 aggregate limit. Cyber liability is subject to a \$100,000 deductible.
- Employee dishonesty/Crime Supplement: Insured up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, computer fraud, and forgery or alteration. An excess crime program provides a coverage/limit up to \$1,000,000 per occurrence with a \$100,000 deductible. The program covers all employees and the Board of Directors.
- Fiduciary liability: Insured up to \$1,000,000 per occurrence and \$1,000,000 aggregate limit with sub-limits of \$100,000 and \$250,000 for certain coverages. Fiduciary liability is subject to a \$50,000 deductible.

In addition, Western Water has purchased Pollution and Remediation Legal Liability insurance through an independent insurance company that provides coverage of \$2,000,000 per occurrence and a \$10,000,000 aggregate. Coverage includes pollution conditions for water supply and biosolids, sewer backup, mold, remediation, emergency response cost, on-site clean-up cost, third-party claims for off-site clean-up, and transportation pollution liability, with a \$100,000 deductible.

There have been no significant changes in insurance coverage as compared to the prior year and settled claims have not exceeded any coverage amounts in any of the last three fiscal years.

(13) Leases

Western Water has adopted the following policies to account for agreements in accordance with the requirements of GASB Statement No. 87 (unless otherwise specified, the following policies pertain to agreements in which Western Water is lessee, and agreements in which Western Water is lessor):

Basis of Lease Classification

In accordance with GASB No. 87, Western Water does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Term

At the time of commencement or conversion, the term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal.

Discount Rate

Unless explicitly stated in the lease agreement, known by Western Water, or Western Water is unable to determine the rate implicit within the lease, the discount rate used to calculate lease right-of-use assets and liabilities and related lease receivable is Western Water's incremental borrowing rate at the end of each fiscal year. The incremental borrowing rate was between 3.25% and 8.5% as of June 30, 2025, and corresponding discount rate was utilized for applicable leases in fiscal year 2025.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(13) Leases, continued

Variable Payments

Variable payments based on the future performance of the lessee or lessor or usage of the underlying asset are not included in the measurement of lease assets or liabilities. For the fiscal year ended June 30, 2025, all leases are based on fixed payments and do not have variable payment components.

Remeasurement

For the fiscal year ended June 30, 2025, Western Water did not have to remeasure any lease liabilities due to 1) early termination of leases, 2) reduction in monthly lease payment, or 3) change in borrowing rate.

Western Water as Lessee

Vehicle Leases

Western Water has entered into various vehicle agreements with lease terms expiring between 2023 to 2027. As of June 30, 2025, Western Water has recognized right to use assets of \$724,681 and lease liabilities of \$777,819, related to these agreements. During the fiscal year, Western Water recorded \$301,535 in amortization expense.

Land Lease

Western Water has entered into an agreement to lease land from the Metropolitan Water District with the lease term expiring in 2061. As of June 30, 2025, Western Water has recognized a right to use asset of \$446,908 and a lease liability of \$468,834 related to this agreement. During the fiscal year, Western Water recorded \$12,769 in amortization expense.

Remaining obligations associated with these leases are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 298,613	\$ 57,841	\$ 356,454
2027	288,455	39,028	327,483
2028	196,679	21,585	218,264
2029	23,389	14,311	37,700
2030	7,943	13,900	21,843
2031-2035	43,826	65,393	109,219
2036-2040	51,548	57,671	109,219
2041-2045	60,630	48,589	109,219
2046-2050	71,312	37,907	109,219
2051-2055	83,877	28,021	111,898
2056-2060	98,655	10,564	109,219
2061-2062	21,726	118	21,844
Totals	<u>\$ 1,246,653</u>	<u>\$ 394,928</u>	<u>\$ 1,641,581</u>

Western Water as Lessor

Cell Site Leases

Western Water has entered into two cell site leases with lease terms expiring between 2035 to 2049. As of June 30, 2025, the lease receivable is \$1,120,817 and deferred inflows of resources are \$1,094,212. Western Water recognized \$73,258 of lease revenue during the year.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(13) Leases, continued

Western Water as Lessor

Office Space Lease

Western Water leases a portion of its headquarters to March Joint Powers Authority for office space use with the lease term expiring in 2025. As of June 30, 2025, the lease receivable is \$11,651 and deferred inflows of resources are \$10,928. Western Water recognized \$65,562 of lease revenue during the fiscal year.

Land Sublease

Western Water subleases a portion of its land at El Sobrante for use by the County of Riverside with the lease term expiring in 2061. As of June 30, 2025, the lease receivable is \$44,306 and deferred inflows of resources are \$41,756. Western Water recognized \$1,155 of lease revenue during the fiscal year.

Below is a summary of Western Water's lease receivable balance:

	<u>Balance at June 30, 2024</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2025</u>
Cell Sites	\$ 451,425	\$ -	\$ 756,127	\$ (86,735)	\$ 1,120,817
Office Space	80,248	-		(68,597)	11,651
Land (Sublease)	44,940	-	-	(634)	44,306
Total	<u>\$ 576,613</u>	<u>\$ -</u>	<u>\$ 756,127</u>	<u>\$ (155,966)</u>	<u>\$ 1,176,774</u>

Remaining amounts to be received associated with these leases are as follows:

<u>Year Ending June 30,</u>	<u>Lease Revenue</u>
2026	\$ 63,069
2027	54,436
2028	57,592
2029	60,894
2030	64,346
2031-2035	379,252
2036-2040	161,571
2041-2045	185,567
2046-2050	130,550
2051-2055	7,866
2056-2060	9,252
2061-2062	2,379
Totals	<u>\$ 1,176,774</u>

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(14) Subscription-Based Information Technology Arrangements (SBITA)

Western Water utilizes IT software contracts to purchase all software, including a variety of software products that are installed on servers, workstations, mobile devices, notebooks, and other hardware. These software products include enterprise software licensing and subscription agreements, cloud data warehousing, e-procurement system services as well as various technology security and geographical mapping imagery. In many cases, Western Water is required to purchase the annual licenses for these products to obtain functional and security updates as well as maintenance support services.

Western Water evaluates these contracts and identifies the qualified SBITAs in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The present value of the SBITAs, calculated based on the incremental borrowing rate discussed below, are aggregated on a portfolio basis. Western Water has adopted the following policies to account for agreements in accordance with the requirements of GASB No. 96.

Basis of SBITA classification

In accordance with GASB No. 96, Western Water recognizes short-term subscription payments, which have a maximum possible term under the SBITA contract of 12 months or less, as outflows of resources based on the payment provisions of the contract.

For purposes of determining the applicability of GASB No. 96, Software as a Service, Platform as a Service, and Infrastructure as a Service are three common deployment models of cloud computing arrangements. Each deployment model may contain IT software used in combination with tangible capital assets. The substance of the arrangement is evaluated by Western Water in accordance with GASB No. 96 to determine whether the arrangement meets the definition of SBITA.

Term

At the time of the SBITA commencement or conversion, the term will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. For extension periods without explicit rent payment amounts in the agreement, Western Water will assume a CPI increase applicable to the western Riverside area for the fiscal year to prior payment amounts on an annual basis. No such assumptions were required in fiscal year 2025.

Discount rate

Unless explicitly stated in the agreement, known by Western Water, or Western Water is able to determine the rate implicit within the agreement, the discount rate used to calculate the right-to-use subscription IT assets and liabilities is Western Water's incremental borrowing rate at the time control of the SBITA was given to Western Water. The incremental borrowing rate was between 3.25% and 8.5% as of June 30, 2025, and corresponding discount rate was utilized for SBITA in fiscal year 2025.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(14) Subscription-Based Information Technology Arrangements (SBITA), continued

Variable payments

Variable payments based on the future performance of the agreement or usage of the underlying IT asset are not included in the measurement of subscription IT assets or liabilities. For the fiscal year ended June 30, 2025, Western Water reported two SBITA arrangements for payroll processing and utility bill online and phone payment processing per the variable payment component. SBITA variable expenses range from \$20,000 to \$50,000 per month based on the number of employee payments processed or a percentage of the amount of payments received online or via phone. For the year ended June 30, 2025, Western Water recorded \$413,423 of SBITA variable based payments as administrative and general expenses.

Future principal and interest payments to be made under these SBITAs for each of the next five years and in five-year increments thereafter (if applicable) are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 260,751	\$ 71,043	\$ 331,794
2027	141,951	59,901	201,852
2028	154,044	47,807	201,851
2029	101,654	36,346	138,000
2030	116,480	27,040	143,520
2031-2032	283,760	20,730	304,490
Totals	<u>\$ 1,058,640</u>	<u>\$ 262,867</u>	<u>\$ 1,321,507</u>

(15) Commitments and Contingencies

Joint Ventures

Western Water participates in the following joint ventures with other districts and agencies for various water and wastewater projects and operating facilities in Southern California:

Chino Basin Desalter Authority

Western Water joined the Chino Basin Desalter Authority (CDA) in November 2008 and became a voting member of the CDA on September 22, 2011, through a facility buy-in contribution of \$3,163,712. Working in partnership with two CDA partners, the City of Ontario and Jurupa Community Services District (JCSD), Western Water is augmenting water supplies from the Chino Basin by expanding the capacity of the Chino II Desalter from 12 MGD to 22 MGD. As expansion partners, Western Water, the City of Ontario and JCSD are responsible for funding the remaining cost of the \$155 million project, net of grants. Western Water's total share of the project is about \$64 million reduced by about \$33 million in grant funding, for a net cost of \$31 million excluding Western Water's internal costs and capitalized interest. Western Water's share of costs incurred to date, including Western Water's internal costs and capitalized interest, is \$72 million as of June 30, 2025. Western Water's participation in the CDA is accounted for as a joint venture without an equity interest. Western Water's share of the expansion cost was capitalized throughout construction, including capacity rights of 3,534 acre-feet of water annually.

Separate financial statements may be obtained at the Chino Basin Desalter Authority, 2151 S. Haven Avenue, Suite 202, Ontario, CA 91761.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(15) Commitments and Contingencies, continued

Unaudited financial information for the operation of the CDA for the fiscal year ended June 30, 2025 is as follows:

Total Assets	\$ 296,649,881
Total Deferred Outflows of Resources	\$ 2,541,946
Total Liabilities	\$ 58,920,709
Total Net Position	\$ 240,271,118
Total Revenues	49,870,535
Total Expenses	(44,955,676)
Change in Net Position	\$ 4,914,859

Western Riverside County Regional Wastewater Authority (WRCRWA)

WRCRWA was formed in 1992 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise of powers common to public agencies for the purpose of constructing, maintaining, operating and managing facilities for the collection, transmission, treatment and disposal of wastewater, the reclamation of wastewater, and the use of reclaimed wastewater for any beneficial purpose.

The five-member agencies are the Home Gardens Sanitary District, Western Water, the City of Norco, the City of Corona and JCS D. WRCRWA is governed by a 10-member Board of Directors. Western Water’s participation in WRCRWA is accounted for as a joint venture without an equity interest.

WRCRWA owns and operates a tertiary wastewater treatment plant in Riverside County. In 2018, WRCRWA completed an expansion of the plant from an 8.0 MGD to a 14.0 MGD treatment capacity. The member agencies support the operating costs and capital costs through fixed and variable rates established by WRCRWA’s Board of Directors. At June 30, 2025, the carrying value of Western Water’s capacity rights in WRCRWA is \$6.8 million, net of accumulated amortization. The capacity rights in WRCRWA are being amortized over the term of the WRCRWA joint exercise of powers agreement.

The plant’s treatment capacity is owned by member agencies as follows:

Member Agencies	MGD
Western Municipal Water District	1.93
Jurupa Community Services District	6.00
City of Norco	2.70
Home Gardens Sanitary District	0.75
City of Corona	2.62
	14.00

The plant expansion was financed by all member agencies, including a portion from Western Water for certain expenses that primarily deal with odor control. Western Water's participation in the plant expansion did not result in additional allocated capacity to Western Water. The table above reflects plant treatment capacity among the member agencies as a result of the plant expansion.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(15) Commitments and Contingencies, continued

Joint Ventures, continued

Western Riverside County Regional Wastewater Authority, continued

Unaudited financial information for the operation of WRCRWA for the fiscal year ended June 30, 2025 is as follows:

Total Assets	\$ <u>122,281,970</u>
Total Liabilities	\$ <u>53,164,512</u>
Total Deferred Inflows of Resources	\$ <u>881,921</u>
Total Net Position	\$ <u>68,235,537</u>
Total Revenues	21,013,243
Total Expenses	<u>(18,471,147)</u>
Change in Net Position	<u>\$ 2,542,096</u>

Since July 1, 1998, Western Water has been responsible for the administration and operations of WRCRWA. Separate financial statements of WRCRWA may be obtained at Western Municipal Water District, 14205 Meridian Parkway, Riverside, CA 92518.

Santa Ana Watershed Project Authority (SAWPA)

SAWPA was formed under a joint exercise of powers agreement for the purpose of undertaking projects for water quality control and protection in the Santa Ana River Watershed. SAWPA is composed of five water agencies within the watershed area: Eastern Municipal Water District, Orange County Water District, San Bernardino Valley Municipal Water District, Western Water and the Inland Empire Utilities Agencies. Each participating agency appoints two commissioners to SAWPA to form an oversight committee of 10. Equal contributions are made by each member agency for administration and contributions based on capacity use rights for project agreements under which capital construction is accomplished. Special projects or studies are funded by contributions based on the general or specific nature of the project or study. Western Water's participation in SAWPA is accounted for as a joint venture without an equity interest. At June 30, 2025, the carrying value of Western Water's capacity rights in SAWPA is \$18.7 million. The capacity rights in SAWPA were determined to have an indefinite useful life and are not being amortized. Financial data may be obtained at Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, CA 92503.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025

(15) Commitments and Contingencies, continued

Joint Ventures, continued

Santa Ana Watershed Project Authority (SAWPA), continued

Unaudited financial information for the operation of SAWPA for the fiscal year ended June 30, 2025 is as follows:

Total Assets	<u>\$ 190,440,818</u>
Total Deferred Outflows of Resources	<u>\$ 1,906,602</u>
Total Liabilities	<u>\$ 96,478,350</u>
Total Deferred Inflows of Resources	<u>\$ 874,419</u>
Total Net Position	<u>\$ 94,994,651</u>
Total Revenues	36,399,011
Total Expenses	<u>(29,505,606)</u>
Change in Net Position	<u>\$ 6,893,405</u>

Santa Rosa Regional Resources Authority (SRRRA)

SRRRA was formed under a joint exercise of powers agreement for the purpose of constructing, maintaining, operating and managing facilities for the collection, transmission, treatment and disposal of wastewater, the reclamation of wastewater, and the use of reclaimed wastewater for any beneficial purpose.

SRRRA comprises three-member agencies: Elsinore Valley Municipal Water District, Rancho California Water District, and Western Water. SRRRA is governed by a three-member Board of Directors. Western Water's participation is accounted for as a joint venture without an equity interest.

In 2018, SRRRA completed the acquisition of the SRWRF, a 5.0 MGD secondary and tertiary plant, from Rancho California Water District. Wastewater flows in SRRRA's service area are treated at the SRWRF. At June 30, 2025, the carrying value of Western Water's capacity rights in SRRRA is \$16.4 million. Financial data may be obtained at Rancho California Water District, 42135 Winchester Road, Temecula, CA 92590.

Financial information for the operation of SRRRA for the fiscal year ended June 30, 2025 is as follows:

Total Assets	<u>\$ 83,691,222</u>
Total Liabilities	<u>\$ 66,429,190</u>
Total Net Position	<u>\$ 17,262,032</u>
Total Revenues	14,263,463
Total Expenses	<u>(11,084,944)</u>
Change in Net Position	<u>\$ 3,178,519</u>

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2025**

(15) Commitments and Contingencies, continued

Construction Contracts

Western Water has committed to \$1,522,065 in open construction contracts as of June 30, 2025. These include:

Project	Approved Contract	Payments to Date	Remaining Commitment
Water Filling Stations	\$ 1,485,000	\$ 1,359,820	\$ 125,180
Permanent Generator @ Hillside/Mockingbird	769,492	129,933	639,559
SCADA Wide Area Network Design	581,398	445,210	136,188
Jefferson Ave Water Improvement	559,590	522,019	37,571
Riverside Facilities	552,699	412,570	140,129
SARCCUP NP Well #7	543,616	154,181	389,435
North Well 2 Wellhead Treatment	255,537	242,760	12,777
Various projects	298,111	256,885	41,226
Total Capital Assets, Being Depreciated	<u>\$ 5,045,443</u>	<u>\$ 3,523,378</u>	<u>\$ 1,522,065</u>

General Litigation

Western Water is subject to various claims covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters has already been accrued as of June 30, 2025.

(16) Subsequent Events

On October 1, 2025, the Board of Directors approved the establishment of Section 115 Trust and advance funding of \$25.2 million for the CalPERS unfunded pension liability.

Required Supplementary Information

**Western Municipal Water District
Required Supplementary Information
June 30, 2025**

**Schedule of Proportionate Share of Net Pension Liability
And Related Ratios
Last Ten Fiscal Years**

Fiscal Year Ended	CalPERS Miscellaneous				
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Measurement Period	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Plan's Proportion of the Net Pension Liability	0.58812%	0.57277%	0.55652%	0.60813%	0.51461%
Plan's Proportionate Share of the Net Pension Liability	\$ 28,444,986	\$ 28,641,008	\$ 26,040,982	\$ 11,547,259	\$ 21,706,462
Plan's Covered Payroll	\$ 21,248,258	\$ 18,369,788	\$ 17,632,348	\$ 17,369,367	\$ 16,473,446
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	133.87%	155.91%	147.69%	66.48%	131.77%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.21%	75.39%	75.94%	88.10%	75.91%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

From fiscal year June 30, 2023 to June 30, 2025:

There were no significant changes in assumptions.

**Western Municipal Water District
Required Supplementary Information
June 30, 2025**

**Schedule of Proportionate Share of Net Pension Liability
And Related Ratios (Continued)
Last Ten Fiscal Years**

Fiscal Year Ended	CalPERS Miscellaneous				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement Period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Plan's Proportion of the Net Pension Liability	0.49608%	0.47950%	0.46740%	0.45294%	0.45074%
Plan's Proportionate Share of the Net Pension Liability	\$ 19,865,378	\$ 18,070,806	\$ 18,425,168	\$ 15,734,556	\$ 12,365,976
Plan's Covered Payroll	\$ 14,957,485	\$ 13,685,044	\$ 12,875,107	\$ 12,276,411	\$ 11,614,001
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	132.81%	132.05%	143.11%	128.17%	106.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.17%	76.36%	74.23%	75.02%	78.89%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

From fiscal year June 30, 2023 to June 30, 2025:

There were no significant changes in assumptions.

**Western Municipal Water District
Required Supplementary Information
June 30, 2025**

**Schedule of Pension Plan Contributions
Last Ten Fiscal Years**

Fiscal Year Ended	CalPERS Miscellaneous				
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Contractually Required Contribution (Actuarially Determined)	\$ 4,532,121	\$ 4,032,279	\$ 3,718,057	\$ 3,458,959	\$ 3,266,946
Contributions in Relation to the Actuarially Determined Contributions	(4,532,121)	(4,032,279)	(3,718,057)	(3,458,959)	(3,266,946)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 21,123,001	\$ 21,248,258	\$ 18,369,788	\$ 17,632,348	\$ 17,369,367
Contributions as a Percentage of Covered Payroll	21.46%	18.98%	20.24%	19.62%	18.81%

Notes to Schedule:

Valuation Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age				
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value				
Inflation	2.300%	2.300%	2.300%	2.500%	2.500%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.90% (3)	6.90% (3)	6.90% (3)	7.00% (3)	7.00% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Classic: 50-63 and PEPR: 52-67
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

**Western Municipal Water District
Required Supplementary Information
June 30, 2025**

**Schedule of Pension Plan Contributions (Continued)
Last Ten Fiscal Years**

Fiscal Year Ended	CalPERS Miscellaneous				
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually Required Contribution (Actuarially Determined)	\$ 2,868,787	\$ 2,390,220	\$ 2,029,535	\$ 1,785,348	\$ 1,700,996
Contributions in Relation to the Actuarially Determined Contributions	<u>(2,868,787)</u>	<u>(2,390,220)</u>	<u>(2,029,535)</u>	<u>(1,785,348)</u>	<u>(1,700,996)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 16,473,446	\$ 14,957,485	\$ 13,685,044	\$ 12,875,107	\$ 12,276,411
Contributions as a Percentage of Covered Payroll	17.41%	15.98%	14.83%	13.87%	13.86%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age				
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value				
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.25% (3)	7.38% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Classic: 50-63 and PEPR: 52-67
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

**Western Municipal Water District
Required Supplementary Information
June 30, 2025**

**Schedule of Changes in Net Other Post-Employment Benefits
Liability (Asset) and Related Ratios
Last Ten Fiscal Years**

	2025	2024	2023	2022
TOTAL OPEB LIABILITY				
Service Cost	\$ 665,876	\$ 491,932	\$ 477,783	\$ 609,870
Interest on Total OPEB Liability	883,285	989,075	934,353	1,473,775
Differences Between Expected and Actual Experience	731,882	(1,896,335)	31,782	(8,137,337)
Changes in Assumptions	(1,970,316)	2,180,016	-	(436,726)
Contributions - Retiree		54,618	55,904	28,889
Benefit Payments	(765,634)	(710,453)	(706,809)	(758,234)
Net Change in Total OPEB Liability	(454,907)	1,108,853	793,013	(7,219,763)
Total OPEB Liability - Beginning	15,484,669	14,375,816	13,582,803	20,802,566
Total OPEB Liability - Ending (a)	15,029,762	15,484,669	14,375,816	13,582,803
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	146,348	109,717	119,998	851,933
Contributions - Retiree	57,645	54,618	55,904	28,889
Net investment Income	2,345,966	2,041,569	1,655,124	(3,216,588)
Benefit Payments	(765,634)	(655,835)	(650,905)	(729,345)
Administration Expense	(35,869)	(32,358)	(22,360)	(40,490)
Net Change in Plan Fiduciary Net Position	1,748,456	1,517,711	1,157,761	(3,105,601)
Plan Fiduciary Net Position - Beginning	22,847,238	21,329,527	20,171,766	23,277,367
Plan Fiduciary Net Position - Ending (b)	24,595,694	22,847,238	21,329,527	20,171,766
Net OPEB Liability (Asset) - Ending (a)-(b)	<u>\$ (9,565,932)</u>	<u>\$ (7,362,569)</u>	<u>\$ (6,953,711)</u>	<u>\$ (6,588,963)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	163.65%	147.55%	148.37%	148.51%
Covered Payroll	\$ 21,123,001	\$ 21,248,258	\$ 18,369,788	\$ 17,632,348
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-45.29%	-34.65%	-37.85%	-37.37%

Notes to Schedule

Changes of Assumptions

In 2025, 1) the discount rate changed from 5.60% to 6.80%, 2) health care trend rates have been updated to an initial rate of 8.00% decreasing 0.25% annually to an ultimate rate of 4.50%.

In 2024, 1) the discount rate changed from 6.80% to 5.60%, 2) Salary scale was changed from 1.50% to 2.80% per year, 3) health care trend rates have been updated to an initial rate of 8.00% decreasing 0.25% annually to an ultimate rate of 4.50%.

In 2022, 1) the discount rate was changed from 7.0% to 6.8%, 2) the expected long-term investment rate of return was changed from 7.0% to 6.8%, and 3) the medical trend rate table was reset in fiscal year 2023.

In 2021, the salary scale was changed from 3.0% to 1.50%, and the medical trend rate table was reset in fiscal year 2022.

In 2020, the salary increase rate was changed from 5.7% to 3.0%, and the medical trend rate table was reset in fiscal year 2021.

In 2019, 1) the salary increase rate was changed from 3.0% to 5.7%, 2) spousal coverage assumption was changed from 85% to 60%, and 3) the medical trend rate table was reset in fiscal year 2020.

Fiscal year 2024-2025 was the eight year of implementation; therefore, only eight years are shown.

**Western Municipal Water District
Required Supplementary Information
June 30, 2025**

**Schedule of Changes in Net Other Post-Employment Benefits
Liability (Asset) and Related Ratios (Continued)
Last Ten Fiscal Years**

	2021	2020	2019	2018
TOTAL OPEB LIABILITY				
Service Cost	\$ 810,090	\$ 803,311	\$ 785,273	\$ 713,625
Interest on Total OPEB Liability	1,294,035	1,337,944	1,357,315	1,049,476
Differences Between Expected and Actual Experience	-	(3,591,478)	-	1,544,082
Changes in Assumptions	1,367,534	1,526,814	(1,742,305)	847,628
Contributions - Retiree	33,005	30,622	33,327	36,511
Benefit Payments	(723,451)	(761,449)	(692,604)	(498,497)
Net Change in Total OPEB Liability	2,781,213	(654,236)	(258,994)	3,692,825
Total OPEB Liability - Beginning	18,021,353	18,675,589	18,934,583	15,241,758
Total OPEB Liability - Ending (a)	20,802,566	18,021,353	18,675,589	18,934,583
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	664,580	729,432	729,432	708,338
Contributions - Employee	33,005	30,622	33,327	36,511
Net investment Income	5,274,077	31,747	820,649	1,265,227
Plan to Plan Resource Movement	(561,722)	(534,127)	(536,005)	(498,497)
Other Miscellaneous Income (Expense)	(32,786)	(28,303)	(30,076)	(27,625)
Net Change in Plan Fiduciary Net Position	5,377,154	229,371	1,017,327	1,483,954
Plan Fiduciary Net Position - Beginning	17,900,213	17,670,842	16,653,515	15,169,561
Plan Fiduciary Net Position - Ending (b)	23,277,367	17,900,213	17,670,842	16,653,515
Net OPEB Liability (Asset) - Ending (a)-(b)	\$ (2,474,801)	\$ 121,140	\$ 1,004,747	\$ 2,281,068
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	111.90%	99.33%	94.62%	87.95%
Covered Payroll	\$ 17,369,367	\$ 16,473,446	\$ 14,957,485	\$ 13,685,044
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-14.25%	0.74%	6.72%	16.67%

Notes to Schedule

Changes of Assumptions

In 2025, 1) the discount rate changed from 5.60% to 6.80%, 2) health care trend rates have been updated to an initial rate of 8.00% decreasing 0.25% annually to an ultimate rate of 4.50%.

In 2024, 1) the discount rate changed from 6.80% to 5.60%, 2) Salary scale was changed from 1.50% to 2.80% per year, 3) health care trend rates have been updated to an initial rate of 8.00% decreasing 0.25% annually to an ultimate rate of 4.50%.

In 2022, 1) the discount rate was changed from 7.0% to 6.8%, 2) the expected long-term investment rate of return was changed from 7.0% to 6.8%, and 3) the medical trend rate table was reset in fiscal year 2023.

In 2021, the salary scale was changed from 3.0% to 1.50%, and the medical trend rate table was reset in fiscal year 2022.

In 2020, the salary increase rate was changed from 5.7% to 3.0%, and the medical trend rate table was reset in fiscal year 2021.

In 2019, 1) the salary increase rate was changed from 3.0% to 5.7%, 2) spousal coverage assumption was changed from 85% to 60%, and 3) the medical trend rate table was reset in fiscal year 2020.

Fiscal year 2024-2025 was the eighth year of implementation; therefore, only eight years are shown.

**Western Municipal Water District
Required Supplementary Information
June 30, 2025**

**Schedule of OPEB Contributions
Last Ten Fiscal Years**

Fiscal Year Ended	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually Required Contribution (Actuarially Determined)	\$ -	\$ -	\$ -	\$ 770,235
Contributions in Relation to the Actuarially Determined Contributions	<u>(146,348)</u>	<u>(109,717)</u>	<u>(119,998)</u>	<u>(851,933)</u>
Contribution Deficiency (Excess)	<u>\$ (146,348)</u>	<u>\$ (109,717)</u>	<u>\$ (119,998)</u>	<u>\$ (81,698)</u>
Covered Payroll	\$ 21,123,001	\$ 21,248,258	\$ 18,369,788	\$ 17,632,348
Contributions as a Percentage of Covered Payroll	0.69%	0.52%	0.65%	4.83%

Notes to Schedule:

Valuation Date	7/1/2024	7/1/2024	11/1/2021	11/1/2021
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Discount Rate	6.80%	5.60%	6.80%	6.80%
Salary Increases	2.80%	2.80%	1.50%	1.50%
Investment Rate of Return	6.80%	5.60%	6.80%	7.00%
Retirement Age	55 years	55 years	55 years	55 years
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study			

**Western Municipal Water District
Required Supplementary Information
June 30, 2025**

**Schedule of OPEB Contributions (Continued)
Last Ten Fiscal Years**

Fiscal Year Ended	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually Required Contribution (Actuarially Determined)	\$ 904,195	\$ 729,432	\$ 729,432	\$ 530,291
Contributions in Relation to the Actuarially Determined Contributions	<u>(793,304)</u>	<u>(729,432)</u>	<u>(729,432)</u>	<u>(708,338)</u>
Contribution Deficiency (Excess)	<u>\$ 110,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (178,047)</u>
Covered Payroll	\$ 17,369,367	\$ 16,473,446	\$ 14,957,485	\$ 13,685,044
Contributions as a Percentage of Covered Payroll	4.57%	4.43%	4.88%	5.18%

Notes to Schedule:

Valuation Date	11/1/2019	11/1/2019	11/1/2017	11/1/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Discount Rate	7.00%	7.00%	7.00%	7.00%
Salary Increases	1.50%	3.00%	5.70%	3.00%
Investment Rate of Return	7.375%	7.50%	7.50%	7.50%
Retirement Age	55 years	55 years	55 years	55 years
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study			

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STATISTICAL SECTION



ANNUAL COMPREHENSIVE
FINANCIAL REPORT
2024-25

STATISTICAL SECTION

Statistical Section

This part of Western Water's annual comprehensive financial report presents detailed information as a context for understanding what the information in the accompanying basic financial statements and notes to the basic financial statements says about Western Water's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how Western Water's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting Western Water's ability to generate revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of Western Water's current levels of outstanding debt and Western Water's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which Western Water's financial activities take place and to help make comparisons over time and with other agencies.

Operating Information

These schedules contain information about Western Water's operations and resources to help the reader understand how Western Water's financial information relates to the services Western Water provides and the activities it performs.

**TABLE I – NET POSITION BY COMPONENT
Last 10 Fiscal Years**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net investment in capital assets	\$ 245,988,252	\$ 252,235,082	\$ 264,247,599	\$ 268,948,994	\$ 260,463,443	\$ 267,186,229	\$ 274,308,171	\$ 277,868,096	\$ 283,773,471	\$ 287,003,720
Restricted for debt service	-	-	-	-	-	-	1,443,855	1,510,763	1,510,763	1,510,763
Restricted for capacity charges	26,101,407	8,748,405	12,425,740	15,914,014	20,337,578	22,713,124	24,913,314	25,492,336	30,368,532	33,394,182
Restricted for OPEB benefits	-	-	-	-	-	2,474,801	6,588,963	6,953,711	7,362,569	9,565,932
Restricted for construction-related escrow accounts	-	-	-	-	-	-	-	-	765,394	792,545
Unrestricted	<u>86,965,126</u>	<u>113,132,995</u>	<u>121,760,230</u>	<u>135,616,911</u>	<u>167,439,334</u>	<u>194,837,187</u>	<u>190,418,697</u>	<u>209,311,767</u>	<u>242,916,781</u>	<u>290,679,114</u>
Total Net Position	<u>\$ 359,054,785</u>	<u>\$ 374,116,482</u> ⁽¹⁾	<u>\$ 398,433,569</u>	<u>\$ 420,479,919</u>	<u>\$ 448,240,355</u> ⁽²⁾	<u>\$ 487,211,341</u>	<u>\$ 497,673,000</u>	<u>\$ 521,136,673</u>	<u>\$ 566,697,510</u>	<u>\$ 622,946,256</u>
Percentage Increase (Decrease)	2%	4%	6%	6%	7%	9%	2%	5%	9%	10%

⁽¹⁾ Fiscal year 2017 balance reflects the cumulative effect of the implementation of GASB Statement No. 75.

⁽²⁾ Fiscal year 2020 balance was restated for a correction of grant revenue recognition error.

Source: Western Municipal Water District

TABLE II – CHANGES IN NET POSITION
Last 10 Fiscal Years

Fiscal Years	Operating Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Operating Income/(Loss)	Total Net Non-Operating Revenues	Income/(Loss) Before Capital Contributions	Capital Contributions ⁽³⁾	Change in Net Position
2025	\$ 159,266,210	\$ 178,919,194	\$ (19,652,984)	\$ 66,366,860	\$ 46,713,876	\$ 9,534,870	\$ 56,248,746
2024	138,503,062	159,089,941	(20,586,879)	50,787,277	30,200,398	15,360,439	45,560,837
2023	125,213,685	141,241,014	(16,027,329)	30,142,813	14,115,484	9,348,189	23,463,673
2022	135,837,820	148,730,180	(12,892,360)	11,535,417	(1,356,943)	11,818,602	10,461,659
2021	140,557,065	152,238,915	(11,681,850)	37,093,116	25,411,266	13,559,720	38,970,986
2020	122,346,891	139,579,516	(17,232,625)	30,079,330	12,846,705	14,913,731	(4) 27,760,436
2019	112,902,500	130,503,015	(17,600,515)	28,084,728	10,484,213	11,562,137	22,046,350
2018	118,267,870	135,533,919	(17,266,049)	22,692,961	5,426,912	18,890,172	24,317,084
2017	104,189,580	121,746,937	(17,557,357)	16,973,881	(583,476)	16,216,272	15,632,796
2016	95,250,268	111,085,922	(15,835,654)	18,293,873	2,458,219	5,005,341	7,463,560

⁽¹⁾ See Table III for details of revenues.

⁽²⁾ See Table IV for details of expenses.

⁽³⁾ Capital contributions include water and sewer connection fees (capacity charges) and contributed assets from developers, as well as grant proceeds. Being dependent on the development interest within the retail service area, these amounts naturally fluctuate from year to year.

⁽⁴⁾ Balance was restated for a correction of grant revenue recognition error.

Source: *Western Municipal Water District*

TABLE III – REVENUES BY SOURCE
(Excluding Capital Contributions and Special Items)
 Last 10 Fiscal Years

Fiscal Years	Operating Revenues						Non-Operating Revenues					Total Non-Operating Revenues	Combined Revenues
	Water Sales	Water Service	Wastewater Disposal	Contractual Services	Other Operating	Total Operating Revenues	Property Taxes	Investment Earnings	Capacity Rights Sales	Other Non-Operating			
2025	\$ 107,649,931	\$ 27,762,692	\$ 16,927,895	\$ 6,811,393	\$ 114,299	\$ 159,266,210	\$ 38,464,149	\$ 19,455,840	\$ 8,489,648	\$ 5,161,539	\$ 71,571,176	\$ 230,837,386	
2024	89,803,872	25,039,170	16,314,298	7,146,951	198,771	138,503,062	36,667,081	11,200,381	8,453,404	1,270,337	57,591,203	196,094,265	
2023	79,412,015	23,920,251	15,710,393	6,044,627	126,399	125,213,685	32,871,464	911,945	222,552	2,367,088	36,373,049	161,586,734	
2022	90,804,160	24,263,833	15,243,153	5,376,463	150,211	135,837,820	28,939,433	(14,568,475)	209,018	1,650,291	16,230,267	152,068,087	
2021	96,387,528	24,574,875	14,592,692	4,860,581	141,389	140,557,065	27,416,336	(446,251)	15,940,572	988,019	43,898,676	184,455,741	
2020	80,000,798	23,149,760	14,174,941	4,940,400	80,992	122,346,891	24,616,030	11,084,735	84,469	1,922,873	37,708,107	160,054,998	
2019	74,974,766	20,717,986	12,409,135	4,633,486	167,127	112,902,500	23,641,810	8,673,064	47,212	2,263,940	34,626,026	147,528,526	
2018	81,720,213	19,845,736	12,169,537	3,966,995	565,389	118,267,870	21,728,238	(19,896)	41,426	6,961,562	(1) 28,711,330	146,979,200	
2017	70,698,068	17,355,249	11,512,039	4,007,195	617,029	104,189,580	20,053,770	(212,898)	1,548,535	1,880,972	23,270,379	127,459,959	
2016	63,988,478	16,669,887	10,234,040	3,575,488	782,375	95,250,268	18,837,852	4,759,409	338,202	1,209,100	25,144,563	120,394,831	

(1) This line item includes the net gain on disposal of assets in the amount of \$2.5 million, while in prior years the District had a net loss on the disposal of assets and included this line item in Table IV - Expenses by Function.

Source: Western Municipal Water District

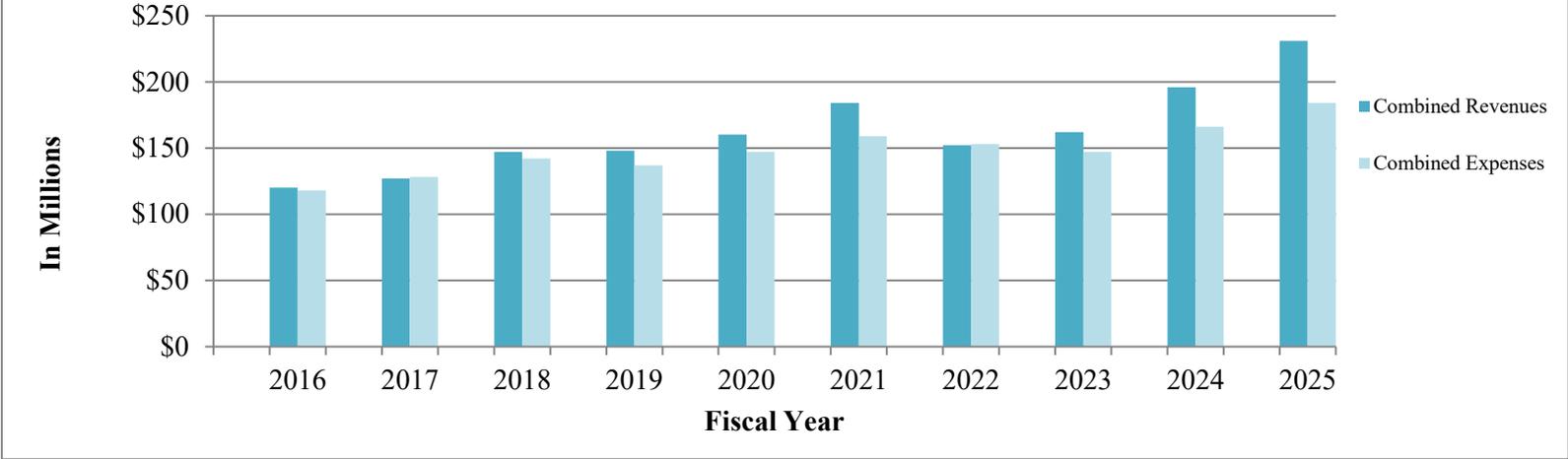
TABLE IV – EXPENSES BY FUNCTION
Last 10 Fiscal Years

Fiscal Years	Operating Expenses									Total Non-Operating Expenses ⁽¹⁾	Combined Expenses
	Purchased Water	Pumping	Transmission & Distribution	Admin and General	Contractual Services	Depreciation and Amortization	Other	Wastewater Disposal	Total Operating		
2025	\$ 91,252,093	\$ 7,802,966	\$ 14,930,584	\$ 16,293,810	\$ 5,999,936	\$ 16,271,451	\$ 11,126,036	\$ 15,242,318	\$ 178,919,194	\$ 5,204,316	\$ 184,123,510
2024	76,783,173	6,711,868	13,929,597	15,681,894	6,016,625	16,095,818	10,870,570	13,000,396	159,089,941	6,803,926	165,893,867
2023	66,588,834	6,733,795	12,065,586	13,133,141	4,947,799	16,039,268	9,711,048	12,021,543	141,241,014	6,230,236	147,471,250
2022	78,965,903	6,301,412	11,392,793	11,992,745	4,331,625	14,369,632	9,331,380	12,044,690	148,730,180	4,694,850	153,425,030
2021	82,239,192	6,249,818	11,443,335	12,930,326	4,294,338	14,022,593	9,289,722	11,769,591	152,238,915	6,805,560	159,044,475
2020	67,906,312	5,541,953	10,371,146	14,982,493	4,629,855	13,405,239	11,743,192	10,999,326	139,579,516	7,628,777	147,208,293
2019	67,250,907	5,549,088	10,282,887	14,458,740	3,793,232	13,092,797	5,799,883	10,275,481	130,503,015	6,541,298	137,044,313
2018	72,045,551	5,396,486	10,367,900	14,041,873	3,559,405	12,735,181	7,133,113	10,254,410	135,533,919	6,018,368	141,552,287
2017	62,906,377	4,943,515	9,361,842	11,064,591	3,508,952	12,722,189	6,493,358	10,746,113	121,746,937	6,296,498	128,043,435
2016	55,342,184	4,703,808	10,040,804	8,239,639	3,261,688	12,787,432	7,100,179	9,610,188	111,085,922	6,850,690	117,936,612

⁽¹⁾ Total Non-Operating Expenses include net gain or loss on disposal of assets, except for in fiscal year 2018, where the net gain of \$2.5 million was included as part of Other Non-Operating Revenues in Table III - Revenues By Sources.

Source: Western Municipal Water District

**CHART I – REVENUES AND EXPENSES
Last 10 Fiscal Years**



Note: Combined Revenues exclude Capital Contributions and Special Items.

TABLE V – WATER ACCOUNTS BY METER SIZE
 Last 10 Fiscal Years

Fiscal Years	¾-Inch	1-Inch	1½-Inch	2-Inch	3-Inch	4-Inch	6-Inch	8-Inch and Greater	Total
2025	19,035	5,140	462	664	51	76	79	253	25,760
2024	18,571	4,999	436	633	52	73	78	256	25,098
2023	18,523	4,954	429	612	30	74	73	235	24,930
2022	18,650	4,870	439	622	54	78	74	234	25,021
2021	18,632	4,777	440	622	55	81	68	227	24,902
2020	18,624	4,672	423	585	56	59	39	71	24,529
2019	18,546	4,617	414	571	54	59	44	66	24,371
2018	18,339	4,566	412	536	54	63	54	68	24,092
2017	18,237	4,452	401	542	52	63	52	68	23,867
2016	18,167	4,399	398	508	50	63	62	67	23,714

Source: Western Municipal Water District

**TABLE VI – RETAIL WATER ACCOUNTS BY TYPE
AND RETAIL WASTEWATER ACCOUNTS**
Last 10 Fiscal Years

Fiscal Years	Water Accounts			Wastewater Accounts
	Domestic	Agriculture	Total	
2025	25,708	52	25,760	9,718
2024	25,045	53	25,098	9,487
2023	24,882	48	24,930	9,273
2022	24,967	54	25,021	9,201
2021	24,834	68	24,902	9,145
2020	24,463	66	24,529	9,003
2019	24,299	72	24,371	8,836
2018	24,016	76	24,092	8,592
2017	23,791	76	23,867	8,480
2016	23,629	85	23,714	8,326

Source: Western Municipal Water District

TABLE VII – WATER AND SEWER RATES
Last 10 Fiscal Years

At June 30,	Fixed Monthly Base Rate Based on Meter Size								Monthly Water Usage Charge ⁽¹⁾	Monthly Sewer Charge ⁽²⁾
	¾-Inch	1-Inch	1½-Inch	2-Inch	3-Inch	4-Inch	6-Inch	8-Inch		
2025	\$ 39.99	\$ 61.89	\$ 116.88	\$ 139.39	\$ 337.20	\$ 662.55	\$ 1,479.47	\$ 1,972.04	\$ 100.28	\$ 56.72
2024	38.65	59.81	112.95	134.71	325.85	640.20	1,429.54	1,725.64	95.66	55.07
2023	37.36	57.81	109.16	130.19	314.89	618.61	1,235.61	1,479.24	91.65	53.47
2022	36.11	55.87	105.49	125.82	304.30	597.76	1,041.68	1,232.84	88.77	51.91
2021 ⁽⁴⁾	41.40	62.99	117.13	139.31	340.72	662.88	1,467.24	1,951.07	80.38	50.40
2020 ⁽³⁾	41.40	62.99	117.13	139.31	340.72	662.88	1,467.24	1,951.07	80.38	50.40
2019	37.94	57.49	106.51	126.62	265.42	466.81	598.78	694.23	78.06	49.41
2018	34.67	52.29	96.48	114.64	205.40	310.74	384.41	442.70	76.59	48.44
2017	26.38	42.66	85.34	105.67	128.02	148.31	168.65	190.99	79.10	46.37
2016	26.38	42.66	85.34	105.67	128.02	148.31	168.65	190.99	79.10	43.21

Note: The water meter and water rate information shown is for domestic customers (i.e., non-agricultural) residing in the District’s retail service area that has the vast majority of customers (Riverside service area, Power Zone 1).

⁽¹⁾ The rate shown is for an average monthly treated water consumption of 29 units. A unit is 100 cubic feet of water or 748 gallons. An average customer with a ¾-inch water meter will pay \$140.27 per month (\$39.99 fixed + \$100.28 usage).

⁽²⁾ The sewer rate information shown is for one EDU (equivalent dwelling unit) in the District’s Lake Hills area.

⁽³⁾ Water and sewer rates were increased effective January 1, 2020 and October 1, 2019, respectively

⁽⁴⁾ There were no rate changes effective in Fiscal Year 2021

Source: Western Municipal Water District

TABLE VIII – PRINCIPAL RETAIL WATER CUSTOMERS

Fiscal Year Ended June 30, 2025 and Nine Years Prior

Fiscal Year 2024-2025		
Customer Name	Water Deliveries in Acre-Feet	Percentage of Water Deliveries
Riverside National Cemetery	1,206	4.8%
Altman Plants	589	2.3%
Village Nurseries	563	2.2%
452nd Air Force Base	346	1.4%
Pepsi Cola Plant	314	1.3%
Riverside Unified School District	312	1.2%
Riverside Operations	297	1.2%
City of Riverside	286	1.1%
The Kroger Co.	220	0.9%
Lake Hills Maintenance Corp	209	0.8%
Total Principal Customers	4,342	17.3%
Other Customers	20,747	82.7%
Total Retail Water Deliveries	25,089	100.0%

Fiscal Year 2015-2016		
Customer Name	Water Deliveries in Acre-Feet	Percentage of Water Deliveries
Riverside National Cemetery	1,158	4.6%
Altman Plants	712	2.8%
Village Nurseries	550	2.2%
Pepsi Cola Plant	347	1.6%
General Old Golf Course	321	1.3%
The Kroger Company	292	1.2%
Riverside Unified School District	331	1.4%
Lennar Homes of California Inc	328	1.3%
Altavita	305	1.2%
Air Force 452 Air Mobility Wing	291	1.2%
Total Principal Customers	4,635	20.2%
Other Customers	18,336	79.8%
Total Retail Water Deliveries	22,971	100.0%

Source: Western Municipal Water District

TABLE IX – WHOLESALE WATER CUSTOMER DELIVERIES

Fiscal Year Ended June 30, 2025

Water Agency	Water Deliveries in Acre-Feet	Percentage of Water Deliveries
Elsinore Valley Municipal Water District	20,079	31.4%
City of Corona	18,355	28.6%
Rancho California Water District	16,264	25.3%
City of Norco	3,672	5.7%
Temescal Valley Water District	3,520	5.5%
Jurupa Community Services District	2,135	3.3%
Box Springs Mutual Water Company	149	0.2%
Eagle Valley Mutual Water District	62	0.1%
Total Wholesale Deliveries	64,236	100%

Source: Western Municipal Water District

**TABLE X – SUMMARY OF IMPORTED WATER RATES
(Dollars Per Acre-Foot - Last Ten Calendar Years)**

<u>Rates Effective</u>	<u>Treated</u>	<u>Untreated</u>
Jan. 1, 2016 Tier 1	942	594
Jan. 1, 2016 Tier 2	1076	728
Jan. 1, 2017 Tier 1	979	666
Jan. 1, 2017 Tier 2	1073	760
Jan. 1, 2018 Tier 1	1015	695
Jan. 1, 2018 Tier 2	1101	781
Jan. 1, 2019 Tier 1	1050	731
Jan. 1, 2019 Tier 2	1136	817
Jan. 1, 2020 Tier 1	1078	755
Jan. 1, 2020 Tier 2	1165	842
Jan. 1, 2021 Tier 1	1104	777
Jan. 1, 2021 Tier 2	1146	819
Jan. 1, 2022 Tier 1	1143	799
Jan. 1, 2022 Tier 2	1185	841
Jan. 1, 2023 Tier 1	1209	855
Jan. 1, 2023 Tier 2	1418	1064
Jan. 1, 2024 Tier 1	1256	903
Jan. 1, 2024 Tier 2	1455	1102
Jan. 1, 2025 Full Service ¹	1395	912

(1) Starting January 2025 Metropolitan Water District moved from a Tier1, Tier 2 rate to a single Full Services rate

Source: Metropolitan Water District

TABLE XI – WATER SOURCES (IN ACRE-FEET)
Last 10 Fiscal Years

Fiscal Years	Purchased			Wells	Desalter	Recycled Water	Grand Total
	Full Service						
	Treated	Untreated	Total				
2025	49,903	30,402	80,305	1,341	7,571	1,459	90,676
2024	43,542	26,211	69,753	608	7,740	1,419	79,520
2023	41,276	25,619	66,895	846	7,552 (1)	1,488	76,781
2022	53,234	27,057	80,291	681	5,372	1,359	87,703
2021	57,131	27,133	84,264	989	7,934	1,789	94,976
2020	47,214	27,756	74,970	573	7,489	1,512	84,544
2019	50,778	24,178	74,956	393	4,627	1,166	81,143
2018	57,621	26,885	84,506	427	5,006	917	90,856
2017	52,080	22,804	74,884	379	5,523	899	81,685
2016	45,896	18,992	64,889	866	4,969	887	71,610

(1) Updated in FY 2024 ACFR to 7,552 for Desalter, which was under-reported as 4,867 in FY 2023.

Source: Western Municipal Water District

TABLE XII – RATIO OF OUTSTANDING DEBT BY TYPE
Last 10 Fiscal Years

Fiscal Years	Revenue Bonds	Loans Payable	Notes Payable	Leases Payables	Subscription-Based Payables	Total	Total Debt Per Capita⁽¹⁾
2025	\$ 142,422,898	\$ 42,817,904	\$ 6,377,593	\$ 1,246,653	\$ 1,058,640	193,923,688	196.74
2024	146,958,949	44,542,082	7,724,440	1,535,502	1,305,990	202,066,963	206.02
2023	151,440,064	46,243,113	5,086,978	1,530,893	261,374	204,562,422	202.28
2022	155,873,839	46,391,279	5,519,702	1,034,873	-	208,819,693	208.86
2021	160,256,681	46,799,352	6,587,285	1,922,002	-	215,565,320	218.10
2020	138,273,552	46,445,697	7,817,855	1,469,782	-	194,006,886	197.06
2019	141,566,384	22,516,184	9,020,960	1,740,343	-	174,843,871	179.62
2018	144,792,855	12,076,194	10,197,212	1,281,334	-	168,347,595	174.94
2017	147,955,307	1,649,679	11,347,212	807,025	-	161,759,223	170.04
2016	149,626,360	1,757,012	4,367,963	-	-	155,751,335	166.31

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements

⁽¹⁾ Calculated by dividing the total outstanding debt by the District's estimated service area population.

Source: *Western Municipal Water District*

TABLE XIII – REVENUE BOND COVERAGE
Last 10 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
GROSS REVENUE										
Water Sales	\$ 63,988,478	\$ 70,698,068	\$ 81,720,213	\$ 74,974,766	\$ 80,000,798	\$ 96,387,528	\$ 90,804,160	\$ 79,412,015	\$ 89,803,872	\$ 107,649,931
Water Service	16,669,887	17,355,249	19,845,736	20,717,986	23,149,760	24,574,875	24,263,833	23,920,251	25,039,170	27,762,692
Wastewater Service	10,234,040	11,512,039	12,169,537	12,409,135	14,174,941	14,592,692	15,243,153	15,710,393	16,314,298	16,927,895
Ad Valorem Taxes	18,837,555	20,053,654	21,728,238	23,641,810	24,616,030	27,416,336	28,939,433	32,871,464	36,667,081	38,464,149
Interest Income, including unrealized gain/(loss) ⁽²⁾	4,791,047	(213,018)	(20,117)	8,672,749	11,084,622	(723,382)	(14,743,355)	911,945	11,098,551	19,234,932
Connection Fees - Water	481,489	1,629,145	1,907,987	3,104,809	2,865,404	2,559,845	2,060,151	1,624,937	6,092,421	2,265,486
Connection Fees - Wastewater	215,298	823,002	4,243,084	4,167,829	5,649,570	3,359,550	6,121,811	1,293,987	4,817,136	2,012,047
Federal, State and Local Capital Grants	4,057,387	3,913,610	12,574,333	2,320,149	2,630,134	2,973,340	3,163,224	6,231,511	4,222,245	3,075,060
Other Revenue	5,049,329	7,196,054	10,675,474	6,249,944	6,163,691	21,930,561	7,385,983	8,760,666	17,069,463	20,561,353
Total	124,324,510	132,967,803	164,844,485	156,259,177	170,334,950	193,071,345	163,238,393	170,737,169	211,124,237	237,953,545
MAINTENANCE AND OPERATION COSTS										
Administration	8,239,639	11,064,591	14,041,869	14,458,740	14,982,493	12,930,326	12,012,439	13,133,141	15,681,894	16,293,810
Purchased Water	55,342,184	62,906,377	72,045,551	67,250,907	67,906,312	82,239,192	78,965,903	66,588,834	76,783,173	91,252,093
Water Operations	20,122,121	19,660,514	20,456,884	21,014,389	23,936,550	24,997,714	25,421,417	26,808,384	29,971,903	33,569,893
Wastewater Operations	9,610,188	10,746,113	10,254,410	10,275,481	10,999,326	11,769,591	12,044,690	12,021,543	13,000,396	15,242,318
Other Expenses	6,552,875	6,136,239	6,942,500	5,262,051	7,040,053	6,980,430	5,317,607	7,963,825	9,623,336	6,783,627
Contract Resource Obligations	1,725,125	89,063	-	89,053	-	-	-	-	-	-
Total	101,592,132	110,602,897	123,741,214	118,350,621	124,864,734	138,917,253	133,762,056	126,515,727	145,060,702	163,141,741
Net Revenues	22,732,378	22,364,906	41,103,271	37,908,556	45,470,216	54,154,092	29,476,337	44,221,442	66,063,535	74,811,804
Series of 2009 A&B Bonds	2,142,382	-	-	-	-	-	-	-	-	-
Series of 2010 A&B Bonds	3,008,567	3,020,184	3,012,302	3,013,122	3,009,554	1,287,533	-	-	-	-
Series of 2012 A Bonds	1,163,524	1,277,173	2,648,824	2,539,310	2,618,519	2,687,034	2,714,483	2,499,757	2,305,224	2,367,464
Series of 2016 A Bonds	335,672	779,608	779,597	779,586	779,614	15,159	- ⁽³⁾	-	-	-
Series of 2020 A Bonds	-	-	-	-	-	4,148,117	4,622,057	4,796,625	4,795,563	4,793,750
Series of 2022 A Revolving Notes	-	-	-	-	-	-	-	34,840	144,899	231,563
WRCRWA SRF Loans	33,833	33,759	33,725	38,448	39,481	39,214	39,209	39,203	39,199	39,194
SRRRA 2017 Bonds	-	-	817,161	769,558	1,002,676	973,357	759,262	726,145	713,677	694,942
SRRRA SRF Loans	-	-	-	-	-	-	80,249	261,185	259,885	259,849
SWRCB - La Sierra Project	-	-	-	-	-	1,443,856	1,443,855	1,510,763	1,510,763	1,510,763
Total	\$ 6,683,978	\$ 5,110,725	\$ 7,291,609	\$ 7,140,024	\$ 7,449,844	\$ 10,594,270	\$ 9,659,115	\$ 9,868,518	\$ 9,769,210	\$ 9,897,525
DEBT SERVICE COVERAGE	3.40	4.38	5.64	5.31	6.10	5.11	3.05	4.48	6.76	7.56
Adjusted Debt Service Coverage Excluding Unrealized Gain/Loss:										
Net Revenues Including Unrealized Gain/Loss	\$ 22,732,378	\$ 22,364,906	\$ 41,103,271	\$ 37,908,556	\$ 45,470,216	\$ 54,154,092	\$ 29,476,337	\$ 44,221,442	\$ 66,063,535	\$ 74,811,804
Unrealized Gain/Loss	(2,560,659)	2,635,149	2,807,012	(5,484,614)	(6,957,824)	5,783,181	19,298,643	3,544,266	(5,195,274)	(10,086,667)
Adjusted Net Revenues	\$ 20,171,720	\$ 25,000,056	\$ 43,910,283	\$ 32,423,942	\$ 38,512,392	\$ 59,937,273	\$ 48,774,980	\$ 47,765,708	\$ 60,868,261	\$ 64,725,137
Adjusted Debt Service Coverage	3.02	4.89	6.02	4.54	5.17	5.66	5.05	4.84	6.23	6.54

(1) Balance was restated for a correction of a grant revenue recognition error.

(2) Less income on trustee-held investments.

(3) Balance was restated to present proper bond balances

Source: Western Municipal Water District

TABLE XIV – DIRECT AND OVERLAPPING DEBT
As of June 30, 2025

2024-25 Assessed Valuation: \$126,651,161,088 (1)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>% Applicable (2)</u>	<u>Debt 6/30/25</u>
Metropolitan Water District	3.305% \$	566,973
Riverside City Community College District	74.371	356,125,848
Alvord Unified School District	99.987	244,970,347
Corona-Norco Unified School District	96.749	449,967,250
Jurupa Unified School District	99.767	198,515,529
Murrieta Valley Unified School District	12.77	17,961,074
Riverside Unified School District	99.976	348,266,396
Other School Districts	Various	118,248,798
Western Municipal Water District	100.000	0
Western Municipal Water District Community Facilities Districts	100.000	1,355,896
Community Facilities Districts	Various	1,089,764,297
City and Special District 1915 Act Bonds	Various	<u>15,920,613</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$2,841,663,021
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>		
Riverside County General Fund Obligations	31.700% \$	359,544,501
Riverside County Pension Obligations	31.700	191,168,435
Riverside Community College District Certificates of Participation	74.371	17,722,609
Corona-Norco Unified School District Certificates of Participation	96.749	14,271,434
Jurupa Unified School District Certificates of Participation	99.767	43,778,506
Murrieta Unified School District General Fund Obligations	12.77	4,433,744
Riverside Unified School District Certificates of Participation	99.976	8,479,964
Other School District General Fund Obligations	Various	979,979
City of Corona General Fund Obligations	100.000	224,427,247
City of Jurupa Valley Certificates of Participation	99.827	6,314,058
City of Lake Elsinore General Fund Obligations	71.171	28,431,565
City of Moreno Valley General Fund Obligations	0.924	613,266
City of Murrieta General Fund Obligations	14.031	191,523
City of Riverside General Fund Obligations	98.632	190,667,033
City of Riverside Pension Obligations	98.632	384,654,937
City of Wildomar Certificates of Participation	32.718	363,993
Western Municipal Water District General Fund Obligations	100.000	<u>1,377,594</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$1,477,420,388
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)</u>		<u>\$513,826,363</u>
TOTAL DIRECT DEBT		<u>\$1,377,594</u>
TOTAL OVERLAPPING DEBT		\$4,831,532,178
COMBINED TOTAL DEBT		\$4,832,909,772 (3)

(1) Excludes assessed valuation of additional fringe areas of the district.

(2) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the district divided by the district's total taxable assessed value.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2024-25 Assessed Valuation:

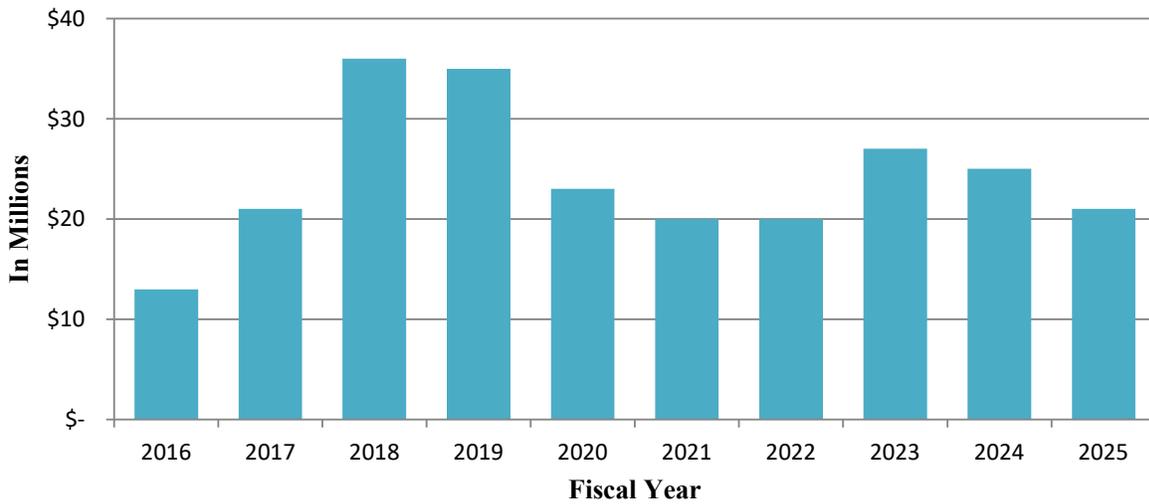
Direct Debt (\$1,377,594)	0.001%
Total Direct and Overlapping Tax and Assessment Debt	2.11%
Combined Total Debt	5.59%

Ratio to Redevelopment Incremental Valuation (\$43,532,397,200):

Total Overlapping Tax Increment Debt	1.18%
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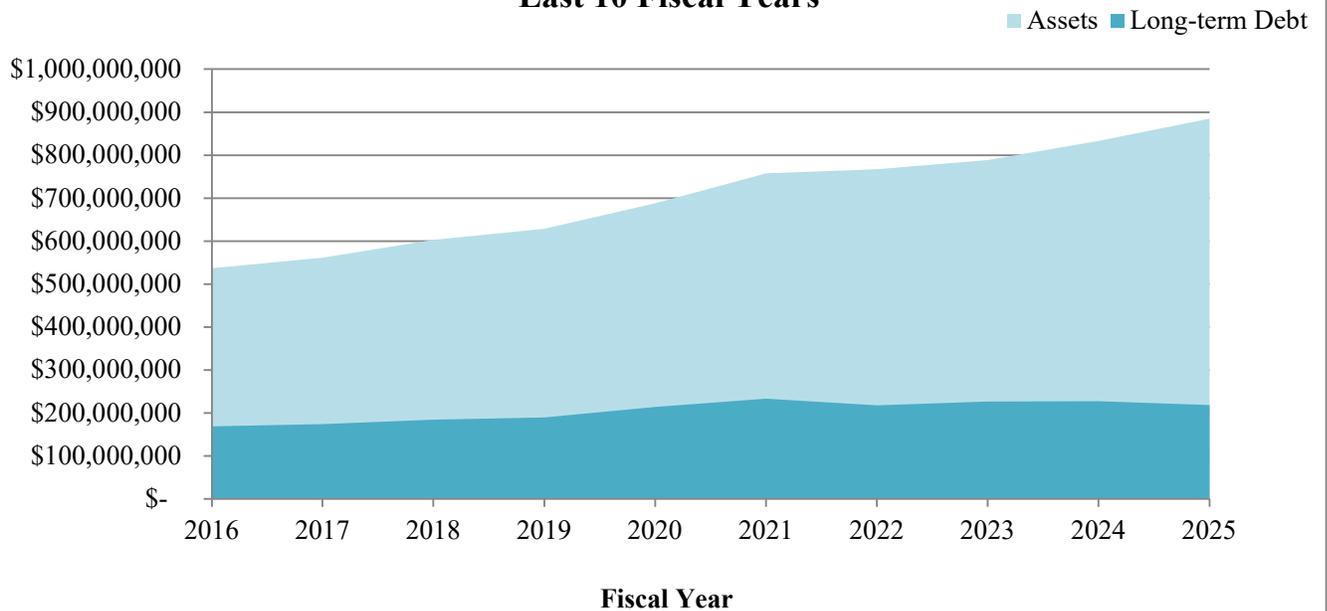
Source: California Municipal Statistics, Inc.

CHART II – CONTRIBUTED CAPITAL AND ASSET ADDITIONS Last 10 Fiscal Years



Source: Western Municipal Water District

CHART III – TOTAL DEBT TO ASSETS Last 10 Fiscal Years



Source: Western Municipal Water District

TABLE XV – DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Years	Assessed Valuation ⁽¹⁾ Western Service Area	Estimated Svc. Area Population	County Population	Personal Income ⁽²⁾ (in Billions)	County Per Capita Personal Income ⁽³⁾	County Unemployment Rate (June)
2025	\$ 154,591,019,545	985,700	2,471,003	\$ 42.0	\$ 42,590	6.0%
2024	145,501,724,542	980,800	2,458,774	40.8	41,629	5.4%
2023	133,344,919,117	1,011,300	2,535,310	41.3	40,791	4.4%
2022	122,747,779,894	999,800	2,506,351	38.9	38,859	4.0%
2021	116,446,038,420	988,400	2,477,971	37.7	38,097	7.9%
2020	109,487,211,049	984,500	2,468,145	36.6	37,183	14.8%
2019	103,376,809,609	973,400	2,443,454	35.3	36,292	4.4%
2018	96,784,985,331	962,300	2,412,536	34.2	35,569	4.8%
2017	91,396,796,807	951,300	2,384,783	33.4	35,058	5.7%
2016	86,851,292,179	936,500	2,347,828	33.1	35,331	6.7%

(1) Assessed value includes both secured and unsecured property. Values from FY2016-2024 were updated in FY2025 to reflect a more accurate value

(2) Personal income for the service area is calculated by multiplying the estimated population in Western Water’s service area by the County’s per capita personal income projection.

(3) Projected based on a 10-year average

Sources: Riverside County Assessor for the assessed valuation; California Department of Finance for the county population estimates; County of Riverside Annual Comprehensive Financial Report for the county per capita personal income; and California Employment Development Department for the county unemployment rate

**TABLE XVI – PRINCIPAL EMPLOYERS IN THE
COUNTY OF RIVERSIDE**

Fiscal Year Ended June 30, 2025 and Nine Years Prior

Employer Name	Fiscal Year 2025	
	No. of Employees	Percentage of Total County Labor Force
County of Riverside	25,345	2.3%
Amazon	14,317	1.3%
State of California	8,398	0.7%
Walmart	7,523	0.7%
Riverside Unified School District	6,562	0.6%
Moreno Valley Unified School District	6,306	0.6%
Kaiser Permanente Medical Center	5,817	0.5%
Stater Bros. Markets	5,145	0.5%
University of California, Riverside	5,137	0.5%
Eisenhower Medical Center	4,971	0.4%
Total	89,521	8.0%
Total Labor Force		1,121,600

Employer Name	Fiscal Year 2016	
	No. of Employees	Percentage of Total County Labor Force
County of Riverside	21,984	2.3%
March Air Reserve Base	8,500	0.9%
University of California Riverside	8,306	0.9%
Amazon	7,500	0.8%
Stater Bros. Markets	6,900	0.7%
Kaiser Permanente Medical Center	5,300	0.5%
Corona-Norco Unified School District	5,098	0.5%
Desert Sands Unified School District	4,202	0.4%
Riverside Unified School District	3,973	0.4%
Pechanga Resort & Casino	3,931	0.4%
Total	75,694	7.8%
Total Labor Force		974,800

Notes: Data is for the County of Riverside. The District is located within the County.

Source: Riverside County Economic Development Agency

TABLE XVII – DISTRICT EMPLOYEES BY FUNCTION
Filled Positions Only at June 30

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Management	13	12	14	14	14	15	15	15	15	16
Human Resources & Administration	9	10	8	13	12	12	9	11	12	13
Engineering	14	15	14	14	16	16	14	15	16	17
Finance	12	10	13	13	13	14	13	12	15	13
Billing/Customer Service	9	9	9	9	9	9	9	8	9	9
Strategic Communications	4	4	3	2	5	4	3	6	8	9
Water Resources	6	8	7	6	5	4	6	6	6	6
Operations	65	65	67	69	69	71	71	73	70	76
Legislative Affairs	-	1	1	1	1	1	1	1	1	1
Information Systems	6	6	7	7	8	8	6	5	5	5
Total	<u>138</u>	<u>140</u>	<u>143</u>	<u>148</u>	<u>152</u>	<u>154</u>	<u>147</u>	<u>152</u>	<u>157</u>	<u>165</u>

Notes: All managers are included with their divisions. Temporary and part-time employees are not included.

Source: *Western Municipal Water District*

TABLE XVIII – OPERATING AND CAPITAL INDICATORS
Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Number of Employees	138	140	143	148	152	154	147	152	157	165
Service Area (in acres)	337,000	337,000	337,000	337,000	337,000	337,000	337,000	337,000	337,000	337,000
Service Area (in square miles)	527	527	527	527	527	527	527	527	527	527
Assessed Valuation (billion)	\$ 87	\$ 91	\$ 97	\$ 103	\$ 109	\$ 116	\$ 123	\$ 133	\$ 146	\$ 155
Population Served (approx.)	936,500	951,300	962,300	973,400	984,500	988,400	999,800	1,011,300	980,800	985,700
Miles of Water Pipeline	639	639	639	640	641	641	640	652	649	665
Number of Storage Tanks	34	34	34	34	35	35	35	35	35	35
Max Storage Capacity (million gal.)	92.2	92.2	92.2	92.2	92.3	92.3	92.0	92.0	92.0	92.0
Sewer Treatment Plants Owned	1	1	1	1	1	1	1	1	1	1
Sewer Treatment Capacity (MGD)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Avg. Flows into Sewer Plant (MGD)	0.9	0.9	1.0	1.2	1.4	2.1	1.7	1.5	1.6	1.7
Number of Lift Stations	20	20	19	19	19	19	19	19	19	20

Source: Western Municipal Water District

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2025