

# COACHELLA VALLEY WATER DISTRICT

FOR THE YEAR ENDED JUNE 30, 2025

ANNUAL FINANCIAL REPORT



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Annual Financial Report

For the Year Ended June 30, 2025

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## **INTRODUCTORY SECTION**



# COACHELLA VALLEY WATER DISTRICT

*Established in 1918 as a public agency*

GENERAL MANAGER  
Jim Barrett

ASSISTANT GENERAL MANAGER  
Robert Cheng

CLERK OF THE BOARD  
Sylvia Bermudez

ASSISTANT GENERAL MANAGER  
Dan Charlton

January 13, 2026

To the Board of Directors, Customers, Stakeholders, and other Interested Parties of the Coachella Valley Water District:

We are pleased to present the Coachella Valley Water District's (CVWD, District) financial statements for the fiscal year ended June 30, 2025. This document, which contains a complete set of basic financial statements, is presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accountants. State law requires that all special-purpose local governments publish these basic financial statements within six months of the close of the agency's fiscal year. This report is published to fulfill that requirement and to provide the Board of Directors (Board), the public, and other interested parties with these basic financial statements.

This report contains management's representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of the information in this report, based upon a comprehensive framework of internal controls established for this purpose. These controls are designed to protect the District's assets from loss, theft, or misuse and to ensure sufficiently reliable information for the preparation of the District's basic financial statements in conformity with GAAP. The District's internal controls have been designed to provide appropriate assurance that the basic financial statements will be free from material misstatement. As management, we assert that this financial report is complete and reliable in all material respects.

LSL, LLP, a licensed, certified public accountant firm, has audited the District's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2025, are free of misstatement. The independent audit involved examining records on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

A profile of the District is presented in the Introductory Section. In the Financial Section, the independent auditor's report is followed by the basic financial statements, which present the District's financial position and results of operations. The letter of transmittal and introduction are designed to complement these financial statements and should be read in conjunction with them. This report includes all disclosures management believes are necessary to enhance the public's understanding of the District's financial condition.

The District's fiscal year (FY) 2024/25 financial statements intentionally excluded certain supplementary sections, including the Management's Discussion and Analysis (MD&A) and the Statistical Section. These sections are not required under GAAP for the basic financial statements. This deliberate decision was made to ensure accuracy and

consistency during the District's transition to a new financial system, which is currently being implemented. As part of this implementation, both the MD&A and the Statistical Section are being reconfigured to align with the new software's reporting framework and to improve the quality, usability, and transparency of the information provided.

The District is fully committed to reinstating these sections in future reporting once the transition is completed starting with the FY 2026/27 financial reports. The core financial statements, notes, and other required disclosures remain fully compliant with accounting standards.

## **Profile of the Coachella Valley Water District**

***Mission Statement:*** To meet the water-related needs of the people through dedicated employees, providing high-quality water at a reasonable cost.

### ***Overview***

Coachella Valley Water District was formed in 1918 to protect and conserve local water sources. CVWD is a special district established by the California State Legislature and certified by state officials on January 16, 1918. The District has a deep history and was one of the original signatories to the Seven Party Agreement of 1931, which divided California's share of the Colorado River Water.

The District has grown into a multi-faceted agency that delivers irrigation and domestic (drinking) water, collects and recycles wastewater, provides regional stormwater protection and flood control, replenishes the groundwater basin, provides agricultural drainage, and promotes water conservation. CVWD serves an area of approximately 1,000 square miles and is located primarily in Riverside County, with portions in Imperial and San Diego counties. The total full-time population served is approximately 300,000.

### ***Governance***

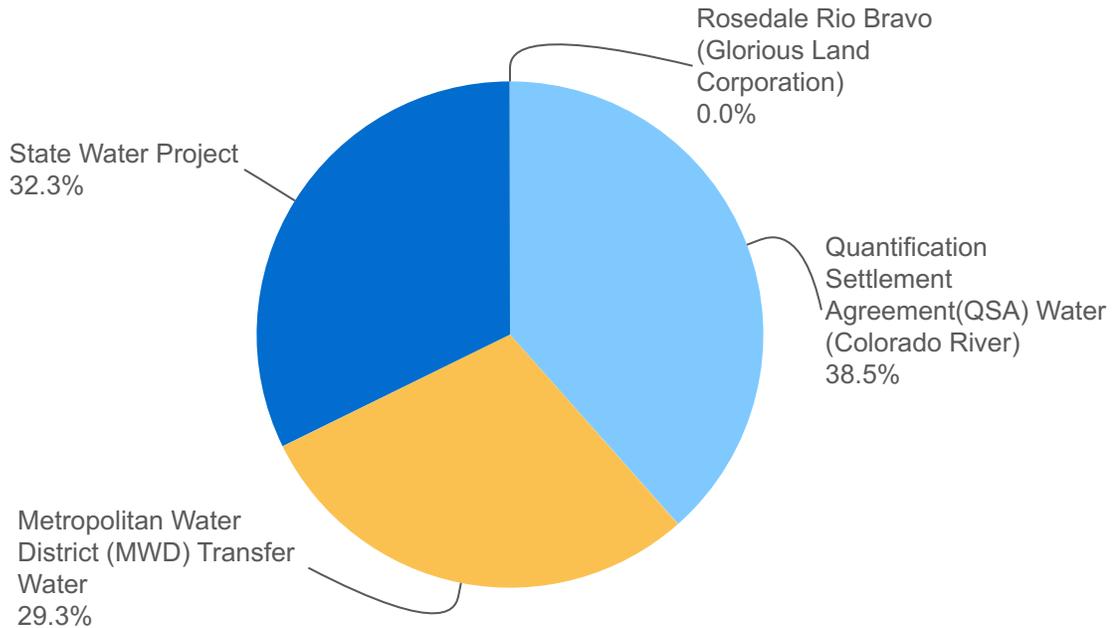
CVWD is governed by a five-member Board of Directors elected to four-year terms by District voters. Each Director lives in and represents one of five directorial divisions of the District and is elected by voters who also live in that division. Terms of office are staggered, and elections are held every two years for two or three of the five Board members.

The Board of Directors sets policy and represents the ratepayers. By a majority vote, the Board may enact and enforce ordinances and pass resolutions necessary for the operation of the District's business. The District plays a vital role in Southern California's water resource management and the Lower Colorado River Basin.

To fulfill this role, the District must work effectively and cooperate with the State and federal governments, numerous local jurisdictions, and other water purveyors. Board members actively serve in leadership positions for numerous intergovernmental agencies and associations that further the interests of the District. Numerous District policies are regulated by several state and federal agencies, including the State Water Resources Control Board, the California Department of Public Health, and the California Environmental Protection Agency. Because the District is a government agency and not a private company, it is not regulated by the Public Utilities Commission.

The District relies on three water sources to serve its customers: groundwater, recycled water, and imported water, with groundwater being actively replenished by imported water sources. The District imports water from four sources: the Colorado River, the Metropolitan Water District of Southern California (MWD), the Glorious Land Company (GLC), and the State Water Project (SWP).

## FY 2024-2025 Purchased Imported Water Allocation



Although the Coachella Valley has a vast aquifer, the region has relied upon imported water to protect and replenish groundwater supplies for years. The Colorado River system is the primary water source for the District's irrigation customers and is used to replenish the aquifer. The District has an annual base allotment of 330,000 acre-feet (af) of Colorado River water. Water conserved from lining the last earthen section of the canal allows 21,500 af/yr to be transferred to San Diego County Water Authority, and 7,500 af/yr is transferred to various Indian tribes for an adjusted base allotment of 301,000 af/yr. Additional Colorado River water allotments vary based on the Quantification Settlement Agreement (QSA) terms. See Note 10 to the Financial Statements for further details about the QSA.

The State Water Project has been used to replenish groundwater through a unique exchange agreement with the Metropolitan Water District. The State Water Project is the nation's largest state-built water conveyance system, and its water supply comes mainly from rainfall, snowmelt runoff, and excess flows in the Sacramento-San Joaquin Delta. The District is one of 29 State Water Project contractors that share in the cost of this delivery system.

## DOMESTIC WATER FUND

CVWD first provided drinking water to Coachella Valley residents in 1961, serving about 1,100 households. With continued growth and under the pressure of the need for a unified agency in the Valley, CVWD took over multiple water systems. Every July, CVWD publishes operational information for the preceding year. The following table details the domestic water system information as of calendar year 2025:

Domestic Water Fund System Information	
Population Served	270,000
Active Accounts	114,708
Average Daily Demand	80.4 MGD
Total Water Delivered	90,099 af
Active Wells	92
Total Daily Well Pumping Capacity	232 MGD
Distribution Reservoirs	68
Storage Capacity	174.2 MG
Distribution Piping System	2,075 Miles

### **Domestic Water Rates**

The District uses a budget-based tiered rate structure to charge customers the cost to provide service and promote water use efficiency. Domestic water service is divided into five (5) customer classes: single-family residential, multi-family, commercial, landscape irrigation, and construction meters. Each customer class is assigned a different monthly fixed charge to reflect the difference in the cost of providing service to them. As illustrated in the table below, there are five tiers, with the first two designed to meet the needs of an average single-family home of four people. All water use in excess of tier 2 is considered inefficient and is charged at a higher rate to cover the incremental costs of providing water in excess of efficient use.

In fiscal year 2021, the District completed a five-year cost of service study (COSS) for the Domestic Fund, resulting in proposed rate increases. The purpose of the study is to develop a sustainable five-year financial plan and rate structure that will meet the overall drinking water needs, support growth and provide funding for aging infrastructure.

The domestic single-family five-year rate history is shown in the table below:

Domestic Five-Year Rate History					
Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Monthly Fixed Charge - Residential 3/4 Inch Meter	\$ 7.92	\$ 12.65	\$ 12.65	\$ 13.35	\$ 14.01
Consumption Tier 1 - Excellent	0.98	0.94	0.94	0.99	1.04
Consumption Tier 2 - Efficient	1.37	1.17	1.17	1.23	1.30
Consumption Tier 3 - Inefficient	2.55	3.59	3.59	3.79	3.98
Consumption Tier 4 - Excessive	4.83	4.21	4.21	4.44	4.66
Consumption Tier 5 - Wasteful	6.34	6.44	6.44	6.79	7.13

## CANAL FUND

More than two-thirds of local farmland is irrigated with Colorado River water delivered via the Coachella Canal (Canal), a branch of the All-American Canal.

Although the Valley is geographically located in the northwestern portion of the Sonoran Desert, irrigation allows widespread agriculture. In 1934, CVWD entered into a contract with the United States Bureau of Reclamation (USBR) to construct the Coachella Branch of the All-American Canal. Reclamation agreed to deliver water to CVWD for potable and irrigation purposes within the 137,000-acre area known as Improvement District Number 1 (ID 1), of which 76,000 acres are irrigable. The larger size of ID 1 was established to maximize potential groundwater replenishment. The Coachella Canal was completed in 1948, with CVWD taking water delivery in 1949. Water that flows through the Canal travels several hundred miles via gravity flow. It starts at the Colorado River and diverts into the All-American Canal at the Imperial Dam, 18 miles north of Yuma, Arizona. The water is diverted, again, 38 miles downstream, into the Coachella Canal.

CVWD entered into a contract to construct the irrigation distribution system and a system of protective works to the Canal and systems to protect from alluvial fan flooding. Shortly after work on the canal was completed, construction began on an underground tile drainage system designed to carry agricultural irrigation drainage water away from farmland to the Salton Sea.

The next page reflects some of the operating information as of calendar year 2025:

Canal Water Fund System Information	
Irrigable Acres for Service	78,249
Active Accounts	1,427
Total Water Delivered	297,015 af
Average Daily Demand	936 af
Maximum Daily Demand	1,486 af
Reservoirs	8
Storage Capacity	2,114 af
Distribution System	503 Miles
Pumping Plants	20
Length of Canal	123 Miles

### **Canal Water Rates**

Canal Water Service Charges are condensed into two types of customers: Class 1, Agriculture, and Class 2, Non-agriculture. The Outside Improvement District 1 (ID1) Surcharge is assessed to all customers outside of ID1. The Outside ID1 Surcharge is a fixed charge based on property acreage. It is calculated by dividing the ID1 property tax revenue each year by the total acres within ID1 receiving canal water service.

Similar to the Domestic Fund, the District completed a five-year COSS in fiscal year 2021 for the Canal Fund which established the rates for FY 2024/25. In July 2025, a new COSS was adopted setting a new rate structure and rates through FY 2029/30. There were three primary differences in the rate study compared to the previous study. The first difference is the Water Supply Surcharge was eliminated. There is no longer a differential charge placed on non-agricultural users. The second difference is the Quagga Mussel mitigation Surcharge has been folded into the Irrigation Water Commodity Charge. The third difference is the application of non-rate revenue. The previous study applied non-rate revenue to Irrigation Water Commodity Charge to be uniformly shared among

water users preventing any from paying the cost of service. However, the application of non-rate revenue is at the discretion of the Board. In the 2025 COSS, the cost of service to deliver water is prepared for each customer class before non-rate revenue is applied. Then non-rate revenue is used to adjust the rates to the levels the Board deems to be appropriate public policy. It continues to be true that no customer class pays the full cost of service.

The table below shows the five-year history of Canal rates prior to the 2025 COSS with FY 2025 rates in effect on June 30, 2025:

Canal Five-Year Rate History					
Service (Per af/Occurrence)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Irrigation Water Commodity Charge:					
Agriculture	\$ 34.32	\$ 34.32	\$ 34.32	\$ 34.32	\$ 34.32
Non-Agriculture*	34.32	34.32	34.32	34.32	34.32
Construction Water Commodity Charge*	47.41	51.33	51.33	51.33	51.33
Water Supply Surcharge	67.80	67.80	67.80	67.80	67.80
Quagga Mussel Surcharge	2.78	3.18	3.63	3.63	4.22
Outside ID 1 Surcharge (\$/acre/month)	3.69	3.92	4.17	4.17	4.52
Oasis Surcharge	3.69	3.92	59.26	59.26	59.26
Gate Charge - Scheduled	16.66	19.80	23.53	23.53	29.60
Gate Charge - Unscheduled	33.32	39.60	47.07	47.07	59.20

*\*All Non-Agriculture and Construction Water customers pay the Irrigation Water Commodity Charge and the Water Supply Surcharge.*

### SANITATION FUND

In 1968, CVWD began wastewater collection and treatment services. Overall, CVWD treats approximately six billion gallons of wastewater annually and recycles more than two billion gallons of wastewater each year. This wastewater is subject to an advanced multi-step process that filters out solids, organic materials, chemicals, and germs. At two of the District’s five wastewater reclamation plants (WRP), the treated reclaimed, or non-potable, water is then delivered to customers to irrigate grass, landscapes, and fill lakes. Increasing the supply and use of recycled water is a key component of CVWD’s long-range water management plans. The table below shows CVWD’s current service and system:

Sanitation Fund System Information	
Population Served	251,000
Active Accounts	106,574
Average Daily Flow	17.35 MGD
Wastewater Reclamation Plants	5
Total Daily Plant Capacity	33.1 MGD
Collection Piping System	1,181.8 Miles

Sewer customers are charged a consumption-based fixed service charge, which estimates sewage discharge, called an equivalent sewer unit (ESU). Sewage discharges for residential customers are based on the indoor water budget of 200 gallons per dwelling unit per day, multiplied by 365 days per year, which yields an equivalent sewer unit of 73,000 gallons per year.

This ESU value is used as a common denominator to measure the relative impact of all customer classes on the sewer system. A monthly account charge per customer is established to recover billing costs, such as the cost of placing sewer bills on the tax roll for residential customers. The recreational vehicle (RV)/trailer park customer class has sewage production patterns similar to residential but receives monthly sewer bills rather than annual sewer bills; therefore, they are charged a monthly account charge that reflects the cost to bill monthly.

Nonresidential accounts are based on potable water use, combined with an assumption of a “return to sewer” factor. The return to sewer factor estimates how much of the account’s potable water use is discharged to the sewer drain as wastewater. All residential and RV/trailer park customers are charged one service charge unit per dwelling unit. Nonresidential customers are charged one service charge per ESU. Nonresidential customers are assigned ESU values based on 90% of their average daily water usage.

Customer Class	Monthly Sewer Rates			
	FY 2024 Account Charge	FY 2024 Service Charge per ESU	FY 2025 Account Charge	FY 2025 Service Charge per ESU
Residential	\$1.69	\$27.10	\$1.73	\$29.48
RV/Trailer Parks	\$4.91	\$27.10	\$5.05	\$29.48
Nonresidential	\$4.91	\$27.10	\$5.05	\$29.48

The District completed a COSS for the Sanitation Fund in fiscal year 2022. The study created a financial plan and determined the appropriate monthly rates that support the Sanitation Fund’s fiscal needs. The table above details the prior rates and adopted rates for fiscal year 2025.

**GROUNDWATER REPLENISHMENT FUND GROUP**

CVWD has three replenishment funds: the West Whitewater Replenishment Fund, the Mission Creek Replenishment Fund, and the East Whitewater Replenishment Fund. Replenishment assessment charges are used to fund a portion of the costs of importing supplemental water for the replenishment of the subbasins located within the District’s boundaries.

Groundwater Replenishment Fund System Information	
In Cooperation with Desert Water Agency	
Replenishment Facilities	4
Replenishment from Imported Water	316,243 af
Imported Supply from 1973 through 2024	5,117,029 af

During fiscal year 2021, the District completed five-year COSS for all three replenishment funds covering fiscal years 2022 to 2026. No new rates were adopted in fiscal year 2025 for the West Whitewater Replenishment Fund, East Whitewater Replenishment Fund, and Mission Creek Fund.

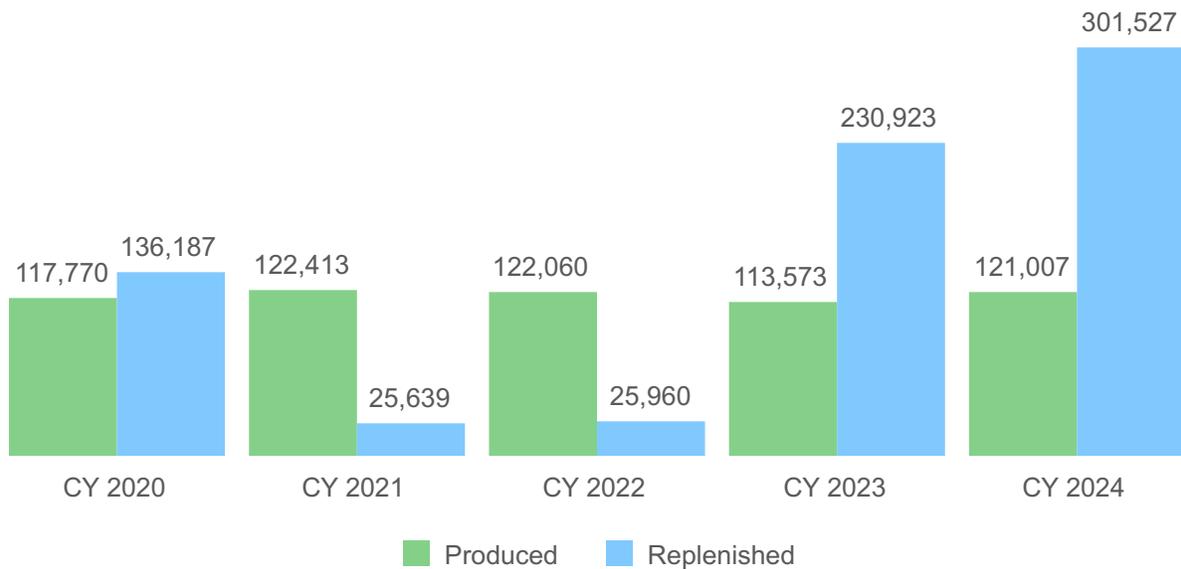
West Whitewater Replenishment Fund

In 1973, CVWD and Desert Water Agency (DWA) began using the State Water Project entitlement to replenish the western Coachella Valley’s aquifer at the Whitewater spreading area northwest of Palm Springs. For the calendar year 2024, the replenishment assessment charge applicable (assessable) groundwater production within CVWD’s West Whitewater River Subbasin Area of Benefit (AOB) was 121,007 af. Total production and surface water diversions in the West Whitewater River Subbasin AOB were 158,118 af, representing an approximate 6 percent increase from calendar year 2023.

For calendar year 2024, 301,527 af were directly replenished in the West Whitewater River Subbasin AOB. The amount of water replenished varies year-to-year due, in part, to the 1984 Advance Delivery Agreement between CVWD, DWA, and Metropolitan Water District (MWD), whereby the District will allow MWD to pre-deliver up to 800,000 AF of water in the Whitewater River. In years where an advance delivery balance exists, MWD may deliver less than the agreed-upon allocations and instead draw on those advance delivery balances. The agreement allows MWD to store Colorado River water in the Whitewater River Basin in wet years.

The graph below shows the history of af produced and replenished in the last five calendar years:

West Whitewater River Replenishment AOB (af)



The table below shows the five-year history of the replenishment assessment charges (RAC) in the West Whitewater Replenishment Fund.

Fund Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
West Whitewater Replenishment Rate (AF)	\$ 143.80	\$ 165.37	\$ 165.37	\$ 165.37	\$ 165.37

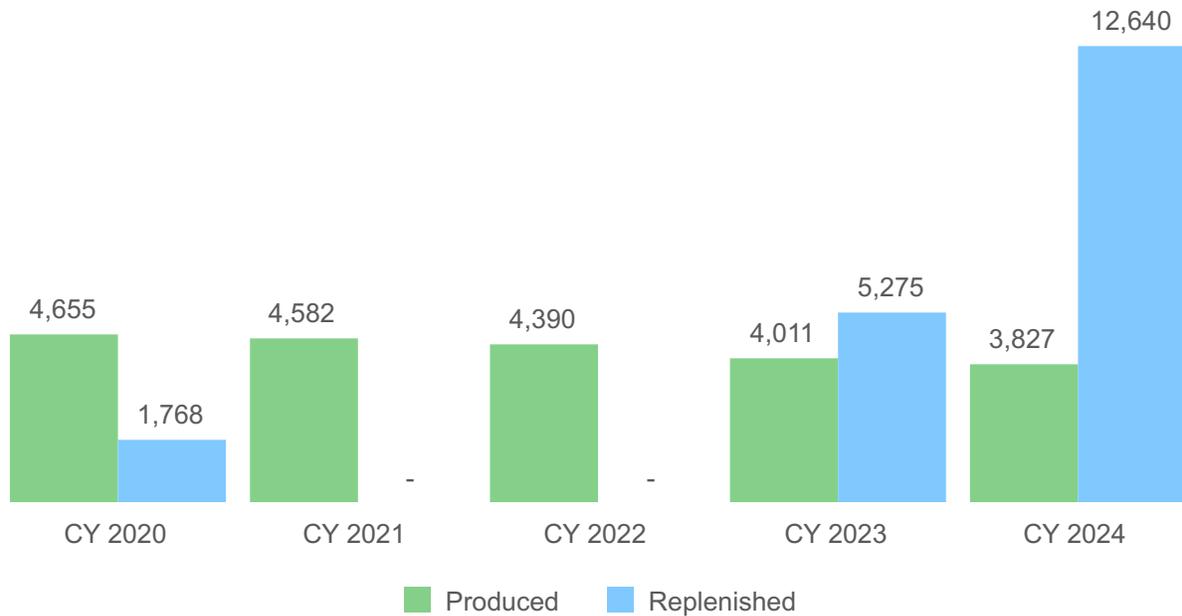
Mission Creek Replenishment Fund

The Mission Creek Subbasin Area of Benefit (AOB) is bound on the south by the Banning fault and on the north and east by the Mission Creek fault. This subbasin relies on the same imported SWP exchange water source as the West Whitewater River Subbasin AOB. CVWD and DWA completed construction of the facilities to replenish the Mission Creek Subbasin AOB in 2002. In 2003, CVWD and DWA entered into the Mission Creek Groundwater Replenishment Agreement. This agreement recognizes the need to operate the subbasin as a complete unit rather than as individual segments delineated by agency boundaries. In calendar year 2024, total assessable production in the Mission Creek Subbasin AOB was 12,754 acre-feet, 1 af more than 2023. The assessable production in CVWD’s Mission Creek Subbasin AOB was 3,827 af which was approximately 30 percent of total production within the management area.

Replenishment of the Mission Creek Subbasin Management Area is currently accomplished via the artificial recharge of SWP water exchanged with Metropolitan Water District of Southern California (MWD) for Colorado River water and delivered to the Mission Creek Groundwater Replenishment Facility (GRF). In CY 2024, 12,640 af were delivered to the Mission Creek GRF for direct replenishment.

The graph below shows the history of acre-feet produced and replenished in the last five years.

Mission Creek Subbasin AOB (af)



The table below shows the five-year history of the replenishment assessment charges (RAC) in the Mission Creek Replenishment Fund.

Fund Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Mission Creek Replenishment Rate (AF)	135.52	135.52	135.52	135.52	135.52

East Whitewater Replenishment Fund

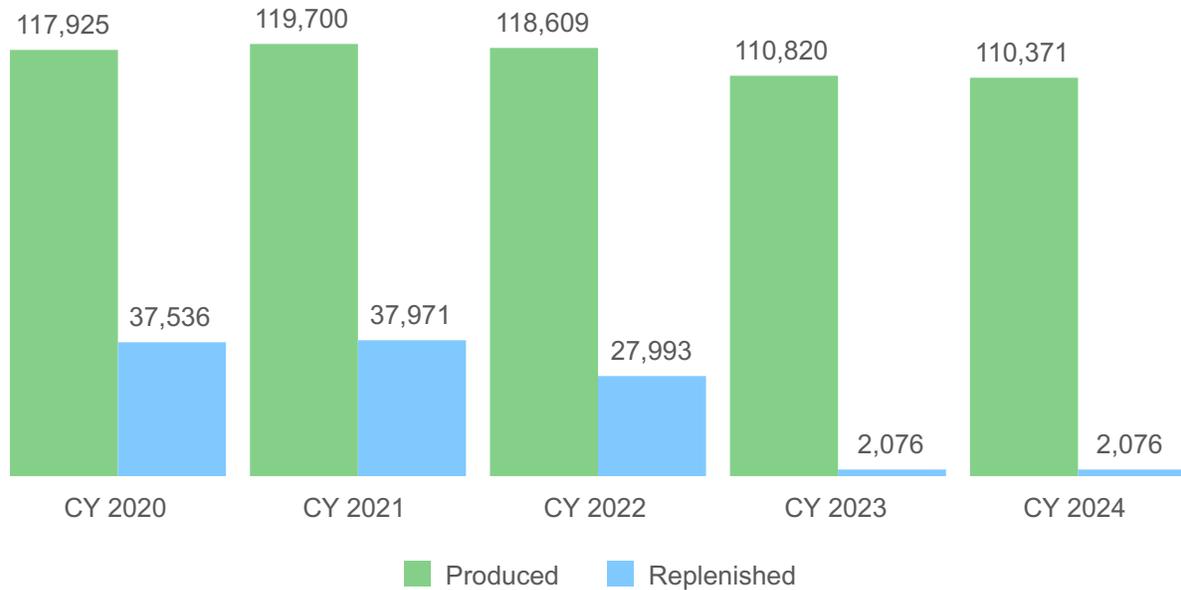
The Eastern boundary of the East Whitewater River Subbasin is formed primarily by the watershed of the Mecca Hills and by the Northwest shoreline of the Salton Sea, running between the Santa Rosa Mountains and Mortmar. The southern boundary roughly coincides with the Riverside/Imperial County line. The west boundary runs from Point Happy in La Quinta to Indio Hills and the San Andreas Fault.

Groundwater replenishment in the east valley began in 1997, using pilot groundwater replenishment facilities at Martinez Canyon and Dike 4. The Thomas E. Levy Groundwater Replenishment Facility (TEL) became operational in 2009. A loan from the Domestic Water Fund was used to pay for the cost of the new facility and was fully repaid as of June 30, 2023.

In calendar year 2024, assessable production in the East Whitewater River Subbasin AOB was 110,371 af, which represents a 449 af decrease from 2023. By the end of 2024, CVWD had replenished a total of 520,451 af of water in this subbasin with water supplied by the Colorado River via the Coachella Branch of the All-American Canal. Replenishment totaled 2,076 af in calendar year 2024.

The graph below shows the history of acre-feet produced and replenished in the last five years.

East Whitewater River Replenishment AOB (af)



The table below shows the five-year history of the replenishment assessment charges (RAC) in the East Whitewater Replenishment Fund.

Fund Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
East Whitewater					
Replenishment Rate (AF)	\$ 66.00	\$ 72.27	\$ 72.27	\$ 72.27	\$ 72.27

**STORMWATER FUND**

In 1937, the Coachella Valley Stormwater District of Riverside County was merged into the Coachella Valley Water District. The District became responsible for much of the region’s stormwater protection, helping to prevent loss of life and extensive property damage. CVWD protects over 590 square miles from flooding. The entire system includes approximately 169 miles of channels built along the natural alignment of dry creeks that flow from the surrounding mountains into the Whitewater River. Along with the channels, several levees have been constructed to collect rapidly rushing floodwater as it pours from the adjacent mountains onto the valley floor. The CVWD flood protection system is a 50-mile storm channel from the Whitewater area north of Palm Springs to the Salton Sea. The following table provides information on the system:

### Stormwater Fund System Information

Service Area	381,479 Acres
Stormwater Channels	19
Length of Whitewater River/Coachella Stormwater Channel	50 Miles
Length of all Regional Flood Protection Facilities	172.6 Miles

The Whitewater River/Coachella Valley Stormwater Channel was designed to convey rain and snow melt from Whitewater to the Salton Sea. It was built to withstand a standard flood or a flow of about 83,000 cubic feet per second. Although the Coachella Valley averages less than four inches of rain per year, the surrounding mountains are subject to much higher rainfall, which can produce unpredictable, damaging, and flash flooding events throughout the Valley. Ensuring adequate stormwater protection is critical.

The District continuously prioritizes regional stormwater protection improvements. The District recently completed phase 1 and 2 of the North Indio Regional Flood Control Project (NIRFCP), which involved constructing flood conveyance channels from the Sun City Palm Desert development to the Sun City Shadow Hills development. The District is now working on the final phase of North Indio Regional Flood Control Project, called the Thousand Palms Channel Improvement Project, which will provide the final connectivity to convey the regional stormwater flows to the Coachella Valley Stormwater Channel from the Sun City Shadow Hill channel.

An additional priority project for the District is the North Cathedral City Regional Stormwater Project. This project involves constructing a concrete channel beneath the Union Pacific Railroad Bridge to convey stormwater flows from the Morongo Wash, south to Interstate 10 to the Whitewater River Stormwater Channel.

### **Economic Indicators**

The District's total net position increased by \$157 million in fiscal year 2025 as compared to the prior year. Total revenues increased by \$76.6 million. Total expenses increased by \$19.1 million.

The estimated population of major cities within the Coachella Valley is just over 370,000, which can increase to almost 600,000 during November through May with the influx of "snowbirds" escaping the cold winters of Canada, the Pacific Northwest, and the Northeastern United States.

### ***Tourism and Golf***

Tourism and golf are the region's largest and most dynamic sectors and are a critical component of the Valley's economy. Organizations and Cities in the Coachella Valley host multiple significant events such as Modernism Week, the Palm Springs International Film Festival, the Coachella Valley Music and Arts Festival, the Stagecoach Country Music Festival, and the BNP Paribas Open tennis tournament.

Golf courses in the Coachella Valley account for almost 14% of the golf industry in California. In the Coachella Valley, the golf industry provides employment opportunities and substantially contributes to the economic growth of the Valley. The District recognizes that providing the golf community with sufficient water supply for its operational needs is critical while remaining at the forefront of ensuring appropriate measures are taken to maintain water conservation. This includes the conversion of irrigated turf and landscaping to native plantings and the utilization of non-potable water.

### ***Employment***

The average unemployment rate in Riverside County increased from 4.8% in calendar year 2023 to 5.3% in calendar year 2024, reflecting a slight rise in unemployment over the year.

## **Crop Production**

The District provides agricultural irrigation service to 78,249 irrigable acres through an extensive distribution system consisting of 80 laterals and nearly 500 miles of underground pipeline delivering Colorado River water from the Coachella Canal. In calendar year 2024, the District delivered approximately 301,881 acre-feet of water to 1,427 active agricultural accounts. Agriculture remains the second-largest contributor to the local economy, generating more than \$778 million annually and supporting approximately 12,000 jobs.

The District continues to prioritize water conservation through full piping and metering of 100% of irrigated properties, resulting in approximately 5% system loss, which is low compared to industry standards. Additional conservation measures include lining major sections of the Coachella Canal, yielding substantial annual water savings, and promoting efficient irrigation practices, with approximately 55% of agricultural customers utilizing drip irrigation.

### **1) Fiscal Year 2025 Highlights**

- Total net position increased by \$157 million.
- Total net capital assets increased by \$74.5 million, mainly due to the completion of several major capital projects:
  - Mid Canal Storage Project
  - North Shore Water Main Replacement and Dale Kiler Road Water Main Replacement
  - Adams Street Water Main Replacement Project
  - Hydropneumatic Tank Replacement – Phase 2 (3 Tanks)
  - Palm Desert Operations Parking Lot Rehabilitation – Phase 2
- The capital improvement program achieved an execution rate of 85%, which exceeded the target rate of 75%.
- Funding large capital projects with low-cost loans and grants continues to be a priority for the District.
- In fiscal year 2025, CVWD secured significant grant funding to support various water and sanitation projects. This included a \$39 million grant from the United States Bureau of Reclamation to upgrade our Wastewater Reclamation Plant in Thermal. The upgrade will support Phase 1 of a multi-year project that will allow the plant to provide a blend of recycled and canal water for crop irrigation in the eastern Coachella Valley. This will be the first CVWD treatment plant to offer this type of blended water supply to agricultural irrigation customers, which will help reduce the use of Colorado River water.
- Fiscal year 2025 saw successful partnerships with several local cities to support conservation efforts. The District offered free installed smart controllers for residents and refunds 75% of the cost for Homeowner Associations and commercial customers. In fiscal year 2025, the District installed 177 residential and 120 large landscape smart controllers.

The turf buy-back program is another popular program the District provides to help reduce outdoor irrigation. The District paid residential customers \$2 per square foot, up to a maximum of 10,000 square feet. For commercial customers, rebates are available at \$2 per square foot, up to a maximum of 50,000 square feet. In fiscal year 2025, an additional 642,053 square feet of turf was replaced with desert-friendly landscape. To date, through CVWD's rebate program, desert landscaping has replaced more than 25.5 million square feet of grass.

In addition, the High-Efficiency Toilet Replacement Program continued to support water conservation efforts, with an additional 253 toilets replaced in 2025.

## **2) Fiscal Year 2025 Financial Plan - Operating and Capital Improvement Budgets**

Each year, the Board approves an annual operating budget. The District uses a base budget approach to budgeting. The base budget approach consists of budget proposals sufficient to maintain the operation of programs authorized in earlier years. Departments may request funding above the base budget amount to maintain current service levels, to provide for the expansion of existing programs, or to enable the implementation of new services or programs. These are considered supplemental requests. All supplemental funding requests must be thoroughly described and include concise justification that reflects consideration of reasonable alternatives, particularly if the request involves the addition of full-time personnel.

The fiscal year 2025 adopted budget totals \$533.3 million, and includes \$324.6 million in operating expenses, \$50.3 million in debt service, and \$158.3 million in capital expenditures. Total operating expenses reflect a \$14.1 million decrease over the fiscal year 2024 budget, primarily due to reductions in expected water purchases in fiscal year 2025 after two wet years.

Budgeted debt service expenses increased significantly in fiscal year 2025 due to the planned payoff of the 2022 Domestic Notes. This debt issuance was used to provide interim financing for several projects that will ultimately be funded with low-cost loans from the US Department of Agriculture (USDA). The payoff of \$35.2 million took place in June 2025 with the issuance of a private placement revenue note, which will continue to serve as interim financing for certain capital improvements until the USDA loans are issued.

### ***Staff***

The District budget has 570 staff members responsible for daily operations and implementing strategic initiatives and policies set forth by the Board of Directors. This is the same as fiscal year 2024.

### ***Challenges Facing the District***

The District currently faces several challenges, including investments in infrastructure, drought, and hydrological volatility, pension costs, rising cost associated with new unfunded regulatory requirements, and pending litigations.

#### ***Investment in Infrastructure***

The aging infrastructure and rising demand on the water supply, due to the continual growth of the Valley, present an ongoing and significant challenge for CVWD in the short and long term. The District has aggressively pursued alternative funding sources for the past few years, including grants, loans, interim financing, and revenue bond debt issuance to support capital project needs.

The District maintains a Comprehensive Asset Management Plan to catalog and prioritize the replacement of aging infrastructure. The purpose of the plan is to provide the District with a comprehensive view of the state of all assets and a timeline for replacement based on the likelihood and consequence of failure. To date, over 300,000 physical assets, assessed at a replacement cost of approximately \$7 billion, have been identified, inventoried, located, photographed, condition-scored, and valued. These physical assets have been entered into the new Computerized Maintenance Management System (CMMS) implemented in Fiscal Year 2022-2023.

#### ***Drought And Hydrological Volatility Impacts***

##### ***State Water Project***

Fiscal year 2024-2025 State Water Project Table A allocation was 45% (an average of 40% for calendar year (CY) 2024 and 50% for CY 2025), which was a significant gradual increase from the initial allocation. Hydrologically, it was a year of extremes, with predominantly dry periods interrupted by intense, short-duration storm events. The statewide snowpack peaked at 100% of the seasonal average on April 4, 2025, which allowed key reservoirs to remain in good condition.

## Colorado River Water

To ensure stable operations of the Colorado River system, CVWD remains an active participant in the negotiations for the successor agreement to the 2007 Interim Guidelines. Although the terms are still under discussion, it is recognized that the next agreement must be responsive to drier conditions than originally anticipated in the 2007 Interim Guidelines. This agreement would ideally include actions on the part of all Colorado River users, including temporary or longer-term water reductions. Through its active leadership, CVWD is safeguarding the Coachella Valley's water future while helping secure a sustainable Colorado River for all users.

In response to the changing hydrologic conditions on the Colorado River, CVWD' Board approved several conservation programs under USBR's Lower Colorado Conservation and Efficiency Program, including replenishment curtailment, an agricultural fallowing program, and an upgrade of Water Reclamation Plant 4 tertiary treatment.

## Pension Costs

The District provides retirement benefits to District employees through the California Public Employees Retirement System (CalPERS). As of 2025, the Board of Directors has approved a total of \$27,610,000 in additional funds paid directly to CalPERS to reduce the District's unfunded liability. In June of 2025, the District establish a Section 115 irrevocable Pension Trust to offset the pension liability and contributed an initial investment of \$5 million in August of 2025. As of the CalPERS Actuarial Valuation for measurement date ending June 30, 2024, the District's funded ratio is 74.6% with an unfunded accrued liability of \$143,549,425.

Other Post Employment Benefits (OPEB) other than Pension. The District provides health care benefits to all employees who retire from the District, under retirement criteria established by the District, up to the age of 65, through a single-employer defined benefit plan. The OPEB eligibility varies depending on the bargaining unit's agreements. The District established a Section 115 irrevocable OPEB Trust in 2013 and monitors the OPEB plan and its funding status. The District began reimbursing itself for a portion of retiree benefit costs in Fiscal Year 2022-2023 from the Trust. As of June 30, 2025, the OPEB plan is 104.5% funded, compared to 99.5% in 2024.

## Regulatory Requirements

California adopted a chromium-6 maximum contaminant level (MCL) of 10 ppb, which became effective October 1, 2024. Chromium-6 was detected in some CVWD wells at levels that exceed the new MCL, at levels between 11 and 14 ppb. California's MCL is the nation's only drinking water standard for chromium-6. CVWD has completed a Compliance Plan and implementation timeline, which were submitted to the California State Water Resources Control Board, Division of Drinking Water (DDW) for review and approval. To meet state standards, 33 of 92 CVWD wells will either need to be taken out of service or treated to lower chromium-6 levels.

CVWD is working with the DDW to address this exceedance and comply with the new MCL. The cost of complying with the new unfunded regulation will exceed \$350 million, significantly increasing water rates.

## Pending Litigation

### *Replenishment Assessment Charge Litigation*

Plaintiff Howard Jarvis Taxpayers Association, successor in interest to Randall C. Roberts, alleges that the District's West Whitewater River Subbasin Area of Benefit (AOB), Mission Creek Subbasin AOB, and East Whitewater Subbasin AOB replenishment assessment charge rates (RAC Rates) violate Proposition 26.

On April 21, 2022, the trial court granted the petition, finding the District had not met its burden to show the RAC Rates met the requirements of Proposition 26. On August 11, 2023, the trial court entered judgment against the District and ordered refunds totaling \$13,874,856. On January 19, 2024, the trial court ordered attorney fees of \$3.5 million to be deducted from the refund award. This judgement applies only to RAC Rates for fiscal years 2021, 2022, and 2023.

The District appealed from judgment on August 21, 2023, challenging the refund liability and the fee award. The Court of Appeal filed its Opinion on November 26, 2025, affirming the trial court's judgment. The District filed a Petition for Rehearing on December 9, 2025, arguing that the Court should reconsider the availability of refunds in light of recent legislation and case law that was not addressed in the Opinion. The Appellate Court summarily denied that Petition on December 18, 2025. The District is preparing a Petition for Review in the California Supreme Court, which will be filed by January 5, 2026.

HJTA filed reverse validation actions challenging the District's levy of RAC Rates for Fiscal Years 2024 and 2025. The trial court consolidated these two actions and stayed them pending appeal of the initial RAC case. If the Petition for Review is denied, the stay will be lifted and litigation of these matters will proceed. The District believes it has meritorious defenses and will vigorously defend them.

### *Canal Rates Litigation*

Plaintiff Howard Jarvis Taxpayers Association, successor in interest to Randall C. Roberts, alleges the District's Canal Water rates violate Proposition 218. Original Plaintiff Roberts brought the action as a representative of a class consisting of all of the District's current and former non-agricultural property owners and water customers who directly and indirectly paid "Class 2" Canal Water rates.

On November 29, 2021, the court entered a final order on the merits finding the Canal Rates did not comply with Proposition 218. On March 1, 2023, the trial court entered judgment against the District and ordered refunds totaling \$17,769,357. On September 1, 2023, the trial court ordered attorney fees of \$4.4 million to be deducted from the refund award. The District appealed from judgment on March 2, 2023. On January 31, 2025, the Fourth District Court of Appeal issued a published decision upholding the trial court's judgment and refund award. The California Supreme Court denied review on April 30, 2025 and a remittitur issued May 2, 2025. The trial court issued an amended judgment ordering refunds totaling \$21,614,322 on June 3, 2025.

In compliance with the amended judgment, the District has adopted new Canal Rates effective August 1, 2025, provided HJTA with a list of Class 2 Canal Customer accounts, established a common fund account and transferred \$9,300,000 into it, paid HJTA's counsel \$3,997,673.34 in attorneys' fees and costs, and is providing HJTA with bi-monthly reports on the status of compliance. Per stipulation, the District will begin paying refunds within 60 days after the entry of a final order ruling on HJTA's motion for post-judgment attorneys' fees, which is set for hearing on January 9, 2026.

The decision affects only Canal Rates for delivery of raw water for irrigation uses. It does not directly affect rates for domestic water service. The District remains free to remake rates for canal water service sufficient to recover the cost of that service and the costs of fulfilling this judgment. It will do so to ensure compliance with its contractual commitments to the State Water Board and other lenders. The District has reserved against the possibility of a loss in this case, as well. The District does not foresee obstacles to maintaining its domestic water system and projects financed by the State Water Board.

HJTA filed identical petitions challenging Canal Rates for Fiscal Years 2024 and 2025. These cases were consolidated and stayed pending decision of the appeal from the earlier challenges, but that stay is now lifted. We have a viable defense for these two fiscal years that was not resolved in the first-filed cases — that the use of discretionary revenues to subsidize Canal Rates means that no one pays the cost of service and Proposition 26 is satisfied. CVWD can litigate this issue on different (and more favorable) administrative records than in the initial Canal matters.

### *SWP Litigation*

Plaintiff Howard Jarvis Taxpayers Association, successor in interest to Randall C. Roberts, alleges that the District's State Water Project ad valorem property tax (SWP Tax) violates Propositions 13, 26 and 218.

On March 14, 2023, the trial court issued a liability ruling, concluding the District must refund and rescind the SWP Tax for the years in issue. The decision does not interfere with the District's authority to levy the tax in future years and the District believes its levy for the 2023-24 fiscal year is compliant with the trial court ruling. The matter is now in the remedies phase. Plaintiff is seeking a refund of over \$100 million. The District asserts the maximum possible refund is approximately \$47 million while arguing that a recent statute forbids refund relief. The initial remedies hearing was held on August 12, 2025. The court has requested live testimony of the parties' remedies experts and that hearing is expected to occur in February 2026. The District intends to appeal the court's order when a final judgment enters following the remedies phase. The District believes it has meritorious defenses to the claims and will assert them on appeal.

HJTA has filed reverse validation actions challenging the SWP Tax for Fiscal Years 2023, 2024 and 2025. The Fiscal Year 2024 and 2025 cases have been consolidated, and all three cases have been stayed pending appeal of the initial SWP cases.

#### *Domestic Rates Litigation*

Plaintiff Howard Jarvis Taxpayers Association filed four lawsuits in Fiscal Year 2024 alleging that the District's Domestic Water rates violate Proposition 218. The suits have been consolidated and will be tried together. The matter has not yet been set for trial. The District believes it has meritorious defenses to the claims and will vigorously defend this lawsuit.

#### *Agua Caliente Litigation*

The Agua Caliente Band of Cahuilla Indians ("Agua Caliente Tribe") filed a lawsuit on May 14, 2013, against the District and Desert Water Agency (DWA), claiming senior water rights above all users in the Coachella Valley. On January 24, 2020, the Tribe filed a second case that challenged the water districts' authority to levy replenishment assessment charges on groundwater production on the Tribe's reservation. On October 6, 2020, pursuant to the parties' stipulation, the federal district court entered an order to stay all proceedings in both cases to allow the parties to pursue settlement discussions before a private mediator, and the district court administratively closed both cases.

The parties actively participated in mediation sessions, which included the United States Department of Interior's Indian Water Rights Settlement Office. On May 19, 2025, the Agua Caliente Tribe, CVWD and Desert Water Agency executed a settlement agreement to resolve all claims against the water districts in the two cases.

The settlement agreement will not be effective until (1) Congress enacts legislation that approves the settlement and authorizes the Secretary of the Interior to sign the agreement, and (2) the federal district court thereafter approves the proposed consent decree among the water districts, Tribe and the United States that defines the tribe's federal reserved water right.

On June 20, 2025, the federal district court approved a stipulation to stay all proceedings in the Agua Caliente cases until the district court approves the proposed consent decree.

On November 7, 2025, Representative Ken Calvert introduced legislation to approve the settlement, H.R.5935. The water agencies and the tribe have identified technical errors in the bill as introduced, have agreed upon amended language to correct those errors, and have forwarded the proposed amendments to Representative Calvert's staff.

As of December 9, 2025, the Department of Interior, the Department of Justice and the Office of Management and Budget have not completed review of the proposed settlement agreement and legislation. H.R. 5935 will not be heard in legislative committee until the executive branch reviews are completed.

Under the settlement agreement and proposed consent decree the Tribe will be decreed a quantified groundwater right of 20,000 acre-feet per year that will be exempt from replenishment assessment charges (RAC) levied by the water districts. The water districts will use a portion of this water, subject to a potential cap of 10,000 acre-feet per year, to provide domestic water service to existing reservation lands under a contract with the Tribe. Although the groundwater produced to provide that service will be exempt from the RAC, the Tribe will levy an equivalent charge, a Tribal Replenishment Equivalent Charge (TREC), in the same amount as the producing water district's RAC, and the proceeds of the TREC will be retained by the water district producing the groundwater under the tribal water right to provide that domestic water service. CVWD will thus be kept whole financially for providing the continued domestic water service to reservation lands.

For a 42-year period beginning May 19, 2025, the water districts also will be able to continue to levy RAC on third-party groundwater production from wells on reservation lands.

Pursuant to the settlement, the proposed settlement legislation will authorize appropriation of \$74 million in federal funding that will be provided to the Tribe to reimburse CVWD for investments it has made or will make in the Sites Reservoir Project, Delta Conveyance Project, Perris Seepage Recovery Project, acquisition of additional Table A water from the California State Water Project, or in other projects that will augment Groundwater supplies in the Indio Subbasin by making additional water available for recharge at the Whitewater River Recharge Facility or otherwise supporting Groundwater levels under the Reservation.

The settlement agreement and proposed settlement legislation will leave CVWD's authority to levy possessory interest taxes (PIT) on lessees of Agua Caliente reservation trust lands and CVWD's allocated share of the 1% PIT unimpaired.

### ***Financial Stability***

Overall, the District's financial stability remains stable and strong for the fiscal year ending June 30, 2025. Tariffs on goods and inflationary pressures resulted in considerable increases in project costs. CVWD continues to monitor and proactively respond to economic changes that may have a fiscal impact.

In addition, CVWD continues to pursue alternative funding sources such as grants, loans, interim financing, and bond financing to support capital-financing needs. Proposition 218 allows for approval of five-year rate increases; however, CVWD adopts rate increases on an annual basis.

### **3) Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Coachella Valley Water District for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is for a period of one year only. We would like to thank the dedicated employees of the District for their commitment to providing high-quality service to the District's customers. In addition, we would like to thank the Board of Directors for providing the resources necessary to prepare this report and for their role in preserving the District's framework of internal controls. The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department.

Respectfully submitted,



Karla Romero  
Director of Finance

COACHELLA VALLEY WATER DISTRICT  
Service Boundary Map



COACHELLA VALLEY WATER DISTRICT  
Board of Directors

**Mission Statement**

*To meet the water-related needs of the people through dedicated employees, providing high-quality water at a reasonable cost.*



John Aguilar  
Division One



Anthony Bianco  
Division Two



John Powell Jr.  
**Board President**  
Division Three

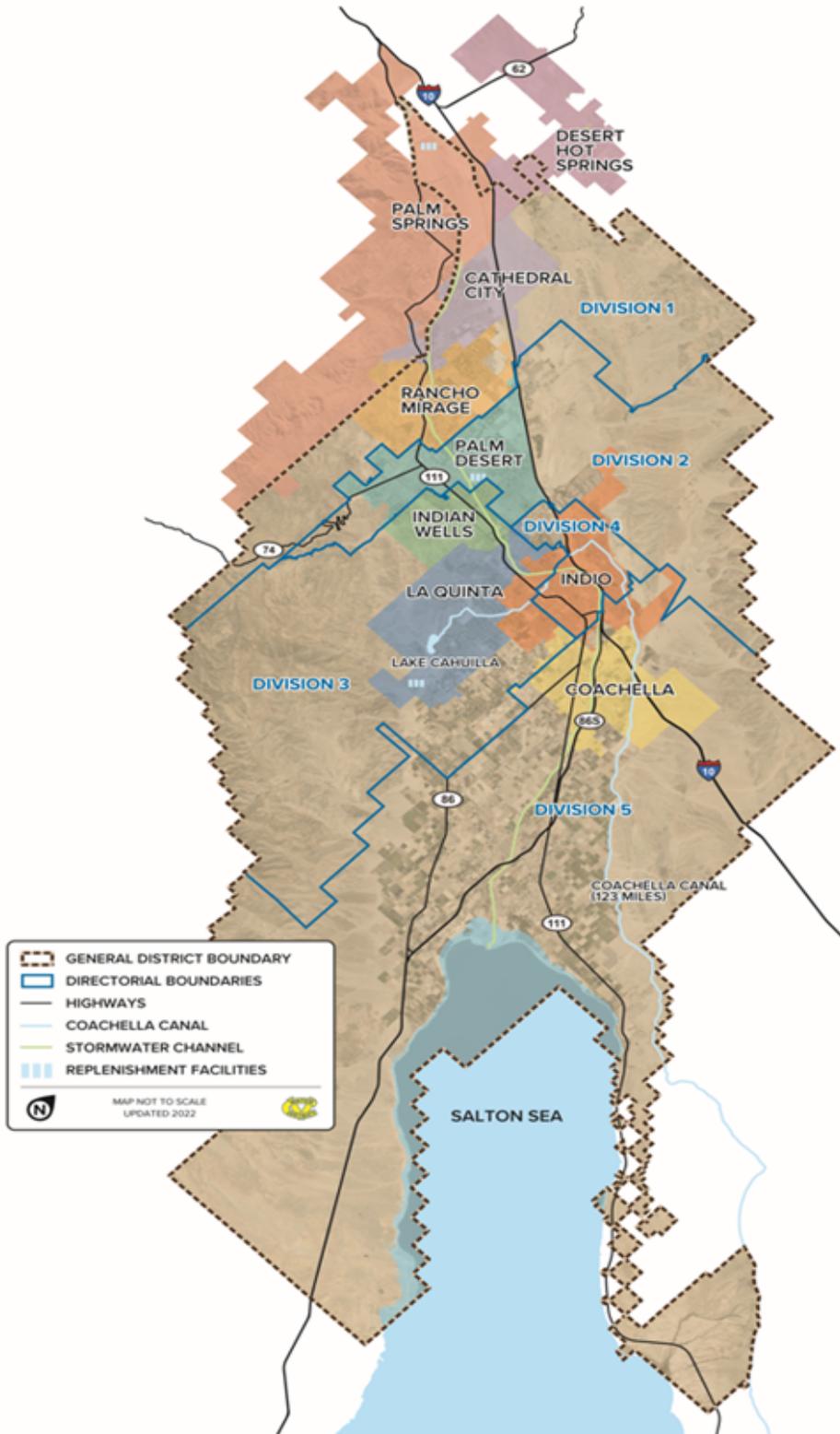


Peter Nelson  
Division Four

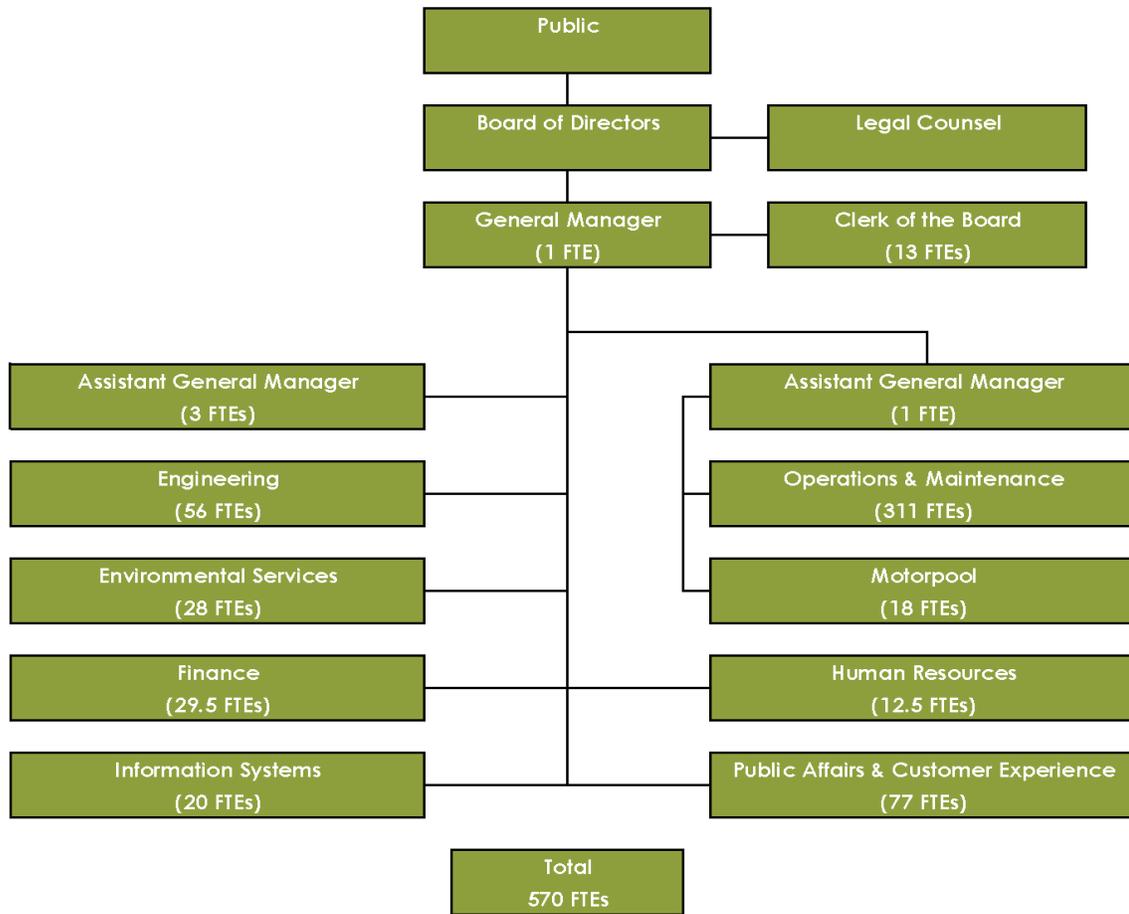


Cástulo R. Estrada  
**Board Vice President**  
Division Five

COACHELLA VALLEY WATER DISTRICT  
Directional Boundary Map



**COACHELLA VALLEY WATER DISTRICT**  
**Organizational Chart**



## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Coachella Valley Water District  
Coachella, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of each major fund of the Coachella Valley Water District, (hereafter, 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 each major fund of the District as of June 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Standards for California Special Districts. 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.

#### *Emphasis of Matter*

##### Change in Accounting Principle

As described in the notes to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

#### *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.



To the Board of Directors  
Coachella Valley Water District  
Coachella, California

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts we:

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

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

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

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



To the Board of Directors  
Coachella Valley Water District  
Coachella, California

Management has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary schedules (supplementary information), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

*LSL, LLP*

Irvine, California  
January 13, 2026

## **BASIC FINANCIALS**

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Net Position**  
**June 30, 2025**

	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 47,651,522	\$ 84,022,016	\$ 102,387,105	\$ 157,715,921
Receivables (net of uncollectibles):				
Accounts	11,057,820	5,793,921	3,541,922	80,538
Property taxes	131,797	1,229,705	197,318	452,418
Interest	675,522	933,715	730,880	1,130,915
Deposits	-	5,000	-	-
Leases	150,043	98,873	19,787	325,026
Developer receivable	-	-	13,969	1,825
Supplies inventory	9,197,574	-	-	-
Prepaid items	668,423	14,072	-	-
Due from other governments	21,597,394	13,014,121	11,053,220	10,993
<b>Total current assets</b>	<b>91,130,095</b>	<b>105,111,423</b>	<b>117,944,201</b>	<b>159,717,636</b>
Noncurrent assets:				
Advances to other funds	43,588,746	-	-	-
Lease receivable	1,470,305	1,135,126	1	9,674,467
Capital assets, not being depreciated	150,207,582	91,812,240	14,233,920	134,261,657
Capital assets, net of depreciation/amortization	466,288,965	393,087,402	101,750,057	147,344,849
Restricted:				
Cash and investments	50,736,163	47,319,117	-	2,741
Net OPEB asset	930,932	337,848	96,174	111,816
<b>Total noncurrent assets</b>	<b>713,222,693</b>	<b>533,691,733</b>	<b>116,080,152</b>	<b>291,395,530</b>
<b>Total assets</b>	<b>804,352,788</b>	<b>638,803,156</b>	<b>234,024,353</b>	<b>451,113,166</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OBEB-related	920,642	485,737	207,696	127,631
Pension-related	19,959,952	11,198,470	5,939,462	2,905,828
<b>Total deferred outflows of resources</b>	<b>20,880,594</b>	<b>11,684,207</b>	<b>6,147,158</b>	<b>3,033,459</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Net Position**  
**June 30, 2025**

	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	6,995,870	8,985,311	2,095,965	2,295,123
Accrued liabilities	2,237,747	1,175,769	609,589	263,447
Unearned revenues	2,911,298	211,781	5,000,000	-
Retentions payable	1,343,579	1,000,023	52,826	-
Customer advances and deposits	14,320,098	1,727,936	1,813,410	1,955,451
Compensated absences payable	3,360,193	1,853,118	1,132,592	605,232
Claims liability	742,442	-	-	-
Loans payable	-	579,272	195,061	1,255,373
Lease payable	50,782	28,359	21,551	10,827
Subscriptions payable	11,890	8,492	6,794	3,397
Certificates of participation	-	-	-	1,215,000
<b>Total current liabilities</b>	<b>31,973,899</b>	<b>15,570,061</b>	<b>10,927,788</b>	<b>7,603,850</b>
Noncurrent liabilities:				
Compensated absences payable	1,120,064	617,706	377,530	201,744
Claims liability	1,623,838	-	21,614,322	-
Loans payable	35,155,000	27,991,511	12,244,406	56,229,899
Leases payable	1,691,929	1,001,143	760,870	403,029
Subscriptions payable	48,475	34,626	27,700	13,851
Certificates of participation	-	-	-	55,363,844
Net pension liability	58,383,851	32,663,940	17,344,441	8,375,269
Advances from other funds	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>98,023,157</b>	<b>62,308,926</b>	<b>52,369,269</b>	<b>120,587,636</b>
<b>Total liabilities</b>	<b>129,997,056</b>	<b>77,878,987</b>	<b>63,297,057</b>	<b>128,191,486</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB-related	3,540,753	2,085,133	944,556	505,843
Pension-related	770,384	432,499	229,329	112,530
Lease-related	1,483,815	1,264,212	18,950	9,286,766
<b>Total deferred inflows of resources</b>	<b>5,794,952</b>	<b>3,781,844</b>	<b>1,192,835</b>	<b>9,905,139</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	575,235,949	447,826,177	102,660,801	166,200,303
Restricted:				
Construction, capital, and replacement funds	52,823,372	43,307,437	-	-
Debt service	1,492,925	-	35,000,000	2,382,085
State water project	-	-	-	-
Emergency reserve	-	-	100,000	-
OPEB	930,932	337,848	96,174	111,816
Unrestricted	58,958,196	77,355,070	37,824,644	147,355,796
<b>Total net position</b>	<b>\$ 689,441,374</b>	<b>\$ 568,826,532</b>	<b>\$ 175,681,619</b>	<b>\$ 316,050,000</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Net Position**  
**June 30, 2025**

	<u>State Water Project</u>	<u>Groundwater Replenishment</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u> <u>Motorpool</u>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 128,804,497	\$ 84,513,538	\$ 605,094,599	\$ 3,761,293
Receivables (net of uncollectibles):				
Accounts	8	2,464,560	22,938,769	220,373
Property taxes	3,089,413	299,308	5,399,959	-
Interest	925,265	579,528	4,975,825	25,553
Deposits	-	100,000	105,000	-
Leases	-	-	593,729	-
Developer receivable	-	-	15,794	4,102
Supplies inventory	-	-	9,197,574	197,711
Prepaid items	-	-	682,495	1,969
Due from other governments	-	729,163	46,404,891	-
<b>Total current assets</b>	<b>132,819,183</b>	<b>88,686,097</b>	<b>695,408,635</b>	<b>4,211,001</b>
Noncurrent assets:				
Advances to other funds	-	-	43,588,746	-
Lease receivable	-	-	12,279,899	-
Capital assets, not being depreciated	-	32,296,559	422,811,958	-
Capital assets, net of depreciation/amortization	316,046,906	137,720,716	1,562,238,895	11,801,737
Restricted:				
Cash and investments	-	991,484	99,049,505	-
Net OPEB asset	-	247,176	1,723,946	-
<b>Total noncurrent assets</b>	<b>316,046,906</b>	<b>171,255,935</b>	<b>2,141,692,949</b>	<b>11,801,737</b>
<b>Total assets</b>	<b>448,866,089</b>	<b>259,942,032</b>	<b>2,837,101,584</b>	<b>16,012,738</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
OBEB-related	-	81,580	1,823,286	-
Pension-related	306,959	3,053,653	43,364,324	1,717,495
<b>Total deferred outflows of resources</b>	<b>306,959</b>	<b>3,135,233</b>	<b>45,187,610</b>	<b>1,717,495</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Net Position**  
**June 30, 2025**

	State Water Project	Groundwater Replenishment	Total Enterprise Funds	Internal Service Fund  Motorpool
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	21,605,452	14,555,263	56,532,984	149,906
Accrued liabilities	18,780	273,137	4,578,469	167,349
Unearned revenues	-	-	8,123,079	-
Retentions payable	-	-	2,396,428	-
Customer advances and deposits	-	-	19,816,895	-
Compensated absences payable	50,225	546,115	7,547,475	408,491
Claims liability	-	-	742,442	-
Loans payable	-	-	2,029,706	-
Lease payable	-	67,556	179,075	-
Subscriptions payable	-	3,398	33,971	-
Certificates of participation	-	-	1,215,000	-
<b>Total current liabilities</b>	<b>21,674,457</b>	<b>15,445,469</b>	<b>103,195,524</b>	<b>725,746</b>
Noncurrent liabilities:				
Compensated absences payable	16,741	182,038	2,515,823	136,164
Claims liability	-	50,462,183	73,700,343	-
Loans payable	-	-	131,620,816	-
Leases payable	-	4,212,929	8,069,900	-
Subscriptions payable	-	13,848	138,500	-
Certificates of participation	-	52,106,217	107,470,061	-
Net pension liability	873,077	8,920,643	126,561,221	4,985,876
Advances from other funds	-	43,588,746	43,588,746	-
<b>Total noncurrent liabilities</b>	<b>889,818</b>	<b>159,486,604</b>	<b>493,665,410</b>	<b>5,122,040</b>
<b>Total liabilities</b>	<b>22,564,275</b>	<b>174,932,073</b>	<b>596,860,934</b>	<b>5,847,786</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
OPEB-related	-	222,105	7,298,390	-
Pension-related	11,923	117,895	1,674,560	66,403
Lease-related	-	-	12,053,743	-
<b>Total deferred inflows of resources</b>	<b>11,923</b>	<b>340,000</b>	<b>21,026,693</b>	<b>66,403</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	316,046,906	113,525,660	1,721,495,796	11,796,585
Restricted:				
Construction, capital, and replacement funds	-	991,484	97,122,293	-
Debt service	-	-	38,875,010	-
State water project	110,549,944	-	110,549,944	-
Emergency reserve	-	-	100,000	-
OPEB	-	247,176	1,723,946	-
Unrestricted	-	(26,959,128)	294,534,578	19,459
<b>Total net position</b>	<b>\$ 426,596,850</b>	<b>\$ 87,805,192</b>	<b>\$ 2,264,401,567</b>	<b>\$ 11,816,044</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2025**

	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
<b>OPERATING REVENUES</b>				
Sales	\$ 77,580,290	\$ -	\$ 15,574,032	\$ -
Availability charges	603,009	61,718	2,056,975	-
Meter and service fees	25,157,866	120,824	1,744,812	238,029
Sanitation service fees	-	54,332,264	-	-
Replenishment charges	-	-	-	-
Other charges	5,523,294	246,128	743,852	52,101
<b>Total operating revenues</b>	<b>108,864,459</b>	<b>54,760,934</b>	<b>20,119,671</b>	<b>290,130</b>
<b>OPERATING EXPENSES</b>				
Wages and salaries	28,536,723	14,832,520	8,607,950	3,640,880
Benefits	17,292,773	9,878,633	5,411,863	2,136,167
Materials and supplies	9,458,211	4,813,592	3,826,213	393,952
Water purchases	14,382,452	-	6,657,718	-
Power	14,913,918	5,512,601	1,180,684	49,596
Contract services	5,355,792	4,916,240	2,050,956	1,807,629
Depreciation and amortization	16,799,496	18,065,910	3,003,013	4,789,614
Legal claims	-	264,267	2,190,287	-
Other	17,445,665	5,295,116	7,472,824	2,755,967
<b>Total operating expenses</b>	<b>124,185,030</b>	<b>63,578,879</b>	<b>40,401,508</b>	<b>15,573,805</b>
<b>Operating income (loss)</b>	<b>(15,320,571)</b>	<b>(8,817,945)</b>	<b>(20,281,837)</b>	<b>(15,283,675)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property taxes	2,499,049	8,393,627	16,521,697	31,363,974
Intergovernmental	29,685,150	14,533,892	(16,246,040)	21,903
Investment income	7,230,305	6,395,332	5,068,932	7,981,192
Interest expense	(524,351)	(248,968)	(123,008)	(3,298,220)
Other	1,799,449	59,977	45,255,915	1,645,984
Loss on refunding	(134,339)	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	(7,485)
<b>Total nonoperating revenues (expenses)</b>	<b>40,555,263</b>	<b>29,133,860</b>	<b>50,477,496</b>	<b>37,707,348</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>25,234,692</b>	<b>20,315,915</b>	<b>30,195,659</b>	<b>22,423,673</b>
Transfers in	3,521,151	1,893,493	-	-
Transfers out	(7,511,286)	(1,772,362)	(1,726,064)	(449,187)
Capital contributions	13,867,402	13,083,579	102,008	-
<b>Change in net position</b>	<b>35,111,959</b>	<b>33,520,625</b>	<b>28,571,603</b>	<b>21,974,486</b>
Net position-beginning	654,981,443	534,063,150	147,281,769	294,359,863
Restatements	(652,028)	1,242,757	(171,753)	(284,349)
Net position-beginning, as restated	654,329,415	535,305,907	147,110,016	294,075,514
<b>Net position-ending</b>	<b>\$ 689,441,374</b>	<b>\$ 568,826,532</b>	<b>\$ 175,681,619</b>	<b>\$ 316,050,000</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Statement Of Revenues, Expenses And Changes In Fund Net Position**  
**For The Year Ended June 30, 2025**

	State Water Project	Groundwater Replenishment	Total Enterprise Funds	Internal Service Fund  Motorpool
<b>OPERATING REVENUES</b>				
Sales	\$ -	\$ 4,218,821	\$ 97,373,143	\$ -
Availability charges	-	-	2,721,702	-
Meter and service fees	-	-	27,261,531	-
Sanitation service fees	-	-	54,332,264	-
Replenishment charges	-	29,425,522	29,425,522	-
Other charges	-	59,149	6,624,524	6,013,001
<b>Total operating revenues</b>	<b>-</b>	<b>33,703,492</b>	<b>217,738,686</b>	<b>6,013,001</b>
<b>OPERATING EXPENSES</b>				
Wages and salaries	390,769	4,261,045	60,269,887	2,347,998
Benefits	213,970	2,393,381	37,326,787	1,610,755
Materials and supplies	-	615,166	19,107,134	1,424,541
Water purchases	69,164,066	16,166,637	106,370,873	-
Power	-	1,488,660	23,145,459	-
Contract services	-	1,893,433	16,024,050	527,797
Depreciation and amortization	7,212,664	3,603,409	53,474,106	2,061,079
Legal claims	-	11,624,350	14,078,904	-
Other	834,571	3,414,150	37,218,293	141,503
<b>Total operating expenses</b>	<b>77,816,040</b>	<b>45,460,231</b>	<b>367,015,493</b>	<b>8,113,673</b>
<b>Operating income (loss)</b>	<b>(77,816,040)</b>	<b>(11,756,739)</b>	<b>(149,276,807)</b>	<b>(2,100,672)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property taxes	105,196,926	9,263,187	173,238,460	-
Intergovernmental	-	246,490	28,241,395	-
Investment income	5,539,433	4,186,867	36,402,061	109,317
Interest expense	-	(3,476,912)	(7,671,459)	-
Other	-	1,086,105	49,847,430	1,220,175
Loss on refunding	-	-	(134,339)	-
Gain (loss) on disposal of capital assets	-	(14,970)	(22,455)	144,998
<b>Total nonoperating revenues (expenses)</b>	<b>110,736,359</b>	<b>11,290,767</b>	<b>279,901,093</b>	<b>1,474,490</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>32,920,319</b>	<b>(465,972)</b>	<b>130,624,286</b>	<b>(626,182)</b>
Transfers in	-	3,953,926	9,368,570	3,184,658
Transfers out	-	(1,094,329)	(12,553,228)	-
Capital contributions	-	-	27,052,989	-
<b>Change in net position</b>	<b>32,920,319</b>	<b>2,393,625</b>	<b>154,492,617</b>	<b>2,558,476</b>
Net position-beginning	393,683,847	85,498,190	2,109,868,262	9,322,396
Restatements	(7,316)	(86,623)	40,688	(64,828)
Net position-beginning, as restated	393,676,531	85,411,567	2,109,908,950	9,257,568
<b>Net position-ending</b>	<b>\$ 426,596,850</b>	<b>\$ 87,805,192</b>	<b>\$ 2,264,401,567</b>	<b>\$ 11,816,044</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2025**

	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 102,663,794	\$ 55,809,053	\$ 19,717,740	\$ 390,139
Receipts from interfund charges	-	-	-	-
Payments to suppliers and service providers	(43,024,213)	(9,570,121)	(15,622,996)	(4,828,835)
Payments to employees for salaries and benefits	(43,274,753)	(23,285,433)	(13,205,284)	(5,506,806)
Other receipts (payments)	(11,842,268)	(5,295,116)	(6,750,952)	(2,703,866)
<b>Net cash provided by (used for) operating activities</b>	<b><u>4,522,560</u></b>	<b><u>17,658,383</u></b>	<b><u>(15,861,492)</u></b>	<b><u>(12,649,368)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	3,521,151	1,893,493	-	-
Transfers to other funds	(7,511,286)	(1,772,362)	(1,726,064)	(449,187)
Taxes	2,769,031	8,212,154	16,782,504	31,364,482
Operating grants and contributions	8,360,035	8,162,743	18,235,325	1,806,994
<b>Net cash provided by (used for) noncapital financing activities</b>	<b><u>7,138,931</u></b>	<b><u>16,496,028</u></b>	<b><u>33,291,765</u></b>	<b><u>32,722,289</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	35,155,000	11,766,250	87,889	-
Acquisition and construction of capital assets	(35,379,157)	(28,591,309)	(3,369,925)	(11,160,171)
Principal paid on capital debt	(52,705,818)	(546,310)	(286,523)	(2,404,526)
Interest paid on capital debt	(658,690)	(248,968)	(123,008)	(3,764,138)
Payments from other funds on interfund borrowings	2,066,953	-	-	-
Payments to other funds on interfund borrowings	-	-	-	-
Proceeds from sales of assets	448,854	275,651	159,715	9,376
<b>Net cash provided by (used for) capital and related financing activities</b>	<b><u>(51,072,858)</u></b>	<b><u>(17,344,686)</u></b>	<b><u>(3,531,852)</u></b>	<b><u>(17,319,459)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	7,267,863	6,168,240	4,913,842	7,571,864
Lease proceeds	2,540	114,437	521	(48,571)
<b>Net cash provided by (used for) investing activities</b>	<b><u>7,270,403</u></b>	<b><u>6,282,677</u></b>	<b><u>4,914,363</u></b>	<b><u>7,523,293</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(32,140,964)</u></b>	<b><u>23,092,402</u></b>	<b><u>18,812,784</u></b>	<b><u>10,276,755</u></b>
Cash and cash equivalents-beginning	130,528,649	108,248,731	83,574,321	147,441,907
<b>Cash and cash equivalents-ending</b>	<b><u>\$ 98,387,685</u></b>	<b><u>\$ 131,341,133</u></b>	<b><u>\$ 102,387,105</u></b>	<b><u>\$ 157,718,662</u></b>

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2025**

	<u>Domestic Water</u>	<u>Sanitation</u>	<u>Canal Water</u>	<u>Stormwater</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>				
Cash and investments	\$ 47,651,522	\$ 84,022,016	\$ 102,387,105	\$ 157,715,921
Restricted cash and investments	50,736,163	47,319,117	-	2,741
Total cash and cash equivalents	<u>\$ 98,387,685</u>	<u>\$ 131,341,133</u>	<u>\$ 102,387,105</u>	<u>\$ 157,718,662</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating income (loss)	<u>\$ (15,320,571)</u>	<u>\$ (8,817,945)</u>	<u>\$ (20,281,837)</u>	<u>\$ (15,283,675)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	16,799,496	18,065,910	3,003,013	4,789,614
(Increase) decrease in accounts receivable	(2,159,207)	657,612	121,353	193,924
(Increase) decrease in inventories	(607,835)	-	-	-
(Increase) decrease in prepaid items	(361,039)	(14,072)	200,000	1,603
Increase (decrease) in accounts payable	2,055,034	5,950,651	(2,107,425)	(2,579,261)
Increase (decrease) in accrued liabilities	486,735	201,460	93,360	25,597
Increase (decrease) in deposits payable	1,481,836	390,507	220,568	(41,814)
Increase (decrease) in compensated absences	(246,104)	95,947	42,894	(37,984)
Increase (decrease) in claims and judgments	179,995	-	2,168,307	-
Increase (decrease) in net pension liability	3,074,900	1,702,101	907,791	416,512
Increase (decrease) in net OPEB liability	(860,680)	(573,788)	(229,516)	(133,884)
Total adjustments	<u>19,843,131</u>	<u>26,476,328</u>	<u>4,420,345</u>	<u>2,634,307</u>
<b>Net cash provided by (used for) operating activities</b>	<u><b>\$ 4,522,560</b></u>	<u><b>\$ 17,658,383</b></u>	<u><b>\$ (15,861,492)</b></u>	<u><b>\$ (12,649,368)</b></u>
<b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES</b>				
Capital asset purchase payable	\$ 3,093,872	\$ 6,430,039	\$ 102,892,149	\$ 910,983
Contributions of capital assets	13,867,402	13,083,579	102,008	-
Leases adjustment	-	-	-	(196,194)
Amortization on bond discount/(premium)	26,541	1,050,996	-	-

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2025**

	State Water Project	Groundwater Replenishment	Total Enterprise Funds	Internal Service Fund Motorpool
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ -	\$ 33,323,389	\$ 211,904,115	\$ -
Receipts from interfund charges	-	-	-	5,818,681
Payments to suppliers and service providers	(57,251,948)	(14,557,257)	(144,855,370)	(2,052,081)
Payments to employees for salaries and benefits	(560,082)	(6,285,541)	(92,117,899)	(3,646,827)
Other receipts (payments)	(834,571)	(3,365,991)	(30,792,764)	-
<b>Net cash provided by (used for) operating activities</b>	<b>(58,646,601)</b>	<b>9,114,600</b>	<b>(55,861,918)</b>	<b>119,773</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	3,953,926	9,368,570	3,184,658
Transfers to other funds	-	(1,094,329)	(12,553,228)	-
Taxes	105,639,344	9,271,681	174,039,196	-
Operating grants and contributions	-	1,152,920	37,718,017	1,217,589
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>105,639,344</b>	<b>13,284,198</b>	<b>208,572,555</b>	<b>4,402,247</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from capital debt	-	-	47,009,139	-
Acquisition and construction of capital assets	(20,327,702)	(2,005,859)	(100,834,123)	(3,331,421)
Principal paid on capital debt	-	(71,019)	(56,014,196)	-
Interest paid on capital debt	-	(4,061,990)	(8,856,794)	-
Payments from other funds on interfund borrowings	-	-	2,066,953	-
Payments to other funds on interfund borrowings	-	(2,066,953)	(2,066,953)	-
Proceeds from sales of assets	-	-	893,596	153,203
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(20,327,702)</b>	<b>(8,205,821)</b>	<b>(117,802,378)</b>	<b>(3,178,218)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	5,238,973	4,013,687	35,174,469	98,999
Lease proceeds	-	-	68,927	-
<b>Net cash provided by (used for) investing activities</b>	<b>5,238,973</b>	<b>4,013,687</b>	<b>35,243,396</b>	<b>98,999</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>31,904,014</b>	<b>18,206,664</b>	<b>70,151,655</b>	<b>1,442,801</b>
Cash and cash equivalents-beginning	96,900,483	67,298,358	633,992,449	2,318,492
<b>Cash and cash equivalents-ending</b>	<b>\$ 128,804,497</b>	<b>\$ 85,505,022</b>	<b>\$ 704,144,104</b>	<b>\$ 3,761,293</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Cash Flows**  
**For The Year Ended June 30, 2025**

	<u>State Water Project</u>	<u>Groundwater Replenishment</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u> <u>Motorpool</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>				
Cash and investments	\$ 128,804,497	\$ 84,513,538	\$ 605,094,599	\$ 3,761,293
Restricted cash and investments	-	991,484	99,049,505	-
Total cash and cash equivalents	<u>\$ 128,804,497</u>	<u>\$ 85,505,022</u>	<u>\$ 704,144,104</u>	<u>\$ 3,761,293</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating income (loss)	<u>\$ (77,816,040)</u>	<u>\$ (11,756,739)</u>	<u>\$ (149,276,807)</u>	<u>\$ (2,100,672)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	7,212,664	3,603,409	53,474,106	2,061,079
(Increase) decrease in accounts receivable	-	(320,954)	(1,507,272)	(194,320)
(Increase) decrease in inventories	-	-	(607,835)	99,040
(Increase) decrease in prepaid items	-	178,634	5,126	80,222
Increase (decrease) in accounts payable	11,912,118	5,428,005	20,659,122	(137,502)
Increase (decrease) in accrued liabilities	(4,453)	23,865	826,564	25,853
Increase (decrease) in deposits payable	-	-	2,051,097	-
Increase (decrease) in compensated absences	8,027	(7,782)	(145,002)	30,969
Increase (decrease) in claims and judgments	-	11,613,360	13,961,662	-
Increase (decrease) in net pension liability	41,083	467,560	6,609,947	255,104
Increase (decrease) in net OPEB liability	-	(114,758)	(1,912,626)	-
Total adjustments	<u>19,169,439</u>	<u>20,871,339</u>	<u>93,414,889</u>	<u>2,220,445</u>
<b>Net cash provided by (used for) operating activities</b>	<u><b>\$ (58,646,601)</b></u>	<u><b>\$ 9,114,600</b></u>	<u><b>\$ (55,861,918)</b></u>	<u><b>\$ 119,773</b></u>
<b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES</b>				
Capital asset purchase payable	\$ -	\$ 87,667	\$ 113,414,710	\$ -
Contributions of capital assets	20,327,702	-	47,380,691	-
Leases adjustment	-	-	(196,194)	-
Amortization on bond discount/(premium)	-	-	1,077,537	-

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Fiduciary Net Position**  
**June 30, 2025**

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	<b>Custodial Funds</b>	<b>Pension (and Other Post- Employment Benefits) Trust Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and investments	\$ 12,213,740	\$ -
Mutual funds	-	39,746,972
Receivables:		
Accounts	123,815	30,700
Property taxes	52,482	-
Interest	87,757	-
<b>Total assets</b>	<u><b>12,477,794</b></u>	<u><b>39,777,672</b></u>
<b>LIABILITIES</b>		
Accounts payable	579	833,700
Due to bondholders	12,477,215	-
<b>Total liabilities</b>	<u><b>12,477,794</b></u>	<u><b>833,700</b></u>
<b>NET POSITION</b>		
Restricted for OPEB	-	38,943,972
<b>Total net position</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ 38,943,972</b></u></u>

**COACHELLA VALLEY WATER DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**For The Year Ended June 30, 2025**

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	<b>Custodial Funds</b>	<b>Pension (and Other Post- Employment Benefits) Trust Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>		
Investment earnings:		
Interest and dividends	\$ 414,893	\$ 3,196,834
Net increase in fair value of investments	203,172	985,575
Special assessments or special taxes collected	1,716,642	-
<b>Total additions</b>	<u><b>2,334,707</b></u>	<u><b>4,182,409</b></u>
<b>DEDUCTIONS</b>		
Benefits paid to participants or beneficiaries	-	833,700
Administrative expenses	1,477,321	93,475
Payments for special assessment or special tax debt	138,567	-
Property insurance	188,819	-
Repairs and maintenance	530,000	-
<b>Total deductions</b>	<u><b>2,334,707</b></u>	<u><b>927,175</b></u>
<b>Net increase (decrease) in fiduciary net position</b>	-	<b>3,255,234</b>
Net position-beginning	-	35,688,738
<b>Net position-ending</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ 38,943,972</b></u></u>

**Coachella Valley Water District  
Annual Financial Report**

**Notes to The Basic Financial Statements**

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Coachella Valley Water District (the District) was organized in 1918 under the County Water District Act provisions of the state water codes. The District provides domestic and irrigation water, stormwater protection, agricultural drainage, sanitation, groundwater replenishment and water conservation services to users within its boundaries. The District's service area covers approximately 1,000 square miles, mostly within the Coachella Valley in Riverside County, California. The boundaries also extend into small portions of Imperial and San Diego counties. The Coachella Valley is a fascinating place in which to live, work and play because what once was a barren wasteland, has been transformed into a vibrant collection of diverse communities with thriving agricultural and recreation/hospitality industries.

Domestic water is delivered to more than 113,000 customers. The valley's drinking water comes from a vast underground aquifer. This water is nearly pristine and requires little treatment to meet all state and federal water quality standards.

The District's board of directors has formed various improvement districts, which are geographical segments within the service area of the District. Special assessment debt without government commitment is issued for certain improvement districts, and interest and principal thereon are payable from ad valorem assessments on land within such districts, from service charges and proceeds from the sale of property.

As required by generally accepted accounting principles, these financial statements present the District and its blended component units, entities for which the District is considered to be financially accountable. The District is considered to be financially accountable for an organization if the District appoints a voting majority of that organization's governing body, and the organization is able to provide specific financial benefits to or impose specific financial burdens on the District. The District is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the District). In certain cases, other organizations are included as component units, if the nature and significance of their relationship with the District are such that, their exclusion would cause the District's financial statements to be misleading or incomplete. The District has one blended component unit, the Coachella Valley Water District Public Facilities Corporation.

The Coachella Valley Water District Public Facilities Corporation (Corporation) is a component unit as no person other than a director of the District is eligible to serve as a director of the Corporation, except a person approved by a resolution of the board of directors of the District. The Corporation is a nonprofit public benefit corporation organized to provide financial assistance to the District by acquiring and constructing various public improvements, and the acquisition of land and related facilities for the use, benefit, and enjoyment of the public. There is also a financial benefit/burden relationship between the District and the Corporation.

**A. Basis of Accounting and Measurement Focus**

A proprietary fund accounts for operations in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges.

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The proprietary fund financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues related to water sales, sanitation, and other user charges are recognized when earned. Unbilled service receivables, if material, have been reflected in the financial statements.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues consist of charges to customers for sales and use of water and sanitation. Nonoperating revenues primarily consist of property taxes, intergovernmental revenues, penalties and interest, backflow charges, and interest earned on investments. The principal operating expenses consist of wages and salaries, benefits, materials and supplies, water purchases, power, contract services, and depreciation on capital assets. Nonoperating expenses primarily consist of interest expense on interfund advances.

The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The District follows all applicable Government Accounting Standards Board (GASB) pronouncements.

**B. Major Fund Groups**

For financial statement purposes, the operations of the District are reported in the following major funds:

Domestic Water – Activity associated with providing domestic water to the residents of the Coachella Valley. More than 2,043 miles of distribution pipelines serve those customers from water stored in 67 reservoirs.

Sanitation – Activity associated with the District's wastewater reclamation plants. The plants allow the District to provide sanitation service to most of the Coachella Valley that it serves with domestic water.

Canal Water – Activity associated with providing irrigation water to agricultural farmers and certain golf courses of the Coachella Valley and farm drainage.

Stormwater – Activity associated with providing stormwater protection in the Coachella Valley.

State Water Project – Activities associated with the state water project. The primary purpose is to provide sufficient water supply, flood control, power generation, recreation, fish and wildlife enhancement, and water quality improvement in the Sacramento-San Joaquin Delta.

Groundwater Replenishment – Activities associated with replacing groundwater, or replenishing the aquifer, including activities associated with delivering nonpotable water to over fifty (50) golf courses, four (4) Homeowners' Associations, and one (1) public high school and District facilities.

Additionally, the District reports the following fund types:

Internal Service Funds are used to account for the fleet management services that are provided to other departments of the District.

Fiduciary Funds

Custodial Funds account for assets received and held by the District, while acting in the capacity as agents or custodians. Included in the Custodial Funds are cash and deposits that are maintained for certain assessment districts and community facilities districts.

Pension (and Other Post-Employment Benefits) Trust Fund accounts for the activities of the Districts Section 115 OPEB Trust, which accumulates resources for retiree's health care costs in an irrevocable trust account.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Property Taxes**

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the local governments based on complex formulas.

Tax liens attach annually, on the first day of January preceding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash, and cash equivalents represent each funds' share in the District's pool of cash and investments purchased with an original maturity of three months or less.

**E. Restricted Cash and Investments**

Restricted cash and investments include development fees that are restricted by state law for the construction of capital facilities, debt proceeds and amounts held by fiscal agent for debt service. As required by GASB Statement No. 34, restricted assets are only reported in funds for which the related restriction is for a purpose more restricted, than that for which the fund was established.

**F. Investments**

Investments are reported in the accompanying Statement of Net Position at fair value, which represents the quoted or stated market value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The District pools cash and investments of all funds. Investment income earned by the pooled investments is allocated to the various funds, based on each fund's average cash and investment balance.

**G. Supplies Inventory**

Supplies inventory consists of materials used in the construction and maintenance of the District's capital assets and is valued at weighted-average cost.

**H. Prepaid Items**

Prepaid items consist of certain payments to vendors that reflect costs applicable to future accounting periods and are expensed during the periods benefited.

**I. Capital Assets**

Capital assets, consisting of property, plant, equipment, and water rights, are recorded at cost. Property, plant, and equipment donated to these proprietary fund type operations are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital Assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of more than one year. Assets acquired with federal grant funds are capitalized when the cost is greater than or equal to \$5,000 and have an estimated useful life of more than one year. Depreciation is charged to operations using a straight-line method, based on average useful life of the asset.

The estimated useful lives of the capital assets are as follows:

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets	Years
Domestic Water Plan	25 to 50
Sanitation Plant	25 to 50
Irrigation Plant and Drainage Works	40 to 49
Common Plant and Equipment	3 to 45
Stormwater	5 to 50

Interests in jointly-owned facilities are depreciated, using the straight-line method, with an estimated life of 100 years. On occasion, the District will construct assets on behalf of other agencies, where the other agencies will be responsible for managing and owning the assets. These assets are not capitalized.

Lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**J. Contributed Plant**

Contributed plant represents utility plant donated or paid for by developers within the District. Water, sanitation, stormwater, and other plant facilities contributed to the District are recorded at acquisition value at the date of donation. The District received capital contributions totaling \$27,052,989 for the year ended June 30, 2025.

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods therefore will not be recognized as an outflow of resources (expense) until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions, and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 6 and 8, respectively.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to future periods therefore will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 7 and 9, respectively. The statement of net position also reports deferred inflow of resources related to leases, which are more fully discussed in Note 3.

**L. Claims Payable**

The District records a liability for claims, judgments, and litigation when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

**M. Long-Term Obligations**

Interest on the debt is recorded when incurred. Principal that is due within one year is shown as a current liability. Bond discounts and premiums, if material, are recorded as a reduction or increase, respectively, of outstanding debt and are deferred and amortized over the term of the debt.

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Pension**

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

**O. Other Postemployment Benefits (OPEB)**

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

**P. Compensated Absences**

It is the District's policy to permit employees to accumulate earned, but unused vacation benefits up to certain limits. Vacation hours are earned based upon the number of years of employment. Employees earn 10 working days for each full year of service for the first five years of continuous employment. Employees earn 15 working days during the second five years (6-10) of continuous employment. After the 10th year of service, vacation leave shall accrue at the rate of 20 working days for each year of service. Employees in the Coachella Valley Water District Employee Association bargaining unit cease to accrue vacation leave at six hundred hours (600), employees in the ASSET bargaining unit, cease to accrue vacation leave at five hundred hours (500), employees in the Management bargaining unit, cease to accrue vacation leave at six hundred hours (600), and the General Manager has no maximum vacation accrual. Earned vacation pay is paid upon separation from employment.

Sick leave credits are earned at the rate of one working day, for each full month of service. Sick leave shall not accrue during any 30 calendar day absence without pay. Unused sick leave credits shall be accumulated from year to year, to a maximum of three hundred and sixty (360) hours in sick leave fund, to be used by the employee as needed for approved sick leave. Sick leave credits over three hundred and sixty hours (360), shall accrue to an emergency health fund. Only employees who had 300 or more hours accumulated in the emergency health fund at June 29, 1991, can accumulate to a maximum of six hundred hours (600).

Upon retirement from the District, an employee's unused sick leave and emergency health fund of record shall be covered as follows: Up to four hundred and eighty (480) hours of accrued sick leave and emergency health fund combined, shall be paid to the employee at the rate of 100%. All accrued sick leave and emergency health fund beyond the four hundred and eighty (480) hours, will be paid at 50% of cash value.

**Q. Leases**

Lessee - The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right-to-use lease asset is amortized on a straight-line basis over its useful life.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor - The District is a lessor for a noncancellable lease of a cell tower site. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**R. Net Position**

Net position of the District is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets represent the capitalized cost of capital assets, net of accumulated depreciation, reduced by capital-related borrowings and payables.

Restricted net position represents net position that is constrained by externally imposed requirements of creditors (such as through debt covenants), laws or regulations of other governments or imposed by law, through constitutional provisions or enabling legislation.

All net position not categorized as net investment in capital assets or restricted, is included in unrestricted net position, including amounts reserved in accordance with designations by the board of directors.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Net Position Flow Assumption**

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

**T. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**U. New GASB Pronouncements Effective during Fiscal Year**

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

**GASB Statement No. 101, Compensated Absences**

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

**GASB Statement No. 102, Certain Risk Disclosures**

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition.

Management has assessed the impact of this Statement on the District’s financial statements and determined that it did not have a material impact.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 2 - CASH AND INVESTMENTS**

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

**Statement of Net Position**

Current Assets:

Cash and investments \$ 608,855,892

Noncurrent Assets:

Cash and investments 99,049,505

Fiduciary Funds:

Cash and cash equivalents 51,960,712

**Total cash and investments** \$ 759,866,109

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

Petty cash on hand \$ 4,490

Deposits with Financial Institutions 4,773,611

Investments 755,088,008

**Total cash and investments** \$ 759,866,109

**A. Investments Authorized for the District's OPEB Trust Fund**

The OPEB Trust Fund is administered by a third-party whose main objective is to achieve long-term growth of Trust assets by maximizing long-term rate of return on investments and minimizing risk of loss. Assets are invested in accordance with the below targets for each asset class to achieve an average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate:

Asset Classes	Asset Weightings	
	Range	Target
Growth Assets:		
Domestic Equity	29-49%	39%
International Equity	1-41%	21%
Other	0-20%	0%
Growth Assets:		
Fixed Income	20-60%	40%
Other	0-20%	0%
Real Return Assets	0-20%	0%
Cash Equivalents	0-20%	0%

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**B. Investments Authorized by California Government Code and the District’s Investment Policy**

The following table identifies the investment types that are authorized for the District by the California Government Code and the District’s investment policy. The table also identifies certain provisions of the California Government Code (or the District’s investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address the funds within the OPEB Trust Fund that are governed by the agreement between the District and the trustee, rather than the general provisions of the California Government Code or the District’s investment policy.

<b>Investment Types Authorized by State Law</b>	<b>Authorized by Investment Policy</b>	<b>Maximum Maturity *</b>	<b>Maximum Percentage or Portfolio *</b>	<b>Maximum Investment in One Issuer *</b>
U.S. Treasury Obligations	Yes	10 years	None	None
U.S. Federal Agency securities	Yes	10 years	None	None
Municipal Bonds	Yes	10 years	30%	5%
Certificates of deposit (nonnegotiable)	Yes	5 years	20%	5%
Certificates of deposit (negotiable)	Yes	5 years	30%	5%
Bankers acceptances	Yes	180 days	40%	5%
Commercial paper	Yes	270 days	40%	5%
Corporate Medium-term notes	Yes	5 years	30%	5%
Riverside County Treasurer’s Pooled Investment Fund (TPIF)	Yes	N/A	None	None
Money market mutual funds	Yes	N/A	20%	None
Local Government Investment Pools (LGIPs)	Yes	N/A	None	None
Local Agency Investment Fund (Laif)	Yes	N/A	None	None
Supranational Securities	Yes	5 years	30%	None
Mortgage pass-through securities	Yes	5 years	20%	5%

\*Based on state law requirements, or investment policy requirements, whichever is more restrictive

**C. Investments Authorized by Debt Agreements**

Investments of debt proceeds held by the fiscal agent are governed by provisions of the debt agreements and Master Resolution, rather than the general provisions of the California Government Code or the District’s investment policy. Permitted investments include (a) cash, money market or mutual funds, insured at all times by the Federal Deposit Insurance Corporation; and (b) obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality, thereof, when such obligations are backed by the full faith and credit of the U.S. including: U.S. Treasury obligations, and U.S. Federal Agency Securities.

**D. Disclosures Relating to Interest Rate Risk**

Interest rate risk is a risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk, is by purchasing a combination of shorter- term and longer-term investments and by timing cash flows from maturities. This way, a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary, to provide the cash flow and liquidity needed for operations.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

Information about the sensitivity of the fair values of the District's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2025:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 36 Months	37 to 60 Months	61 Months or More
TPIF	\$ 1,355,716	\$ 1,355,716	\$ -	\$ -	\$ -
LAIF	1,034,521	1,034,521	-	-	-
BMO Bank CD	5,000,000	5,000,000	-	-	-
CDFW Escrow Account	111,452	-	-	-	111,452
California Asset Management Program	185,957,903	185,957,903	-	-	-
Money market mutual funds	7,031,174	7,031,174	-	-	-
U.S. Treasury Notes	178,564,537	63,450,895	61,018,075	54,095,567	-
FHLMC/Freddie Mac	52,028,499	3,174,495	27,902,841	20,951,163	-
Federal Farm Credit Bank	35,989,208	10,028,100	25,961,108	-	-
Federal Home Loan Bank	53,433,771	5,024,450	40,761,871	7,647,450	-
Supra-National Agency Bond	8,984,173	-	8,984,173	-	-
Asset-Back Securities	49,868,783	280,899	15,127,308	34,460,576	-
Medium-Term Notes	134,987,074	25,572,195	94,947,627	14,467,252	-
OPEB Trust Mutual Funds	39,746,972	39,746,972	-	-	-
Held by Fiscal Agent: Money Market Mutual Funds	994,225	994,225	-	-	-
<b>Total</b>	<b>\$ 755,088,008</b>	<b>\$ 348,651,545</b>	<b>\$ 274,703,003</b>	<b>\$ 131,622,008</b>	<b>\$ 111,452</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**E. Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below, is the minimum rating as required by (where applicable) the California Government Code, the District's investment policy, or trust agreements, and the actual rating, as reported by Standards & Poor's, or Fitch and Moody's as noted, as of year-end for each investment type as of June 30, 2025:

Investment Type	Total	Minimum Legal Rating	Moody's Rating as of Fiscal Year End			
			Aaa	Aa	A	Exempt or Not Rated
TPIF	\$ 1,355,716	N/A	\$ -	\$ -	\$ -	\$ 1,355,716
LAIF	1,034,521	N/A	-	-	-	1,034,521
BMO Bank CD	5,000,000	N/A	-	-	-	5,000,000
CDFW Escrow Account	111,452	N/A	-	-	-	111,452
California Asset Management Program	185,957,903	AAA	185,957,903	-	-	-
Money market mutual funds	7,031,174	AAA	7,031,174	-	-	-
U.S. Treasury Notes	178,564,537	N/A	-	178,564,537	-	-
FHLMC/Freddie Mac	52,028,499	N/A	8,022,065	44,006,434	-	-
Federal Farm Credit Bank	35,989,208	N/A	-	35,989,208	-	-
Federal Home Loan Bank	53,433,771	AA	-	53,433,771	-	-
Supra-National Agency Bond	8,984,173	AA	8,984,173	-	-	-
Asset-Back Securities	49,868,783	A	31,283,123	-	-	18,585,660
Medium-Term Notes	134,987,074	N/A	2,981,160	50,110,400	81,895,514	-
OPEB Trust Mutual Funds	39,746,972	N/A	-	-	-	39,746,972
Held by Fiscal Agent:						
Money Market Mutual Funds	994,225	N/A	-	-	-	994,225
<b>Total</b>	<b><u>\$755,088,008</u></b>		<b><u>\$244,259,598</u></b>	<b><u>\$362,104,350</u></b>	<b><u>\$ 81,895,514</u></b>	<b><u>\$ 66,828,546</u></b>

**F. Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

Issuer	Investment Type	Amount
Farm Credit System	U.S. agency securities	\$ 35,989,208
Federal Home Loan Banks	U.S. agency securities	53,433,771
FHLMC/Freddie Mac	U.S. agency securities	52,028,499

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**G. Custodial Credit Risk**

The 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 the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).
- The fair 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. The District Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

As of June 30, 2025, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

**H. Investment in County Investment Pool**

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

Any withdrawal by the District for the purpose of investing or depositing those funds outside the TPIF shall have the prior written approval of the County of Riverside Treasurer-Tax Collector (TTC). The TTC's approval of the withdrawal request is based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

**I. Investment in State Investment Pool**

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

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**J. Investment in California Asset Management Program (CAMP)**

The District is a voluntary participant in CAMP that is regulated by the California Government Code. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based on the District's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis. CAMP invests primarily in certificates of deposit, commercial paper, and U.S. government and agency obligations.

**K. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2025:

<u>Investment Type</u>	<u>Total</u>	<u>Input Category</u>
		<u>Level 2</u>
Investments:		
U.S. Treasury Notes	\$ 178,564,536	\$ 178,564,536
FHLMC/Freddie Mac	52,028,499	52,028,499
Federal Farm Credit Bank	35,989,208	35,989,208
Federal Home Loan Bank	53,433,771	53,433,771
Supra-National Agency Bond	8,984,173	8,984,173
Asset-Back Securities	49,868,784	49,868,784
Medium-Term Notes	134,987,074	134,987,074
OPEB Trust Mutual Funds	39,746,972	39,746,972
Subtotal Investments	553,603,017	<u>\$ 553,603,017</u>
Uncategorized (Not Subject to Hierarchy):		
TPIF	1,355,716	
LAIF	1,034,521	
California Asset Management Program	185,957,903	
Money Market	7,031,174	
BMO Bank CD	5,000,000	
CDFW Escrow Account	111,452	
Held by Fiscal Agent:		
Money Market	994,225	
<b>Total Investments</b>	<b>\$ 755,088,008</b>	

U.S. Treasury Notes classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. All investments classified in Level 2 of the fair value hierarchy are valued using specified fair market value factors or institutional bond quotes.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 3 - LEASE RECEIVABLES**

The District, acting as lessor, leases land under long-term, non-cancelable lease agreements. The leases expire at various dates through 2049 and provide for renewal options ranging from 5 year to 10 years. During the year ended June 30, 2025, the District recognized \$540,444 and \$123,295 in lease revenue and interest revenue, respectively, pursuant to these contracts. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

At June 30, 2025, the District reported \$12,873,628 in lease receivables and \$12,053,743 in deferred inflows of resources for these contracts.

<b>Balance at July 1, 2024</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2025</b>	<b>Due Within One Year</b>
\$ 13,415,747	\$ -	\$ 542,119	\$ 12,873,628	\$ 593,729

Total future minimum lease payments to be received under lease agreements are as follows:

<b>Year Ending June 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2026	\$ 593,729	\$ 353,025	\$ 946,754
2027	561,687	337,578	899,265
2028	596,047	322,806	918,853
2029	619,867	306,980	926,847
2030	656,272	290,895	947,167
2031 - 2035	2,876,093	1,225,860	4,101,953
2036 - 2040	2,481,399	830,753	3,312,152
2041 - 2045	2,554,669	449,426	3,004,095
2046 - 2050	1,933,865	113,196	2,047,061
	<u>\$ 12,873,628</u>	<u>\$ 4,230,519</u>	<u>\$ 17,104,147</u>

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 4 - CAPITAL ASSETS**

A summary of the changes in capital assets for the fiscal year ended June 30, 2025, were as follows:

	Balances at July 1, 2024	Adjustments	Adjusted Beginning Balance	Transfers	Additions	Deletions	Balances at June 30, 2025
Capital Assets, Not Being Depreciated/Amortized:							
Land and Land Rights:							
Domestic Water	\$ 12,965,428	\$ -	\$ 12,965,428	\$ 6,350	\$ -	\$ -	\$ 12,971,778
Sanitation	3,779,636	-	3,779,636	91,273	-	-	3,870,909
Canal Water	3,329,579	-	3,329,579	-	-	-	3,329,579
Stormwater	23,232,880	-	23,232,880	154,586	-	-	23,387,466
Groundwater Replenishment	30,064,808	-	30,064,808	-	-	-	30,064,808
Total Land and Land Rights	73,372,331	-	73,372,331	252,209	-	-	73,624,540
Construction in Progress:							
Domestic Water	47,976,171	15,420,684	63,396,855	(38,928,458)	39,443,231	(271,128)	63,640,500
Sanitation	58,672,143	1,873,891	60,546,034	(4,606,325)	32,277,271	(275,649)	87,941,331
Canal Water	20,662,011	2,932,017	23,594,028	(15,899,900)	3,369,925	(159,712)	10,904,341
Stormwater	100,096,234	97,734	100,193,968	(402,122)	11,091,721	(9,376)	110,874,191
Groundwater Replenishment	53,000,466	195,468	53,195,934	(52,958,706)	2,005,859	(11,336)	2,231,751
Internal Services	615	-	615	(3,323,831)	3,331,421	(8,205)	-
Total Construction in Progress	280,407,640	20,519,794	300,927,434	(116,119,342)	91,519,428	(735,406)	275,592,114
Water Rights:							
Domestic Water	73,595,304	-	73,595,304	-	-	-	73,595,304
Total Water Rights	73,595,304	-	73,595,304	-	-	-	73,595,304
Total Capital Assets, Not Being Depreciated/Amortized	427,375,275	20,519,794	447,895,069	(115,867,133)	91,519,428	(735,406)	422,811,958
Capital Assets, Being Depreciated/Amortized:							
Land Improvements:							
Domestic Water	1,960,529	(368,880)	1,591,649	811,295	-	-	2,402,944
Sanitation	1,220,437	-	1,220,437	176,966	-	-	1,397,403
Canal Water	193,789	-	193,789	196,629	-	-	390,418
Stormwater	94,374	-	94,374	98,314	-	-	192,688
Groundwater Replenishment	85,220	-	85,220	68,819	-	-	154,039
Total Land Improvements	3,554,349	(368,880)	3,185,469	1,352,023	-	-	4,537,492
Intangibles:							
Domestic Water	290,178	-	290,178	292,966	-	-	583,144
Sanitation	144,992	-	144,992	-	-	-	144,992
Canal Water	80,227	-	80,227	58,800	-	-	139,027
Stormwater	164,273	-	164,273	-	-	-	164,273
Groundwater Replenishment	80,040	-	80,040	-	-	-	80,040
Internal Services	25,019	-	25,019	-	-	-	25,019
Total Intangibles	784,729	-	784,729	351,766	-	-	1,136,495

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	Balances at July 1, 2024	Adjustments	Adjusted Beginning Balance	Transfers	Additions	Deletions	Balances at June 30, 2025
<b>Buildings and Plant:</b>							
Domestic Water	769,816,539	(10,150,866)	759,665,673	31,448,796	9,803,328	-	800,917,797
Sanitation	656,935,600	-	656,935,600	1,521,405	9,372,904	(22,807)	667,807,102
Canal Water	97,283,187	-	97,283,187	12,245,546	102,008	-	109,630,741
Stormwater	237,952,642	-	237,952,642	8,269	68,450	-	238,029,361
Groundwater Replenishment	119,661,087	-	119,661,087	52,614,762	-	-	172,275,849
Internal Services	3,827,501	-	3,827,501	9,399	-	-	3,836,900
Total Buildings and Plant	1,885,476,556	(10,150,866)	1,875,325,690	97,848,177	19,346,690	(22,807)	1,992,497,750
<b>Interest in Shared Facilities:</b>							
Canal Water	35,479,522	-	35,479,522	-	-	-	35,479,522
State Water Project	412,749,122	-	412,749,122	-	20,327,702	-	433,076,824
Total Interest in Shared Facilities	448,228,644	-	448,228,644	-	20,327,702	-	468,556,346
<b>Equipment:</b>							
Domestic Water	29,280,971	(4,900,938)	24,380,033	6,369,052	-	(429,051)	30,320,034
Sanitation	48,764,691	(1,873,891)	46,890,800	2,816,681	24,713	(160,186)	49,572,008
Canal Water	11,472,825	(2,932,017)	8,540,808	3,398,925	-	(256,633)	11,683,100
Stormwater	2,743,393	(97,734)	2,645,659	140,952	-	(8,554)	2,778,057
Groundwater Replenishment	1,063,969	(195,468)	868,501	275,126	-	(17,109)	1,126,518
Internal Services	39,356,212	-	39,356,212	3,314,431	-	(1,277,390)	41,393,253
Total Equipment	132,682,061	(10,000,048)	122,682,013	16,315,167	24,713	(2,148,923)	136,872,970
<b>Leases:</b>							
<b>Equipment</b>							
Domestic Water	158,383	2,636	161,019	-	-	-	161,019
Sanitation	98,989	1,647	100,636	-	-	-	100,636
Canal Water	75,231	1,253	76,484	-	-	-	76,484
Stormwater	35,636	593	36,229	-	-	-	36,229
Groundwater Replenishment	27,717	461	28,178	-	-	-	28,178
Total Equipment	395,956	6,590	402,546	-	-	-	402,546
<b>Infrastructure</b>							
Domestic Water	1,684,378	3,537	1,687,915	-	-	-	1,687,915
Sanitation	1,052,721	2,226	1,054,947	-	-	-	1,054,947
Canal Water	800,075	1,684	801,759	-	-	-	801,759
Stormwater	378,982	798	379,780	-	-	-	379,780
Groundwater Replenishment	294,764	619	295,383	-	-	-	295,383
Total Infrastructure	4,210,920	8,864	4,219,784	-	-	-	4,219,784

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	Balances at July 1, 2024	Adjustments	Adjusted Beginning Balance	Transfers	Additions	Deletions	Balances at June 30, 2025
<b>Easement</b>							
Domestic Water	70,410	72,875	143,285	-	-	-	143,285
Sanitation	44,006	(28,611)	15,395	-	-	-	15,395
Canal Water	33,445	(21,744)	11,701	-	-	-	11,701
Stormwater	61,575	(10,387)	51,188	-	-	-	51,188
Groundwater Replenishment	4,114,880	10,164	4,125,044	-	-	-	4,125,044
<b>Total Easement</b>	<b>4,324,316</b>	<b>22,297</b>	<b>4,346,613</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,346,613</b>
<b>Subscriptions:</b>							
<b>Software</b>							
Domestic Water	-	-	-	-	73,297	-	73,297
Sanitation	-	-	-	-	52,355	-	52,355
Canal Water	-	-	-	-	41,884	-	41,884
Stormwater	-	-	-	-	20,942	-	20,942
Groundwater Replenishment	-	-	-	-	20,942	-	20,942
<b>Total Subscriptions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,420</b>	<b>-</b>	<b>209,420</b>
<b>Total Capital Assets, Being Depreciated/Amortized</b>	<b>2,479,657,531</b>	<b>(20,482,043)</b>	<b>2,459,175,488</b>	<b>115,867,133</b>	<b>39,908,525</b>	<b>(2,171,730)</b>	<b>2,612,779,416</b>
<b>Less Accumulated Depreciation/ Amortization</b>							
<b>Land Improvements:</b>							
Domestic Water	237,821	-	237,821	-	95,177	-	332,998
Sanitation	182,457	-	182,457	-	57,672	-	240,129
Canal Water	29,641	-	29,641	-	17,849	-	47,490
Stormwater	14,584	-	14,584	-	8,831	-	23,415
Groundwater Replenishment	12,002	-	12,002	-	6,890	-	18,892
<b>Total Land Improvements</b>	<b>476,505</b>	<b>-</b>	<b>476,505</b>	<b>-</b>	<b>186,419</b>	<b>-</b>	<b>662,924</b>
<b>Intangibles:</b>							
Domestic Water	70,862	-	70,862	-	32,097	-	102,959
Sanitation	35,431	-	35,431	-	9,663	-	45,094
Canal Water	19,684	-	19,684	-	6,348	-	26,032
Stormwater	28,517	-	28,517	-	8,472	-	36,989
Groundwater Replenishment	19,505	-	19,505	-	5,320	-	24,825
Internal Services	6,263	-	6,263	-	1,708	-	7,971
<b>Total Intangibles</b>	<b>180,262</b>	<b>-</b>	<b>180,262</b>	<b>-</b>	<b>63,608</b>	<b>-</b>	<b>243,870</b>
<b>Buildings and Plant:</b>							
Domestic Water	336,747,546	-	336,747,546	-	15,645,992	-	352,393,538
Sanitation	294,320,548	-	294,320,548	-	15,555,160	(22,807)	309,852,901
Canal Water	23,642,227	-	23,642,227	-	2,252,965	-	25,895,192
Stormwater	86,975,078	-	86,975,078	-	4,706,313	-	91,681,391
Groundwater Replenishment	36,158,885	-	36,158,885	-	3,349,035	-	39,507,920
Internal Services	1,687,404	-	1,687,404	-	73,976	-	1,761,380
<b>Total Buildings and Plant</b>	<b>779,531,688</b>	<b>-</b>	<b>779,531,688</b>	<b>-</b>	<b>41,583,441</b>	<b>(22,807)</b>	<b>821,092,322</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	Balances at July 1, 2024	Adjustments	Adjusted Beginning Balance	Transfers	Additions	Deletions	Balances at June 30, 2025
Interest in Shared Facilities:							
Canal Water	22,696,723	-	22,696,723	-	354,796	-	23,051,519
State Water Project	109,817,254	-	109,817,254	-	7,212,664	-	117,029,918
Total Interest in Shared Facilities	132,513,977	-	132,513,977	-	7,567,460	-	140,081,437
Equipment:							
Domestic Water	15,874,969	-	15,874,969	-	906,128	(53,631)	16,727,466
Sanitation	14,317,456	-	14,317,456	-	2,371,439	(32,937)	16,655,958
Canal Water	6,999,919	-	6,999,919	-	316,088	(32,077)	7,283,930
Stormwater	2,431,752	-	2,431,752	-	38,332	(1,069)	2,469,015
Groundwater Replenishment	394,062	-	394,062	-	86,473	(2,138)	478,397
Internal Services	30,976,079	-	30,976,079	-	1,985,395	(1,277,390)	31,684,084
Total Equipment	70,994,237	-	70,994,237	-	5,703,855	(1,399,242)	75,298,850
Leases:							
Equipment							
Domestic Water	103,739	235	103,974	-	36,170	-	140,144
Sanitation	64,836	147	64,983	-	22,606	-	87,589
Canal Water	49,276	111	49,387	-	17,181	-	66,568
Stormwater	23,341	53	23,394	-	8,138	-	31,532
Groundwater Replenishment	18,154	40	18,194	-	6,332	-	24,526
Total Equipment	259,346	586	259,932	-	90,427	-	350,359
Infrastructure							
Domestic Water	201,076	(1,731)	199,345	-	67,219	-	266,564
Sanitation	125,671	(1,081)	124,590	-	42,012	-	166,602
Canal Water	95,511	(822)	94,689	-	31,928	-	126,617
Stormwater	45,242	(390)	44,852	-	15,125	-	59,977
Groundwater Replenishment	35,189	(302)	34,887	-	11,761	-	46,648
Total Infrastructure	502,689	(4,326)	498,363	-	168,045	-	666,408
Easement							
Domestic Water	10,633	9,455	20,088	-	7,392	-	27,480
Sanitation	6,646	(4,840)	1,806	-	700	-	2,506
Canal Water	5,051	(3,679)	1,372	-	532	-	1,904
Stormwater	3,867	(2,920)	947	-	1,739	-	2,686
Groundwater Replenishment	147,184	(713)	146,471	-	134,934	-	281,405
Total Easement	173,381	(2,697)	170,684	-	145,297	-	315,981
Subscriptions:							
Software							
Domestic Water	-	-	-	-	9,321	-	9,321
Sanitation	-	-	-	-	6,658	-	6,658
Canal Water	-	-	-	-	5,326	-	5,326
Stormwater	-	-	-	-	2,664	-	2,664
Groundwater Replenishment	-	-	-	-	2,664	-	2,664
Total Subscriptions	-	-	-	-	26,633	-	26,633

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	Balances at July 1, 2024	Adjustments	Adjusted Beginning Balance	Transfers	Additions	Deletions	Balances at June 30, 2025
Total Accumulated Depreciation/Amortization	984,632,085	(6,437)	984,625,648	-	55,535,185	(1,422,049)	1,038,738,784
Total Capital Assets, Being Depreciated/Amortized, Net	1,495,025,446	(20,475,606)	1,474,549,840	115,867,133	(15,626,660)	(749,681)	1,574,040,632
Capital Assets, Net	<u>\$1,922,400,721</u>	<u>\$ 44,188</u>	<u>\$1,922,444,909</u>	<u>\$ -</u>	<u>\$ 75,892,768</u>	<u>\$ (1,485,087)</u>	<u>\$1,996,852,590</u>

The District's interest in shared facilities is as follows:

	<u>2025</u>	<u>2024</u>
All-American Canal	\$ 21,213,582	\$ 21,213,582
Distribution System for All-American Canal	14,265,940	14,265,940
California State Water Project	433,076,824	412,749,122
Total	468,556,346	448,228,644
Less: Accumulated Depreciation	(140,081,437)	(132,513,977)
<b>Interest in Shared Facilities, Net</b>	<b><u>\$ 328,474,909</u></b>	<b><u>\$ 315,714,667</u></b>

The interest in jointly-owned facilities for the All-American Canal (the Canal) and the related Distribution System (the System) represent the District's allocated share of the cost of these facilities, as determined by the United States Department of the Interior. Depreciation is provided on the straight-line method based on a 100-year life for the Canal and the System.

The interest in jointly-owned facilities in the California State Water Project results from the District's participation under a 1963 contract with the state of California, Department of Water Resources. Under the terms of the 1963 contract and additional contracts finalized after 1963 between the District, Department of Water Resources (DWR) and other State Water Contractors, the District secured rights to receive a maximum of 4.78 million acre-feet (MAF) of Table A water through 2035. In 2022, a Contract Extension was finalized between the District and DWR that extends the duration of the original contract from 1963 an additional 50 years from 2035 to 2085.

As of June 30, 2025, CVWD received 1.92 MAF of State Project Water (SPW) delivered under these agreements. As of FY 2025, capital costs and certain SPW operation and maintenance costs are amortized over the life of the contract; variable costs such as transportation expenses are recovered by DWR as the charges are incurred.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

The following material construction commitments existed at June 30, 2025:

<b>Project Name</b>	<b>Contract Amount</b>	<b>Expenditures to Date as of June 30, 2025</b>	<b>Remaining Commitments</b>
L-4 Pump Station Relocation Project - Phase 2	\$ 5,597,644	\$ 5,383,793	\$ 213,851
Irrigation Lateral 119.64-7.5 Replacement Project - Phase 2	7,771,097	1,056,518	6,714,579
Well Rehabilitation Project, Phase 3, Well 5662	492,435	338,448	153,987
Well 4632-1 Drilling Project (Cotino Development)	1,871,239	450,500	1,420,739
IXTP 7991 Replacement Project	9,585,397	6,569,241	3,016,156
Reservoir 7101-2 Design and Construction	3,300,725	589,725	2,711,000
Oasis In-Lieu Recharge - Phase 2	46,806,323	46,703,214	103,109
Lift Station 55-11 Capacity Upgrade (Mecca)	8,270,251	2,779,940	5,490,311
Emerald Desert Non-Potable Water Pipeline Project	364,033	61,688	302,345
Marriott Shadow Ridge Non-Potable Water Pipeline Project	8,081,244	7,879,461	201,783
T1 Pump Station Replacement	23,172,453	22,088,040	1,084,413
WRP 10 Low-Pressure Non-Potable Water Pipeline Project	8,141,239	3,808,848	4,332,391
FY 2020-2021 Non-Potable Water (NPW) Pipelines Project	21,461,768	21,445,199	16,569
Sewer Manhole Rehabilitation Project - Palm Desert and Rancho Mirage	626,565	586,490	40,075
Water Reclamation Plant No. 7 – Aeration Improvements	29,855,000	1,566,380	28,288,620
Palm Desert Operations Switchboard Upgrade Project	512,975	36,607	476,368
<b>Total</b>	<b>\$ 175,910,388</b>	<b>\$ 121,344,092</b>	<b>\$ 54,566,296</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5 - LONG-TERM LIABILITIES**

Long-term liabilities for the year ended June 30, 2025, is as follows:

	Balance			Balance	Due Within	Due After
	June 30, 2024			June 30, 2025	One Year	One Year
	as restated	Additions	Reductions			
Direct Borrowings:						
WFIA Loan	\$ 58,716,513	\$ -	\$ (1,231,241)	\$ 57,485,272	\$ 1,255,373	\$ 56,229,899
SRF Loan	17,400,356	-	(17,400,356)	-	-	-
SWRCB NPW 17-18	16,486,668	3,549,404	(498,163)	19,537,909	579,272	18,958,637
SWRCB NPW 20-21	816,028	8,216,846	-	9,032,874	-	9,032,874
USBR Irrigation Laterals Loan	5,101,132	13,856	-	5,114,988	-	5,114,988
USBR Mid Canal Loan	7,500,000	74,033	(249,554)	7,324,479	195,061	7,129,418
Other Debt:						
Revenue Notes 2022A	35,225,000	-	(35,225,000)	-	-	-
Revenue Notes 2025A		35,155,000	-	35,155,000	-	35,155,000
Certification of Participation:						
Series 2022A	52,245,000	-	(1,155,000)	51,090,000	1,215,000	49,875,000
Series 2021A	42,080,000	-	-	42,080,000	-	42,080,000
Series 2021B	810,000	-	-	810,000	-	810,000
Subtotal	<u>236,380,697</u>	<u>47,009,139</u>	<u>(55,759,314)</u>	<u>227,630,522</u>	<u>3,244,706</u>	<u>224,385,816</u>
Add: COP Premium	15,756,057	-	(1,050,996)	14,705,061	-	14,705,061
Add: Revenue Notes						
Premium	26,541	-	(26,541)	-	-	-
Leases Payable	8,466,907	-	(217,932)	8,248,975	179,075	8,069,900
Subscriptions Payable	-	209,421	(36,950)	172,471	33,971	138,500
Compensated						
Absences Payable*	10,721,986	(114,033)		10,607,953	7,955,966	2,651,987
Claims Payable	60,481,123	15,205,143	(1,243,481)	74,442,785	742,442	73,700,343
<b>Totals</b>	<b><u>\$ 331,833,311</u></b>	<b><u>\$ 62,309,670</u></b>	<b><u>\$ (58,335,214)</u></b>	<b><u>\$ 335,807,767</u></b>	<b><u>\$ 12,156,160</u></b>	<b><u>\$ 323,651,607</u></b>

\*Compensated absences is presented as a net change per GASB 101.

**A. Insured and Self-Insured Claims Liability**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported.

The District's participation in the self-insurance program is listed below:

Property Loss – Insured up to a replacement value of \$100 million, with a \$500,000 deductible per occurrence on scheduled buildings and contents, and actual cash value on scheduled mobile equipment.

Workers' Compensation – Permissibly self-insured with an excess policy with limits of \$35 million with a \$250,000 self-insured retention per claim. The claims are overseen by a third- party administrator.

Liability (Excess Liability) – Insures property damage and bodily injury liability losses over

\$250,000 self-insured retention per each occurrence, with limits up to \$35 million per occurrence with a policy aggregate of \$70 million.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

Auto Liability – Self-insured up to \$2 million per occurrence with Excess Liability providing coverage once the \$2 million self-insured retention is met.

Public Officials Liability – Insured up to \$10 million per occurrence and in the aggregate with a \$500,000 self-insured retention per claim for an actual or alleged breach of duty.

Crime Policy – Insured up to \$5 million per occurrence and in the aggregate with a \$100,000 deductible per claim for employee dishonesty.

Underground Storage Tank Liability – Insured up to \$1 million per pollution incident with an aggregate of \$2 million and a \$5,000 deductible. Covering eleven (11) underground storage tanks at 51501 Tyler Street, Coachella, California 92236, 43-000 Cook Street, Palm Desert, CA 92260, and 75525 Hovley Lane, Palm Desert, CA 92211.

Pollution liability and 1st party coverage – Insured up to \$25 million per occurrence and in the aggregate with a \$250,000 self-insured retention per claim.

Employee Benefits & Fiduciary Liability - Insured up to \$5 million per claim with a self- insured retention of \$100,000 each claim. The policy provides coverage for errors and omissions, breach of fiduciary duty in the administration of employee benefits programs for failure to advise, enroll, terminate, or cancel benefits.

Security and Privacy liability (Cyber Liability) – Limits of liability up to \$5 million with a \$100,000 deductible, including coverage for media content, regulatory action and cyber extortion.

Owners Protective Professional Liability Indemnity (OPPI) Insurance – Limits of liability up to \$10 million with a self-insured retention of \$250,000 for 3rd party claims for hired contractor’s design errors.

Changes in claims liability over the past three years are as follows:

Liability at June 30, 2023	\$ 55,803,215
Claims and Changes in Estimate	7,644,858
Claim Payments	<u>(2,966,950)</u>
Liability at June 30, 2024	60,481,123
Claims and Changes in Estimate	15,205,143
Claim Payments	<u>(1,243,481)</u>
<b>Liability at June 30, 2025</b>	<b><u><u>\$ 74,442,785</u></u></b>

A number of other suits and claims arising in the course of business are pending against the District. In the opinion of the District’s General Counsel, the adverse results, if any, of such legal actions on these other suits and claims will not have a material effect on the District’s financial position, changes in net position, or liquidity.

The claims liability is typically liquidated by the Domestic Water Fund. Management estimates the District’s liability under these claims will not exceed amounts provided for by the District as of June 30, 2025. During the past three fiscal years, there were no settlements or judgments that exceeded insured coverage. There were also no significant reductions in insured liability coverage in 2024-2025.

**B. WIFIA Loan Payable**

On January 27, 2020, the District entered into an agreement with the U.S. Environmental Protection Agency, pursuant to the Water Infrastructure Finance and Innovation Act (WIFIA), for a loan in a principal amount not to exceed \$59,140,612 to finance a portion of eligible project costs related to the North Indio Regional Flood Control and Stormwater Channel Improvement Projects, as defined in the agreement.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

The WIFIA loan has interest payable semi-annually at 1.96% per annum beginning December 1, 2023 and principal payable annually beginning June 1, 2024 through 2058. The balance outstanding at June 30, 2025, was \$57,485,272.

The WIFIA loan is secured by a pledge and lien on the Stormwater System Revenues and the Stormwater System Revenue Fund and all amounts on deposit in the WIFIA Reserve. The District is required to maintain the WIFIA Reserve in an amount at least equal to the largest WIFIA debt service payment due in any calendar year. As of June 30, 2025, the District has designated \$2,382,085 in the Stormwater fund as debt service reserve, which meets this requirement.

Debt service requirements of the WIFIA loan payable as of June 30, 2025, are as follows:

<b>Year Ending June 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2026	\$ 1,255,373	\$ 1,126,712	\$ 2,382,085
2027	1,279,979	1,102,106	2,382,085
2028	1,305,066	1,077,019	2,382,085
2029	1,330,646	1,051,439	2,382,085
2030	1,356,726	1,025,359	2,382,085
2031-2035	7,193,087	4,717,336	11,910,423
2036-2040	7,926,190	3,984,234	11,910,424
2041-2045	8,734,008	3,176,416	11,910,424
2046-2050	9,624,158	2,286,266	11,910,424
2051-2055	10,605,029	1,305,395	11,910,424
2056-2059	6,875,010	271,244	7,146,254
<b>Total</b>	<b>\$ 57,485,272</b>	<b>\$ 21,123,526</b>	<b>\$ 78,608,798</b>

**C. SWRCB NPW 2017-2018 Loan Payable**

On October 6, 2021, the District entered into an agreement with the State Water Resource Control Board (SWRCB) for a Clean Water State Revolving Fund (CWSRF) loan under the Water Recycling Funding Program to finance the installation of pipelines and laterals to provide an estimated 7,500 acre-feet per year (AFY) of non-potable water (NPW) for irrigation use and to reduce groundwater overdraft. The District may borrow up to \$45,132,117. Of this amount, \$5 million is considered a grant. The loan has an interest rate of 1.1% and a repayment period of 30 years. As of June 30, 2025, the District has drawn down \$19,537,909.

The loan payable requires the District to prescribe and collect rates, fees, and charges for the Sanitation Fund, which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs and must ensure that Net Revenues are equal to at least 125% of the Maximum Annual Debt Service with respect to all outstanding System Obligations so long as System Obligations other than this Obligation are outstanding. Upon defeasance of all System Obligations other than this Obligation, this ratio must be at least 120%, except where System Obligations are defeased pursuant to refunding obligations. The District's ratio of net revenues to debt service for the fiscal year ended June 30, 2025 was 47.58%. The District is also required to maintain a debt service reserve equivalent to one year's debt service.

Debt service requirements for the SWRCB NPW 2017-18 loan payable as of June 30, 2025, are as follows:

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

<b>Year Ending June 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2026	\$ 579,272	\$ 211,127	\$ 790,399
2027	581,854	208,545	790,399
2028	588,254	202,145	790,399
2029	594,725	195,674	790,399
2030	601,267	189,132	790,399
2031-2035	3,107,012	844,983	3,951,995
2036-2040	3,281,699	670,296	3,951,995
2041-2045	3,466,207	485,788	3,951,995
2046-2050	3,661,089	290,906	3,951,995
2051-2055	3,076,530	85,067	3,161,597
Total	<u>\$ 19,537,909</u>	<u>\$ 3,383,663</u>	<u>\$ 22,921,572</u>

**D. SWRCB NPW 2020-2021 Loan Payable**

On April 27, 2022, the District entered into an agreement with the State Water Resource Control Board (SWRCB) for a Clean Water State Revolving Fund (CWSRF) loan under the Water Recycling Funding Program to finance the installation of pipelines and laterals to provide an estimated 5,202 acre-feet per year (AFY) of non-potable water (NPW) for irrigation use and to reduce groundwater overdraft. The District may borrow up to \$15,530,000. Of this amount, \$5 million is considered a grant. The loan has an interest rate of 0.80% and a repayment period of 30 years. As of June 30, 2025, the District has drawn down \$9,032,874.

The loan payable requires the District to prescribe and collect rates, fees, and charges for the Sanitation Fund, which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs and must ensure that Net Revenues are equal to at least 125% of the Maximum Annual Debt Service with respect to all outstanding System Obligations so long as System Obligations other than this Obligation are outstanding. Upon defeasance of all System Obligations other than this Obligation, this ratio must be at least 120%, except where System Obligations are defeased pursuant to refunding obligations. The District's ratio of net revenues to debt service for the fiscal year ended June 30, 2025 was 47.58%. The District will also be required to establish a reserve fund of one year's debt service. As of June 30, 2025, construction is still in progress. No debt schedule has been issued but a debt reserve equivalent to approximately one year's debt service has been established.

**E. USBR Irrigation Laterals Loan Payable**

On September 13, 2022, the District entered into a repayment contract with the Department of Interior, Bureau of Reclamation for loans of up to \$60,931,425 for the extraordinary operation and maintenance work for replacement of the distribution system for the Coachella branch of the All American Canal. It will be comprised of ten separate Repayment Obligations for each irrigation lateral replacement project in the Coachella Division. The individual Repayment Obligations for each lateral replacement project will be finalized upon the issuance of the written notice of substantial completion for each project.

As of June 30, 2025, total proceeds received from the Repayment Obligations is \$5,114,988. Repayment is due within 30 years, with an interest rate of 1.875%, from the date of the first payment. A debt schedule will be issued and revised with the substantial completion of all projects. No project has yet reached substantial completion.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**F. USBR Mid-Canal Loan Payable**

On April 12, 2023, the District entered into a repayment contract with the Department of Interior, Bureau of Reclamation, for a loan of up to \$7,500,000 for the extraordinary maintenance work for the concrete lining of the Coachella Canal. The District also established agreements with San Diego County Water Authority (SDCWA) and San Luis Rey River Indian Water Authority (SLRRIWA) for their proportionate share of the construction cost in the amounts of \$4,575,000 (61%) and \$975,000 (13%), respectively. The District's allocation is \$1,950,000 (26%).

As of June 30, 2025, the total proceeds from the Repayment Obligation have been drawn down and the balance outstanding is \$7,324,479. Repayment is due within 30 years at an interest rate of 1.875% from the date of the first payment.

Debt service requirements for the USBR Mid-Canal loan payable as of June 30, 2025, are as follows:

<b>Year Ending June 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2026	\$ 195,061	\$ 137,334	\$ 332,395
2027	198,719	133,677	332,396
2028	202,445	129,951	332,396
2029	206,240	126,155	332,395
2030	210,107	122,288	332,395
2031-2035	1,111,128	550,848	1,661,976
2036-2040	1,219,277	442,699	1,661,976
2041-2045	1,337,952	324,024	1,661,976
2046-2050	1,468,177	193,799	1,661,976
2051-2055	1,175,373	52,798	1,228,171
Total	<u>\$ 7,324,479</u>	<u>\$ 2,213,573</u>	<u>\$ 9,538,052</u>

**G. Revenue Notes, Series 2025A**

On April 30, 2025, the District issued Drinking Water System Revenue Notes Series 2025A (2025 Notes) in the amount of \$35,155,000 to provide interim funding for certain capital improvements and to pay all of the interest payments with respect to the 2025 Notes.

The 2025 Notes have interest payable semi-annually on December 1 and June 1 at 3.85% per annum, and the total principal amount is payable on June 1, 2028. The balance outstanding at June 30, 2025, is \$35,115,000.

The 2025 Notes are secured by a pledge of net revenues in the Drinking Water System (Domestic Water fund). The District is required to maintain the rates and charges for the Drinking Water Service to be at least 1.25 times debt service each fiscal year. As of June 30, 2025, the Domestic Water fund's net revenue coverage was 28.20%.

Debt service requirements of the 2025 Notes are as follows:

<b>Year Ending June 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2026	\$ -	\$ 1,492,925	\$ 1,492,925
2027	-	1,374,561	1,374,561
2028	35,155,000	1,374,560	36,529,560
Total	<u>\$ 35,155,000</u>	<u>\$ 4,242,046</u>	<u>\$ 39,397,046</u>

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**H. Certificates of Participation, Series 2022A**

On May 5, 2022, the Corporation issued Certificates of Participation Series 2022A (2022A COP) in the amount of \$53,340,000, plus premium of \$6,999,169, pursuant to an installment purchase agreement with the District, to finance the construction and other costs of the acquisition of certain facilities for the Stormwater system not payable from the proceeds of the WIFIA Loan and Stormwater System reserves.

The 2022A COP has interest payable semi-annually on August 1 and February 1 at 5% per annum and principal payable in annual amounts ranging from \$1,095,000 to \$3,645,000 on August 1 starting in 2023 through 2047. The balance outstanding at June 30, 2025, is \$51,090,000. The 2022A COP is secured by a pledge of Stormwater System Revenues prior to the payment of operation and maintenance costs related to the Stormwater System and are obligated to have Stormwater system revenues produce a sum equal to at least 1.25% of the estimated debt service for all parity projects. The District's parity debt service coverage ratio for the year ended June 30, 2025 is 3.96%.

Debt service requirements of the 2022A COP are as follows:

<b>Year Ending June 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2026	\$ 1,215,000	\$ 2,524,125	\$ 3,739,125
2027	1,275,000	2,461,875	3,736,875
2028	1,340,000	2,396,500	3,736,500
2029	1,410,000	2,327,750	3,737,750
2030	1,480,000	2,255,500	3,735,500
2031-2035	8,635,000	10,056,125	18,691,125
2036-2040	11,085,000	7,603,625	18,688,625
2041-2045	14,235,000	4,454,375	18,689,375
2046-2049	10,415,000	798,375	11,213,375
Subtotal	51,090,000	34,878,250	85,968,250
Unamortized Premium	5,488,844	-	5,488,844
<b>Total</b>	<b>\$ 56,578,844</b>	<b>\$ 34,878,250</b>	<b>\$ 91,457,094</b>

**I. Certificates of Participation, Series 2021A and Series 2021B**

On June 15, 2021, the Corporation issued Certificates of Participation Series 2021A (2021A COP) in the amount of \$42,080,000, plus premium of \$11,497,433, and Series 2021B (2021B COP) in the amount of \$810,000, pursuant to an installment purchase agreement with the District, to finance the cost of and reimburse the District for, costs previously expended on certain improvements benefiting the East Whitewater Replenishment System. As required by the offering statement, the District also entered into a Depository agreement, under which the county of Riverside transfers certain 1% ad valorem property taxes directly to the Depository Agent. Total debt service for the year is secured in this account before the District has access to the balance of the funds in the 1% Property Tax Account.

2021A COP has interest payable semi-annually on August 1 and February 1 at rates ranging from 4% to 5% and principal payable annually in amounts ranging from \$160,000 to \$2,780,000 on August 1 starting in 2027 through 2051. 2021B COP has interest payable semi-annually on August 1 and February 1 at 1.35% and principal payable on August 1, 2027, for \$810,000. The balance outstanding at June 30, 2025, on COP Series 2021A and Series 2021B was \$42,080,000 and \$810,000, respectively.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

The COP are secured by a pledge of net revenues in the East Whitewater Replenishment System that is reported as a part of the Groundwater Replenishment Fund. The District is required to maintain the rates and charges for the East Whitewater Replenishment System to be at least 1.25 times debt service each fiscal year. The District's net revenue coverage ratio for the year ended June 30, 2025 is 5.77%.

Debt service requirements of 2021A COP and 2021B COP are as follows:

<b>Year Ending June 30,</b>	<b>2021A COP</b>		<b>2021B COP</b>		<b>Total Payments</b>
	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	
2026	\$ -	\$ 1,879,150	\$ -	\$ 10,935	\$ 1,890,085
2027	-	1,879,150	-	10,935	1,890,085
2028	160,000	1,875,150	810,000	5,468	2,850,618
2029	1,000,000	1,846,150	-	-	2,846,150
2030	1,055,000	1,794,775	-	-	2,849,775
2031-2035	6,125,000	8,113,100	-	-	14,238,100
2036-2040	7,595,000	6,643,100	-	-	14,238,100
2041-2045	9,280,000	4,960,600	-	-	14,240,600
2046-2050	11,445,000	2,795,800	-	-	14,240,800
2051-2053	5,420,000	274,500	-	-	5,694,500
Subtotal	42,080,000	32,061,475	810,000	27,338	74,978,813
Unamortized Premium	9,216,217	-	-	-	9,216,217
<b>Total</b>	<b>\$ 51,296,217</b>	<b>\$ 32,061,475</b>	<b>\$ 810,000</b>	<b>\$ 27,338</b>	<b>\$ 84,195,030</b>

**J. Leases Payable**

The District leases equipment, infrastructure, and easements for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2054 and provide for renewal options ranging from 3 months to 30 years. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Total future minimum lease payments under lease agreement are as follows:

<b>Year Ending June 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2026	\$ 179,075	\$ 321,227	\$ 500,302
2027	160,917	315,374	476,291
2028	161,417	309,502	470,919
2029	174,876	303,337	478,213
2030	189,088	296,719	485,807
2031-2035	1,085,132	1,371,061	2,456,193
2036-2040	1,532,125	1,136,107	2,668,232
2041-2045	2,006,865	815,343	2,822,208
2046-2050	1,866,436	440,313	2,306,749
2051-2055	893,044	91,232	984,276
<b>Total</b>	<b>\$ 8,248,975</b>	<b>\$ 5,400,215</b>	<b>\$ 13,649,190</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5 - LONG-TERM LIABILITIES (CONTINUED)**

**K. Subscriptions Payable**

As of June 30, 2025, Coachella Valley Water District had 2 active subscriptions. The subscriptions have payments that range from \$14,750 to \$24,491 and interest rates that range from 3.9100% to 3.9100%. As of June 30, 2025, the total combined value of the subscription liability is \$172,471, and the total combined value of the short-term subscription liability is \$33,971.

Total future minimum subscriptions under the agreement are as follows:

<b>Year Ending June 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2026	\$ 33,971	\$ 6,744	\$ 40,715
2027	36,829	5,415	42,244
2028	22,787	3,975	26,762
2029	24,480	3,085	27,565
2030	26,264	2,127	28,391
2031-2032	28,140	1,100	29,240
<b>Total</b>	<b>\$ 172,471</b>	<b>\$ 22,446</b>	<b>\$ 194,917</b>

**NOTE 6 - SPECIAL ASSESSMENT DEBT WITHOUT GOVERNMENT COMMITMENT**

As of June 30, 2025, certain special assessment district limited obligation improvement bonds, were outstanding that are not recorded as liabilities by the District. The bonds are payable from the annual installments collected on regular property tax bills, sent to owners of property having unpaid assessments levied against land benefited by the projects. Neither the faith, credit nor taxing power of the District is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the District's financial statements. At June 30, 2025, the following limited obligation Improvement Bonds remain outstanding:

	<b>Date of Issue</b>	<b>Amount of Issue</b>	<b>Outstanding June 30, 2025</b>
Assessment District No. 68	2002	\$ 2,560,000	\$ 345,000
Assessment District No. 70	2006	8,239,480	1,190,000
Assessment District No. 33	2010	786,528	515,000
<b>Total Noncommittal Debt Issues</b>		<b>\$ 11,586,008</b>	<b>\$ 2,050,000</b>

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 7 - MISCELLANEOUS PENSION PLAN**

**A. Plan Description**

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Plan (the Plan), an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and resolution adopted by the District. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**B. 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 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following:

- The Basic Death benefit – this is a standard benefit where an employee's beneficiary (or estate) may receive the retirement benefit if the member dies while actively employed. The benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service; up to six months.
- The 1957 Survivor benefit – this is a standard benefit where an employee's eligible survivor may receive the members retirement benefit if the member dies while actively employed, has attained at least the age of 50, and has at least five years of credited service. The benefit is a monthly allowance equal to one-half of the unmodified service retirement benefit that the member would have been entitled to receive if the member had retired on the date of his or her death. The benefit is payable to the spouse until their death; and payable to dependents until reaching the age of 18.

CalPERS also offers optional death benefits, such as Optional Settlement 2W Death Benefit, and the Special Death Benefit. More information on these benefits is available on the CalPERS website. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 7 - MISCELLANEOUS PENSION PLAN (CONTINUED)**

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

<b>Hire date</b>	<b>Prior to January 5, 2008*</b>	<b>Prior to January 1, 2013*</b>	<b>On or After January 1, 2013*</b>
Benefit formula	2.0% @ 55	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50	minimum 50	minimum 52
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	-%	8.00%	7.75%
Required employer contribution rates	-%	10.41%	10.41%
Required unfunded liability payment	\$ -	\$ 10,862,811	\$ -

\*There were no active employees in this plan during this period, therefore, there were no employee contributions made during this period. In addition, the District was not required to make any contributions during this period. State Assembly Bill 340 created PEPRA that implemented new benefit formulas, a final compensation period, and new contribution requirements for new employees eligible to participate in the Plan.

+Closed to new entrants.

**C. Employees Covered**

At the June 30, 2024 measurement date, the following employees were covered by the benefit terms of the Plan:

Retired Employees and Beneficiaries	536
Terminated or Transferred Employees	191
Active Employees	537
	1264

**D. Contribution Description**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the District to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For the fiscal year ended June 30, 2025, the District contributed a total of \$17,240,190 to the Plan.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 7 - MISCELLANEOUS PENSION PLAN (CONTINUED)**

**E. Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

The District's 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 shown below.

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

(1) Varies by entry age and service.

(2) The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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

**F. Long-Term Expected Rate of Return**

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 7 - MISCELLANEOUS PENSION PLAN (CONTINUED)**

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

<b>Asset Class<sup>1</sup></b>	<b>Assumed Asset Allocation</b>	<b>Real Return<sup>1,2</sup></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)%
<b>Total</b>	<b>100.00 %</b>	

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 21-22 Asset Liability Management study

**G. Discount Rate**

The discount rate used to measure the total pension liability 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.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 7 - MISCELLANEOUS PENSION PLAN (CONTINUED)**

**H. Changes in the Net Pension Liability**

The changes in Plan's Net Pension Liability recognized over the measurement period are as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2023 (Measurement Date)	\$ 524,640,556	\$ 385,483,499	\$ 139,157,057
Changes recognized for the measurement period:			
Service cost	9,555,245	-	9,555,245
Interest on total pension liability	36,281,846	-	36,281,846
Differences between expected and actual experience	10,115,067	-	10,115,067
Contributions-employer	-	22,831,330	(22,831,330)
Contributions-employee	-	4,374,008	(4,374,008)
Net investment income	-	36,670,449	(36,670,449)
Benefit payments, including refunds of employee contributions	(27,418,783)	(27,418,783)	-
Administrative expense	-	(313,669)	313,669
Net changes during 2023-24	28,533,375	36,143,335	(7,609,960)
<b>Balance at June 30, 2024 (Measurement Date)</b>	<b>\$ 553,173,931</b>	<b>\$ 421,626,834</b>	<b>\$ 131,547,097</b>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the net pension liability of the District for the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.90%) or 1% point higher (7.90%) than the current rate:

	<b>Discount Rate -1% (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>Discount Rate +1% (7.90%)</b>
Plan's net pension liability/(asset)	\$ 207,175,860	\$ 131,547,097	\$ 69,244,772

**I. Pension Plan Fiduciary Net Position**

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

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 7 - MISCELLANEOUS PENSION PLAN (CONTINUED)**

**J. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2025, the District recognized pension expense of \$24,103,760. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 17,240,190	\$ -
Changes of assumptions	8,088,572	-
Differences between expected and actual experience	13,866,196	(1,740,963)
Net difference between projected and actual earnings on pension plan investments	5,886,861	-
<b>Total</b>	<b><u>\$ 45,081,819</u></b>	<b><u>\$ (1,740,963)</u></b>

The \$17,240,190 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 year ended June 30, 2026. Differences between projected and actual investment earnings are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal year ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 6,895,128
2027	15,868,679
2028	2,923,977
2029	214,545
2030	198,337
Thereafter	-
<b>Total</b>	<b><u>\$ 26,100,666</u></b>

**K. Payable to the Pension Plan**

At June 30, 2025, the District had no outstanding amount of contributions to the pension plan required.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 8 - DEFERRED COMPENSATION PLAN**

The District offers its employees three different deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. No contributions are required by the District. The assets of the plans are held for the exclusive benefit of the plan participants and their beneficiaries and the assets shall not be diverted for any other purpose. The third-party administrators have the managing and reporting responsibilities. Each participant retains title to all accumulated funds and directs the investment in their respective accounts by selecting various investment options and the District has no liability for any losses that may be incurred. Pursuant to federal legislation, the Section 457 plan assets were placed in trust for exclusive benefit of all employees and their beneficiaries and are not available to the creditors of the District. For this reason, the assets and related liabilities of the plan are excluded from the financial records of the District and are not included in the accompanying financial statements.

**NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**A. Plan Description and Benefits Provided**

The District provides health care benefits to all employees who retire from the District, under retirement criteria established by the District, up to the age of 65, through a single-employer defined benefit plan. The District, on September 10, 2013, entered into an agreement with PFM, by resolution approved by the board of directors, to establish a pre-funded Section 115, irrevocable OPEB (Other Postemployment Benefit) Trust, in which PFM would act as the Trust administrator and Trustee. The plan itself does not issue a separate financial report.

Elected Officials and Association of Coachella Valley Water District Managers (ACVWDM)

Elected Officials and ACVWDM employees hired prior to July 1, 2011, with 10 or more years of service, who retired between July 1, 2011 and December 28, 2013, are eligible to participate in the District medical plan on a cost-sharing basis. Elected Officials and ACVWDM employees hired on, or after July 1, 2011, with 15 or more years of service, are eligible to participate in the District medical plan on a cost-sharing basis. The cost-sharing ratio is dependent on the coverage and the years of service.

For Elected Officials and ACVWDM employees eligible for Medicare, with 12 or more years of service, the District pays the cost of a Medicare supplement (Medigap) policy selected at the time of retirement, retiree must stay in same medical plan elected before retirement and cannot upgrade medical plan during retirement. District pays cost of Medigap for retiree, spouse/domestic partner, or surviving spouse/domestic partner for any coverage elected, up to a cap.

Association of Supervisory Support Evaluation Team (ASSET)

ASSET employees hired prior to July 1, 2011, with 10 or more years of service, who retired between July 1, 2011 and April 18, 2014, are eligible to participate in the District medical plan on a cost-sharing basis. ASSET employees hired on, or after July 1, 2011, with 15 or more years of service, are eligible to participate in the District medical plan on a cost-sharing basis. The cost-sharing ratio is dependent on the coverage and the years of service.

Coachella Valley Water District Employee Association (CVWDEA)

CVWDEA employees hired prior to August 9, 2011, with ten or more years of service, who retired between July 1, 2011 and August 8, 2011, are eligible to participate in the District medical plan on a cost-sharing basis. Employees hired on, or after August 9, 2011, with fifteen or more years of service, are eligible to participate in the District medical plan on a cost-sharing basis. The cost-sharing ratio is dependent on the coverage and the years of service.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

All Employees

The District covers 100% of costs of retiree medical for all employees who retired prior to July 1, 2011. Coverage will continue for the retiree and spouse or registered domestic partner and eligible dependents, until they become entitled to Medicare Benefits at age 65. Coverage for retirees' eligible spouse or registered domestic partner and eligible dependents will continue until they are eligible for coverage under any other health care plan, public health care program, or are no longer eligible for coverage under the District's group health plans, according to the terms and conditions of the agreement between the group health plan and the District.

Current District employees are eligible OPEB participants upon reaching age 50 with a minimum of fifteen years of eligible service with the District. Board members are also eligible to participate. Eligible retirees and board members may enroll in the Anthem Blue Cross PPO Fully Insured Plan, Anthem Blue Cross HMO Plan or the Kaiser Permanente HMO plan provided by the District.

As of January 1, 2015: The Anthem Blue Cross PPO Fully Insured Plan replaced the AETNA Health of California PPO Plan and the Anthem Blue Cross HMO Plan replaced the AETNA Health of California HMO Plan. The District's Resolution No. 2008-200 establishes the authority for the plan. The activity and liability from the OPEB plan are included in these financial statements.

**B. Employees Covered**

The following current and former employees were covered by the benefit terms under the plan as of the year ended June 30, 2025:

Retired Employees and Beneficiaries	124
Active Employees	546
<b>Total</b>	<b>670</b>

**C. Accounting for the Plan**

The OPEB trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the Plan.

**D. Method Used to Value Investments**

Investments are reported at fair value, which is determined by the means of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued their fair value as determined by the custodian with the assistance of a valuation service.

**E. Investment Policy and Rate of Return**

The District's policy in regard to the allocation of invested assets is established and may be amended by the District's board of directors by a majority vote of its members. It is the policy of the board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rates of return are presented as geometric means.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

The board’s adopted asset allocation policy and the long-term expected 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:

<b>Asset Class</b>	<b>PFM Target Allocation</b>	<b>Expected Real Rate of Return</b>
Domestic Equity	39%	4.29%
International Equity	21%	4.67%
Fixed Income	40%	0.78%
Total	<u>100%</u>	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		5.75%

**Rate of Return**

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 11.85%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**F. Contributions**

The contribution requirements of plan members and the District are established and may be amended by the District, District’s board of directors, and/or the employee associations. Currently, contributions are not required from plan members. Administrative costs of the OPEB plan are financed through investment earnings. The annual contribution is based on the actuarially determined contribution and is not based on a measure of pay. For the fiscal year ended June 30, 2025, the District made \$2,207,120 in benefit payments, \$8,921 in non-trust admin expenses, and the estimated implied subsidy was \$659,000, resulting in total contributions of \$603,897.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**G. Actuarial Assumptions**

The District's net OPEB asset for the Plan is measured as the total OPEB asset, less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2025, using an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2025, using standard update procedures. A summary of the principal assumptions and methods used to determine the net OPEB asset is shown below.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal, level percent to Pay
Actuarial Assumptions	
Discount Rate	5.75%
Inflation	2.50%
Projected Salary Increases	2.75%
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Healthcare Trend	8.50% Non-Medicare; 7.50% Medicare (non-Kaiser); 6.25% Medicare (Kaiser); decreasing to an ultimate rate of 3.45% on 2076.

The actuarial assumptions used in the June 30, 2023, valuation rolled forward to June 30, 2025, were based on a standard set of assumptions the actuary has used for similar valuations, modified, as appropriate, for the District.

**H. Discount Rate**

GASB 75 requires a discount rate that reflects the following:

1. The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
2. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

The discount rate utilized to measure the total OPEB asset was 5.75%. The current OPEB plan's fiduciary net position and expected District contributions are 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 OPEB Trust investments was applied to all periods of the projected benefit payments to determine the total OPEB asset.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**I. Changes in the Net OPEB Asset**

The changes in the Net OPEB asset for the Plan are as follows:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability/(Asset) (c) = (a) - (b)</b>
Balance at June 30, 2024 (Measurement Date)	\$ 36,729,091	\$ 36,545,088	\$ 184,003
Changes recognized for the measurement period:			
Service cost	1,402,635	-	1,402,635
Interest on total OPEB liability	2,129,120	-	2,129,120
Contributions-employer*	-	603,897	(603,897)
Net investment income	-	4,852,728	(4,852,728)
Benefit payments, including refunds of employee contributions	(2,207,120)	(2,207,120)	-
Administrative expense	-	(16,921)	16,921
Net changes during 2024-25	<u>1,324,635</u>	<u>3,232,584</u>	<u>(1,907,949)</u>
<b>Balance at June 30, 2025 (Measurement Date)</b>	<b><u>\$ 38,053,726</u></b>	<b><u>\$ 39,777,672</u></b>	<b><u>\$ (1,723,946)</u></b>

\* Includes implied subsidy of \$659,000.

**J. Sensitivity of the Net OPEB Asset to Changes in the Discount Rate**

The following presents the net OPEB asset, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.75%) or one-percentage-point higher (6.75%) than the current discount rate:

	<b>Discount Rate -1% (4.75%)</b>	<b>Current Discount Rate (5.75%)</b>	<b>Discount Rate +1% (6.75%)</b>
Plan's net OPEB liability/(asset)	<u>\$ 1,515,731</u>	<u>\$ (1,723,946)</u>	<u>\$ (4,654,524)</u>

**K. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the net OPEB asset of the District if it were calculated using health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current health care cost trend rates:

	<b>Current Healthcare</b>		
	<b>1% Decrease</b>	<b>Cost Trend Rates 8.5%</b>	<b>1% Increase</b>
	5.5% Non-Medicare;	Non-Medicare;	9.5% Non-Medicare;
	6.5% Medicare (no-Kaiser);	7.5% Medicare (non-Kaiser)	8.5% Medicare (no-Kaiser);
	5.25% Medicare (Kaiser)	6.25% Medicare (Kaiser)	7.25% Medicare (Kaiser)
Plan's net OPEB liability/(asset)	<u>\$ (6,097,067)</u>	<u>\$ (1,723,946)</u>	<u>\$ 3,449,905</u>

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

For the fiscal year ended June 30, 2025, the District recognized OPEB income of \$1,308,729. As of fiscal year ended June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	1,823,286	1,308,034
Differences between expected and actual experience	-	3,441,910
Net difference between projected and actual earnings on OPEB plan investments	-	2,548,446
<b>Total</b>	<b>\$ 1,823,286</b>	<b>\$ 7,298,390</b>

Differences between projected and actual investment earnings on OPEB plan investments are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits. Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2026	\$ (1,600,693)
2027	(1,852,623)
2028	(1,669,523)
2029	(623,513)
2030	(62,994)
Thereafter	334,242
<b>Total</b>	<b>\$ (5,475,104)</b>

**M. Payable to the OPEB Plan**

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

**NOTE 10 - QUANTIFICATION SETTLEMENT AGREEMENT**

On October 10, 2003, CVWD entered into a Quantification Settlement Agreement (QSA) with the Imperial Irrigation District (IID) and The Metropolitan Water District of Southern California (MWD). The QSA and all related agreements are intended to mutually settle longstanding disputes regarding the priority, use, and transfer of Colorado River water. Other parties involved in the QSA include the U.S. Department of the Interior, State of California, and San Diego County Water Authority (SDCWA).

**A. QSA Water Transfer**

The QSA quantified the annual Colorado River water deliveries to CVWD, IID, and MWD, and secured long-term supplies by setting the transfer period effective for up to 75 years. The QSA protects the Coachella Valley's (Valley) groundwater supply by providing water for irrigation and groundwater replenishment, which sustains the region's economy and quality of life.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 10 - QUANTIFICATION SETTLEMENT AGREEMENT (CONTINUED)**

Before the QSA, CVWD received an annual average of 330,000 acre-feet (taf) of Colorado River water; this quantity was subjected to an annual application process through the Department of the Interior. The QSA allowed CVWD to receive a guaranteed annual base entitlement of 330 taf; of this volume, 29 taf is transferred to SDCWA and various Indian tribes and 301 taf is provided to CVWD at no cost.

The QSA also allowed CVWD to obtain conserved Colorado River water from IID (up to 103 taf annually), under the IID-CVWD Acquisition Agreement. This additional water is transferred in two separate installments (up to 50 taf, and up to 53 taf), and is partially used to replenish the Valley’s aquifer at the Thomas E. Levy Groundwater Replenishment Facility (TEL). Payments to IID for water purchases are made annually regardless of the volume of water transferred to CVWD (“take or pay” contract).

Another water supply obtained under the QSA is the 35,000 af Exchange Water from MWD; under this agreement CVWD receives up to 35 taf of MWD’s State Water Project (SWP) water, exchanged for Colorado River water and used to replenish the West Whitewater River Subbasin. Payments to MWD for water purchases are made annually based on volume delivered.

CVWD’s actual QSA water deliveries and payments for fiscal year (FY) 2025 and estimated volumes and payments for FY 2026 through 2077 are tabulated below.

FY	50 TAF IID		53 TAF IID		35 TAF MWD		TOTAL IID/MWD	
	Vol (af)	Cost	Vol (af)	Cost	Vol (af)	Cost	Vol (af)	Cost
2025	50,000	\$ 5,340,500	48,000	\$ 12,817,440	74,641	\$ 27,616,400	172,641	\$ 45,774,340
2026	50,000	5,500,715	53,000	14,577,168	195,359	76,253,600	298,359	96,331,483
2027	50,000	5,665,736	53,000	15,014,483	12,778	5,353,889	115,778	26,034,108
2028	50,000	5,835,709	53,000	15,464,917	12,778	5,609,444	115,778	26,910,070
2029	50,000	6,010,780	53,000	15,928,865	12,778	5,877,778	115,778	27,817,423
2030	50,000	6,191,103	53,000	16,406,731	12,778	6,171,667	115,778	28,769,501
2031 to 2077	2,350,000	\$ 640,212,051	2,401,000	\$1,621,375,998	63,889	\$ 35,560,556	4,814,889	\$ 2,297,148,605

**B. QSA Water Transfer Mitigation**

Under the terms of the QSA, CVWD entered into a separate agreement with the State of California Department of Fish and Game (State), IID, and SDCWA (effective date of January 1, 2004). These agencies formed the QSA Joint Powers Authority (JPA), which pays for environmental mitigation requirements and environmental mitigation costs associated with the water transfers through the collection, holding, investing, and disbursing of funds.

The agreement terminates on the latter of (1) the mutual termination date of the 1998 IID/SDCWA Transfer Agreement and the IID/CVWD Acquisition Agreement, or (2) when all environmental mitigation requirements have been satisfied and the associated costs fully paid. The JPA governing body is composed of one commissioner appointed by each of the four parties to the agreement. All secretarial, clerical, accounting and administrative duties of the JPA are performed by personnel of SDCWA.

The original value of this commitment was \$133,000,000 (2003 dollars (\$)) and calculated using a six percent discount factor (as allowed under the QSA JPA agreement). The cost-share by each JPA member is as follows: \$36,717,791 (CVWD); \$44,061,350 (IID); \$52,220,859 (SDCWA). The State is solely responsible for the payment of the costs of and liability for environmental mitigation requirements in excess of the \$133 million (M) contributed by the other members.

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 10 - QUANTIFICATION SETTLEMENT AGREEMENT (CONTINUED)**

The total obligation for CVWD was approximately \$36.7 M (2003 \$), which has an approximate future value of \$73.6 M (2025 \$), escalated at a six percent discount rate provided in the QSA. However, in fiscal years 2008 and 2009, through Resolution 2007-93, CVWD contributed a payment advance of \$4.4 M, which reduced the value of future payments from \$73.6 M to \$69.6 M (2025 \$), and represents a savings of approximately \$4 M.

In January 2015, the QSA requested and CVWD's Board of Directors approved prepayment funding to the original QSA Mitigation Payment Schedule, which provided for an advance up to \$5 M, starting in 2015, and spread over a maximum of six years. The \$5 M prepayment reduced CVWD's share by approximately \$2.5 M in future payments.

In FY23, CVWD made a final payment of \$3,285,204, which includes the original scheduled payments for 2023-2025. This payoff amount resulted in interest savings of \$164,809.

**C. Recent QSA-Related Developments**

In August 2016, the U.S. Department of the Interior and the California Department of Natural Resources signed a memorandum of understanding (MOU) regarding coordination of activities to manage the Salton Sea; the MOU also provided the State with a lead role in the cooperative effort of restoring the sea.

In December 2016, Congress enacted and the President signed the Water Infrastructure Improvements for the Nation Act, which includes a provision that would allow the U.S. Army Corps of Engineers to work with non-federal partners in addition to the Salton Sea Authority on a variety of restoration projects. The provision also makes permanent a current pilot program at the Salton Sea that allowed the Corps to work in the area.

The State Water Resources Control Board (State Board) adopted Order on Long-Term Management of the Salton Sea on November 7, 2017 to ensure the goals of the Salton Sea Management Plan are met. This action revises a 2002 order approving long-term water transfer from the IID to SDCWA, MWD, and CVWD. The immediate result of this order is to terminate the need for water deliveries for Salton Sea mitigation purposes in 2017, with the longer-term goal to ensure that the range of measures to address the impacts of reduced water flows are met.

A key element of the state's 10-year plan is for the construction of 29,800 acres of pond, wetlands and dust-suppression projects on exposed portions of the Salton Sea. The plan provides a schedule of targeted completion dates for the 10-year plan, starting with 500 acres in 2018 and finishing with 4,200 acres in 2028. A plan to address the needs beyond 2028 will be developed by the state at a future date.

Since the November 2017 adoption, the State Board has held two informational meetings in 2018 and two meetings in 2019 regarding the status updates of the program. More recently the meetings are taking place annually during 2020 to 2022, and have focused on Phase 1 of the program. Although CVWD is not a direct party to the Draft Stipulated Order, we are actively watching and participating in the discussions as necessary to ensure that the conditions in the QSA are not negatively impacted. CVWD also monitors the Salton Sea activities through its active participation on the Salton Sea Authority Board.

Though not directly related to the QSA, CVWD entered into an agreement with IID, USBR, and the State in December 2022 for additional Salton Sea management actions. These actions are necessary to mitigate the impacts from additional water conservation activities to satisfy California's commitment of contributing up to 400 taf/yr from 2023 to 2026 to prevent Lake Mead from reaching critical elevations. CVWD has committed to working together with the other parties to provide right-of-way access through its properties and release available agricultural drainage water, as needed, for this purpose.

**COACHELLA VALLEY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 11 - DEPARTMENT OF WATER RESOURCES (DWR) WATER SUPPLY CONTRACT COMMITMENT**

Recognizing a need for additional imported water to supplement its Colorado River supply for groundwater recharge purpose, CVWD entered into a Water Supply Contract (Contract) in 1963 with the California Department of Water Resources. The original 1963 Contract expires in 2035, but in March 2019 the Contract was extended through 2085. The current Contract and its amendments provide CVWD with a maximum annual water volume of 138,350 acre-feet (af). The original contracted volume was 23,100 af, and additional 115,250 af was acquired through a series of subsequent transfers between CVWD and other State Water Contractors.

CVWD does not have a physical connection to the State Water Project (SWP) facilities to bring project water to its service area. In 1967 CVWD and The Metropolitan Water District of Southern California (MWD) entered into a delivery and exchange agreement through 2035, which allows for the exchange of CVWD's State Project Water for an equivalent amount of Colorado River water with MWD. The Colorado River water is delivered through MWD's Colorado River Aqueduct to CVWD's service area and it is used for a direct groundwater recharge.

SWP allocation varies from year to year, based on precipitation and snowpack runoff in Northern California where the SWP reservoirs are located and the average annual allocation has been less than 50% in the past years.

CVWD uses property taxes to pay charges for SWP purchases. These charges are collected by DWR on the annual Statement of Charges and consist of two main categories: (1) Delta Water Charge and (2) Transportation Charge, which are divided into components. The Delta Water Charge is intended to cover all costs of project conservation facilities (storage) including capital, maintenance, operation, and replacement components, and is charged to CVWD on the basis of water entitlement and/or delivery. The Transportation Charge pays for facilities necessary to deliver water to the contractors and also includes a capital, maintenance, operation, and replacement component.

As of calendar year (CY) 2025, CVWD's estimated commitment through the annual Statement of Charges is as follows:

<u>Calendar Year</u>	<u>Amount</u>
2025	68,630,737
2026	69,957,278
2027	74,926,466
2028	82,547,256
2029	74,071,250
2030	74,557,114
2031	75,963,297
2032	77,994,552
2033	80,148,375
2034	81,879,073
2035	85,010,069
<b>Total</b>	<b><u><u>\$ 845,685,467</u></u></b>

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 12 - COMMITMENT TO PARTICIPATE IN LOWER COLORADO RIVER MULTI-SPECIES CONSERVATION PROGRAM**

The implementation of the Program is estimated to cost approximately \$626 million (2003 dollars) over a 50-year term. The Department of the Interior has committed to pay for one-half of the estimated Program cost and any increases in the estimated cost other than increases due to inflation. This commitment protects the states from unforeseeable cost increases. The other half of the estimated total cost is paid for by the three lower basin states: California (50%), Arizona (25%), and Nevada (25%). The District's contribution is \$14,089,050 (2003 dollars), which is 9% of California's share. Quarterly payments are made in accordance with the implementation schedule developed for the Program. The District recognized \$884,803 in Program expenses for fiscal year ending on June 30, 2025.

**NOTE 13 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Long-term interfund receivables and payables consisted of the following as of June 30, 2025:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Domestic Water Fund	Groundwater Replenishment Fund (West RAC)	\$ 43,588,746
	<b>Total</b>	<b><u>\$ 43,588,746</u></b>

On May 14, 2019, the board of directors approved an interfund loan from the Domestic Water Fund to the West Replenishment Fund in the amount of \$52,340,180, to reimburse the Domestic Water Fund for project costs incurred related to the Mid-Valley Pipeline. Interest accrues at a rate commensurate with the District's average monthly return on investments, plus 10 basis points. The term was revised to 15 remaining years in fiscal year 23-24 with a repayment schedule of up to \$3,945,387 per fiscal year for principal and interest. At June 30, 2025, there was a principal payment of \$2,066,953. The outstanding balance on the loan as of June 30, 2025, was \$43,588,746.

Transfers in and out for the year ended June 30, 2025, are summarized as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Domestic Water Fund	Groundwater Replenishment	\$ 3,953,926
	Subtotal	<u>3,953,926</u>
Domestic Water Fund	Sanitation Fund	1,893,493
	Subtotal	<u>1,893,493</u>
Sanitation Fund	Domestic Water Fund	838,441
Canal Water Fund	Domestic Water Fund	1,396,814
Stormwater Fund	Domestic Water Fund	263,607
Groundwater Replenishment Fund	Domestic Water Fund	1,022,289
	Subtotal	<u>3,521,151</u>
Domestic Water Fund	Motorpool Fund	1,663,866
Canal Water Fund	Motorpool Fund	329,250
Groundwater Replenishment Fund	Motorpool Fund	72,041
Stormwater Fund	Motorpool Fund	185,580
Sanitation Fund	Motorpool Fund	933,921
	Subtotal	<u>3,184,658</u>
	<b>Grand Total</b>	<b><u>\$ 12,553,228</u></b>

**COACHELLA VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 13 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)**

The Domestic Water Fund, Canal Water Fund, Groundwater Replenishment Fund, Stormwater Fund, and Sanitation Fund transferred a total of \$3,184,658 to the Motorpool Fund to support capital asset acquisitions and reimburse the Motorpool Fund for excess expenses. Additionally, the Sanitation Fund, Canal Water Fund, Stormwater Fund, and Groundwater Replenishment Fund transferred \$3,521,151 to Domestic for the true-up of districtwide capital project expenses.

The Domestic Water Fund transferred \$453,926 to the Groundwater Replenishment Fund to fund capital projects from developer fees and \$3,500,000 to fund water purchases. The Domestic Water Fund transferred \$1,893,493 to the Sanitation Fund to fund capital acquisitions using the Supplemental Water Supply Charge.

**NOTE 14 - RESTRICTED AND UNRESTRICTED NET POSITION**

	<b>Enterprise Funds</b>	<b>Internal Service</b>
	<b>Total</b>	<b>Fund</b>
Net Investment in Capital Assets	\$ 1,721,495,796	\$ 11,796,585
Restricted Net Position:		
Construction, Capital, and Replacement Funds	97,122,293	-
Debt Service	38,875,010	-
State Water Project	110,549,944	-
Emergency Reserve	100,000	-
OPEB	1,723,946	-
Unrestricted	294,534,578	19,459
<b>Total Net Position</b>	<b>\$ 2,264,401,567</b>	<b>\$ 11,816,044</b>

Although not legally restricted, unrestricted net position has been designated for various purposes to establish and maintain sound financial management and a stable rate structure.

	<b>Enterprise Funds</b>
	<b>Total</b>
Operating	\$ 60,807,000
Rate Stabilization	19,083,000
Capital Improvement	33,762,000
Debt Service	7,086,516
Emergency Repair	52,114,000
Motorpool Replacement	2,846,000
Special Purpose	35,000,000
Other Undesignated Net Position	83,836,062
<b>Unrestricted Net Position</b>	<b>\$ 294,534,578</b>

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 15 - PRIOR PERIOD ADJUSTMENTS**

**A. Change in Accounting Principle**

During Fiscal Year 2024-2025, the change in accounting principle, regarding the implementation of GASB 101 Compensated Absences, resulted in adjustments to the beginning net position and fund net position. The GASB 101 Compensated Absences implementation is a retrospective adjustment that adjusts the District's policy on recording the compensated absences liability for vacation and sick time.

**B. Adjustments to and Restatements of Beginning Balances**

During Fiscal Year 2024-2025, the District performed a prior period adjustment to the lease receivable and lease liabilities for GASB 87 due to the integration of DebtBook software. The District made the correction to properly state the beginning balances for lease activities for Fiscal Year 2024-2025.

During Fiscal Year 2024-2025, changes to or within the financial reporting entity, an error correction, and the change in accounting principle resulted in adjustments to and restatements of beginning net position and fund net position, as follows.

	<u>June 30, 2024 As Previously Reported</u>	<u>Error Correction</u>	<u>Changes in Accounting Principle</u>	<u>June 30, 2024 As Previously Restated</u>
Internal service funds				
Motorpool	\$ 9,322,396	\$ -	\$ (64,828)	\$ 9,257,568
Total internal service funds	<u>\$ 9,322,396</u>	<u>\$ -</u>	<u>\$ (64,828)</u>	<u>\$ 9,257,568</u>
Proprietary funds				
Major funds				
Domestic Water	\$ 654,981,443	\$ (37,044)	\$ (614,984)	\$ 654,329,415
Sanitation	534,063,150	1,589,597	(346,840)	535,305,907
Canal Water	147,281,769	5,051	(176,804)	147,110,016
Stormwater	294,359,863	(194,646)	(89,703)	294,075,514
State Water Project	393,683,847	-	(7,316)	393,676,531
Groundwater Replenishment	85,498,190	19,697	(106,320)	85,411,567
Total proprietary funds	<u>\$ 2,109,868,262</u>	<u>\$ 1,382,655</u>	<u>\$ (1,341,967)</u>	<u>\$ 2,109,908,950</u>

**NOTE 16 - JOINT POWERS AUTHORITY**

The California WaterFix (WaterFix) was a project designed to restore reliability to the State Water Project, protect and maintain ecosystem health, and maintain water quality; the benefits were also envisioned to potentially extend to the Central Valley Project. The Delta Conveyance Design and Construction Joint Powers Authority (DCA) was created to design, develop, and construct the twin-tunnel conveyance system as described by the Department of Water Resources (DWR). Coachella Valley Water District's (CVWD's) Board of Directors authorized CVWD's participation through the execution of DCA Agreement on June 26, 2018.

After Governor Newsom declared his support for a single-tunnel option, the project was subsequently modified to reflect this change and renamed the Delta Conveyance Project (Project). Although the goals of the Project are similar to WaterFix, these changes required participating utilities, including CVWD, to revise their participation documents. Amendments to the DCA Agreement were approved by CVWD's Board during their November 10, 2020 meeting.

**COACHELLA VALLEY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 16 - JOINT POWERS AUTHORITY (CONTINUED)**

Currently, the DCA is governed by a Board of Directors (the Board) who represent participating Public Water Agencies that form the DCA. The DCA Board consists of up to seven Directors and seven Alternative Directors with each pair appointed by and representing the members. A representative from CVWD was elected to serve on the DCA Board Director.

Funding for the DCA is derived exclusively from DWR who owns and operates the State Water Project (SWP) facilities. In the event that DWR does not have the authority to fund, construct or own the Project as part of the SWP, funding for the DCA may be derived from other sources. The members of the DCA are not responsible for any costs incurred by the DCA in fulfillment of its purposes. The debt, liabilities and obligations of the DCA is the debts, liabilities, and obligations of the DCA and not the individual members. The DCA does not issue separate financial statements.

**NOTE 17 - SUBSEQUENT EVENTS**

The District evaluated subsequent events for recognition and disclosure through January 13, 2026, the date on which these financial statements were available to be issued. On December 19, 2025, the District entered into a loan agreement with the California State Water Resources Control Board to provide financing for several capital improvement projects, including the FY 2023-24 WRP-7 Tertiary Improvements, the MP 113.2 Pump Station Rehabilitation, and the Young's Farmland Nonpotable Water Connection Project. The agreement provides for loan proceeds of up to \$26,900,000 for the life of the project.

**Required Supplementary Information**

**COACHELLA VALLEY WATER DISTRICT**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**As of June 30, for the Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 9,555,245	\$ 9,206,005	\$ 9,202,941	\$ 7,942,466
Interest on total pension liability	36,281,846	34,404,920	32,754,125	31,737,495
Changes of benefit terms	-	305,422	-	-
Changes of assumptions	-	-	17,794,856	-
Difference between expected and actual experience	10,115,067	6,634,154	(3,830,118)	6,421,699
Benefit payments, including refunds of employee contributions	(27,418,783)	(25,978,791)	(23,968,441)	(22,948,596)
<b>Net change in total pension liability</b>	<b>28,533,375</b>	<b>24,571,710</b>	<b>31,953,363</b>	<b>23,153,064</b>
Total pension liability-beginning	524,640,556	500,068,846	468,115,483	444,962,419
<b>Total pension liability-ending (a)</b>	<b>\$ 553,173,931</b>	<b>\$ 524,640,556</b>	<b>\$ 500,068,846</b>	<b>\$ 468,115,483</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions-employer	\$ 22,831,330	\$ 21,403,833	\$ 20,108,172	\$ 18,081,422
Contributions-employee	4,374,008	4,182,867	3,728,894	3,737,475
Net investment income	36,670,449	22,913,638	(30,025,950)	73,555,261
Benefit payments, including refunds of employee contributions	(27,418,783)	(25,978,791)	(23,968,441)	(22,948,596)
Net plan to plan resource movement	-	-	-	-
Administrative expense	(313,669)	(267,102)	(245,209)	(321,186)
Other miscellaneous income/(expense)	-	-	-	-
<b>Net change in fiduciary net position</b>	<b>36,143,335</b>	<b>22,254,445</b>	<b>(30,402,534)</b>	<b>72,104,376</b>
Plan fiduciary net position-beginning	385,483,499	363,229,054	393,631,588	321,527,212
<b>Plan fiduciary net position-ending (b)</b>	<b>421,626,834</b>	<b>385,483,499</b>	<b>363,229,054</b>	<b>393,631,588</b>
<b>Net pension liability/(asset) (a) - (b)</b>	<b>\$ 131,547,097</b>	<b>\$ 139,157,057</b>	<b>\$ 136,839,792</b>	<b>\$ 74,483,895</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	76.2 %	73.5 %	72.6 %	84.1 %
Covered-employee payroll	\$ 53,681,153	\$ 54,479,275	\$ 50,112,556	\$ 48,621,446
<b>Plan net pension liability/(asset) as a percentage of covered-employee payroll</b>	245.1 %	255.4 %	273.1 %	153.2 %

**Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:**

*Benefit Changes:* The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

*Changes of Assumptions:* There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. 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. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
\$	7,728,980	\$ 7,421,549	\$ 7,124,963	\$ 6,802,190	\$ 5,783,089	\$ 5,436,814
	30,139,385	28,788,099	27,295,591	26,342,072	25,225,601	24,080,603
	-	-	-	-	-	-
	-	-	(2,443,307)	22,552,553	-	(6,023,990)
	3,003,163	5,511,121	470,080	1,244,724	944,339	(2,042,873)
	<u>(21,142,650)</u>	<u>(19,792,178)</u>	<u>(18,619,271)</u>	<u>(17,373,710)</u>	<u>(15,908,979)</u>	<u>(15,426,247)</u>
	19,728,878	21,928,591	13,828,056	39,567,829	16,044,050	6,024,307
	425,233,541	403,304,950	389,476,894	349,909,065	333,865,015	327,840,708
	<b><u>\$ 444,962,419</u></b>	<b><u>\$ 425,233,541</u></b>	<b><u>\$ 403,304,950</u></b>	<b><u>\$ 389,476,894</u></b>	<b><u>\$ 349,909,065</u></b>	<b><u>\$ 333,865,015</u></b>
\$	22,901,638	\$ 33,850,043	\$ 12,547,765	\$ 10,688,138	\$ 8,819,906	\$ 8,196,637
	3,595,610	3,543,253	3,240,219	3,129,689	3,196,965	2,956,640
	15,303,105	17,974,095	20,992,758	26,008,057	1,200,323	5,096,743
	<u>(21,142,650)</u>	<u>(19,792,178)</u>	<u>(18,619,271)</u>	<u>(17,373,710)</u>	<u>(15,908,979)</u>	<u>(15,426,247)</u>
	-	-	(616)	(518)	-	47
	(424,751)	(189,758)	(387,811)	(334,788)	(139,921)	(258,450)
	-	616	(736,459)	-	-	-
	<b>20,232,952</b>	<b>35,386,071</b>	<b>17,036,585</b>	<b>22,116,868</b>	<b>(2,831,706)</b>	<b>565,370</b>
	301,294,260	265,908,189	248,871,604	226,754,736	229,586,442	229,021,072
	<b>321,527,212</b>	<b>301,294,260</b>	<b>265,908,189</b>	<b>248,871,604</b>	<b>226,754,736</b>	<b>229,586,442</b>
	<b><u>\$ 123,435,207</u></b>	<b><u>\$ 123,939,281</u></b>	<b><u>\$ 137,396,761</u></b>	<b><u>\$ 140,605,290</u></b>	<b><u>\$ 123,154,329</u></b>	<b><u>\$ 104,278,573</u></b>
	72.3 %	70.9 %	65.9 %	63.9 %	64.8 %	68.8 %
\$	46,938,578	\$ 45,067,739	\$ 42,572,677	\$ 40,954,846	\$ 38,917,148	\$ 36,151,428
	263.0 %	275.0 %	322.7 %	343.3 %	316.5 %	288.4 %

**COACHELLA VALLEY WATER DISTRICT**  
**Schedules of Plan Contributions - Pension Plan**  
**As of June 30, for the Last Ten Fiscal Years**

<b>Fiscal Year Ending June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered/ Covered- Employee Payroll</b>	<b>Contribution as a % of Covered/ Covered Employee Payroll</b>
2025	\$ 22,831,330	\$ 17,240,190	\$ 5,591,140	\$ 53,681,153	32.1%
2024	21,403,833	22,832,811	(1,428,978)	50,499,207	45.2%
2023	21,392,938	21,402,938	(10,000)	54,479,275	39.3%
2022	18,807,596	20,107,596	(1,300,000)	50,112,556	40.1%
2021	17,480,196	18,080,196	(600,000)	48,621,446	37.2%
2020	18,401,638	22,901,638	(4,500,000)	46,938,578	48.8%
2019	12,650,422	33,850,422	(21,200,000)	45,067,739	75.1%
2018	11,747,022	11,747,022	-	42,572,677	27.6%
2017	10,976,030	10,976,030	-	40,954,846	26.8%
2016	9,940,264	9,940,264	-	38,917,148	25.5%

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-2025 were from the June 30, 2022 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	20-year period with a 5-year ramp-up at the beginning of the amortization period.
Asset Valuation Method	Market Value of Assets
Inflation	2.30%
Salary Increase	Varies by Entry Age and Service
Payroll Growth	2.80%
Investment Rate of Return	6.80% net of Pension Plan Investment and Administrative Expenses; Includes inflation.
Retirement Age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

**COACHELLA VALLEY WATER DISTRICT**  
**Schedule of Changes in the Net OPEB Asset and Related Ratios**  
**As Of June 30, For The Last Ten Fiscal Years<sup>1</sup>**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 1,402,635	\$ 1,375,057	\$ 1,338,255	\$ 1,265,673
Interest on total pension liability	2,129,120	1,958,509	1,902,557	2,166,803
Changes of assumptions	-	2,028,588	-	410,284
Difference between expected and actual experience	-	(191,486)	-	(2,879,460)
Benefit payments, including refunds of employee contributions	(2,207,120)	(2,255,087)	(2,354,004)	(2,879,533)
<b>Net change in total OPEB liability</b>	<b>1,324,635</b>	<b>2,915,581</b>	<b>886,808</b>	<b>(1,916,233)</b>
Total OPEB liability-beginning	36,729,091	33,813,510	32,926,702	34,842,935
<b>Total OPEB liability-ending (a)</b>	<b>38,053,726</b>	<b>36,729,091</b>	<b>33,813,510</b>	<b>32,926,702</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions-employer	603,897	2,264,254	1,511,330	3,379,533
Net investment income	4,852,728	4,122,987	2,675,369	(4,886,573)
Benefit payments, including refunds of employee contributions	(2,207,120)	(2,255,087)	(2,354,004)	(2,879,533)
Administrative expense	(16,921)	(17,167)	(21,326)	(8,000)
<b>Net change in fiduciary net position</b>	<b>3,232,584</b>	<b>4,114,987</b>	<b>1,811,369</b>	<b>(4,394,573)</b>
Plan fiduciary net position-beginning	36,545,088	32,430,101	30,618,732	35,013,305
<b>Plan fiduciary net position-ending (b)</b>	<b>39,777,672</b>	<b>36,545,088</b>	<b>32,430,101</b>	<b>30,618,732</b>
<b>Net OPEB liability/(asset) (a) - (b)</b>	<b>\$ (1,723,946)</b>	<b>\$ 184,003</b>	<b>\$ 1,383,409</b>	<b>\$ 2,307,970</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	104.5%	99.5%	95.9%	93.0%
Covered-employee payroll	\$ 65,571,534	\$ 62,405,574	\$ 54,479,275	\$ 50,112,556
<b>Plan net OPEB liability/(asset) as a percentage of covered-employee payroll</b>	(2.6)%	0.3%	2.5%	4.6%

**Notes to Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios:**

*Benefit Changes:* None

*Changes in Assumptions:* None

<sup>1</sup> Fiscal year 2018 was the first year of GASB Statement No. 75 implementation; therefore only eight years are shown.

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
6/30/2020	6/30/2019	6/30/2018	6/30/2017
\$ 1,228,809	\$ 1,293,912	\$ 1,256,225	\$ 1,715,000
2,118,816	2,371,301	2,282,978	1,649,000
-	(768,098)	-	(10,404,000)
-	(4,580,693)	-	(1,063,000)
(2,353,855)	(2,228,298)	(2,099,162)	(1,957,000)
993,770	(3,911,876)	1,440,041	(10,060,000)
33,849,165	37,761,041	36,321,000	46,381,000
<b>34,842,935</b>	<b>33,849,165</b>	<b>37,761,041</b>	<b>36,321,000</b>

2,353,855	2,728,298	2,099,162	1,957,000
7,149,651	1,613,083	1,511,175	1,758,000
(2,353,855)	(2,228,298)	(2,099,162)	(1,957,000)
(8,000)	(8,000)	(9,604)	(10,000)
<b>7,141,651</b>	<b>2,105,083</b>	<b>1,501,571</b>	<b>1,748,000</b>
27,871,654	25,766,571	24,265,000	22,517,000
<b>35,013,305</b>	<b>27,871,654</b>	<b>25,766,571</b>	<b>24,265,000</b>
<b>\$ (170,370)</b>	<b>\$ 5,977,511</b>	<b>\$ 11,994,470</b>	<b>\$ 12,056,000</b>

101%	82.3%	68.2%	66.8%
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\$ 48,621,446	\$ 46,938,578	\$ 45,067,739	\$ 42,572,677
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(0.4)%	12.7%	26.6%	28.3%
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**COACHELLA VALLEY WATER DISTRICT**  
**Schedule of Plan Contributions - OPEB Plan**  
**As of June 30, for the Last Ten Fiscal Years<sup>1</sup>**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution	\$ 2,207,120	\$ 2,264,254	\$ 1,526,000	\$ 1,764,000
Contribution in Relation to the Actuarially Determined Contributions	<u>(2,207,120)</u>	<u>(2,264,254)</u>	<u>(1,511,330)</u>	<u>(3,379,533)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,670</u>	<u>\$ (1,615,533)</u>
Covered-Employee Payroll	<u>\$ 65,571,534</u>	<u>\$ 62,405,571</u>	<u>\$ 54,479,275</u>	<u>\$ 50,112,556</u>
Contributions as a percentage of Covered-Employee Payroll	3.4%	3.6%	2.8%	6.7%

**Notes to Schedule of Plan Contributions:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-2025 were from the June 30, 2023 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percentage of payroll
Asset Valuation Method	Investment gains and losses spread over 5-year period
Discount Rate	5.75%
Inflation	2.50%
Medical Trend	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generated with Scale MP-2021

<sup>1</sup> Fiscal year 2021 was the first year the actuarially determined contribution was calculated; therefore, only five years are shown.

**COACHELLA VALLEY WATER DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS - OPEB PLAN (CONTINUED)  
AS OF JUNE 30, 2023, FOR THE LAST TEN FISCAL YEARS**

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	<u>2021</u>
Actuarially Determined Contribution	\$ 1,762,000
Contribution in Relation to the Actuarially Determined Contributions	<u>(2,353,855)</u>
Contribution Deficiency (Excess)	<u>\$ (591,855)</u>
Covered-Employee Payroll	<u>\$ 48,621,446</u>
Contributions as a percentage of Covered- Employee Payroll	4.8%

## **Supplementary Information**

**COACHELLA VALLEY WATER DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2025**

	<b>Assessment District No. 33</b>	<b>Assessment District No. 68</b>	<b>Assessment District No. 70</b>	<b>Community Facilities District No. 102</b>
<b>ASSETS</b>				
Cash and investments	\$ 246,944	\$ 502,122	\$ 1,464,029	\$ 9,989,523
Receivables:				
Accounts	-	-	123,815	-
Property taxes	-	3,432	30,112	18,938
Interest	1,774	3,608	10,519	71,776
<b>Total assets</b>	<b>248,718</b>	<b>509,162</b>	<b>1,628,475</b>	<b>10,080,237</b>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	579
Due to bondholders	248,718	509,162	1,628,475	10,079,658
<b>Total liabilities</b>	<b>248,718</b>	<b>509,162</b>	<b>1,628,475</b>	<b>10,080,237</b>
<b>NET POSITION</b>				
Held for bondholders	-	-	-	-
<b>Total net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2025**

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	<b>Community Facilities District - 2015-01</b>	<b>Total Custodial Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 11,122	\$ 12,213,740
Receivables:		
Accounts	-	123,815
Property taxes	-	52,482
Interest	80	87,757
<b>Total assets</b>	<b>11,202</b>	<b>12,477,794</b>
<b>LIABILITIES</b>		
Accounts payable	-	579
Due to bondholders	11,202	12,477,215
<b>Total liabilities</b>	<b>11,202</b>	<b>12,477,794</b>
<b>NET POSITION</b>		
Held for bondholders	-	-
<b>Total net position</b>	<b>\$ -</b>	<b>\$ -</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For The Year Ended June 30, 2025**

	<b>Assessment District No. 33</b>	<b>Assessment District No. 68</b>	<b>Assessment District No. 70</b>	<b>Community Facilities District No. 102</b>
<b>ADDITIONS</b>				
Investment earnings:				
Interest and dividends	7,933	14,874	41,502	350,185
Net increase in fair value of investments	4,080	8,514	24,320	166,073
<b>Total investment earnings</b>	<b>12,013</b>	<b>23,388</b>	<b>65,822</b>	<b>516,258</b>
Special assessments or special taxes collected	64,732	216,680	681,510	753,720
<b>Total additions</b>	<b>76,745</b>	<b>240,068</b>	<b>747,332</b>	<b>1,269,978</b>
<b>DEDUCTIONS</b>				
Administrative expense	39,995	213,349	672,234	551,159
Payments for special assessment or special tax debt	36,750	26,719	75,098	-
Property insurance	-	-	-	188,819
Repairs and maintenance	-	-	-	530,000
<b>Total deductions</b>	<b>76,745</b>	<b>240,068</b>	<b>747,332</b>	<b>1,269,978</b>
<b>Net increase (decrease) in fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net position-beginning	-	-	-	-
<b>Net position-ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**COACHELLA VALLEY WATER DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For The Year Ended June 30, 2025**

	<b>Community Facilities District - 2015-01</b>	<b>Total Custodial Funds</b>
<b>ADDITIONS</b>		
Investment earnings:		
Interest and dividends	\$ 399	\$ 414,893
Net increase in fair value of investments	185	203,172
	<u>584</u>	<u>618,065</u>
Total investment earnings		
Special assessments or special taxes collected	-	1,716,642
	<u>584</u>	<u>2,334,707</u>
<b>Total additions</b>	<b>584</b>	<b>2,334,707</b>
<b>DEDUCTIONS</b>		
Administrative expense	584	1,477,321
Payments for special assessment or special tax debt	-	138,567
Property insurance	-	188,819
Repairs and maintenance	-	530,000
	<u>584</u>	<u>2,334,707</u>
<b>Total deductions</b>	<b>584</b>	<b>2,334,707</b>
<b>Net increase (decrease) in fiduciary net position</b>	<b>-</b>	<b>-</b>
Net position-beginning	-	-
	<u>-</u>	<u>-</u>
<b>Net position-ending</b>	<b>\$ -</b>	<b>\$ -</b>