

# GOLETA WATER DISTRICT

GOLETA, CALIFORNIA



## Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025





#### Mission

To provide a reliable supply of quality water at the most reasonable cost to the present and future customers within the Goleta Water District.

**GOLETA WATER DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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

**Prepared and Reviewed by:**

**David Matson, General Manager**  
**Laura McKenzie, CFO/Administrative Manager**  
**KK Holland, Assistant to the General Manager**  
**Tammy Gerenser, Controller**  
**Elena Clancy, Accounting Supervisor**

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**GOLETA WATER DISTRICT  
BOARD OF DIRECTORS  
AS OF JUNE 30, 2025**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Elected/Appointed</u></b>	<b><u>Current Term</u></b>
Lauren Hanson	President	Elected	12/24 - 12/28
Kathleen Werner	Vice President	Elected	12/22 - 12/26
Tom Evans	Director	Elected	12/22 - 12/26
Susan Klein- Rothschild	Director	Elected	12/24 - 12/28
David Linville	Director	Elected	12/24 - 12/28

David Matson, General Manager

KK Holland, Assistant to the General Manager

Laura McKenzie, CFO/Administrative Manager

Daniel Brooks, Engineering and Infrastructure Manager

Ryan Drake, Water Supply and Conservation Manager

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**GOLETA WATER DISTRICT  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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**INTRODUCTORY SECTION  
(UNAUDITED)**

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November 13, 2025

The Honorable Board of Directors and Customers of Goleta Water District:

The Annual Comprehensive Financial Report (ACFR) of the Goleta Water District (District) for the fiscal year (FY) ended June 30, 2025, provides the Board of Directors (the Board), customers, and the investment community with detailed information about the financial condition and operating results of the District. District staff worked collectively and followed guidelines set forth by the Governmental Accounting Standards Board (GASB) to prepare this report.

This ACFR has been prepared to meet the requirements of California law and the accounting principles generally accepted in the United States of America (GAAP) as promulgated by GASB. It also fulfills the requirements of the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. The report is published in compliance with State law, which requires special districts to prepare annual financial reports in conformity with GAAP and have them audited by a certified public accountant. In addition, it adheres to standards established by the GFOA and is intended to provide full disclosure and accountability to the District's stakeholders.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. The District operates within a comprehensive framework of internal controls that have been designed for this purpose. Recognizing that the cost of controls should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute, assurance regarding the absence of material misstatements in the financial statements.

The objective of the independent audit was to provide reasonable assurance that the financial statements of the District are accurate. Brown Armstrong Accountancy Corporation, independent auditors, has issued an unmodified ("clean") opinion that the District's financial statements for the fiscal year ended June 30, 2025, are presented fairly in conformity with GAAP.

The Management's Discussion and Analysis (MD&A) follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the financial statements. The MD&A should be read in conjunction with the financial statements.

## **Overview**

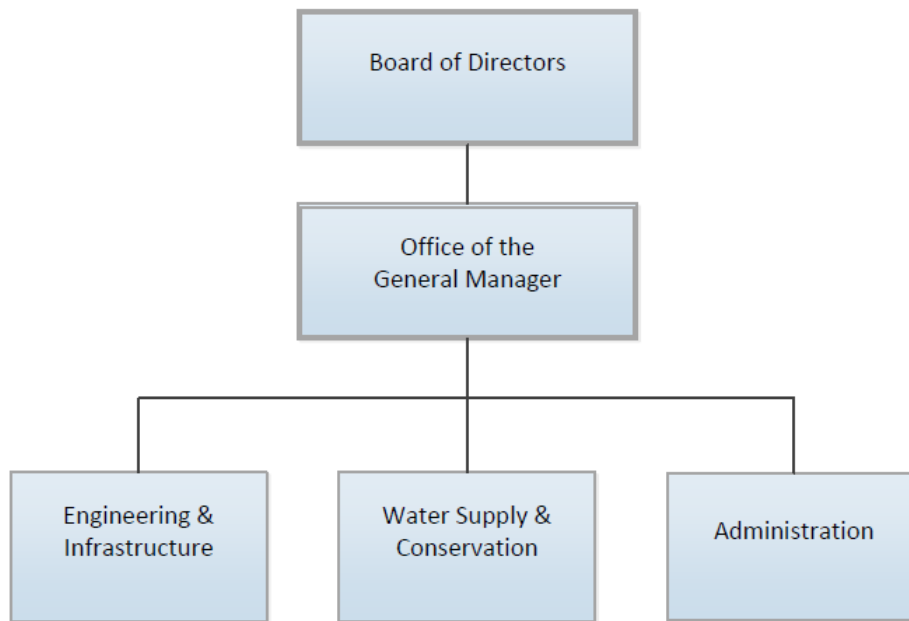
During FY 2024-25, the District celebrated its 80<sup>th</sup> Anniversary, adopted a new 2025-2030 Infrastructure Improvement Plan (IIP), a new Five-Year Financial Plan, completed a risk-based reserve analysis, and conducted a Cost of Service Study to set rates for the next five-year period. Continued inflation, higher energy costs, introduction of tariffs and the loss of Federal funding opportunities presented challenges, yet the District managed to complete the final year of its 2020-25 IIP within less than 1% of the originally planned amount.

The strength of the District's water supply portfolio continued to be offset by increased energy and infrastructure costs. Despite these challenges, the District continues to manage expenses and meet its commitments, while simultaneously making key investments that increase the resiliency and sustainability of the District. The dual pressures of tariffs and reduced federal funding are expected to persist through FY 2025-26, and the District will continue to seek alternative funding sources.

## District Profile

Established November 17, 1944, the District service area spans approximately 29,000 (45 square miles) acres along the South Coast of Santa Barbara County between the ocean and the foothills, west from Santa Barbara to El Capitan. The District provides water service to approximately 87,000 people through 270 miles of pipeline via approximately 16,800 individual customer accounts. The District manages a complex set of treatment and distribution systems, along with a water supply portfolio that includes Lake Cachuma, an adjudicated ground-water basin, the State Water Project, and recycled water.

The District operates under the general direction of an elected five-member Board, who serve four-year terms. Elections for two or three directors are held every two years, and voters elect a single board member to represent their specific district or area. The Board employs a General Manager to oversee approximately 75 employees. Staffing is organized into three departments, including Engineering & Infrastructure, Water Supply & Conservation, and Administration.



## Economic Conditions

The local economy in the Goleta area is stable and diverse. Large employers include the University of California, Santa Barbara (UCSB), regional health providers, Goleta Unified School District, and the hospitality sector. The District's service area is also home to a diverse business sector, including research firms, telecommunications, medical research, national security, light manufacturing, retail, wholesale trade, and corporate offices of multinational companies. The agricultural sector also represents a significant portion of District water use, with local production focusing primarily on avocados and lemons.

The local economy has proven to be resilient and the area's unemployment rate has historically been below that of Santa Barbara County (the County), State, and National levels. The City of Goleta's (Goleta) unemployment rate currently stands at 4.7% as of June 2025, a slight decrease from 4.9% in March. This current rate is similar to that of Santa Barbara County and lower than the unemployment rate for the State of California.

## **Climate Conditions**

The Goleta area has a mild climate, with high temperatures normally within ten degrees of 70° year-round and low temperatures that rarely fall below 40°. Annual rainfall typically averages 18 inches, though it varies from year to year. Such weather variability influences District revenues, as conservation-minded customers are quick to reduce outdoor water use when cool and wet weather conditions occur. In FY 2024-25, Goleta experienced a dry year with precipitation below average at 10.24 inches, or 55% of normal. At the end of FY 2024-25 Lake Cachuma remained above 84% and, combined with the District's diverse water supply portfolio of groundwater, State Water, and recycled water, the Goleta Valley remains well positioned regardless of what the weather brings for the next few years.

## **Financial Planning**

The District operates under an annual budget that is adopted by its Board in accordance with its established short- and long-term financial plans. Actual financial results are reviewed throughout the fiscal year to ensure the District's goals are met, and revenues and expenditures are balanced. Together, these foundational documents and oversight activities help ensure reliable and cost-effective service delivery for District customers, and support the financial achievements described in this ACFR. Some of the notable accomplishments for FY 2024-25 included:

- Replacing 94 inoperable valves, more than in any previous year in the District's history, to improve the reliability of water delivery and prevent service interruptions to customers. Valves provide important operational control by allowing crews to isolate areas of the system during outages or water main breaks, and help minimize water loss.
- Completing the design of pumping and treatment systems for the new Hope Well, which will share upgraded treatment systems with the existing San Marcos Well. Consolidating treatment facilities offers cost savings while also preserving usable space in the Operations Yard.
- Completing treatment system upgrades at University Well, including installation of additional filtration treatment with chemical storage and delivery, a backwash tank, and associated plumbing and controls.
- Activating the Corona Del Mar Water Treatment Plant (CDMWTP) battery installation to provide a back-up power supply during Public Safety Power Shutoffs. The project will also allow the District to save on energy costs by storing energy for use during peak rate times.
- Replacing 41 old, poorly functioning fire hydrants and repairing 178 aging fire hydrants to improve operating efficiency or prevent rust. This ensures that the 1,518 hydrants remain in peak operating condition, providing emergency services personnel with continued access to reliable hydrants with sufficient water pressure and flow rates to fight fires.
- Purchasing one electric loader, two electric forklifts, one gasoline-fueled heavy duty valve operating truck, and two electric SUVs bringing the conversion of the District's fleet to electric vehicles to 77%.
- Installing and commissioning 10 electric vehicle charging stations at headquarters, resulting in increased utilization of electric vehicles compared to gasoline and diesel vehicles and saving fuel and maintenance costs while also reducing greenhouse gas emissions and supporting compliance with California Air Resources Board (CARB) rules. The charging stations were partially offset by grant funds.
- Applying for \$8.0 million in WaterSmart Grants for a new well at SB Corp and the District's Advanced Metering Infrastructure Project, both of which are included in the Board-adopted IIP.

## **Award for Excellence in Financial Reporting**

For the second consecutive year, the Government Finance Officers Association (GFOA) awarded the District a Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended June 30, 2024. To receive this prestigious award, the District prepared an ACFR that was both easily readable and well-organized, meeting all applicable program requirements and adhering to GAAP. GFOA financial guidelines and standards exceed the minimum disclosure requirements mandated by

state law, ensuring maximum transparency for the public. A Certificate of Achievement is valid for a period of one year. The District believes its current ACFR continues to meet the program's requirements and is submitting it to the GFOA for consideration for another certificate.

**Distinguished Budget Presentation Award**

For the second consecutive year, the Government Finance Officers Association (GFOA) awarded the District a Distinguished Budget Presentation Award for its budget document for the fiscal year beginning July 1, 2025. This prestigious award recognizes the District's strong commitment to meeting the highest principles of governmental budgeting and reflects the dedication of our Budget and Finance team to transparency, accountability, and financial excellence.

Looking ahead, the District will continue implementing projects and programs to ensure reliable and sustainable water service for all District customers.

Thank you to the Board of Directors for its leadership and for supporting our efforts to plan and implement responsible financial management practices.

Respectfully submitted,



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David Matson  
General Manager



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Laura McKenzie  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Goleta Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Goleta Water District  
California**

For the Fiscal Year Beginning

**July 01, 2025**

*Christopher P. Morill*

Executive Director

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Goleta Water District  
Goleta, California

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the Goleta Water District (the District), as of and for the fiscal year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior fiscal year's comparative information has been derived from the District's 2024 financial statements and, in our report dated November 14, 2024, we expressed an unmodified opinion on the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

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

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

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

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

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

## ***Required Supplementary Information***

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

**Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Stockton, California  
November 13, 2025

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**GOLETA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS)**

This annual report consists of a series of financial statements, including the *Statement of Net Position*; the *Statement of Revenues, Expenses, and Changes in Net Position*; and the *Statement of Cash Flows*. These statements were completed using the accrual basis of accounting, which recognizes a full fiscal year of revenues and expenses regardless of when cash is received or paid. Each statement provides information about the activities and performance of the Goleta Water District (the District) using the best practice of governmental accounting methods similar to those used by private sector companies.

- The Statement of Net Position summarizes District investments (assets), deferred outflows of resources and deferred inflows of resources, as well as its obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing liquidity and financial flexibility.
- The Statement of Revenues, Expenses, and Changes in Net Position is a record of District revenues and expenses. Providing a measure of the District's financial performance over the fiscal year, this statement can also be used to determine the District's cost recovery through its rates and other charges, illustrating overall resource management efficacy and credit-worthiness.
- The Statement of Cash Flows provides information about the District's cash receipts and cash payments. The statement reflects net changes in cash resulting from operations, investments, debt service, and non-operating income.

### **Summary Analysis**

The net position, or the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities, measures the financial health of the District. Over time, increases or decreases in the District's net position also indicate the relative fiscal sustainability of the policy choices that govern administrative operations. It is important to keep these indicators in context with other non-financial factors such as changes in economic conditions, population growth, climate, zoning, or the regulatory environment. Since financial statements include a year-over-year comparison, this Management's Discussion and Analysis (MD&A) presents three fiscal years of financial information. Specific attention is placed on comparing fiscal year (FY) 2025 to FY 2024; however, analysis is provided comparing FY 2024 to FY 2023, when significant.

Overall, during FY 2025 and FY 2024, the District continued to experience significant cost inflation and higher pricing for capital projects resulting from the uncertainty introduced by tariffs. Despite these challenges, the District was able to invest in a number of critical infrastructure projects outlined in the Infrastructure Improvement Plan (IIP).

### **Financial Highlights**

- During FY 2025, the District's Net Position increased \$18,021,588 (26%) to \$88,364,601 from \$70,343,013, the Net Position at the end of FY 2024. Operating Revenues increased by \$8,053,302 (17%) and Operating Expenses increased by \$2,794,129 (9%), resulting in an increase in Operating Income before Depreciation/Amortization from the FY 2024 operational result. The Unrestricted Cash and Cash Equivalents increased by \$2,717,499 when compared to FY 2024, primarily as a result of the increase in Operating Income.
- Water Consumption Sales increased by \$6,389,212 (20%) in FY 2025 after increasing by \$2,024,607 (7%) in FY 2024. The FY 2025 increase in water consumption sales was the result of a 9% increase in water rates, effective July 1, 2024, and an 11% increase in overall water usage in FY 2025. The FY 2024 increase in water consumption sales was primarily the result of a 9% increase in water rates, effective July 1, 2023. This rate increase was partially offset by a modest reduction (3%) in overall water usage.

## Financial Highlights (Continued)

- Monthly Service Charges increased by \$1,695,698 (11%) in FY 2025 after increasing by \$1,361,951 (9%) in FY 2024. The increase in Monthly Service Charges revenue in FY 2025 and FY 2024 was primarily a result of rate increases effective July 1, 2024 (9%) and July 1, 2023 (9%).
- Conveyance Charges decreased by \$66,285 (22%) in FY 2025 as a result of lower water usage by conveyance customers and less spill water being conveyed to La Cumbre Mutual Water Company.
- Other Charges and Services increased by \$34,677 (6%) in FY 2025 after increasing by \$74,203 (15%) in FY 2024. The increase in FY 2025 was primarily a result of an increase in Contract Revenues. The increase in FY 2024 was also a result of an increase in Contract Revenues in addition to Backflow Monitoring, and Customer Delinquent Charges.
- Interest and Investment Earnings increased by \$167,982 (18%) in FY 2025 after increasing by \$327,989 (52%) in FY 2024. The smaller increase in FY 2025 is the result of lower yields from financial institutions. During FY 2025, when the Certificates of Deposit (CDs) and Treasury Bills (T-Bills) matured, funds were not able to be reinvested at the same favorable interest rates and were instead transferred to the Local Agency Investment Fund (LAIF). The increase in FY 2024 was the result of the District's diversifying the funds held in LAIF by purchasing CDs and T-Bills, which were at the time yielding a higher rate of return than LAIF.
- New Water Supply Charges increased \$458,107 (96%) in FY 2025 after increasing \$477,279 in FY 2024. The District began issuing new water allocations in January 2024 for the first time in ten years.
- Gain on Disposition of Capital Assets was \$22,904 in FY 2025 as a result of selling equipment which was fully depreciated. FY 2024 had a loss on disposal of assets of \$65,547.
- Other Non-Operating Revenue increased by \$83,974 (256%) in FY 2025 and decreased by \$16,555 (34%) in FY 2024.
- Operating Expenses, before Depreciation/Amortization, increased by \$2,794,129 (9%) in FY 2025 and by \$4,122,276 (14%) in FY 2024. The increase in FY 2025 Operating Expenses is primarily the result of an increase in General and Administrative expenses of \$999,010 driven by an increase in Personnel and Pension costs, an increase in Source of Supply expenses of \$852,051 driven by higher Cachuma Operation and Maintenance Board (COMB) expenses, and an increase in Water Treatment costs of \$682,807 as a result of legal disposal of accumulated organic solids and work done on the solids drying basin at the water treatment plant. The increase in FY 2024 Operating Expenses of \$4,122,276 (14%) was primarily the result of an increase in General and Administrative expenses of \$4,044,477 (266%) driven by significantly higher Pension Expense for FY 2024. The increase in General and Administrative expenses was partially offset by a decrease in Source of Supply costs of \$891,786 (6%) driven by lower-than-anticipated Cachuma Operation and Maintenance Board (COMB) expenses.

## Condensed Statement of Net Position – Analysis

	2025	2024	Current Year Increase/ (Decrease)	2023
<b>Assets:</b>				
Current assets	\$ 38,021,416	\$ 33,869,957	\$ 4,151,459	\$ 35,841,079
Non-current assets	34,676	38,477	(3,801)	3,743,136
Capital assets, net	<u>120,655,955</u>	<u>108,959,465</u>	<u>11,696,490</u>	<u>98,776,668</u>
Total Assets	<u>158,712,047</u>	<u>142,867,899</u>	<u>15,844,148</u>	<u>138,360,883</u>
<b>Deferred Outflows of Resources:</b>	<u>7,775,833</u>	<u>9,512,178</u>	<u>(1,736,345)</u>	<u>8,907,577</u>
<b>Liabilities:</b>				
Current liabilities	9,314,259	9,328,400	(14,141)	9,348,875
Non-current liabilities	<u>67,194,856</u>	<u>70,845,513</u>	<u>(3,650,657)</u>	<u>74,873,111</u>
Total Liabilities	<u>76,509,115</u>	<u>80,173,913</u>	<u>(3,664,798)</u>	<u>84,221,986</u>
<b>Deferred Inflows of Resources:</b>	<u>1,614,164</u>	<u>1,863,151</u>	<u>(248,987)</u>	<u>3,606,522</u>
<b>Net Position:</b>				
Net investment in capital assets	87,706,016	73,166,000	14,540,016	54,926,213
Restricted for debt service	-	10,225	(10,225)	3,157,981
Restricted cash and cash equivalents	1,876,825	1,075,646	801,179	305,809
Unrestricted	<u>(1,218,240)</u>	<u>(3,908,858)</u>	<u>2,690,618</u>	<u>1,049,949</u>
Total Net Position	<u>\$ 88,364,601</u>	<u>\$ 70,343,013</u>	<u>\$ 18,021,588</u>	<u>\$ 59,439,952</u>

- Current Assets increased during FY 2025 by \$4,151,459 (12%) primarily as a result of a \$2,717,499 increase in Unrestricted Cash, a \$790,953 increase in Restricted Cash, and a \$865,696 increase in Accounts Receivable-Water Sales and Services. Current Assets decreased during FY 2024 by \$1,971,122 (5%) primarily as a result of a \$3,499,819 decrease in Unrestricted Cash, partially offset by a \$780,063 increase in Restricted Cash, and a \$623,986 increase in Accounts Receivable-Water Sales and Services.
- Non-Current Assets decreased by \$3,801 (10%) in FY 2025 as a result of a decrease in Prepaid Bond Insurance Premiums. Non-Current Assets decreased by \$3,704,659 (99%) in FY 2024 as a result of a decrease in Restricted Investments.
- Net Capital Assets increased \$11,696,490 (11%) during FY 2025 as a result of capital asset spending, which was partially offset by depreciation/amortization and dispositions, and increased \$10,182,797 (10%) during FY 2024 as a result of capital asset spending, which was partially offset by depreciation/amortization and dispositions.
- Deferred Outflows of Resources decreased \$1,736,345 (18%) during FY 2025 primarily as a result of a decrease of \$1,709,750 in Deferred Pension Costs. Deferred Outflows of Resources increased \$604,601 (7%) during FY 2024 primarily as a result of an increase of \$429,563 in Deferred Loss on Refunding as the District refinanced its Certificates of Participation with Refunding Revenue Bonds.
- Current Liabilities decreased \$14,141 (0%) during FY 2025. Customer Advances and Deposits decreased \$130,751 and Accounts Payable and Accrued Expenses decreased \$74,640, which was offset by an increase of \$105,000 in the current portion of Revenue Refunding Bonds and an increase in the current portion of Compensated Absences of \$79,040. Current Liabilities decreased \$20,475 (0%) during FY 2024. Accounts Payable and Accrued Expenses increased \$1,294,620, which was offset by a decrease of \$1,045,000 in the current portion of Certificates of Participation.

### Condensed Statement of Net Position – Analysis (Continued)

- Non-Current Liabilities decreased during FY 2025 by \$3,650,657 (5%) as a result of decreases in Revenue Refunding Bonds of \$2,587,784 and Total OPEB Liability of \$662,463. Non-Current Liabilities decreased during FY 2024 by \$4,027,598 (5%) as a result of decreases in Certificates of Participation of \$5,303,564 which was partially offset by an increase in Total Pension Liability of \$1,472,889 and an increase in Total OPEB Liability of \$886,495.
- Deferred Inflows of Resources decreased \$248,987 (13%) during FY 2025 as a result of a decrease in Deferred Pension Costs of \$605,789 which was partially offset by an increase in Deferred OPEB of \$356,802. Deferred Inflows of Resources decreased \$1,743,371 (48%) during FY 2024 as a result of a decrease in Deferred Pension Costs and Deferred OPEB.
- During FY 2025, Unrestricted Net Position increased by \$2,690,618 (69%) when compared to the end of FY 2024 primarily due to the increase in Unrestricted Cash.

### Condensed Statement of Revenues, Expenses, and Changes in Net Position – Analysis

	2025	2024	Current Year Increase/ (Decrease)	2023
<b>Revenues:</b>				
Operating revenues	\$ 56,774,398	\$ 48,721,096	\$ 8,053,302	\$ 45,331,400
Non-operating revenues	2,202,847	1,469,880	732,967	681,167
Total revenues	58,977,245	50,190,976	8,786,269	46,012,567
<b>Expenses:</b>				
Operating expenses	35,545,675	32,751,546	2,794,129	28,629,270
Depreciation and amortization	5,934,746	6,529,343	(594,597)	5,950,162
Non-operating expenses	1,198,265	1,540,077	(341,812)	2,204,057
Total expenses	42,678,686	40,820,966	1,857,720	36,783,489
Net income before capital contributions	16,298,559	9,370,010	6,928,549	9,229,078
Capital contributions	1,723,029	1,533,051	189,978	230,040
Increase in net position	18,021,588	10,903,061	7,118,527	9,459,118
Net position, beginning of year	70,343,013	59,439,952	10,903,061	49,980,834
Net position, end of year	\$ 88,364,601	\$ 70,343,013	\$ 18,021,588	\$ 59,439,952

### FY 2025 vs. FY 2024

- District Operating Revenues in FY 2025 increased \$8,053,302 (17%) with a \$6,389,212 increase in Water Consumption Sales, and a \$1,695,698 increase in Monthly Service Charges.
  - The \$6,389,212 (20%) increase in Water Consumption Sales in FY 2025 was as a result of a 9% rate increase that went into effect July 1, 2024 and an 11% increase in water usage. Consumption increased in all customer classes.
  - Monthly Service Charges increased by \$1,695,698 (11%) in FY 2025, primarily as a result of a 9% rate increase effective July 1, 2024.
- District Non-Operating Revenues increased \$732,967 (50%) in FY 2025, primarily as a result of an increase in New Water Supply Charge-generated revenue of \$458,107 and an increase in Interest and Investment Earnings of \$167,982 as a result of favorable interest rates.

## Condensed Statement of Revenues, Expenses and Changes in Net Position – *Analysis* (Continued)

### *FY 2025 vs. FY 2024* (Continued)

- District Operating Expenses, excluding depreciation/amortization, increased \$2,794,129 (9%) in FY 2025 when compared to FY 2024, primarily as a result of the following:
  - General and Administrative costs increased \$999,010 (18%) over FY 2024, primarily as a result of an increase in pension expense of \$386,562 and payroll related costs of \$372,811.
  - Source of Supply costs were higher in FY 2025 by \$852,051 (6%). Source of Supply costs include amounts paid to the Central Coast Water Authority (CCWA), COMB, Cachuma Conservation Release Board (CCRB), and the Goleta Sanitary District (GSD) for recycled water, as well as costs for well operations, maintenance, and projects. The Source of Supply increase was a result of higher COMB expenditures on critical infrastructure, which resulted in increased assessments to member agencies. The increase in COMB costs was partially offset by a decrease in CCWA expenses due to no deliveries of state water in FY 2025.
  - Water Treatment costs increased \$682,807 over FY 2024 as a result of increased chemical costs.
  - Transmission and Distribution costs increased \$276,079 (4%) over FY 2024, primarily as a result of an increase in Facilities Maintenance costs of \$168,321 and Vehicle Maintenance costs of \$147,119.

These increases were partially offset by decreases in:

- Customer Accounts costs decreased \$15,818 (1%) over FY 2024 as a result of a decrease in meter reading costs of \$86,169, which was partially offset by an increase in customer service related costs of \$70,351.
- District Non-Operating Expenses decreased \$341,812 (22%) in FY 2025 primarily as a result of a decrease in Amortization Expense of \$272,089 as a result of the issuance of the Refunding Revenue Bonds in FY 2024.
- District Capital Contributions in FY 2025 increased \$189,978 (12%) primarily as a result of an increase in customer/developer projects which was partially offset by a decrease in Federal Grant funds received.

### *FY 2024 vs. FY 2023*

- District Operating Revenues in FY 2024 increased \$3,389,696 (7%) with a \$2,024,607 increase in Water Consumption Sales, and a \$1,361,951 increase in Monthly Service Charges.
  - The \$2,024,607 (7%) increase in Water Consumption Sales in FY 2024 was as a result of a 9% rate increase that went into effect July 1, 2023. The rate increase was partially offset by a 3% decrease in usage due to significant rainfall in the winter and spring, which lead to lower demand for outdoor water use. Consumption decreased in almost all customer classes.
  - Monthly Service Charges increased by \$1,361,951 (9%) in FY 2024, primarily as a result of a 9% rate increase effective July 1, 2023.
- District Non-Operating Revenues increased \$788,713 (116%) in FY 2024, primarily as a result of New Water Supply Charge-generated revenue totaling \$477,279 as the District began issuing new water allocations in January 2024 for the first time in ten years; and an increase in Interest and Investment Earnings of \$327,989 as a result of higher interest rates. District Non-Operating Revenues decreased by \$9,431,466 (100%) in FY 2023, primarily as a result of the one-time \$10,000,000 legal settlement received in the prior year.

**Condensed Statement of Revenues, Expenses and Changes in Net Position – Analysis**  
(Continued)

**FY 2024 vs. FY 2023** (Continued)

- District Operating Expenses, excluding depreciation/amortization, increased \$4,122,276 (14%) in FY 2024 when compared to FY 2023, primarily as a result of the following:
  - General and Administrative costs increased \$4,044,477 (266%) over FY 2023, primarily as a result of an increase in pension expense of \$3,691,965 and payroll related costs of \$594,552.
  - Transmission and Distribution costs increased \$550,475 (10%) over FY 2023, primarily as a result of an increase in Contracted Services of \$458,065.
  - Customer Accounts costs increased \$415,930 (29%) over FY 2023 as a result of an increase in payroll related costs of \$230,967, Billing Service Fees of \$64,598, and Uncollectible Accounts of \$49,516.

These increases were partially offset by decreases in:

- Source of Supply costs were lower in FY 2024 by \$891,786 (6%). Source of Supply costs include amounts paid to the Central Coast Water Authority (CCWA), COMB, Cachuma Conservation Release Board (CCRB), and the Goleta Sanitary District (GSD) for recycled water, as well as costs for well operations, maintenance, and projects. The Source of Supply decrease was a result of lower COMB expenditures as COMB received a significant grant to offset capital expenses.
- District Capital Contributions in FY 2024 increased \$1,303,011 (566%) primarily as a result of the receipt of a Federal Grant (\$1,074,834) for the construction of a new well.

**Condensed Statement of Revenues – Analysis**

	2025	2024	Current Year Increase/ (Decrease)	2023
<b>Operating revenues:</b>				
Water consumption sales	\$ 38,194,781	\$ 31,805,569	\$ 6,389,212	\$ 29,780,962
Monthly service charges	17,750,065	16,054,367	1,695,698	14,692,416
Conveyance charges	234,469	300,754	(66,285)	371,819
Other charges and services	595,083	560,406	34,677	486,203
Total operating revenues	<u>56,774,398</u>	<u>48,721,096</u>	<u>8,053,302</u>	<u>45,331,400</u>
<b>Non-operating revenues:</b>				
Interest and investment earnings	1,127,750	959,768	167,982	631,779
New water supply charge	935,386	477,279	458,107	-
Gain on disposition of capital assets	22,904	-	22,904	-
Other non-operating revenues, net	116,807	32,833	83,974	49,387
Total non-operating revenues	<u>2,202,847</u>	<u>1,469,880</u>	<u>732,967</u>	<u>681,166</u>
Total revenues	<u>\$ 58,977,245</u>	<u>\$ 50,190,976</u>	<u>\$ 8,786,269</u>	<u>\$ 46,012,566</u>

## Condensed Statement of Expenses – Analysis

	2025	2024	Current Year Increase/ (Decrease)	2023
<b>Operating expenses:</b>				
Source of supply	\$ 14,417,977	\$ 13,565,926	\$ 852,051	\$ 14,457,712
Water treatment	6,141,454	5,458,647	682,807	5,455,467
Transmission and distribution	6,605,341	6,329,262	276,079	5,778,787
Customer accounts	1,816,459	1,832,277	(15,818)	1,416,347
General and administrative	6,564,444	5,565,434	999,010	1,520,957
<b>Total operating expenses</b>	<b>35,545,675</b>	<b>32,751,546</b>	<b>2,794,129</b>	<b>28,629,270</b>
<b>Depreciation and amortization expense</b>	<b>5,934,746</b>	<b>6,529,343</b>	<b>(594,597)</b>	<b>5,950,162</b>
<b>Non-operating expenses:</b>				
Interest expense - long-term debt	1,194,465	1,198,641	(4,176)	2,122,710
Loss on disposition of capital assets	-	65,547	(65,547)	75,631
Amortization expense	3,800	275,889	(272,089)	5,716
<b>Total non-operating expenses</b>	<b>1,198,265</b>	<b>1,540,077</b>	<b>(341,812)</b>	<b>2,204,057</b>
<b>Total expenses</b>	<b>\$ 42,678,686</b>	<b>\$ 40,820,966</b>	<b>\$ 1,857,720</b>	<b>\$ 36,783,489</b>

## Condensed Capital Assets – Analysis

	Balance 2024	Additions	Transfer/ Deletions	Balance 2025
<b>Capital Assets:</b>				
Non-depreciable assets	\$ 21,460,912	\$ 13,672,649	\$ (100)	\$ 35,133,461
Depreciable/amortizable assets	202,089,025	4,231,093	(847,069)	205,473,049
Accumulated depreciation/amortization	(114,590,472)	(5,933,979)	573,896	(119,950,555)
<b>Total capital assets, net</b>	<b>\$ 108,959,465</b>	<b>\$ 11,969,763</b>	<b>\$ (273,273)</b>	<b>\$ 120,655,955</b>
	Balance 2023	Additions	Transfer/ Deletions	Balance 2024
<b>Capital Assets:</b>				
Non-depreciable assets	\$ 14,320,810	\$ 30,300,510	\$ (23,160,408)	\$ 21,460,912
Depreciable/amortizable assets	193,459,502	10,490,525	(1,861,002)	202,089,025
Accumulated depreciation/amortization	(109,003,644)	(6,525,566)	938,738	(114,590,472)
<b>Total capital assets, net</b>	<b>\$ 98,776,668</b>	<b>\$ 34,265,469</b>	<b>\$ (24,082,672)</b>	<b>\$ 108,959,465</b>

## Capital Assets – Analysis

At June 30, 2025 and 2024, the District's capital assets net of accumulated depreciation/amortization totaled \$120,655,955 and \$108,959,465 respectively, increasing from \$98,776,668 at June 30, 2023. Capital asset investments include non-depreciable assets (land, land improvements, and construction-in-process projects), depreciable/amortizable capital assets (buildings, treatment and distribution systems, equipment, vehicles, and software), and intangible right-to-use assets, such as subscription-based information technology arrangements, that are reported as depreciable/amortizable capital assets. Throughout FY 2025 and FY 2024, the District continued to fund capital improvements to the District's wells; existing production and distribution systems; recycled water system; as well as other property, water treatment plant, and equipment.

## Capital Assets – Analysis (Continued)

Some of the larger capital additions during the two-year period included upgrades to treatment distribution facilities, construction of a new well, radio system upgrades, SCADA improvements and upgrades, alternative energy sources, electric vehicles, facility improvements, equipment, and completing several developer/customer-initiated development projects.

See Note 1 – Reporting Entity and Summary of Significant Accounting Policies and Note 5 – Capital Assets for additional information and detail.

## Debt – Analysis

	Balance 2024	Adjustments/ Additions	Principal Payments/ Deletions	Balance 2025
<b>Debt:</b>				
Refunding revenue bonds, net	\$ 34,001,940	\$ -	\$ (2,482,784)	\$ 31,519,156
Total debt, net	<u>\$ 34,001,940</u>	<u>\$ -</u>	<u>\$ (2,482,784)</u>	<u>\$ 31,519,156</u>

	Balance 2023	Adjustments/ Additions	Principal Payments/ Deletions	Balance 2024
<b>Debt:</b>				
Refunding revenue bonds, net	\$ -	\$ 34,272,527	\$ (270,587)	\$ 34,001,940
Certificates of participation, net	40,350,504	-	(40,350,504)	-
Total debt, net	<u>\$ 40,350,504</u>	<u>\$ 34,272,527</u>	<u>\$ (40,621,091)</u>	<u>\$ 34,001,940</u>

During FY 2024 the District refinanced all of the existing Certificates of Participation and replaced them with Refunding Revenue Bonds. During FY 2025 and FY 2024, net long-term debt decreased by \$2,482,784 and \$6,348,564 as a result of refinancing the Certificates of Participation; scheduled principal repayments of \$2,130,000 and \$3,175,000, respectively; and the amortization of the related debt costs (see Note 9 – Refunding Revenue Bonds and Certificates of Participation for additional detail).

## Conditions Affecting Current Financial Position

Management has noted certain items as potential issues that may affect its current financial position in the footnotes to the financial statements (see Note 15 – Commitments and Contingencies for additional detail).

## Notes to the Basic Financial Statements

The notes following the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

## Requests for Information

This financial report is designed to provide the District's officers, investors, customers, stakeholders, and other interested parties with an overview of the District's financial condition, as well as insight into current fiscal practices and overall management oversight. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's CFO at 4699 Hollister Avenue, Goleta, CA 93110-1999.

## **BASIC FINANCIAL STATEMENTS**

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**GOLETA WATER DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2025  
(WITH COMPARATIVE TOTALS)**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 18,319,826	\$ 15,602,327
Restricted - cash and cash equivalents	1,876,825	1,085,872
Accrued interest receivable	236,362	171,168
Accounts receivable - water sales and services, net	7,764,521	6,898,825
Accounts receivable - other	63,345	186,225
Water-in-storage inventory	646,133	805,321
Materials and supplies inventory	1,571,193	1,552,166
Prepaid source of supply costs	7,356,195	7,381,434
Prepaid expenses and other deposits	187,016	186,619
Total Current Assets	38,021,416	33,869,957
<b>NON-CURRENT ASSETS</b>		
Prepaid bond insurance premiums, net	34,676	38,477
Capital assets - not depreciable	35,133,461	21,460,912
Capital assets - depreciable/amortizable, net	85,522,494	87,498,553
Total Non-Current Assets	120,690,631	108,997,942
Total Assets	158,712,047	142,867,899
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	535,637	594,337
Deferred pension cost	6,665,765	8,375,515
Deferred other post-employment benefits (OPEB)	574,431	542,326
Total Deferred Outflows of Resources	7,775,833	9,512,178
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	4,521,383	4,596,023
Accrued wages and related payables	379,384	336,674
Customer advances and deposits	727,788	858,539
Accrued interest payable on certificates of participation	471,667	507,167
Long-term liabilities - due within one year:		
Compensated absences	518,094	439,054
Subscription liability	460,943	460,943
Revenue refunding bonds	2,235,000	2,130,000
Total Current Liabilities	9,314,259	9,328,400
<b>NON-CURRENT LIABILITIES</b>		
Long-term liabilities - due in more than one year:		
Compensated absences	1,433,717	1,267,282
Subscription liability	1,540,153	1,963,396
Total OPEB liability	13,384,009	14,046,472
Total pension liability	21,552,821	21,696,423
Revenue refunding bonds	29,284,156	31,871,940
Total Non-Current Liabilities	67,194,856	70,845,513
Total Liabilities	76,509,115	80,173,913
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension cost	284,552	890,341
Deferred OPEB	1,329,612	972,810
Total Deferred Inflows of Resources	1,614,164	1,863,151
<b>NET POSITION</b>		
Net investment in capital assets	87,706,016	73,166,000
Restricted for debt service	-	10,225
Restricted cash and cash equivalents	1,876,825	1,075,646
Unrestricted	(1,218,240)	(3,908,858)
Total Net Position	\$ 88,364,601	\$ 70,343,013

See accompanying notes to the basic financial statements.

**GOLETA WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS)**

	<u>2025</u>	<u>2024</u>
<b>OPERATING REVENUES</b>		
Water consumption sales	\$ 38,194,781	\$ 31,805,569
Monthly service charges	17,750,065	16,054,367
Conveyance charges	234,469	300,754
Other charges and services	595,083	560,406
	<u>56,774,398</u>	<u>48,721,096</u>
<b>OPERATING EXPENSES</b>		
Source of supply	14,417,977	13,565,926
Water treatment	6,141,454	5,458,647
Transmission and distribution	6,605,341	6,329,262
Customer accounts	1,816,459	1,832,277
General and administrative	6,564,444	5,565,434
	<u>35,545,675</u>	<u>32,751,546</u>
Operating income before depreciation and amortization	21,228,723	15,969,550
Depreciation and amortization expense	<u>(5,934,746)</u>	<u>(6,529,343)</u>
Net Operating Income	<u>15,293,977</u>	<u>9,440,207</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>		
Interest and investment earnings	1,127,750	959,768
New water supply charges	935,386	477,279
Interest expense - certificates of participation	(1,194,465)	(1,198,641)
Amortization expense - debt issuance costs	(3,800)	(275,889)
Gain (loss) on disposition of capital assets, net	22,904	(65,547)
Other non-operating revenues, net	116,807	32,833
	<u>1,004,582</u>	<u>(70,197)</u>
Total Non-Operating Revenue (Expense), Net	<u>1,004,582</u>	<u>(70,197)</u>
Net Income Before Capital Contributions	<u>16,298,559</u>	<u>9,370,010</u>
<b>CAPITAL CONTRIBUTIONS</b>		
Federal capital grant	949,950	1,074,834
Capital contributions	773,079	458,217
	<u>1,723,029</u>	<u>1,533,051</u>
Total Capital Contributions	<u>1,723,029</u>	<u>1,533,051</u>
INCREASE IN NET POSITION	18,021,588	10,903,061
NET POSITION, BEGINNING OF YEAR	<u>70,343,013</u>	<u>59,439,952</u>
NET POSITION, END OF YEAR	<u>\$ 88,364,601</u>	<u>\$ 70,343,013</u>

See accompanying notes to the basic financial statements.

**GOLETA WATER DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS)**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers for water sales and services	\$ 56,673,910	\$ 48,662,240
Cash paid to employees for salaries and wages	(14,897,751)	(14,143,464)
Cash paid to vendors and suppliers for materials and services	(19,471,275)	(17,877,364)
Net Cash Provided by Operating Activities	22,304,884	16,641,412
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(17,903,742)	(17,630,627)
Proceeds from sale of capital assets	295,410	20,932
Proceeds from capital grants	949,950	1,074,834
Principal paid on subscription liability	(423,242)	(479,219)
Proceeds from new water supply charges	935,386	477,279
Principal paid on certificates of participation and refunding revenue bonds	(2,482,784)	(40,621,091)
Proceeds from issuance of new debt	-	34,272,527
Interest paid on certificates of participation and refunding revenue bonds	(1,229,965)	(1,202,312)
Net Cash Used in Capital and Related Financing Activities	(19,858,987)	(24,087,677)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	-	3,735,040
Interest and investment earnings	1,062,555	991,469
Net Cash Provided by Investing Activities	1,062,555	4,726,509
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,508,452	(2,719,756)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	16,688,199	19,407,955
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 20,196,651	\$ 16,688,199
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$ 18,319,826	\$ 15,602,327
Restricted cash and cash equivalents	1,876,825	1,085,872
<b>Total Cash and Cash Equivalents</b>	\$ 20,196,651	\$ 16,688,199

See accompanying notes to the basic financial statements.

**GOLETA WATER DISTRICT  
STATEMENT OF CASH FLOWS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS)**

	2025	2024
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Operating Income	\$ 15,293,977	\$ 9,440,207
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	5,934,746	6,529,343
Deferred loss on refunding of bonds	58,700	(429,563)
Other non-operating income (expense)	113,007	(243,057)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - water sales and services, net	(865,696)	(623,986)
Accounts receivable - other	122,880	110,629
Water-in-storage inventory	159,188	103,394
Materials and supplies inventory	(19,027)	(31,852)
Prepaid source of supply costs	25,239	(377,229)
Prepaid expenses and other deposits	3,404	(1,293)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(74,640)	1,294,620
Accrued wages and related payables	42,710	16,989
Customer advances and deposits	642,328	454,501
Compensated absences	245,475	(42,266)
Total OPEB liability	(337,766)	(132,822)
Total pension liability	960,359	573,797
Total Adjustments	7,010,907	7,201,205
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 22,304,884	\$ 16,641,412
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES		
Capital Contributions	\$ 773,078	\$ 458,217
Disposition of Assets - Gain (Loss)	\$ 22,904	\$ (65,547)

See accompanying notes to the basic financial statements.

**GOLETA WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE TOTALS)**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations of the Reporting Entity**

Established on November 17, 1944, the Goleta Water District (the District) encompasses an area extending along the south coast of Santa Barbara County west from the Santa Barbara city limits to El Capitan. The District is governed by a five-member Board of Directors (the Board) who serve overlapping four-year terms. Voters elect a single board member to represent their specific geographic district or area.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary governmental units are financially accountable. The District is financially accountable if it appoints a voting majority of the component unit's governing body and 1) it is able to impose its will on that component unit, or 2) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Goleta Water District Financing Corporation (the Corporation) was incorporated in May 1993. The Corporation is a California nonprofit public benefit corporation formed to assist the District by acquiring, constructing, operating, and maintaining facilities, equipment, or other property needed by the District and leasing or selling such property to the District and as such has no employees or other operations. Although the Corporation is legally separate, it is included as a blended component unit of the District, as it is in substance part of the District's operations. No separate financial statements are prepared for the Corporation.

**Basis of Accounting and Measurement Focus**

The District operates as a utility enterprise, and the accompanying basic financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of the related cash flows.

The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting.

An enterprise fund distinguishes operating revenues and expenses from non-operating 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 of the District are water consumption sales and related services. Operating expenses for the District include water purchases, water production, general and administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses consist of new water supply charges, grant funding, investment income, interest expense, and other miscellaneous revenues.

**Basic Financial Statements**

The basic financial statements are comprised of the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; and the Notes to the Basic Financial Statements.

## **NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

### **Net Position**

In the Statement of Net Position, net position is classified in the following categories:

- *Net investment in capital assets* – This amount is the District’s net investment in its various capital assets and includes capital assets net of accumulated depreciation/amortization, and capital-related deferred outflows of resources, and is reduced by capital-related borrowings and deferred inflows of resources.
- *Restricted for debt service* – This amount is restricted for various bond issues and is not available for the general needs of the District. These funds must be maintained at specific levels and are restricted by certain bond covenants.
- *Restricted cash and cash equivalents* – This amount is restricted for custodial costs due to third parties for customer-funded capital projects and specific capital projects, which are eligible for funding from restricted bond proceeds.
- *Unrestricted* – This amount of unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted.

### **New Accounting Statements**

GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following GASB statement was evaluated and deemed to not be applicable to the District:

**GASB Statement No. 102** – *Certain Risk Disclosures*. The requirements of this statement are effective for periods beginning after June 15, 2024. (FY 2024-25)

The following GASB statement was evaluated and deemed to be applicable to the District:

**GASB Statement No. 101** – *Compensated Absences*. The requirements of this statement are effective for periods beginning after December 15, 2023. (FY 2024-25) This statement has been implemented with no effect on the District’s financial statements.

### **Future GASB Statements**

The following GASB Statements will be implemented in future financial statements.

**GASB Statement No. 103** – *Financial Reporting Model Improvements*. The requirements of this statement are effective for periods beginning after June 15, 2025. (FY 2025-26)

**GASB Statement No. 104** – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for periods beginning after June 15, 2025. (FY 2025-26)

### **Assets, Liabilities, and Net Position**

#### **1. Use of Estimates**

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

## **NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

### **Assets, Liabilities, and Net Position (Continued)**

#### **2. Cash and Cash Equivalents**

Cash and cash equivalents are generally considered to be short-term, highly liquid investments with a maturity of three months or less from the purchase date. Substantially all of the District's cash is invested in interest-bearing accounts.

#### **3. Investments and Investment Policy**

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in the fair value of investments is recognized as an increase or decrease in investment assets and investment income. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

In accordance with the District's investment policy, the Board delegates the investment authority of the District to the General Manager. In accordance with the Government Code, collateral established as security for District funds will be those securities specified by law as eligible for collateral for deposits of local public agencies. Investment of District monies not required for immediate expenditure will be made in securities or other certificates of indebtedness as provided for by law for the investment of public funds.

#### **4. Accounts Receivable and Allowance for Uncollectible Accounts**

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

#### **5. Federal and State Capital and Operating Grants**

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the Statement of Net Position and as capital grant contribution or operating grant revenue, as appropriate, on the Statement of Revenues, Expenses, and Changes in Net Position.

#### **6. Water-in-Storage Inventory**

On October 1 of each year, the District is entitled to 9,322 acre-feet of water as a result of District participation in the Cachuma Project. The actual annual allocation is subject to availability. If all of the available allocation is not used in the current fiscal year, it is stored for use in the following fiscal year. In addition, the District may purchase water from other agencies to meet its customers' demand. The amount of unused purchased water is also stored. The District has its own facilities for storing water in which stored water carries no cost. This stored water is subject to loss through evaporation, natural disasters, dam ruptures, excess rainfall, and dam spillage at the various facilities. The losses are not covered by insurance.

The District also has a right to receive up to 7,450 acre-feet of water from the State Water Project through the Central Coast Water Authority. Any unused water that is not delivered through the Cachuma Project to directly serve District customers is stored in the San Luis Reservoir as part of the State Water Project. The stored water is not subject to loss through evaporation but is subject to loss through spillage at San Luis Reservoir under certain specified conditions.

## **NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

### **Assets, Liabilities, and Net Position (Continued)**

#### **7. Materials and Supplies Inventory**

Materials and supplies inventory consist primarily of water meters, pipes, and pipe fittings for the construction and repair of District water transmission and distribution systems. Inventory is valued at cost using the weighted average method. Inventory items are charged to expense at the time that individual items are consumed or capitalized when individual items are used in internally constructed projects.

#### **8. Prepaid Expenses**

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

#### **9. Restricted Assets**

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

#### **10. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Indirect costs incurred during the construction phase of capital assets are reflected in the capitalized value of the asset constructed. Contributed capital assets are recorded at acquisition value at the date of contribution. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation/amortization are removed from the respective accounts and any gains or losses are recognized. Depreciation/amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Transmission and distribution system	20-50 years
Recycled water system	33 1/3 years
Water treatment plant/equipment	10-30 years
Wells	25 years
Pumping equipment	25 years
Structures and improvements	15-50 years
Other plant and equipment	5-25 years
Capitalized interest	50 years

#### **11. Prepaid Bond Insurance Premiums**

Prepaid bond insurance premium issuance costs are amortized using the straight-line method over the remaining life of the respective debt service.

#### **12. Deferred Outflows of Resources and Deferred Inflows of Resources**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

## **NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

### **Assets, Liabilities, and Net Position (Continued)**

#### **12. Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods. The District has three items that qualify for reporting in this category. They are the deferred charge on the refunding financing, deferred pension, and deferred other post-employment benefits (OPEB) reported in the District's Statement of Net Position. See Notes 7, 10, and 12 for further description of the deferred outflows of resources recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. The District has two items, deferred pension and deferred OPEB, reported in the District's Statement of Net Position. See Notes 7, 10, and 12 for further description of the deferred inflows of resources recognized.

#### **13. Compensated Absences**

District personnel policies provide for the accumulation of vacation, sick leave, and compensated time off. Liabilities for vacation, sick leave, and compensated time-off are recorded when benefits are earned to the extent it is probable that benefits will result in termination payments. Cash payment of unused vacation, a percentage of earned sick time, and compensated time off is available to qualified employees when they retire or are terminated.

#### **14. Customer Advances and Deposits**

Customer advances represent deposits received for District inspection and/or construction related to customer projects, which are refundable if the applicable inspection and/or construction costs are less than estimated or do not take place. Customer advances are recorded as other charges and services or contributed capital when the applicable construction project is completed.

#### **15. Other Post-Employment Benefits (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined in accordance with GASB Statement No. 75. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

GAAP requires that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following timeframes are used:

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

#### **16. Subscription-Based Information Technology Arrangements (SBITAs)**

A right-to-use subscription asset is recognized when the subscription asset is placed in service. Correspondingly, a subscription liability, measured at the present value of subscription payments over the subscription term, is recognized at the same time. The District entered into certain subscription-based agreements to use vendor-provided information technology (IT). SBITAs result in an intangible right-to-use asset and a subscription obligation on the Statement of Net Position.

## **NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

### **Assets, Liabilities, and Net Position (Continued)**

#### **17. Water Sales**

Water sales are normally billed on a monthly cyclical basis. Estimated unbilled water revenue through June 30 has been accrued at fiscal year-end.

#### **18. New Water Supply Charge**

New Water Supply Charge (NWSC) revenue was described in previous fiscal years as capacity charges. All new water service connections are subject to the NWSC, a one-time charge, which is currently \$64,717 per acre-foot for potable water. The purpose is to recover a portion of the costs associated with the additional cost of obtaining the new water supplies necessary to provide the additional service. The conditions letter issued by the District to the applicant pursuant to District Code Section 5.08.20 (F) includes the amount of the NWSC for the new service. The NWSC must be paid prior to issuance of a Can and Will Serve Letter or application approval at the date of this reporting period. The formula for determining this charge, described in the District's Code in Appendix A (12), is based on the type of project and annual water demand estimate. Project types include single-family, residential, multiple-family residential, landscape and recreation irrigation, agricultural irrigation, commercial, and other nonresidential users, and expanded service to existing users. This charge varies for potable, non-potable, and recycled water service. The voter-approved SAFE Water Supplies Ordinance (SAFE) bans any new or additional service connections for potable water under certain conditions, which were last triggered on September 9, 2014, due to drought. In late 2023, the conditions necessary to lift the moratorium were met and on January 1, 2024, the District began accepting applications for new water allocations.

#### **19. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital expenditures to connect to the District's transmission and distribution system. Capital asset contributions are recorded at acquisition value.

#### **20. Budgetary Policies**

The District adopts an annual budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

#### **21. Reclassifications**

Certain prior fiscal year balances may have been reclassified in order to conform to the current fiscal year (FY) presentation. These reclassifications had no effect upon reported net position.

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 18,319,826	\$ 15,602,327
Restricted - cash and cash equivalents	573,955	1,085,872
Restricted - cash and investments - LAIF	<u>1,302,870</u>	<u>-</u>
Total cash, cash equivalents, and investments	<u>\$ 20,196,651</u>	<u>\$ 16,688,199</u>

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

	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 900	\$ 900
Deposits with financial institutions	<u>19,621,796</u>	<u>16,687,299</u>
Total cash, cash equivalents, and investments	<u>\$ 19,622,696</u>	<u>\$ 16,688,199</u>

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

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

<u>Authorized Investment Types*</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Time Deposits, Non-Negotiable	5 years	None	None
Money Market Mutual Funds	N/A	20%	None
Santa Barbara County Pooled Investment Fund	N/A	None	None
State of California’s Local Agency Investment Fund (LAIF)	N/A	None	None
Local Government Investment Pools (Joint Power Authority Pools)	N/A	None	None

\*Excluding amounts held by the bond trustees that are not subject to California Government Code restrictions.

## NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

### Investments Authorized by Debt Agreements

Investment of debt proceeds held by the bond trustees is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Types</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Obligations	None	None	None
Bankers Acceptances	None	None	None
Commercial Paper	180 days	30%	10%
Corporate Bonds, Debentures, and Notes	None	None	None
Interest Bearing Accounts - State or National			
Banks or State or National Savings and Loans	None	None	None
LAIF	None	None	None
Money Market Mutual Funds	None	None	None
Investment Contracts	None	None	None

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District's deposits may not be returned to it. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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 has deposits with various banks with various bank balances as of June 30, 2025 and 2024. Of the bank balances, up to \$250,000 per institution are federally insured. The remaining \$1,383,075 and \$838,269 on deposit in excess of the federally insured amount was collateralized with securities held by the pledging financial institution's agent at June 30, 2025 and 2024, respectively.

### Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

At June 30, 2025 and 2024, the District had no investments that are required to be disclosed in the three-tiered fair value hierarchy.

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS** (Continued)

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. During FY 2025 and FY 2024, the District managed its liquidity needs by investing only in short-term securities. Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity date.

Restricted investments at June 30, 2025, consisted of the following:

	Remaining Maturity (in Months)				
	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Held by Bond Trustee:					
California State Treasurer - LAIF	\$ 1,302,870	\$ 1,302,870	\$ -	\$ -	\$ -
Total	\$ 1,302,870	\$ 1,302,870	\$ -	\$ -	\$ -

The District did not have restricted investments as of June 30, 2024.

**Credit Risk**

Generally, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings were obtained from Standard and Poor’s Ratings Services (S&P). Presented is the minimum legal rating required, where applicable, by the California Government Code or debt agreements, and the actual rating as of fiscal year-end for each investment type.

Credit ratings at June 30, 2025, consisted of the following:

Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	S&P Rating		
				AAA	AA-	BB-
Held by Bond Trustee:						
California State Treasurer - LAIF	\$ 1,302,870	Not rated	\$ 1,302,870	\$ -	\$ -	\$ -
Total	\$ 1,302,870		\$ 1,302,870	\$ -	\$ -	\$ -

The District did not hold any restricted investments as of June 30, 2024; therefore, its investments were not subject to credit risk at year-end.

**NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS** (Continued)

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. 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 other than money market funds which are limited to 20% of the District’s portfolio at the time of initial purchase. Investments in any one issuer (other than for 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	Reported Amounts	
		2025	2024
Held by Bond Trustee:			
California State Treasurer - LAIF	LAIF	\$ 1,302,870	\$ -

**NOTE 3 – ACCOUNTS RECEIVABLE – WATER SALES AND SERVICES, NET**

The balance at June 30 consists of the following:

	2025	2024
Accounts receivable - water sales and services	\$ 8,110,086	\$ 7,217,101
Allowance for uncollectable accounts	(345,565)	(318,276)
Accounts receivable - water sales and services, net	\$ 7,764,521	\$ 6,898,825

Customer bills are generated and mailed in cycles. As a result of the monthly billing cut-offs, accruals of \$771,691 and \$679,496 for FY 2025 and FY 2024, respectively, were recorded to accrue revenues for bills not recorded and mailed by the fiscal year-end. The bills related to these amounts were produced and mailed subsequent to the fiscal year-end.

The District extends credit to customers in the normal course of operations. When customer accounts are deemed uncollectible, the District uses the allowance method for the provision for doubtful accounts and the write-off of those accounts.

**NOTE 4 – PREPAID SOURCE OF SUPPLY COSTS**

In 1991, the voters of the District elected to participate in the State Water Project (SWP). As a result, the District joined in the formation of the Central Coast Water Authority (CCWA) in August 1991. The purpose of the CCWA is to provide for the financing, construction, operation, and maintenance of certain local (non-state-owned) facilities required to deliver water from the SWP to certain water purveyors and users in Santa Barbara County.

Each project participant, including the District, has entered into a Water Supply Agreement to provide for the development, financing, construction, operation, and maintenance of the CCWA Project. The purpose of the Water Supply Agreement is to assist in carrying out the purposes of CCWA with respect to the CCWA Project by 1) requiring CCWA to sell, and the Santa Barbara Project participants to buy, a specified amount of water from CCWA (“take or pay”); and 2) assigning the project participant’s entitlement rights in the SWP to CCWA. Although the District has an ongoing financial interest pursuant to the Water Supply Agreement between the District and CCWA, the District does not have an equity interest in the CCWA Project.

**NOTE 4 – PREPAID SOURCE OF SUPPLY COSTS (Continued)**

Each project participant is required to pay CCWA an amount equal to its share of the total “fixed project costs” and certain other costs in the proportion established in the Water Supply Agreement. This includes the project participant’s share of payments to the State Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power, and replacement costs of the DWR facilities), debt service on CCWA bonds, and all CCWA operation and administrative costs.

CCWA is composed of eight voting members, all of which are public agencies. CCWA was organized and exists under a joint exercise of power agreement among the various participating public agencies. The Board of Directors of CCWA is made up of one representative from each participating entity. Votes for the Board of Directors of CCWA are approximately apportioned between the entities based upon each entity’s allocation of State water entitlement. The District’s share of the project, based on the number of acre-feet of water, is 17.2%.

Operating and capital expenses are allocated among the members based upon various formulas recognizing the benefits of the various project components to each member.

Each project participant is required to make payments under its Water Supply Agreement solely from the revenues of its water system. Each project participant has agreed, in its Water Supply Agreement, to fix, prescribe, and collect rates and charges for its water system which will be at least sufficient to yield each fiscal year net revenues equal to 125% of the sum of 1) the payment required pursuant to the Water Supply Agreement, and 2) debt service on any existing participant obligation for which revenues are also pledged.

Per CCWA, the District’s estimated payments for State Water infrastructure for the next ten fiscal years are summarized below:

Fiscal Year Ending June 30,	Amount
2026	\$ 6,877,814
2027	8,207,576
2028	9,025,837
2029	9,106,663
2030	9,145,762
2031-2035	48,124,118
Total	<u>\$ 90,487,770</u>

Additional information and complete financial statements for the CCWA are available at [www.CCWA.com](http://www.CCWA.com) or for public inspection at 255 Industrial Way, Buellton, CA, Monday through Friday, between the hours of 8 a.m. and 5 p.m.

## NOTE 5 – CAPITAL ASSETS

Changes in capital assets for the current fiscal year were as follows:

	Balance July 1, 2024	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2025
Capital assets, not being depreciated/amortized:				
Land and land improvements	\$ 2,262,265	\$ -	\$ -	\$ 2,262,265
Construction-in-process	19,198,647	13,672,649	(100)	32,871,196
<b>Total capital assets, not being depreciated/amortized</b>	<b>21,460,912</b>	<b>13,672,649</b>	<b>(100)</b>	<b>35,133,461</b>
Depreciable/amortizable capital assets:				
Transmission and distribution system	86,620,830	3,527,641	(763,510)	89,384,961
Recycled water system	28,990,426	88,622	-	29,079,048
Water treatment plant/equipment	46,755,727	237,113	-	46,992,840
Wells	19,163,203	-	-	19,163,203
Pumping equipment	2,335,382	-	-	2,335,382
Structures and improvements	4,917,582	22,628	-	4,940,210
Other plant and equipment	7,795,329	355,089	(83,559)	8,066,859
Subscription assets	3,239,690	-	-	3,239,690
Capitalized interest	2,270,856	-	-	2,270,856
<b>Total depreciable/amortizable capital assets</b>	<b>202,089,025</b>	<b>4,231,093</b>	<b>(847,069)</b>	<b>205,473,049</b>
Accumulated depreciation/amortization:				
Transmission and distribution system	(45,843,469)	(1,892,482)	490,337	(47,245,614)
Recycled water system	(25,380,491)	(805,712)	-	(26,186,203)
Water treatment plant/equipment	(23,026,799)	(1,391,477)	-	(24,418,276)
Wells	(9,179,359)	(764,137)	-	(9,943,496)
Pumping equipment	(1,380,545)	(93,265)	-	(1,473,810)
Structures and improvements	(2,964,128)	(163,215)	-	(3,127,343)
Other plant and equipment	(5,299,782)	(341,462)	83,559	(5,557,685)
Subscription assets	(873,624)	(436,812)	-	(1,310,436)
Capitalized interest	(642,275)	(45,417)	-	(687,692)
<b>Total accumulated depreciation/amortization</b>	<b>(114,590,472)</b>	<b>(5,933,979)</b>	<b>573,896</b>	<b>(119,950,555)</b>
<b>Total depreciable/amortizable capital assets, net</b>	<b>87,498,553</b>	<b>(1,702,886)</b>	<b>(273,173)</b>	<b>85,522,494</b>
<b>Total capital assets, net</b>	<b>\$ 108,959,465</b>	<b>\$ 11,969,763</b>	<b>\$ (273,273)</b>	<b>\$ 120,655,955</b>

In FY 2025, major capital asset additions during the fiscal year included improvements to the District's water treatment plant, transmission and distribution system, electric vehicles, and other equipment. The majority of these additions were transferred out of construction-in-process upon completion of the various projects.

**NOTE 5 – CAPITAL ASSETS** (Continued)

Changes in capital assets for the prior fiscal year were as follows:

	Balance July 1, 2023	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land and land improvements	\$ 2,262,265	\$ -	\$ -	\$ 2,262,265
Construction-in-process	<u>12,058,545</u>	<u>30,300,510</u>	<u>(23,160,408)</u>	<u>19,198,647</u>
Total capital assets, not being depreciated/amortized	<u>14,320,810</u>	<u>30,300,510</u>	<u>(23,160,408)</u>	<u>21,460,912</u>
Depreciable/amortizable capital assets:				
Transmission and distribution system	84,950,278	2,074,537	(403,985)	86,620,830
Recycled water system	28,990,426	-	-	28,990,426
Water treatment plant/equipment	40,024,592	6,918,101	(186,966)	46,755,727
Wells	19,163,203	-	-	19,163,203
Pumping equipment	2,335,382	-	-	2,335,382
Structures and improvements	4,917,582	-	-	4,917,582
Other plant and equipment	6,629,343	1,497,887	(331,901)	7,795,329
Subscription assets	4,177,840	-	(938,150)	3,239,690
Capitalized interest	<u>2,270,856</u>	<u>-</u>	<u>-</u>	<u>2,270,856</u>
Total depreciable/amortizable capital assets	193,459,502	10,490,525	(1,861,002)	202,089,025
Accumulated depreciation/amortization:				
Transmission and distribution system	(44,312,258)	(1,914,956)	383,745	(45,843,469)
Recycled water system	(24,184,592)	(1,195,899)	-	(25,380,491)
Water treatment plant/equipment	(21,507,968)	(1,635,782)	116,951	(23,026,799)
Wells	(8,396,204)	(783,155)	-	(9,179,359)
Pumping equipment	(1,284,467)	(96,078)	-	(1,380,545)
Structures and improvements	(2,801,555)	(162,573)	-	(2,964,128)
Other plant and equipment	(5,376,789)	(254,894)	331,901	(5,299,782)
Subscription assets	(542,953)	(436,812)	106,141	(873,624)
Capitalized interest	<u>(596,858)</u>	<u>(45,417)</u>	<u>-</u>	<u>(642,275)</u>
Total accumulated depreciation/amortization	<u>(109,003,644)</u>	<u>(6,525,566)</u>	<u>938,738</u>	<u>(114,590,472)</u>
Total depreciable/amortizable capital assets, net	<u>84,455,858</u>	<u>3,964,959</u>	<u>(922,264)</u>	<u>87,498,553</u>
Total capital assets, net	<u>\$ 98,776,668</u>	<u>\$ 34,265,469</u>	<u>\$ (24,082,672)</u>	<u>\$ 108,959,465</u>

In FY 2024, major capital asset additions during the fiscal year included improvements to the District's water treatment plant, transmission and distribution system, a new well, and other equipment. The majority of these additions were transferred out of construction-in-process upon completion of the various projects.

**NOTE 5 – CAPITAL ASSETS** (Continued)**Construction-in-Process**

The District has been involved in various construction projects throughout the fiscal years. The balances of the various construction projects that comprise the construction-in-process balances at June 30 are as follows:

	<u>2025</u>	<u>2024</u>
SCADA Improvements / Upgrades	\$ 6,467,414	\$ 2,452,622
CDMWTP Sludge Handling Improvements	5,357,702	5,056,141
Hope Well and Treatment System	4,338,443	2,868,069
University Well Treatment Upgrade	3,208,340	1,277,587
Ekwil/Fowler Waterline Relocation	1,609,288	884,722
Transmission Main Relocation Phase	1,321,337	1,327,246
Anita Well Treatment Upgrade	1,040,508	1,002,698
HVAC Upgrades	741,802	-
CDMWTP Flocculation Basin	700,562	-
Roof Repairs	645,325	-
Inoperable Chlorination and Equipment	491,383	238,232
Cathodic Protection Upgrades and Repairs	469,890	269,161
Reservoir Component Replacement	458,346	113,016
CDMWTP Battery	405,398	180,217
Headquarters EV Chargers	392,229	145,818
GWD Pavement Maint and Rehab	347,363	346,599
AMI Conversion	333,511	-
Inoperable Well Facilities Replacement	333,227	286,871
Hollister/217 Improvements	331,708	224,707
El Camino Well Repairs and Upgrades	311,966	171,918
Storm Response	276,165	-
La Gama PRV Relocation	274,047	-
Restroom Replacement	267,418	68,358
CDMWTP Domestic Tank Upgrades	255,160	-
Heritage Ridge GWD 20" Main	227,760	-
SB Corp Replacement Well	211,530	-
Pump and Motor Replacements	208,126	-
GWD Pavement Maintenance	172,161	-
Admin Area Remodel	165,216	120,725
Building Component Replacement	92,202	-
New Sludge Drying Bed	89,380	-
New Line Valve Install Ellwood	81,374	-
CDMWTP Valve Replacement	79,833	79,559
CDMWTP Security Improvements	73,380	52,987
Mariposa Assisted Living Project	66,250	66,250
Galileo Apartments	58,625	-
Sullivan Main Extension	54,009	-
CDMWTP EV Charging Station	-	251,171
Housing Authority of Co of SB	-	182,412
Pump and Motor Replacements	-	177,574
Goleta Self Storage	-	98,247
Cortona Corner Apts	-	71,738
La Cumbre Mutual Water Co Ease	-	56,996
8501 Hollister Fireline and RW	-	53,846
Ocean Meadows Lot 2 Svc Line	-	51,558
Various Other Minor Projects	912,818	1,021,602
	<u>912,818</u>	<u>1,021,602</u>
Total Construction-in-Process	<u>\$ 32,871,196</u>	<u>\$ 19,198,647</u>

## **NOTE 6 – PREPAID BOND INSURANCE PREMIUMS**

The prepaid balance for FY 2025 relates to the bond insurance issuance costs for the 2023 Series A Refunding Revenue Bonds (RRB) and the FY 2024 prepaid balance relates to the bond insurance issuance costs for the 2023 Series A Refunding Revenue Bonds (RRB). The prepaid charges are being amortized over a 10-year period, consistent with the terms of the RRB or COP. The prepaid charges net balances are as follows:

The balance at June 30 consists of the following:

	<u>2025</u>	<u>2024</u>
Prepaid bond insurance premiums	\$ 38,477	\$ 48,632
Amortization expense	<u>(3,801)</u>	<u>(10,155)</u>
Prepaid bond insurance premiums, net	<u>\$ 34,676</u>	<u>\$ 38,477</u>

## **NOTE 7 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

The changes in deferred outflows of resources balance for the fiscal year ended June 30, 2025, consisted of:

	<u>Balance July 1, 2024</u>	<u>Additions/ Adjustments</u>	<u>Amortization/ Deletions</u>	<u>Balance June 30, 2025</u>
Deferred charge from 2023 refunding	\$ 594,337	\$ -	\$ (58,700)	\$ 535,637
Deferred pension - contributions	2,616,323	2,964,926	(2,616,322)	2,964,927
Deferred pension - differences between actual and expected experience	936,435	854,294	-	1,790,729
Deferred pension - proportionate share of investment return	3,512,846	-	(2,272,076)	1,240,770
Deferred pension - change in assumptions	1,309,911	-	(755,959)	553,952
Deferred pension - change in actual vs. proportional contributions	-	115,387	-	115,387
Deferred OPEB - contribution post measurement date	<u>542,326</u>	<u>574,431</u>	<u>(542,326)</u>	<u>574,431</u>
Deferred outflows of resources	<u>\$ 9,512,178</u>	<u>\$ 4,509,038</u>	<u>\$ (6,245,383)</u>	<u>\$ 7,775,833</u>

The changes in deferred inflows of resources balance for the fiscal year ended June 30, 2025, consisted of:

	<u>Balance July 1, 2024</u>	<u>Additions/ Adjustments</u>	<u>Amortization/ Deletions</u>	<u>Balance June 30, 2025</u>
Deferred pension - change in actual vs. proportional contributions	\$ 334,676	\$ -	\$ (334,676)	\$ -
Deferred pension - adjustments due to differences in proportions	555,665	-	(271,113)	284,552
Deferred OPEB - changes in assumptions/experience (gains)/losses	<u>972,810</u>	<u>356,802</u>	<u>-</u>	<u>1,329,612</u>
Deferred inflows of resources	<u>\$ 1,863,151</u>	<u>\$ 356,802</u>	<u>\$ (605,789)</u>	<u>\$ 1,614,164</u>

**NOTE 7 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES** (Continued)

The changes in deferred outflows of resources balance for the fiscal year ended June 30, 2024, consisted of:

	Balance July 1, 2023	Additions/ Adjustments	Amortization/ Deletions	Balance June 30, 2024
Deferred charge from 2010 refunding	\$ 143,828	\$ -	\$ (143,828)	\$ -
Deferred charge from 2014 refunding	20,946	-	(20,946)	-
Deferred charge from 2023 refunding	-	594,337	-	594,337
Deferred pension - contributions	2,320,869	2,616,322	(2,320,868)	2,616,323
Deferred pension - differences between actual and expected experience	134,121	802,314	-	936,435
Deferred pension - proportionate share of investment return	3,704,414	-	(191,568)	3,512,846
Deferred pension - change in assumptions	2,072,324	-	(762,413)	1,309,911
Deferred OPEB - contribution post measurement date	511,075	542,326	(511,075)	542,326
Deferred outflows of resources	<u>\$ 8,907,577</u>	<u>\$ 4,555,299</u>	<u>\$ (3,950,698)</u>	<u>\$ 9,512,178</u>

The changes in deferred inflows of resources balance for the fiscal year ended June 30, 2024, consisted of:

	Balance July 1, 2023	Additions/ Adjustments	Amortization/ Deletions	Balance June 30, 2024
Deferred pension - change in actual vs. proportional contributions	\$ 542,417	\$ -	\$ (207,741)	\$ 334,676
Deferred pension - adjustments due to differences in proportions	1,103,229	-	(547,564)	555,665
Deferred OPEB	1,960,876	-	(988,066)	972,810
Deferred inflows of resources	<u>\$ 3,606,522</u>	<u>\$ -</u>	<u>\$ (1,743,371)</u>	<u>\$ 1,863,151</u>

**NOTE 8 – COMPENSATED ABSENCES**

Changes to compensated absences for FY 2025 were as follows:

Balance July 1, 2024	Earned	Taken	Balance June 30, 2025	Current Portion	Long-Term Portion
<u>\$ 1,706,336</u>	<u>\$ 1,261,250</u>	<u>\$ (1,015,775)</u>	<u>\$ 1,951,811</u>	<u>\$ 518,094</u>	<u>\$ 1,433,717</u>

Changes to compensated absences for FY 2024 were as follows:

Balance July 1, 2023	Earned	Taken	Balance June 30, 2024	Current Portion	Long-Term Portion
<u>\$ 1,748,602</u>	<u>\$ 1,135,324</u>	<u>\$ (1,177,590)</u>	<u>\$ 1,706,336</u>	<u>\$ 439,054</u>	<u>\$ 1,267,282</u>

**NOTE 9 – REFUNDING REVENUE BONDS (RRBs) and CERTIFICATES OF PARTICIPATION (COPs)**

Changes in RRBs payable (long-term debt) for FY 2025 were as follows:

	Balance July 1, 2024	Additions/ (Deletions)	Principal Payments/ Amortization	Balance June 30, 2025
RRBs:				
2023A Refunding Revenue Bonds	\$ 30,430,000	\$ -	\$ (2,130,000)	\$ 28,300,000
Total RRBs	30,430,000	-	(2,130,000)	28,300,000
Unamortized premium/discount, net	3,571,940	-	(352,784)	3,219,156
Total net RRBs	34,001,940	-	(2,482,784)	31,519,156
Less current portion	(2,130,000)	(2,235,000)	2,130,000	(2,235,000)
Net RRBs	<u>\$ 31,871,940</u>	<u>\$ (2,235,000)</u>	<u>\$ (352,784)</u>	<u>\$ 29,284,156</u>

Changes in RRBs and COPs payable (long-term debt) for FY 2024 were as follows:

	Balance July 1, 2023	Additions/ (Deletions)	Principal Payments/ Amortization	Balance June 30, 2024
RRBs/COPs:				
2010A Certificates of Participation	\$ 33,915,000	\$ (33,915,000)	\$ -	\$ -
2014A Certificates of Participation	6,515,000	(3,340,000)	(3,175,000)	-
2023A Refunding Revenue Bonds	-	30,430,000	-	30,430,000
Total RRBs/COPs	40,430,000	(6,825,000)	(3,175,000)	30,430,000
Unamortized premium/discount, net	(79,496)	3,842,527	(191,091)	3,571,940
Total net RRBs/COPs	40,350,504	(2,982,473)	(3,366,091)	34,001,940
Less current portion	(3,175,000)	(2,130,000)	3,175,000	(2,130,000)
Net RRBs/COPs	<u>\$ 37,175,504</u>	<u>\$ (5,112,473)</u>	<u>\$ (191,091)</u>	<u>\$ 31,871,940</u>

**2010 Series A Revenue Certificates of Participation**

On August 26, 2010, the District issued the \$33,915,000 2010 Series A Revenue COPs to 1) refund a portion of the 2003 COPs; 2) refund outstanding bank loans and related financing costs; 3) refund outstanding amounts under a loan contract with the State Water Resources Control Board; 4) fund \$5,000,000 of improvements to the water system; 5) fund a reserve; and 6) pay related costs of execution and delivery of the 2010 Series A Revenue COPs.

The advanced refund of the 2003 COPs resulted in an economic loss of approximately \$1.7 million and a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$1.6 million. The difference, reported in the accompanying financial statements as Deferred Outflows of Resources, is being charged to interest through the fiscal year ended June 30, 2025, using the straight-line method.

**NOTE 9 – REFUNDING REVENUE BONDS (RRBs) and CERTIFICATES OF PARTICIPATION (COPs)**  
(Continued)

**2010 Series A Revenue Certificates of Participation (Continued)**

Interest was payable semi-annually on March 1st and September 1st of each fiscal year commencing March 1, 2012, with interest rates ranging from 4.25% to 5.00%. Principal payments were scheduled to commence on September 1, 2025, and continue through September 1, 2035. The revenue COPs were secured by a pledge of the District's revenues.

The capital improvement projects financed from \$5,000,000 of the COPs proceeds include:

- Cathedral Oaks Highway 101 overcrossing
- Old Town Goleta waterline replacement
- Santa Barbara County El Embarcadero system improvements
- San Antonio well site purchase
- Anita Wellhead treatment plant
- Relocation of the Goleta Beach recycled waterline
- Recycled water booster pump controls rebuild
- Other critical treatment plant and infrastructure replacements.

The 2010 Series A Revenue COPs were fully refunded with the issuance of the \$30,430,000 2023 Series A Refunding Revenue Bonds in FY 2024.

**2014 Series A Revenue Certificates of Participation**

On January 22, 2014, the District issued the \$19,050,000 2014 Series A Revenue COPs to 1) refund a portion of the 2003 Revenue Certificates of Participation; 2) fund \$5,540,575 of improvements to the water system; and 3) pay related costs of execution and delivery of the 2014 Series A Revenue COPs.

The advanced refund resulted in an economic loss of approximately \$199,495 and a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$40,865. The difference, reported in the accompanying financial statements as Deferred Outflows of Resources, is being charged to interest through the fiscal year ended June 30, 2025, using the straight-line method.

Interest was payable semi-annually on June 1st and December 1st of each fiscal year commencing June 1, 2014, with interest rates ranging from 2.00% to 5.00%. Principal payments commenced on December 1, 2014, and continued through December 1, 2024. The revenue COPs were secured by a pledge of District revenues.

The capital improvement projects financed from \$5,540,575 of the COPs proceeds include:

- Improvements to the Corona del Mar Water Treatment Plant for process enhancements
- Distribution system reliability improvements, including booster systems upgrades, new valves, system interconnection improvements, and mainline replacements
- Meter replacements
- Well augmentations to support groundwater pumping and injection capabilities
- Renewable energy generating projects
- Other critical treatment plant and infrastructure replacements.

The 2014 Series A Revenue COPs were fully refunded with the issuance of the \$30,430,000 2023 Series A Refunding Revenue Bonds in FY 2024.

**NOTE 9 – REFUNDING REVENUE BONDS (RRBs) and CERTIFICATES OF PARTICIPATION (COPs)**  
(Continued)

**2023 Series A Refunding Revenue Bonds**

On December 14, 2023, the District issued \$30,430,000 of 2023 Series A Refunding Revenue Bonds to 1) refund all of the District’s outstanding 2014 Series A Revenue COPs; 2) refund all of the District’s outstanding 2010 Series A Revenue COPs; 3) purchase a municipal bond insurance policy to guarantee the scheduled payment of principal and interest on the insured bonds; and 4) pay costs incurred in connection with the issuance of the bonds.

The District achieved a net present value savings of \$5,397,582 from the refinancing. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$626,132. This difference, reported in the accompanying financial statements as Deferred Outflows of Resources, is being amortized to interest expense through the fiscal year ending June 30, 2035, using the straight-line method.

Interest is payable semi-annually on March 1st and September 1st of each fiscal year, commencing March 1, 2024, at an interest rate of 5.00%. Principal payments began on September 1, 2024, and will continue through September 1, 2034. The revenue COPs are secured by a pledge of District revenues.

Annual debt service payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,235,000	\$ 1,359,125	\$ 3,594,125
2027	2,350,000	1,244,500	3,594,500
2028	2,475,000	1,123,875	3,598,875
2029	2,600,000	997,000	3,597,000
2030	2,730,000	863,750	3,593,750
2031-2035	15,910,000	2,068,500	17,978,500
Total	28,300,000	\$ 7,656,750	\$ 35,956,750
Less current portion	(2,235,000)		
Total long-term 2023 Series A RRBs	\$ 26,065,000		

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

In addition to the pension benefits described in Note 12, the District provides OPEB.

**Plan Description and Eligibility**

The District administers its other post-employment benefits plan (OPEB Plan), a single-employer defined benefit plan. The following requirements must be satisfied for employees hired on or before August 12, 2014, in order to be eligible for lifetime post-employment medical benefits: 1) Attainment of age 50, 2) 5 years of consecutive full-time service, and 3) Retirement from the California Public Employees’ Retirement System (CalPERS) and from the District (the District must be the last employer prior to retirement). Employees hired after August 12, 2014, have the same eligibility criteria except they must be at least 52 years of age, have 10 years of service, and are eligible to receive \$20 per month for each year of service toward the purchase of their own health care benefits until reaching age 65.

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (Continued)

**Benefits Provided**

The District offers post-employment health care, dental care, and vision care benefits to retired employees who satisfy the eligibility rules. Retirees hired on or before August 12, 2014, may enroll in any plan available through the District and Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) but are not eligible to change plans. Retirees hired after August 12, 2014, who satisfy the eligibility criteria, will receive \$20 per month for each year of service toward the purchase of their own health care benefits until reaching age 65. The benefit provisions and the contribution requirements of OPEB Plan members and the District are established and may be amended by the Board and the Service Employees International Union Local 620 (SEIU).

**Employees Covered By Benefits**

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

Participating active employees	57
Inactive employees currently receiving benefit payments	<u>68</u>
	<u><u>125</u></u>

**Funding Policy**

The District covers a fixed amount (subject to annual increases) for health care and dental care benefits, and 100% of the premium for vision. The District pays 100% of the cost of the OPEB Plan. The District funds the OPEB Plan on a pay-as-you-go basis and records a liability for the total OPEB liability.

**Total OPEB Liability**

At June 30, 2025, the District reported a total OPEB liability of \$13,384,009. The total OPEB liability was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2023, and based on the following actuarial methods and assumptions:

Valuation date	June 30, 2023
Actuarial cost method	Entry age
Inflation rate	2.50% per year (same as used for pension)
Investment return/discount rate	3.93%, net of expenses
Healthcare cost trend rate	4.00% per year
Payroll increase	2.75% per year. Since benefits do not depend on salary (as they do for pension), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.
Fiduciary Net Position	Not applicable as the District's OPEB Plan does not have any assets or investments.
Mortality rates	2021 CalPERS active mortality for Miscellaneous and Schools employees.
Retirement rates	2021 CalPERS retirement rate tables for miscellaneous employees.
Costs for retiree coverage	Retiree liabilities are based on actual retiree premium plus an implicit rate subsidy of 41.9% of non-Medicare medical premium. Liabilities for active participants are based on the first year costs which are based on participant type and hire date. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (Continued)

**Changes in the OPEB Liability**

The table below shows the changes in the total OPEB liability, the OPEB Plan fiduciary net position (i.e., fair value of the OPEB Plan assets, which is not applicable to the District as the District's OPEB Plan has no assets), and the net OPEB liability during the measurement period ended June 30, 2024.

	Increase (Decrease)		
	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2023 (Measurement date June 30, 2023)	\$ 14,046,472	\$ -	\$ 14,046,472
Changes recognized for the measurement period:			
Service cost	235,722	-	235,722
Interest on total OPEB liability	503,786	-	503,786
Employer contributions as benefit payments		705,890	(705,890)
Actual benefit payments from employer	(705,890)	(705,890)	-
Expected minus actual benefit payments	(18,037)	-	(18,037)
Expected balance at June 30, 2024	14,062,053	-	14,062,053
Experience (gains)/losses	-	-	-
Changes in assumptions	(678,044)	-	(678,044)
Changes in benefit terms	-	-	-
Net change	(678,044)	-	(678,044)
Actual balance at June 30, 2024 (Measurement date June 30, 2024)	<u>\$ 13,384,009</u>	<u>\$ -</u>	<u>\$ 13,384,009</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2024:

	1% Decrease 2.93%	Discount Rate 3.93%	1% Increase 4.93%
Total OPEB liability	\$ 15,145,140	\$ 13,384,009	\$ 11,959,917

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2024:

	1% Decrease 3.00%	Healthcare Trend Rate 4.00%	1% Increase 5.00%
Total OPEB liability	\$ 11,658,587	\$ 13,384,009	\$ 15,462,456

**NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)** (Continued)

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources**

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$400,229. OPEB expense represents the change in the total OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or method. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions/experience (gains)/losses	\$ -	\$ 1,329,612
District contributions subsequent to the measurement date	<u>574,431</u>	<u>-</u>
Total deferred outflows and inflows of resources	<u>\$ 574,431</u>	<u>\$ 1,329,612</u>

The \$574,431 reported as deferred outflows of resources related to contributions made subsequent to the June 30, 2024 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2026. Amounts reported as deferred outflows and inflows of resources related to changes in assumptions will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (328,727)
2027	(664,090)
2028	(229,600)
2029	(1,019)
2030	<u>(106,176)</u>
Total	<u>\$ (1,329,612)</u>

**NOTE 11 – DEFERRED COMPENSATION PLAN**

The District offers its employees an optional deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan is available to substantially all employees and allows participants to defer a portion of their current income until future years, up to a maximum of \$23,500 during 2025 (calendar year) and \$23,000 during 2024 (calendar year) to shelter such funds and earnings from state and federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The plan is administered through third-party administrators. The District does not perform the investing function and has no fiduciary accountability for the plan and the assets in the plan are not the legal property of the District and are not subject to claims of the District's general creditors. Thus, plan assets and any related liability to plan participants have been excluded from the District's financial statements.

## **NOTE 12 – DEFINED BENEFIT PENSION PLAN**

### **Plan Description**

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous (all other) Employee Pension Plan (Plan), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and the District's resolution. 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.

### **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, or their beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law.

On August 9, 2011, as a result of negotiations with SEIU, a two-tiered retirement program was introduced similar to programs instituted by other agencies participating in CalPERS. On January 1, 2013, the State of California implemented legislation setting a new maximum benefit, a lower-cost pension formula with requirements to work longer in order to reach full retirement age, and a cap on the amount used to calculate a pension for new members hired on or after January 1, 2013, creating a three-tier retirement program for the District. On August 27, 2014, as a result of negotiations with SEIU, the District initiated a three-year process to require employees to pay their full normal share of pension costs with employee cost increases effective January 1, 2015, January 1, 2016, and January 1, 2017.

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

- All employees hired prior to January 1, 2012, are members of the CalPERS 2.7% at 55 Risk Pool Retirement Plan for which the employee contribution rate is 8% of their annual covered salaries. Effective January 1, 2017, employees in this retirement plan pay 8% of their annual covered salaries.
- Employees hired during calendar year 2012 or employees hired on or after January 1, 2013, who have been in the CalPERS systems are members of the CalPERS 2.0% at 55 Risk Pool Retirement Plan for which the employee contribution rate is 7% of their annual covered salaries. Effective January 1, 2017, employees in this retirement plan pay 7% of their annual covered salaries.
- Employees hired on or after January 1, 2013, who have not previously participated in the CalPERS system or who have been out of the CalPERS system for more than six months are members of the CalPERS 2.0% at 62 Risk Pool Retirement Plan for which the employee contribution rate is 7.75% of their annual covered salaries.
- Effective January 1, 2017, all other employees are required to pay up to 50% of the normal costs of their pension benefit; up to a maximum 8% of the contribution rate.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN** (Continued)

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal 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.

For the fiscal year ended June 30, 2025, the District's contributions recognized as part of pension expense for the Plan were \$2,964,927.

As of June 30, 2025, the District reported its proportionate share of the total pension liability of \$21,552,821.

**Total Pension Liability**

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

The District's proportionate share of the total pension liability as of June 30, 2025 and 2024, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2024	0.43389%
Proportion - June 30, 2025	0.44562%
Change - Increase/(Decrease)	0.01173%

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the fiscal year ended June 30, 2025, the District recognized a pension expense of \$3,925,286. Pension expense represents the change in the total pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. 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>
Pension contributions subsequent to measurement date	\$ 2,964,927	\$ -
Differences between expected and actual experience	1,790,729	-
Changes in assumptions	553,952	-
Change in employer's proportion	-	284,552
Difference between the employer's contributions and proportionate share of contributions	115,387	-
Differences between projected and actual earnings on plan investments	1,240,770	-
Total deferred outflows and inflows of resources	<u>\$ 6,665,765</u>	<u>\$ 284,552</u>

**NOTE 12 – DEFINED BENEFIT PENSION PLAN** (Continued)

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**  
(Continued)

The deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to the total pension liability to be recognized in future periods in a systematic and rational manner.

The \$2,964,927 is reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the total pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Amount
2026	\$ 975,985
2027	2,803,215
2028	62,281
2029	<u>(425,197)</u>
Total	<u>\$ 3,416,284</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

	<u>Miscellaneous</u>
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract cost-of-living adjustment or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

The underlying mortality assumptions used in the June 30, 2023 valuation were developed based on CalPERS' specific data. 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. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN** (Continued)

**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.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the 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. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return <sup>(1)(2)</sup>
Global Equity - Cap-Weighted	30%	4.54%
Global Equity - Non-Cap-Weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-Backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100.00%	

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

<sup>(2)</sup> Figures are based on the 2021 Asset Liability Management Study

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

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

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the total pension liability	\$ 32,574,997	\$ 21,552,821	\$ 12,479,948

**NOTE 12 – DEFINED BENEFIT PENSION PLAN** (Continued)

**Pension Plan Fiduciary Net Position**

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

**NOTE 13 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)**

Effective July 1, 2022, the District has adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for SBITAs which are defined as a contract that conveys control of the right to use another party’s information technology software for a period of time in an exchange or exchange-like transaction. Accordingly, a right-to-use subscription asset is recognized when the subscription asset is placed in service. Correspondingly, a subscription liability, measured at the present value of subscription payments over the subscription term, is recognized at the same time.

Qualifying software includes software for accounting and administrative functions.

There were no variable payments based on performance, nor termination penalties expensed for the fiscal years ended June 30, 2025 and 2024.

The changes in the District’s subscription liability for the year ended June 30, 2025, are summarized below:

<u>Balance June 30, 2024</u>	<u>Additions/ (Deletions)</u>	<u>Principal Payments</u>	<u>Balance June 30, 2025</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
<u>\$ 2,424,339</u>	<u>\$ -</u>	<u>\$ (423,243)</u>	<u>\$ 2,001,096</u>	<u>\$ 460,943</u>	<u>\$ 1,540,153</u>

The changes in the District’s subscription liability for the year ended June 30, 2024, are summarized below:

<u>Balance June 30, 2023</u>	<u>Additions/ (Deletions)</u>	<u>Principal Payments</u>	<u>Balance June 30, 2024</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
<u>\$ 3,664,724</u>	<u>\$ (827,581)</u>	<u>\$ (412,804)</u>	<u>\$ 2,424,339</u>	<u>\$ 460,943</u>	<u>\$ 1,963,396</u>

The following is a summary of the carrying values of intangible right-to-use assets held under SBITAs at June 30, 2025:

	<u>Gross Amount</u>	<u>Less: Accumulated Amortization</u>	<u>Net Assets Held Under Subscription Obligations at June 30, 2024</u>	<u>Outstanding Balance per Subscription Schedules at June 30, 2025</u>
SBITAs	<u>\$ 3,239,690</u>	<u>\$ (1,310,436)</u>	<u>\$ 1,929,254</u>	<u>\$ 2,001,096</u>

The following is a summary of the carrying values of intangible right-to-use assets held under SBITAs at June 30, 2024:

	<u>Gross Amount</u>	<u>Less: Accumulated Amortization</u>	<u>Net Assets Held Under Subscription Obligations at June 30, 2024</u>	<u>Outstanding Balance per Subscription Schedules at June 30, 2025</u>
SBITAs	<u>\$ 3,239,690</u>	<u>\$ (873,624)</u>	<u>\$ 2,366,066</u>	<u>\$ 2,424,339</u>

**NOTE 13 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)**  
(Continued)

The District had no subscription arrangements that had been executed but not yet commenced as of June 30, 2025. Below are the future commitments related to the outstanding subscription obligations at June 30, 2025:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 433,946	\$ 45,078
2027	444,920	34,107
2028	456,171	22,856
2029	467,707	11,316
2030	198,352	1,241
Thereafter	-	-
Total Minimum Subscription Payments	<u>\$ 2,001,096</u>	<u>\$ 114,598</u>

See Note 5 – Capital Assets for additional information on subscription assets.

**NOTE 14 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District is a member of the ACWA/JPIA, an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2025 and 2024, the District participated in the liability and property programs and worker’s compensation program of the ACWA/JPIA as follows:

General liability, auto liability, and public officials’ errors and omissions: Total risk financing pooled self-insurance limits of \$5 million per occurrence. The ACWA/JPIA purchased additional excess coverage up to \$55 million, which increases the limits on the insurance coverage noted above.

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

Crime Coverage: Up to \$100,000 per occurrence includes public employee dishonesty, forgery or alteration, computer fraud coverage, and excess crime coverage for up to \$1 million per occurrence. Both coverages are subject to a deductible.

Property Loss Coverage: Provides replacement value of real and personal property owned by the District in the event of a covered loss. Boiler and machinery coverage is included and provides coverage for mechanical, electrical, and pressure equipment. Licensed vehicles, mobile equipment, and watercraft are repaired or replaced on an actual cash-value basis. The ACWA/JPIA pools for the first \$10 million, and purchases excess coverage up to \$500 million. The District is responsible for various deductibles depending on the type of property or equipment.

Workers’ Compensation Insurance: Up to California statutory limits for all work-related injuries and illnesses covered by California law. The ACWA/JPIA pools for the first \$2 million and purchases excess coverage for California Statutory Limits with a \$4 million program aggregate limit for Employer’s Liability coverage.

Cyber Liability Coverage: Provides coverage from financial losses resulting from data breaches and other cyber events. Includes both first-party and third-party coverage, up to \$3 million per member with a \$5 million policy aggregate limit, subject to retention of \$50,000 to \$100,000 (based on reported Total Insurable Values).

## **NOTE 15 – COMMITMENTS AND CONTINGENCIES**

### **Goleta West Conduit Project**

The California State Health Department requires that all surface water supplied to customers be filtered and meet certain requirements as part of the treatment process. Currently, the District supplies treated surface water to customers on its Goleta West Conduit. The water is not filtered, does not meet the Health Department's requirements, and, therefore, cannot be used for domestic consumption. The District currently provides bottled water to these customers for domestic consumption. A pipeline, booster pump station, and reservoir might be built in the future depending on regulations and requirements of the Environmental Protection Agency (EPA) and State Health Department. The District has completed an analysis of treatment alternatives for necessary system improvements to provide filtered potable water to these customers which could be used for domestic consumption. The cost was found to be prohibitive for the limited number of customers.

### **The Cachuma Lake Project – Seismic Safety of Bradbury Dam**

On December 19, 1994, the U.S. Bureau of Reclamation (Bureau), the owner of Bradbury Dam, issued a letter indicating that, as part of the ongoing Safety of Dams evaluation of Bradbury Dam, the Bureau determined that dam failure would likely occur during a large earthquake. The Bureau further determined that there was a risk to the downstream public should failure occur when the reservoir is above an elevation of 750 feet. Immediate actions were needed to reduce this risk. Foundation modifications have been completed, and the reservoir can now be operated safely at an elevation of 750 feet, which is the design capacity of the reservoir.

The total cost of the seismic modification project as proposed by the Bureau was \$45.3 million. The Member Units were required to collectively contribute 15% of the project's total cost for a total obligation of \$6.8 million. Costs were apportioned among Member Units according to the following: the obligation was split 48.7% to municipal and industrial and 51.3% to irrigation with a 50-year total repayment period beginning October 2002. The District's share is based on the same 36.25%, which is applied to the Cachuma Lake Project entitlement. The District was required to make annual payments of \$59,765 through October 2015, \$94,847 commencing October 2016 through 2026, and \$35,082 commencing October 2027 through 2051 to finance the project.

The District's future obligations are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 94,847
2027	94,847
2028	35,082
2029	35,082
2030	35,082
Thereafter	<u>771,805</u>
Total	<u>\$ 1,066,745</u>

### **The Cachuma Lake Project – Seismic Safety of Lauro Dam**

On December 19, 1994, the Bureau, as the owner of Lauro Dam, issued a letter indicating that, as part of the ongoing Safety of Dams evaluation, the Bureau determined that dam failure would likely occur during a large earthquake. The Bureau further determined that there was a risk to the downstream public, including potential loss of life and reduction of the available water supply. Immediate actions were needed to reduce this risk. Modifications of Lauro Dam have been completed, and the reservoir can now be operated safely at a crest height of 137 feet.

**NOTE 15 – COMMITMENTS AND CONTINGENCIES** (Continued)

**The Cachuma Lake Project – Seismic Safety of Lauro Dam** (Continued)

The total cost of the seismic modification project as proposed by the Bureau was \$6.73 million. The Member Units were required to collectively contribute 15% of the project's total cost for a total obligation of \$1,009,737. Costs were apportioned among Member Units according to the following: the obligation was split 49.3% to municipal and industrial and 50.7% to irrigation with a 50-year total repayment period beginning October 2008. The District's share is based on the same 40.42%, which is applied to the Cachuma Lake Project entitlement. The District is required to make annual payments of \$19,161 through October 2032 and \$4,942 commencing October 2033 through 2057 to finance the project.

The District's future obligations are as follows:

Fiscal Year Ending June 30,	Amount
2026	\$ 19,161
2027	19,161
2028	19,161
2029	19,161
2030	19,161
Thereafter	<u>181,039</u>
Total	<u>\$ 276,844</u>

**Construction Contracts**

The District has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from advances for construction. At June 30, 2025 and 2024, the District held \$290,155 and \$425,454, respectively, related to such agreements.

**Goleta Sanitary District Recycled Water Facility**

Since 1995, as an environmental sustainability effort, the District has delivered recycled water to certain users in the community. This is done under the Agreement for Construction and Operation of the Goleta Sanitary District/Goleta Water District Wastewater Reclamation Project, by and between the District and the Goleta Sanitary District, dated October 15, 1990, and as amended by Amendment No. 1, Amendment No. 2, and Amendment No. 3 thereto. The Recycled Water Project has a capacity of approximately 3,000 acre-feet per fiscal year and the District is currently delivering approximately 800 acre-feet per fiscal year to the University of California at Santa Barbara, golf courses, and other users previously using potable water for irrigation purposes. Per the agreement, the distribution system is owned and operated by the District, separate from the reclamation plant which is owned and operated by the Goleta Sanitary District. While the District has capitalized the assets associated with the distribution and recognizes the associated depreciation in these financial statements, the financial statements have not included any liability associated with replacing the reclamation plant.

**Litigation**

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes that there are no legal matters that will materially affect its financial statements.

**NOTE 16 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 13, 2025, which is the date the financial statements were issued.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**GOLETA WATER DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**COST-SHARING DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE TOTAL PENSION LIABILITY  
AS OF JUNE 30, 2025  
LAST 10 FISCAL YEARS**

	2025	2024	2023	2022	2021
District's proportion of the total pension liability	0.44562%	0.43389%	0.43220%	0.55048%	0.41878%
District's proportionate share of the total pension liability	\$ 21,552,821	\$ 21,696,423	\$ 20,223,534	\$ 10,452,608	\$ 17,664,353
District's covered payroll <sup>(1)</sup>	\$ 9,855,182	\$ 9,395,253	\$ 8,788,922	\$ 8,697,815	\$ 8,732,764
District's proportionate share of the total pension liability as a percentage of covered payroll	218.70%	230.93%	230.10%	120.18%	202.28%
Pension plan's fiduciary net position	\$ 19,241,277,838	\$ 17,692,895,076	\$ 16,770,671,399	\$ 18,065,791,524	\$ 14,702,361,183
Pension plan's total pension liability	\$ 24,077,884,150	\$ 22,693,312,153	\$ 21,449,898,398	\$ 19,964,594,105	\$ 18,920,437,526
Plan fiduciary net position as a percentage of the total pension liability	79.91%	77.97%	78.19%	90.49%	77.71%
Measurement date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
	2020	2019	2018	2017	2016
District's proportion of the total pension liability	0.41957%	0.42190%	0.41942%	0.42369%	0.42369%
District's proportionate share of the total pension liability	\$ 16,801,573	\$ 15,900,230	\$ 16,533,639	\$ 14,718,384	\$ 11,021,977
District's covered payroll <sup>(1)</sup>	\$ 8,493,625	\$ 8,052,226	\$ 7,478,078	\$ 6,435,748	\$ 5,917,488
District's proportionate share of the total pension liability as a percentage of covered payroll	197.81%	197.46%	221.09%	228.70%	186.26%
Pension plan's fiduciary net position	\$ 13,979,687,268	\$ 13,122,440,092	\$ 12,074,499,781	\$ 10,923,476,287	\$ 10,896,036,068
Pension plan's total pension liability	\$ 17,984,188,264	\$ 16,891,153,209	\$ 16,016,547,402	\$ 14,397,353,530	\$ 13,639,503,084
Plan fiduciary net position as a percentage of the total pension liability	77.73%	77.69%	75.39%	75.87%	79.89%
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015

**Notes:**

<sup>(1)</sup> Annual covered payroll during the period that ends on the measurement date.

Benefit changes: There have been no benefit changes.

Changes of assumptions: In 2023, the discount rate was reduced from 7.15% to 6.90%, the inflation rate was reduced from 2.50% to 2.30%, and the probabilities of mortality were based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions in December 2017. In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

**GOLETA WATER DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**COST-SHARING DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
AS OF JUNE 30, 2025  
LAST 10 FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution (actuarially determined)	\$ 2,680,373	\$ 2,281,645	\$ 1,778,451	\$ 2,065,455	\$ 2,247,867
Contributions in relation to the actuarially determined contributions	<u>2,964,927</u>	<u>2,616,322</u>	<u>2,320,869</u>	<u>2,124,439</u>	<u>2,039,965</u>
Contribution deficiency (excess)	<u>\$ (284,554)</u>	<u>\$ (334,677)</u>	<u>\$ (542,418)</u>	<u>\$ (58,984)</u>	<u>\$ 207,902</u>
Covered payroll <sup>(1)</sup>	\$ 10,617,695	\$ 9,855,182	\$ 9,395,253	\$ 8,788,922	\$ 8,697,815
Contributions as a percentage of covered payroll	27.92%	26.55%	24.70%	24.17%	23.45%
Measurement date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 2,519,278	\$ 2,297,709	\$ 2,044,877	\$ 2,077,972	\$ 1,584,725
Contributions in relation to the actuarially determined contributions	<u>2,275,723</u>	<u>2,043,572</u>	<u>1,849,717</u>	<u>1,658,945</u>	<u>2,050,356</u>
Contribution deficiency (excess)	<u>\$ 243,555</u>	<u>\$ 254,137</u>	<u>\$ 195,160</u>	<u>\$ 419,027</u>	<u>\$ (465,631)</u>
Covered payroll <sup>(1)</sup>	\$ 8,732,764	\$ 8,493,625	\$ 8,052,226	\$ 7,478,078	\$ 6,435,748
Contributions as a percentage of covered payroll	26.06%	24.06%	22.97%	22.18%	31.86%
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015

**Notes:**

<sup>(1)</sup> Annual covered payroll during the fiscal year.

**GOLETA WATER DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
AS OF JUNE 30, 2025  
LAST 10 FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total OPEB liability</b>				
Service cost	\$ 235,722	\$ 297,224	\$ 399,296	\$ 58,362
Interest cost	503,786	459,842	337,474	543,638
Differences between expected and actual experience	-	-	-	-
Experience (gains)/losses	-	307,422	31,604	(1,026,634)
Changes of assumptions	(678,044)	459,436	(2,688,949)	(2,916,902)
Changes in benefit terms	-	-	-	(5,300,350)
Benefit payments	<u>(723,927)</u>	<u>(637,429)</u>	<u>(655,552)</u>	<u>(607,286)</u>
Total change in total OPEB liability	(662,463)	886,495	(2,576,127)	(9,249,172)
Total OPEB liability - beginning	<u>14,046,472</u>	<u>13,159,977</u>	<u>15,736,104</u>	<u>24,985,276</u>
Total OPEB liability - ending	<u>\$ 13,384,009</u>	<u>\$ 14,046,472</u>	<u>\$ 13,159,977</u>	<u>\$ 15,736,104</u>
Covered-employee payroll <sup>(1)</sup>	\$ 10,617,695	\$ 9,855,182	\$ 9,395,253	\$ 8,788,922
District's total OPEB liability as a percentage of covered payroll	126.05%	142.53%	140.07%	179.04%
Measurement date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 47,598	\$ 59,865	\$ 60,594	\$ 58,972
Interest cost	679,508	691,039	719,079	556,250
Differences between expected and actual experience	(26,300)	(85,229)	-	-
Experience (gains)/losses	-	110,255	-	-
Changes of assumptions	5,159,410	952,718	(957,060)	-
Changes in benefit terms	-	-	-	-
Benefit payments	<u>(557,627)</u>	<u>(487,744)</u>	<u>(547,350)</u>	<u>(426,531)</u>
Total change in total OPEB liability	5,302,589	1,240,904	(724,737)	188,691
Total OPEB liability - beginning	<u>19,682,687</u>	<u>18,441,783</u>	<u>19,166,520</u>	<u>18,977,829</u>
Total OPEB liability - ending	<u>\$ 24,985,276</u>	<u>\$ 19,682,687</u>	<u>\$ 18,441,783</u>	<u>\$ 19,166,520</u>
Covered-employee payroll <sup>(1)</sup>	\$ 8,697,815	\$ 8,732,764	\$ 8,493,625	\$ 8,052,226
District's total OPEB liability as a percentage of covered payroll	287.26%	225.39%	217.12%	238.03%
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017

**Notes:**

<sup>(1)</sup> Annual covered-employee payroll during the fiscal year.

The District funds the OPEB Plan on a pay-as-you-go basis. There are no funds set aside in a trust to pay related benefits of the OPEB Plan.

Fiscal year 2018 was the 1st year of implementation; therefore, only eight years are shown. Additional years will be presented as they become available.

**STATISTICAL INFORMATION SECTION  
(UNAUDITED)**

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**GOLETA WATER DISTRICT  
STATISTICAL INFORMATION SECTION  
(UNAUDITED)**

The statistical section of the Annual Comprehensive Financial Report presents detailed information for context, and to better understand the information contained in the financial statements, note disclosures, and required supplementary information.

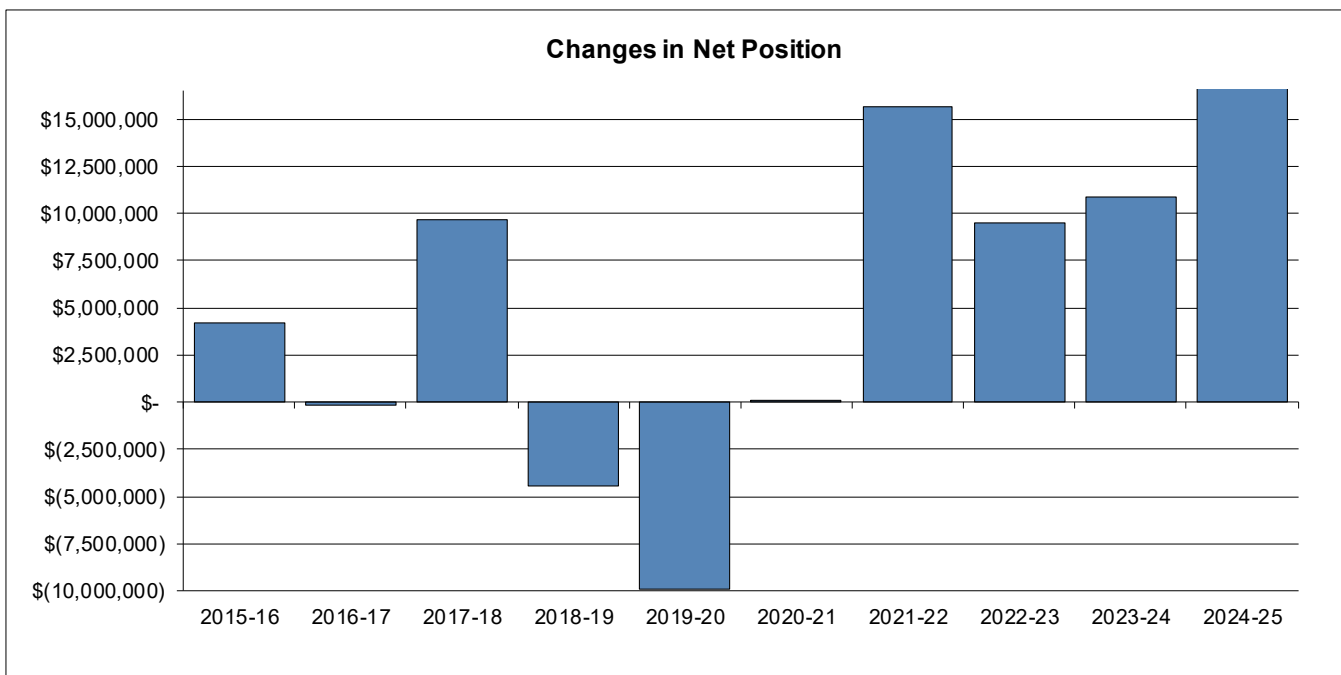
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<b>Financial Trends</b> Provides historical context to help the reader understand how District financial performance has changed over time.	56-60
<b>Revenue Capacity</b> Helps the reader assess the District's most significant sources of revenue.	61-64
<b>Debt Capacity</b> Informs the reader regarding the affordability of District debt and its ability to assume additional debt in the future.	65-66
<b>Demographic Information</b> Offers indicators to help the reader understand the community environment within which the District operates.	67
<b>Operating Information</b> Contains staffing levels and infrastructure data to help the reader understand how the District provides its services.	68

**GOLETA WATER DISTRICT  
CHANGES IN NET POSITION BY COMPONENT  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 1**

<u>Description</u>	<u>2015-16 <sup>(1)</sup></u>	<u>2016-17 <sup>(1)</sup></u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 38,876,872	\$ 37,807,585	\$ 43,161,166	\$ 39,853,124	\$ 33,050,742
Operating expenses (see Schedule 3)	(29,820,487)	(33,407,576)	(27,750,020)	(38,045,673)	(36,082,209)
Depreciation/amortization	(4,384,529)	(4,834,866)	(5,335,807)	(5,354,910)	(5,517,320)
<b>Operating income (loss)</b>	4,671,856	(434,857)	10,075,339	(3,547,459)	(8,548,787)
Net non-operating revenue (expense) (see Schedule 4)	(1,717,348)	(1,995,151)	(2,277,626)	(1,788,286)	(1,979,240)
<b>Net income (loss) before capital contributions</b>	2,954,508	(2,430,008)	7,797,713	(5,335,745)	(10,528,027)
Capital contributions	1,201,564	2,254,452	1,875,086	869,045	595,887
<b>Changes in net position</b>	<u>\$ 4,156,072</u>	<u>\$ (175,556)</u>	<u>\$ 9,672,799</u>	<u>\$ (4,466,700)</u>	<u>\$ (9,932,140)</u>
Net position by component:					
Net investment in capital assets	\$ 41,777,503	\$ 46,966,900	\$ 50,072,219	\$ 50,275,281	\$ 48,880,470
Restricted	3,932,081	4,285,911	3,940,207	3,645,252	3,514,050
Unrestricted	(6,508,364)	(12,227,147)	(5,313,963)	(9,688,770)	(18,094,897)
<b>Total net position</b>	<u>\$ 39,201,220</u>	<u>\$ 39,025,664</u>	<u>\$ 48,698,463</u>	<u>\$ 44,231,763</u>	<u>\$ 34,299,623</u>



**Notes:**

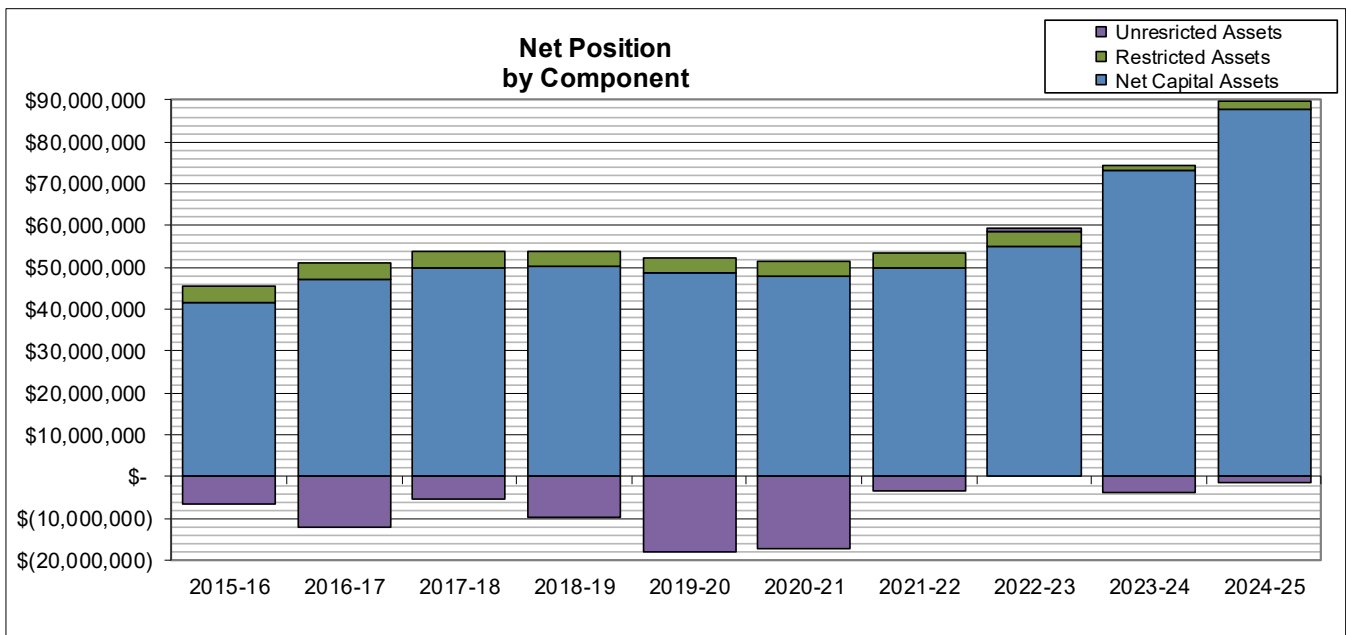
(1) The District implemented GASB Statement No. 75 and, as a result, there was a prior period adjustment made to establish the total OPEB liability which resulted in a decrease in unrestricted net position of \$12,862,652.

**Source:** Goleta Water District Audited Financial Statements.

**GOLETA WATER DISTRICT  
CHANGES IN NET POSITION BY COMPONENT (Continued)  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 1  
(Continued)**

<b>Description</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23<sup>(2)</sup></b>	<b>2023-24</b>	<b>2024-25</b>
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 41,523,586	\$ 45,211,400	\$ 45,331,400	\$ 48,721,096	\$ 56,774,398
Operating expenses (see Schedule 3)	(34,131,260)	(32,372,344)	(28,629,270)	(32,751,546)	(35,545,675)
Depreciation/amortization	(5,606,851)	(5,466,107)	(5,950,162)	(6,529,343)	(5,934,746)
<b>Operating income (loss)</b>	<b>1,785,475</b>	<b>7,372,949</b>	<b>10,751,968</b>	<b>9,440,207</b>	<b>15,293,977</b>
Net non-operating revenue (expense) (see Schedule 4)	(2,089,563)	7,756,269	(1,522,890)	(70,197)	1,004,582
<b>Net income (loss) before capital contributions</b>	<b>(304,088)</b>	<b>15,129,218</b>	<b>9,229,078</b>	<b>9,370,010</b>	<b>16,298,559</b>
Capital contributions	340,944	515,137	230,040	1,533,051	1,723,029
<b>Changes in net position</b>	<b>\$ 36,856</b>	<b>\$ 15,644,355</b>	<b>\$ 9,459,118</b>	<b>\$ 10,903,061</b>	<b>\$ 18,021,588</b>
Net position by component:					
Net investment in capital assets	\$ 48,050,440	\$ 49,977,445	\$ 54,956,051	\$ 73,166,000	\$ 87,706,016
Restricted	3,547,085	3,471,215	3,463,790	1,085,871	1,876,825
Unrestricted	(17,261,046)	(3,467,826)	1,020,111	(3,908,858)	(1,218,240)
<b>Total net position</b>	<b>\$ 34,336,479</b>	<b>\$ 49,980,834</b>	<b>\$ 59,439,952</b>	<b>\$ 70,343,013</b>	<b>\$ 88,364,601</b>



**Notes:**

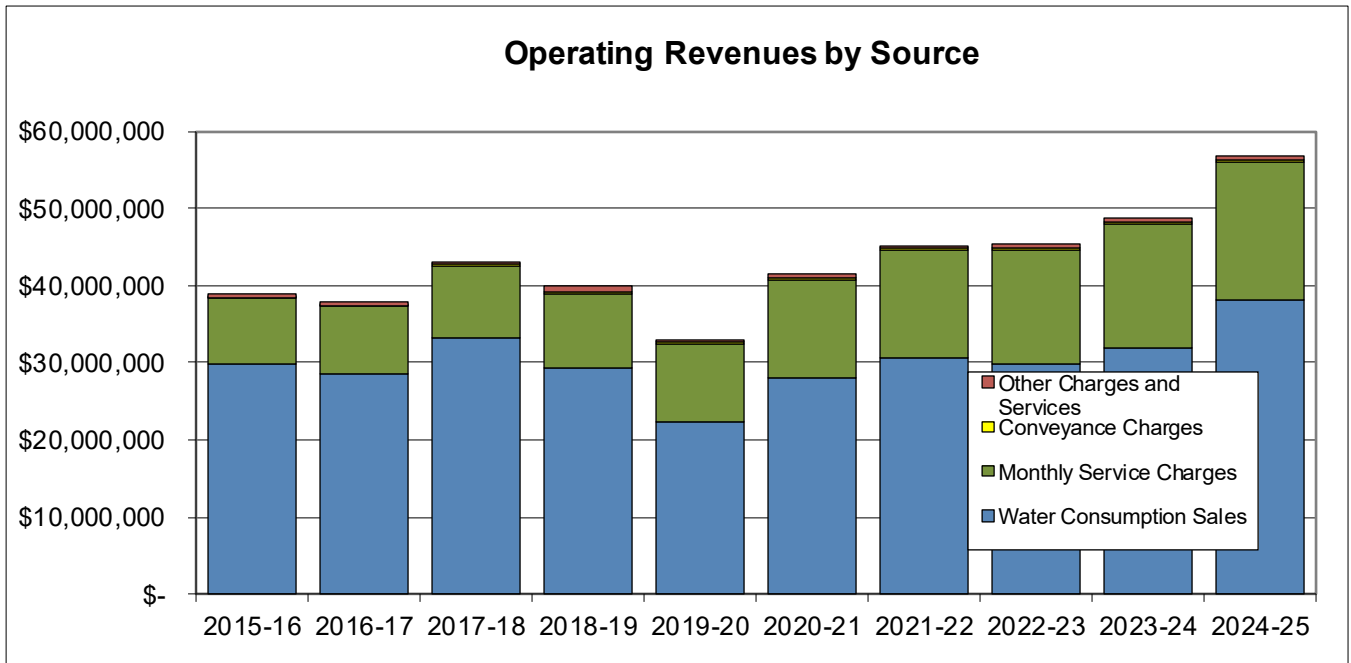
(2) The District implemented GASB Statement No. 96 in fiscal year 2022-23 and recognizes amortization expenses on the subscription assets. The amortization expense is combined with depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position.

**Source:** Goleta Water District Audited Financial Statements.

**GOLETA WATER DISTRICT  
OPERATING REVENUES BY SOURCE  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

Schedule 2

Fiscal Year	Water Consumption Sales	Monthly Service Charges	Conveyance Charges	Other Charges and Services	Total Operating Revenues
2015-16	\$ 29,771,141	\$ 8,523,948	\$ 122,860	\$ 458,923	\$ 38,876,872
2016-17	28,532,348	8,734,422	124,603	416,212	38,876,872
2017-18	33,222,142	9,387,900	157,057	394,067	43,161,166
2018-19	29,319,501	9,677,951	173,218	682,454	39,853,124
2019-20	22,205,407	10,286,970	186,717	371,648	39,853,124
2020-21	28,117,046	12,640,473	211,037	555,030	41,523,586
2021-22	30,671,738	13,829,017	233,590	477,055	45,211,400
2022-23	29,780,962	14,692,416	371,819	486,203	45,331,400
2023-24	31,805,569	16,054,367	300,754	560,406	48,721,096
2024-25	38,194,781	17,750,065	234,469	595,083	56,774,398

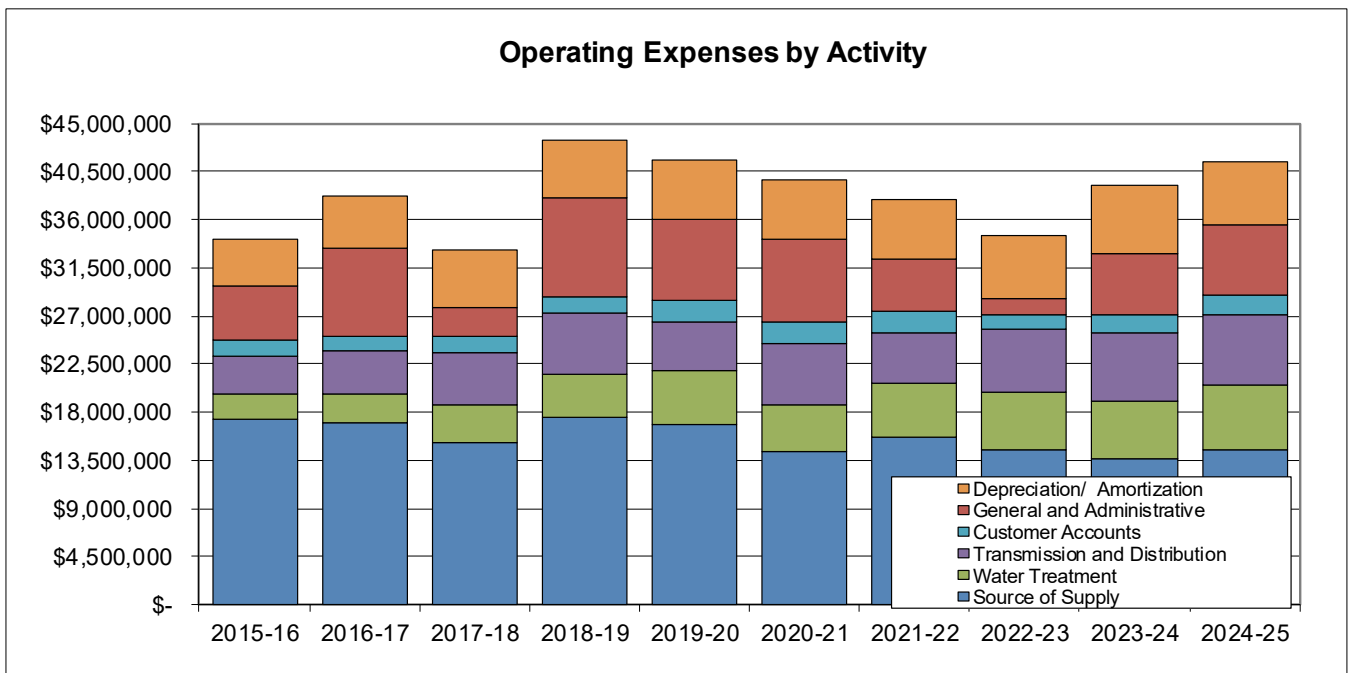


Source: Goleta Water District Audited Financial Statements.

**GOLETA WATER DISTRICT  
OPERATING EXPENSES BY ACTIVITY  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 3**

<b>Fiscal Year</b>	<b>Source of Supply</b>	<b>Water Treatment</b>	<b>Transmission and Distribution</b>	<b>Customer Accounts</b>	<b>General and Administrative</b>	<b>Depreciation/ Amortization</b>	<b>Total Operating Expenses</b>
2015-16	\$ 17,389,791	\$ 2,384,031	\$ 3,458,880	\$ 1,446,817	\$ 5,140,968	\$ 4,384,529	\$ 34,205,016
2016-17	16,972,892	2,666,658	4,057,736	1,456,875	8,253,415	4,834,866	38,242,442
2017-18	15,082,392	3,609,222	4,906,795	1,489,748	2,661,863	5,335,807	33,085,827
2018-19	17,521,268	4,014,138	5,655,316	1,647,575	9,207,376	5,354,910	43,400,583
2019-20	16,784,789	5,048,687	4,577,766	1,991,457	7,679,510	5,517,320	41,599,529
2020-21	14,378,179	4,328,187	5,779,413	1,918,698	7,726,783	5,606,851	39,738,111
2021-22	15,730,545	4,977,210	4,768,535	1,979,022	4,917,032	5,466,107	37,838,451
2022-23	14,457,712	5,455,467	5,778,787	1,416,347	1,520,957	5,950,162	34,579,432
2023-24	13,565,926	5,458,647	6,329,262	1,832,277	5,565,434	6,529,343	39,280,889
2024-25	14,417,977	6,141,454	6,605,341	1,816,459	6,564,444	5,934,746	41,480,421

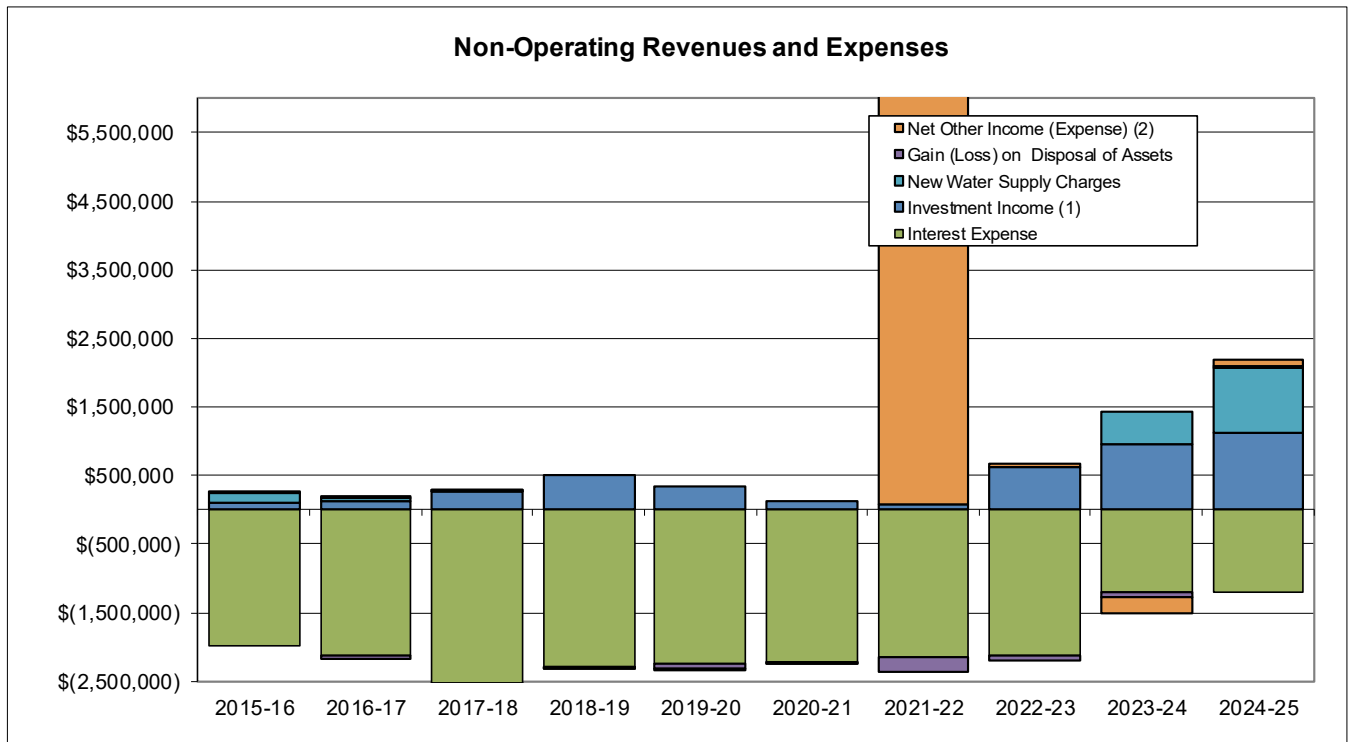


**Source:** Goleta Water District Audited Financial Statements.

**GOLETA WATER DISTRICT  
NON-OPERATING REVENUES AND EXPENSES  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 4**

<b>Fiscal Year</b>	<b>Investment Income <sup>(1)</sup></b>	<b>New Water Supply Charges</b>	<b>Gain (Loss) on Disposal of Assets</b>	<b>Interest Expense</b>	<b>Net Other Income (Expense) <sup>(2)</sup></b>	<b>Net Non-Operating Revenues (Expenses)</b>
2015-16	\$ 105,392	\$ 150,681	\$ -	\$ (1,978,264)	\$ 4,843	\$ (1,717,348)
2016-17	129,423	38,268	(38,801)	(2,129,278)	5,237	(1,995,151)
2017-18	266,697	5,467	(35,996)	(2,523,564)	9,770	(2,277,626)
2018-19	501,990	-	(7,975)	(2,280,268)	(2,033)	(1,788,286)
2019-20	337,631	-	(77,432)	(2,235,226)	(4,213)	(1,979,240)
2020-21	129,175	-	(6,957)	(2,208,534)	(3,247)	(2,089,563)
2021-22	78,558	-	(207,944)	(2,142,704)	10,028,359	7,756,269
2022-23	631,779	-	(75,631)	(2,122,710)	43,672	(1,522,890)
2023-24	959,768	477,279	(65,547)	(1,198,641)	(243,057)	(70,198)
2024-25	1,127,750	935,386	22,904	(1,194,465)	113,007	1,004,582



**Notes:**

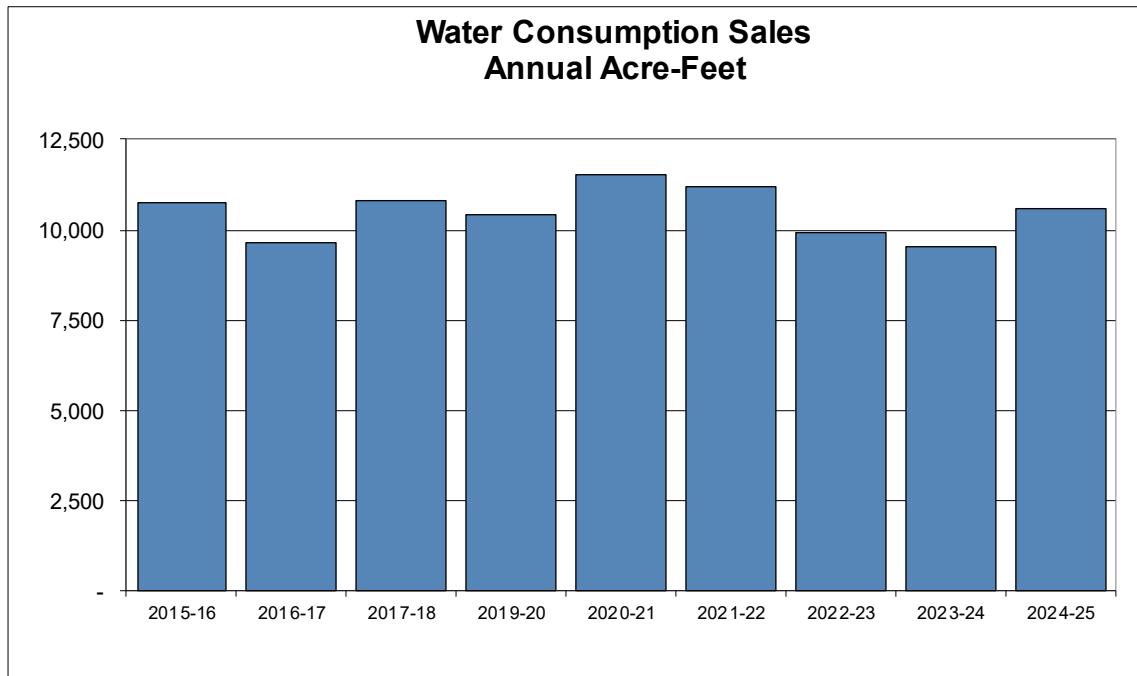
- <sup>(1)</sup> Includes interest income and realized and unrealized gains and losses on investments.
- <sup>(2)</sup> In FY 2021-2022, a water rights litigation was settled in the District's favor in the amount of \$10 million.

**Source:** Goleta Water District Audited Financial Statements.

**GOLETA WATER DISTRICT  
REVENUE BASE  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

Schedule 5

Fiscal Year	Water Consumption Sales (Acre-Feet)
2015-16	10,773
2016-17	9,659
2017-18	10,799
2018-19	9,631
2019-20	10,432
2020-21	11,549
2021-22	11,216
2022-23	9,900
2023-24	9,547
2024-25	10,575



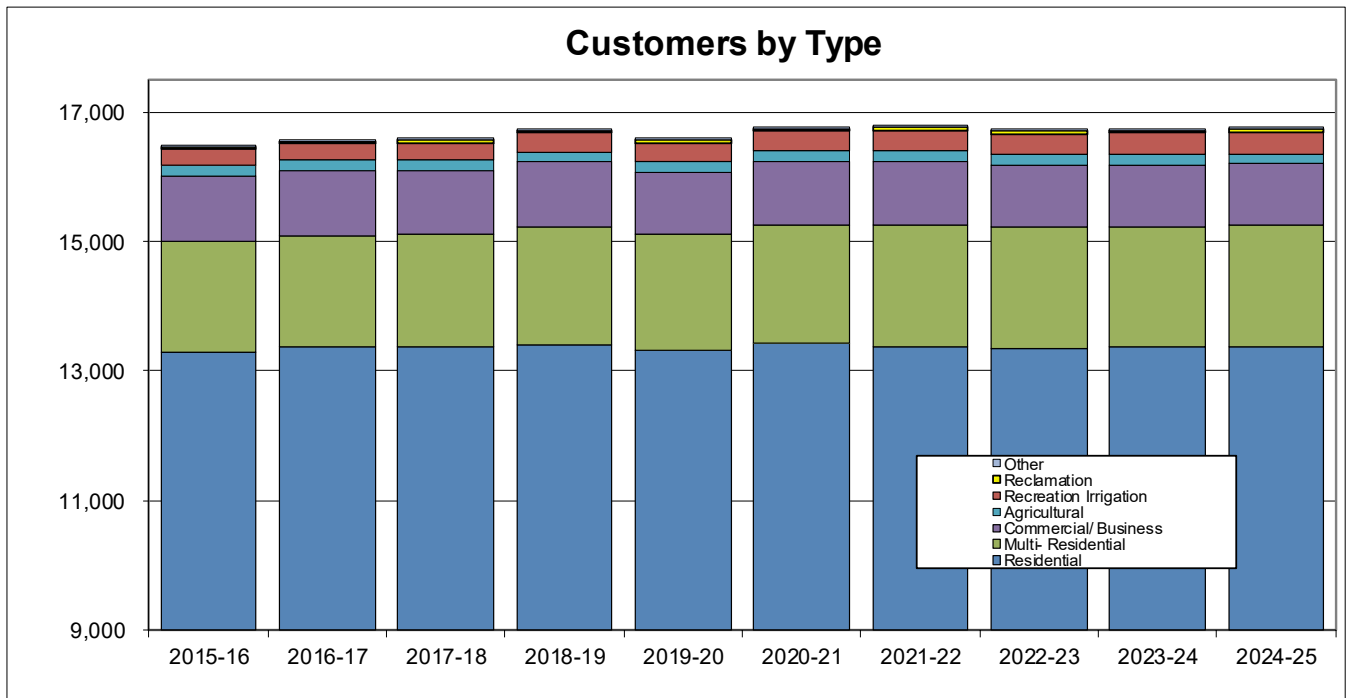
**Note:** See Schedule 2 "Operating Revenues by Source" for information regarding water sales.

**Source:** Goleta Water District Annual Continuing Disclosure Report.

**GOLETA WATER DISTRICT  
CUSTOMERS BY TYPE  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 6**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Multi-Residential</b>	<b>Commercial/ Business</b>	<b>Agricultural</b>	<b>Recreation Irrigation</b>	<b>Reclamation</b>	<b>Other</b>	<b>Total</b>
2015-16	13,300	1,710	1,014	163	240	42	5	16,474
2016-17	13,368	1,723	995	166	257	47	5	16,561
2017-18	13,368	1,734	987	165	276	43	5	16,578
2018-19	13,408	1,825	992	165	288	42	5	16,725
2019-20	13,312	1,807	948	165	287	46	5	16,570
2020-21	13,423	1,824	992	165	298	50	5	16,757
2021-22	13,377	1,876	988	165	307	50	5	16,768
2022-23	13,358	1,875	955	165	304	45	5	16,707
2023-24	13,364	1,875	947	166	319	46	5	16,722
2024-25	13,369	1,877	951	165	319	47	5	16,733



**Source:** Goleta Water District.

**GOLETA WATER DISTRICT  
REVENUE RATES  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 7**

Charges <sup>(1)</sup>	Fiscal Year									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Meter Size</b>										
5/8" & 3/4" <sup>(2)</sup>										
Ultra low flow <sup>(2)</sup>	\$ 14.14	\$ 14.57	\$ 15.16	\$ 15.77	\$ 16.41	\$ 22.12	\$ 24.56	\$ 26.78	\$ 29.20	\$ 31.83
Low flow <sup>(2)</sup>	29.20	30.08	31.29	32.55	33.86	39.76	44.14	48.12	52.46	57.19
All other <sup>(2)</sup>	44.40	45.74	47.57	49.48	51.46	56.41	62.62	68.26	74.41	81.11
1"	68.16	70.21	73.02	75.95	78.99	89.72	99.59	108.56	118.34	129.00
1 1/2"	127.57	131.40	136.66	142.13	147.82	172.98	192.01	209.30	228.14	248.68
2"	198.85	204.82	213.02	221.55	230.42	272.90	302.92	330.19	359.91	392.31
3"	424.58	437.32	454.82	473.02	491.95	589.30	654.13	713.01	777.19	847.14
4"	757.23	779.95	811.15	843.60	877.35	1,055.57	1,171.69	1,277.15	1,392.10	1,517.39
6"	1,672.04	1,722.21	1,791.10	1,862.75	1,937.26	2,337.83	2,595.00	2,828.55	3,083.12	3,360.61
8"	2,860.09	2,945.90	3,063.74	3,186.29	3,313.75	4,003.10	4,443.45	4,843.37	5,279.28	5,754.42
10"	4,523.38	4,659.09	4,845.46	5,039.28	5,240.86	6,334.47	7,031.27	7,664.09	8,353.86	9,105.71
Fire Line Charge	9.44	9.73	10.12	10.53	10.96	8.04	8.92	9.73	10.61	11.57
<b>Water Usage Charges (per HCF)<sup>(1)</sup></b>										
<b>User Type</b>										
Single Family Residential Ultra Low Flow (0-6 HCF)	\$ 4.52	\$ 4.66	\$ 4.85	\$ 5.05	\$ 5.26	\$ 5.79	\$ 6.43	\$ 7.01	\$ 7.65	\$ 8.34
Single Family Residential Low Flow (7-12 HCF) <sup>(5)</sup>	5.57	5.74	5.97	6.21	6.46	7.81	8.67	9.46	10.32	11.25
Single Family Residential Low Flow (Greater than 12 HCF)	6.12	6.31	6.57	6.84	7.12	9.96	11.06	12.06	13.15	14.34
Urban Conservation	-	-	-	-	-	-	-	-	-	-
Urban <sup>(3)</sup>	5.25	5.41	5.63	5.86	6.10	7.17	7.96	8.68	9.47	10.33
Urban Agriculture	1.80	1.86	1.94	2.02	2.11	2.35	2.61	2.85	3.11	3.39
Goleta West Conduit Agriculture	1.35	1.40	1.46	1.52	1.59	1.91	2.13	2.33	2.54	2.77
Recreation Irrigation	5.25	5.41	5.63	5.86	6.10	7.60	8.44	9.20	10.03	10.94
Reclaimed	3.26	3.36	3.50	3.64	3.79	3.87	4.30	4.69	5.12	5.59
Temporary <sup>(6)</sup>	-	-	-	-	-	8.43	9.36	10.21	11.13	12.14
<b>Drought Surcharges Per HCF<sup>(4)</sup></b>										
Stage 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stage 2	1.57	1.62	1.68	1.75	-	-	-	-	-	-
Stage 3	2.60	2.68	2.79	2.90	-	-	-	-	-	-
Stage 4	3.92	4.04	4.20	4.37	-	-	-	-	-	-
Stage 5	5.73	5.90	6.14	6.39	-	-	-	-	-	-

**Notes:**

- (1) Rates as of July 1 of each fiscal year.
- (2) Effective July 1, 2007, monthly service charges converted to a tiered structure. 5/8" & 3/4" Meters are based on average 12-month water use. Ultra-low flow (4 or less HCF), Low flow (greater than 4 but less than 8 HCF), and All other 5/8" & 3/4" meter rates (greater than 8 HCF) through June 30, 2015. Monthly service charge tier structure changed July 1, 2015. Based on individual monthly use, the new tiers are: Ultra low flow (6 or less HCF), Low flow (greater than 6 but less than 17 HCF), and All other 5/8" & 3/4" meter rates (greater than 16 HCF).
- (3) Urban Agricultural customers are charged at Urban rate unless usage exceeds 11 HCF per dwelling for any given month.
- (4) Drought Surcharges apply uniformly to all customers except for use of recycled water which is subject to Recycled Water Rates. On May 1, 2019, the District eliminated the Drought Surcharge concurrent with the Board's declaration to lower the Water Shortage Emergency from a Stage III to a Stage I.
- (5) Effective July 1, 2020, the commodity charge tier structure changed. The ultra-low flow remained unchanged, while the low flow tier narrowed from 7-17 HCFs, to 7-12 HCFs and regular consumption is now 12 HCFs and greater. This tier structure will remain in effect until June 30, 2025.
- (6) Effective July 1, 2020, the District created a separate rate for temporary meters. Temporary meters were previously charged at the Urban rate.

**Source:** Goleta Water District Board of Directors-approved rate ordinances.

**GOLETA WATER DISTRICT  
TEN LARGEST WATER USERS  
CURRENT FISCAL YEAR VERSUS FISCAL YEAR 2014-15  
(UNAUDITED)**

**Schedule 8**

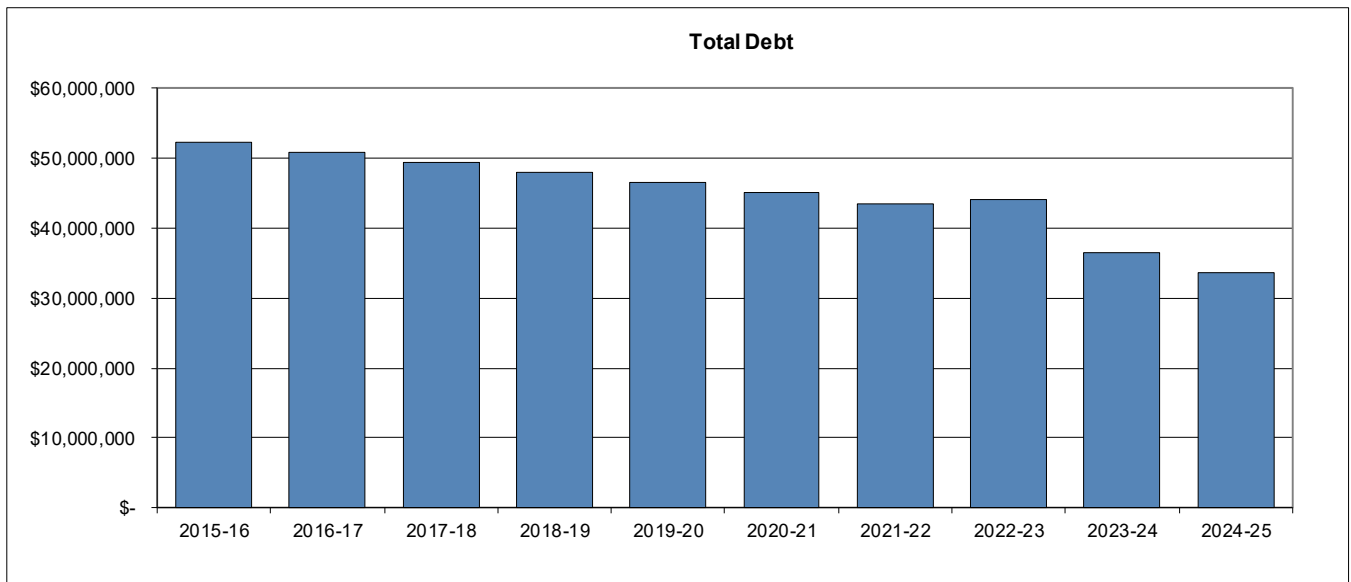
Name	FY 2024-25		Name	FY 2014-15	
	Water Consumption Sales (Acre-Feet)	Percentage of Total Water Purchased		Water Consumption Sales (Acre-Feet)	Percentage of Total Water Purchased
Public institution	907	8.58%	Public institution	848	7.14%
Private grower	496	4.69%	Private grower	616	5.18%
Private business	260	2.46%	Private grower	272	2.29%
Private grower	195	1.84%	Private business	238	2.00%
Private business	187	1.77%	Private business	201	1.69%
Private grower	182	1.72%	Private grower	195	1.64%
Private business	142	1.34%	Private business	188	1.58%
Public institution	141	1.33%	Public agency	150	1.26%
Public institution	117	1.11%	Private grower	136	1.14%
Private grower	100	0.95%	Private grower	128	1.08%
Total attributable to ten largest water users	<u>2,727</u>	<u>25.79%</u>		<u>2,972</u>	<u>25.01%</u>
Total water consumption sales (acre-feet)	<u>10,575</u>	<u>100.00%</u>		<u>11,883</u>	<u>100.00%</u>

**Source:** Goleta Water District.

**GOLETA WATER DISTRICT  
RATIO OF OUTSTANDING DEBT BY TYPE  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 9**

Fiscal Year	Certificates of Participation	Refunding Revenue Bonds	Unamortized Premium / Discount, Net	Net COPs/RRBs <sup>(1)</sup>	SBITAs <sup>(2)</sup>	Total		
						Debt	Per Capita	As a Share of Personal Income
2015-16	\$ 50,855,000	\$ -	\$ 1,423,259	\$ 52,278,259	\$ -	\$ 52,278,259	\$ 1,628	0.071%
2016-17	49,750,000	-	1,140,517	50,890,517	-	50,890,517	1,566	0.070%
2017-18	48,600,000	-	875,229	49,475,229	-	49,475,229	1,521	0.078%
2018-19	47,400,000	-	630,838	48,030,838	-	48,030,838	1,447	0.083%
2019-20	46,140,000	-	410,264	46,550,264	-	46,550,264	1,432	0.087%
2020-21	44,825,000	-	214,610	45,039,610	-	45,039,610	1,386	0.081%
2021-22	43,445,000	-	45,052	43,490,052	-	43,490,052	1,333	0.083%
2022-23	40,430,000	-	(79,496)	40,350,504	3,664,724	44,015,228	1,357	0.102%
2023-24	-	30,430,000	3,571,940	34,001,940	2,424,339	36,426,279	1,120	0.111%
2024-25	-	28,300,000	3,219,156	31,519,156	2,001,096	33,520,252	1,024	0.092%



**Notes:**

- <sup>(1)</sup> Includes unamortized premium/discount, net.
- <sup>(2)</sup> Effective July 1, 2022, the District adopted GASB Statement No. 96 entitled, *Subscription-Based Information Technology Arrangements* (SBITAs). See Note 13 for more information.

**Source:** Goleta Water District Audited Financial Statements

**GOLETA WATER DISTRICT  
PLEGDED-REVENUE COVERAGE  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 10**

Fiscal Year	Operating Revenues	Operating Expenses <sup>(1)</sup>	Net Available Revenues	Debt Service			Coverage Ratio
				Principal <sup>(2)</sup>	Interest	Total	
2015-16	\$ 38,876,872	\$ (29,820,487)	\$ 9,056,385	\$ 1,065,000	\$ 2,490,163	\$ 3,555,163	2.55
2016-17	37,807,585	(33,407,576)	4,400,009	1,105,000	2,452,089	3,557,089	1.24
2017-18	43,161,166	(27,750,020)	15,411,146	1,150,000	2,628,651	3,778,651	4.08
2018-19	39,853,124	(38,045,673)	1,807,451	1,200,000	2,353,988	3,553,988	0.51
2019-20	33,050,742	(36,082,209)	(3,031,467)	1,260,000	2,292,488	3,552,488	-0.85
2020-21	41,523,586	(34,131,260)	7,392,326	1,315,000	2,232,003	3,547,003	2.08
2021-22	45,211,400	(32,372,344)	12,839,056	1,380,000	2,160,737	3,540,737	3.63
2022-23	45,331,400	(28,629,270)	16,702,130	3,015,000	2,039,536	5,054,536	3.30
2023-24	48,721,096	(32,751,546)	15,969,550	3,175,000	1,202,312	4,377,312	3.65
2024-25	56,774,398	(35,545,675)	21,228,723	2,130,000	1,468,250	3,598,250	5.90

**Notes:**

<sup>(1)</sup> Excludes depreciation/amortization expense.

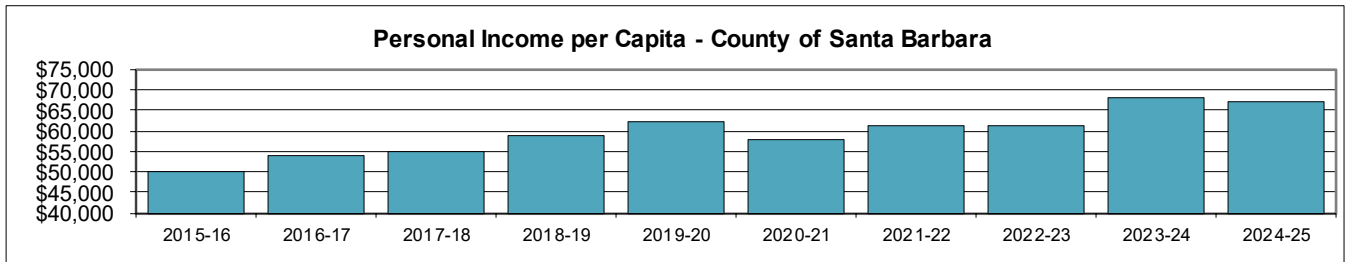
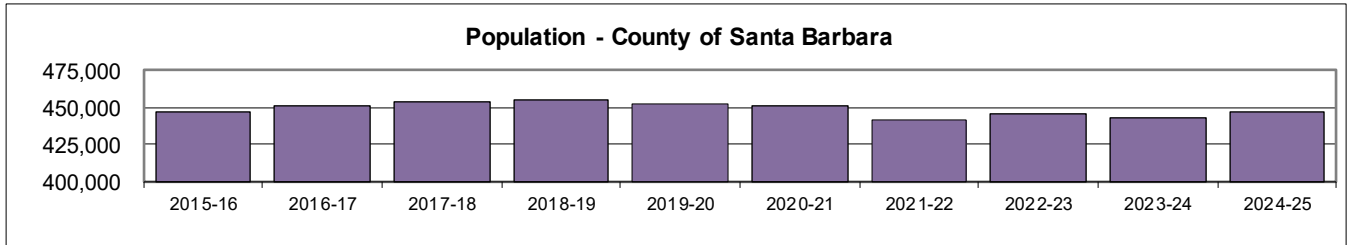
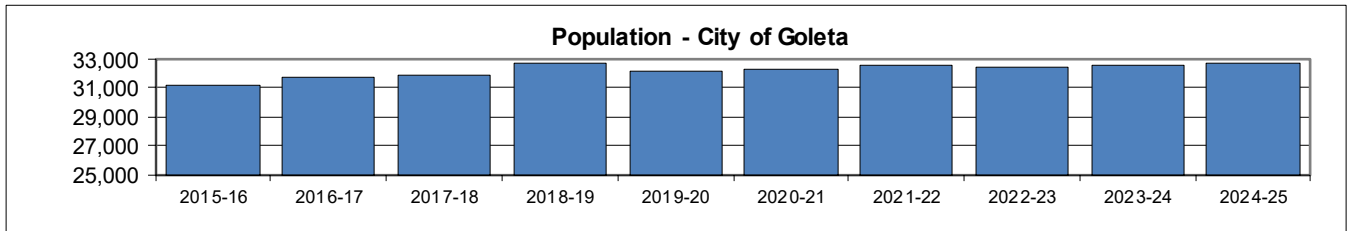
<sup>(2)</sup> Excludes payments associated with refinancing.

**Source:** Goleta Water District Audited Financial Statements.

**GOLETA WATER DISTRICT  
DEMOGRAPHICS AND ECONOMICS STATISTICS  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 11**

Fiscal Year	City of Goleta <sup>(1)</sup>	County of Santa Barbara <sup>(3)</sup>			
	Population <sup>(2)</sup>	Unemployment Rate	Population <sup>(2)</sup>	Personal Income (\$ billions)	Personal Income per Capita
2015-16	31,235	4.90%	446,717	\$ 22.3	49,900
2016-17	31,760	4.30%	450,663	24.2	53,700
2017-18	31,949	3.90%	453,467	25.0	55,100
2018-19	32,759	3.50%	454,593	26.6	58,600
2019-20	32,223	11.60%	451,840	28.0	62,000
2020-21	32,339 <sup>(4)</sup>	6.60% <sup>(5)</sup>	450,511 <sup>(5)</sup>	26.1 <sup>(4)</sup>	58,000 <sup>(5)</sup>
2021-22	32,591 <sup>(4)</sup>	3.50% <sup>(5)</sup>	441,172 <sup>(5)</sup>	26.9 <sup>(4)</sup>	61,000 <sup>(5)</sup>
2022-23	32,442 <sup>(4)</sup>	4.50% <sup>(5)</sup>	445,164 <sup>(5)</sup>	27.2 <sup>(4)</sup>	61,100 <sup>(5)</sup>
2023-24	32,515 <sup>(4)</sup>	3.80% <sup>(5)</sup>	443,623 <sup>(5)</sup>	30.1 <sup>(4)</sup>	67,900 <sup>(5)</sup>
2024-25	32,747 <sup>(4)</sup>	4.10% <sup>(5)</sup>	447,132 <sup>(5)</sup>	30.1 <sup>(4)</sup>	67,300 <sup>(5)</sup>



**Notes:**

- (1) A substantial portion of the District lies within the City of Goleta and therefore the City of Goleta is a reasonable basis for determining District demographic and economic statistics.
- (2) Population as of January 1.
- (3) County of Santa Barbara data is updated annually and is representative of District conditions and experience.
- (4) Estimated amounts per California Department of Finance.
- (5) County Statistical Profile from annual comprehensive financial report.

**Sources:** County of Santa Barbara, State of California, Annual Comprehensive Financial Report

**GOLETA WATER DISTRICT  
OPERATING AND CAPACITY INDICATORS  
PREVIOUS TEN FISCAL YEARS  
(UNAUDITED)**

**Schedule 12**

**District Employees by Department (Actual on Payroll at June 30)**

Division	Fiscal Year									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
General Management	3	3	3	3	3	3	3	4	6	10
Operations Management	2	2	2	2	2	2	3	3	3	2
Water Treatment	10	12	11	12	13	12	12	15	16	16
Distribution	17	16	16	14	16	13	13	14	14	16
Water Supply	9	10	10	9	10	7	8	7	5	5
Warehouse	1	1	1	1	1	1	1	1	1	1
Meter Services	5	5	5	5	5	6	6	6	6	6
Engineering Services	5	5	5	5	5	5	5	5	9	9
Customer Service	2	2	2	1	2	2	2	2	2	3
Accounting and Finance	8	8	8	8	8	8	8	9	8	7
Human Resources/Payroll	2	2	2	2	1	1	1	1	1	1
	<u>64</u>	<u>66</u>	<u>65</u>	<u>62</u>	<u>66</u>	<u>60</u>	<u>62</u>	<u>67</u>	<u>71</u>	<u>76</u>

**Other Operating and Capacity Indicators**

Fiscal Year	District Area (Square Miles)	Miles of Water Mains	Number of Wells	Number of Fire Hydrants	System Capacity (MGD)
2015-16	45	271	9	1,502	29
2016-17	45	271	9	1,505	29
2017-18	45	272	10	1,520	29
2018-19	45	272	11	1,520	29
2019-20	45	272	11	1,525	29
2020-21	45	272	11	1,525	29
2021-22	45	272	11	1,525	29
2022-23	45	272	8	1,522	29
2023-24	45	272	8	1,519	29
2024-25	45	272	8	1,518	29

**Source:** Goleta Water District - Administrative Services and Engineering and Infrastructure Departments.

**LIST OF ACRONYMS AND ABBREVIATIONS  
(UNAUDITED)**

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## LIST OF ACRONYMS AND ABBREVIATIONS

ACFR	Annual Comprehensive Financial Report
ACWA	Association of California Water Agencies
AFY	Acre Feet per Year
APC	Annual Pension Cost
ARC	Annual Required Contribution
ASR	Aquifer Storage and Recovery
BUREAU	U.S. Bureau of Reclamation
CalPERS	California Public Employees' Retirement System
CCRB	Cachuma Conservation and Release Board
CCWA	Central Coast Water Authority
CIP	Capital Improvement Projects
COMB	Cachuma Operation and Maintenance Board
COP	Certificates of Participation
CPA	Cachuma Project Authority
CSDA	California Special Districts Association
CUWCC	California Urban Water Conservation Council
DWR	Department of Water Resources
EPA	Environmental Protection Agency
FASB	Financial Accounting Standards Board
FTE	Full Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GSD	Goleta Sanitary District
GWC	Goleta West Conduit
GWD	Goleta Water District
HCF	Hundred Cubic Feet
IBNR	Incurred But Not Reported
IIP	Infrastructure Improvement Plan
JPIA	Joint Power Insurance Authority
LAFCO	Local Agency Formation Commission
LAIF	Local Agency Investment Fund
MD&A	Management's Discussion and Analysis
MGD	Million Gallons Per Day
NWSC	New Water Supply Charge
RRB	Refunding Revenue Bonds
OPEB	Other Post-Employment Benefits
SEIU	Service Employees International Union
SLGS	State and Local Government Series
SWP	State Water Project
SWRCB	State Water Resources Control Board
UAAL	Unfunded Actuarial Accrued Liability



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