AGENDA

JOINT REGULAR MEETING
OF THE
FINANCE AND AUDIT COMMITTEE
AND
SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE
RANCHO CALIFORNIA WATER DISTRICT

Board Room
42135 Winchester Road
Temecula CA 92590

October 1, 2026
8:30 AM

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code (Brown Act), upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the Rancho California Water (District) after the Agenda was posted.

APPROVAL OF AGENDA

PUBLIC COMMENT

Any person may address the Committee at this time upon any subject not identified on this Agenda but within the jurisdiction of the Rancho California Water District. Please note that for items not listed on the agenda, the Brown Act imposes limitations on what the Committee may do at this time. The Committee may not take action on the item at this meeting. As to matters on the Agenda, persons will be given an opportunity to address the Committee when the matter is considered. If you wish to speak during public comment, please fill out a "Speaker Request Form" and give it to the Recording Secretary. When the Committee Chairman calls your name, please immediately step to the podium and begin by giving your name and address for the record. Each speaker will be given three (3) minutes to address the Committee.

1. **ACTION ITEMS**

   A. Review and Consider Approval and Acceptance of the Final Audit Reports of the Financial Statements of the Rancho California Water District and its Entities

   B. Review and Consider Approval and Acceptance of Rancho California Water District's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2026

   C. Review and Consider Amending the Conflict of Interest Code and Adoption of the Appropriate Resolution

   D. Review of Financial Statements - August 31, 2026

   E. Review of Treasurer's Report, Certification of Cash Sufficiency, and Related Investment Activity Data, as of August 31, 2026

   F. Review and Ratification of the Register of Audited Demands (August 15, 2026 - September 11, 2026) and Approval of Purchasing Card Transactions Report (July 31, 2026 - August 30, 2026)

2. **INFORMATION ITEMS**

   A. Review of California Public Employees' Retirement System Funded Status

   B. Review of Purchasing Reports

3. **ADJOURNMENT**

This Committee meeting is also noticed as a special meeting of the Board of Directors because a quorum of the Board may be present. Members of the Board who are not members of the Committee may attend and participate in the meeting, but only members of the Committee may make, second, or vote on any motion or other action of the Committee.

Any actions taken pursuant to this agenda will be actions within the purview of the Committee and shall be approved by an affirmative vote of a majority of the quorum of the Committee. The Committee is not empowered to act for or on behalf of the Board or the District unless exercising delegated authority from the Board. Any actions taken by the Committee shall be deemed recommendations of the Committee for future consideration by the Board at a separately noticed regular or special meeting of the Board of Directors. The Board of Directors retains all powers, privileges, and duties to exercise and perform the business of the District.

This agenda will be made available in appropriate alternative formats to persons with disabilities upon request, as required by Section 202 of the Americans with Disabilities Act of 1990. If possible, any person with a disability who requires a modification or accommodation to participate in a meeting should direct such a request to the District Secretary at (951) 296-6900 at least 48 hours before the meeting.

Any writings or documents provided to a majority of the members of the Board of Directors regarding any item on this agenda will be made available for public inspection at the District's Administrative Headquarters Building located at 42135 Winchester Road, Temecula, California, during normal business hours.

Board Members of the Rancho California Water District

Finance and Audit Committee

Bill Wilson, Chairman

John Hoagland, Member

Bill Plummer, Member

Carol Lee Gonzales-Brady, Alternate

Attest to Posting:

/s/Jennifer Serna	*September 24, 2026, 4:00 PM Website and Rancho Water HQ*
Jennifer Serna, District Secretary	*Date and Time of Posting*

Rancho Water

COMMITTEE ACTION

FINANCE AND AUDIT COMMITTEE

October 1, 2026

ITEM 1.A: **Review and Consider Approval and Acceptance of the Final Audit Reports of the Financial Statements of the Rancho California Water District and its Entities**

RESPONSIBLE/LEAD STAFF MEMBER(S):

Karrie Swaine, Controller

RECOMMENDATIONS:

Staff requests the Finance and Audit Committee (Committee) recommend the Board of Directors (Board), acting on behalf of Rancho California Water District (Rancho Water/District) Community Facility District (CFD) Nos. 89-5, 99-1, and 99-2; Reassessment District (RAD) No. 2015-32A; and Retirement Medical Benefits Plan (the Plan), approve and accept the District's final audited financial statements for the aforementioned entities, prepared by Davis Farr LLP (Davis Farr), an independent certified public accounting firm.

DISCUSSION:

Rancho Water

Attached for the Committee's review and consideration is the final audit report of the financial statements of Rancho Water for the year ended June 30, 2026, prepared by Davis Farr, whereby they have rendered an unmodified opinion with no audit findings concerning said financial statements.

Shannon Ayala of Davis Farr will be present to report on the final audit and to answer any questions and/or address concerns.

CFD No. 89-5

Attached for the Committee's review and consideration is the final audit report of the financial statements of CFD No. 89-5 of Rancho Water for the year ended June 30, 2026, prepared by Davis Farr, whereby they have rendered an unmodified opinion with no audit findings concerning said financial statements.

CFD No. 99-1

Attached for the Committee's review and consideration is the final audit report of the financial statements of CFD No. 99-1 of Rancho Water for the year ended June 30, 2026, prepared by Davis Farr, whereby they have rendered an unmodified opinion with no audit findings concerning said

financial statements.

CFD No. 99-2

Attached for the Committee's review and consideration is the final audit report of the financial statements of CFD No. 99-2 of Rancho Water for the year ended June 30, 2026, prepared by Davis Farr, whereby they have rendered an unmodified opinion with no audit findings concerning said financial statements.

RAD No. 2015-32A

Attached for the Committee's review and consideration is the final audit report of the financial statements of RAD No. 2015-32A of Rancho Water for the year ended June 30, 2026, prepared by Davis Farr, whereby they have rendered an unmodified opinion with no audit findings concerning said financial statements.

Rancho Water Retirement Medical Benefits Plan

Attached for the Committee's review and consideration is the final audit report of the financial statements for the Plan for the year ended June 30, 2026, prepared by Davis Farr, whereby they have rendered an unmodified opinion with no audit findings concerning said financial statements.

ALTERNATIVES:

Take no action

FISCAL ANALYSIS:

Not applicable

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

1. Rancho Water - Final Audit Report
2. Rancho Water - GAS Letter
3. Rancho Water - SAS 114 Letter
4. Rancho Water - Management Representation Letter
5. CFD No. 89-5 - Final Audit Report
6. CFD No. 99-1 - Final Audit Report
7. CFD No. 99-2 - Final Audit Report
8. RAD No. 2015-32A - Final Audit Report
9. CFDs and RAD - GAS Letter
10. CFDs and RAD - SAS 114 Letter
11. CFDs and RAD - Management Representation Letter
12. Retirement Medical Benefits Plan - Final Audit Report
13. Retirement Medical Benefits Plan - GAS Letter
14. Retirement Medical Benefits Plan - SAS 114 Letter
15. Retirement Medical Benefits Plan - Management Representation Letter

RANCHO CALIFORNIA WATER DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Independent Auditor's Report

Board of Directors
Rancho California Water District
Temecula, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Rancho California Water District ("District"), as of and for the year June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Rancho California Water District, as of June 30, 2026, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described further in Note 1 to the financial statements, during the year ended June 30, 2026, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Rancho California Water District's 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 one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, 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 Rancho California Water 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 Rancho California Water 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 Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions – Defined Benefit Pension Plan, Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios and Schedule of OPEB Contributions* 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rancho California Water District's basic financial statements. The *combining financial statements and schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining financial statements and schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Rancho California Water District's 2025 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated September 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 September 18, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

DavisFarr LLP

Irvine, California
September 18, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF NET POSITION

June 30, 2026
(with prior year comparative totals)

	2026	2025
ASSETS:		
CURRENT ASSETS:		
Unrestricted Assets:		
Cash and cash equivalents (Note 2)	$ 16,234,202	$ 7,245,846
Investments (Note 2)	71,327,370	48,866,437
Accounts receivables:		
Water sales and services	16,074,029	15,140,920
Grants	1,055,131	1,592,969
Intergovernmental	306,949	138,189
Accrued interest receivable	975,400	523,948
Lease receivable (Note 9)	734,602	793,716
Inventory (Note 1h)	26,399,336	34,079,721
Prepaid expenses	678,944	612,069
Other assets	441,222	26,530,099
Total unrestricted assets	134,227,185	135,523,914
Restricted Assets (Note 3):		
Cash and cash equivalents (Note 2)	44,512,142	30,667,415
Investments (Note 2)	206,314,274	216,618,649
Accrued interest receivable	1,404,012	1,521,878
Property taxes and assessments receivable, net	1,826,318	1,300,838
Total restricted assets	254,056,746	250,108,780
TOTAL CURRENT ASSETS	388,283,931	385,632,694
NONCURRENT ASSETS:		
Capital assets (Note 4):		
Non-depreciable	192,298,232	154,590,195
Depreciable, net of accumulated depreciation	421,181,064	427,751,131
Investment in joint venture - SRRRA (Note 12)	8,606,442	7,602,928
Lease receivable (Note 9)	16,563,905	17,174,208
Net OPEB asset (Note 7)	1,404,424	3,805,773
Other assets	653,532	1,122,228
TOTAL NONCURRENT ASSETS	640,707,599	612,046,463
TOTAL ASSETS	1,028,991,530	997,679,157
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred losses on refundings	11,806,545	12,946,926
Deferred outflows from pension (Note 6)	13,840,313	14,403,673
Deferred outflows from OPEB (Note 7)	5,143,868	2,677,837
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30,790,726	30,028,436

(continued)

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF NET POSITION
(Continued)

June 30, 2026
(with prior year comparative totals)

	2026	2025
LIABILITIES:		
CURRENT LIABILITIES:		
Payable from Unrestricted Assets:		
Accounts payable	12,621,810	15,394,154
Accrued wages and compensation	1,169,451	1,046,744
Construction and service deposits	748,535	281,200
Payable from Restricted Assets:		
Accounts payable	3,037,749	2,496,816
Accrued interest payable	3,159,787	3,326,959
Prepaid capacity fees	63,349	63,543
Due within one year:		
Compensated absences (Note 5)	2,162,309	1,851,784
Subscription based IT payable (Note 5)	364,569	347,063
Revenue bonds (Note 5)	10,874,151	10,509,151
TOTAL CURRENT LIABILITIES	34,201,710	35,317,414
NONCURRENT LIABILITIES:		
Due in more than one year:		
Compensated absences (Note 5)	1,325,957	1,440,056
Subscription based IT payable (Note 5)	545,961	888,327
Revenue bonds (Note 5)	206,213,394	217,087,548
Net pension liability (Note 6)	29,877,056	34,734,122
TOTAL NONCURRENT LIABILITIES	237,962,368	254,150,053
TOTAL LIABILITIES	272,164,078	289,467,467
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pension (Note 6)	3,751,214	88,531
Deferred inflows from OPEB (Note 7)	7,729,946	8,759,450
Deferred inflows from leases (Note 9)	14,978,774	15,986,956
TOTAL DEFERRED INFLOWS OF RESOURCES	26,459,934	24,834,937
NET POSITION (NOTE 11):		
Net investment in capital assets	404,266,290	363,973,065
Restricted for:		
Division operations	142,022,672	141,409,364
Capital assets	16,273	13,718
Net OPEB Asset	1,404,424	3,805,773
Debt service or construction of utility plant	213,448,585	204,203,269
TOTAL NET POSITION	$ 761,158,244	$ 713,405,189

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
OPERATING REVENUES:		
Charges for services:		
Water sales	$ 48,737,930	$ 48,587,990
Water availability charges	26,351,999	24,987,036
Capacity fees	691,316	2,147,654
Lease revenues	1,159,665	1,150,881
Change in investment in joint venture	1,003,514	1,579,485
Other services and abatements	9,230,409	9,465,856
Grant revenues	4,888,222	3,013,573
Miscellaneous	5,100,177	26,825,080
TOTAL OPERATING REVENUES	97,163,232	117,757,555
OPERATING EXPENSES:		
Source of supply	54,291,109	56,633,943
Depreciation	24,169,141	24,132,334
General and administrative	12,993,997	14,854,490
Pumping plant	4,662,794	4,934,760
Transmission and distribution	10,702,334	10,425,539
Wastewater treatment	1,381,344	1,591,129
Reclaimed water	2,889,328	3,080,438
Other	12,561,316	7,784,295
TOTAL OPERATING EXPENSES	123,651,363	123,436,928
OPERATING LOSS	(26,488,131)	(5,679,373)
NONCAPITAL SUBSIDIES:		
Property taxes and assessments	64,492,703	60,329,243
TOTAL NONCAPITAL SUBSIDIES	64,492,703	60,329,243
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	38,004,572	54,649,870
OTHER NONOPERATING REVENUES (EXPENSES):		
Investment income (loss), net	12,032,574	19,164,875
Interest expense	(7,085,040)	(7,491,217)
BABS subsidy	340,093	340,093
Financing payment to CFD 89-5	(730,000)	(660,000)
Financing payment to SRRRA	(2,858,586)	(3,037,426)
Capital subsidies	8,009,912	1,096,421
Gain (loss) on the sale of capital assets	39,530	103,432
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	9,748,483	9,516,178
INCREASE (DECREASE) IN NET POSITION	47,753,055	64,166,048
NET POSITION - BEGINNING OF YEAR	713,405,189	649,239,141
NET POSITION - END OF YEAR	$ 761,158,244	$ 713,405,189

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 84,821,752	$ 54,076,791
Receipts from others	36,623,665	3,605,058
Payments to suppliers	(64,181,684)	(59,215,263)
Payments to employees	(30,319,536)	(27,933,486)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	26,944,197	(29,466,900)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(47,297,199)	(39,091,808)
Proceeds from sale of capital assets	39,530	103,432
Principal paid on long-term debt	(8,870,000)	(8,315,000)
Payments on subscription based IT payable	(324,860)	(345,852)
Interest paid on long-term debt	(7,579,652)	(7,793,925)
Receipts from assessments, capacity fees and other income for capital improvements	26,790,557	25,785,993
Payments for joint venture and CFD financing	(3,588,586)	(3,697,426)
Receipts from property taxes restricted for debt service	37,176,666	35,359,116
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,653,544)	2,004,530
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(219,939,492)	(338,420,469)
Proceeds from sale and maturities of investments	206,978,764	331,565,346
Interest on cash and investments	12,503,158	10,918,732
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(457,570)	4,063,609
NET DECREASE IN CASH AND CASH EQUIVALENTS	22,833,083	(23,398,761)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	37,913,261	61,312,022
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 60,746,344	$ 37,913,261

(continued)

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF CASH FLOWS
(Continued)

For the year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
RECONCILIATION OF OPERATING LOSS TO NET		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	$ (26,488,131)	$ (5,679,373)
Depreciation	24,169,141	24,132,334
Change in assets, deferred outflow of resources, liabilities and deferred inflow of resources:		
(Increase) decrease in accounts receivables - water sales and services	(933,109)	(2,055,627)
(Increase) decrease in grants receivables	537,838	-
(Increase) decrease in lease receivables	669,417	690,697
(Increase) decrease in inventory	7,680,385	(15,757,604)
(Increase) decrease in prepaid expenses	(66,875)	361,462
(Increase) decrease in other assets	26,557,573	(24,463,747)
(Increase) decrease in OPEB asset	2,401,349	(526,710)
(Increase) decrease in investment in joint venture	(1,003,514)	(3,037,424)
(Increase) decrease in deferred outflow of resources - OPEB and pension	(1,902,671)	2,404,737
Increase (decrease) in accounts payable	(2,231,411)	(3,345,807)
Increase (decrease) in accrued wages and compensation	122,707	195,452
Increase (decrease) in construction and service deposits	467,335	49,408
Increase (decrease) in prepaid capacity fees	(194)	-
Increase (decrease) in compensated absences	196,426	288,676
Increase (decrease) in net pension liability	(4,857,066)	433,304
Increase (decrease) in deferred inflow of resources - OPEB and pension	2,633,179	(2,005,797)
Increase (decrease) in deferred inflow of resources - Leases	(1,008,182)	(1,150,881)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 26,944,197	$ (29,466,900)
CASH AND CASH EQUIVALENTS -		
FINANCIAL STATEMENT CLASSIFICATION:		
Unrestricted cash and cash equivalents	$ 16,234,202	$ 7,245,846
Restricted cash and cash equivalents	44,512,142	30,667,415
TOTAL CASH AND CASH EQUIVALENTS - FINANCIAL STATEMENT CLASSIFICATION	$ 60,746,344	$ 37,913,261
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital contributions	$ 8,009,912	$ 980,193
Issuance of new SBITA	-	1,581,242
Net change in investments fair values	(804,170)	7,363,585
Accounts and retention payable	3,037,748	2,496,814

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2026

	Other Post Employment Benefit Trust Fund	Custodial Funds
ASSETS:		
Investments (Note 2):		
Money Market Mutual Funds	$ 259,752	$ 2,467,931
U.S. Treasury Notes	3,199,128	1,994,533
U.S. Government Sponsored Agency Securities	362,178	-
U.S. Corporate Notes	4,031,209	-
Asset-Backed Securities	792,026	-
Mortgage-Backed Securities	295,387	-
Mutual Funds - Index Funds	9,581,706	-
Mutual Funds - Exchange Traded Funds	23,657,047	-
Total investments	42,178,433	4,462,464
Accounts receivable	-	74,444
Interest receivable	88,846	14,657
Total receivables	88,846	89,101
TOTAL ASSETS	42,267,279	4,551,565
LIABILITIES:		
Accounts payable	-	8,887
TOTAL LIABILITIES	-	8,887
NET POSITION:		
Restricted for:		
Debt service	-	4,542,678
Other post employment benefits	42,267,279	-
TOTAL NET POSITION	$ 42,267,279	$ 4,542,678

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2026

	Other Post Employment Benefit Trust Fund	Custodial Funds
ADDITIONS:		
Employer contributions	$ 301,392	$ -
Special tax assessments	-	2,090,118
Interest and dividend income	1,136,551	181,393
Net realized gain (loss) on sale of investments	4,147,066	-
Net increase (decrease) in fair value of investments	410,996	(49,834)
TOTAL ADDITIONS	5,996,005	2,221,677
DEDUCTIONS:		
Medical premiums	1,920,812	-
Administrative fees	25,730	275,897
Bond principal	-	2,226,000
Bond interest	-	186,122
TOTAL DEDUCTIONS	1,946,542	2,688,019
CHANGE IN NET POSITION	4,049,463	(466,342)
NET POSITION - BEGINNING OF YEAR	38,217,816	5,009,020
NET POSITION - END OF YEAR	$ 42,267,279	$ 4,542,678

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The reporting entity Rancho California Water District ("District") includes the accounts of the District and the Rancho California Water District Financing Authority ("Financing Authority").

The District was organized on January 1, 1977, by the consolidation of the Rancho California Water District and Santa Rosa Ranches Water District, both of which were organized under provisions of the California Water District Law. The original Rancho California Water District (Rancho Division) was organized on August 16, 1965, to provide domestic and agricultural water services and water conservation. Santa Rosa Ranches Water District (Santa Rosa Division) was organized on January 24, 1968 to provide domestic and agricultural water service, sanitation service and water conservation. The District primarily services a community known as Temecula/Rancho California, which includes the City of Temecula, portions of the City of Murrieta and other contiguous lands in Riverside County and is comprised of approximately 100,000 acres. The District purchases approximately two thirds of its water supply from two-member agencies of the Metropolitan Water District of Southern California.

The District formed the Financing Authority on July 1, 1991 under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code. The Financing Authority was formed to enable the District to finance and refinance various water, reclamation, wastewater, and other projects called for in the District's Facilities Master Plans.

The financial statements present the District and its component units. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has accounted for the Financing Authority as a "blended" component unit. Despite being legally separate, the Financing Authority is so intertwined with the District that it is in substance, part of the District's operations. Accordingly, the balances and transactions of this component unit are reported within the funds of the District. Separate financial statements are not issued for the Financing Authority.

b. Basis of Presentation

The District's financial activities are accounted for as an enterprise fund. An enterprise fund is a Proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District also reports the following Fiduciary Fund types:

Other Post-Employment Benefit Trust Fund is used to account for contributions and distributions related to the Rancho California Water District Retirement Medical Benefits Plan, a Defined Benefit Other Post-Employment Benefit Plan.

Custodial Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessments debt for which the District is not obligated.

c. Measurement Focus and Basis of Accounting

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Under the economic measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

d. Cash and Cash Equivalents

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

e. Investments

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

f. Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2: Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the District's management. District management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to District management's perceived risk of that investment or liability.

g. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management has evaluated the accounts and has established an allowance for doubtful accounts for the accounts that they believe are not collectible.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Inventory

Inventory consists of water and materials in storage. Materials are valued at weighted-average cost. Water inventory is valued with the LIFO (last in, first out) method applied over the operating periods that the inventoried water benefits. The balance of inventory at June 30, 2026 is $26,399,336.

i. Leases

The District is a lessor for leases as detailed in Footnote 9. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

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

Key estimates and judgments include how the District determines the discount rate it uses to discount the expected lease receipts to present value, lease terms and lease receipts.

- The District used the estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

j. Capital Assets and Depreciation

Acquisitions of capital assets are recorded at cost. Contributed assets are recorded at their acquisition value at the date of donation. Self-constructed assets are recorded at the amount of direct labor, material, and certain overhead and other costs to place the asset in service. The District’s capitalization threshold is $10,000 with a useful life of more than two years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated on the straight-line method over the following estimated useful lives, except for a dam being depreciated over 100 years.

	Useful Life
Transmission and distribution	5 - 75 years
Reclamation facilities	5 - 40 years
Source of supply, excluding dam	5 - 50 years
Pumping plant	5 - 50 years
General plant	3 - 67 years
Right to use assets	term of the agreement
Other	3 - 50 years

k. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred losses on refunding which resulted from the difference in the carrying value of refunded debts and their reacquisition prices. These amounts are shown as deferred outflow of resources and amortized over the shorter of the life of the refunded or refunding debts.

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability, differences between expected and actual experience, and changes in assumptions.

- Deferred outflows related to Other Post-Employment Benefits (OPEB) equal to employer contributions made after the measurement date of the net OPEB liability (asset), differences between actual and expected experience, and changes in assumptions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following that qualify for reporting in this category:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Deferred inflows related to pensions resulting from differences between actual and expected experience and investment earnings.

- Deferred inflows related to OPEB resulting from changes in assumptions and differences between expected and actual experience and investment earnings.

- Deferred inflows related to future lease receivable revenues.

l. Classification of Liabilities

Certain liabilities, which are currently payable, have been classified as restricted because they will be funded from restricted assets.

m. Subscription-Based Information Technology (IT) Arrangements

The District is a participant in subscription-based IT arrangements as detailed in Footnote 5. The District recognizes a subscription-based IT payable and right to use IT assets in the financial statements.

At the commencement of the arrangement, the District initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right to use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right to use assets are amortized over the life of the arrangement term.

n. Compensated Absences

The District recognizes the vested vacation and compensatory time as an expenditure in the current year to the extent it is paid during the year. Accrued vacation and compensatory time are included as a liability in the long-term liabilities as those amounts are payable from future resources.

The liability for compensated absences represents the amount that is due to employees for services already rendered, accumulated, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability is calculated using current pay rates and includes employer-paid fringe benefits.

o. Use of Estimates

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management’s best estimates and judgments. Actual results could differ from these estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by CalPERS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

q. Other Post-Employment Benefits (OPEB)

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

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Operating and Nonoperating Revenues and Expenses

The District distinguishes *operating* revenues and expenses from *noncapital subsidies*, and other *nonoperating* revenues and expenses.

Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance related revenues and expenses; (3) gains and losses from disposals of capital assets and inventory; (4) investment income and expenses; and (5) subsidies received and provided. A *subsidy* represents amounts received from or provided to another party or fund of the Rancho California Water District. Amounts received from another party or fund are considered a subsidy if it is unrelated to the services provided by the District and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the District charging higher fees in the future.

All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

s. Property Taxes and Assessments

Property taxes and assessments are billed by Riverside County to property owners. The District's property tax calendar for the fiscal year ended June 30, 2026, was as follows:

Lien Date:	January 1, 2025
Levy Date:	July 1, 2025
Due Date:	First Installment - November 1, 2025
	Second Installment - February 1, 2026
Delinquent Date:	First Installment - December 10, 2025
	Second Installment - April 10, 2026

Property taxes and assessments are collected by Riverside County, and are remitted to the District periodically according to the following estimated schedule:

December 12, 2025	30% Advance - First Installment
January 23, 2026	Balance on First Installment (to 55%)
April 10, 2026	10% Advance - Second Installment
May 22, 2026	Balance of Second Installment (to 95%)
August 14, 2026	Third Installment (to 100%)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Net Position Flow Assumption

Sometimes the District will fund outlays for a purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are applied. It is the District's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied, however it is at the Board's discretion.

u. Implementation of New Accounting Standards

During the year ended June 30, 2026, the District adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, which seeks to modernize the public-sector financial reporting model, and implemented the provisions of GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which seeks to enhance the financial reporting transparency by requiring state and local governments to separately disclose specific capital asset categories in their financial statement footnotes and introduces new reporting rules for assets held for sale.

v. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

2. CASH AND INVESTMENTS

Cash and investments held by the District comprised of the following at June 30, 2026:

Current:	
Cash and cash equivalents	$ 16,234,202
Investments	71,327,370
Restricted:	
Cash and cash equivalents	44,512,142
Investments	206,314,274
Total	338,387,988
Fiduciary Funds:	
Cash and cash equivalents	2,727,683
Investments	43,913,214
Total Fiduciary Funds	46,640,897
Total Cash and Investments	$ 385,028,885

2. CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2026, consisted of the following:

Cash on hand	$ 1,967
Deposits with financial institutions	2,862,140
Investments	382,164,778
Total cash and investments	$ 385,028,885

Investments Authorized by the California Government Code and the District's Investment Policy:

The table below identifies the investment types that are authorized for the District by the California Government Code or the District's investment policy. It also identifies certain provisions of the California Government Code or the District's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States (U.S.) Treasury Obligations	30 years	100%	N/A
U.S. Government Sponsored Agency Securities:			
Governmental National Mortgage Association (GNMA)	30 years	N/A	50%
Federal Farm Credit Bank (FFCB)	30 years	N/A	30%
Federal Home Loan Bank (FHLB)	30 years	N/A	30%
Federal Home Loan Mortgage Corporation (FHLMC)	30 years	N/A	30%
Federal National Mortgage Association (FNMA)	30 years	N/A	30%
Tennessee Valley Authority (TVA)	30 years	N/A	30%
Other Agencies	30 years	N/A	30% each
Supranational	5 years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	100%	N/A
County of Riverside Treasurer's Pooled-Investment Fund (TPIF)	N/A	50%	N/A
California State and Local Agencies Obligations	30 years	20%	5%
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	40%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Corporate Medium-Term Notes	5 years	30%	5%
Time Certificates of Deposit	5 years	20%	5%
Repurchase Agreements	1 year	10%	5%
Mutual Fund	N/A	20%	10%
Government Money Market Mutual Funds	5 years	20%	10%
Collateralized Mortgage Obligations and Asset Backed Securities	5 years	20%	5%

N/A - *Not Applicable*

2. CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

The following table identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	No Limitation	No Limitation	No Limitation
U.S. Government Sponsored Agency Securities	No Limitation	No Limitation	No Limitation
State Obligations or Political Subdivision of States	No Limitation	No Limitation	No Limitation
Bank Time Deposits	30/360 days	No Limitation	No Limitation
Bankers Acceptances	180 days	No Limitation	No Limitation
Repurchase Agreements	No Limitation	No Limitation	No Limitation
Corporate Commercial Paper	270 days	No Limitation	No Limitation
Taxable U.S. Government Money Market Mutual Funds	No Limitation	No Limitation	No Limitation
Investment Agreements	No Limitation	No Limitation	No Limitation

Investments Authorized by Section 115 Trust:

The District has established the Rancho California Water District Section 115 Trust (Section 115 Trust). The Section 115 Trust is intended to provide funding for the District's retirement benefits provided through CalPERS. The following table identifies the investment types that are authorized by the Section 115 Trust's Investment Policy. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of risk.

Authorized Investment Type	Maximum Investment Range	Authorized Investment Type	Maximum Investment Range
Equities	30% - 55%	Bonds	30% - 60%
Domestic	30% - 50%	Domestic	30% - 60%
International	0% - 30%	Investment Grade	20% - 60%
Real Estate	0% - 20%	High Yield	0% - 15%
Domestic	0% - 20%	International	0% - 10%
International	0% - 10%	Cash	0% - 10%
Commodities	0% - 10%		

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk:

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

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted-average duration of its portfolio. Duration measures the investment's exposure to fair value arising from changing interest rates. The weighted-average duration expresses investment time horizons - the time when investments become due and payable-in years, weighted to reflect dollar size of individual investments with an investment type.

2. CASH AND INVESTMENTS (CONTINUED)

Investment Type	Total June 30, 2026	Weighted-Average Duration (years)
U.S. Treasury Obligations	$ 87,134,465	4.00
U.S. Government Sponsored Agency Securities:		
FHLB	12,869,996	2.40
FCS	2,568,625	4.84
FNMA	8,198,672	2.69
Local Agency Investment Fund	60,411,171	-
Riverside County Pooled Investment Fund	130,298	-
Corporate Medium-Term Notes	70,988,292	3.52
Asset Backed Securities	14,968,119	3.40
Money Market Mutual Funds	87,843	-
Collateralized Mortgage Obligations	44,687,265	5.13
Local Agency Bond	20,461,043	4.73
Section 115 Trust:		
Mutual Funds-Equities	13,001,828	-
Other Post Employment Benefit Trust Fund:		
Money Market Mutual Funds	259,752	-
U.S. Treasury Obligations	3,199,128	7.04
U.S. Government Sponsored Agency Securities	362,178	4.36
U.S. Corporate Notes	4,031,209	5.86
Asset-Backed Securities	792,026	1.03
Mortgage-Backed Securities	295,387	4.00
Mutual Funds:		
Fixed Income	9,581,706	-
Equity	23,657,047	-
Held by Fiscal Agent:		
U.S. Treasury Obligations	2,252,482	0.79
Money Market Mutual Funds	2,226,246	-
TOTALS	$ 382,164,778	

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy does not allow for more than five percent of the total portfolio to be invested in securities of any single bank, bank holding company, or other non-governmental issuer other than Government Money Market Mutual Funds that may have no more than ten percent in any one fund for more than seven consecutive days. Presented in the following table are the Standard and Poor's or Moody's credit ratings for the District's investments.

Investment	Total June 30, 2026	Minimum Legal Rating	Not Required to be Rated	AAA	AA+	AA	A	Not Rated
U.S. Treasury Obligations	$ 87,134,465	N/A	$87,134,465	$ -	$ -	$ -	$ -	$ -
U.S. Government Sponsored Agency Securities:								
FHLB	12,869,996	N/A	-	-	12,869,996	-	-	-
FCS	2,568,625	N/A	-	-	2,568,625	-	-	-
FNMA	8,198,672	N/A	-	-	8,198,672	-	-	-
Local Agency Investment Fund	60,411,171	N/A	-	-	-	-	-	60,411,171
Riverside County Pooled Investment Fund	130,298	N/A	-	130,298	-	-	-	-
Corporate Medium-Term Notes	70,988,292	A	-	-	9,108,377	11,228,530	50,651,385	-
Asset Backed Securities	14,968,119	AAA	-	14,968,119	-	-	-	-
Money Market Mutual Funds	87,843	AAA	-	87,843	-	-	-	-
Collateralized Mortgage Obligations	44,687,265	AA	-	6,267,076	38,420,189	-	-	-
Local Agency Bond	20,461,043	N/A	-	3,738,213	8,309,528	8,413,303	-	-
Section 115 Trust:								
Mutual Funds-Equities	13,001,828	N/A	-	-	-	-	-	13,001,828
Other Post Employment Benefit Trust Fund:								
Money Market Mutual Funds	259,752	AAA	-	259,752	-	-	-	-
U.S. Treasury Obligations	3,199,128	N/A	3,199,128	-	-	-	-	-
U.S. Government Sponsored Agency Securities:								
FHLB	129,829	N/A	-	-	-	129,829	-	-
FHLMC	110,354	N/A	-	-	-	110,354	-	-
FNMA	121,995	N/A	-	-	-	121,995	-	-
U.S. Corporate Notes	4,031,209	A	-	44,612	39,765	332,823	3,614,009	-
Asset-Backed Securities	792,026	AAA	-	443,186	-	-	-	348,840
Mortgage-Backed Securities	295,387	A	-	-	295,387	-	-	-
Mutual Funds:								
Fixed Income	9,581,706	N/A	-	-	-	-	-	9,581,706
Equity	23,657,047	N/A	-	-	-	-	-	23,657,047
Held by Fiscal Agent:								
U.S. Treasury Obligations	2,252,482	N/A	2,252,482	-	-	-	-	-
Money Market Mutual Funds	2,226,246	AAA	-	2,226,246	-	-	-	-
TOTALS	$ 382,164,778		$92,586,075	$ 28,165,345	$ 79,810,539	$ 20,336,834	$ 54,265,394	$ 107,000,592

2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk:

The District did not have any Investments in any one issuer that represented 5% or more of the total District's investments (excluding Held by Fiscal Agent).

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements:

The following is a description of the recurring valuation methods and assumptions used by the District to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the District's asset manager from third-party service provider.

2. CASH AND INVESTMENTS (CONTINUED)

For a large portion of the District's portfolio, the District's asset manager applies their leveling methodology across all securities in a specific sector (i.e. U.S. Government Sponsored Agency Securities). Inputs to their pricing models are based on observable market inputs in active markets. The District has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

Investment	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Obligations	$ -	$ 87,134,465	$ -	$ 87,134,465
U.S. Government Sponsored Agency Securities:				
FHLB	-	12,869,996	-	12,869,996
FCS	-	2,568,625	-	2,568,625
FNMA	-	8,198,672	-	8,198,672
Corporate Medium Term Notes	-	70,988,292	-	70,988,292
Asset Backed Securities	-	14,968,119	-	14,968,119
Collateralized Mortgage Obligations	-	44,687,265	-	44,687,265
Local Agency Bond	-	20,461,043	-	20,461,043
Section 115 Trust:				
Mutual Funds-Equities	13,001,828	-	-	13,001,828
Other Post Employment Benefit Trust Fund:				
U.S. Treasury Obligations	-	3,199,128	-	3,199,128
Agency Securities:				
FHLB	-	129,829	-	129,829
FHLMC	-	110,354	-	110,354
FNMA	-	121,995	-	121,995
U.S. Corporate Notes	-	4,031,209	-	4,031,209
Asset-Backed Securities	-	792,026	-	792,026
Mortgage-Backed Securities	-	295,387	-	295,387
Mutual Funds:				
Fixed Income	9,581,706	-	-	9,581,706
Equity	23,657,047	-	-	23,657,047
Held by Fiscal Agent:				
U.S. Treasury Obligations	-	2,252,482	-	2,252,482
Total Investments at Fair Value	$ 46,240,581	$ 272,808,887	$ -	$ 319,049,468

2. CASH AND INVESTMENTS (CONTINUED)

California Local Agency Investment Fund:

The District is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429.1 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

Riverside County Pooled Investment Fund:

The District is a voluntary participant in the Riverside County Pooled Investment Fund that is regulated by California Government Code Section 27130 under the oversight of the Investment Oversight Committee. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County for the entire portfolio (in relation to the amortized cost of that portfolio).

3. RESTRICTED ASSETS

Restricted assets were provided by, and are to be used for, the following:

Funding Source	Use	
Bond proceeds, capital contributions and interest earned	Construction of utility plant	$ 16,273
Capacity fees and interest earned	Debt service or construction of utility plant	205,231
Property assessments and interest earned	Debt service or construction of utility plant	219,695,408
Municipal & Industrial Tier 4, Agriculture Tier 3 and drought penalties	Conservation and water sustainability	34,139,834
		$ 254,056,746

4. CAPITAL ASSETS

A summary of the changes in capital assets for the year ended June 30, 2026, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 97,536,658	$ -	$ -	$ 97,536,658
Construction in progress	57,053,537	54,363,724	(16,655,687)	94,761,574
Total capital assets, not being depreciated	154,590,195	54,363,724	(16,655,687)	192,298,232
Capital assets, being depreciated:				
Transmission and distribution	666,818,030	5,259,631	-	672,077,661
Reclamation facilities	25,974,218	83,571	-	26,057,789
Source of supply	109,991,201	2,869,955	-	112,861,156
Pumping station	67,743,416	503,885		68,247,301
General plant	46,190,628	5,515,740	(575,127)	51,131,241
Right to use IT asset	1,429,676	319,630	-	1,749,306
Other	37,613,196	3,057,902	-	40,671,098
Total capital assets, being depreciated	955,760,365	17,610,314	(575,127)	972,795,552
Less accumulated depreciation for:				
Transmission and distribution	338,048,236	15,830,365	-	353,878,601
Reclamation facilities	14,468,715	532,392	-	15,001,107
Source of supply	63,048,284	3,267,263	-	66,315,547
Pumping station	44,421,806	1,841,228	-	46,263,034
General plant	37,405,587	1,905,690	(563,887)	38,747,390
Right to use IT asset	280,413	458,055	-	738,468
Other	30,336,193	334,148	-	30,670,341
Total accumulated depreciation	528,009,234	24,169,141	(563,887)	551,614,488
Total capital assets, being depreciated, net	427,751,131	(6,558,827)	(11,240)	421,181,064
Total capital assets, net	$ 582,341,326	$ 47,804,897	$ (16,666,927)	$ 613,479,296

5. LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2026, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds:					
2011A Series	$ 9,870,000	$ -	$ -	$ 9,870,000	$ -
2016A Series	1,410,000	-	(690,000)	720,000	720,000
2016B Series	6,090,000	-	(3,010,000)	3,080,000	3,080,000
2017A Series	33,635,000	-	(2,530,000)	31,105,000	2,725,000
2019A Series	109,560,000	-	(1,780,000)	107,780,000	1,845,000
2021A Series	44,565,000	-	(860,000)	43,705,000	865,000
	205,130,000	-	(8,870,000)	196,260,000	9,235,000
Add:					
Unamortized discount (premium)	22,466,699	-	(1,639,154)	20,827,545	1,639,151
Subtotal	227,596,699	-	(10,509,154)	217,087,545	10,874,151
Subscription Based IT Arrangements	1,235,390	-	(324,860)	910,530	364,569
Compensated absences	3,291,840	196,426	-	3,488,266	2,162,309
Total	$ 232,123,929	$ 196,426	$ (10,834,014)	$ 221,486,341	$ 13,401,029

2011A Revenue Bonds

In November 2011, the Financing Authority issued $9,870,000 in fixed rate revenue bonds. These bonds were issued to provide funds to construct and acquire various capital improvements to its water and wastewater system facilities. The bonds bear interest at a rate of 5.125% and are payable semiannually in February and August through August 2030.

These bonds are designated as “Qualified Energy Conservation Bonds” under Sections 54A(d)(1)(C) and 54D of the Internal Revenue Code of 1986 (the Code) for which the District will elect to receive, pursuance to Sections 54A(d)(1)(c), 54D and Sections 6431(f)(1)(C) of the Code, on or before each interest payment date a direct cash subsidy payment from the United States Department of Treasury equal to the lesser of: (i) 100% of the amount of interest payable under the bond on such interest payment date; or (ii) 66% of the amount of interest which would have been payable under such bond on such interest payment date if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Code, so long as the bonds are outstanding. The net interest rate after consideration for the estimated subsidy is 1.77%.

As of June 30, 2026, the outstanding balance on the 2011A Revenue Bonds was $9,870,000.

5. LONG-TERM LIABILITIES (CONTINUED)

2016 Series A, B and C Revenue Bonds

In October 2016, the Financing Authority issued $104,510,000 in fixed rate revenue bonds. These bonds were issued to provide funds to construct and acquire various capital improvements to its water and wastewater system facilities and partially refund the following debt issues:

2002A Revenue Bonds (Variable rate)	$40,480,000
2008B Revenue Bonds (Variable rate)	$45,860,000

The bonds bear interest rates ranging from 3% to 5% and are payable semiannually in February and August through August 2046.

A portion of the proceeds of the 2016 Revenue Bonds and certain funds contributed from the debt service reserve funds associated with the Refunded 2002A Bonds and Refunded 2008A Bonds were used to purchase direct obligations of the United States of America and placed in an escrow account to advance refund a portion of the Refunded 2002A Bonds and a portion of the Refunded 2008A Bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of which a portion was reported as a deferred outflow which will be amortized through 2034. The balance of the deferred outflow is $2,678,372 at June 30, 2026.

As of June 30, 2026, the outstanding balance on the 2016 Series A and B Revenue Bonds was $720,000 and $3,080,000 respectively.

2017 Series A and B Revenue Bonds

In November 2017, the Financing Authority issued $41,170,000 in fixed rate revenue bonds. These bonds were issued to provide funds to construct and improve various capital improvements to its water delivery system and refund the 2008B bonds, as well as pay certain costs with respect to the termination of the swap agreements related to the 2008B bonds.

The bonds bear interest rates ranging from 2.3% to 5.0% and are payable semiannually in February and August through August 2034.

In addition to the refunding of the 2008B bonds, the proceeds were used to terminate the swap agreement related to the 2008B bonds, which resulted in a termination fee of $8,561,000. In addition to the swap termination fee, the advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $202,784. These items are being reported as a deferred outflow of resources and are amortized through the year 2034.

5. LONG-TERM LIABILITIES (CONTINUED)

The ending balances at June 30, 2026 are $3,184,275 and $76,164, respectively.

As of June 30, 2026, the outstanding balance on the 2017 Series A was $31,105,000 and the Series B Revenue Bonds were fully paid in fiscal year 2025.

2019 Series A Revenue Bonds

In September 2019, the Rancho California Water District Financing Authority issued $118,090,000 in tax-exempt fixed rate revenue bonds. These bonds were issued to refund the following debt issues:

2010A Revenue Bonds	$99,945,000
2016C Revenue Bonds	$32,040,000

The bonds bear interest rates ranging from 3% to 5% and are payable semiannually in February and August through August 2040.

The net proceeds of the 2019A Revenue Bonds and certain funds contributed from the District were used to purchase direct obligations of the United States of America and placed in an escrow account to advance refund the 2010A Bonds and the 2016C Bonds. At June 30, 2026, the 2010A and 2016C bonds were fully paid and the 2016C Revenue Bonds had an outstanding balance of $12,420,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,498,134. This difference is reported on the accompanying financial statements as a deferred outflow of resources which will be amortized through 2041. The balance of the deferred outflow is $2,965,587 at June 30, 2026.

As of June 30, 2026, the outstanding balance on the 2019 Series A Revenue Bonds was $107,780,000.

2021 Series A Revenue Bonds

In January 2021, the Rancho California Water District Financing Authority issued $46,395,000 in taxable fixed rate refunding revenue bonds. These bonds were issued to refund the following debt issues:

2016A Revenue Bonds	$24,530,000
2016B Revenue Bonds	$12,600,000

The bonds bear interest rates ranging from 0.25% to 2% and are payable semiannually in February and August through August 2046.

5. LONG-TERM LIABILITIES (CONTINUED)

The net proceeds of the 2021A Revenue Bonds and certain funds contributed from the District were used to purchase direct obligations of the United States of America and placed in an escrow account to advance refund the 2016A Bonds and the 2016B Bonds. At June 30, 2026, the defeased 2016A and 2016B Revenue Bonds had outstanding balances of $24,530,000 and $12,600,000, respectively.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,684,884. This difference is reported on the accompanying financial statements as a deferred outflow of resources, which will be amortized through 2041. The balance of the deferred outflow is $2,902,147 at June 30, 2026.

As of June 30, 2026, the outstanding balance on the 2021 Series A Revenue Bonds was $43,705,000.

Rate Covenants:

The District has established rate covenants to meet the requirements of the 2011A, 2016 Series A and B, 2017 Series A, 2019A and 2021A Revenue Bonds. The District covenants to fix, prescribe and collect rates, fees and charges during each fiscal year, which, together with available reserves, will produce adjusted annual net revenues equal to at least the Coverage Requirement for such fiscal year. Coverage requirement is defined generally to mean, for any fiscal year or twelve-month calendar period:

a. An amount equal to 110% of the Adjusted Annual Debt Service for such fiscal year or twelve-month calendar period;
b. An amount equal to 100% of all Payments (Parity and Subordinate) payable in such fiscal year or twelve-month calendar period.

For purposes of satisfying the rate covenant set forth above, the aggregate debt service on any obligation of the District which functionally bears interest at a variable interest rate shall be calculated as the higher of (1) the interest rate than currently borne by such obligations, or (2) the average interest rate borne by those obligations over the immediately preceding twelve months.

These bonds are payable from payments made by the District pursuant to an installment sale agreement funded with bond proceeds on the same date. The District has agreed to make installment payments, pursuant to the installment sale agreement which, in aggregate, are sufficient for the payment in full of all principal and interest on the bonds when due, or upon the earlier redemption thereof.

5. LONG-TERM LIABILITIES (CONTINUED)

Aggregate maturities of the revenue bonds and interest payment subsequent to June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 9,235,000	$ 7,300,450	$ 16,535,450
2028	11,790,000	6,898,698	18,688,698
2029	12,190,000	6,474,585	18,664,585
2030	12,685,000	6,019,083	18,704,083
2031	14,810,000	5,458,806	20,268,806
2032-2036	49,130,000	20,454,363	69,584,363
2037-2041	76,025,000	8,297,400	84,322,400
2042-2046	8,545,000	838,823	9,383,823
2047	1,850,000	24,975	1,874,975
	$ 196,260,000	$ 61,767,183	$ 258,027,183

Subscription-Based Information Technology Arrangements

The District has entered into three subscription-based technology (IT) arrangements with vendors. These arrangements are governed by Governmental Accounting Standards Board Statement No. 96, Subscription-Based IT Arrangements.

As of June 30, 2026, the District has recognized a liability of $910,530 related to these subscription-based IT arrangements. This liability represents the total estimated cost of the remaining subscription period, as determined by the contract terms and usage data.

The District has also recognized an asset of $1,749,306, representing the right to use the subscription-based IT arrangements for the remaining subscription period, as determined by the contract terms and usage data.

5. LONG-TERM LIABILITIES (CONTINUED)

Aggregate maturities of the subscription based IT arrangements subsequent to June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 364,569	$ 28,914	$ 393,483
2028	276,640	17,243	293,883
2029	269,321	8,562	277,883
	$ 910,530	$ 54,719	$ 965,249

6. DEFINED BENEFIT PENSION PLANS

a. General Information about the Pension Plan:

Plan Descriptions:

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Plan, an agent multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and District resolution.

CalPERS issues publicly available reports that include full descriptions of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age fifty (50) to sixty-two (62), with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five (5) years of service.

The death benefit is one of the following: 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 (PERL).

The Plan's provisions and benefits in effect at June 30, 2026, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.69%	7.25%
Required employer contribution rates	12.75%	15.07%

Employees Covered:

The following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Active employees	156
Inactive employees or beneficiaries currently receiving benefits	174
Inactive employees entitled to, but not yet receiving benefits	48
	378

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions:

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process.

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District contribution rate may change if plan contracts are amended. Payments made by the District to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

On June 14, 2018, the Board of Directors approved the establishment of a Section 115 Pension Obligation Funding Trust (Section 115 Trust) with a related Funding Policy and an Investment Policy. The Section 115 Trust holds and invests contributed funds to assist in funding the District's future pension expenses according to these policies.

b. Net Pension Liability

The District's net pension liability for each plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2025, using an annual actuarial valuation as of June 30, 2024 to determine the June 30, 2024 total pension liability, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions:

The total pension liabilities were determined using the following actuarial assumptions:

	Miscellaneous
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 Rate Table[1]	Derived using CalPERS' membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter

[1] The mortality table used was developed based on CalPERS-specific data. The 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 from November 2021 that can be found on the CalPERS website.

Discount Rate:

The discount rate used to measure the total pension liability as of June 30, 2025, was 6.90%. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term.

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Assumed Asset Allocation[1]	Long-Term Expected Real Rate of Return[1,2]
Public Equity	37.00%	4.56%
Private Equity	17.00	5.56
Fixed Income	28.00	2.53
Real Assets	15.00	3.03
Private Debt	8.00	4.93
Strategic Leverage	(5.00)	1.40

[1] Figures are based on the 2024 Mid-Cycle Asset Liability Management study.

[2] An expected annual rate of price inflation of 2.30% was used for this period.

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.

Subsequent Events:

On November 19, 2025, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the November 2025 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions, and various other assumptions for public agencies. These new assumptions will be effective as of the June 30, 2025, valuation date and reflected in the June 30, 2026, GASB accounting valuation reports.

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

c. Changes in the Net Pension Liability:

The changes in the net pension liability for the Miscellaneous Plans are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2024	$ 171,680,989	$ 136,946,867	$ 34,734,122
Changes for the year:			
Service cost	3,451,190	-	3,451,190
Interest on total pension liability	11,890,154	-	11,890,154
Change of benefit terms	-	-	-
Differences between expected and actual experience	3,613,632	-	3,613,632
Contributions-employer	-	5,491,228	(5,491,228)
Contributions-employees	-	1,713,966	(1,713,966)
Net investment income	-	16,704,709	(16,704,709)
Benefit payments, including refunds of employee contributions	(9,398,288)	(9,398,288)	-
Administrative expense	-	(97,861)	97,861
Net changes	9,556,688	14,413,754	(4,857,066)
Balance at June 30, 2025	$ 181,237,677	$ 151,360,621	$ 29,877,056

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability	$ 53,709,572	$ 29,877,056	$ 10,175,203

Pension Plan Fiduciary Net Position:

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

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

d. Recognition of Gains and Losses

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

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

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

Net difference between projected and actual earnings on pension plan investments	Five years straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

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

For the year ended June 30, 2026, the District recognized pension expense of $4,860,204. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,407,435	$ -
Differences between expected and actual experience	6,130,175	(50,040)
Change of assumptions	1,302,703	-
Net difference between projected and actual earnings on pension plan investments	-	(3,701,174)
	$ 13,840,313	$ (3,751,214)

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

$6,407,435 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2027. 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
2027	$ 4,836,083
2028	253,714
2029	(662,613)
2030	(745,520)
2031	-
Thereafter	-

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS

a. Plan Description

The District is the Plan Administrator for the Rancho California Water District Post-Retirement Medical Benefits Plan (Plan). The Plan was established effective July 1, 2003 and is a single employer defined benefit OPEB plan to provide advance funding for medical and dental post-employment health care benefits to eligible employees, retirees, their spouses and eligible dependents.

b. Employees Covered

The Plan shall cover the following groups of Employees:

a. Group “A” Participants - Employees hired prior to July 1, 2003, who have attained age fifty (50) years as of Retirement Date and have completed at least ten (10) years of service.

b. Group “B” Participants - Board Members who served in office prior to January 1, 1995 who have attained age fifty (50) years as of Retirement Date and have completed at least twelve (12) years of service on the District’s Board of Directors.

c. Group “C” Participants - Employees hired on or after July 1, 2003, other than Group “D” Participants, who have attained age fifty-five (55) years as of Retirement Date and have completed at least fifteen (15) years of service with the District.

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

d. Group "D" Participants - Employees who have attained age fifty-five (55) years as of Retirement Date, have completed at least fifteen (15) years of service with the District and that fall within any one of the following categories:

(1) MPCEA Employees hired on or after July 1, 2012;

(2) RCWDEA Employees hired on or after August 9, 2012; or

(3) Unrepresented Employees hired on or after July 1, 2012.

The surviving spouse and/or eligible dependents of a Group A, B or C Participant shall be eligible to continue to receive benefits under this Plan following such Participant's death, on the same terms applicable to the deceased Participant. In the event the deceased Group A, B or C Participant had not commenced participation in this Plan but had otherwise satisfied the length of service and age, the surviving spouse and/or eligible dependents shall be eligible to participate as if the deceased Participant had been enrolled in the Plan as of the date of death.

This survivor's benefit shall neither replace nor supplement any rights to continuation coverage available to the surviving spouse or eligible dependents under a separate group health plan sponsored by the District. The coverage available to a surviving spouse under this provision shall terminate upon the remarriage of the surviving spouse.

The number of Plan participants on the actuarial valuation is as follows:

Active participants	177
Retired employees/board members	118
Total participants	295

The Plan provides the following benefits:

For Group A and Group B Participants, the District pays the full cost of the insurance premiums for the employee and any eligible dependents for the benefits elected under the Plan.

For Group C Participants who have retired with less than twenty (20) years of service with the District, the District pays fifty percent (50%) of the monthly cost of any benefits for the employee and any eligible dependents elected under the Plan. These participants shall be responsible for the monthly cost of benefits elected in excess of the cost paid by the District.

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

For Group C Participants who have retired with twenty (20) or more years of service with the District, the District pays the full cost of the insurance premiums for the employee and any eligible dependents for the benefits elected under the Plan.

For Group D Participants who have retired with less than twenty (20) years of service with the District, the District pays up to twenty-five percent (25%) of the monthly cost for the employee for single coverage of the lowest cost health insurance plan available to retirees or active employees. These participants shall be responsible for the monthly cost of benefits elected in excess of the cost paid by the District, including any coverage for dependents.

For Group D Participants who have retired with twenty (20) or more years of service with the District, the District pays up to fifty percent (50%) of the monthly cost for the employee for single coverage of the lowest cost health insurance plan available to retirees or active employees. These Participants shall be responsible for the monthly cost of benefits elected in excess of the cost paid by the District, including any coverage for dependents.

c. Contributions

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The District is required to contribute amounts it deems appropriate to enable the trustee to pay the premiums under the Plan.

d. Net OPEB Liability (Asset)

The District's net OPEB liability (asset) was measured as of June 30, 2025 and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023 to determine the June 30, 2025 net OPEB liability (asset), based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal, Level % of pay
Amortization Method	Level % of pay basis
Actuarial Assumptions:	
Return on Assets	6.75% per annum
Discount Rate	6.75% per annum
Inflation Rate	2.75% per annum
Salary Increase	2.80% per annum
Health Care Cost Trend Rate	8.00% in the first year, decreasing 0.25% annually to an ultimate rate of 4.50%

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

Preretirement and Postretirement	
Mortality	SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021
Participation Rates	100% of eligible active employees

e. Discount Rate

The discount rate used to measure the total OPEB liability (asset) was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine the discount rate assumed that ongoing contributions will be made at the actuarially determined contribution rate (normal cost-plus amortization component on a dollar basis).

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges were determined based on past investment history and are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation
Cash and Equivalents	2.20%
U.S. Government Issues	23.80%
Corporate Issues	13.70%
Foreign Issues	1.00%
Mutual Funds - Equity	52.30%
Mutual Funds - Fixed Income	7.00%
	100.00%

Long-term expected rate of return is 6.75%.

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

f. Changes in the OPEB Liability (Asset)

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2024	$ 32,385,516	$ 36,191,289	$ (3,805,773)
Changes for the year:			
Service cost	535,272	-	535,272
Interest	2,147,718	-	2,147,718
Differences between expected and actual experience	3,414,987	-	3,414,987
Changes of assumptions	571,984	-	571,984
Contributions-employer	-	205,678	(205,678)
Net investment income	-	4,087,208	(4,087,208)
Benefit payments	(2,242,085)	(2,242,085)	-
Administrative expense	-	(24,274)	24,274
Net changes	4,427,876	2,026,527	2,401,349
Balance at June 30, 2025	$ 36,813,392	$ 38,217,816	$ (1,404,424)

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

The following presents the net OPEB liability (asset) 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 date of June 30, 2025:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability (Asset)	$ 2,007,461	$ (1,404,424)	$ (5,968,657)

h. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the District if it were calculated using the health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement date of June 30, 2025:

	1% Decrease (7.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
Net OPEB Liability (Asset)	$ (6,668,378)	$ (1,404,424)	$ 2,925,232

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

i. OPEB Plan Fiduciary Net Position

The Plan issues a separately available financial report that included financial statements and required supplementary information. That report may be obtained from the District office, upon request.

j. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs.

The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

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

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

For the fiscal year ended June 30, 2026, the District recognized OPEB revenue of $792,794. As of fiscal year ended June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 3,606,423	$ (5,831,651)
Change of assumptions	1,236,053	(1,112,787)
Net differences between projected and actual earnings on plan investments	-	(785,508)
OPEB contributions subsequent to measurement date	301,392	-
	$ 5,143,868	$ (7,729,946)

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

$301,392 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2027	$ 118,646
2028	(1,790,975)
2029	(1,689,104)
2030	(918,528)
2031	(289,863)
Thereafter	1,682,354

8. RISK MANAGEMENT

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA). The ACWA JPIA is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the ACWA JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2026, the District participated in the self-insurance program of the ACWA JPIA as follows:

Property Loss - Insured up to scheduled value with a $25,000 deductible for buildings, personal property, and fixed equipment and $1,000 deductible for mobile equipment; the ACWA JPIA is self-insured up to $100,000 per occurrence and excess insurance coverage has been purchased.

General, Auto Liability, Public Officials' Liability, and Employment Practices Liability - Insured up to $55,000,000 with aggregate policy limits; the District is self-insured up to $100,000; the ACWA JPIA is self-insured up to $5,000,000 and excess insurance coverage has been purchased.

Employee Dishonesty Coverage - Insured up to $3,000,000 with a $100,000 deductible; the ACWA JPIA is self-insured up to $100,000 and excess insurance coverage has been purchased.

Cyber Liability – Insured limit $3,000,000 per claim with $5,000,000 aggregate policy limits.

Workers' Compensation - Insured for statutory limits. Employer's liability is insured up to $4,000,000. The ACWA JPIA is self-insured up to $2,000,000 and excess insurance coverage has been purchased.

8. RISK MANAGEMENT (CONTINUED)

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

9. LEASES

Vail Lake Properties

In August 2014, the District acquired 8,379 acres of land surrounding Vail Lake for $55,261,908. The acquisition of these lands is important to the ongoing management and operation of the water stored in Vail Lake. This acquisition gave the District greater flexibility in managing the level and quality of the water in the lake. The acquisition included a recreational vehicle park and campground called Vail Lake Resort ("Resort"). In May 2019, the District entered into a 40-year lease agreement for the Resort with KAMP-VL, LLC. The lessee is required to make an annual rent payment, which is adjusted annually on the first month of each lease year. The lease has a discount rate of 2.425%. The lease has two extension options, each for 120 months. As of June 30, 2026, the lease receivable is $15,052,147 and deferred inflows of resources is $12,850,495. The District recognized $395,400 of lease revenue during the fiscal year.

Cell Site Leases

The District has entered into 13 cell site leases with lease terms ranging from less than one year to 14 years. The lessees are required to make annual fixed payments ranging from $1,006 to $3,403, with discount rates ranging from 0.237% to 1.803%. The leases have up to two extension options ranging from 60 months to 120 months. As of June 30, 2026, the lease receivable is $1,650,235 and deferred inflows of resources is $1,552,537. The District recognized $353,341 of lease revenue during the fiscal year.

Other Leases

The District has one electrical substation, one building lease and two land leases with lease terms ranging from one year to six years. The lessees are required to make annual fixed payments ranging from $1,392 to $23,500, with discount rates ranging from 0.237% to 1.138%. The leases have up to two extension options ranging from 60 months to 120 months. As of June 30, 2026, the value of the lease receivable is $596,125 and deferred inflows of resources is $575,742. The District recognized $410,925 of lease revenue during the fiscal year.

9. LEASES (CONTINUED)

As of the fiscal year ended June 30, 2026, the District reported aggregate maturities of lease receivables and deferred inflows as follows:

Year Ending	Lease Receivable	Deferred Inflows
2027	$ 734,602	$ 1,060,543
2028	460,411	764,526
2029	343,660	637,529
2030	366,586	637,531
2031	316,501	569,995
2032-2036	1,443,192	2,412,150
2037-2041	1,504,846	1,977,000
2042-2046	2,222,353	1,977,000
2047-2051	3,110,098	1,977,000
2052-2056	4,207,826	1,977,000
2057-2059	2,588,432	988,500
	$ 17,298,507	$ 14,978,774

10. COMMITMENTS AND CONTINGENCIES

a. Contracts

The District has entered into various contracts for the purchase of material and construction of water and wastewater facilities. The amounts contracted are based on the contractors' estimated cost of construction. At June 30, 2026, the total remaining commitment on these contracts is $4,442,376. These commitments will be funded from restricted assets.

b. Assessment Districts

The District has participated in the issuance of bonds for various Assessment Districts within its boundaries. The last active Reassessment District Number 2015-32A was paid off during the year. In the event of a default in the payment of bonded indebtedness by this Reassessment District, the District would have no liability, contingent or otherwise.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

c. Special Tax Commitment

In May 1993, the District purchased approximately 300 acres of land within the boundaries of the CFD No. 89-5 of the County of Riverside (CFD 89-5) to be utilized as reclamation facilities. The District's purchase of and intended use for the property eliminated the need for CFD 89-5 to acquire or construct the public facilities within the boundaries of the property. The District entered into an agreement with CFD 89-5 to pay special taxes each year to be used for the payment of principal and interest on the outstanding bonds, administrative expenses and to replenish reserve funds.

In the event of any short fall in the amount of special taxes collected to pay the debt service on the bonds, a levy will be placed upon the District. The District paid taxes of $730,000 included in non-capital subsidy for the year ended June 30, 2026.

d. Litigation

There are several pending lawsuits in which the District is involved. The District's management and legal counsel estimate that the potential claims against the District not covered by insurance, resulting from such litigation would not materially affect the operations nor the financial condition of the District.

e. Grant Funding

The District has received funds from various federal grant programs. Although the District strives to meet all Uniform Guidance and grant compliance requirements, it is possible that at some future date, it may be determined that some grant expenditures will be considered disallowed by granting agencies. The amounts, if any, cannot be determined at this time, although the District does not expect such disallowed amounts, if any, to materially affect the financial statements.

f. Contingent Liability

The Cooperative Water Resources Management Agreement (CWRMA) was executed by the District and United States, on behalf of Camp Pendleton (Pendleton) on March 26, 2002. Implementation of the agreement began with the 2003 calendar year. The CWRMA allows for certain credits to be accumulated by the parties and to be used in an emergency situation. The Groundwater Bank Credit is earned by Camp Pendleton in accordance with Section 17 of the agreement for any water delivery that is forgone up to a cumulative maximum limit of 5,000 acre-feet, which was reached in 2006. The District would be required to deliver the accumulated supply up to 5,000 acre-feet in the event that Pendleton declared a water supply emergency based upon a drought or upon mobilization demands requiring additional water supplies. The District has not recorded a liability in the accompanying financial statements because the event requiring the delivery of water, the declaration of a water supply emergency, has not yet occurred and the cost of providing the water in the future is unknown.

11. NET POSITION

Net Position for the District as of June 30, 2026, consisted of the following:

Net investment in capital assets:	
Capital assets (net of accumulated depreciation)	$ 613,479,296
Deferred loss on refunding	11,806,545
Less debt offsetting capital assets	(221,019,551)
Total net investment in capital assets	404,266,290
Restricted net position:	
Unspent debt proceeds (construction and reserves)	16,273
Less debt offsetting restricted assets	(16,273)
Unexpended capacity fees	205,231
Taxes and assessments	180,524,217
Conservation reserves	34,139,834
Restricted for water services	129,011,753
Restricted for wastewater services	13,010,919
Total restricted net position	356,891,954
Total net position	$ 761,158,244

12. JOINT POWERS AGREEMENT

Western Riverside Water and Wastewater Financing Authority

In September 2004, the District entered into a joint exercise of powers agreement with Eastern Municipal Water District to form Western Riverside Water and Wastewater Financing Authority (WRWW). The purpose of the WRWW is to provide for the financing of public capital improvements for a member through the purchase by the WRWW of obligations of a member pursuant to bond purchase agreements, and/or the loan of funds to a member. The WRWW's Board is comprised of two board of directors from each member agency. As of June 30, 2026, the District has not financed any public improvements through the WRWW.

Santa Rosa Regional Resources Authority

On November 12, 2015, the District entered into a joint exercise powers agreement (the Agreement) with Western Municipal Water District (WMWD) and Elsinore Valley Municipal Water District (EVWMD) to form the Santa Rosa Regional Resources Authority (SRRRA).

12. JOINT POWERS AGREEMENT (CONTINUED)

The SRRRA was created for the ownership, operation, maintenance, and administration of the Santa Rosa Water Reclamation Facilities (the Facilities), on a cooperative basis for the collection, transmission, treatment, and disposal of wastewater, and the management of wastewater treatment byproducts, and to supersede certain agreements by and among the member agencies. The SRRRA is governed by a Board of Directors consisting of three Directors. Each member agency appoints one Director.

Under the Agreement, the SRRRA agreed to acquire certain facilities including property described in the Facilities Acquisition Agreement and to obtain financing to pay off and defease the District's debt associated with the Facilities. The member agencies approved the acquisition of the Facilities by issuing bonds to relieve the District's debt on the Facilities on August 24, 2017. At this time, the District sold $52.8 million of assets and $12.8 million in cash reserves related to the Facilities to the SRRRA and the total amount of debt defeased from the District was $58.9 million. The ownership of the Facilities has transferred to the SRRRA and the District now holds an investment in joint venture in the SRRRA for its capacity rights.

The Facilities are operated by the District in accordance with the joint exercise of powers agreement and such other agreements entered into by the SRRRA and the Member Agencies from time to time. The land upon which the Facilities are located was not sold to the SRRRA and remains under ownership by Rancho. Rancho entered into a lease agreement with the SRRRA, agreeing to a 99-year lease term for the land in which the Facilities are located for one dollar ($1.00) per fiscal year payable on July 1 of each year.

The SRRRA's Board of Directors currently employs the District, under contract to operate the SRRRA. During the fiscal year ended June 30, 2026, the District billed the SRRRA $6,484,996 in operating expenses and $1,257,208 in capital project management costs.

Separate audited financial statements for available for SRRRA can be obtained at www.srrra-jpa.org or by contacting the District directly.

13. SUBSEQUENT EVENTS

On July 1, 2026, the District issued $52,275,000 of Tax-Exempt Fixed Rate Revenue Bonds. The debt was issued for the purpose of water infrastructure projects, etc. The obligations bear interest at 5.00% and mature on August 1, 2032 through August 1, 2046.

Because the debt issuance occurred subsequent to June 30, 2026, the transaction is not reflected in the accompanying financial statements. Management believes the disclosure of this subsequent event is necessary for an understanding of the District's financial position and future obligations.

13. SUBSEQUENT EVENTS (CONTINUED)

On July 15, 2026, the District entered into an Exchange Water Purchase Agreement with Western Municipal Water District for the future purchase of Exchange Water supplies. The agreement, which extends through December 31, 2047, provides an additional source of water supply for the District. As the agreement was entered into subsequent to fiscal year-end, no amounts have been recorded in the accompanying financial statements.

On August 13, 2026, the District's Board of Directors authorized the General Manager to enter into an Exchange Water Purchase Agreement with Eastern Municipal Water District for the purchase of approximately 1,000 acre-feet of Exchange Water annually beginning in calendar year 2027, subject to availability and annual commitments. The agreement will extend through December 31, 2047.

REQUIRED SUPPLEMENTARY INFORMATION

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Years

Measurement Date	06/30/25	06/30/24	06/30/23	06/30/22	06/30/21
Total Pension Liability					
Service cost	$ 3,451,190	$ 3,249,816	$ 2,838,337	$ 2,935,334	$ 2,566,412
Interest on total pension liability	11,890,154	11,268,022	10,655,687	10,145,020	9,780,000
Differences between expected and actual experience	3,613,632	3,870,073	2,293,062	(204,012)	185,715
Changes in assumptions	-	-	-	5,311,027	-
Changes in benefit terms	-	-	88,398	-	-
Benefit payments, including refunds of employee contributions	(9,398,288)	(9,033,199)	(8,357,661)	(7,667,020)	(7,116,642)
Net Change in Total Pension Liability	9,556,688	9,354,712	7,517,823	10,520,349	5,415,485
Total Pension liability - Beginning of Year	171,680,989	162,326,277	154,808,454	144,288,105	138,872,620
Total Pension liability - End of Year (a)	$ 181,237,677	$ 171,680,989	$ 162,326,277	$ 154,808,454	$ 144,288,105
Plan Fiduciary Net Position:					
Contributions - employer	$ 5,491,228	$ 4,240,682	$ 3,936,515	$ 4,992,753	$ 4,554,072
Contributions - employee	1,713,966	1,647,978	1,441,895	1,310,297	1,366,478
Net investment income	16,704,709	12,170,122	7,567,138	(10,265,844)	25,208,724
Administrative expense	(97,861)	(104,175)	(90,837)	(84,248)	(111,223)
Other miscellaneous income/(expense)	-	-	-	-	-
Net plan to plan resource movement	-	-	-	-	-
Benefit payments	(9,398,288)	(9,033,199)	(8,357,661)	(7,667,020)	(7,116,642)
Net Change in Plan Fiduciary Net Position	14,413,754	8,921,408	4,497,050	(11,714,062)	23,901,409
Plan Fiduciary Net Position - Beginning of Year	136,946,867	128,025,459	123,528,409	135,242,471	111,341,062
Plan Fiduciary Net Position - End of Year (b)	$ 151,360,621	$ 136,946,867	$ 128,025,459	$ 123,528,409	$ 135,242,471
Net Pension Liability - Ending (a)-(b)	$ 29,877,056	$ 34,734,122	$ 34,300,818	$ 31,280,045	$ 9,045,634
Plan fiduciary net position as a percentage of the total pension liability	83.51%	79.77%	78.87%	79.79%	93.73%
Covered payroll	$ 19,478,149	$ 17,460,504	$ 15,475,652	$ 14,218,653	$ 14,365,352
Net pension liability as percentage of covered payroll	153.39%	198.93%	221.64%	219.99%	62.97%

Notes to Schedule:

Benefit Changes:

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

Changes in Assumptions:

There were no assumption changes in 2023, 2024 or 2025. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15 for measurement date June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015 through June 30, 2016.

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(Continued)
Last Ten Years

Measurement Date	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16
Total Pension Liability					
Service cost	$ 2,426,234	$ 2,512,171	$ 2,559,080	$ 2,538,672	$ 2,404,992
Interest on total pension liability	9,398,899	9,097,401	8,527,044	8,207,866	8,011,288
Differences between expected and actual	(1,167,550)	2,622,939	(192,389)	(2,629,062)	(752,249)
Changes in assumptions	-	-	(888,725)	6,910,257	-
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(6,385,064)	(5,979,544)	(5,437,624)	(4,985,545)	(4,397,880)
	4,272,519	8,252,967	4,567,386	10,042,188	5,266,151
Total Pension liability - Beginning of Year	134,600,101	126,347,134	121,779,748	111,737,560	106,471,409
Total Pension liability - End of Year (a)	$ 138,872,620	$ 134,600,101	$ 126,347,134	$ 121,779,748	$ 111,737,560
Plan Fiduciary Net Position:					
Contributions - employer	$ 3,358,316	$ 2,673,432	$ 13,289,343	$ 2,428,307	$ 2,210,933
Contributions - employee	1,355,852	1,308,250	1,333,900	1,454,000	1,395,090
Net investment income	5,351,728	6,726,211	7,575,414	8,833,568	423,639
Administrative expense	(151,989)	(73,615)	(135,240)	(116,897)	(48,507)
Other miscellaneous income/(expense)	-	240	(256,824)	-	-
Net plan to plan resource movement	-	-	(240)	-	-
Benefit payments	(6,385,064)	(5,979,544)	(5,437,624)	(4,985,545)	(4,397,880)
	3,528,843	4,654,974	16,368,729	7,613,433	(416,725)
Plan Fiduciary Net Position - Beginning of Year	107,812,219	103,157,245	86,788,516	79,175,083	79,591,808
Plan Fiduciary Net Position - End of Year (b)	$ 111,341,062	$ 107,812,219	$ 103,157,245	$ 86,788,516	$ 79,175,083
Net Pension Liability - Ending (a)-(b)	$ 27,531,558	$ 26,787,882	$ 23,189,889	$ 34,991,232	$ 32,562,477
Plan fiduciary net position as a percentage of the total pension liability	80.17%	80.10%	81.65%	71.27%	70.86%
Covered payroll	$ 13,494,988	$ 12,969,181	$ 12,764,361	$ 12,847,089	$ 13,352,990
Net pension liability as percentage of covered payroll	204.01%	206.55%	181.68%	272.37%	243.86%

Notes to Schedule:

Benefit Changes:

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

Changes in Assumptions:

There were no assumption changes in 2023, 2024 or 2025. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15 for measurement date June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015 through June 30, 2016.

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN
Last Ten Years

Fiscal year ended	06/30/26	06/30/25	06/30/24	06/30/23	06/30/22
Actuarially determined contribution	$ 6,407,435	$ 5,499,924	$ 4,171,255	$3,891,258	$ 5,072,458
Contributions in relation to the actuarially determined contribution	(6,407,435)	(5,499,924)	(4,171,255)	(3,891,258)	(5,072,458)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 18,412,432	$ 19,478,149	$ 17,460,504	$ 15,475,652	$ 14,218,653
Contributions as a Percentage of Covered Payroll	34.80%	28.24%	23.89%	25.14%	35.67%

Fiscal year ended	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17
Actuarially determined contribution	$ 3,688,000	$ 3,110,642	$ 2,743,147	$ 2,789,343	$ 2,428,307
Contributions in relation to the actuarially determined contribution	(4,688,000)	(3,410,642)	(2,743,147)	(13,289,343)	(2,428,307)
Contribution deficiency (excess)	$ (1,000,000)	$ (300,000)	$ -	$ (10,500,000)	$ -
Covered Payroll	$ 14,365,352	$ 13,494,988	$ 12,969,181	$ 12,764,361	$ 12,847,089
Contributions as a Percentage of Covered Payroll	32.63%	25.27%	21.15%	104.11%	18.90%

Notes to Schedule:

Valuation Date: June 30, 2023

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.
Asset valuation method	Fair value of assets
Inflation	2.30%
Salary increases	Varies by category, entry age, and duration of service.
Investment rate of return	6.80% (net of administrative expenses); includes inflation
Payroll growth	2.800%

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Years*

Measurement Date	06/30/25	06/30/24	06/30/23	06/30/22
Total OPEB Liability				
Service cost	$ 535,272	$ 400,041	$ 439,028	$ 499,220
Interest on the total OPEB liability	2,147,718	2,055,080	2,440,590	2,521,601
Actual and expected experience difference	3,414,987	82,442	(6,569,637)	(492,535)
Changes in assumptions	571,984	889,317	-	(1,796,441)
Changes in benefit terms	-	-	-	-
Benefit payments	(2,242,085)	(1,809,264)	(1,793,004)	(1,886,018)
Implicit rate subsidy fulfilled	(205,678)	(329,725)	(37,540)	(25,740)
Net change in total OPEB liability	4,222,198	1,287,891	(5,520,563)	(1,179,913)
Total OPEB liability - beginning	32,385,516	31,097,625	36,618,188	37,798,101
Total OPEB liability - ending (a)	$ 36,607,714	$ 32,385,516	$ 31,097,625	$ 36,618,188
Plan Fiduciary Net Position				
Contribution - employer	$ 205,678	$ 329,725	$ 37,540	$ 25,740
Implicit rate subsidy - employer	-	-	-	-
Net investment income (loss)	4,087,208	3,646,859	2,709,165	(5,412,792)
Benefit payments	(2,242,085)	(1,809,264)	(1,793,004)	(1,886,018)
Administrative expense	(24,274)	(22,994)	(21,953)	(25,746)
Implicit rate subsidy fulfilled	(205,678)	(329,725)	(37,540)	(25,740)
Other costs	-	-	-	-
Net change in plan fiduciary net position	1,820,849	1,814,601	894,208	(7,324,556)
Plan fiduciary net position - beginning	36,191,289	34,376,688	33,482,480	40,807,036
Plan fiduciary net position - ending (b)	$ 38,012,138	$ 36,191,289	$ 34,376,688	$ 33,482,480
Net OPEB liability - ending (a)-(b)	$ (1,404,424)	$ (3,805,773)	$ (3,279,063)	$ 3,135,708
Plan fiduciary net position as a percentage of the total OPEB liability	103.84%	111.75%	110.54%	91.44%
Covered-employee payroll	$ 17,189,893	$ 15,475,652	$ 15,844,407	$ 14,022,459
Net OPEB liability as a percentage of covered-employee payroll	-8.17%	-24.59%	-20.70%	22.36%

Notes to Schedule:

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

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
(Continued)
Last Ten Years*

Measurement Date	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17
Total OPEB Liability					
Service cost	$ 519,961	$ 637,418	$ 618,852	$ 575,517	$ 558,754
Interest on the total OPEB liability	2,713,333	2,507,368	2,407,903	2,279,630	2,136,520
Actual and expected experience difference	(3,944,967)	3,523,971	-	573,071	-
Changes in assumptions	-	(1,501,950)	1,059,080	(350,328)	-
Changes in benefit terms	-	-	-	-	-
Benefit payments	(1,787,710)	(1,265,392)	(1,742,940)	(1,662,028)	-
Implicit rate subsidy fulfilled	(510,350)	(470,097)	(283,960)	(237,266)	(1,734,141)
Net change in total OPEB liability	(3,009,733)	3,431,318	2,058,935	1,178,596	961,133
Total OPEB liability - beginning	40,807,834	37,376,516	35,317,581	34,138,985	33,177,852
Total OPEB liability - ending (a)	$ 37,798,101	$ 40,807,834	$ 37,376,516	$ 35,317,581	$ 34,138,985
Plan Fiduciary Net Position					
Contribution - employer	$ 985,954	$ 8,064,305	$ 921,470	$ 910,053	$ 777,750
Implicit rate subsidy - employer	-	-	283,960	237,266	222,759
Net investment income (loss)	8,450,900	4,992,753	1,640,252	1,571,968	1,952,179
Benefit payments	(1,787,710)	1,310,297	(1,742,940)	(1,662,028)	(1,734,141)
Administrative expense	(23,943)	(10,265,847)	(18,314)	(18,363)	(17,700)
Implicit rate subsidy fulfilled	(510,350)	(84,245)	(283,960)	(237,266)	-
Other costs	-	-	-	-	4,649
Net change in plan fiduciary net position	7,114,851	4,017,263	800,468	801,630	1,205,496
Plan fiduciary net position - beginning	33,692,185	26,334,935	25,534,467	24,732,837	23,527,341
Plan fiduciary net position - ending (b)	$ 40,807,036	$ 30,352,198	$ 26,334,935	$ 25,534,467	$ 24,732,837
Net OPEB liability - ending (a)-(b)	$ (3,008,935)	$ 10,455,636	$ 11,041,581	$ 9,783,114	$ 9,406,148
Plan fiduciary net position as a percentage of the total OPEB liability	107.96%	74.38%	70.46%	72.30%	72.45%
Covered-employee payroll	$ 13,545,679	$ 13,215,297	$ 12,519,356	$ 12,349,550	$ 12,547,000
Net OPEB liability as a percentage of covered-employee payroll	-22.21%	79.12%	88.20%	79.22%	74.97%

Notes to Schedule:

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

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS

Last Ten Years*

Fiscal Year Ended	06/30/26	06/30/25	06/30/24	06/30/23	06/30/22
Actuarially Determined Contribution (ADC)	$ 301,392	$ 205,678	$ 329,725	$ 37,540	$ 25,740
Contributions in relation to the ADC	(301,392)	(205,678)	(329,725)	(37,540)	(25,740)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 20,303,391	$ 17,189,893	$ 15,475,652	$ 15,844,407	$ 14,022,459
Contributions as a percentage of covered-employee payroll	1.48%	1.20%	2.13%	0.24%	0.18%

Fiscal Year Ended	06/30/21	06/30/20	06/30/19	06/30/18
Actuarially Determined Contribution (ADC)	$ 985,955	$ 1,439,210	$ 1,205,430	$ 1,147,319
Contributions in relation to the ADC	(985,955)	(8,534,404)	(1,205,430)	(1,147,319)
Contribution deficiency (excess)	$ -	$ (7,095,194)	$ -	$ -
Covered-employee payroll	$ 13,545,679	$ 13,215,297	$ 12,519,356	$ 12,349,550
Contributions as a percentage of covered-employee payroll	7.28%	64.58%	9.63%	9.29%

Notes to Schedule:

Actuarial methods and assumptions used to set the ADC for Fiscal Year 2026 was from the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method/Period	Level % of pay basis, 26 years
Inflation	2.75% per annum
Payroll Growth	2.75% per annum, plus CalPERS 2017 Merit Scale
Investment Rate of Return	6.75% per annum.
Healthcare cost-trend rates	6.00% decreasing to an ultimate rate of 4.50%

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

SUPPLEMENTARY INFORMATION -
COMBINING SCHEDULES

RANCHO CALIFORNIA WATER DISTRICT
COMBINING SCHEDULE OF NET POSITION
June 30, 2026

		Santa Rosa Division				
ASSETS:	Rancho California	Water Services	Wastewater Services	Subtotal	Eliminations	Totals
CURRENT ASSETS:						
Unrestricted Assets:						
Cash and cash equivalents	$ 9,047,231	$ 5,902,139	$ 1,284,832	$ 7,186,971	$ -	$ 16,234,202
Investments	39,750,148	25,932,153	5,645,069	31,577,222	-	71,327,370
Accounts receivables:						
Water sales and services	7,891,772	7,093,452	1,088,805	8,182,257	-	16,074,029
Grants	534,260	520,569	302	520,871	-	1,055,131
Intergovernmental	53,872	253,077	-	253,077	-	306,949
Accrued interest receivable	694,696	266,755	13,949	280,704	-	975,400
Current portion of lease receivable	482,580	252,022	-	252,022	-	734,602
Inventory	13,199,668	13,199,668	-	13,199,668	-	26,399,336
Prepaid expenses	224,363	224,363	230,218	454,581	-	678,944
Other assets	314,798	125,695	729	126,424	-	441,222
Due from other fund	18,702,239	-	-	-	(18,702,239)	-
Restricted Assets:						
Cash and cash equivalents	42,807,497	1,183,905	520,740	1,704,645	-	44,512,142
Investments	198,430,718	5,476,846	2,406,710	7,883,556	-	206,314,274
Accrued interest receivable	1,265,772	100,250	37,990	138,240	-	1,404,012
Property taxes and assessments receivable, net	1,055,403	712,050	58,865	770,915	-	1,826,318
TOTAL CURRENT ASSETS	334,455,017	61,242,944	11,288,209	72,531,153	(18,702,239)	388,283,931
NON-CURRENT ASSETS:						
Capital assets:						
Nondepreciable	109,984,317	74,598,511	7,715,404	82,313,915	-	192,298,232
Depreciable, net of accumulated depreciation	261,823,649	152,862,326	6,495,089	159,357,415	-	421,181,064
Investment in joint venture-SRRRA	1,100,176	471,504	7,034,762	7,506,266	-	8,606,442
Lease receivable	12,564,883	3,999,022	-	3,999,022	-	16,563,905
Net OPEB Asset	554,962	531,952	317,510	849,462	-	1,404,424
Other assets	615,415	25,850	12,267	38,117	-	653,532
TOTAL NON-CURRENT ASSETS	386,643,402	232,489,165	21,575,032	254,064,197	-	640,707,599
TOTAL ASSETS	721,098,419	293,732,109	32,863,241	326,595,350	(18,702,239)	1,028,991,530
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred losses (gain) on refundings	5,405,416	7,105,573	(704,444)	6,401,129	-	11,806,545
Deferred outflows from pensions	7,324,609	4,092,812	2,422,892	6,515,704	-	13,840,313
Deferred outflows from OPEB	2,724,092	1,522,706	897,070	2,419,776	-	5,143,868
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,454,117	12,721,091	2,615,518	15,336,609	-	30,790,726
LIABILITIES:						
CURRENT LIABILITIES:						
Payable from Unrestricted Assets:						
Accounts payable	7,063,432	4,460,882	1,097,496	5,558,378	-	12,621,810
Accrued wages and compensation	591,589	572,788	5,074	577,862	-	1,169,451
Construction and service deposits	273,033	472,799	2,703	475,502	-	748,535
Due to other fund	-	17,550,812	1,151,427	18,702,239	(18,702,239)	-
Payable from Restricted Assets:						
Accounts payable	1,163,402	1,761,601	112,746	1,874,347	-	3,037,749
Accrued interest payable	1,354,336	1,762,100	43,351	1,805,451	-	3,159,787
Prepaid capacity fees	-	-	63,349	63,349	-	63,349
Due within one year:						
Compensated absences	1,081,154	1,081,155	-	1,081,155	-	2,162,309
Subscription Based IT Payable	182,285	182,285	-	182,285	-	364,569
Revenue bonds	4,979,594	5,747,248	147,309	5,894,557	-	10,874,151
TOTAL CURRENT LIABILITIES	16,688,824	33,591,670	2,623,455	36,215,125	(18,702,239)	34,201,710
LONG-TERM LIABILITIES:						
Due in more than one year:						
Compensated absences	662,978	662,979	-	662,979	-	1,325,957
Subscription Based IT Payable	272,981	272,981	-	272,981	-	545,961
Revenue bonds	94,431,185	108,988,703	2,793,506	111,782,209	-	206,213,394
Net pension liability	16,053,506	8,766,431	5,057,119	13,823,550	-	29,877,056
TOTAL LONG-TERM LIABILITIES	111,420,650	118,691,093	7,850,625	126,541,718	-	237,962,368
TOTAL LIABILITIES	128,109,474	152,282,763	10,474,080	162,756,843	(18,702,239)	272,164,078
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows from pensions	1,841,523	1,181,903	727,788	1,909,691	-	3,751,214
Deferred inflows from OPEB	4,083,300	2,315,376	1,331,270	3,646,646	-	7,729,946
Deferred inflows from leases	11,397,662	3,581,112	-	3,581,112	-	14,978,774
TOTAL DEFERRED INFLOWS OF RESOURCES	17,322,485	7,078,391	2,059,058	9,137,449	-	26,459,934
NET POSITION:						
Net investment in capital assets	276,189,621	117,623,391	10,453,278	128,076,669	-	404,266,290
Restricted	314,930,956	29,468,655	12,492,343	41,960,998	-	356,891,954
TOTAL NET POSITION	$ 591,120,577	$ 147,092,046	$ 22,945,621	$ 170,037,667	$ -	$ 761,158,244

RANCHO CALIFORNIA WATER DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2026

	Rancho California	Santa Rosa Division: Water Services	Santa Rosa Division: Wastewater Services	Santa Rosa Division: Subtotal	Elimination	Totals
OPERATING REVENUES:						
Charges for services:						
Water sales	$ 27,840,864	$ 20,897,066	$ -	$ 20,897,066	$ -	$ 48,737,930
Water availability charges	16,474,101	9,877,898	-	9,877,898	-	26,351,999
Capacity fees	540,889	103,191	47,236	150,427	-	691,316
Lease revenues	793,178	366,487	-	366,487	-	1,159,665
Change in investment in joint venture	64,325	27,568	911,621	939,189	-	1,003,514
Other services and abatements	2,059,578	2,322,277	4,848,554	7,170,831	-	9,230,409
Grant revenues	2,217,590	2,670,632	-	2,670,632	-	4,888,222
Miscellaneous	2,667,188	2,074,471	358,518	2,432,989	-	5,100,177
TOTAL OPERATING REVENUES	52,657,713	38,339,590	6,165,929	44,505,519	-	97,163,232
OPERATING EXPENSES:						
Source of supply	31,995,315	22,295,794	-	22,295,794	-	54,291,109
Depreciation	13,544,694	10,089,462	534,985	10,624,447	-	24,169,141
General and administrative	9,157,886	2,840,462	995,649	3,836,111	-	12,993,997
Pumping plant	2,065,197	2,597,597	-	2,597,597	-	4,662,794
Transmission and distribution	6,958,782	3,743,552	-	3,743,552	-	10,702,334
Wastewater treatment	-	-	1,381,344	1,381,344	-	1,381,344
Reclaimed water	2,009,018	880,310	-	880,310	-	2,889,328
Other	8,134,182	4,204,690	222,444	4,427,134	-	12,561,316
TOTAL OPERATING EXPENSES	73,865,074	46,651,867	3,134,422	49,786,289	-	123,651,363
OPERATING INCOME (LOSS)	(21,207,361)	(8,312,277)	3,031,507	(5,280,770)	-	(26,488,131)
NONCAPITAL SUBSIDIES:						
Property taxes and assessments	45,977,137	18,397,504	118,062	18,515,566	-	64,492,703
TOTAL NONCAPITAL SUBSIDIES	45,977,137	18,397,504	118,062	18,515,566	-	64,492,703
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	24,769,776	10,085,227	3,149,569	13,234,796	-	38,004,572
OTHER NONOPERATING REVENUES (EXPENSES):						
Investment income	10,459,000	1,689,492	594,733	2,284,225	(710,651)	12,032,574
Interest expense	(3,220,326)	(4,561,567)	(13,798)	(4,575,365)	710,651	(7,085,040)
BABS subsidy	59,689	280,404	-	280,404	-	340,093
Payment to CFD 89-5	(511,000)	(219,000)	-	(219,000)	-	(730,000)
Payment to SRRRA	(332,994)	(142,712)	(2,382,880)	(2,525,592)	-	(2,858,586)
Capital subsidies	3,179,312	4,830,600	-	4,830,600	-	8,009,912
Gain (loss) on the sale of capital assets	19,765	19,765	-	19,765	-	39,530
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	9,653,446	1,896,982	(1,801,945)	95,037	-	9,748,483
INCREASE (DECREASE) IN NET POSITION	34,423,222	11,982,209	1,347,624	13,329,833	-	47,753,055
NET POSITION - BEGINNING OF YEAR	556,697,355	135,109,837	21,597,997	156,707,834	-	713,405,189
NET POSITION - END OF YEAR	$ 591,120,577	$ 147,092,046	$ 22,945,621	$ 170,037,667	$ -	$ 761,158,244

RANCHO CALIFORNIA WATER DISTRICT

FIDUCIARY FUNDS

Custodial Funds

The Community Facilities District (CFD) No. 89-5 of the Rancho California Water District was formed to finance the construction and acquisition of public improvements, together with appurtenant work and incidental expenses, to serve the property located within the CFD.

The CFD No. 99-1 of the Rancho California Water District was formed on September 9, 1999 to finance the purchase, construction, modification, expansion, improvement, or rehabilitation of certain public facilities and the payment of water and sewer connection fees and certain assessment liens.

The CFD. 99-2 of the Rancho California Water District was formed on January 13, 2000 to finance the purchase, construction, modification, expansion, improvement, or rehabilitation of certain public facilities and the payment of water and sewer connection fees and certain assessment liens.

The Re-Assessment District No. 32A of the Rancho California District (AD No. 32A) was formed to finance primary facilities consisting of water storage and transmission from the District's existing water system to the District's properties and secondary improvements such as street, water, and utility improvements.

RANCHO CALIFORNIA WATER DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2026

	CFD 89-5	CFD 99-1	CFD 99-2	Re-Assessment District 32-A	Total
ASSETS:					
Cash and cash equivalents	$ 937,431	$ 1,106,022	$ 424,478	$ -	$ 2,467,931
Investments	1,605,344	294,840	94,349	-	1,994,533
Accounts receivable	36,524	34,581	3,339	-	74,444
Interest receivable	10,950	2,759	948	-	14,657
TOTAL ASSETS	2,590,249	1,438,202	523,114	-	4,551,565
LIABILITIES:					
Accounts payable	6,242	-	2,645	-	8,887
TOTAL LIABILITIES	6,242	-	2,645	-	8,887
NET POSITION					
Restricted for:					
Debt service	$ 2,584,007	$ 1,438,202	$ 520,469	$ -	$ 4,542,678

RANCHO CALIFORNIA WATER DISTRICT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

For the year ended June 30, 2026

	CFD 89-5	CFD 99-1	CFD 99-2	Re-Assessment District 32-A	Total
ADDITIONS:					
Special tax assessments	$ 1,468,730	$ 464,273	$ 146,830	$ 10,285	$ 2,090,118
Interest income (expense)	107,338	52,160	19,696	2,199	181,393
Net increase (decrease) in fair value of investments	(35,006)	(11,150)	(3,678)	-	(49,834)
TOTAL ADDITIONS	1,541,062	505,283	162,848	12,484	2,221,677
DEDUCTIONS:					
Administrative fees	51,680	10,455	13,590	200,172	275,897
Bond principal	1,400,000	410,000	140,000	276,000	2,226,000
Bond interest	76,984	77,926	26,037	5,175	186,122
TOTAL DEDUCTIONS	1,528,664	498,381	179,627	481,347	2,688,019
CHANGES IN NET POSITION	12,398	6,902	(16,779)	(468,863)	(466,342)
NET POSITION - BEGINNING OF YEAR	2,571,609	1,431,300	537,248	468,863	5,009,020
NET POSITION - END OF YEAR	$ 2,584,007	$ 1,438,202	$ 520,469	$ -	$ 4,542,678

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Rancho California Water District
Temecula, California

Independent Auditor's Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rancho California Water District (the District), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 18, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below as item 2026-001, that we consider to be a material weakness.

(2026-001) Material Adjustments Detected During the Audit

Auditing standards require auditors to include an internal control recommendation when material audit adjustments are made. During our audit, we identified a material adjusting journal entry of $3.6M to reduce Construction in Progress and increase grant expense.

Recommendation

We recommend the District establish procedures to tighten up their review of projects included as construction in progress to ensure only items that will result in a capital asset of the District are included in construction in progress.

Management's Comments Regarding Corrective Actions Planned

The $3.6 million adjustment is related to the Regional Agricultural Drought Response Program (Crop Swap), an ongoing multi-year grant program, providing financial incentives to participating agricultural water users. The delayed recognition of these expenses resulted primarily from the ongoing nature of the program and the District's practice of maintaining the project open until completion, rather than from an expectation that these expenditures would ultimately become District capital assets. The program's implementation period extends through December 2026. Management will enhance its review of grant funded projects to ensure grant-related expenditures are timely recognized as expenses and only costs meeting capitalization criteria remain in construction in progress

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to findings identified in our engagement. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarr LLP

Irvine, California
September 18, 2026

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
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To the Board of Directors
Rancho California Water District
Temecula, California

We have audited the financial statements of Rancho California Water District (the District) as of and for the year ended June 30, 2026, and have issued our report thereon dated September 18, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 5, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and proposing journal entries. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate. Proposed journal entries are reviewed by management and approved prior to posting.

Additionally, we utilize a quality control reviewer to perform a second review of the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

We have identified the following significant risks:

- Risk of federal grant noncompliance. We have evaluated the District's federal grants to determine which grants are required to be audited under the Federal Uniform Guidance and tested those grants for compliance.

- Revenue recognition: We tested a sample of revenues to ensure proper revenue recognition accounting standards and cutoff periods are being applied.

- GASB Statement No. 103: We evaluated the District's financial reporting under GASB 103, including the presentation and disclosure requirements, to determine whether the related reporting was appropriate.

- Management override of controls: In accordance with professional auditing standards, we identified the risk of management override of internal controls as a significant risk. We performed testing of non-routine journal entries to address this risk.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements,* and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of which capital projects represent ordinary maintenance activities necessary to keep an asset operational for its originally intended useful life versus significant improvement, replacement, and life extending projects that should be

capitalized as additions to capital assets is based on management's knowledge of the assets and their useful lives. We evaluated the key factors and assumptions used to develop the amounts added to capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of transactions related to net pension liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of transactions related to net OPEB liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the fair value of the investments is based on the custodial statements. We evaluated the key factors and assumptions used to develop the fair value of investments and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

- The disclosure of pensions in note 6 to the financial statements.

- The disclosure of OPEB in note 7 to the financial statements.

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

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. As a result of our audit procedures, we identified an adjusting journal entry for $3.6M to reduce construction in progress and increase grant expenses, for costs that would not result in a capital asset to the District.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated September 18, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

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

DavisFarr LLP

Irvine, California
September 18, 2026

Rancho Water
WORKING FOR OUR COMMUNITY

Board of Directors
Brian J. Brady
President
J. D. Harkey
Senior Vice President
Carol Lee Gonzales-Brady
John E. Hoagland
William E. Plummer
John V. Rossi
Bill J. Wilson

Officers
Jason A. Martin
General Manager
Dan Ruiz
Assistant General Manager – Engineering & Operations
Kathleen M. Naylor
Chief Financial Officer/Treasurer
Jennifer A. Serna
District Secretary
James B. Gilpin
Best Best & Krieger LLP
General Counsel

Rancho California Water District
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RanchoWater.com

September 18, 2026

Davis Farr LLP
18201 Von Karmen Ave, Suite 1100
Irvine, CA 92612

This representation letter is provided in connection with your audit of the financial statements of the Rancho California Water District (District), as of June 30, 2026, and for the period then ended, the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 18, 2026:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 5, 2026, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All net position components and fund balance classifications have been properly reported and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets and right-to-use assets, are properly capitalized, reported, and if applicable, depreciated or amortized.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to items reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to preparing the financial statements and proposing journal entries, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters.
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report.
  - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.

- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions, events present, concentrations and constraints, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), analysts, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
  - The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses, and Changes in Net position, Fiduciary Funds, Combining Statement of Fiduciary Net Position – Custodial Funds, and Combining Statement of Changes in Fiduciary Net Position – Custodial Funds accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses, and Changes in Net position, Combining Statement of Fiduciary Net Position – Custodial Funds, and Combining Statement of Changes in Fiduciary Net Position – Custodial Funds in accordance US. GAAP.
b. We believe the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses, and Changes in Net position, Combining Statement of Fiduciary Net Position – Custodial Funds, and Combining Statement of Changes in Fiduciary Net Position – Custodial Funds, including its form and content, is fairly presented in accordance with US. GAAP.
c. The methods of measurement or presentation have not changed from those used in the prior period.
d. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the Management Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions – Defined Benefit Pension Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the Management Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions – Defined Benefit Pension Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions in accordance with U.S. GAAP.
b. We believe the Management Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions – Defined Benefit Pension Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
c. The methods of measurement or presentation have not changed from those used in the prior period.

Jason A. Martin, General Manager

Kathleen Naylor

Kathleen Naylor, Chief Financial Officer/Treasurer

COMMUNITY FACILITIES DISTRICT NO. 89-5
OF THE RANCHO CALIFORNIA WATER DISTRICT

Basic Financial Statements

Year ended June 30, 2026

COMMUNITY FACILITIES DISTRICT NO. 89-5
OF THE RANCHO CALIFORNIA WATER DISTRICT

Basic Financial Statements

Year ended June 30, 2026

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Independent Auditor's Report

Board of Directors
Community Facilities District No. 89-5
of the Rancho California Water District
Temecula, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Community Facilities District No. 89-5 of the Rancho California Water District ("CFD"), as of and for the year June 30, 2026, and the related notes to the basic financial statements, which collectively comprise CFD's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community Facilities District No. 89-5 of the Rancho California Water District, as of June 30, 2026, and the changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

The Community Facilities District No. 89-5 of the Rancho California Water District's 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 CFD's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

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

In performing an audit in accordance with GAAS, 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 CFD'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 CFD'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* 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.

Report on Summarized Comparative Information

We have previously audited the Community Facilities District No. 89-5 of the Rancho California Water District's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2026 on our consideration of the CFD'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 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 CFD's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
September 18, 2026

COMMUNITY FACILITIES DISTRICT NO. 89-5
OF THE RANCHO CALIFORNIA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026

This section of the Community Facilities District No. 89-5's (CFD) annual financial report presents our analysis of the CFD's financial performance during the fiscal year that ended on June 30, 2026. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Community Facilities District No. 89-5's basic financial statements. The CFD's basic financial statements consist of two components: (1) financial statements and (2) notes to financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the CFD report information about the CFD using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all the CFD's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the CFD's creditors (liabilities).

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the revenues and expenses of the CFD.

The final financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the CFD's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE COMMUNITY FACILITIES DISTRICT

Our analysis of the CFD begins on page 5 of management's discussion and analysis. One of the most important questions asked about the CFD's finances is "is the CFD, as a whole, better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the CFD's activities in a way that will help answer this question. These two statements report the net position of the CFD and changes in them. You can think of the CFD's net position – the difference between assets and liabilities – as one way to measure financial health or financial position.

Over time, increases or decreases in the CFD's net position are indicators of whether its financial health is improving or deteriorating. Since the CFD is a financing entity, all the revenues and principal collected on the investment in Community Facilities District No. 89-5 Special Tax Bonds is used to pay the interest and principal on the Bonds resulting in no change in net position.

NET POSITION

To begin our analysis, a summary of the CFD's Statement of Net Position is presented in Table 1.

TABLE 1
Condensed Statement of Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Current Assets	$ 47,474	$ 35,796	$ 11,678
Restricted Assets	2,542,775	2,545,632	(2,857)
Non-Current Assets	2,313,670	3,720,268	(1,406,598)
Total Assets	4,903,919	6,301,697	(1,397,778)
Deferred Outflows of Resources	-	-	-
Current Liabilities	1,514,075	1,416,727	97,348
Long-Term Debt	3,389,844	4,884,969	(1,495,126)
Total Liabilities	4,903,919	6,301,697	(1,397,778)
Net Position	$ -	$ -	$ -

As can be seen from the table above, total assets decreased $1,397,778 to $4,903,919 in fiscal year 2026, down from $6,301,697 in fiscal year 2025. The decrease is due to bond interest and principal payments.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

TABLE 2
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Total Operating Revenues	$ 134,463	$ 187,320	$ (52,857)
Total Operating Expenses	56,554	58,271	(1,717)
Operating Income	77,909	129,049	(51,139)
Non-operating Expenses			
Bond Interest	77,909	129,049	(51,140)
Total Nonoperating Expenses	77,909	129,049	(51,140)
Changes in Net Position	-	-	-
Net Position, Beginning of Year	-	-	-
Net Position, End of Year	$ -	$ -	$ -

The operating revenues of $134,463 were used to pay the interest owed on the bonds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The CFD does not own any capital assets.

Long-Term Debt – At year end, the CFD had $4,900,000 in long-term debt, down from $6,300,000 in fiscal year 2025, for a decrease of $1,400,000. The decrease is due to the CFD paying the principal due in fiscal year 2026. More detailed information about the CFD's long-term debt is presented on pages 18 and 19 in the Notes to Financial Statements.

CONTACTING THE CFD'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the CFD's finances and to demonstrate the CFD's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Rancho California Water District's Department of Finance.

COMMUNITY FACILITIES DISTRICT NO. 89-5
OF THE RANCHO CALIFORNIA WATER DISTRICT

Statement of Net Position

June 30, 2026
(with prior year comparative totals)

	2026	2025
ASSETS:		
CURRENT ASSETS:		
Accounts receivable - taxes	$ 36,524	$ 31,302
Interest receivable	10,950	4,494
Restricted assets (Note 4):		
Cash and cash equivalents (Note 3)	937,431	1,660,121
Investments (Note 3)	1,605,344	885,511
TOTAL CURRENT ASSETS	2,590,249	2,581,428
NONCURRENT ASSETS:		
Special tax assessments receivable	2,313,670	3,720,269
TOTAL ASSETS	4,903,919	6,301,697
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	6,242	9,821
Accrued interest payable	7,833	6,908
Current portion of bonds payable (Note 5)	1,500,000	1,400,000
TOTAL CURRENT LIABILITIES	1,514,075	1,416,729
NONCURRENT LIABILITIES:		
Bonds payable (Note 5)	3,389,844	4,884,968
TOTAL NONCURRENT LIABILITIES	3,389,844	4,884,968
TOTAL LIABILITIES	4,903,919	6,301,697
NET POSITION	$ -	$ -

See accompanying notes to the basic financial statements.

COMMUNITY FACILITIES DISTRICT NO. 89-5
OF THE RANCHO CALIFORNIA WATER DISTRICT

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
OPERATING REVENUES:		
Special tax assessments	$ 62,131	$ 90,087
Investment income (loss)	72,332	97,233
TOTAL OPERATING REVENUES	134,463	187,320
OPERATING EXPENSES:		
Amortization	4,875	4,874
Administrative fees	51,679	53,397
TOTAL OPERATING EXPENSES	56,554	58,271
OPERATING INCOME	77,909	129,049
NONOPERATING EXPENSES:		
Bond interest	77,909	129,049
TOTAL NONOPERATING EXPENSES	77,909	129,049
CHANGES IN NET POSITION	-	-
NET POSITION, BEGINNING OF YEAR	-	-
NET POSITION, END OF YEAR	$ -	$ -

See accompanying notes to the basic financial statements.

COMMUNITY FACILITIES DISTRICT NO. 89-5
OF THE RANCHO CALIFORNIA WATER DISTRICT

Statement of Cash Flows

Year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from special tax assessments	$ 1,463,508	$ 1,387,565
Administrative expenses paid	(55,258)	(53,163)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,408,250	1,334,402
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on debt	(76,984)	(137,829)
Principal paid on long-term debt	(1,400,000)	(1,300,000)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,476,984)	(1,437,829)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	65,877	98,238
Purchase of investments	(1,620,750)	(2,548,112)
Sale of investments	900,917	3,187,491
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(653,956)	737,617
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(722,690)	634,190
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,660,121	1,025,931
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 937,431	$ 1,660,121
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 77,909	$ 129,049
Adjustment to reconcile operating income to net cash provided by operating activities:		
Amortization	4,875	4,874
Investment income (loss)	(72,332)	(97,233)
(Increase) Decrease in accounts receivable - taxes	(5,222)	(13,875)
(Increase) Decrease in special tax assessment receivable	1,406,599	1,311,353
Increase (Decrease) in accounts payable	(3,579)	234
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,408,250	$ 1,334,402

There were no significant noncash investing, capital and financing activities.

See accompanying notes to the basic financial statements.

COMMUNITY FACILITIES DISTRICT NO. 89-5
OF THE RANCHO CALIFORNIA WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2026

1. ORGANIZATION AND PURPOSE:

The Community Facilities District No. 89-5 of the Rancho California Water District (CFD) was formed to finance the construction and acquisition of public improvements, together with appurtenant work and incidental expenses, to serve the property located within the CFD. The financing was accomplished through the authorization of special tax bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 adopted by the Board of Directors of the County of Riverside (the County) acting as the legislative body of the CFD. In August 1998, the County issued refunding bonds to advance refund the CFD's outstanding bonds payable. These refunding bonds are only payable from certain proceeds of an annual special tax to be levied and collected from property located within the CFD and from certain bond proceeds pledged in the issuance. If the special taxes are not paid when due, the only sources of funds to repay the bonds are amounts held in the bond reserve fund, letter of credit, or proceeds, if any, from foreclosure sales of land within the Community Facilities District following a delinquency in the special tax payment. On July 26, 2001, the administration of Community Facilities District 89-5 was transferred to the Rancho California Water District (the District) and the name of the entity was changed to Community Facilities District 89-5 of the Rancho California Water District. The Rancho California Water District entered into an agreement with CFD 89-5 to pay special taxes each year to be used for the payment of principal and interest on the outstanding bonds, administrative expenses and to replenish reserve funds. In the event of any short fall in the amount of special taxes collected to pay the debt service on the bonds, a levy will be placed upon the Rancho California Water District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the CFD's significant accounting policies follows:

a. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the economic resource measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on their statement of net position.

Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The CFD distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from interest earned on investments and special tax assessments and operating expenses consist of administrative fees and amortization.

b. Revenue Recognition:

Interest has been imputed on the special tax assessments receivable in an amount equal to the difference between bond interest and related administrative expenses less interest earned on cash and investments.

c. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The CFD has no deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The CFD has no deferred inflows of resources.

d. Bond Discount:

The bond discount, net of accumulated amortization, was $10,156 as of June 30, 2026, and has been reported as a deduction from bonds payable.

e. Cash and Cash Equivalents:

For the purposes of the statement of cash flows the CFD considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

f. Fair Value Measurements:

The CFD categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the CFD has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the CFD's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the CFD's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the CFD's management. CFD management considers observable data to be market data that is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to CFD management's perceived risk of that investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

g. Use of Estimates:

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

h. Prior Year Data:

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

3. CASH AND INVESTMENTS:

Cash and investments held by the CFD were comprised of the following at June 30, 2026:

Cash and cash equivalents	$ 937,431
Investments	1,605,344
Total Cash and Investments	$ 2,542,775

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. The table on the following page identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of risk.

3. CASH AND INVESTMENTS (Continued):

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum in One Issuer
U.S. Treasury Notes	No Limitation	No Limitation	No Limitation
U.S. Government Sponsored Agency Securities	No Limitation	No Limitation	No Limitation
State Obligations or Political Subdivision of States	No Limitation	No Limitation	No Limitation
Bank Time Deposits	30/360 days	No Limitation	No Limitation
Bankers Acceptances	360 days	No Limitation	No Limitation
Repurchase Agreements	No Limitation	No Limitation	No Limitation
Corporate Commercial Paper	270 days	No Limitation	No Limitation
Taxable U.S. Government Money Market Mutual Funds	No Limitation	No Limitation	No Limitation
Investment Agreements	No Limitation	No Limitation	No Limitation

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the CFD manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations. The CFD monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration measures the investment's exposure to fair value arising from changing interest rates.

Investment Type	Total as of June 30, 2026	Weighted Average Duration (in years)
Held by Fiscal Agent:		
U.S. Treasury Notes	$ 1,605,344	0.70
Money Market Mutual Funds	937,431	-
Total	$ 2,542,775	

3. CASH AND INVESTMENTS (Continued):

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the Standard and Poor's credit ratings for the CFD's investments.

Investment Type	Total as of June 30, 2026	Minimum Legal Rating	Exempt from Rating	AAA
Held by Fiscal Agent:				
U.S. Treasury Notes	$ 1,605,344	N/A	$ 1,605,344	$ -
Money Market Mutual Funds	937,431	AAA	-	937,431
Total	$ 2,542,775		$ 1,605,344	$ 937,431

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the CFD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure CFD deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

3. CASH AND INVESTMENTS (Continued):

Fair Value Measurements:

The following is a description of the recurring valuation methods and assumptions used by the CFD to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by CFD's asset manager from third party service provider.

For a large portion of the CFD's portfolio, the CFD's asset manager applies their leveling methodology across all securities in a specific sector. Inputs to their pricing models are based on observable market inputs in active markets.

The CFD has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Held by Fiscal Agent:				
U.S. Treasury Notes	$ -	$ 1,605,344	$ -	$ 1,605,344

4. RESTRICTED ASSETS:

Restricted assets were provided by, and are to be used for, the following:

Funding Source	Use		
Bond proceeds and interest earned	Bond Reserves	$	1,764,823
Bond proceeds, interest earned and special tax assessments	Debt Service		777,952
		$	2,542,775

5. BONDS PAYABLE:

Changes in long-term liabilities for the year ended June 30, 2026, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Refunding bonds	$ 6,300,000	$ -	$ (1,400,000)	$ 4,900,000	$ 1,500,000
Less:					
Unamortized discount	(15,032)	-	4,875	(10,156)	-
Total	$ 6,284,968	$ -	$ (1,395,125)	$ 4,889,844	$ 1,500,000

In August 1998, $19,500,000 principal amount of Special Tax Refunding Bonds was issued by the Community Facilities District 89-5 of the County of Riverside for refunding 1991 Special Tax Bonds previously issued to finance the acquisition and construction of public roads, water, sewer, flood control and drainage improvements, parkway landscaping, and incidental costs associated with the improvements.

The bonds are subject to Mandatory Sinking Fund payments varying from $100,000 to $1,800,000 from fiscal year 2000 through fiscal year 2029.

The Series 1998 Bonds may bear interest at a Weekly Mode, Long Term Put Mode, or Fixed Rate Mode (individually, a “Mode”), as elected by the CFD, and any rate determined during such Mode (an “Adjusted Interest Rate”) will remain in effect for the period that such rate remains in effect pursuant to the Fiscal Agency Agreement (the “Adjustment Period”).

5. BONDS PAYABLE (Continued):

Future maturities for the bonds and interest payment (using an interest rate of 1.33%) subsequent to June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 1,500,000	$ 103,268	$ 1,603,268
2028	1,600,000	64,698	1,664,698
2029	1,800,000	22,395	1,822,395
Subtotal	4,900,000	190,361	5,090,361
Less: Unamortized discount	(10,156)	-	(10,156)
Total	$ 4,889,844	$ 190,361	$ 5,080,205

The reserve requirement for the bonds was $1,715,119 at June 30, 2026. The balance of the reserve fund at June 30, 2026, was $1,764,823. The reserve fund is in compliance with the bond requirements as of June 30, 2026.

COMMUNITY FACILITIES DISTRICT NO. 99-1
OF THE RANCHO CALIFORNIA WATER DISTRICT

Basic Financial Statements

Year ended June 30, 2026

COMMUNITY FACILITIES DISTRICT NO. 99-1
OF THE RANCHO CALIFORNIA WATER DISTRICT

Basic Financial Statements

Year ended June 30, 2026

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Independent Auditor's Report

Board of Directors
Community Facilities District No. 99-1
of the Rancho California Water District
Temecula, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Community Facilities District No. 99-1 of the Rancho California Water District ("CFD") as of and for the year June 30, 2026, and the related notes to the financial statements, which collectively comprise the CFD's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CFD, as of June 30, 2026, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community Facilities District No. 99-1 of the Rancho California Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Community Facilities District No. 99-1 of the Rancho California Water District's 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 CFD's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 CFD'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 CFD'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* 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.

Report on Summarized Comparative Information

We have previously audited the Community Facilities District No. 99-1 of the Rancho California Water District's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2026 on our consideration of the CFD'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 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 CFD's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
September 18, 2026

COMMUNITY FACILITIES DISTRICT NO. 99-1
OF THE RANCHO CALIFORNIA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026

This section of the Community Facilities District No. 99-1's (CFD) annual financial report presents our analysis of the CFD's financial performance during the fiscal year that ended on June 30, 2026. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Community Facilities District No. 99-1's basic financial statements. The CFD's basic financial statements consist of two components: (1) financial statements and (2) notes to financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the CFD report information about the CFD using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the CFD's assets, deferred outflows of resources and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the CFD's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the revenues and expenses of the CFD.

The final financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the CFD's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE COMMUNITY FACILITIES DISTRICT

Our analysis of the CFD begins on page 4 of management's discussion and analysis. One of the most important questions asked about the CFD's finances is "is the CFD, as a whole, better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the CFD's activities in a way that will help answer this question. These two statements report the net position of the CFD and changes in them. You can think of the CFD's net position – the difference between assets, deferred outflows of resources and liabilities – as one way to measure financial health or financial position.

Over time, increases or decreases in the CFD's net position are indicators of whether its financial health is improving or deteriorating. Since the CFD is a financing entity, all the revenues and principal collected on the investment in Community Facilities District No. 99-1 Special Tax Bonds is used to pay the interest and principal on the Bonds resulting in no change in net position.

NET POSITION

To begin our analysis, a summary of the CFD's Statement of Net Position is presented in Table 1.

TABLE 1
Condensed Statement of Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Current Assets	$ 37,340	$ 36,516	$ 824
Restricted Assets	1,400,862	1,396,768	4,094
Non-Current Assets	611,609	994,230	(382,621)
Total Assets	2,049,811	2,427,514	(377,703)
Deferred Outflows of Resources	206,794	251,108	(44,314)
Current Liabilities	448,923	440,008	8,915
Long-Term Debt	1,807,682	2,238,614	(430,932)
Total Liabilities	2,256,605	2,678,622	(422,017)
Net Position	$ -	$ -	$ -

As can be seen from the table above, total assets decreased $377,703 to $2,049,811 in fiscal year 2026, down from $2,427,514 in fiscal year 2025. This decrease is due to bond interest and principal payments.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

TABLE 2
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Total Operating Revenues	$ 122,662	$ 130,801	$ (8,139)
Total Operating Expenses	48,836	44,775	4,061
Operating Income	73,826	86,026	(12,200)
Non-operating Expenses			
Bond Interest	73,826	86,026	(12,200)
Total Nonoperating Expenses	73,826	86,026	(12,200)
Changes in Net Position	-	-	-
Net Position, Beginning of Year	-	-	-
Net Position, End of Year	$ -	$ -	$ -

The operating revenues of $122,662 were used to pay the interest owed on the bonds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The CFD does not own any capital assets.

Long-Term Debt – At year end, the CFD had $2,205,000 in long-term debt, down from $2,615,000 in fiscal year 2025, for a decrease of $410,000. The decrease is due to paying the principal due in fiscal year 2025. More detailed information about the CFD's long-term debt is presented on pages 18 and 19 in the Notes to Financial Statements.

CONTACTING THE CFD'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the CFD's finances and to demonstrate the CFD's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Rancho California Water District's Department of Finance.

COMMUNITY FACILITIES DISTRICT NO. 99-1
OF THE RANCHO CALIFORNIA WATER DISTRICT

Statement of Net Position

June 30, 2026
(with prior year comparative totals)

	2026	2025
ASSETS:		
CURRENT ASSETS:		
Accounts receivable - taxes	$ 20,936	$ 18,058
Accounts receivable - Rancho California Water District	13,645	17,536
Interest receivable	2,759	922
Restricted assets (Note 4):		
Cash and cash equivalents (Note 3)	919,264	1,101,928
Investments (Note 3)	481,598	294,840
TOTAL CURRENT ASSETS	1,438,202	1,433,284
NONCURRENT ASSETS:		
Special tax assessments receivable	611,609	994,230
TOTAL ASSETS	2,049,811	2,427,514
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	206,794	251,108
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	-	1,982
Accrued interest payable	23,923	28,026
Current portion of bonds payable (Note 5)	425,000	410,000
TOTAL CURRENT LIABILITIES	448,923	440,008
NONCURRENT LIABILITIES:		
Bonds payable (Note 5)	1,807,682	2,238,614
TOTAL NONCURRENT LIABILITIES	1,807,682	2,238,614
TOTAL LIABILITIES	2,256,605	2,678,622
NET POSITION	$ -	$ -

See accompanying notes to the basic financial statements.

COMMUNITY FACILITIES DISTRICT NO. 99-1
OF THE RANCHO CALIFORNIA WATER DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
OPERATING REVENUES:		
Special tax assessments	$ 81,652	$ 79,183
Interest income	41,010	51,618
TOTAL OPERATING REVENUES	122,662	130,801
OPERATING EXPENSES:		
Amortization	38,381	38,381
Administrative fees	10,455	6,394
TOTAL OPERATING EXPENSES	48,836	44,775
OPERATING INCOME	73,826	86,026
NONOPERATING EXPENSES:		
Bond interest	73,826	86,026
TOTAL NONOPERATING EXPENSES	73,826	86,026
CHANGES IN NET POSITION	-	-
NET POSITION, BEGINNING OF YEAR	-	-
NET POSITION, END OF YEAR	$ -	$ -

See accompanying notes to the basic financial statements.

COMMUNITY FACILITIES DISTRICT NO. 99-1
OF THE RANCHO CALIFORNIA WATER DISTRICT

Statement of Cash Flows

Year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from special tax assessments	$ 465,286	$ 475,241
Administrative expenses paid	(12,437)	(4,436)
NET CASH PROVIDED BY OPERATING ACTIVITIES	452,849	470,805
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on debt	(77,929)	(89,926)
Principal paid on long-term debt	(410,000)	(390,000)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(487,929)	(479,926)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	39,173	51,618
Purchase of investments	(870,418)	(852,042)
Sale of investments	683,661	888,327
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(147,584)	87,903
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(182,664)	78,782
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,101,928	1,023,146
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 919,264	$ 1,101,928
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 73,826	$ 86,026
Adjustment to reconcile operating income to net cash provided by operating activities:		
Amortization	38,381	38,381
Investment income	(41,010)	(51,618)
(Increase) Decrease in accounts receivables	1,013	(3,839)
(Increase) Decrease in special tax assessment receivable	382,621	399,897
Increase (Decrease) in accounts payable	(1,982)	1,958
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 452,849	$ 470,805

There were no significant noncash investing, capital and financing activities.

See accompanying notes to the basic financial statements.

COMMUNITY FACILITIES DISTRICT NO. 99-1
OF THE RANCHO CALIFORNIA WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2026

1. ORGANIZATION AND PURPOSE:

The Community Facilities District No. 99-1 of the Rancho California Water District (the CFD) was formed on September 9, 1999 to finance the purchase, construction, modification, expansion, improvement, or rehabilitation of certain public facilities and the payment of water and sewer connection fees and certain assessment liens. The financing was accomplished through the authorization and issuance in November 1999 of Special Tax Bonds pursuant to the Mello-Roos Community Facilities Act of 1982 adopted by the Board of Directors of the Rancho California Water District (the District) acting as the legislative body of the CFD. In July 2005, the CFD issued 2005 Limited Obligation Refunding Bonds to refund the outstanding balance on the 1999 Special Tax Bonds. In August 2015, the CFD issued 2015 Limited Obligation Refunding Bonds to refund the outstanding balance on the 2005 Limited Obligation Refunding Bonds.

The Special Tax Bonds are payable from proceeds of special taxes levied on certain property within the Improvement Areas. Neither the special taxes levied and collected in one Improvement Area nor the monies in the funds and accounts established under one issuance may be used to pay debt service on the Bonds issued pursuant to the other issuance and with respect to the other Improvement Area.

If the special taxes are not paid when due, the only sources of funds to repay the bonds are amounts held in the bond reserve funds, or proceeds, if any, from foreclosure sales of land within the Community Facilities District following a delinquency in the special tax payment. Neither the faith and credit nor the taxing power of the Rancho California Water District, the State of California, or any other political subdivision thereof is pledged to the payment of the bonds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the CFD's significant accounting policies follows:

a. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the economic resource measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on their statement of net position.

Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The CFD distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from interest earned on investments and special tax assessments and operating expenses consist of administrative fees and amortization.

b. Revenue Recognition:

Interest has been imputed on the special tax assessments receivable in an amount equal to the difference between bond interest and related administrative expenses, less interest earned on cash and investments.

c. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The CFD has one item that qualifies for reporting in this category. It is the deferred amount on refunding. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The CFD has no deferred inflows of resources.

d. Bond Premiums:

Bond premium, net of accumulated amortization, was $27,682 and has been reported as an addition to bonds payable.

e. Cash and Cash Equivalents:

For the purposes of the statement of cash flows the CFD considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

f. Fair Value Measurements:

The CFD categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the CFD has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the CFD's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the CFD's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the CFD's management. CFD management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to CFD management's perceived risk of that investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

g. Use of Estimates:

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

h. Prior Year Data:

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

3. CASH AND INVESTMENTS:

Cash and investments held by the CFD were comprised of the following at June 30, 2026:

Cash and cash equivalents	$	919,264
Investments		481,598
Total Cash and Investments	$	1,400,862

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. The table on the following page identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of risk.

3. CASH AND INVESTMENTS (Continued):

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum in One Issuer
U.S. Treasury Notes	No Limitation	No Limitation	No Limitation
U.S. Government Sponsored Agency Securities	No Limitation	No Limitation	No Limitation
State Obligations or Political Subdivision of States	No Limitation	No Limitation	No Limitation
Bank Time Deposits	No Limitation	No Limitation	No Limitation
Certificates of Deposit	No Limitation	No Limitation	No Limitation
Repurchase Agreements	No Limitation	No Limitation	No Limitation
Corporate Commercial Paper	No Limitation	No Limitation	No Limitation
Taxable U.S. Government Money Market Mutual Funds	No Limitation	No Limitation	No Limitation
Investment Agreements	No Limitation	No Limitation	No Limitation
State of California Local Agency Investment Fund (LAIF)	No Limitation	No Limitation	$ 50,000,000

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the CFD manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations. The CFD monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration measures the investment's exposure to fair value arising from changing interest rates.

Investment Type	Total as of June 30, 2026	Weighted Average Duration (in years)
Held by Fiscal Agent:		
U.S. Treasury Notes	$ 481,598	0.85
Money Market Mutual Funds	919,264	-
Total	$ 1,400,862	

3. CASH AND INVESTMENTS (Continued):

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the Standard and Poor's credit ratings for the CFD's investments.

Investment Type	Total	Minimum Legal Rating	Exempt from Rating	AAA
Held by Fiscal Agent:				
U.S. Treasury Notes	$ 481,598	N/A	$ 481,598	$ -
Money Market Mutual Funds	919,264	AAA	-	919,264
Total	$ 1,400,862		$ 481,598	$ 919,264

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the CFD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure CFD deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements:

The following is a description of the recurring valuation methods and assumptions used by the CFD to estimate the fair value of its investments. The methods described may produce a fair value

calculation that may not be indicative of net realizable value or reflective of future fair values.

3. CASH AND INVESTMENTS (Continued):

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by CFD's asset manager from a third-party service provider.

For a large portion of the CFD's portfolio, the CFD's asset manager applies their leveling methodology across all securities in a specific sector. Inputs to their pricing models are based on observable market inputs in active markets.

The CFD has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Held by Fiscal Agent:				
U.S. Treasury Bills	$ -	$ 481,598	$ -	$ 481,598

4. RESTRICTED ASSETS:

Restricted assets were provided by, and are to be used for, the following:

Funding Source	Use		
Bond proceeds, interest earned, and special tax assessments	Debt Service	$	887,617
Bond proceeds and interest earned	Bond Reserves		513,245
		$	1,400,862

5. BONDS PAYABLE:

Changes in long-term liabilities for the year ended June 30, 2026, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Refunding Bonds	$ 2,615,000	$ -	$ (410,000)	$ 2,205,000	$ 425,000
Add:					
Unamortized premium	33,614	-	(5,932)	27,682	-
Total	$ 2,648,614	$ -	$ (415,932)	$ 2,232,682	$ 425,000

The CFD was established and authorized to issue bonds in an amount not to exceed $6,500,000 in Improvement Area A and in an amount not to exceed $6,000,000 in Improvement Area B. In November 1999, the CFD issued $5,625,000 of Special Tax Bonds in Improvement Area A and $4,475,000 of Special Tax Bonds in Improvement Area B. In July 2005, the CFD issued $5,340,000 and $4,080,000 in Improvement Area A and B, respectively, of CFD 99-1 of the Rancho California Water District Limited Obligation Refunding Bonds. These refunding bonds were issued to advance refund the outstanding balance on the 1999 Bonds. In August 2015, the CFD issued $3,080,000 and $2,645,000 in Improvement Area A and B, respectively, of CFD 99-1 of the Rancho California Water District Limited Obligation Refunding Bonds. These refunding bonds were issued to advance refund the outstanding balance on the 2005 Bonds. The refunding bonds mature annually through September 2030 and bear interest ranging from 2.000% to 4.000%.

The net proceeds, together with prior funds on hand, were used to purchase direct obligations of the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 Special Tax Bonds. As a result, the bonds are defeased and the liability for the 2005 Bonds has been removed from the long-term debt.

The refunding resulted in a difference between the reacquisition and the net carrying amount of the old debt of $690,543. The difference is being charged to operations ratably through the fiscal year 2031 and is reported in the accompanying financial statements, net of accumulated amortization, as a deferred outflow of resources.

5. BONDS PAYABLE (Continued):

Future maturities for the bonds subsequent to June 30, 2026, are as follows:

Year Ending	Improvement Area A Special Tax Bonds		Improvement Area B Special Tax Bonds		
June 30,	Principal	Interest	Principal	Interest	Total
2027	$ 230,000	$ 35,288	$ 195,000	$ 30,113	$ 490,401
2028	235,000	28,312	200,000	24,187	487,499
2029	235,000	20,969	205,000	17,856	478,825
2030	245,000	12,862	205,000	10,938	473,800
2031	245,000	4,287	210,000	3,675	462,962
Subtotal	1,190,000	101,718	1,015,000	86,769	2,393,487
Add:					
Unamortized Premium	14,912	-	12,770	-	27,682
Total	$ 1,204,912	$ 101,718	$ 1,027,770	$ 86,769	$ 2,421,169

The aggregate reserve requirement for the bonds was $494,428 at June 30, 2026. The CFD's aggregate reserve fund at June 30, 2026, was $513,245.

COMMUNITY FACILITIES DISTRICT NO. 99-2
OF THE RANCHO CALIFORNIA WATER DISTRICT

Basic Financial Statements

Year ended June 30, 2026

COMMUNITY FACILITIES DISTRICT NO. 99-2
OF THE RANCHO CALIFORNIA WATER DISTRICT

Basic Financial Statements

Year ended June 30, 2026

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Independent Auditor's Report

Board of Directors
Community Facilities District No. 99-2
of the Rancho California Water District
Temecula, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Community Facilities District No. 99-2 of the Rancho California Water District ("CFD"), as of and for the year June 30, 2026, and the related notes to the basic financial statements, which collectively comprise the CFD's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CFD, as of June 30, 2026, and the changes in financial position and cash flows for the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CFD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Community Facilities District No. 99-2 of the Rancho California Water District's 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 CFD's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not

absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 CFD'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 CFD'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* 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.

Report on Summarized Comparative Information

We have previously audited the CFD's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2026 on our consideration of the CFD'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 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 CFD's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
September 18, 2026

COMMUNITY FACILITIES DISTRICT NO. 99-2
OF THE RANCHO CALIFORNIA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026

This section of the Community Facilities District No. 99-2's (CFD) annual financial report presents our analysis of the CFD's financial performance during the fiscal year that ended on June 30, 2026. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Community Facilities District No. 99-2's basic financial statements. The CFD's basic financial statements consist of two components: (1) financial statements and (2) notes to financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the CFD report information about the CFD using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the CFD's assets, deferred outflows of resources and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the CFD's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the revenues and expenses of the CFD.

The final financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the CFD's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE COMMUNITY FACILITIES DISTRICT

Our analysis of the CFD begins on page 4 of management's discussion and analysis. One of the most important questions asked about the CFD's finances is "is the CFD, as a whole, better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the CFD's activities in a way that will help answer this question. These two statements report the net position of the CFD and changes in them. You can think of the CFD's net position – the difference between assets, deferred outflows of resources and liabilities – as one way to measure financial health or financial position.

Over time, increases or decreases in the CFD's net position are indicators of whether its financial health is improving or deteriorating. Since the CFD is a financing entity, all the revenues and principal collected on the investment in Community Facilities District No. 99-2 Special Tax Bonds is used to pay the interest and principal on the Bonds resulting in no change in net position.

NET POSITION

To begin our analysis, a summary of the CFD's Statement of Net Position is presented in Table 1.

TABLE 1
Condensed Statement of Net position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Current Assets	$ 4,287	$ 7,485	$ (3,198)
Restricted Assets	518,827	531,316	(12,489)
Non-Current Assets	150,510	259,703	(109,193)
Total Assets	673,624	798,504	(124,880)
Deferred Outflows of Resources	81,485	98,946	(17,461)
Current Liabilities	150,624	150,932	(308)
Long-Term Debt	604,485	746,518	(142,033)
Total Liabilities	755,109	897,450	(142,341)
Net Position	$ -	$ -	$ -

As can be seen from the table above, total assets decreased $124,880 to $673,624 in fiscal year 2026, down from $798,504 in fiscal year 2025. This decrease is due to bond interest and principal payments.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

TABLE 2
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Total Operating Revenues	$ 53,654	$ 49,060	$ 4,594
Total Operating Expenses	29,017	20,273	8,743
Operating Income	24,637	28,787	(4,150)
Non-operating Expenses			
Bond Interest	24,637	28,787	(4,150)
Total Nonoperating Expenses	24,637	28,787	(4,150)
Changes in Net Position	-	-	-
Net Position, Beginning of Year	-	-	-
Net Position, End of Year	$ -	$ -	$ -

The operating revenues of $53,654 were used to pay the interest owed on the bonds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The CFD does not own any capital assets.

Long-Term Debt – At year end, the CFD had $735,000 in long-term debt, down from $875,000 in fiscal year 2025, for a decrease of $140,000. The decrease is due to paying the principal due in fiscal year 2026. More detailed information about the CFD's long-term debt is presented on pages 18 and 19 in the Notes to Financial Statements.

CONTACTING THE CFD'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the CFD's finances and to demonstrate the CFD's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Rancho California Water District's Department of Finance.

COMMUNITY FACILITIES DISTRICT NO. 99-2
OF THE RANCHO CALIFORNIA WATER DISTRICT

Statement of Net Position

June 30, 2026
(with prior year comparative totals)

	2026	2025
ASSETS:		
CURRENT ASSETS:		
Accounts receivable - taxes	$ 3,339	$ 3,499
Accounts receivable - Rancho California Water District	-	3,656
Interest receivable	948	330
Restricted assets (Note 4):		
Cash and cash equivalents (Note 3)	353,278	436,967
Investments (Note 3)	165,549	94,349
TOTAL CURRENT ASSETS	523,114	538,801
NONCURRENT ASSETS:		
Special tax assessments receivable	150,510	259,703
TOTAL ASSETS	673,624	798,504
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	81,485	98,946
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	2,645	1,553
Accrued interest payable	7,979	9,379
Current portion of bonds payable (Note 5)	140,000	140,000
TOTAL CURRENT LIABILITIES	150,624	150,932
NONCURRENT LIABILITIES:		
Bonds payable (Note 5)	604,485	746,518
TOTAL NONCURRENT LIABILITIES	604,485	746,518
TOTAL LIABILITIES	755,109	897,450
NET POSITION	$ -	$ -

See accompanying notes to the basic financial statements.

COMMUNITY FACILITIES DISTRICT NO. 99-2
OF THE RANCHO CALIFORNIA WATER DISTRICT

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
OPERATING REVENUES:		
Special tax assessments	$ 37,636	$ 28,702
Interest income	16,018	20,358
TOTAL OPERATING REVENUES	53,654	49,060
OPERATING EXPENSES:		
Amortization	15,428	15,429
Administrative fees	13,589	4,844
TOTAL OPERATING EXPENSES	29,017	20,273
OPERATING INCOME	24,637	28,787
NONOPERATING EXPENSES:		
Bond interest	24,637	28,787
TOTAL NONOPERATING EXPENSES	24,637	28,787
CHANGES IN NET POSITION	-	-
NET POSITION, BEGINNING OF YEAR	-	-
NET POSITION, END OF YEAR	$ -	$ -

See accompanying notes to the basic financial statements.

COMMUNITY FACILITIES DISTRICT NO. 99-2
OF THE RANCHO CALIFORNIA WATER DISTRICT

Statement of Cash Flows

Year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from special tax assessments	$ 150,645	$ 155,990
Administrative expenses paid	(12,497)	(3,301)
NET CASH PROVIDED BY OPERATING ACTIVITIES	138,148	152,689
CASH FLOWS FROM CAPITAL AND		
RELATED FINANCING ACTIVITIES:		
Interest paid on debt	(26,037)	(30,087)
Principal paid on long-term debt	(140,000)	(130,000)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(166,037)	(160,087)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	15,400	20,358
Purchase of Investments	(291,308)	(281,211)
Sale of investments	220,108	369,079
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(55,800)	108,226
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(83,689)	100,828
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	436,967	336,139
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 353,278	$ 436,967
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 24,637	$ 28,787
Adjustment to reconcile operating income to		
net cash provided by operating activities:		
Amortization	15,428	15,429
Investment income	(16,018)	(20,358)
(Increase) Decrease in accounts receivables	3,816	(3,120)
(Increase) Decrease in special tax assessments receivable	109,193	130,408
(Decrease) Increase in accounts payable	1,092	1,543
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 138,148	$ 152,689

There were no significant noncash investing, capital and financing activities.

See accompanying notes to the basic financial statements.

COMMUNITY FACILITIES DISTRICT NO. 99-2
OF THE RANCHO CALIFORNIA WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2026

1. ORGANIZATION AND PURPOSE:

The Community Facilities District No. 99-2 of the Rancho California Water District (the CFD) was formed on January 13, 2000 to finance the purchase, construction, modification, expansion, improvement, or rehabilitation of certain public facilities and the payment of water and sewer connection fees and certain assessment liens. The financing was accomplished through the authorization and issuance in March 2000 of Special Tax Bonds pursuant to the Mello-Roos Community Facilities Act of 1982 adopted by the Board of Directors of the Rancho California Water District (the District) acting as the legislative body of the CFD. In July 2005, the CFD issued 2005 Limited Obligation Refunding Bonds to refund the outstanding balance on the 2000 Special Tax Bonds. In August 2015, the CFD issued 2015 Limited Obligation Refunding Bonds to refund the outstanding balance on the 2005 Limited Obligation Refunding Bonds.

The Special Tax Bonds are payable from proceeds of special taxes levied on certain property within the CFD. If the special taxes are not paid when due, the only sources of funds to repay the bonds are amounts held in the bond reserve fund, or proceeds, if any, from foreclosure sales of land within the Community Facilities District following a delinquency in the special tax payment. Neither the faith and credit nor the taxing power of the Rancho California Water District, the State of California, or any other political subdivision thereof is pledged to the payment of the bonds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the CFD's significant accounting policies follows:

a. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the economic resource measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on their statement of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

a. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The CFD distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from interest earned on investments and special tax assessments and operating expenses consist of administrative fees and amortization.

b. Revenue Recognition:

Interest has been imputed on the special tax assessments receivable in an amount equal to the difference between bond interest and related administrative expenses less interest earned on cash and investments.

c. Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The CFD has one item that qualifies for reporting in this category. It is the deferred amount on refunding. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The CFD has no deferred inflows of resources.

d. Bond Premium:

The bond premium, net of accumulated amortization, was $9,485 and has been reported as an addition to bonds payable.

e. Cash and Cash Equivalents:

For the purposes of the statements of cash flows the CFD considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

f. Fair Value Measurements:

The CFD categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the CFD has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the CFD's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the CFD's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the CFD's management. CFD management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to CFD management's perceived risk of that investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

f. Use of Estimates:

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

g. Prior Year Data:

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

3. CASH AND INVESTMENTS:

Cash and investments held by the CFD were comprised of the following at June 30, 2026:

Cash and cash equivalents	$	353,278
Investments		165,549
Total Cash and Investments	$	518,827

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. The table on the following page identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of risk.

3. CASH AND INVESTMENTS (Continued):

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum in One Issuer
U.S. Treasury Notes	No Limitation	No Limitation	No Limitation
U.S. Government Sponsored Agency Securities	No Limitation	No Limitation	No Limitation
State Obligations or Political Subdivision of States	No Limitation	No Limitation	No Limitation
Bank Time Deposits	No Limitation	No Limitation	No Limitation
Certificates of Deposit	No Limitation	No Limitation	No Limitation
Repurchase Agreements	No Limitation	No Limitation	No Limitation
Corporate Commercial Paper	No Limitation	No Limitation	No Limitation
Taxable U.S. Government Money Market Mutual Funds	No Limitation	No Limitation	No Limitation
Investment Agreements	No Limitation	No Limitation	No Limitation
State of California Local Agency Investment Fund (LAIF)	No Limitation	No Limitation	$ 50,000,000

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the CFD manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations. The CFD monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration measures the investment's exposure to fair value arising from changing interest rates.

Investment Type	Total	Weighted Average Duration (in years)
Held by Fiscal Agent:		
U.S. Treasury Notes	$ 165,549	0.84
Money Market Mutual Funds	353,278	-
Total	$ 518,827	

3. CASH AND INVESTMENTS (Continued):

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the Standard and Poor's credit ratings for the CFD's investments.

Investment Type	Total	Minimum Legal Rating	Exempt from Rating	AAA
Held by Fiscal Agent:				
U.S. Treasury Notes	$ 165,549	N/A	$ 165,549	$ -
Money Market Mutual Funds	353,278	AAA	-	353,278
Total	$ 518,827		$ 165,549	$ 353,278

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the CFD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure CFD deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements:

The following is a description of the recurring valuation methods and assumptions used by the CFD to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

3. CASH AND INVESTMENTS (Continued):

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by CFD's asset manager from third party service provider. For a large portion of the CFD's portfolio, the CFD's asset manager applies their leveling methodology across all securities in a specific sector. Inputs to their pricing models are based on observable market inputs in active markets.

The CFD has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Held by Fiscal Agent:				
U.S. Treasury Notes	$ -	$ 165,549	$ -	$ 165,549

4. RESTRICTED ASSETS:

Restricted assets were provided by, and are to be used for, the following:

Funding Source	Use		
Bond proceeds and interest earned	Bond reserves	$	175,028
Bond proceeds, interest earned, and special tax assessments	Debt service		343,799
		$	518,827

5. BONDS PAYABLE:

Changes in long-term liabilities for the year ended June 30, 2026, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Refunding Bonds	$ 875,000	$ -	$ (140,000)	$ 735,000	$ 140,000
Add:					
Unamortized premium	11,518	-	(2,033)	9,485	-
Total	$ 886,518	$ -	$ (142,033)	$ 744,485	$ 140,000

The CFD was established and authorized to issue bonds in an amount not to exceed $3,400,000. In March 2000, the CFD issued $3,150,000 of Series A Special Bonds. In July 2005, the CFD issued $2,960,000 Limited Obligation Refunding Bonds. These refunding bonds were issued to advance refund the outstanding balance on the 2000 Bonds. In August 2015, the CFD issued $1,925,000 Limited Obligation Refunding Bonds.

These refunding bonds were issued to advance refund the outstanding balance on the 2005 Bonds. The 2015 refunding bonds mature annually through September 2030 and bear interest from 2.000% to 4.000%.

The net proceeds, together with prior funds on hand, were used to purchase direct obligations of the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 Limited Obligation Refunding Bonds. As a result, the bonds are defeased and the liability for the 2005 Bonds has been removed from the long-term debt.

The advance refunding resulted in a difference between the reacquisition and the net carrying amount of the old debt of $272,101. The difference is being charged to operations ratably through the fiscal year 2031 and is reported in the accompanying financial statements, net of accumulated amortization, as a deferred outflow of resources.

5. BONDS PAYABLE (Continued):

Future maturities for the bonds subsequent to June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 140,000	$ 21,838	$ 161,838
2028	145,000	17,562	162,562
2029	145,000	13,031	158,031
2030	160,000	7,875	167,875
2031	145,000	2,537	147,537
Subtotal	735,000	62,843	797,843
Add: Unamortized premium	9,485	-	9,485
Total	$ 744,485	$ 62,843	$ 807,328

The reserve requirement for the bonds was $167,633 at June 30, 2026. The reserve fund balance at June 30, 2026 was $175,028.

REASSESSMENT DISTRICT NO. 2015-32A OF THE RANCHO CALIFORNIA WATER DISTRICT

Basic Financial Statements

Year ended June 30, 2026

REASSESSMENT DISTRICT NO. 2015-32A
OF THE RANCHO CALIFORNIA WATER DISTRICT

Basic Financial Statements

Year ended June 30, 2026

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Reassessment District No. 2015-32A
of the Rancho California Water District
Temecula, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Reassessment District No. 2015-32A of the Rancho California Water District ("the RAD"), as of and for the year June 30, 2026, and the related notes to the basic financial statements, which collectively comprise the RAD's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the RAD, as of June 30, 2026, and the changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Reassessment District No. 2015-32A of the Rancho California Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The RAD's 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 RAD's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 RAD'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 RAD'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* 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.

Report on Summarized Comparative Information

We have previously audited the RAD's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2026 on our consideration of the RAD'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 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 RAD's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
September 18, 2026

RANCHO CALIFORNIA WATER DISTRICT
REASSESSMENT DISTRICT NO. 2015-32A

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026

This section of the Reassessment District No. 2015-32A (RAD) annual financial report presents our analysis of the RAD's financial performance during the fiscal year that ended on June 30, 2026. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Reassessment District No. 2015-32A's basic financial statements. The RAD's basic financial statements consist of two components: (1) financial statements and (2) notes to financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the RAD report information about the RAD using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all the RAD's assets, deferred outflows of resources and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the RAD's creditors (liabilities).

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the revenues and expenses of the RAD.

The final financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the RAD's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE ASSESSMENT DISTRICT

Our analysis of the RAD begins on page 4 of management's discussion and analysis. One of the most important questions asked about the RAD's finances is "is the RAD, as a whole, better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the RAD's activities in a way that will help answer this question. These two statements report the net position of the RAD and changes in them. You can think of the RAD's net position – the difference between assets, deferred outflows of resources and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the RAD's net position are indicators of whether its financial health is improving or deteriorating.

Since the RAD is a financing entity, all the revenues and principal collected on the investment in Reassessment District No. 2015-32A Limited Obligation Improvement Bonds is used to pay the interest and principal on the Bonds resulting in no change in net position.

NET POSITION

To begin our analysis, a summary of the RAD's Statement of Net Position is presented in Table 1.

TABLE 1
Condensed Statement of Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Current Assets	$ -	$ 127,179	$ (127,179)
Restricted Assets	-	342,319	(342,319)
Total Assets	-	469,498	(469,498)
Deferred Outflows of Resources	-	25,301	(25,301)
Current Liabilities	-	140,085	(140,085)
Long-Term Debt	-	140,000	(140,000)
Total Liabilities	-	280,085	(280,085)
Net Position	$ -	$ 214,714	$ (214,714)

As shown in the table above, the RAD's total assets and liabilities are zero as of June 30, 2026, as the RAD has completed its debt payment. Accordingly, RAD's net position at year-end is also zero.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

TABLE 2
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Total Operating Revenues	$ 12,484	$ 179,887	$ (167,403)
Total Operating Expenses	225,473	31,885	193,588
Operating Income	(212,989)	148,002	(360,991)
Non-operating Expenses			
Bond Interest	1,725	11,167	(9,442)
Total Nonoperating Expenses	1,725	11,167	(9,442)
Changes in Net Position	(214,714)	136,835	(351,549)
Net Position, Beginning of Year	214,714	77,879	136,835
Net Position, End of Year	$ -	$ 214,714	$ (214,714)

The operating revenues of $12,484 were used to pay the interest owed on the bonds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The RAD does not own any capital assets.

Long-Term Debt – During fiscal year 2025-26, Reassessment District No. 2015-32A (RAD) paid its outstanding debt using available assessment revenues. Since the RAD paid its outstanding bonds in full, the district is effectively complete and accordingly, the assessment associated with the RAD will no longer be levied or collected in future fiscal years.

More detailed information about the RAD's long-term debt is presented on page 17 and 18 in the Notes to Financial Statements.

CONTACTING THE RAD'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the RAD's finances and to demonstrate the RAD's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Rancho California Water District's Department of Finance.

REASSESSMENT DISTRICT NO. 2015-32A OF THE
RANCHO CALIFORNIA WATER DISTRICT

Statement of Net Position

June 30, 2026
(with prior year comparative totals)

	2026	2025
ASSETS:		
CURRENT ASSETS:		
Accounts receivable - taxes	$ -	$ 50,713
Accounts receivable - Rancho California Water District	-	76,466
Restricted assets:		
Cash and cash equivalents	-	342,319
TOTAL CURRENT ASSETS	-	469,498
TOTAL ASSETS	-	469,498
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	-	25,301
LIABILITIES:		
CURRENT LIABILITIES:		
Accrued interest payable	-	3,450
Accounts payable	-	635
Current portion of bonds payable	-	136,000
TOTAL CURRENT LIABILITIES	-	140,085
NONCURRENT LIABILITIES:		
Bonds payable	-	140,000
TOTAL NONCURRENT LIABILITIES	-	140,000
TOTAL LIABILITIES	-	280,085
NET POSITION:		
Restricted for:		
Division operations	-	214,714
TOTAL NET POSITION	$ -	$ 214,714

See accompanying notes to the basic financial statements.

REASSESSMENT DISTRICT NO. 2015-32A OF THE
RANCHO CALIFORNIA WATER DISTRICT

Statement of Revenues, Expenses, and
Changes in Net Position

Year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
OPERATING REVENUES:		
Special tax assessments	$ 10,285	$ 165,661
Interest income	2,199	14,226
TOTAL OPERATING REVENUES	12,484	179,887
OPERATING EXPENSES:		
Amortization	25,301	21,687
Administrative fees	200,172	10,198
TOTAL OPERATING EXPENSES	225,473	31,885
OPERATING INCOME	(212,989)	148,002
NONOPERATING EXPENSES:		
Bond interest	1,725	11,167
TOTAL NONOPERATING EXPENSES	1,725	11,167
CHANGES IN NET POSITION	(214,714)	136,835
NET POSITION, BEGINNING OF YEAR	214,714	77,879
NET POSITION, END OF YEAR	$ -	$ 214,714

See accompanying notes to the basic financial statements.

REASSESSMENT DISTRICT NO. 2015-32A OF THE
RANCHO CALIFORNIA WATER DISTRICT

Statement of Cash Flows

Year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from special tax assessments	$ 137,705	$ 90,097
Administrative expenses paid	(201,048)	(9,563)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(63,343)	80,534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest paid on debt	(5,175)	(12,805)
Principal paid on long-term debt	(276,000)	(131,000)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(281,175)	(143,805)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	2,199	14,226
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,199	14,226
NET INCREASE IN CASH AND CASH EQUIVALENTS	(342,319)	(49,045)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	342,319	391,364
CASH AND CASH EQUIVALENTS, END OF YEAR	$ -	$ 342,319
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income	$ (212,989)	$ 148,002
Adjustment to reconcile operating income to net cash provided by operating activities:		
Amortization	25,301	21,687
Investment income	(2,199)	(14,226)
(Increase) Decrease in accounts receivables	127,179	(75,564)
Increase (Decrease) in accounts payable	(635)	635
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (63,343)	$ 80,534

There were no significant noncash investing, capital and financing activities.

See accompanying notes to the basic financial statements.

REASSESSMENT DISTRICT NO. 2015-32A OF THE
RANCHO CALIFORNIA WATER DISTRICT

Notes to the Basic Financial Statements

Year ended June 30, 2026

1. ORGANIZATION AND PURPOSE:

In December 2000, the Assessment District No. 32A of the Rancho California District (AD No. 32A) was formed to finance primary facilities consisting of water storage and transmission from the Rancho California Water District's (the District's) existing water system to the District's properties and secondary improvements such as street, water, and utility improvements. The financing was accomplished through the authorization of Limited Obligation Improvement Bonds, titled 2001 Series A Bonds – Tax Exempt (Series A Bonds) and the 2001 Series B Bonds – Taxable (Series B Bonds), issued pursuant to the Improvement Bond Act of 1915, and adopted by the Board of Directors of the Rancho California Water District acting as the legislative body of the Reassessment District (RAD).

In July 2005, to reduce assessment liens against various unpaid parcels in the AD No. 32A, the Board of Directors of the Rancho California District took proceedings pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds to establish Reassessment District No. 32A (RAD No. 32A) and confirm reassessments of parcels therein (2005 Reassessments) and issued 2005 Limited Obligation Refunding Bonds to refund the outstanding balance on the 2001 Series A and B Bonds.

In July 2015, to reduce the amount of 2005 Reassessments, the Board of Directors of the Rancho California Water District took proceedings pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds to establish Reassessment District No. 2015-32A (RAD No. 2015-32A) and reassess the properties within the Reassessment District that have unpaid 2005 Reassessment and issued 2015 Limited Obligation Refunding Bonds to refund the outstanding balance on the 2005 Bonds. These bonds are only payable from certain proceeds of an annual special assessment to be levied and collected from property located within the RAD and from certain bond proceeds pledged in the issuance.

In the event that the special assessments are not paid when due, the only sources of funds to repay the bonds are the bond reserve funds with separate accounts securing each series, or proceeds, if any, from foreclosure sales of land within the RAD following a delinquency in the special assessment payment. Neither the faith and credit nor the taxing power of the Rancho California Water District, the County of Riverside, the State of California, or any other political subdivision thereof is pledged to the payment of the bonds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the RAD's significant accounting policies follows:

a. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the economic resource measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included in their statement of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The RAD distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from interest earned on investments and special tax assessments and operating expenses consist of administrative fees and amortization.

b. Revenue Recognition:

Interest has been imputed on the special tax assessments receivable in an amount equal to the difference between bond interest and related administrative expenses less interest earned on cash and investments.

c. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The RAD has no deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The RAD has no deferred inflows of resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d. Cash and Cash Equivalents:

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

e. Fair Value Measurements:

The RAD categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the RAD has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the RAD's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the RAD's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the RAD's management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

RAD management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to RAD management's perceived risk of that investment.

f. Use of Estimates:

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

g. Net Position Flow Assumption:

Sometimes the RAD will fund outlays for a purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted - net position and unrestricted – net position, a flow assumption must be made about the order in which the resources are applied. It is the RAD's practice to consider restricted – net position to have been depleted before unrestricted – net position is applied, however it is at the Board's discretion.

h. Prior Year Data:

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

3. CASH AND INVESTMENTS:

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. The table on the following page identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum in One Issuer
U.S. Treasury Notes	No Limitation	No Limitation	No Limitation
U.S. Government Sponsored Agency Securities	No Limitation	No Limitation	No Limitation
State Obligations or Political Subdivision of States	No Limitation	No Limitation	No Limitation
Bank Time Deposits	No Limitation	No Limitation	No Limitation
Certificates of Deposit	No Limitation	No Limitation	No Limitation
Repurchase Agreements	No Limitation	No Limitation	No Limitation
Corporate Commercial Paper	No Limitation	No Limitation	No Limitation
Taxable U.S. Government Money Market Mutual Funds	No Limitation	No Limitation	No Limitation
Investment Agreements	No Limitation	No Limitation	No Limitation
State of California Local Agency Investment Fund (LAIF)	No Limitation	No Limitation	$ 50,000,000

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the RAD manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations. The RAD monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration measures the investment's exposure to fair value arising from changing interest rates.

3. CASH AND INVESTMENTS (Continued):

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The RAD does not have any investments with credit risk.

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the RAD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure RAD deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

4. BONDS PAYABLE:

Changes in long-term liabilities for the year ended June 30, 2026, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	$ 276,000	$ -	$ (276,000)	$ -	$ -

The RAD was established and authorized to issue Series A Bonds in the amount of $3,126,261 and Series B Bonds in the amount of $1,255,000. In February 2001, the RAD issued $3,126,261 of Series A Bonds and $1,255,000 of Series B Bonds.

4. BONDS PAYABLE (Continued):

In July 2005, the RAD issued $3,540,000 of Reassessment District 32A of the Rancho California Water District Limited Obligation Refunding Bonds. These refunding bonds were issued to advance refund the outstanding balance on the 2001 Series A and B Bonds.

In August 2015, the RAD issued $1,292,000 of Reassessment District 2015-32A of the Rancho California Water District Limited Obligation Refunding Bonds. These refunding bonds were issued to advance refund the outstanding balance on the 2005 Limited Obligation Refunding Bonds. The refunding bonds mature annually through September 2026 and bear interest of 3.750%.

The net proceeds, together with prior funds on hand, were used to purchase direct obligations of the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 Bonds. As a result, the bonds are considered to be defeased, and the liability for the Bonds has been removed from the long-term debt.

The refunding resulted in a difference between the reacquisition and the net carrying amount of the old debt of $240,362. The difference is being charged to operations ratably through fiscal year 2027 and is reported in the accompanying financial statements, net of accumulated amortization, as a deferred outflow of resources. The bonds have been fully paid as of June 30, 2026.

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

Independent Auditor's Report

Board of Directors
Rancho California Water District
Temecula, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the entities listed below as of and for the year ended June 30, 2026, and the related notes to the basic financial statements, which collectively comprise the entities listed below financial statements, and have issued our reports thereon dated September 18, 2026.

- Community Facilities District (CFD) No. 89-5 of the Rancho California Water District
- Community Facilities District No. 99-1 of the Rancho California Water District
- Community Facilities District No. 99-2 of the Rancho California Water District
- Reassessment District (RAD) No. 2015-32A of the Rancho California Water District

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarr LLP
Irvine, California
September 18, 2026

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To the Board of Directors
Rancho California Water District
Temecula, California

We have audited the financial statements of the entities listed below for the year ended June 30, 2026, and have issued our report thereon dated September 18, 2026.

- Community Facilities District (CFD) No. 89-5 of the Rancho California Water District
- Community Facilities District No. 99-1 of the Rancho California Water District
- Community Facilities District No. 99-2 of the Rancho California Water District
- Reassessment District (RAD) No. 2015-32A of the Rancho California Water District

Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 5, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the CFDs and RAD solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and proposing journal entries. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate. Proposed journal entries are reviewed by management and approved prior to posting.

Additionally, we utilize a quality control reviewer to perform a second review of the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

During the planning of the audit, we identified the following as significant risks:

- Management override of internal controls: We selected and reviewed journal entries to ensure that entries are reasonable and apparently reviewed.
- Revenue recognition: We selected a sample of revenues and ensured proper recognition for each transaction.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the CFDs and RAD is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2026. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

There were no significant estimates and judgements reflected in any of the CFD's or RAD's financial reporting.

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the CFD's and RAD's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated September 18, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the CFDs and RAD, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of

material misstatement. None of the matters discussed resulted in a condition to our retention as CFDs and RAD auditors.

This report is intended solely for the information and use of the Board of Directors and management of the CFDs and RAD and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
September 18, 2026

Rancho Water
WORKING FOR OUR COMMUNITY

Board of Directors
Brian J. Brady
President
J. D. Harkey
Senior Vice President
Carol Lee Gonzales-Brady
John E. Hoagland
William E. Plummer
John V. Rossi
Bill J. Wilson

Officers
Jason A. Martin
General Manager
Dan Ruiz
Assistant General Manager – Engineering & Operations
Kathleen M. Naylor
Chief Financial Officer/Treasurer
Jennifer A. Serna
District Secretary
James B. Gilpin
Best Best & Krieger LLP
General Counsel

Rancho California Water District
42135 Winchester Road
Temecula, California
92590-4800
(951) 296-6900
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RanchoWater.com

September 18, 2026

Davis Farr LLP
18201 Von Karmen Ave, Suite 1100
Irvine, CA 92612

This representation letter is provided in connection with your audit of the financial statements of the entities listed below as of June 30, 2026, and the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

- Community Facilities District No. 89-5 of the Rancho California Water District
- Community Facilities District No. 99-1 of the Rancho California Water District
- Community Facilities District No. 99-2 of the Rancho California Water District
- Reassessment District No. 2015-32A of the Rancho California Water District

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 18, 2026.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 5, 2026, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- Deposit and investment risks have been properly and fully disclosed.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to preparing the financial statements and proposing journal entries, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;
  - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
  - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The entities have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the entities is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

With respect to the Management Discussion and Analysis accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the Management Discussion and Analysis in accordance with U.S. GAAP.
b. We believe the Management Discussion and Analysis, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
c. The methods of measurement or presentation have not changed from those used in the prior period.

Jason A. Martin, General Manager

Kathleen Naylor, Chief Financial Officer/Treasurer

RANCHO CALIFORNIA WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
(DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLAN)

Basic Financial Statements

Year ended June 30, 2026

RANCHO CALIFORNIA WATER DISTRICT RETIREMENT MEDICAL BENEFITS PLAN
(DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLAN)

Basic Financial Statements

Year ended June 30, 2026

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DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Rancho California Water District
Retirement Medical Benefits Plan
Temecula, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Rancho California Water District Retirement Medical Benefits Plan (the Plan), as of and for the year June 30, 2026, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Rancho California Water District Retirement Medical Benefits Plan, as of June 30, 2026, and the changes in financial position for the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rancho California Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Rancho California Water District Retirement Medical Benefits Plan's 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 Rancho California Water District Retirement Medical Benefits Plan's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Plan'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 Plan'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 Changes in the District's Net OPEB Liability (Asset) and Related Ratios, Schedule of District Contributions and Schedule of Investment Returns* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2026 on our consideration of Rancho California Water District Retirement Medical Benefits Plan'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 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 Rancho California Water District Retirement Medical Benefits Plan's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
September 18, 2026

RANCHO CALIFORNIA WATER DISTRICT RETIREMENT MEDICAL BENEFITS PLAN
(DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLAN)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2026

This Management's Discussion and Analysis (MD&A) provides an objective and easily readable analysis of the financial activities of the Rancho California Water District's Retirement Medical Benefits Plan (Plan) for the fiscal year ended June 30, 2026. The Plan is a single employer defined benefit other post-employment benefit (OPEB) plan administered by the Rancho California Water District (District). This MD&A should be read in conjunction with the Plan's basic financial statements, notes to the basic financial statements, and required supplementary information.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Plan's basic financial statements consist of the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, together with the accompanying notes. Required supplementary information follows the notes and includes the Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios, the Schedule of District Contributions, and the Schedule of Investment Returns.
The Statement of Fiduciary Net Position reports the Plan's assets and liabilities at fiscal year-end and the resulting net position restricted for other postemployment benefits. The Statement of Changes in Fiduciary Net Position reports additions to and deductions from Plan net position during the fiscal year. The notes provide additional information necessary for a full understanding of the amounts reported in the financial statements, including the Plan's provisions, accounting policies, investments, and the District's net OPEB liability (asset).

FINANCIAL SUMMARY

The Plan's net position restricted for other postemployment benefits was $42.3 million on June 30, 2026, compared with $38.2 million on June 30, 2025, an increase of $4 million, or 10.6 percent. The increase resulted primarily from investment income during the year, partially offset by medical premiums and administrative fees.

Condensed Statement of Fiduciary Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Current Assets	$ 88,846	$ 100,724	$ (11,878)
Investments	42,178,433	38,117,092	4,061,341
Total Assets	42,267,279	38,217,816	4,049,463
Total Liabilities	-	-	-
Net Position Restricted for Other Post Employment Benefits	$ 42,267,279	$ 38,217,816	$ 4,049,463

Investments totaled $42.2 million on June 30, 2026, and represented substantially all Plan assets. The Plan had no liabilities on June 30, 2026, or June 30, 2025.

Condensed Statement of Changes
in Fiduciary Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change
Additions:			
Employer Contributions	$ 301,392	$ 205,678	$ 95,714
Net Investment Income and Other	5,694,613	3,765,536	1,929,077
Total Additions	5,996,005	3,971,214	2,024,791
Deductions:			
Medical Premiums and fees	1,946,542	1,944,693	1,849
Changes in Net Position	4,049,463	2,026,521	2,022,942
Net Position Restricted for Other Post Employment Benefits Beginning of Year	38,217,816	36,191,295	2,026,521
End of Year	$ 42,267,279	$ 38,217,816	$ 4,049,463

Total additions were $6 million in fiscal year 2026, an increase of $2 million, or 51 percent, from fiscal year 2025. Total deductions were $1.95 million and were essentially unchanged from the prior year. Consequently, the increase in net position of $4.05 million was approximately $2.02 million greater than the fiscal year 2025 increase.

DETAIL ANALYSIS

Employer Contributions

Employer contributions were $301,392 in FY 2025/2026, an increase of $95,714 from $205,678 in FY 2024/2025. The Schedule of District Contributions reports that the District contributed the full actuarially determined contribution for FY 2025/2026, resulting in no contribution deficiency or excess. Contributions represented 1.4 percent of covered-employee payroll, compared with 1 percent in FY 2024/2025.

Investment Activity

Net investment income reported in the basic financial statements was $5.7 million in FY 2025/2026, an increase of $1.9 million from $3.8 million in prior year. FY 2025/2026 net investment income consisted of $1.1 million of interest and dividend income, $4.2 million of net realized gains on portfolio investments, and a $0.4 million net increase in the fair value of investments. The Plan's annual money-weighted rate of return, net of investment expense, was 16.3 percent for FY 2025/2026, compared with 11.7 percent for FY 2024/2025.

On June 30, 2026, investments totaled $42.2 million. The largest investment categories were equity mutual funds of $23.7 million and fixed-income mutual funds of $9.6 million; the remainder consisted primarily of U.S. Treasury notes, U.S. corporate notes, government-sponsored agency securities, asset-backed securities, and mortgage-backed securities.

Benefit and Administrative Deductions

Medical Premiums and Fees totaled $2 million in FY 2025/2026, consisting of $1.9 million of medical premiums and $25,730 of administrative fees. Total deductions increased by $2,000, or approximately 0.1 percent, from prior year.

District's Net OPEB Asset

On June 30, 2026, the District's total OPEB liability was $36.3 million, and Plan fiduciary net position was $42.3 million, resulting in a net OPEB asset of $6 million. Plan fiduciary net position was 116.3 percent of the total OPEB liability, compared with 103.8 percent on June 30, 2025. The net OPEB asset increased from $1.4 million on June 30, 2025, to $5.9 million on June 30, 2026. The change reflects both the $4 million increase in Plan fiduciary net position and a $0.5 million decrease in the total OPEB liability during FY 2025/2026.

The total OPEB liability was measured using a 6.8 percent discount rate. The June 30, 2025, actuarial valuation used, among other assumptions, a 2.8 percent inflation rate, a 2.8 percent salary increase assumption, and an 8 percent healthcare cost trend rate decreasing to an ultimate rate of 4.5 percent over six years.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The Plan does not report capital assets or long-term financing obligations in its basic financial statements. Accordingly, there was no significant capital asset or long-term financing activity to discuss for FY 2025/2026.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The financial statements provided for this MD&A do not identify additional currently known facts, decisions, or conditions occurring after June 30, 2026, that are expected to have a significant effect on the Plan's financial position or to produce significant differences from FY 2025/2026 results of operations.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide citizens, customers, investors, creditors, and other users with a general overview of the Plan's finances and to demonstrate the District's accountability for resources held in trust for other postemployment benefits. Questions about this report or requests for additional financial information should be directed to the Rancho California Water District Department of Finance.

RANCHO CALIFORNIA WATER DISTRICT RETIREMENT MEDICAL BENEFITS PLAN
(DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLAN)

Statement of Fiduciary Net Position

June 30, 2026

ASSETS:		
CURRENT ASSETS:		
Interest receivable		$ 88,846
Investments (Note 3):		
Money Market Mutual Funds	$ 259,752	
U.S. Treasury Notes	3,199,128	
U.S. Government Sponsored Agency Securities	362,178	
U.S. Corporate Notes	4,031,209	
Asset-Backed Securities	792,026	
Mortgage-Backed Securities	295,387	
Mutual Funds - Fixed Income	9,581,706	
Mutual Funds - Equity	23,657,047	
Total investments		42,178,433
TOTAL ASSETS		42,267,279
LIABILITIES:		
Due to Rancho California Water District		-
TOTAL LIABILITIES		-
NET POSITION RESTRICTED FOR OTHER POST EMPLOYMENT BENEFITS		$ 42,267,279

See accompanying notes to the basic financial statements.

RANCHO CALIFORNIA WATER DISTRICT RETIREMENT MEDICAL BENEFITS PLAN
(DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLAN)

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2026

ADDITIONS:		
Contributions:		
Employer contributions		$ 301,392
Net Investment Income (Loss):		
Interest and dividend income	$ 1,124,673	
Net realized gain on sale of investments	4,147,066	
Net increase (decrease) in fair value of investments	422,874	
Net investment income (loss)		5,694,613
TOTAL ADDITIONS		5,996,005
DEDUCTIONS:		
Medical premiums		1,920,812
Administrative fees		25,730
TOTAL DEDUCTIONS		1,946,542
NET INCREASE IN NET POSITION		4,049,463
NET POSITION RESTRICTED FOR OTHER POST EMPLOYMENT BENEFITS:		
BEGINNING OF YEAR		38,217,816
END OF YEAR		$ 42,267,279

See accompanying notes to the basic financial statements.

RANCHO CALIFORNIA WATER DISTRICT RETIREMENT MEDICAL BENEFITS PLAN
(DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLAN)

Notes to the Basic Financial Statements

Year ended June 30, 2026

1. PLAN DESCRIPTION:

Plan Administration:

The Rancho California Water District (the District) is the Plan Administrator for the Rancho California Water District Retirement Medical Benefits Plan (the Plan). The Plan was established effective July 1, 2003. The Plan is a single employer defined benefit other post-employment benefit plan to provide for medical and dental benefits to eligible employees, their spouses, and eligible dependents after retirement. Under the Plan, these benefits are to be provided through group insurance contracts with third party insurers. The Plan provides for a trust to receive and maintain funds in connection with the Plan.

The Plan is administered by the District (Plan Administrator) and governed by the District's Board of Directors. The Plan assets are held in trust and managed by an Investment Manager, which is the District or an advisor appointed by the District to assume investment responsibility for the assets held in trust by U.S. Bank (Trustee). The Trustee receives, holds, invests, and reinvests the assets under the direction of the District or its appointed Investment Manager. The Trustee, under the direction of the Plan Administrator, may make disbursements from the Trust Fund. Administrative expenses of the Plan are paid out of the Plan assets.

Plan Membership:

Eligible participants for the Plan are based on the following groups:

a. Group "A" Participants - Employees hired prior to July 1, 2003, who have attained age fifty (50) years as of Retirement Date and have completed at least ten (10) years of service.

b. Group "B" Participants - Board Members who served in office prior to January 1, 1995, who have attained age fifty (50) years as of Retirement Date and have completed at least twelve (12) years of service on the District's Board of Directors.

c. Group "C" Participants - Employees hired on or after July 1, 2003, other than Group "D" Participants, who have attained age fifty-five (55) years as of Retirement Date and have completed at least fifteen (15) years of service with the District.

d. Group "D" Participants - Employees who have attained age fifty-five (55) years as of Retirement Date, have completed at least fifteen (15) years of service with the District, and that fall within any one of the following categories:

    (1) MPCEA employees hired on or after July 1, 2012;
    (2) RCWDEA employees hired on or after August 9, 2012; or
    (3) Unrepresented employees hired on or after July 1, 2012.

1. PLAN DESCRIPTION (Continued):

The surviving spouse and/or eligible dependents of a Group A, B, or C participant shall be eligible to continue to receive benefits under this Plan following such participant's death on the same terms applicable to the deceased participant. In the event the deceased Group A, B, or C participant had not commenced participation in this Plan but had otherwise satisfied the length of service and age, the surviving spouse and/or eligible dependents shall be eligible to participate as if the deceased participant had been enrolled in the Plan as of the date of death. This survivor's benefit shall neither replace nor supplement any rights to continuation coverage available to the surviving spouse or eligible dependents under a separate group health plan sponsored by the District. The coverage available to a surviving spouse under this provision shall terminate upon the remarriage of the surviving spouse.

At June 30, 2025, the last actuarial valuation date, the benefits covered the following employees:

Active participants	167
Retired employees/board members	117
Total participants	284

Employer Contributions:

The employer is required to contribute such amounts to fund the trust from time to time as it deems appropriate to enable the trustee to pay the premiums to provide benefits under the Plan.

a. For Group A and Group B participants, the District pays the full cost of the insurance premiums for the employee and any eligible dependents for the benefits elected under the Plan.

b. For Group C participants who have retired with less than twenty (20) years of service with the District, the District pays fifty percent (50%) of the monthly cost of any benefits for the employee and any eligible dependents elected under the Plan. These participants shall be responsible for the monthly cost of benefits elected in excess of the cost paid by the District.

c. For Group C participants who have retired with twenty (20) or more years of service with the District, the District pays the full cost of the insurance premiums for the employee and any eligible dependents for the benefits elected under the Plan.

1. PLAN DESCRIPTION (Continued):

d. For Group D participants who have retired with less than twenty (20) years of service with the District, the District pays up to twenty-five percent (25%) of the monthly cost for the employee for single coverage of the lowest cost health insurance plan available to retirees or active employees. These participants shall be responsible for the monthly cost of benefits elected in excess of the cost paid by the District, including any coverage for dependents.

e. For Group D participants who have retired with twenty (20) or more years of service with the District, the District pays up to fifty percent (50%) of the monthly cost for the employee for single coverage of the lowest cost health insurance plan available to retirees or active employees. These participants shall be responsible for the monthly cost of benefits elected in excess of the cost paid by the District, including any coverage for dependents.

Plan Termination and Amendment:

The Plan may be amended or terminated by the District at any time, except that no amendment shall permit the return or reversion to the District of any portion of the Trust Fund assets, nor permit the use of the Trust Fund assets for the benefit of anyone other than persons employed or formerly employed by the District. Any Plan amendment or termination is required to be adopted by written resolution approved by a majority of the Board of Directors.

The Plan will automatically terminate if the District is (1) dissolved, (2) makes a general assignment for the benefit of creditors, (3) files for bankruptcy liquidation, or (4) merges or consolidates with another entity and is not the surviving entity. The Trust Fund assets, if the Plan is terminated, will be applied to the employees' benefits in a uniform and non-discriminatory manner.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS:

a. Basis of Accounting:

The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which employee services are performed, and Plan expenses, other than pension benefits, are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Pension benefits are recorded when due and payable in accordance with the terms of the Plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS (Continued):

b. Investments:

Investments are stated at their fair value in accordance with GASB Statement No. 72, *"Fair Value Measurement and Application"*.

c. Fair Value Measurements:

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Plan's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Plan's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS (Continued):

The determination of what constitutes observable inputs requires judgment by the Plan's management. Plan management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to Plan management's perceived risk of that investment.

d. Tax Status:

The Internal Revenue Service has determined and informed the District by letter dated June 21, 2005, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. Therefore, the Plan is qualified, and the related Trust Fund was tax-exempt as of June 30, 2026.

e. Use of Estimates:

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

3. CASH AND INVESTMENTS:

The investment policy of the Plan authorizes investments to achieve a target allocation of investments.

Investments may be placed in the following asset classes:

- Equity securities of U.S. and non-U.S. issuers
- Fixed-income securities of U.S. and non-U.S. issuers
- Real Estate Investment Trusts (REITs)
- Commodities (investments must be made in a pooled investment vehicle)

3. CASH AND INVESTMENTS (Continued):

Investments may be placed in the following investment vehicles:

- Mutual Funds that invest in permitted asset classes
- Exchange-Traded Funds (ETF) that invest in permitted asset classes
- Commingled funds that are consistent with the aforementioned asset classes

Individual Fixed-Income Securities must meet the criteria defined below:

- U.S. Dollar Denominated
- U.S. Treasury Securities or securities guaranteed by the full faith and credit of the U.S.
- U.S. Agency Securities or Instruments of the U.S. Government. Examples of issuers include: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Tennessee Valley Authority and World Bank
- Supranational obligations that are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities must be rated in a rating category of "AA" or its equivalent or better by a NRSRO
- Other non-U.S. governmental issuers of securities with a rating of at least AAA by a NRSRO
- Corporate securities rated investment grade by a NRSRO
- Bank certificates of deposit, bank Eurodollar time deposits, and Eurodollar certificates of deposit rated in one of the two highest categories by Thompson BankWatch and rated in the highest short-term category by a NRSRO
- Banker's Acceptances issued by Banks rated in the highest short-term category by a NRSRO
- Money market mutual funds with a minimum of $500 million in assets, which invest in permissible securities
- Mortgage-Backed Securities (MBS), Collateralized Mortgage Obligations (CMO), and Asset-Backed Securities (ABS) with a rating of at least AAA by a NRSRO and issued by a Government Sponsored Enterprise (GSE)

The Investment Manager is to allocate trust investments consistent with the investment objectives of the Plan, and the allocation of the Plan's assets shall be maintained within the "Policy Asset Class Ranges" noted in the table on the following page. Asset allocation will be rebalanced, if necessary, by the Investment Manager.

3. CASH AND INVESTMENTS (Continued):

Asset Class	Target Allocation
Equities	30% - 55%
Domestic	30% - 50%
International	0% - 30%
Real Estate	0% - 20%
Domestic	0% - 20%
International	0% - 10%
Commodities	0% - 10%
Bonds	30% - 60%
Domestic	30% - 60%
Investment Grade	20% - 60%
High Yield	0% - 15%
International	0% - 10%
Cash	0% - 10%

The investment policy for the Plan states that the invested funds of any single issuer will be less than 5% of the total assets of the overall fund, with the exception of the pooled investment vehicles, U.S. Treasury Obligations, and U.S. Government Sponsored Agency Securities.

At least quarterly, the Investment Manager will rebalance portfolio allocations to assure the asset allocation proportions remain within the permitted ranges.

3. CASH AND INVESTMENTS (Continued):

Cash and investments as of June 30, 2026, are comprised of the following:

Investments:	
Money Market Mutual Funds	$ 259,752
U.S. Treasury Notes	3,199,128
U.S. Government Sponsored Agency Securities:	
Federal Home Loan Mortgage Corporation (FHLMC)	129,829
Federal Home Loan Banks (FHLB)	110,354
Federal National Mortgage Association (FNMA)	121,995
U.S. Corporate Notes	4,031,209
Asset-Backed Securities	792,026
Mortgage-Backed Securities	295,387
Mutual Funds - Fixed income	9,581,706
Mutual Funds - Equity	23,657,047
Total Investments	$ 42,178,433

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Plan manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations. The Plan monitors the interest rate risk inherent in its portfolio by measuring the weighted-average duration of its portfolio. Duration measures the investments' exposure to fair value arising from changing interest rates.

The weighted-average duration expresses investment time horizons - the time when investments become due and payable in years, weighted to reflect dollar size of individual investments with an investment type.

3. CASH AND INVESTMENTS (Continued):

Investment Type	Total	Weighted-Average Duration (in years)
Investments:		
Money Market Mutual Funds	$ 259,752	-
U.S. Treasury Notes	3,199,128	7.04
U.S. Government Sponsored Agency Securities	362,178	4.36
U.S. Corporate Notes	4,031,209	5.86
Asset-Backed Securities	792,026	1.03
Mortgage-Backed Securities	295,387	4.00
Mutual Funds - Fixed Income	9,581,706	-
Mutual Funds - Equity	23,657,047	-
Total Investments	$ 42,178,433	

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the Standard and Poor's credit ratings for the Plan's investments.

3. CASH AND INVESTMENTS (Continued):

Type of Investment	Total	Minimum Legal Rating	Not Required to be Rated	Rating as of Year End AAA	AA	A	Not Rated
Money Market Mutual Funds	$ 259,752	AAA	$ -	$ 259,752	$ -	$ -	$ -
U.S. Treasury Notes	3,199,128	N/A	3,199,128	-	-	-	-
U.S. Government Sponsored Agency Securities:							
FHLMC	129,829	N/A	-	-	129,829	-	-
FHLB	110,354	N/A	-	-	110,354	-	-
FNMA	121,995	N/A	-	-	121,995	-	-
U.S. Corporate Notes	4,031,209	A	-	44,612	372,588	3,614,009	-
Asset-Backed Securities	792,026	AAA	-	443,186	-	-	348,840
Mortgage-Backed Securities	295,387	A	-	-	295,387	-	-
Mutual Funds:							
Fixed Income	9,581,706	N/A	-	-	-	-	9,581,706
Equity	23,657,047	N/A	-	-	-	-	23,657,047
Total	$ 42,178,433		$ 3,199,128	$ 747,550	$ 1,030,153	$ 3,614,009	$ 33,587,593

Fair Value Measurements:

The following is a description of the recurring valuation methods and assumptions used by the Plan to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the Plan's asset manager from a third-party service provider.

For a large portion of the Plan's portfolio, the Plan's asset manager applies its leveling methodology across all securities in a specific sector (i.e., U.S. Government Sponsored Agency Securities). Inputs to their pricing models are based on observable market inputs in active markets.

3. CASH AND INVESTMENTS (Continued):

Type of Investment	Total	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
U.S. Treasury Notes	$ 3,199,128	$ -	$ 3,199,128	$ -
U.S. Government Sponsored Agency Securities:				
FHLMC	129,829	-	129,829	-
FHLB	110,354	-	110,354	-
FNMA	121,995	-	121,995	-
U.S. Corporate Notes	4,031,209	-	4,031,209	-
Asset-Backed Securities	792,026	-	792,026	-
Mortgage-Backed Securities	295,387	-	295,387	-
Mutual Funds:				
Fixed Income	9,581,706	9,581,706	-	-
Equity	23,657,047	23,657,047	-	-
Total Investments at Fair Value	$ 41,918,681	$ 33,238,753	$ 8,679,928	$ -

Rate of Return:

For the year ended June 30, 2026, the annual money-weighted rate of return on investments, net of investment expense, was 16.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. NET OPEB LIABILITY/(ASSET) OF THE DISTRICT:

The components of the net OPEB liability/(asset) of the District at June 30, 2026, are as follows:

Total OPEB liability	$ 36,336,385
Plan fiduciary net position	(42,267,279)
District's net OPEB liability/(asset)	$ (5,930,894)
Plan fiduciary net position as a percentage of the total OPEB liability	116.32%

4. NET OPEB LIABILITY/(ASSET) OF THE DISTRICT (Continued):

Actuarial assumptions:

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method	Entry Age Normal, Level % of salary
Amortization Method	Level % of Salary
Actuarial Assumptions:	
Return on Assets	6.75% per annum
Discount Rate	6.75%
Inflation Rate	2.75% per annum
Salary Increase	2.80% per annum
Health Care Cost Trend Rate	8.00% decreasing to an ultimate rate of 4.50% over the next six years

Return on Assets:

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation.

4. NET OPEB LIABILITY/(ASSET) OF THE DISTRICT (Continued):

Best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025, are summarized in the following table:

Asset Class	Target Allocation
Cash and Equivalents	0.8%
U.S. Government Issues	9.1%
Corporate Issues	10.8%
Foreign Issues	0.6%
Mutual Funds-Equity	56.0%
Mutual Funds-Fixed Income	22.7%
Total	100%

Long-term expected rate of return is 6.75%.

Discount Rate:

The discount rate used to measure the total OPEB liability was 6.75 percent. This was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are then combined to produce the long-term expected rate of return by weighting them based on the target asset allocation percentage and adding in expected inflation (2.75%).

Sensitivity of the net OPEB liability/(asset) to changes in the discount rate are as follows:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability/(Asset)	$ (1,697,812)	$ (5,930,894)	$ (9,486,727)

4. NET OPEB LIABILITY/(ASSET) OF THE DISTRICT (Continued):

Healthcare Trend Rate:

The trend rates grade down from current market trends to an ultimate trend rate.

Sensitivity of the net OPEB liability/(asset) to changes in the healthcare trend rate are as follows:

	1% Decrease (7.00% decreasing to 3.50%)	Current Healthcare Cost Trend rates (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
Net OPEB Liability/(Asset)	$ (10,150,189)	$ (5,930,894)	$ (843,629)

REQUIRED SUPPLEMENTARY INFORMATION

RANCHO CALIFORNIA WATER DISTRICT RETIREMENT MEDICAL BENEFITS PLAN
SCHEDULE OF CHANGES IN THE
DISTRICT'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS

Last 10 Fiscal Years

	Fiscal Year Ended				
	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
Total OPEB liability:					
Service cost	$ 588,678	$ 535,272	$ 400,041	$ 439,028	$ 499,220
Interest	2,448,733	2,147,718	2,055,080	2,440,590	2,521,601
Differences between expected and actual experience	(2,130,688)	3,414,987	82,442	(6,569,637)	(492,535)
Changes of assumptions	902,702	571,984	889,317	-	(1,796,441)
Benefit payments	(2,286,432)	(2,242,085)	(2,138,989)	(1,830,544)	(1,886,018)
Implicit rate subsidy	-	-	-	-	(25,740)
Net change in total OPEB liability	(477,007)	4,427,876	1,287,891	(5,520,563)	(1,179,913)
Total OPEB liability-beginning	36,813,392	32,385,516	31,097,625	36,618,188	37,798,101
Total OPEB liability-ending (a)	$ 36,336,385	$ 36,813,392	$ 32,385,516	$ 31,097,625	$ 36,618,188
Plan fiduciary net position:					
Contributions-employer and implicit subsidy	$ 301,392	$ 205,678	$ 329,725	$ 37,540	$ 25,740
Net investment income (loss)	6,060,234	4,087,208	3,646,859	2,709,172	(5,412,792)
Benefit payments	(2,286,432)	(2,242,085)	(2,138,989)	(1,830,544)	(1,886,018)
Administrative expense	(25,731)	(24,274)	(22,994)	(21,953)	(25,746)
Implicit rate subsidy fulfilled	-	-	-	-	(25,740)
Other changes	-	-	(7)	-	-
Net change in plan fiduciary net position	4,049,463	2,026,527	1,814,594	894,215	(7,324,556)
Plan fiduciary net position-beginning	38,217,816	36,191,289	34,376,695	33,482,480	40,807,036
Plan fiduciary net position-ending (b)	$ 42,267,279	$ 38,217,816	$ 36,191,289	$ 34,376,695	$ 33,482,480
District's net OPEB liability/(asset)-ending (a) - (b)	$ (5,930,894)	$ (1,404,424)	$ (3,805,773)	$ (3,279,070)	$ 3,135,708
Plan fiduciary net position as a percentage of the total OPEB liability	116.32%	103.81%	111.75%	110.54%	91.44%
Covered-employee payroll	$ 21,636,076	$ 20,303,391	$ 17,189,893	$ 15,844,407	$ 14,022,459
District's net OPEB liability/(asset) as a percentage of covered-employee payroll	-27.41%	-6.92%	-22.14%	-20.70%	22.36%

RANCHO CALIFORNIA WATER DISTRICT RETIREMENT MEDICAL BENEFITS PLAN
SCHEDULE OF CHANGES IN THE
DISTRICT'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS

Last 10 Fiscal Years

	Fiscal Year Ended				
	June 30,2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:					
Service cost	$ 519,961	$ 637,418	$ 618,852	$ 575,517	$ 558,754
Interest	2,713,333	2,507,368	2,407,903	2,279,630	2,136,520
Differences between expected and actual experience	(3,944,967)	3,523,971	-	573,071	-
Changes of assumptions	-	(1,501,950)	1,059,080	(350,328)	-
Benefit payments	(1,787,710)	(1,265,392)	(1,742,940)	(1,662,028)	(1,511,382)
Implicit rate subsidy	(510,350)	(470,097)	(283,960)	(237,266)	(222,759)
Net change in total OPEB liability	(3,009,733)	3,431,318	2,058,935	1,178,596	961,133
Total OPEB liability-beginning	40,807,834	37,376,516	35,317,581	34,138,985	33,177,852
Total OPEB liability-ending (a)	$ 37,798,101	$ 40,807,834	$ 37,376,516	$ 35,317,581	$ 34,138,985
Plan fiduciary net position:					
Contributions-employer and implicit subsidy	$ 985,954	$ 8,064,305	$ 1,205,430	$ 1,147,319	$ 1,000,509
Net investment income	8,450,900	1,048,001	1,640,252	1,571,968	1,952,179
Benefit payments	(1,787,710)	(1,265,392)	(1,742,940)	(1,662,028)	(1,511,382)
Administrative expense	(23,943)	(19,567)	(18,314)	(18,363)	(17,700)
Implicit rate subsidy fulfilled	(510,350)	(470,097)	(283,960)	(237,266)	(222,759)
Other changes	-	-	-	-	4,649
Net change in plan fiduciary net position	7,114,851	7,357,250	800,468	801,630	1,205,496
Plan fiduciary net position-beginning	33,692,185	26,334,935	25,534,467	24,732,837	23,527,341
Plan fiduciary net position-ending (b)	$ 40,807,036	$ 33,692,185	$ 26,334,935	$ 25,534,467	$ 24,732,837
District's net OPEB liability/(asset)-ending (a) - (b)	$ (3,008,935)	$ 7,115,649	$ 11,041,581	$ 9,783,114	$ 9,406,148
Plan fiduciary net position as a percentage of the total OPEB liability	107.96%	82.56%	70.46%	72.30%	72.45%
Covered-employee payroll	$ 13,545,679	$ 13,215,297	$ 12,519,356	$ 12,349,550	$ 12,547,000
District's net OPEB liability/(asset) as a percentage of covered-employee payroll	-22.21%	53.84%	88.20%	79.22%	74.97%

RANCHO CALIFORNIA WATER DISTRICT RETIREMENT MEDICAL BENEFITS PLAN
SCHEDULE OF DISTRICT CONTRIBUTIONS

Last 10 Fiscal Years

	Fiscal Year Ended				
	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
Actuarially determined contribution	$ 301,392	$ 205,678	$ 329,725	$ 37,540	$ 25,740
Contributions in relation to the actuarially determined contribution	301,392	205,678	329,725	37,540	25,740
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 21,636,076	$ 20,303,391	$ 17,189,893	$ 15,844,407	$ 14,022,459
Contributions as a percentage of covered-employee payroll	1.39%	1.01%	1.92%	0.24%	0.18%

Actuarially determined contribution	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
	$ 985,955	$ 1,439,210	$ 1,205,430	$ 1,101,557	$ 1,028,980
Contributions in relation to the actuarially determined contribution	985,955	8,534,404	1,205,430	1,147,319	1,000,509
Contribution deficiency (excess)	$ -	$ (7,095,194)	$ -	$ (45,762)	$ 28,471
Covered-employee payroll	$ 13,545,679	$ 13,215,297	$ 12,519,356	$ 12,349,550	$ 12,547,000
Contributions as a percentage of covered-employee payroll	7.28%	64.58%	9.63%	9.29%	7.97%

Notes to Schedule:

Valuation date: June 30, 2025

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal, level percent of salary
Amortization method	Level dollar
Discount rate	6.75%
Inflation	2.75% per annum
Salary increases	2.80% per annum

RANCHO CALIFORNIA WATER DISTRICT RETIREMENT MEDICAL BENEFITS PLAN
SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

	Fiscal Year Ended				
	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
Annual money-weighted rate of return, net of investment expenses	16.31%	11.65%	10.92%	8.33%	-13.62%

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Annual money-weighted rate of return, net of investment expenses	25.74%	3.52%	6.53%	6.46%	6.05%

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Rancho California Water District
Retirement Medical Benefits Plan
Temecula, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rancho California Water District Retirement Medical Benefits Plan (the Plan) as of and for the year ended June 30, 2026, and the related notes to financial statements, which collectively comprise the Plan's financial statements, and have issued our report thereon dated September 18, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarr LLP

Irvine, California
September 18, 2026

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To the Board of Directors
Rancho California Water District
Retirement Medical Benefits Plan
Temecula, California

We have audited the financial statements of Rancho California Water District Retirement Medical Benefits Plan (the Plan) as of and for the year ended June 30, 2026, and have issued our report thereon dated September 18, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 5, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Plan solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and proposing journal entries. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure

checklist to ensure footnotes are complete and accurate. Proposed journal entries are reviewed by management and approved prior to posting.

Additionally, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

During the planning of the audit, we identified the following as significant risk:

- Investments, due to the significance of the balance: We verified that investments complied with the investment policy and were properly classified.
- Management override of internal controls: We selected and reviewed journal entries to ensure that entries are reasonable and apparently reviewed.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Plan is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2026. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is:

Management estimates custodial investments based on their fair value. We evaluated the investment policy and tested a sample of investments for their fair value.

Financial Statement Disclosures

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

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Plan's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were none.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated September 18, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Rancho California Water District Retirement Medical Benefits Plan, we generally discuss a variety of matters, including the

application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Rancho California Water District Retirement Medical Benefits Plan's auditors.

This report is intended solely for the information and use of the Board of Directors and management of the Plan and is not intended to be and should not be used by anyone other than these specified parties.

DavisFarr LLP

Irvine, California
September 18, 2026

Rancho Water
WORKING FOR OUR COMMUNITY

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President
J. D. Harkey
Senior Vice President
Carol Lee Gonzales-Brady
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General Counsel

Rancho California Water District
42135 Winchester Road
Temecula, California
92590-4800
(951) 296-6900
FAX (951) 296-6860
RanchoWater.com

September 18, 2026

Davis Farr LLP
18201 Von Karmen Ave, Suite 1100
Irvine, CA 92612

This representation letter is provided in connection with your audit of the financial statements of Rancho California Water District's Retired Medical Benefits Plan (the Plan) as of June 30, 2026, and the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 18, 2026:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 5, 2026 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to preparing the financial statements and proposing journal entries we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters.
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report.
  - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Plan and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Plan's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the Plan's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

- The Plan has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Plan is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Plan has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Pension and Postretirement Benefits

- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Required Supplementary Information

With respect to the Management Discussion and Analysis, Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios, Schedule of District Contributions, and Schedule of Investment Returns accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the Management Discussion and Analysis, Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios, Schedule of District Contributions, and Schedule of Investment Returns in accordance with U.S. GAAP.
b. We believe the Management Discussion and Analysis, Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios, Schedule of District Contributions, and Schedule of Investment Returns, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
c. The methods of measurement or presentation have not changed from those used in the prior period.

Jason A. Martin, General Manager

Kathleen Naylor

Kathleen Naylor, Chief Financial Officer/Treasurer

1.B

Rancho Water

COMMITTEE ACTION

FINANCE AND AUDIT COMMITTEE

October 1, 2026

ITEM 1.B: **Review and Consider Approval and Acceptance of Rancho California Water District's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2026**

RESPONSIBLE/LEAD STAFF MEMBER(S):

Karrie Swaine, Controller

RECOMMENDATIONS:

Staff requests the Finance and Audit Committee (Committee) recommend the Board of Directors (Board) approve and accept Rancho California Water District's (Rancho Water/District) Annual Comprehensive Financial Report (ACFR) and authorize staff to submit the report to the Government Finance Officers Association (GFOA) for consideration of its annual Excellence in Financial Reporting award and to comply with Government Accounting Standards Board Statement No. 44.

DISCUSSION:

Attached for the Committee's review and consideration is Rancho Water's draft ACFR for the fiscal year ended June 30, 2026.

Reliable and standardized financial reporting is a cornerstone of successful borrowing, as the financial and investment communities place significant importance on an entity's financial integrity and transparency. The ACFR serves as a widely recognized vehicle for municipal issuers and others to demonstrate sound financial stewardship, which fosters trust among financial institutions, credit rating agencies, bond underwriters, and investors.

While the preparation of an ACFR is not legally nor financially mandated, Finance Staff has purposefully designed the District's annual report to align with the reporting requirements of the U.S. Securities and Exchange Commission. These requirements call for specific, annual financial disclosures to be submitted to nationally recognized municipal securities information repositories.

Upon the Board's approval and direction, staff will submit the District's ACFR for the fiscal year ending June 30, 2026, to the GFOA for consideration of its Certificate of Achievement for Excellence in Financial Reporting.

ALTERNATIVES:

Take no action

FISCAL ANALYSIS:

Not applicable

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

1. Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2026

ACFR 2026



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2026

Rancho Water
WORKING FOR OUR COMMUNITY

42135 Winchester Road,
Temecula, CA 92590
RanchoWater.com

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2026

Prepared by:

RANCHO CALIFORNIA WATER DISTRICT'S FINANCE DIVISION

42135 Winchester Road ▪ Temecula, CA 92590

www.ranchowater.com

Rancho Water

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2026

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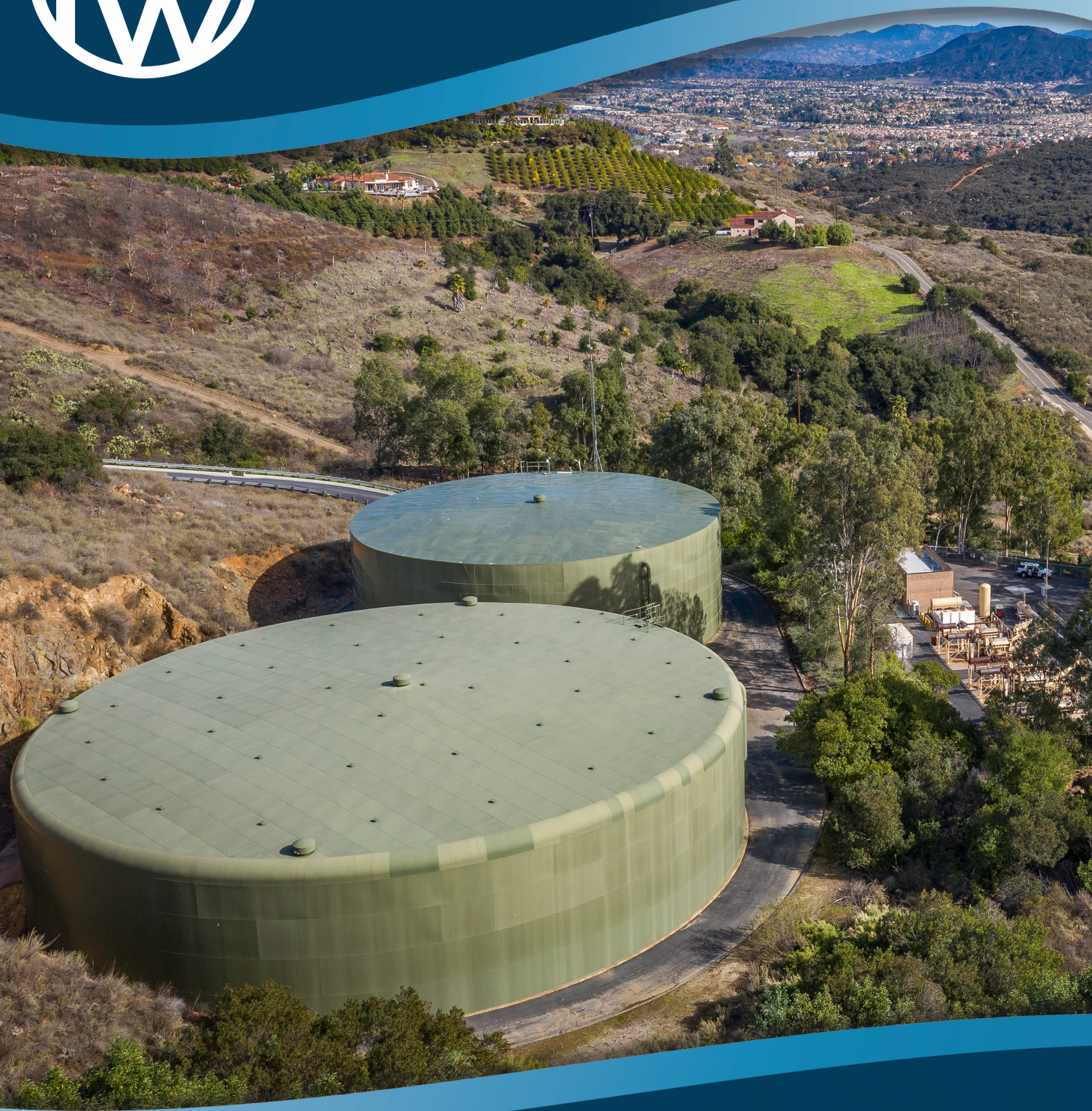
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ACFR



2026

Introduction

Rancho Water
WORKING FOR OUR COMMUNITY

October 8, 2026

The Honorable Board of Directors,
District Customers, and Other Stakeholders of
RANCHO CALIFORNIA WATER DISTRICT
42135 Winchester Road
Temecula, CA 92590

We are pleased to present the Rancho California Water District's (hereinafter referred to as "the District") Annual Comprehensive Financial Report ("ACFR") for the fiscal year ended June 30, 2026. This report is intended to provide the Board of Directors, investors, residents within the District service area, members of the public, governmental agencies, and other interested stakeholders with reliable financial information regarding the District's operations and fiscal position.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting ("COA") to the District for its ACFR for the fiscal year ended June 30, 2025. This was the 31st consecutive year the District has achieved this prestigious award. In order to be awarded a COA, a district must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A COA is valid for a period of one year only. We believe that the District's current ACFR continues to meet the requirements of the Certificate of Achievement Program, and we are submitting it to the GFOA for consideration for another certificate.

This report has been prepared under the financial reporting model recommended by Governmental Accounting Standards Board Statement 34. These recommendations require governments to use the modified or full accrual basis of accounting. The District has been using the full accrual basis of accounting and will continue to do so. The basic financial statements are accompanied by a narrative introduction, overview, and analysis.

Board of Directors
Brian J. Brady
President
J. D. Harkey
Senior Vice President
Carol Lee Gonzales-Brady
John E. Hoagland
William E. Plummer
John V. Rossi
Bill J. Wilson

Officers
Jason A. Martin
General Manager
Dan Ruiz
Assistant General Manager – Engineering & Operations
Kathleen M. Naylor
Chief Financial Officer/Treasurer
Jennifer A. Serna
District Secretary
James B. Gilpin
Best Best & Krieger LLP
General Counsel

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RanchoWater.com

The narrative section is entitled "Management's Discussion and Analysis" ("MD&A"). This transmittal letter is designed to complement the MD&A, providing significant financial highlights, trends, and explanations of major changes in the financial condition of the Rancho California Water District ("Rancho Water/District"). The MD&A can be found immediately following the independent auditor's report.

Reporting Entity and Its Services



The District encompasses approximately 100,000 acres of land located in southwestern Riverside County (County) and serves the area known as Temecula/ Rancho California, which includes most of the City of Temecula, portions of the City of Murrieta, and other contiguous land in the unincorporated territory of the County. Rancho Water is governed by a seven-member Board of Directors (the "Board/Directors"), each serving staggered four-year terms. The Directors were originally elected at large by property owners within the District's service area based on one vote for each $1 of assessed valuation of land only. In 1990, the California Water District Law was amended with respect to the District to provide for a gradual transition from voting by landowners to voting by registered voters. Commencing the 2003 election, all Directors are elected by registered resident voters.

Development of the Temecula/Rancho California community began in 1964 when Vail Ranch was acquired by the partnership of Kaiser Corporations ("Kaiser Aluminum & Chemical Corporation" and "Kaiser Industries Corporation") and Macco Realty Company. On August 16, 1965, to provide for a continuing and reliable water supply, the developers of Temecula/Rancho California formed the Rancho California Water District (the "Rancho District") over the easterly 41,000 acres of the Temecula/Rancho California development. The Santa Rosa Ranches Water District was organized on January 24, 1968, to serve the westerly 44,800 acres of land in the community of Temecula/Rancho California.

To provide supplemental imported water, the Rancho District was annexed in 1966 to the Eastern Municipal Water District ("EMWD") and the Metropolitan Water District of Southern California ("MWD"). EMWD was also granted powers to collect, treat, and dispose of wastewater within what is now known as the Rancho Division. In 1968, the Santa Rosa Ranches Water District was annexed to the Western Municipal Water District ("WMWD") and MWD. Both EMWD and WMWD are member agencies of MWD, which provide supplemental imported Colorado River and State Water Project to the District. The District is a sub-member agency of MWD through EMWD and WMWD. Prior to 1976, EMWD assisted in the operation and maintenance of Rancho District's water system. By mutual agreement in 1976, this arrangement was terminated and Rancho District assumed responsibility for the maintenance and operation of the water system. The Santa Rosa Ranches District operated and maintained its water system prior to consolidation with the Rancho District.

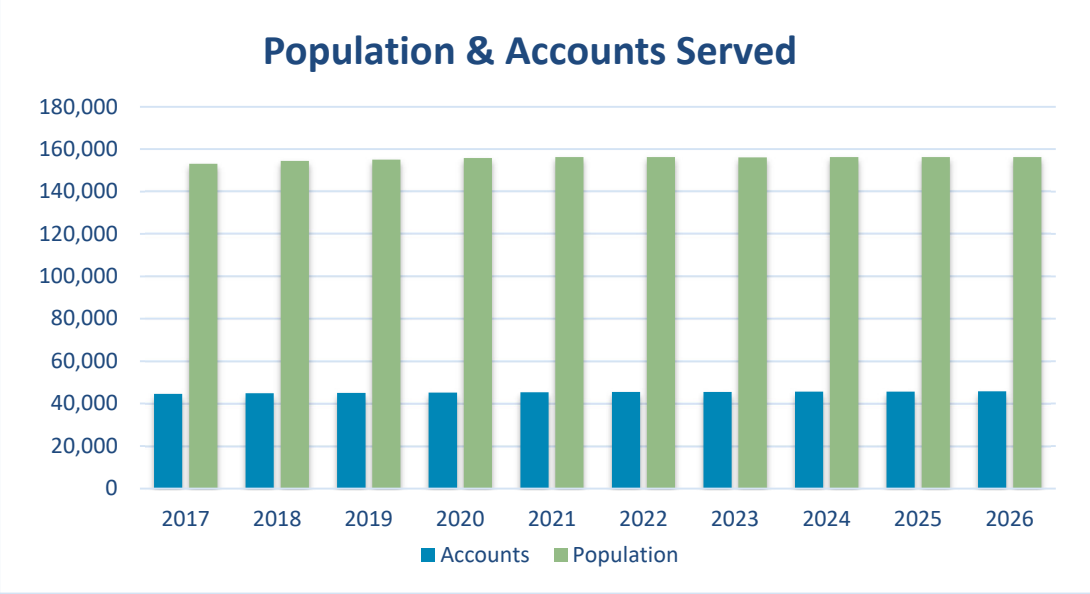
On January 1, 1977, the Rancho District and the Santa Rosa Ranches District were consolidated in accordance with County Reorganization Nos. 76-34-4 and 76-34-5 under the name Rancho California Water District. Land areas within the District were designated as the Rancho Division for the original Rancho District and the Santa Rosa Division for the original Santa Rosa Ranches District. As a result of the consolidation, the District acquired the power to operate, maintain, and furnish facilities for all water systems within the District.

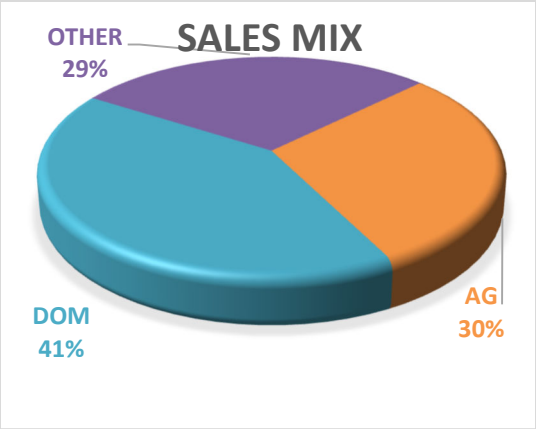
In August of 2017, the District sold the facilities of the Santa Rosa Water Reclamation Facility ("SRWRF") to the Santa Rosa Regional Resources Authority ("SRRRA"). The District is a member agency of the SRRRA, which is responsible for collection and treatment of wastewater over the Santa Rosa Division. EMWD remains responsible for wastewater treatment in the Rancho Division. With subsequent annexations, land area of the Santa Rosa and Rancho Divisions of the District is currently 50,581 and 48,596 acres, respectively.

The District currently operates with a budgeted full-time equivalent staff of 172 employees under the direction of the general manager. There are three recognized employee bargaining groups, the Rancho California Water District Employees' Association ("RCWDEA"), the Rancho California Water District Management, Professional, and Confidential Employees' Association ("MPCEA"), and an unrepresented group. Under state law, the District is required to meet and confer each year with the bargaining units. The RCWDEA and MPCEA are currently in a three-year memorandum of understanding. All full-time employees are covered by the State of California Public Employees' Retirement System ("PERS").

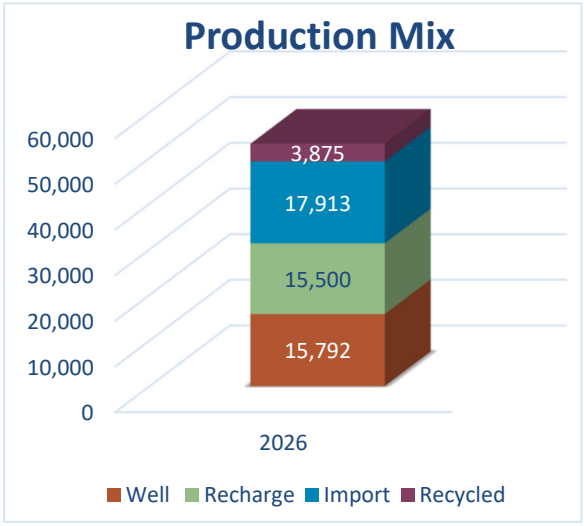
Economic Outlook

The District continues to serve a well-established and relatively stable service area, with population and customer accounts demonstrating gradual growth over the past decade, as illustrated in the accompanying Population & Accounts Served graph. In FY 2025/2026, growth remained modest at approximately 0.1 percent, with 43 new water services added during the year, bringing the total number of water customers to 45,742. While significant near-term expansion is not anticipated, continued residential development within the cities of Temecula and Murrieta and surrounding County areas is expected to support gradual growth in the District's customer base and assessed property values. Residential customers currently comprise approximately 86 percent of total District accounts, contributing to a relatively stable underlying customer base. Assessed land values and the general-purpose levy increased by approximately 4.5 percent in both the Rancho and Santa Rosa Divisions during FY 2025/2026, further strengthening the District's revenue base. Overall, the combination of a stable service population, moderate development, and continued growth in assessed valuation provides a solid foundation for the District's long-term financial and operational planning.





Water demand remained relatively stable despite warm and relatively dry conditions during the year. Water consumption totaled approximately 50,279 acre-feet (AF) in FY 2025/2026, a decrease of 4 percent from the prior year. The District serves a diverse customer base, with the accompanying Sales Mix graph illustrating that domestic water use represented approximately 41 percent of total water sales, agricultural use represented approximately 30 percent, and other customer use accounted for the remaining 29 percent. This diversified sales mix reflects the varied water needs within the District's service area and influences overall demand patterns. Domestic demand provides a relatively stable component of water use, while agricultural and other uses may fluctuate more in response to weather conditions, conservation practices, economic activity, and water costs. The District therefore continues to monitor changes in customer demand while promoting conservation and efficient water use as part of its long-term water supply planning. During FY 2025/2026, relatively flat customer growth combined with lower overall consumption resulted in reduced water demand; however, water sales revenue remained relatively stable due primarily to previously approved water rate adjustments.



Water supply reliability and cost management remain important components of the District's economic outlook. During FY 2025/2026, the District produced approximately 53,080 AF of water from a diversified portfolio of groundwater, recharge, imported, and recycled supplies. As illustrated in the accompanying Production Mix graph, groundwater supplied 15,792 AF, recharge water provided 15,500 AF, imported water provided 17,913 AF, and recycled water provided 3,875 AF. Groundwater continues to be the District's most cost-effective water source, and the District remains focused on optimizing local groundwater production within sustainable basin limits, while reducing reliance on higher-cost treated imported water where operationally feasible. During FY 2025/2026, groundwater represented approximately 30 percent of total water supply, while imported water represented approximately 34 percent. The District continues to manage its groundwater basin and overall supply portfolio to balance reliability, sustainability, and cost, as imported water prices and other operating costs increase.

Energy costs remain another significant component of the District's operating outlook. During FY 2025/2026, Southern California Edison rates increased by approximately 7 percent, reinforcing the District's continued focus on managing energy consumption and controlling pumping costs. The District strategically limits pumping during on-peak hours and prioritizes operation of wells and booster stations during lower-cost, off-peak periods. The District also participates in Demand Response events through Enersponse, reducing electrical demand during peak periods while supporting overall grid stability. These efforts are consistent with the District's broader strategy of actively managing operating costs as energy prices continue to increase.

The District also continues to evaluate alternative energy sources and operational improvements that can provide both cost savings and system reliability. Natural gas pumping is utilized where feasible because it remains significantly more cost-effective than electric pumping. Based on the success of this approach, the District is conducting a feasibility study at one of its larger pump stations to evaluate replacing two of the station's six electric pumps with one natural gas-powered pump. If implemented, the project could reduce pumping costs within one of the District's largest residential pressure zones while providing additional operational redundancy during electrical power outages.

In addition, construction of the District's hydroelectric stations is nearing completion, with the facilities expected to become operational soon. Together, these initiatives demonstrate the District's continued efforts to diversify its energy resources, improve energy efficiency, reduce operating costs, and strengthen system reliability during emergencies. Looking ahead, the District will continue evaluating operational strategies and capital projects that can mitigate the financial impact of rising energy costs while maintaining reliable service.



Looking ahead, inflationary pressures and increasing water supply, energy, labor, materials, and outside service costs are expected to continue affecting District operations. The FY 2026/2027 operating budget totals approximately $106.3 million, an increase of approximately $7.5 million, or 7.6 percent, from the prior-year budget. Water supply remains the District's largest operating expense, representing approximately 54 percent of the operating budget. To help mitigate rising supply costs, the District plans to increase production at its VDC recharge facilities from 15,500 AF to 19,500 AF, allowing greater use of lower-cost untreated water in place of more expensive treated imported water. Energy costs are also expected to increase, with approximately $9.6 million included in the FY 2026/2027 budget, reflecting anticipated utility rate increases and additional energy requirements associated with increased recharge production. The District will continue to monitor economic, operational, and water supply conditions and adjust its strategies as necessary to maintain long-term financial sustainability.

Long-term water supply reliability and infrastructure investment also remain central to the District's economic outlook. The District is currently administering more than $50 million in grant funding for projects and programs supporting groundwater storage, water supply reliability, water quality, pipeline improvements, conservation, and other infrastructure initiatives. These external resources allow the District to advance significant infrastructure investments, while reducing the amount that must be funded directly from District resources. In addition, water exchange agreements entered into during 2026 with WMWD and EMWD are expected to provide access to additional long-term water supplies beginning in 2027. These agreements are intended to diversify available supplies, enhance operational flexibility, and provide potential long-term cost savings as MWD water rates continue to increase.

Overall, the District's economic outlook remains stable, supported by a well-established customer base, moderate growth in development and assessed valuation, a diversified water supply portfolio, and continued investment in infrastructure and operational efficiency. At the same time, rising water supply, energy, and other operating costs will require continued emphasis on cost management and strategic planning. Through investments in local and alternative water supplies, energy-efficiency initiatives, grant-funded infrastructure, and operational improvements, the District remains focused on maintaining reliable and cost-effective services while positioning itself to address changing economic conditions and the long-term needs of its service area.

Water Supply

Groundwater, which includes water from native aquifers as well as raw water purchased to recharge the District's basins, provides approximately 63 percent of the water to District customers and reduces the need to buy imported treated water. Groundwater is also Rancho Water's least expensive source of water; therefore, it is imperative for the District to be a good steward for the supply.

During FY 2025/2026, California continued to experience warm and relatively dry conditions. Rainfall within the District's service area totaled approximately 8.0 inches, remaining relatively consistent with 7.9 inches in the prior year. Water consumption decreased by approximately 4 percent, from 52,224 acre-feet (AF) in FY 2024/2025 to 50,279 AF in FY 2025/2026. Despite the reduction in water use, water sales revenue increased slightly by approximately $150,000, or 0.3 percent, primarily reflecting previously approved water rate increases.

Rancho Water continues to advance long-term initiatives that support water use efficiency, customer service, regulatory compliance, and sustainable resource management. These efforts combine customer assistance, technology and data, regional partnerships, and outside funding to help customers use water efficiently while preparing the District for evolving state requirements. Current and future initiatives include:

- Continued enhancement of customer conservation tools and assistance, including MyWaterTracker, leak notifications, water use information, conservation outreach, rebates, direct installation programs, and landscape efficiency assistance.
- Implementation of the Regional CropSWAP Program, which supports agricultural water efficiency through crop conversion, irrigation improvements, soil-moisture sensing, irrigation automation, and other agricultural best management practices. The District is currently working to make responsible use of remaining eligible grant funding during the program's closeout period.
- Development of the Food and Agriculture Resilience Mission (FARM) initiative as a longer-term regional framework for agricultural conservation, infrastructure modernization, and future outside funding. FARM is intended to build on the District's experience with CropSWAP while supporting future regional agricultural water efficiency opportunities.
- Preparation for new state commercial, industrial, and institutional (CII) water-use requirements. The District has mapped CII irrigable landscapes and is developing the meter, GIS, customer classification, and other information needed to support future regulatory compliance. This information may also support future evaluation of commercial water budget approaches.
- Continued implementation of Assembly Bill 1572 requirements related to nonfunctional turf, including customer assistance, verification, and compliance monitoring.

- Continued use and improvement of GIS, advanced metering information, customer information systems, aerial imagery, data analysis, and other technology to better identify conservation opportunities, assist customers, and measure water use.
- Continued evaluation of customer conservation programs, including residential and commercial direct installation opportunities, landscape assistance, demonstration gardens, and other programs intended to make water efficiency and regulatory compliance easier for customers.
- Continued pursuit of state, federal, regional, and other outside funding to support customer conservation, agricultural water efficiency, sustainable landscaping, and related water resource initiatives.

Together, these initiatives reduce reliance on costly imported water and protect local resources for future generations.



Major Initiatives

The District's long-term vision and strategic goals are contained in its 2023 Strategic Plan (Plan). The Plan vision statement represents the aspiration of the District as follows:

> *"Rancho California Water District is an innovative, responsive, and prudent steward of the water and water recycling service responsibility entrusted to it."*

Six goals were identified in the Plan, including Resources Management, which seeks to "Provide a safe, resilient, and sustainable water supply portfolio that achieves an optimum balance of water resources." In December 2024, the Board of Directors authorized Program Management Services to holistically analyze and strategically implement the appropriate phases of the following six critical water resources program projects as noted below:

1. Mid-Pauba Groundwater Banking Project - Procure and manage the Progressive Design Build effort to expand groundwater banking, recharge, and extraction using raw imported water.
2. Upper Valle De Los Caballos (UVDC) Recharge and Recovery Facilities - Ensure grant milestones are met and seek additional opportunities to maximize conjunctive use at this facility.
3. Per- and Polyfluoroalkyl (PFAS) Substances and Water Quality Treatment (includes arsenic treatment) - Investigate treatment options and procure and manage the design effort.
4. Vail Dam Water Resource Plan - Review and develop opportunities for lake storage and groundwater recharge in conjunction with the UVDC Recharge and Recovery Facilities and the Mid-Pauba Groundwater Banking Project.
5. Upper Mesa Groundwater Banking Project - During this past year, it was determined the project was not feasible due to unfavorable hydrogeology and lack of vacant suitable parcels for recharge operations.
6. Recycled Water and Brine Line Project - The work scope included a review of existing recycled water infrastructure supply, demand, and agency agreements (with EMWD and EVMWD) to make recommendations to enhance the use of this resource. Alternate alignments and estimated costs for construction of a brine line were developed. Based on the high capital costs for a brine line and low volume of water produced, it was decided to put this project on hold for now.

Each fiscal year, the District prepares a Five-year Capital Improvement Plan, in which the current plan is for FYs 2026/2027 to 2030/2031. Described on the following page are the District's major projects that were completed or were in progress during FY 2025/2026.

Potable Water System



Rancho Water uses a combination of existing groundwater wells, four imported treated water turnouts from MWD, recycled water, and groundwater recharge using raw imported water to meet its water supply needs. Future water supply needs will be met with increased groundwater recharge and extraction, treated imported water delivery through the existing turnouts, and increased water recycling.

The District's long-term conjunctive use optimization program includes the construction of additional groundwater wells at the UVDC Recharge and Recovery Facility. The program will ultimately provide more than double the potable water production at this location from 15 ft^3/s currently to 42 ft^3/s once expanded, providing significant benefits in terms of cost savings, reliability, and water quality to Rancho Water customers. In addition, the District recently completed the construction of four wells, utilizing state and federal grant funds to significantly reduce the cost of construction.



Also, the construction of the new Regional Pump Station and Chlorine Contact Tank Project is nearing completion, with a total construction value of $30.8 million. Completion and operation of the Pump Station and Chlorine Contact Tank is expected to take place in mid-FY 2026/2027.

Following the 2022 Indirect Potable Reuse (IPR) Implementation Plan, Rancho Water evaluated brine management options through two subsequent studies: the FY 2024/2025 IPR Brine Line Cost Study which assessed a southern alignment and the FY 2025/2026 Brine Line Study, which assessed a northern alignment. While both options were found to be technically feasible, brine disposal costs substantially exceed treatment costs, making IPR economically impractical at this time. Consequently, Rancho Water has suspended IPR implementation efforts and is prioritizing more affordable opportunities to enhance supply resilience, including execution of water transfer agreements with WMWD and EMWD. IPR may be reconsidered if supply needs, costs, or conditions change.

In FY 2025/2026, the District initiated the Mid-Pauba Groundwater Banking Project to enhance long-term water supply reliability and operational flexibility, by restoring groundwater levels in the Pauba Valley toward pre-drought conditions. The project is designed to bank approximately 10,000 AF of groundwater annually and increase groundwater production using new wells, and as aquifer levels recover in existing wells. The project will also investigate the feasibility of using a combination of existing and new infrastructure to treat raw imported water for quagga mussel control and convey it to Vail Lake for storage. It will also evaluate the ability to convey stored water from Vail Lake to the Mid-Pauba recharge basins through an existing gravity drain line, further expanding the District's groundwater recharge and storage capabilities.

Vail Lake and Vail Dam are also important components of the District's long-term water resource and watershed management strategy. The District acquired Vail Lake and Vail Dam in 1978 and subsequently acquired approximately 8,379 acres surrounding Vail Lake in 2014 to protect water quality and the surrounding watershed. Separate from the Mid-Pauba Groundwater Banking Project, the District is advancing the Vail Dam Rehabilitation Project to provide seismic and hydrologic upgrades to the existing dam facilities and support the safe, reliable, and long-term operation of Vail Dam. During FY 2025/2026, the District continued negotiations with the resource agencies for mitigation of project impacts as part of the permitting process.



Wastewater System

The Santa Rosa Water Reclamation Facility (SRWRF) is a regional water reclamation facility owned and governed by the Santa Rosa Regional Resources Authority (SRRRA/Authority), a Joint Powers Authority formed by Rancho California Water District, Elsinore Valley Municipal Water District, and Western Municipal Water District. The facility provides regional wastewater treatment and recycled water production services for the member agencies of SRRRA and currently processes approximately 3.2 million gallons per day (MGD), representing approximately 64 percent of its rated treatment capacity of 5.0 MGD. Recycled water produced at the facility is distributed by the District for beneficial reuse throughout the service area, supporting long-term water resource sustainability and reducing reliance on imported water supplies.

District staff are responsible for the operation of the SRWRF and implementation of the Capital Improvement Program. SRRRA reimburses the District for its labor, administrative costs, and other related expenses. During FY 2025/2026, staff continued implementation of a comprehensive asset management and rehabilitation program focused on maintaining reliable water reclamation operations, extending asset life, and preserving critical regional infrastructure. Major efforts included rehabilitation of the Advanced Water Treatment tertiary filtration system, replacement of critical process control valves, rehabilitation of Sequencing Batch Reactor process equipment, facility electrical reliability testing, and ongoing improvements to treatment plant infrastructure. In addition, the SRWRF Roof Repair Project advanced substantially during the fiscal year and will help protect critical treatment assets while reducing long-term maintenance costs.

Collection system reliability of trunk sewer remained a key priority during the fiscal year. The District completed rehabilitation and improvement projects at a total of 48 sewer manholes throughout the regional collection system, including manhole rehabilitation, replacement, and adjustments to grade. These improvements enhance system reliability, improve accessibility for maintenance and inspection activities, and support the long-term stewardship of critical wastewater collection system infrastructure.



The District also completed its first cured-in-place pipe rehabilitation project, including rehabilitation of approximately 200 linear feet of 24-inch vitrified clay pipe at the intersection of Adams Avenue and Fig Street and approximately 780 linear feet of 24-inch ductile iron pipe within the SRWRF. The project represents an important milestone in the Authority's asset management program, helping preserve critical collection system infrastructure, extend asset life, and reduce the need for more costly future repairs.

In conjunction with these improvements, staff completed its FY 2025/2026 Sewer Video Survey and Condition Assessment Program. The assessment provides a comprehensive evaluation of the regional collection system and will be used to identify, prioritize, and program future rehabilitation and replacement projects based on asset condition, risk, and operational needs. The program establishes a data-driven framework for long-term capital planning and supports proactive management of critical wastewater infrastructure.

Regulatory compliance and permit modernization at the SRWRF remained a key focus during the fiscal year. Staff successfully completed a Pretreatment Compliance Audit conducted by the California Regional Water Quality Control Board, San Diego Region (Board), with no significant findings. In support of the ongoing Report of Waste Discharge (ROWD) development and anticipated permit modernization, Board staff conducted a site inspection of the SRWRF later in the fiscal year. The ROWD will support enrollment of the District's separate and distinct recycled water distribution and use system under the State's General Water Reclamation Requirements Permit and establish a modernized regulatory framework for future operations.

Results of Operations

During FY 2025/2026, the District continued to maintain a strong financial position while managing rising water supply costs, aging infrastructure, and changing customer demand. Water consumption decreased approximately 4 percent from the prior year to 50,279 acre-feet (AF), contributing to an approximately 6 percent reduction in total water production. Despite lower consumption, water sales revenue remained relatively stable, increasing slightly due primarily to water rate adjustments. The District continued to maximize lower-cost groundwater supplies and utilize water management programs to help mitigate the impact of increasing imported water costs.

Overall, the District generated sufficient revenue to support its operations and continued investment in infrastructure. Total expenses remained relatively consistent with the prior year, while the District continued to address aging infrastructure, pursue operational efficiencies, and invest in its water supply and distribution systems. The District's net position increased by approximately $47.8 million, or 7 percent, to $761.2 million at June 30, 2026, reflecting its continued financial stability and capital investment. Please refer to the MD&A in the financial section of this report for analysis of the District's operating results.

Accounting Systems

The District accounts for its activities as an enterprise fund and prepares its financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. The District maintains separate accounting records and sets rates and charges separately for its two water divisions. This method was implemented following a merger of the two water divisions into one organization in an effort to comply with the Local Agency Formation Commission's requirements. It is the intent of the Directors that the costs of providing water and wastewater services are financed primarily through user charges; hence, fixed costs are largely recovered through fixed revenues, and variable costs are recovered through variable revenues. This method better positions the District to maintain a stable and equitable rate structure during normal and abnormal weather conditions, as well as during periods of drought, all of which may result in material reductions in water sales.

Internal Controls

The District operates within a system of internal accounting controls established and continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded, and transactions are recorded in accordance with District policies and procedures. When establishing and reviewing controls, management must consider the cost of the control, and the value of the benefit derived from its utilization. Management normally maintains or implements only those controls for which its value adequately exceeds its costs.

Budgetary Controls

On an annual basis, the District's Board approves a budget formulated on a department level, thereby integrating each manager's strategic plan into the financial planning process to support the District's guiding principles and overall mission statement. A utility is a self-supporting operation of a commercial nature, and the appropriate level of revenues and expenses is largely determined by the demand for service. Therefore, the annual operating budget should not be viewed as a rigid appropriation, but rather as a flexible, prioritized operating plan. The budget is prepared using a *budgeting by objectives* approach. Under this approach, annual goals and objectives are determined for each department of the District. These goals and objectives are then detailed into specific action plans and translated into dollars via the budget process. This process creates clearly defined and measurable goals for District management to carry out yet is flexible to adjust for fluctuations in demand for water services. Budget appropriations for major capital projects continue from year to year until each project is completed.

Financial Policies

As an enterprise fund, the District uses a cost-of-service approach to cost recovery, ensuring that customers receiving benefits are appropriately charged for the services provided. The District breaks operating costs out into three major categories:

Variable Costs

These costs are created during the actual production, distribution, and delivery of water services and are recovered on a per-unit-of-water-used basis.

Fixed Costs

These costs are created by the need to maintain the utility system capacity to deliver water regardless of the amount of water used and these costs are recovered by a fixed monthly service charge.

Fee for Service Charge

These costs are created by a specific customer's need for their own benefit and are recovered directly by that customer.

The District sets the above rates and charges each year at a level to recover the full cost of operations. Please refer to the MD&A in the financial section of this report for details.

Debt Administration

On June 30, 2026, the District had $196.3 million in outstanding revenue bond principal. During the current year, the District reduced its bond-related debt by $8.9 million. The weighted-average cost on all outstanding debt at this date was 3.7 percent and the District's debt service coverage ratio for the year was 4.30 compared to the pledged minimum ratio of 1.10 (see Table 18 in the Statistics Section). It is the general intent of the District that rates and non-operating revenues are adequate to provide for debt service, while the reliance on capacity fees from new development is to be minimized for this purpose.

In July 2026, subsequent to the close of FY 2025/2026, the District issued $52.3 million in bonds to finance planned capital improvements. The bonds generated approximately $53.6 million in total proceeds, including a net original issue premium of approximately $1.4 million. After underwriting and issuance costs, approximately $53.3 million was available to fund eligible capital projects and support the District's long-term infrastructure needs. As this financing occurred after June 30, 2026, it represents a subsequent event that will impact the District's financial activities beginning in FY 2026/2027. The bonds received an AAA credit rating from S&P Global Ratings, reflecting the District's strong financial position. The financing was structured to integrate with existing debt obligations and maintain a manageable overall debt profile while providing resources to advance the District's capital improvement program. Please refer to the MD&A Section 5 for more details.

The current ratings of two rating agencies as of June 30, 2026, are as follows:

AGENCY	RATING	RATING REFLECTS
Fitch	**AAA**	Healthy Financial Position; Strong Management; Growing Customer Base; Customer Income Levels.
Standard & Poor's	**AAA**	Strong Financial Management Practices and Policies; Diverse Customer Base; Above-Average Household Incomes; Affordable Rates.

Bond proceeds are used to fund Category 1 and Category 2 facilities. Category 1 facilities are the primary source of supply and benefit all properties in the District. Category 2 facilities are zone-specific and benefit a limited number of property owners. Capacity fees are used to fund any shortfall of bond proceeds for Category 1 and Category 2 facilities.

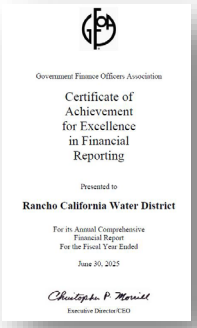
The District issues debt in compliance with its formally adopted debt policies. These policies include general debt management, interest rate swaps, and land-secured financing. All applicable bond covenants, such as ratios of net revenues to debt service and reserve fund balance requirements have been met or exceeded.

Annual Audit

The District is required by bond covenants and state statutes to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Davis Farr LLP was appointed by the Board to conduct this year's audit. Their audit report, which contains an unmodified opinion, is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Rancho Water for its Annual Comprehensive Financial Report ("ACFR") for the fiscal year ended June 30, 2025, making it the 31st consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.


Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

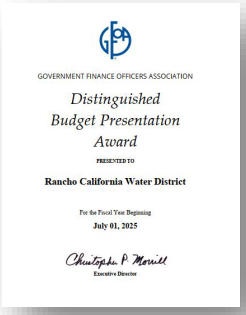
Presented to

Rancho California Water District

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2025

Executive Director/CEO


GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Rancho California Water District

For the Fiscal Year Beginning

July 01, 2025

Executive Director

The GFOA presented a Distinguished Budget Presentation Award to Rancho Water for its Annual Budget beginning July 1, 2025. This is the 19th consecutive year that the District has obtained this distinguished award. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan, and as a communication device. In June 2026, the District submitted its Annual Budget beginning July 1, 2026 to the GFOA for consideration of the budget award.

Acknowledgments

We would like to express our appreciation to all members of the District's staff, particularly the members of the Finance Division who have participated in the preparation of this report. We also thank the Board of Directors for their continued interest in and support of all aspects of the District's financial management.

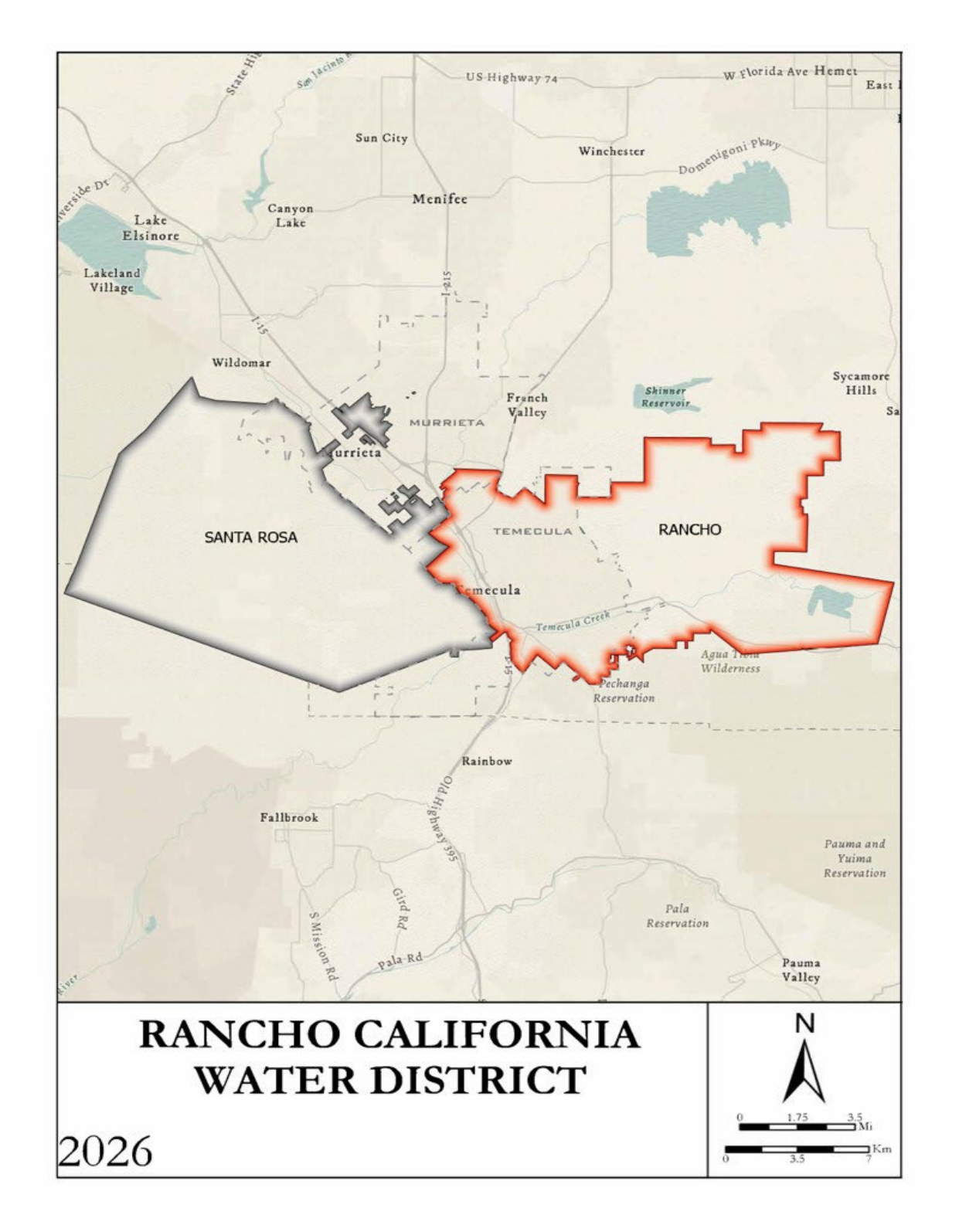
Respectfully submitted,

Jason A. Martin
General Manager

Kathleen M. Naylor
Chief Financial Officer/Treasurer

"The mission of the Rancho California Water District is to deliver reliable, high-quality water, wastewater, and reclamation services to its customers and communities in a prudent and sustainable manner."

Rancho California Water District – Location Map



Rancho California Water District Officials

Elected Board of Directors

Name	Current Term of Service	Length of Service
President, Brian J. Brady	December 2024 – December 2028	6 years
Senior Vice President, John D. Harkey	December 2022 – December 2026	4 years
Vice President, Carol Lee Gonzales-Brady	December 2022 – December 2026	9 years
Vice President, John E. Hoagland	December 2024 – December 2028	22 years
Vice President, William E. Plummer	December 2022 – December 2026	21 years
Vice President, John V. Rossi	December 2022 – December 2026	8 years
Vice President, Bill J. Wilson	December 2024 – December 2028	11 years

Executive Management

Title and Name	Length of Service
General Manager, Jason A. Martin	20 years
Assistant General Manager - Engineering & Operations, Daniel Ruiz	3 years
Chief Financial Officer/Treasurer, Kathleen M. Naylor	22 years
Director of Government & Public Affairs, Danielle Coats	4 years
Director of Human Resources, Eileen Dienzo	15 years
Director of Administration, Justin Haessly	17 years
Director of Planning, Jeff Kirshberg	15 years
Director of Engineering, Nikolay Lyuber	1-1/2 years
District Secretary, Jennifer Serna	1 year

General Counsel

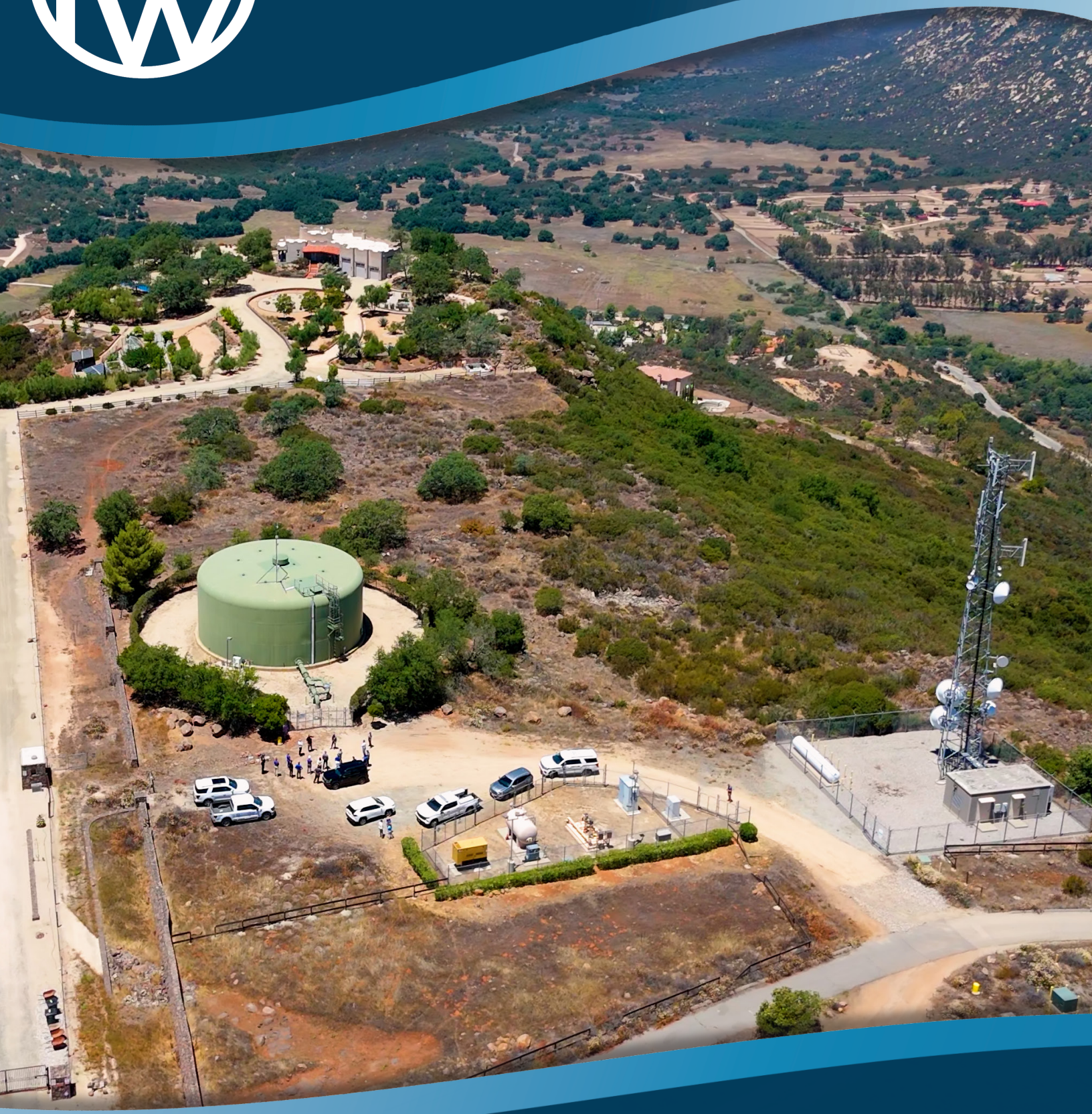
Firm	Length of Service
Best Best & Krieger	32 years

Rancho California Water District Organizational Chart



- General Manager
  - District Secretary
  - Assistant General Manager
    - Director of Water Operations
    - Director of Engineering
    - Director of Planning
  - Chief Financial Officer
  - Director of Human Resources
  - Director of Administration
  - Director of Government & Public Affairs

ACFR



2026

Financials

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Independent Auditor's Report

Board of Directors
Rancho California Water District
Temecula, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Rancho California Water District ("District"), as of and for the year June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Rancho California Water District, as of June 30, 2026, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described further in Note 1 to the financial statements, during the year ended June 30, 2026, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Rancho California Water District's 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 one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, 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 Rancho California Water 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 Rancho California Water 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 Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions – Defined Benefit Pension Plan, Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios and Schedule of OPEB Contributions* 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rancho California Water District's basic financial statements. The *combining financial statements and schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining financial statements and schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Rancho California Water District's 2025 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated September 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

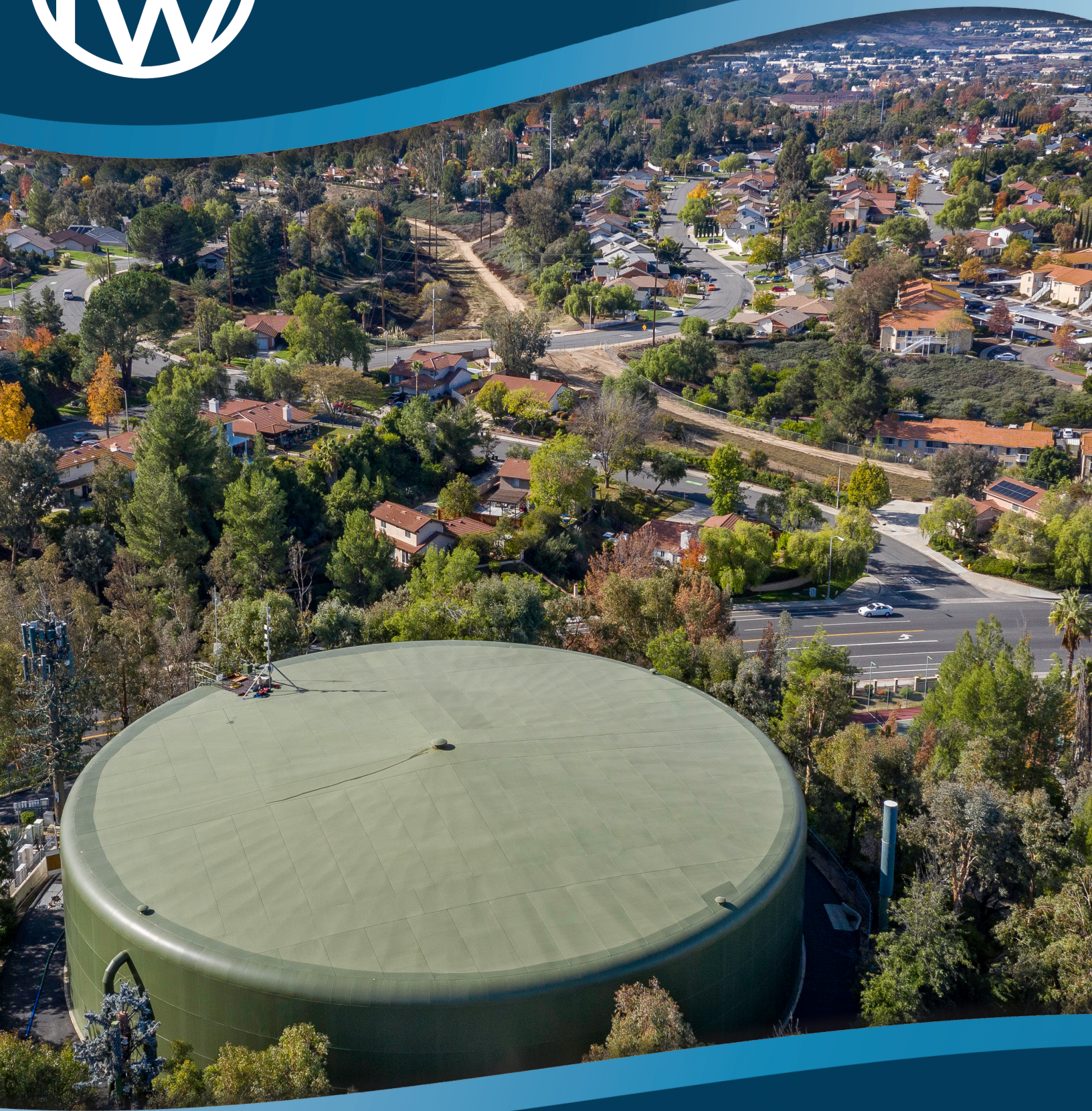
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

DavisFarr LLP

Irvine, California
September 18, 2026

ACFR



Management's Discussion & Analysis

2026

Management's Discussion & Analysis

Section 1: Overview of the Financial Statements

The intent of the management's discussion and analysis is to provide highlights of the financial activities for the fiscal year (FY) ended June 30, 2026, of the Rancho California Water District (the "District"). Readers are encouraged to read this section in conjunction with the transmittal letter and the accompanying financial statements.

This annual report consists of the following three parts: *Management's Discussion and Analysis*, *Financial Statements*, and *Supplementary Information*. The Financial Statements include *Notes to Financial Statements,* which provide additional information that is essential to understand the District's financial position and results of operations.

The District's Financial Statements are prepared using the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Financial Statements consist of three interrelated statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Together, these statements provide information about the District's financial position, operating results, and cash flows.

The *Statement of Net Position* includes information on District assets, deferred outflows of resources, liabilities, and deferred inflows of resources, which provides information about the nature and amounts of investments in resources (assets), the obligation to District creditors (liabilities), and is one way to measure financial health or financial position. Over time, increases or decreases in District net position may serve as a useful indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation must also be considered. See the Introductory and Statistical Sections of this report for further information.

The *Statement of Revenues, Expenses, and Changes in Net Position* identifies District revenues and expenses for the fiscal year ended June 30, 2026. This statement provides information on the District's operations over the past fiscal year and can be used to determine whether the District has recovered all its actual and projected costs through user fees and other charges.

The *Statement of Cash Flows* provides information on District cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities. From the Statement of Cash Flows, the reader can obtain comparative information on the sources and uses of cash, and the change in the cash balance from the last fiscal year.

In addition, the District reports Required Supplementary Information on the District's Defined Benefit Pension Plan (Pension) and Other Post Employment Benefit Plan (OPEB), as well as supplementary information including combining schedules of the District's divisions and fiduciary statements.

Section 2: Financial Summary

The District operates under the authority of the California Water Code and provides water, wastewater, and recycled water services to domestic, agricultural, and commercial customers. The District maintained a strong financial position in FY 2025/2026, with revenues sufficient to cover operating and non-operating costs. The District's net position remains sound, supporting its long-term financial sustainability and continued delivery of essential services.

Statement of Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change	% Change
Assets				
Current	$ 388,283,931	$ 385,632,694	$ 2,651,237	0.7%
Noncurrent				
Capital	613,479,296	582,341,326	31,137,970	5.3%
Other	27,228,303	29,705,137	(2,476,834)	-8.3%
Total Assets	1,028,991,530	997,679,157	31,312,373	3.1%
Deferred Outflows	30,790,726	30,028,436	762,290	2.5%
Liabilities				
Long-Term Liabilities	237,962,368	254,150,053	(16,187,685)	-6.4%
Other Liabilities	34,201,710	35,317,414	(1,115,704)	-3.2%
Total Liabilities	272,164,078	289,467,467	(17,303,389)	-6.0%
Deferred Inflows	26,459,934	24,834,937	1,624,997	6.5%
Net Investment in Capital Assets	404,266,290	363,973,065	40,293,225	11.1%
Restricted	356,891,954	349,432,124	7,459,830	2.1%
Total Net Position	$ 761,158,244	$ 713,405,189	$ 47,753,055	6.7%

Statement of Revenues, Expenses and Changes in Net Position

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change	% Change
Operating Revenues	$ 97,163,232	$ 117,757,555	$ (20,594,323)	-17.5%
Operating Expenses	(123,651,363)	(123,436,928)	(214,435)	0.2%
Non-Capital Subsidies	64,492,703	60,329,243	4,163,460	6.9%
Net Non-Operating Revenues	9,748,483	9,516,178	232,305	2.4%
Change in Net Position	47,753,055	64,166,048	(16,412,993)	-25.6%
Net Position, July 1	713,405,189	649,239,141	64,166,048	9.9%
Net Position, June 30	$ 761,158,244	$ 713,405,189	$ 47,753,055	6.7%

Section 3: Financial Detailed Analysis

Implementation of GASB Statement No. 103

Beginning in FY 2025/2026, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, which revised the classification and presentation of certain revenues and expenses in the financial statements. As a result, certain items previously reported as non-operating revenues or expenses have been reclassified as operating activities based on the definitions established by GASB 103. These changes primarily affect the presentation and categorization of financial activity and do not, by themselves, change the District's overall change in net position. Prior-year amounts have been presented consistently, as applicable, to facilitate comparison between fiscal years. The revised presentation is intended to provide clearer information regarding the District's operating results and distinguish operating activities from non-operating and other financial activities.

Water Operations

California continued to experience warm and relatively dry conditions during FY 2025/2026. Rainfall within the District's service area remained relatively unchanged at 8 inches compared to 7.9 inches in the prior year. Water consumption decreased from 52,224 acre-feet (AF) in FY 2024/2025 to 50,279 AF in FY 2025/2026, a decrease of 1,945 AF, or approximately 4 percent. Despite the decline in consumption, water sales revenue increased by approximately $150,000, or 0.3 percent, primarily due to water rate increases. District growth remained relatively flat at 0.1 percent, adding 43 new water services this year, bringing the total number of water customer accounts to 45,742.

Managing the groundwater basin remains a top priority for the District, particularly considering the extreme drought cycles experienced over the past two decades. Although the region experienced some relief from increased rainfall during 2023 and 2024, Southern California experienced relatively dry conditions during FY 2025/2026. Accordingly, the District remains committed to promoting conservation, efficient water use, and the long-term sustainability of its local water resources.

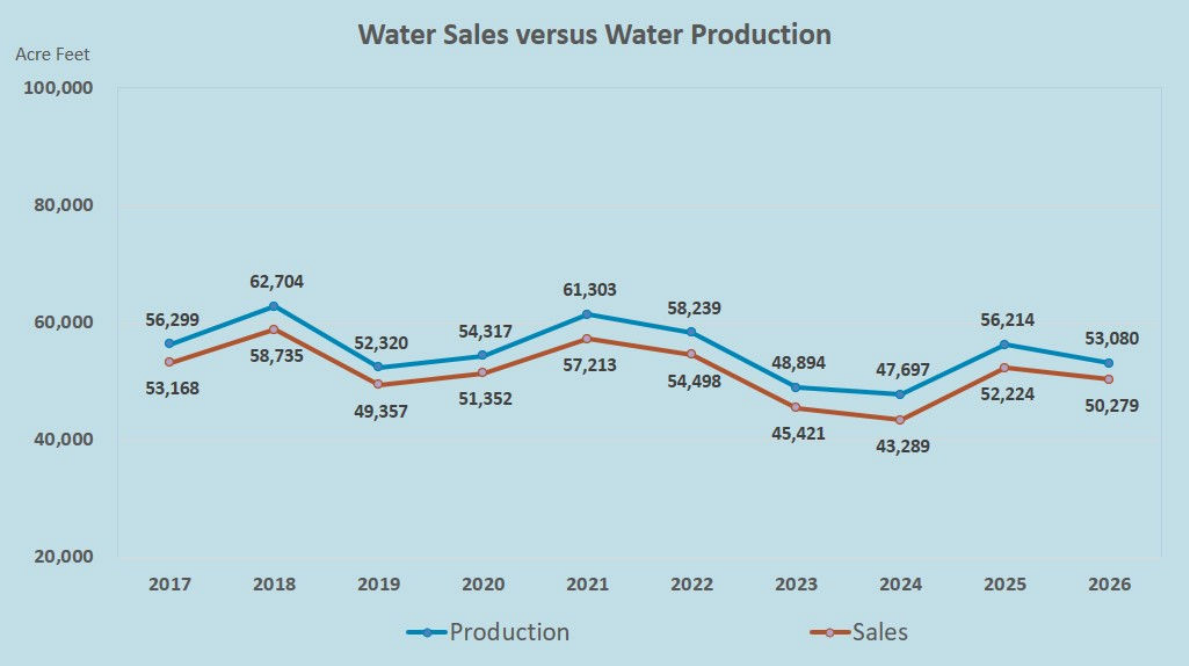
Groundwater continues to be the District's most cost-effective water source, and operational priorities remain focused on minimizing reliance on imported (purchased) treated water. The District seeks to optimize local groundwater production within the limits established through its annual groundwater audit. The audit assesses the safe yield of the groundwater basin to ensure that total groundwater production, including recharge and native groundwater, remains sustainable. Water demand exceeding available groundwater production is supplemented through purchases of imported treated water.

The water production comparison for FY 2025/2026 shows a decrease in total production quantities by 3,134 AF, or 5.6 percent, compared to the previous year. The District continues to manage the groundwater basin sustainably through its cyclic storage and banked-water programs. As of June 30, 2026, the District holds a total of 23,388 AF of banked water. Beginning in FY 2026/2027, the District budgeted to use 500 AF of banked water annually, estimated to cost $400,000.

The District also benefited from its participation in the Metropolitan Water District of Southern California's (MWD) Reverse Cyclic Program. In FY 2024/2025, the District pre-purchased 3,854 AF of water valued at $4.9 million from Eastern Municipal Water District (EMWD) and 3,961 AF valued at $5 million from Western Municipal Water District (WMWD). These purchases were initially recorded as water inventory and did not impact operating expenses in FY 2024/2025. The program allowed the District to

secure imported water at then-current full-service rates for deferred delivery over a maximum five-year period, providing cost savings as water rates subsequently increase. During FY 2025/2026, EMWD delivered 2,129 AF of previously purchased water, resulting in approximately $579,000 in savings, while WMWD delivered 3,961 AF, resulting in approximately $1.1 million in savings. At fiscal year-end, the District had 1,725 AF of EMWD water remaining in inventory.

Water production is largely driven by customer demand, so as the water sales decline, production requirements generally decline as well as illustrated in the graph below showing a historical comparison between water sales and water production. Total water production of 53,080 AF includes 1,837 AF of Santa Margarita River Flow provided to meet the District's obligation under the Cooperative Water Resources Management Agreement (CWRMA). CWRMA establishes the flow requirement based on watershed hydrologic conditions. This year has been designated as a critical dry year with minimum flow requirements.



Wastewater Collection/Treatment Operations

The District's primary, secondary, and tertiary wastewater is treated at the Santa Rosa Water Reclamation Facility (SRWRF), owned by the Santa Rosa Regional Resources Authority (SRRRA) and operated by the District. The District experienced slow growth within its wastewater service area, adding twelve equivalent dwelling units (EDUs), resulting in 8,405 total EDUs.

Wastewater service revenues, reported in Other Services and Abatements Revenue, totaled $2.4 million and increased by $23,000, or 1 percent, during FY 2025/2026. The increase was primarily related to the approved wastewater rate adjustment, which increased the overall monthly rate from $47.38 to $48.81 per EDU. The majority of the rate increase was directed to the capital replacement component to better address the Wastewater Division's capital funding and facility replacement needs. This increase was partially offset by a reduction in the debt service component, while the operating and maintenance components slightly increased.

Below is a table illustrating the rate comparisons.

Wastewater Component	Fiscal Year 2026	Fiscal Year 2025	Dollar Change	% Change
O&M	$ 23.84	$ 23.57	$ 0.27	1.1%
Replacement	6.37	4.91	1.46	29.7%
Capital / Debt Service	18.60	18.90	(0.30)	-1.6%
Total	**$ 48.81**	**$ 47.38**	**$ 1.43**	**3.0%**

Sources of Revenue

The following table presents a comparison of revenues for each of the consecutive fiscal years.

Combined Revenues by Category

Revenue Category	Fiscal Year 2026	Fiscal Year 2025	Dollar Change	% Change
Operating Revenues				
Water Sales	$ 48,737,930	$ 48,587,990	$ 149,940	0.3%
Water Availability and Capacity Fees	27,043,315	27,134,690	(91,375)	-0.3%
Lease Revenues	1,159,665	1,150,881	8,784	0.8%
Other Services and Abatements	9,230,409	9,465,856	(235,447)	-2.5%
Grant Revenues	4,888,222	3,013,573	1,874,649	62.2%
Changes in Investment in Joint Venture	1,003,514	1,579,485	(575,971)	-36.5%
Other Operating Revenues	5,100,177	26,825,080	(21,724,903)	-81.0%
Total Operating Revenues	97,163,232	117,757,555	(20,594,323)	-17.5%
Non-Capital Subsidies				
Taxes and Assessments	64,492,703	60,329,243	4,163,460	6.9%
Non-Operating Revenues				
Investment Income, net	12,032,574	19,164,875	(7,132,301)	-37.2%
Intergovernmental	340,093	340,093	-	0.0%
Capital Subsidies	8,009,912	1,096,421	6,913,491	630.6%
Gain on the sale of Capital Assets	39,530	103,432	(63,902)	-61.8%
Total Non-Operating Revenues	20,422,109	20,704,821	(282,712)	-1.4%
Total Revenues	$ 182,078,044	$ 198,791,619	$ (16,713,575)	-8.4%

Combined revenues for FY 2025/2026 totaled approximately $182.1 million, a decrease of $16.7 million, or 8.4 percent from the previous year. In accordance with GASB 103, certain revenues previously classified as non-operating, including lease revenues, capacity fees, grant revenues, and changes in investment in joint ventures, are now reported as operating revenues. Total operating revenues decreased by $20.6 million, or 17.5 percent, mainly due to a $21.7 million, or 81 percent decrease in other revenues. This decrease was largely attributable to the $26 million one-time Pechanga settlement received in the prior year, which will allow the District to deliver water to the Pechanga service area. The decrease is partially offset by a $4.6 million PFAS settlement received in the current year and $1.9 million increase in grant revenues. The District did not report any unusual or infrequent items during FY 2025/2026.

Assessed land values and the general-purpose levy increased by 4.5 percent in both the Rancho and Santa Rosa Divisions. Taxes and assessments totaled approximately $64.5 million in FY 2025/2026, an increase of $4.2 million, or 7 percent, from the prior year. In accordance with GASB 103, these revenues are presented as Non-Capital Subsidies.

A portion of the Changes in Investment in Joint Venture category, previously classified as non-operating, is now reported as operating revenue. This category primarily reflects the District's share of net capital assets associated with its participation in the Santa Rosa Regional Resources Authority (SRRRA), a joint powers authority formed by the District and two other member agencies to jointly own, operate, maintain, and administer regional wastewater reclamation facilities. The District's share decreased by approximately $576,000 compared to the prior year. The change primarily reflects activity associated with the District's proportionate share of SRRRA's financial results during the year.

Non-operating revenues decreased by $283,000 or 1.4 percent compared to the prior fiscal year. The slight decrease is mostly attributed to the Fair Market Value (FMV) adjustment to the District's investment portfolio. For this year, FMV reflects an unrealized loss of $805,000, compared to a $7.4 million unrealized gain in the previous year. Although the adjustment shifted from a gain to a loss, the change reflects normal market fluctuations associated with interest rate and economic conditions. The significant FMV gains recognized in recent years largely reflected a recovery from the market value declines experienced in 2022, bringing the market value of the investment portfolio closer to par value. Excluding unrealized FMV adjustments, interest income increased from approximately $12.0 million to $13.0 million, primarily due to an increase in the portfolio's average yield from 3.3 percent to 3.7 percent.

Functional Expenses

The following table presents a comparison of expenses by category for each of the consecutive fiscal years.

Combined Expenses by Category

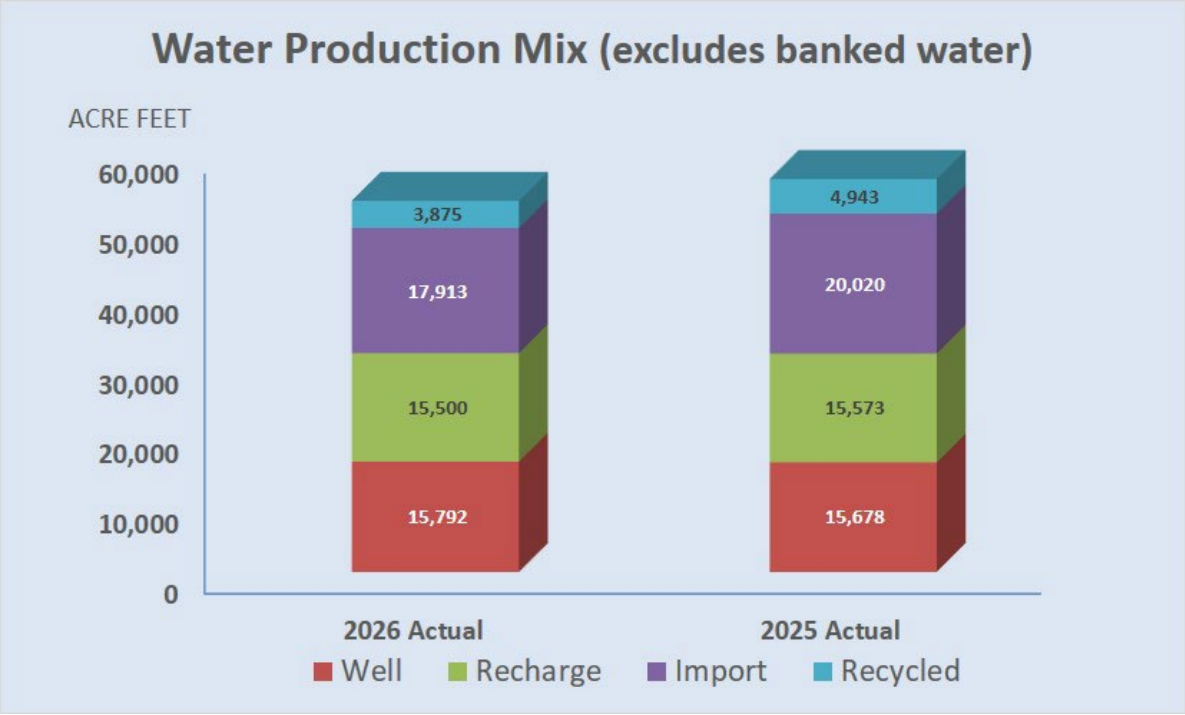
Expense Category	Fiscal Year 2026	Fiscal Year 2025	Dollar Change	% Change
Operating Expenses				
Source of Supply	$ 54,291,109	$ 56,633,943	$ (2,342,834)	-4.1%
Depreciation	24,169,141	24,132,334	36,807	0.2%
General and Administrative	12,993,997	14,854,490	(1,860,493)	-12.5%
Pumping Plant	4,662,794	4,934,760	(271,966)	-5.5%
Transmission and Distribution	10,702,334	10,425,539	276,795	2.7%
Wastewater Treatment	1,381,344	1,591,129	(209,785)	-13.2%
Reclaimed Water	2,889,328	3,080,438	(191,110)	-6.2%
Other Operating	12,561,316	7,784,295	4,777,021	61.4%
Total Operating Expenses	123,651,363	123,436,928	214,435	0.2%
Non-Operating Expenses				
Interest Expense	7,085,040	7,491,217	(406,177)	-5.4%
Financing Payment CFD 89-5	730,000	660,000	70,000	10.6%
Financing Payment SRRRA Debt Service	2,858,586	3,037,426	(178,840)	-5.9%
Total Non Operating Expenses	10,673,626	11,188,643	(515,017)	-4.6%
Total Expenses	$ 134,324,989	$ 134,625,571	$ (300,582)	-0.2%

Combined expenses for FY 2025/2026 totaled approximately $134.3 million, resulting in a decrease of $301,000, or 0.2 percent, compared to the prior year.

Source of Supply costs totaled $54.3 million (excluding related G&A costs), a decrease of $2.3 million, or 4 percent, from the prior year. Despite a 9 percent increase in the weighted average cost of purchased water, with treated water increasing from $1,415 to $1,548 per AF and untreated water increasing from $924 to $996 per AF, total costs declined primarily due to lower water demand and production requirements. Total water production decreased by 3,134 AF, or 5.6 percent, resulting in lower purchased water and related production and maintenance costs.

Source of Supply costs also benefited from savings realized through the District's participation in the Reverse Cyclic Program. During FY 2025/2026, the District received 2,129 AF of previously purchased water from EMWD and 3,961 AF from WMWD, generating savings of $579,000 and $1.1 million, respectively. At fiscal year-end, 1,725 AF of prepaid EMWD water remained available for future delivery under the program.

The District continued to prioritize groundwater as its most cost-effective water source. In FY 2025/2026, groundwater provided 15,792 AF, or approximately 30 percent of total water production, an increase of 2 percent from the prior year. Conversely, imported water represented approximately 34 percent of total supply, a decrease of 2 percent from the prior year.



Excluding Source of Supply, operating costs increased by about $2.6 million in FY 2025/2026. The change was primarily attributable to a $4.7 million increase in Other Operating Expenses and $277,000 increase in Transmission and Distribution (T&D) costs. These increases were partially offset by decreases of $1.9 million in General and Administrative (G&A) costs, $272,000 in Pumping Plant costs, $210,000 in Wastewater Treatment costs, and $191,000 in Reclaimed Water costs.

Support services, a component of Other Operating Expenses, increased by $242,000 in FY 2025/2026, primarily due to higher property insurance costs, additional customer support associated with major pipeline breaks, and increased customer billing system costs. In accordance with GASB 103, grant-related expenses and certain other costs previously classified as non-operating, including bank fees, and other miscellaneous fees, are now reported as Other Operating Expenses. Grant-related expenses increased by $4.0 million, while other operating expenses increased by $578,000 compared to the prior year.

The increase in T&D was largely driven by aging infrastructure and increased service demands. The distribution system experienced 156 leaks during the year, including several major pipeline breaks, resulting in approximately $3.6 million in corrective maintenance expenditures. These costs were partially mitigated by the deployment of the District's new Hydro Excavator, which allowed staff to locate and assess pipeline breaks more quickly reducing reliance on outside underground leak detection services. While costs for planned system maintenance increased, the efficiency of the staff combined with new equipment such as the Hydro Excavator resulted in corrective maintenance costs for T&D to be approximately $1.3 million lower than the prior year.

District staff remain focused on improving efficiency and reducing costs. The G&A category consists of costs such as District support labor, fringe benefits, fleet, and equipment. Labor costs are incorporated within each functional cost category, as well as capital projects. G&A costs decreased by approximately $1.9 million, primarily due to vacancies resulting from retirements late in the prior fiscal year and changes in pension and OPEB expense recognized under GASB Statements No. 68 and No. 75. Pension and OPEB expense recognized for financial reporting purposes was approximately $863,000 lower than the District's actual contributions. These accounting adjustments do not affect the District's required contribution rates or current-period cash flows.

Pumping Plant, Reclaimed Water, and Wastewater Treatment costs decreased by $272,000, $191,000, and $210,000, respectively, compared to the prior year. These decreases reflect the District's continued efforts to manage operating and maintenance costs despite ongoing inflationary pressures, particularly for chemical and waste disposal services. Certain planned maintenance activities, including solar-powered mixer projects, were deferred pending further evaluation of operational needs, while scheduled algae treatments were not required due to weather conditions and system demands. In addition, increased in-house sewer line cleaning using the District's new Jetter Truck reduced the need for other maintenance activities and associated outside service costs. Proactive market evaluation and competitive procurement also helped mitigate inflationary cost increases.

Non-operating expenses primarily consist of interest expense on outstanding debt, which decreased by approximately $406,000 from the prior year.

Net Position

The District's net position increased by approximately $47.8 million, or 7 percent, during FY 2025/2026, from $713.4 million to $761.2 million. Net investment in capital assets increased by $40.3 million, or 11 percent, primarily reflecting continued capital investment, while restricted net position increased by $7.5 million, or 2 percent. Additional information is located in Note 11 of the Notes to Financial Statements.

Section 4: Significant Capital Assets and Long-Term Liabilities

Capital Assets

A comparison of the changes by major category is provided for each of the consecutive fiscal years; additional information can be found in Note 4 of the Notes to Financial Statements.

Capital Assets

Asset Category	Fiscal Year 2026	Fiscal Year 2025	Dollar Change	% Change
Land	$ 97,536,658	$ 97,536,658	$ -	0.0%
Construction in Progress	94,761,574	57,053,537	37,708,037	66.1%
Transmission and Distribution	672,077,661	666,818,030	5,259,631	0.8%
Reclamation Facilities	26,057,789	25,974,218	83,571	0.3%
Source of Supply	112,861,156	109,991,201	2,869,955	2.6%
Pumping Plant	68,247,301	67,743,416	503,885	0.7%
General Plant	51,131,241	46,190,628	4,940,613	10.7%
Right to use IT Asset	1,749,306	1,429,676	319,630	22.4%
Other	40,671,098	37,613,196	3,057,902	8.1%
Total Capital Assets	1,165,093,784	1,110,350,560	54,743,224	4.9%
Less: Accumulated Depreciation	(551,614,488)	(528,009,234)	(23,605,254)	4.5%
Net Capital Assets	$ 613,479,296	$ 582,341,326	$ 31,137,970	5.3%

As of June 30, 2026, the District had approximately $1.2 billion invested in capital assets, an increase of $54.7 million, or 4.9 percent, in gross capital assets compared to the prior year. Construction in progress increased approximately $37.7 million, reflecting the District's continued investment in water supply reliability, infrastructure rehabilitation, and system improvements. Significant capital activities during FY 2025/2026 included continued construction of the Regional Pump Station and Chlorine Contact Tank, development of groundwater recharge and recovery projects, rehabilitation of wells and water system infrastructure, and improvements to wastewater and recycled water facilities. The District also continued advancing longer-term initiatives, including the Mid-Pauba Groundwater Banking and Vail Dam Rehabilitation projects. These investments support the District's efforts to maintain existing infrastructure, enhance water supply reliability, and meet long-term operational needs.

Major capital asset additions during the current year are summarized below:

Project Description	**Amount**
FY 2024/2025 Valve & Appurtenance - Rancho Division	$ 2,145,305
Pechanga Capital Improvement	1,897,550
FY 2024/2025 Capital Asset Acquisition	728,240
Well 139 Rehabilitation	703,077
Hydro Excavator	645,358
Well 126, 133, 149, 159, 156 Rehabilitation	430,045
Santa Gertrudis Creek Crossing Improvement	417,358
Electric Vehicles	409,687
Well 156 Rehabilitation	391,878
Pond 1/2 Liner Replacement	366,584

Long-Term Liabilities

The schedule below summarizes the District's long-term liabilities; refer to Notes 5, 6, and 7 of the Notes to Financial Statements for detailed information.

Schedule of Long-Term Liabilities

	Fiscal Year 2026	Fiscal Year 2025	Dollar Change	% Change
Revenue Bonds*	$ 217,087,545	$ 227,596,699	$ (10,509,154)	-4.6%
Subscription-Based IT Arrangements*	910,530	1,235,390	(324,860)	-26.3%
Compensated Absences*	3,488,266	3,291,840	196,426	6.0%
Net Pension Liability	29,877,056	34,734,122	(4,857,066)	-14.0%
Net OPEB Liability / (Asset)	(1,404,424)	(3,805,773)	2,401,349	-63.1%
Total Long-Term Liabilities	$ 249,958,973	$ 263,052,278	$ (13,093,305)	-5.0%

**Includes current portion of liability due within one year.*

As of June 30, 2026, the District reported approximately $250.0 million in revenue bonds and other long-term liabilities, a decrease of approximately $13.1 million, or 5 percent, from the prior year. Revenue bonds decreased by approximately $10.5 million, primarily due to scheduled principal payments and amortization of related premiums, discounts, and defeasance amounts. The District also reported approximately $911,000 in subscription-based information technology arrangement liabilities at year-end. Changes in pension and OPEB liability represent the actuarial calculation of the liability for each plan in accordance with GASB 68 and 75, respectively. The District reported a net OPEB Asset of approximately $1.4 million as of June 30, 2026, compared with approximately $3.8 million in the prior year.

Section 5: Current Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The FY 2026/2027 Budget reflects the District's continued focus on balancing financial sustainability with water supply reliability and infrastructure investment. The $194.2 million total budget includes $106.3 million for operating expenses, $24 million for non-operating expenses, $61.7 million for capital improvement projects, and $2.3 million for capital acquisitions. While the total FY 2026/2027 budget is approximately $1.1 million lower than FY 2025/2026 budget, operating expenses are expected to increase by $7.5 million, or 7.6 percent, primarily due to higher water supply, energy, labor, materials, and outside service costs.

Water demand is expected to remain relatively stable in FY 2026/2027. The water sales budget assumes only a modest increase of approximately 230 AF, or 0.5 percent, from the prior-year budget. The District continues to promote conservation and water-use efficiency as important tools for managing both long-term demand and the financial impact of higher-cost imported water.

Water supply costs remain the District's largest operating expense, accounting for about 54 percent of the operating budget. Although MWD water rates and fixed charges continue to increase, the District expects to partially mitigate these costs by increasing production at its VDC recharge facilities from 15,500 AF to 19,500 AF. The additional recharge production allows the District to substitute lower-cost untreated water for more expensive treated imported water. Native groundwater, which remains the District's most

cost-effective supply source, is expected to provide approximately 30 percent of FY 2026/2027 water needs, with untreated recharge water providing 37 percent, treated imported water 24 percent, recycled water 8 percent, and previously banked water 1 percent.

Energy costs are also expected to put additional pressure on operating expenses. The FY 2026/2027 budget includes approximately $9.6 million for energy, an increase of about $1.0 million, or 13.4 percent, over last year's budget. The increase reflects anticipated SCE and natural gas rate increases, as well as additional energy requirements associated with higher VDC recharge production. The District continues to manage these costs through operational measures, including shifting pumping to off-peak periods and utilizing its four solar power facilities with a combined generating capacity of 7.6 megawatts.

The following table is presented to help illustrate the operating budget change for FY 2026/2027.

Fiscal Year 2025/2026 Budget	**$98,821,183**
Increase in Treated Import Price	925,461
Increase in Untreated Import Price	1,056,245
Decrease in Treated Import Quantity	(5,793,281)
Increase in Untreated Import Quantity	4,318,955
Increase in Import Water Fixed Charge Cost	3,040,134
Increase in Santa Margarita Import Water Cost	223,528
Increase in Energy Cost	1,034,878
Additional Cost from All Other Categories	2,704,014
Approved Fiscal Year 2026/2027 Budget	**$ 106,331,117**

The District's previously approved multi-year rate plan includes another adjustment effective January 1, 2027, to support increasing operating and infrastructure costs. For the Rancho Division, the average residential customer is projected to experience a 7.7 percent, or approximately $3.82 per month, increase. The representative commercial, industrial, and agricultural customer is projected to experience an increase of approximately 10.1 percent. The District will continue to monitor operating and capital results throughout FY 2026/2027 and make budgetary adjustments as necessary in response to changing economic, operational, and water supply conditions.

Local development and assessed property values remain important factors in the District's long-term financial outlook. Continued residential growth within the service area supports the District's property tax and related revenue base, although near-term development is expected to remain moderate. Residential customers currently represent approximately 86 percent of total District accounts, and continued development within the cities of Temecula and Murrieta and surrounding County areas, is expected to contribute to the District's long-term customer and assessed valuation base.

The District's total FY 2026/2027 Budget is $194.2 million compared to the prior year's budget of $195.3 million.

Category	Fiscal Year 2027	Fiscal Year 2026
Operating Expenses	$106,331,117	$98,821,183
Non-Operating Expenses	23,982,747	24,850,598
CIP Expenditures	61,657,315	69,213,820
Capital Acquisition	2,255,000	2,428,500
Total	**$194,226,179**	**$195,314,101**

Long-term Water Supply Diversification and Capital Financing

Long-term water supply reliability and infrastructure improvements continue to represent significant financial priorities. The District is currently administering more than $50 million in grant funding for projects and programs supporting groundwater storage, water supply reliability, water quality, pipeline improvements, conservation, and other infrastructure initiatives. Major grant-supported efforts include groundwater storage enhancements, additional well capacity, hydroelectric facilities, the UVDC Optimization Project, pipeline replacement, and agricultural and urban water-efficiency programs. These external funding sources help advance planned investments while reducing the amount that must be funded directly from District resources.

In addition, the District participated in a regional partnership that will diversify available supplies and provide greater flexibility in managing future water needs and costs. In 2026, the District entered into exchange water agreements with WMWD and EMWD that will provide access to additional long-term water supplies beginning in 2027. The WMWD agreement provides access to up to 2,500 AF annually, subject to availability, while the EMWD agreement provides access to 1,000 AF annually beginning in 2027, with annual quantities subject to available supplies and the terms of the agreement. These agreements are intended to strengthen supply reliability, reduce dependence on traditional imported water sources, and provide potential long-term cost savings as MWD water rates continue to increase.

In July 2026, the District issued approximately $52.3 million in bonds to finance eligible capital expenditures and future capital improvements. The bonds generated approximately $53.6 million in total proceeds, including the original issue premium of which approximately $53.3 million was available for the construction fund after issuance costs and underwriter's discount. The bonds received an AAA credit rating from S&P Global Ratings and were issued with an all-in true interest cost of 4.07 percent and a final maturity in 2046. Annual debt service is expected to range from approximately $1.1 million to $8.2 million over the financing term and was structured around the District's existing debt obligations to maintain a relatively level overall debt profile. Strong investor demand also allowed the District to reduce yields on several maturities during the pricing process.

Contacting the District's Financial Management

This financial report is designed to provide the District's elected officials, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the revenues it receives. If you have any questions regarding this report or require additional financial information, please contact the District's Finance Division.

ACFR



Basic Financial Statements

2026

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF NET POSITION

June 30, 2026
(with prior year comparative totals)

	2026	2025
ASSETS:		
CURRENT ASSETS:		
Unrestricted Assets:		
Cash and cash equivalents (Note 2)	$ 16,234,202	$ 7,245,846
Investments (Note 2)	71,327,370	48,866,437
Accounts receivables:		
Water sales and services	16,074,029	15,140,920
Grants	1,055,131	1,592,969
Intergovernmental	306,949	138,189
Accrued interest receivable	975,400	523,948
Lease receivable (Note 9)	734,602	793,716
Inventory (Note 1h)	26,399,336	34,079,721
Prepaid expenses	678,944	612,069
Other assets	441,222	26,530,099
Total unrestricted assets	134,227,185	135,523,914
Restricted Assets (Note 3):		
Cash and cash equivalents (Note 2)	44,512,142	30,667,415
Investments (Note 2)	206,314,274	216,618,649
Accrued interest receivable	1,404,012	1,521,878
Property taxes and assessments receivable, net	1,826,318	1,300,838
Total restricted assets	254,056,746	250,108,780
TOTAL CURRENT ASSETS	388,283,931	385,632,694
NONCURRENT ASSETS:		
Capital assets (Note 4):		
Non-depreciable	192,298,232	154,590,195
Depreciable, net of accumulated depreciation	421,181,064	427,751,131
Investment in joint venture - SRRRA (Note 12)	8,606,442	7,602,928
Lease receivable (Note 9)	16,563,905	17,174,208
Net OPEB asset (Note 7)	1,404,424	3,805,773
Other assets	653,532	1,122,228
TOTAL NONCURRENT ASSETS	640,707,599	612,046,463
TOTAL ASSETS	1,028,991,530	997,679,157
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred losses on refundings	11,806,545	12,946,926
Deferred outflows from pension (Note 6)	13,840,313	14,403,673
Deferred outflows from OPEB (Note 7)	5,143,868	2,677,837
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30,790,726	30,028,436

(continued)

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF NET POSITION
(Continued)

June 30, 2026
(with prior year comparative totals)

	2026	2025
LIABILITIES:		
CURRENT LIABILITIES:		
Payable from Unrestricted Assets:		
Accounts payable	12,621,810	15,394,154
Accrued wages and compensation	1,169,451	1,046,744
Construction and service deposits	748,535	281,200
Payable from Restricted Assets:		
Accounts payable	3,037,749	2,496,816
Accrued interest payable	3,159,787	3,326,959
Prepaid capacity fees	63,349	63,543
Due within one year:		
Compensated absences (Note 5)	2,162,309	1,851,784
Subscription-based IT payable (Note 5)	364,569	347,063
Revenue bonds (Note 5)	10,874,151	10,509,151
TOTAL CURRENT LIABILITIES	34,201,710	35,317,414
NONCURRENT LIABILITIES:		
Due in more than one year:		
Compensated absences (Note 5)	1,325,957	1,440,056
Subscription-based IT payable (Note 5)	545,961	888,327
Revenue bonds (Note 5)	206,213,394	217,087,548
Net pension liability (Note 6)	29,877,056	34,734,122
TOTAL NONCURRENT LIABILITIES	237,962,368	254,150,053
TOTAL LIABILITIES	272,164,078	289,467,467
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pension (Note 6)	3,751,214	88,531
Deferred inflows from OPEB (Note 7)	7,729,946	8,759,450
Deferred inflows from leases (Note 9)	14,978,774	15,986,956
TOTAL DEFERRED INFLOWS OF RESOURCES	26,459,934	24,834,937
NET POSITION (NOTE 11):		
Net investment in capital assets	404,266,290	363,973,065
Restricted for:		
Division operations	142,022,672	141,409,364
Capital assets	16,273	13,718
Net OPEB Asset	1,404,424	3,805,773
Debt service or construction of utility plant	213,448,585	204,203,269
TOTAL NET POSITION	$ 761,158,244	$ 713,405,189

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
OPERATING REVENUES:		
Charges for services:		
Water sales	$ 48,737,930	$ 48,587,990
Water availability charges	26,351,999	24,987,036
Capacity fees	691,316	2,147,654
Lease revenues	1,159,665	1,150,881
Change in investment in joint venture	1,003,514	1,579,485
Other services and abatements	9,230,409	9,465,856
Grant revenues	4,888,222	3,013,573
Miscellaneous	5,100,177	26,825,080
TOTAL OPERATING REVENUES	97,163,232	117,757,555
OPERATING EXPENSES:		
Source of supply	54,291,109	56,633,943
Depreciation	24,169,141	24,132,334
General and administrative	12,993,997	14,854,490
Pumping plant	4,662,794	4,934,760
Transmission and distribution	10,702,334	10,425,539
Wastewater treatment	1,381,344	1,591,129
Reclaimed water	2,889,328	3,080,438
Other	12,561,316	7,784,295
TOTAL OPERATING EXPENSES	123,651,363	123,436,928
OPERATING LOSS	(26,488,131)	(5,679,373)
NONCAPITAL SUBSIDIES:		
Property taxes and assessments	64,492,703	60,329,243
TOTAL NONCAPITAL SUBSIDIES	64,492,703	60,329,243
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	38,004,572	54,649,870
OTHER NONOPERATING REVENUES (EXPENSES):		
Investment income (loss), net	12,032,574	19,164,875
Interest expense	(7,085,040)	(7,491,217)
BABS subsidy	340,093	340,093
Financing payment to CFD 89-5	(730,000)	(660,000)
Financing payment to SRRRA	(2,858,586)	(3,037,426)
Capital subsidies	8,009,912	1,096,421
Gain (loss) on the sale of capital assets	39,530	103,432
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	9,748,483	9,516,178
INCREASE (DECREASE) IN NET POSITION	47,753,055	64,166,048
NET POSITION - BEGINNING OF YEAR	713,405,189	649,239,141
NET POSITION - END OF YEAR	$ 761,158,244	$ 713,405,189

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 84,821,752	$ 54,076,791
Receipts from others	36,623,665	3,605,058
Payments to suppliers	(64,181,684)	(59,215,263)
Payments to employees	(30,319,536)	(27,933,486)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	26,944,197	(29,466,900)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(47,297,199)	(39,091,808)
Proceeds from sale of capital assets	39,530	103,432
Principal paid on long-term debt	(8,870,000)	(8,315,000)
Payments on subscription-based IT payable	(324,860)	(345,852)
Interest paid on long-term debt	(7,579,652)	(7,793,925)
Receipts from assessments, capacity fees and other income for capital improvements	26,790,557	25,785,993
Payments for joint venture and CFD financing	(3,588,586)	(3,697,426)
Receipts from property taxes restricted for debt service	37,176,666	35,359,116
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,653,544)	2,004,530
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(219,939,492)	(338,420,469)
Proceeds from sale and maturities of investments	206,978,764	331,565,346
Interest on cash and investments	12,503,158	10,918,732
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(457,570)	4,063,609
NET DECREASE IN CASH AND CASH EQUIVALENTS	22,833,083	(23,398,761)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	37,913,261	61,312,022
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 60,746,344	$ 37,913,261

(continued)

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF CASH FLOWS
(Continued)

For the year ended June 30, 2026
(with prior year comparative totals)

	2026	2025
RECONCILIATION OF OPERATING LOSS TO NET		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	$ (26,488,131)	$ (5,679,373)
Depreciation	24,169,141	24,132,334
Change in assets, deferred outflow of resources, liabilities and deferred inflow of resources:		
(Increase) decrease in accounts receivables - water sales and services	(933,109)	(2,055,627)
(Increase) decrease in grants receivables	537,838	-
(Increase) decrease in lease receivables	669,417	690,697
(Increase) decrease in inventory	7,680,385	(15,757,604)
(Increase) decrease in prepaid expenses	(66,875)	361,462
(Increase) decrease in other assets	26,557,573	(24,463,747)
(Increase) decrease in OPEB asset	2,401,349	(526,710)
(Increase) decrease in investment in joint venture	(1,003,514)	(3,037,424)
(Increase) decrease in deferred outflow of resources - OPEB and pension	(1,902,671)	2,404,737
Increase (decrease) in accounts payable	(2,231,411)	(3,345,807)
Increase (decrease) in accrued wages and compensation	122,707	195,452
Increase (decrease) in construction and service deposits	467,335	49,408
Increase (decrease) in prepaid capacity fees	(194)	-
Increase (decrease) in compensated absences	196,426	288,676
Increase (decrease) in net pension liability	(4,857,066)	433,304
Increase (decrease) in deferred inflow of resources - OPEB and pension	2,633,179	(2,005,797)
Increase (decrease) in deferred inflow of resources - Leases	(1,008,182)	(1,150,881)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 26,944,197	$ (29,466,900)
CASH AND CASH EQUIVALENTS -		
FINANCIAL STATEMENT CLASSIFICATION:		
Unrestricted cash and cash equivalents	$ 16,234,202	$ 7,245,846
Restricted cash and cash equivalents	44,512,142	30,667,415
TOTAL CASH AND CASH EQUIVALENTS - FINANCIAL STATEMENT CLASSIFICATION	$ 60,746,344	$ 37,913,261
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital contributions	$ 8,009,912	$ 980,193
Issuance of new SBITA	-	1,581,242
Net change in investments fair values	(804,170)	7,363,585
Accounts and retention payable	3,037,748	2,496,814

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2026

	Other Post Employment Benefit Trust Fund	Custodial Funds
ASSETS:		
Investments (Note 2):		
Money Market Mutual Funds	$ 259,752	$ 2,467,931
U.S. Treasury Notes	3,199,128	1,994,533
U.S. Government Sponsored Agency Securities	362,178	-
U.S. Corporate Notes	4,031,209	-
Asset-Backed Securities	792,026	-
Mortgage-Backed Securities	295,387	-
Mutual Funds - Index Funds	9,581,706	-
Mutual Funds - Exchange Traded Funds	23,657,047	-
Total investments	42,178,433	4,462,464
Accounts receivable	-	74,444
Interest receivable	88,846	14,657
Total receivables	88,846	89,101
TOTAL ASSETS	42,267,279	4,551,565
LIABILITIES:		
Accounts payable	-	8,887
TOTAL LIABILITIES	-	8,887
NET POSITION:		
Restricted for:		
Debt service	-	4,542,678
Other post employment benefits	42,267,279	-
TOTAL NET POSITION	$ 42,267,279	$ 4,542,678

See accompanying notes to financial statements.

RANCHO CALIFORNIA WATER DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2026

	Other Post Employment Benefit Trust Fund	Custodial Funds
ADDITIONS:		
Employer contributions	$ 301,392	$ -
Special tax assessments	-	2,090,118
Interest and dividend income	1,136,551	181,393
Net realized gain (loss) on sale of investments	4,147,066	-
Net increase (decrease) in fair value of investments	410,996	(49,834)
TOTAL ADDITIONS	5,996,005	2,221,677
DEDUCTIONS:		
Medical premiums	1,920,812	-
Administrative fees	25,730	275,897
Bond principal	-	2,226,000
Bond interest	-	186,122
TOTAL DEDUCTIONS	1,946,542	2,688,019
CHANGE IN NET POSITION	4,049,463	(466,342)
NET POSITION - BEGINNING OF YEAR	38,217,816	5,009,020
NET POSITION - END OF YEAR	$ 42,267,279	$ 4,542,678

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The reporting entity Rancho California Water District ("District") includes the accounts of the District and the Rancho California Water District Financing Authority ("Financing Authority").

The District was organized on January 1, 1977, by the consolidation of the Rancho California Water District and Santa Rosa Ranches Water District, both of which were organized under provisions of the California Water District Law. The original Rancho California Water District (Rancho Division) was organized on August 16, 1965, to provide domestic and agricultural water services and water conservation. Santa Rosa Ranches Water District (Santa Rosa Division) was organized on January 24, 1968 to provide domestic and agricultural water service, sanitation service and water conservation. The District primarily services a community known as Temecula/Rancho California, which includes the City of Temecula, portions of the City of Murrieta and other contiguous lands in Riverside County and is comprised of approximately 100,000 acres. The District purchases approximately two thirds of its water supply from two-member agencies of the Metropolitan Water District of Southern California.

The District formed the Financing Authority on July 1, 1991 under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code. The Financing Authority was formed to enable the District to finance and refinance various water, reclamation, wastewater, and other projects called for in the District's Facilities Master Plans.

The financial statements present the District and its component units. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has accounted for the Financing Authority as a "blended" component unit. Despite being legally separate, the Financing Authority is so intertwined with the District that it is in substance, part of the District's operations. Accordingly, the balances and transactions of this component unit are reported within the funds of the District. Separate financial statements are not issued for the Financing Authority.

b. Basis of Presentation

The District's financial activities are accounted for as an enterprise fund. An enterprise fund is a Proprietary-type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District also reports the following Fiduciary Fund types:

Other Post-Employment Benefit Trust Fund is used to account for contributions and distributions related to the Rancho California Water District Retirement Medical Benefits Plan, a Defined Benefit Other Post-Employment Benefit Plan.

Custodial Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessments debt for which the District is not obligated.

c. Measurement Focus and Basis of Accounting

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Under the economic measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

d. Cash and Cash Equivalents

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

e. Investments

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

f. Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2: Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the District's management. District management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to District management's perceived risk of that investment or liability.

g. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management has evaluated the accounts and has established an allowance for doubtful accounts for the accounts that they believe are not collectible.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Inventory

Inventory consists of water and materials in storage. Materials are valued at weighted-average cost. Water inventory is valued with the LIFO (last in, first out) method applied over the operating periods that the inventoried water benefits. The balance of inventory at June 30, 2026 is $26,399,336.

i. Leases

The District is a lessor for leases as detailed in Footnote 9. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

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

Key estimates and judgments include how the District determines the discount rate it uses to discount the expected lease receipts to present value, lease terms and lease receipts.

- The District used the estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

j. Capital Assets and Depreciation

Acquisitions of capital assets are recorded at cost. Contributed assets are recorded at their acquisition value at the date of donation. Self-constructed assets are recorded at the amount of direct labor, material, and certain overhead and other costs to place the asset in service. The District's capitalization threshold is $10,000 with a useful life of more than two years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated on the straight-line method over the following estimated useful lives, except for a dam being depreciated over 100 years.

	Useful Life
Transmission and distribution	5 - 75 years
Reclamation facilities	5 - 40 years
Source of supply, excluding dam	5 - 50 years
Pumping plant	5 - 50 years
General plant	3 - 67 years
Right to use assets	term of the agreement
Other	3 - 50 years

k. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred losses on refunding which resulted from the difference in the carrying value of refunded debts and their reacquisition prices. These amounts are shown as deferred outflow of resources and amortized over the shorter of the life of the refunded or refunding debts.

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability, differences between expected and actual experience, and changes in assumptions.

- Deferred outflows related to Other Post-Employment Benefits (OPEB) equal to employer contributions made after the measurement date of the net OPEB liability (asset), differences between actual and expected experience, and changes in assumptions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following that qualify for reporting in this category:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Deferred inflows related to pensions resulting from differences between actual and expected experience and investment earnings.

- Deferred inflows related to OPEB resulting from changes in assumptions and differences between expected and actual experience and investment earnings.

- Deferred inflows related to future lease receivable revenues.

l. Classification of Liabilities

Certain liabilities, which are currently payable, have been classified as restricted because they will be funded from restricted assets.

m. Subscription-Based Information Technology (IT) Arrangements

The District is a participant in subscription-based IT arrangements as detailed in Footnote 5. The District recognizes a subscription-based IT payable and right to use IT assets in the financial statements.

At the commencement of the arrangement, the District initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right to use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right to use assets are amortized over the life of the arrangement term.

n. Compensated Absences

The District recognizes the vested vacation and compensatory time as an expenditure in the current year to the extent it is paid during the year. Accrued vacation and compensatory time are included as a liability in the long-term liabilities as those amounts are payable from future resources.

The liability for compensated absences represents the amount that is due to employees for services already rendered, accumulated, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability is calculated using current pay rates and includes employer-paid fringe benefits.

o. Use of Estimates

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could differ from these estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by CalPERS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

q. Other Post-Employment Benefits (OPEB)

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

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Operating and Nonoperating Revenues and Expenses

The District distinguishes *operating* revenues and expenses from *noncapital subsidies*, and other *nonoperating* revenues and expenses.

Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance related revenues and expenses; (3) gains and losses from disposals of capital assets and inventory; (4) investment income and expenses; and (5) subsidies received and provided. A *subsidy* represents amounts received from or provided to another party or fund of the Rancho California Water District. Amounts received from another party or fund are considered a subsidy if it is unrelated to the services provided by the District and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the District charging higher fees in the future.

All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

s. Property Taxes and Assessments

Property taxes and assessments are billed by Riverside County to property owners. The District's property tax calendar for the fiscal year ended June 30, 2026, was as follows:

Lien Date:	January 1, 2025
Levy Date:	July 1, 2025
Due Date:	First Installment - November 1, 2025
	Second Installment - February 1, 2026
Delinquent Date:	First Installment - December 10, 2025
	Second Installment - April 10, 2026

Property taxes and assessments are collected by Riverside County, and are remitted to the District periodically according to the following estimated schedule:

December 12, 2025	30% Advance - First Installment
January 23, 2026	Balance on First Installment (to 55%)
April 10, 2026	10% Advance - Second Installment
May 22, 2026	Balance of Second Installment (to 95%)
August 14, 2026	Third Installment (to 100%)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Net Position Flow Assumption

Sometimes the District will fund outlays for a purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are applied. It is the District's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied, however it is at the Board's discretion.

u. Implementation of New Accounting Standards

During the year ended June 30, 2026, the District adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, which seeks to modernize the public-sector financial reporting model, and implemented the provisions of GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which seeks to enhance the financial reporting transparency by requiring state and local governments to separately disclose specific capital asset categories in their financial statement footnotes and introduces new reporting rules for assets held for sale.

v. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived. In addition, certain minor reclassifications of the prior year data have been made to enhance their comparability to the current year.

2. CASH AND INVESTMENTS

Cash and investments held by the District comprised of the following at June 30, 2026:

Current:	
Cash and cash equivalents	$ 16,234,202
Investments	71,327,370
Restricted:	
Cash and cash equivalents	44,512,142
Investments	206,314,274
Total	338,387,988
Fiduciary Funds:	
Cash and cash equivalents	2,727,683
Investments	43,913,214
Total Fiduciary Funds	46,640,897
Total Cash and Investments	$ 385,028,885

2. CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2026, consisted of the following:

Cash on hand	$ 1,967
Deposits with financial institutions	2,862,140
Investments	382,164,778
Total cash and investments	$ 385,028,885

Investments Authorized by the California Government Code and the District's Investment Policy:

The table below identifies the investment types that are authorized for the District by the California Government Code or the District's investment policy. It also identifies certain provisions of the California Government Code or the District's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States (U.S.) Treasury Obligations	30 years	100%	N/A
U.S. Government Sponsored Agency Securities:			
Governmental National Mortgage Association (GNMA)	30 years	N/A	50%
Federal Farm Credit Bank (FFCB)	30 years	N/A	30%
Federal Home Loan Bank (FHLB)	30 years	N/A	30%
Federal Home Loan Mortgage Corporation (FHLMC)	30 years	N/A	30%
Federal National Mortgage Association (FNMA)	30 years	N/A	30%
Tennessee Valley Authority (TVA)	30 years	N/A	30%
Other Agencies	30 years	N/A	30% each
Supranational	5 years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	100%	N/A
County of Riverside Treasurer's Pooled-Investment Fund (TPIF)	N/A	50%	N/A
California State and Local Agencies Obligations	30 years	20%	5%
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	40%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Corporate Medium-Term Notes	5 years	30%	5%
Time Certificates of Deposit	5 years	20%	5%
Repurchase Agreements	1 year	10%	5%
Mutual Fund	N/A	20%	10%
Government Money Market Mutual Funds	5 years	20%	10%
Collateralized Mortgage Obligations and Asset Backed Securities	5 years	20%	5%

N/A - *Not Applicable*

2. CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

The following table identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	No Limitation	No Limitation	No Limitation
U.S. Government Sponsored Agency Securities	No Limitation	No Limitation	No Limitation
State Obligations or Political Subdivision of States	No Limitation	No Limitation	No Limitation
Bank Time Deposits	30/360 days	No Limitation	No Limitation
Bankers Acceptances	180 days	No Limitation	No Limitation
Repurchase Agreements	No Limitation	No Limitation	No Limitation
Corporate Commercial Paper	270 days	No Limitation	No Limitation
Taxable U.S. Government Money Market Mutual Funds	No Limitation	No Limitation	No Limitation
Investment Agreements	No Limitation	No Limitation	No Limitation

Investments Authorized by Section 115 Trust:

The District has established the Rancho California Water District Section 115 Trust (Section 115 Trust). The Section 115 Trust is intended to provide funding for the District's retirement benefits provided through CalPERS. The following table identifies the investment types that are authorized by the Section 115 Trust's Investment Policy. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of risk.

Authorized Investment Type	Maximum Investment Range	Authorized Investment Type	Maximum Investment Range
Equities	30% - 55%	Bonds	30% - 60%
Domestic	30% - 50%	Domestic	30% - 60%
International	0% - 30%	Investment Grade	20% - 60%
Real Estate	0% - 20%	High Yield	0% - 15%
Domestic	0% - 20%	International	0% - 10%
International	0% - 10%	Cash	0% - 10%
Commodities	0% - 10%		

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk:

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

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted-average duration of its portfolio. Duration measures the investment's exposure to fair value arising from changing interest rates. The weighted-average duration expresses investment time horizons - the time when investments become due and payable-in years, weighted to reflect dollar size of individual investments with an investment type.

2. CASH AND INVESTMENTS (CONTINUED)

Investment Type	Total June 30, 2026	Weighted-Average Duration (years)
U.S. Treasury Obligations	$ 87,134,465	4.00
U.S. Government Sponsored Agency Securities:		
FHLB	12,869,996	2.40
FCS	2,568,625	4.84
FNMA	8,198,672	2.69
Local Agency Investment Fund	60,411,171	-
Riverside County Pooled Investment Fund	130,298	-
Corporate Medium-Term Notes	70,988,292	3.52
Asset Backed Securities	14,968,119	3.40
Money Market Mutual Funds	87,843	-
Collateralized Mortgage Obligations	44,687,265	5.13
Local Agency Bond	20,461,043	4.73
Section 115 Trust:		
Mutual Funds-Equities	13,001,828	-
Other Post Employment Benefit Trust Fund:		
Money Market Mutual Funds	259,752	-
U.S. Treasury Obligations	3,199,128	7.04
U.S. Government Sponsored Agency Securities	362,178	4.36
U.S. Corporate Notes	4,031,209	5.86
Asset-Backed Securities	792,026	1.03
Mortgage-Backed Securities	295,387	4.00
Mutual Funds:		
Fixed Income	9,581,706	-
Equity	23,657,047	-
Held by Fiscal Agent:		
U.S. Treasury Obligations	2,252,482	0.79
Money Market Mutual Funds	2,226,246	-
TOTALS	$ 382,164,778	

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy does not allow for more than five percent of the total portfolio to be invested in securities of any single bank, bank holding company, or other non-governmental issuer other than Government Money Market Mutual Funds that may have no more than ten percent in any one fund for more than seven consecutive days. Presented in the following table are the Standard and Poor's or Moody's credit ratings for the District's investments.

Investment	Total June 30, 2026	Minimum Legal Rating	Not Required to be Rated	AAA	AA+	AA	A	Not Rated
U.S. Treasury Obligations	$ 87,134,465	N/A	$87,134,465	$ -	$ -	$ -	$ -	$ -
U.S. Government Sponsored Agency Securities:								
FHLB	12,869,996	N/A	-	-	12,869,996	-	-	-
FCS	2,568,625	N/A	-	-	2,568,625	-	-	-
FNMA	8,198,672	N/A	-	-	8,198,672	-	-	-
Local Agency Investment Fund	60,411,171	N/A	-	-	-	-	-	60,411,171
Riverside County Pooled Investment Fund	130,298	N/A	-	130,298	-	-	-	-
Corporate Medium-Term Notes	70,988,292	A	-	-	9,108,377	11,228,530	50,651,385	-
Asset Backed Securities	14,968,119	AAA	-	14,968,119	-	-	-	-
Money Market Mutual Funds	87,843	AAA	-	87,843	-	-	-	-
Collateralized Mortgage Obligations	44,687,265	AA	-	6,267,076	38,420,189	-	-	-
Local Agency Bond	20,461,043	N/A	-	3,738,213	8,309,528	8,413,303	-	-
Section 115 Trust:								
Mutual Funds-Equities	13,001,828	N/A	-	-	-	-	-	13,001,828
Other Post Employment Benefit Trust Fund:								
Money Market Mutual Funds	259,752	AAA	-	259,752	-	-	-	-
U.S. Treasury Obligations	3,199,128	N/A	3,199,128	-	-	-	-	-
U.S. Government Sponsored Agency Securities:								
FHLB	129,829	N/A	-	-	-	129,829	-	-
FHLMC	110,354	N/A	-	-	-	110,354	-	-
FNMA	121,995	N/A	-	-	-	121,995	-	-
U.S. Corporate Notes	4,031,209	A	-	44,612	39,765	332,823	3,614,009	-
Asset-Backed Securities	792,026	AAA	-	443,186	-	-	-	348,840
Mortgage-Backed Securities	295,387	A	-	-	295,387	-	-	-
Mutual Funds:								
Fixed Income	9,581,706	N/A	-	-	-	-	-	9,581,706
Equity	23,657,047	N/A	-	-	-	-	-	23,657,047
Held by Fiscal Agent:								
U.S. Treasury Obligations	2,252,482	N/A	2,252,482	-	-	-	-	-
Money Market Mutual Funds	2,226,246	AAA	-	2,226,246	-	-	-	-
TOTALS	$ 382,164,778		$92,586,075	$ 28,165,345	$ 79,810,539	$ 20,336,834	$ 54,265,394	$ 107,000,592

2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk:

The District did not have any Investments in any one issuer that represented 5% or more of the total District's investments (excluding Held by Fiscal Agent).

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements:

The following is a description of the recurring valuation methods and assumptions used by the District to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the District's asset manager from third-party service provider.

2. CASH AND INVESTMENTS (CONTINUED)

For a large portion of the District's portfolio, the District's asset manager applies their leveling methodology across all securities in a specific sector (i.e. U.S. Government Sponsored Agency Securities). Inputs to their pricing models are based on observable market inputs in active markets. The District has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

Investment	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Obligations	$ -	$ 87,134,465	$ -	$ 87,134,465
U.S. Government Sponsored Agency Securities:				
FHLB	-	12,869,996	-	12,869,996
FCS	-	2,568,625	-	2,568,625
FNMA	-	8,198,672	-	8,198,672
Corporate Medium Term Notes	-	70,988,292	-	70,988,292
Asset Backed Securities	-	14,968,119	-	14,968,119
Collateralized Mortgage Obligations	-	44,687,265	-	44,687,265
Local Agency Bond	-	20,461,043	-	20,461,043
Section 115 Trust:				
Mutual Funds-Equities	13,001,828	-	-	13,001,828
Other Post Employment Benefit Trust Fund:				
U.S. Treasury Obligations	-	3,199,128	-	3,199,128
Agency Securities:				
FHLB	-	129,829	-	129,829
FHLMC	-	110,354	-	110,354
FNMA	-	121,995	-	121,995
U.S. Corporate Notes	-	4,031,209	-	4,031,209
Asset-Backed Securities	-	792,026	-	792,026
Mortgage-Backed Securities	-	295,387	-	295,387
Mutual Funds:				
Fixed Income	9,581,706	-	-	9,581,706
Equity	23,657,047	-	-	23,657,047
Held by Fiscal Agent:				
U.S. Treasury Obligations	-	2,252,482	-	2,252,482
Total Investments at Fair Value	$ 46,240,581	$ 272,808,887	$ -	$ 319,049,468

2. CASH AND INVESTMENTS (CONTINUED)

California Local Agency Investment Fund:

The District is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429.1 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

Riverside County Pooled Investment Fund:

The District is a voluntary participant in the Riverside County Pooled Investment Fund that is regulated by California Government Code Section 27130 under the oversight of the Investment Oversight Committee. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County for the entire portfolio (in relation to the amortized cost of that portfolio).

3. RESTRICTED ASSETS

Restricted assets were provided by, and are to be used for, the following:

Funding Source	Use		
Bond proceeds, capital contributions and interest earned	Construction of utility plant	$	16,273
Capacity fees and interest earned	Debt service or construction of utility plant		205,231
Property assessments and interest earned	Debt service or construction of utility plant		219,695,408
Municipal & Industrial Tier 4, Agriculture Tier 3 and drought penalties	Conservation and water sustainability		34,139,834
		$	254,056,746

4. CAPITAL ASSETS

A summary of the changes in capital assets for the year ended June 30, 2026, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 97,536,658	$ -	$ -	$ 97,536,658
Construction in progress	57,053,537	54,363,724	(16,655,687)	94,761,574
Total capital assets, not being depreciated	154,590,195	54,363,724	(16,655,687)	192,298,232
Capital assets, being depreciated:				
Transmission and distribution	666,818,030	5,259,631	-	672,077,661
Reclamation facilities	25,974,218	83,571	-	26,057,789
Source of supply	109,991,201	2,869,955	-	112,861,156
Pumping station	67,743,416	503,885		68,247,301
General plant	46,190,628	5,515,740	(575,127)	51,131,241
Right to use IT asset	1,429,676	319,630	-	1,749,306
Other	37,613,196	3,057,902	-	40,671,098
Total capital assets, being depreciated	955,760,365	17,610,314	(575,127)	972,795,552
Less accumulated depreciation for:				
Transmission and distribution	338,048,236	15,830,365	-	353,878,601
Reclamation facilities	14,468,715	532,392	-	15,001,107
Source of supply	63,048,284	3,267,263	-	66,315,547
Pumping station	44,421,806	1,841,228	-	46,263,034
General plant	37,405,587	1,905,690	(563,887)	38,747,390
Right to use IT asset	280,413	458,055	-	738,468
Other	30,336,193	334,148	-	30,670,341
Total accumulated depreciation	528,009,234	24,169,141	(563,887)	551,614,488
Total capital assets, being depreciated, net	427,751,131	(6,558,827)	(11,240)	421,181,064
Total capital assets, net	$ 582,341,326	$ 47,804,897	$ (16,666,927)	$ 613,479,296

5. LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2026, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds:					
2011A Series	$ 9,870,000	$ -	$ -	$ 9,870,000	$ -
2016A Series	1,410,000	-	(690,000)	720,000	720,000
2016B Series	6,090,000	-	(3,010,000)	3,080,000	3,080,000
2017A Series	33,635,000	-	(2,530,000)	31,105,000	2,725,000
2019A Series	109,560,000	-	(1,780,000)	107,780,000	1,845,000
2021A Series	44,565,000	-	(860,000)	43,705,000	865,000
	205,130,000	-	(8,870,000)	196,260,000	9,235,000
Add:					
Unamortized discount (premium)	22,466,699	-	(1,639,154)	20,827,545	1,639,151
Subtotal	227,596,699	-	(10,509,154)	217,087,545	10,874,151
Subscription-Based IT Arrangements	1,235,390	-	(324,860)	910,530	364,569
Compensated absences	3,291,840	196,426	-	3,488,266	2,162,309
Total	$ 232,123,929	$ 196,426	$ (10,834,014)	$ 221,486,341	$ 13,401,029

2011A Revenue Bonds

In November 2011, the Financing Authority issued $9,870,000 in fixed rate revenue bonds. These bonds were issued to provide funds to construct and acquire various capital improvements to its water and wastewater system facilities. The bonds bear interest at a rate of 5.125% and are payable semiannually in February and August through August 2030.

These bonds are designated as “Qualified Energy Conservation Bonds” under Sections 54A(d)(1)(C) and 54D of the Internal Revenue Code of 1986 (the Code) for which the District will elect to receive, pursuance to Sections 54A(d)(1)(c), 54D and Sections 6431(f)(1)(C) of the Code, on or before each interest payment date a direct cash subsidy payment from the United States Department of Treasury equal to the lesser of: (i) 100% of the amount of interest payable under the bond on such interest payment date; or (ii) 66% of the amount of interest which would have been payable under such bond on such interest payment date if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Code, so long as the bonds are outstanding. The net interest rate after consideration for the estimated subsidy is 1.77%.

As of June 30, 2026, the outstanding balance on the 2011A Revenue Bonds was $9,870,000.

5. LONG-TERM LIABILITIES (CONTINUED)

2016 Series A, B and C Revenue Bonds

In October 2016, the Financing Authority issued $104,510,000 in fixed rate revenue bonds. These bonds were issued to provide funds to construct and acquire various capital improvements to its water and wastewater system facilities and partially refund the following debt issues:

2002A Revenue Bonds (Variable rate)	$40,480,000
2008B Revenue Bonds (Variable rate)	$45,860,000

The bonds bear interest rates ranging from 3% to 5% and are payable semiannually in February and August through August 2046.

A portion of the proceeds of the 2016 Revenue Bonds and certain funds contributed from the debt service reserve funds associated with the Refunded 2002A Bonds and Refunded 2008A Bonds were used to purchase direct obligations of the United States of America and placed in an escrow account to advance refund a portion of the Refunded 2002A Bonds and a portion of the Refunded 2008A Bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of which a portion was reported as a deferred outflow which will be amortized through 2034. The balance of the deferred outflow is $2,678,372 at June 30, 2026.

As of June 30, 2026, the outstanding balance on the 2016 Series A and B Revenue Bonds was $720,000 and $3,080,000 respectively.

2017 Series A and B Revenue Bonds

In November 2017, the Financing Authority issued $41,170,000 in fixed rate revenue bonds. These bonds were issued to provide funds to construct and improve various capital improvements to its water delivery system and refund the 2008B bonds, as well as pay certain costs with respect to the termination of the swap agreements related to the 2008B bonds.

The bonds bear interest rates ranging from 2.3% to 5.0% and are payable semiannually in February and August through August 2034.

In addition to the refunding of the 2008B bonds, the proceeds were used to terminate the swap agreement related to the 2008B bonds, which resulted in a termination fee of $8,561,000. In addition to the swap termination fee, the advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $202,784. These items are being reported as a deferred outflow of resources and are amortized through the year 2034.

5. LONG-TERM LIABILITIES (CONTINUED)

The ending balances at June 30, 2026 are $3,184,275 and $76,164, respectively.

As of June 30, 2026, the outstanding balance on the 2017 Series A was $31,105,000 and the Series B Revenue Bonds were fully paid in fiscal year 2025.

2019 Series A Revenue Bonds

In September 2019, the Rancho California Water District Financing Authority issued $118,090,000 in tax-exempt fixed rate revenue bonds. These bonds were issued to refund the following debt issues:

2010A Revenue Bonds	$99,945,000
2016C Revenue Bonds	$32,040,000

The bonds bear interest rates ranging from 3% to 5% and are payable semiannually in February and August through August 2040.

The net proceeds of the 2019A Revenue Bonds and certain funds contributed from the District were used to purchase direct obligations of the United States of America and placed in an escrow account to advance refund the 2010A Bonds and the 2016C Bonds. At June 30, 2026, the 2010A and 2016C bonds were fully paid and the 2016C Revenue Bonds had an outstanding balance of $12,420,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,498,134. This difference is reported on the accompanying financial statements as a deferred outflow of resources which will be amortized through 2041. The balance of the deferred outflow is $2,965,587 at June 30, 2026.

As of June 30, 2026, the outstanding balance on the 2019 Series A Revenue Bonds was $107,780,000.

2021 Series A Revenue Bonds

In January 2021, the Rancho California Water District Financing Authority issued $46,395,000 in taxable fixed rate refunding revenue bonds. These bonds were issued to refund the following debt issues:

2016A Revenue Bonds	$24,530,000
2016B Revenue Bonds	$12,600,000

The bonds bear interest rates ranging from 0.25% to 2% and are payable semiannually in February and August through August 2046.

5. LONG-TERM LIABILITIES (CONTINUED)

The net proceeds of the 2021A Revenue Bonds and certain funds contributed from the District were used to purchase direct obligations of the United States of America and placed in an escrow account to advance refund the 2016A Bonds and the 2016B Bonds. At June 30, 2026, the defeased 2016A and 2016B Revenue Bonds had outstanding balances of $24,530,000 and $12,600,000, respectively.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,684,884. This difference is reported on the accompanying financial statements as a deferred outflow of resources, which will be amortized through 2041. The balance of the deferred outflow is $2,902,147 at June 30, 2026.

As of June 30, 2026, the outstanding balance on the 2021 Series A Revenue Bonds was $43,705,000.

Rate Covenants:

The District has established rate covenants to meet the requirements of the 2011A, 2016 Series A and B, 2017 Series A, 2019A and 2021A Revenue Bonds. The District covenants to fix, prescribe and collect rates, fees and charges during each fiscal year, which, together with available reserves, will produce adjusted annual net revenues equal to at least the Coverage Requirement for such fiscal year. Coverage requirement is defined generally to mean, for any fiscal year or twelve-month calendar period:

a. An amount equal to 110% of the Adjusted Annual Debt Service for such fiscal year or twelve-month calendar period;
b. An amount equal to 100% of all Payments (Parity and Subordinate) payable in such fiscal year or twelve-month calendar period.

For purposes of satisfying the rate covenant set forth above, the aggregate debt service on any obligation of the District which functionally bears interest at a variable interest rate shall be calculated as the higher of (1) the interest rate than currently borne by such obligations, or (2) the average interest rate borne by those obligations over the immediately preceding twelve months.

These bonds are payable from payments made by the District pursuant to an installment sale agreement funded with bond proceeds on the same date. The District has agreed to make installment payments, pursuant to the installment sale agreement which, in aggregate, are sufficient for the payment in full of all principal and interest on the bonds when due, or upon the earlier redemption thereof.

5. LONG-TERM LIABILITIES (CONTINUED)

Aggregate maturities of the revenue bonds and interest payment subsequent to June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 9,235,000	$ 7,300,450	$ 16,535,450
2028	11,790,000	6,898,698	18,688,698
2029	12,190,000	6,474,585	18,664,585
2030	12,685,000	6,019,083	18,704,083
2031	14,810,000	5,458,806	20,268,806
2032-2036	49,130,000	20,454,363	69,584,363
2037-2041	76,025,000	8,297,400	84,322,400
2042-2046	8,545,000	838,823	9,383,823
2047	1,850,000	24,975	1,874,975
	$ 196,260,000	$ 61,767,183	$ 258,027,183

Subscription-Based Information Technology Arrangements

The District has entered into three subscription-based technology (IT) arrangements with vendors. These arrangements are governed by Governmental Accounting Standards Board Statement No. 96, Subscription-Based IT Arrangements.

As of June 30, 2026, the District has recognized a liability of $910,530 related to these subscription-based IT arrangements. This liability represents the total estimated cost of the remaining subscription period, as determined by the contract terms and usage data.

The District has also recognized an asset of $1,749,306, representing the right to use the subscription-based IT arrangements for the remaining subscription period, as determined by the contract terms and usage data.

5. LONG-TERM LIABILITIES (CONTINUED)

Aggregate maturities of the subscription-based IT arrangements subsequent to June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 364,569	$ 28,914	$ 393,483
2028	276,640	17,243	293,883
2029	269,321	8,562	277,883
	$ 910,530	$ 54,719	$ 965,249

6. DEFINED BENEFIT PENSION PLANS

a. General Information about the Pension Plan:

Plan Descriptions:

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Plan, an agent multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and District resolution.

CalPERS issues publicly available reports that include full descriptions of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age fifty (50) to sixty-two (62), with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five (5) years of service.

The death benefit is one of the following: 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 (PERL).

The Plan's provisions and benefits in effect at June 30, 2026, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.69%	7.25%
Required employer contribution rates	12.75%	15.07%

Employees Covered:

The following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Active employees	156
Inactive employees or beneficiaries currently receiving benefits	174
Inactive employees entitled to, but not yet receiving benefits	48
	378

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions:

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process.

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District contribution rate may change if plan contracts are amended. Payments made by the District to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

On June 14, 2018, the Board of Directors approved the establishment of a Section 115 Pension Obligation Funding Trust (Section 115 Trust) with a related Funding Policy and an Investment Policy. The Section 115 Trust holds and invests contributed funds to assist in funding the District's future pension expenses according to these policies.

b. Net Pension Liability

The District's net pension liability for each plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2025, using an annual actuarial valuation as of June 30, 2024 to determine the June 30, 2024 total pension liability, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions:

The total pension liabilities were determined using the following actuarial assumptions:

	Miscellaneous
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 Rate Table[1]	Derived using CalPERS' membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter

[1] The mortality table used was developed based on CalPERS-specific data. The 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 from November 2021 that can be found on the CalPERS website.

Discount Rate:

The discount rate used to measure the total pension liability as of June 30, 2025, was 6.90%. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term.

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Assumed Asset Allocation[1]	Long-Term Expected Real Rate of Return[1,2]
Public Equity	37.00%	4.56%
Private Equity	17.00	5.56
Fixed Income	28.00	2.53
Real Assets	15.00	3.03
Private Debt	8.00	4.93
Strategic Leverage	(5.00)	1.40

[1] Figures are based on the 2024 Mid-Cycle Asset Liability Management study.

[2] An expected annual rate of price inflation of 2.30% was used for this period.

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.

Subsequent Events:

On November 19, 2025, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the November 2025 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions, and various other assumptions for public agencies. These new assumptions will be effective as of the June 30, 2025, valuation date and reflected in the June 30, 2026, GASB accounting valuation reports.

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

c. Changes in the Net Pension Liability:

The changes in the net pension liability for the Miscellaneous Plans are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2024	$ 171,680,989	$ 136,946,867	$ 34,734,122
Changes for the year:			
Service cost	3,451,190	-	3,451,190
Interest on total pension liability	11,890,154	-	11,890,154
Change of benefit terms	-	-	-
Differences between expected and actual experience	3,613,632	-	3,613,632
Contributions-employer	-	5,491,228	(5,491,228)
Contributions-employees	-	1,713,966	(1,713,966)
Net investment income	-	16,704,709	(16,704,709)
Benefit payments, including refunds of employee contributions	(9,398,288)	(9,398,288)	-
Administrative expense	-	(97,861)	97,861
Net changes	9,556,688	14,413,754	(4,857,066)
Balance at June 30, 2025	$ 181,237,677	$ 151,360,621	$ 29,877,056

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability	$ 53,709,572	$ 29,877,056	$ 10,175,203

Pension Plan Fiduciary Net Position:

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

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

d. Recognition of Gains and Losses

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

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

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

Net difference between projected and actual earnings on pension plan investments	Five years straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

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

For the year ended June 30, 2026, the District recognized pension expense of $4,860,204. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,407,435	$ -
Differences between expected and actual experience	6,130,175	(50,040)
Change of assumptions	1,302,703	-
Net difference between projected and actual earnings on pension plan investments	-	(3,701,174)
	$ 13,840,313	$ (3,751,214)

6. DEFINED BENEFIT PENSION PLANS (CONTINUED)

$6,407,435 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2027. 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
2027	$ 4,836,083
2028	253,714
2029	(662,613)
2030	(745,520)
2031	-
Thereafter	-

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS

a. Plan Description

The District is the Plan Administrator for the Rancho California Water District Post-Retirement Medical Benefits Plan (Plan). The Plan was established effective July 1, 2003 and is a single employer defined benefit OPEB plan to provide advance funding for medical and dental post-employment health care benefits to eligible employees, retirees, their spouses and eligible dependents.

b. Employees Covered

The Plan shall cover the following groups of Employees:

a. Group “A” Participants - Employees hired prior to July 1, 2003, who have attained age fifty (50) years as of Retirement Date and have completed at least ten (10) years of service.

b. Group “B” Participants - Board Members who served in office prior to January 1, 1995 who have attained age fifty (50) years as of Retirement Date and have completed at least twelve (12) years of service on the District’s Board of Directors.

c. Group “C” Participants - Employees hired on or after July 1, 2003, other than Group “D” Participants, who have attained age fifty-five (55) years as of Retirement Date and have completed at least fifteen (15) years of service with the District.

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

d. Group "D" Participants - Employees who have attained age fifty-five (55) years as of Retirement Date, have completed at least fifteen (15) years of service with the District and that fall within any one of the following categories:

(1) MPCEA Employees hired on or after July 1, 2012;

(2) RCWDEA Employees hired on or after August 9, 2012; or

(3) Unrepresented Employees hired on or after July 1, 2012.

The surviving spouse and/or eligible dependents of a Group A, B or C Participant shall be eligible to continue to receive benefits under this Plan following such Participant's death, on the same terms applicable to the deceased Participant. In the event the deceased Group A, B or C Participant had not commenced participation in this Plan but had otherwise satisfied the length of service and age, the surviving spouse and/or eligible dependents shall be eligible to participate as if the deceased Participant had been enrolled in the Plan as of the date of death.

This survivor's benefit shall neither replace nor supplement any rights to continuation coverage available to the surviving spouse or eligible dependents under a separate group health plan sponsored by the District. The coverage available to a surviving spouse under this provision shall terminate upon the remarriage of the surviving spouse.

The number of Plan participants on the actuarial valuation is as follows:

Active participants	177
Retired employees/board members	118
Total participants	295

The Plan provides the following benefits:

For Group A and Group B Participants, the District pays the full cost of the insurance premiums for the employee and any eligible dependents for the benefits elected under the Plan.

For Group C Participants who have retired with less than twenty (20) years of service with the District, the District pays fifty percent (50%) of the monthly cost of any benefits for the employee and any eligible dependents elected under the Plan. These participants shall be responsible for the monthly cost of benefits elected in excess of the cost paid by the District.

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

For Group C Participants who have retired with twenty (20) or more years of service with the District, the District pays the full cost of the insurance premiums for the employee and any eligible dependents for the benefits elected under the Plan.

For Group D Participants who have retired with less than twenty (20) years of service with the District, the District pays up to twenty-five percent (25%) of the monthly cost for the employee for single coverage of the lowest cost health insurance plan available to retirees or active employees. These participants shall be responsible for the monthly cost of benefits elected in excess of the cost paid by the District, including any coverage for dependents.

For Group D Participants who have retired with twenty (20) or more years of service with the District, the District pays up to fifty percent (50%) of the monthly cost for the employee for single coverage of the lowest cost health insurance plan available to retirees or active employees. These Participants shall be responsible for the monthly cost of benefits elected in excess of the cost paid by the District, including any coverage for dependents.

c. Contributions

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The District is required to contribute amounts it deems appropriate to enable the trustee to pay the premiums under the Plan.

d. Net OPEB Liability (Asset)

The District's net OPEB liability (asset) was measured as of June 30, 2025 and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023 to determine the June 30, 2025 net OPEB liability (asset), based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal, Level % of pay
Amortization Method	Level % of pay basis
Actuarial Assumptions:	
Return on Assets	6.75% per annum
Discount Rate	6.75% per annum
Inflation Rate	2.75% per annum
Salary Increase	2.80% per annum
Health Care Cost Trend Rate	8.00% in the first year, decreasing 0.25% annually to an ultimate rate of 4.50%

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

Preretirement and Postretirement	
Mortality	SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021
Participation Rates	100% of eligible active employees

e. Discount Rate

The discount rate used to measure the total OPEB liability (asset) was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine the discount rate assumed that ongoing contributions will be made at the actuarially determined contribution rate (normal cost-plus amortization component on a dollar basis).

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges were determined based on past investment history and are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation
Cash and Equivalents	2.20%
U.S. Government Issues	23.80%
Corporate Issues	13.70%
Foreign Issues	1.00%
Mutual Funds - Equity	52.30%
Mutual Funds - Fixed Income	7.00%
	100.00%

Long-term expected rate of return is 6.75%.

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

f. Changes in the OPEB Liability (Asset)

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2024	$ 32,385,516	$ 36,191,289	$ (3,805,773)
Changes for the year:			
Service cost	535,272	-	535,272
Interest	2,147,718	-	2,147,718
Differences between expected and actual experience	3,414,987	-	3,414,987
Changes of assumptions	571,984	-	571,984
Contributions-employer	-	205,678	(205,678)
Net investment income	-	4,087,208	(4,087,208)
Benefit payments	(2,242,085)	(2,242,085)	-
Administrative expense	-	(24,274)	24,274
Net changes	4,427,876	2,026,527	2,401,349
Balance at June 30, 2025	$ 36,813,392	$ 38,217,816	$ (1,404,424)

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

The following presents the net OPEB liability (asset) 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 date of June 30, 2025:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability (Asset)	$ 2,007,461	$ (1,404,424)	$ (5,968,657)

h. Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the District if it were calculated using the health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement date of June 30, 2025:

	1% Decrease (7.00% decreasing to 3.50%)	Current Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
Net OPEB Liability (Asset)	$ (6,668,378)	$ (1,404,424)	$ 2,925,232

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

i. OPEB Plan Fiduciary Net Position

The Plan issues a separately available financial report that included financial statements and required supplementary information. That report may be obtained from the District office, upon request.

j. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs.

The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

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

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

For the fiscal year ended June 30, 2026, the District recognized OPEB revenue of $792,794. As of fiscal year ended June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 3,606,423	$ (5,831,651)
Change of assumptions	1,236,053	(1,112,787)
Net differences between projected and actual earnings on plan investments	-	(785,508)
OPEB contributions subsequent to measurement date	301,392	-
	$ 5,143,868	$ (7,729,946)

7. MEDICAL AND DENTAL POST-EMPLOYMENT BENEFITS (CONTINUED)

$301,392 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2027	$ 118,646
2028	(1,790,975)
2029	(1,689,104)
2030	(918,528)
2031	(289,863)
Thereafter	1,682,354

8. RISK MANAGEMENT

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA). The ACWA JPIA is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the ACWA JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2026, the District participated in the self-insurance program of the ACWA JPIA as follows:

Property Loss - Insured up to scheduled value with a $25,000 deductible for buildings, personal property, and fixed equipment and $1,000 deductible for mobile equipment; the ACWA JPIA is self-insured up to $100,000 per occurrence and excess insurance coverage has been purchased.

General, Auto Liability, Public Officials' Liability, and Employment Practices Liability - Insured up to $55,000,000 with aggregate policy limits; the District is self-insured up to $100,000; the ACWA JPIA is self-insured up to $5,000,000 and excess insurance coverage has been purchased.

Employee Dishonesty Coverage - Insured up to $3,000,000 with a $100,000 deductible; the ACWA JPIA is self-insured up to $100,000 and excess insurance coverage has been purchased.

Cyber Liability – Insured limit $3,000,000 per claim with $5,000,000 aggregate policy limits.

Workers' Compensation - Insured for statutory limits. Employer's liability is insured up to $4,000,000. The ACWA JPIA is self-insured up to $2,000,000 and excess insurance coverage has been purchased.

8. RISK MANAGEMENT (CONTINUED)

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

9. LEASES

Vail Lake Properties

In August 2014, the District acquired 8,379 acres of land surrounding Vail Lake for $55,261,908. The acquisition of these lands is important to the ongoing management and operation of the water stored in Vail Lake. This acquisition gave the District greater flexibility in managing the level and quality of the water in the lake. The acquisition included a recreational vehicle park and campground called Vail Lake Resort ("Resort"). In May 2019, the District entered into a 40-year lease agreement for the Resort with KAMP-VL, LLC. The lessee is required to make an annual rent payment, which is adjusted annually on the first month of each lease year. The lease has a discount rate of 2.425%. The lease has two extension options, each for 120 months. As of June 30, 2026, the lease receivable is $15,052,147 and deferred inflows of resources is $12,850,495. The District recognized $395,400 of lease revenue during the fiscal year.

Cell Site Leases

The District has entered into 13 cell site leases with lease terms ranging from less than one year to 14 years. The lessees are required to make annual fixed payments ranging from $1,006 to $3,403, with discount rates ranging from 0.237% to 1.803%. The leases have up to two extension options ranging from 60 months to 120 months. As of June 30, 2026, the lease receivable is $1,650,235 and deferred inflows of resources is $1,552,537. The District recognized $353,341 of lease revenue during the fiscal year.

Other Leases

The District has one electrical substation, one building lease and two land leases with lease terms ranging from one year to six years. The lessees are required to make annual fixed payments ranging from $1,392 to $23,500, with discount rates ranging from 0.237% to 1.138%. The leases have up to two extension options ranging from 60 months to 120 months. As of June 30, 2026, the value of the lease receivable is $596,125 and deferred inflows of resources is $575,742. The District recognized $410,925 of lease revenue during the fiscal year.

9. LEASES (CONTINUED)

As of the fiscal year ended June 30, 2026, the District reported aggregate maturities of lease receivables and deferred inflows as follows:

Year Ending	Lease Receivable	Deferred Inflows
2027	$ 734,602	$ 1,060,543
2028	460,411	764,526
2029	343,660	637,529
2030	366,586	637,531
2031	316,501	569,995
2032-2036	1,443,192	2,412,150
2037-2041	1,504,846	1,977,000
2042-2046	2,222,353	1,977,000
2047-2051	3,110,098	1,977,000
2052-2056	4,207,826	1,977,000
2057-2059	2,588,432	988,500
	$ 17,298,507	$ 14,978,774

10. COMMITMENTS AND CONTINGENCIES

a. Contracts

The District has entered into various contracts for the purchase of material and construction of water and wastewater facilities. The amounts contracted are based on the contractors' estimated cost of construction. At June 30, 2026, the total remaining commitment on these contracts is $4,442,376. These commitments will be funded from restricted assets.

b. Assessment Districts

The District has participated in the issuance of bonds for various Assessment Districts within its boundaries. The last active Reassessment District Number 2015-32A was paid off during the year. In the event of a default in the payment of bonded indebtedness by this Reassessment District, the District would have no liability, contingent or otherwise.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

c. Special Tax Commitment

In May 1993, the District purchased approximately 300 acres of land within the boundaries of the CFD No. 89-5 of the County of Riverside (CFD 89-5) to be utilized as reclamation facilities. The District's purchase of and intended use for the property eliminated the need for CFD 89-5 to acquire or construct the public facilities within the boundaries of the property. The District entered into an agreement with CFD 89-5 to pay special taxes each year to be used for the payment of principal and interest on the outstanding bonds, administrative expenses and to replenish reserve funds.

In the event of any short fall in the amount of special taxes collected to pay the debt service on the bonds, a levy will be placed upon the District. The District paid taxes of $730,000 included in non-capital subsidy for the year ended June 30, 2026.

d. Litigation

There are several pending lawsuits in which the District is involved. The District's management and legal counsel estimate that the potential claims against the District not covered by insurance, resulting from such litigation would not materially affect the operations nor the financial condition of the District.

e. Grant Funding

The District has received funds from various federal grant programs. Although the District strives to meet all Uniform Guidance and grant compliance requirements, it is possible that at some future date, it may be determined that some grant expenditures will be considered disallowed by granting agencies. The amounts, if any, cannot be determined at this time, although the District does not expect such disallowed amounts, if any, to materially affect the financial statements.

f. Contingent Liability

The Cooperative Water Resources Management Agreement (CWRMA) was executed by the District and United States, on behalf of Camp Pendleton (Pendleton) on March 26, 2002. Implementation of the agreement began with the 2003 calendar year. The CWRMA allows for certain credits to be accumulated by the parties and to be used in an emergency situation. The Groundwater Bank Credit is earned by Camp Pendleton in accordance with Section 17 of the agreement for any water delivery that is forgone up to a cumulative maximum limit of 5,000 acre-feet, which was reached in 2006. The District would be required to deliver the accumulated supply up to 5,000 acre-feet in the event that Pendleton declared a water supply emergency based upon a drought or upon mobilization demands requiring additional water supplies. The District has not recorded a liability in the accompanying financial statements because the event requiring the delivery of water, the declaration of a water supply emergency, has not yet occurred and the cost of providing the water in the future is unknown.

11. NET POSITION

Net Position for the District as of June 30, 2026, consisted of the following:

Net investment in capital assets:	
Capital assets (net of accumulated depreciation)	$ 613,479,296
Deferred loss on refunding	11,806,545
Less debt offsetting capital assets	(221,019,551)
Total net investment in capital assets	404,266,290
Restricted net position:	
Unspent debt proceeds (construction and reserves)	16,273
Less debt offsetting restricted assets	(16,273)
Unexpended capacity fees	205,231
Taxes and assessments	180,524,217
Conservation reserves	34,139,834
Restricted for water services	129,011,753
Restricted for wastewater services	13,010,919
Total restricted net position	356,891,954
Total net position	$ 761,158,244

12. JOINT POWERS AGREEMENT

Western Riverside Water and Wastewater Financing Authority

In September 2004, the District entered into a joint exercise of powers agreement with Eastern Municipal Water District to form Western Riverside Water and Wastewater Financing Authority (WRWW). The purpose of the WRWW is to provide for the financing of public capital improvements for a member through the purchase by the WRWW of obligations of a member pursuant to bond purchase agreements, and/or the loan of funds to a member. The WRWW's Board is comprised of two board of directors from each member agency. As of June 30, 2026, the District has not financed any public improvements through the WRWW.

Santa Rosa Regional Resources Authority

On November 12, 2015, the District entered into a joint exercise powers agreement (the Agreement) with Western Municipal Water District (WMWD) and Elsinore Valley Municipal Water District (EVMWD) to form the Santa Rosa Regional Resources Authority (SRRRA).

12. JOINT POWERS AGREEMENT (CONTINUED)

The SRRRA was created for the ownership, operation, maintenance, and administration of the Santa Rosa Water Reclamation Facilities (the Facilities), on a cooperative basis for the collection, transmission, treatment, and disposal of wastewater, and the management of wastewater treatment byproducts, and to supersede certain agreements by and among the member agencies. The SRRRA is governed by a Board of Directors consisting of three Directors. Each member agency appoints one Director.

Under the Agreement, the SRRRA agreed to acquire certain facilities including property described in the Facilities Acquisition Agreement and to obtain financing to pay off and defease the District's debt associated with the Facilities. The member agencies approved the acquisition of the Facilities by issuing bonds to relieve the District's debt on the Facilities on August 24, 2017. At this time, the District sold $52.8 million of assets and $12.8 million in cash reserves related to the Facilities to the SRRRA and the total amount of debt defeased from the District was $58.9 million. The ownership of the Facilities has transferred to the SRRRA and the District now holds an investment in joint venture in the SRRRA for its capacity rights.

The Facilities are operated by the District in accordance with the joint exercise of powers agreement and such other agreements entered into by the SRRRA and the Member Agencies from time to time. The land upon which the Facilities are located was not sold to the SRRRA and remains under ownership by Rancho. Rancho entered into a lease agreement with the SRRRA, agreeing to a 99-year lease term for the land in which the Facilities are located for one dollar ($1.00) per fiscal year payable on July 1 of each year.

The SRRRA's Board of Directors currently employs the District, under contract to operate the SRRRA. During the fiscal year ended June 30, 2026, the District billed the SRRRA $6,484,996 in operating expenses and $1,257,208 in capital project management costs.

Separate audited financial statements for available for SRRRA can be obtained at www.srrra-jpa.org or by contacting the District directly.

13. SUBSEQUENT EVENTS

On July 1, 2026, the District issued $52,275,000 of Tax-Exempt Fixed Rate Revenue Bonds. The debt was issued for the purpose of water infrastructure projects, etc. The obligations bear interest at 5.00% and mature on August 1, 2032 through August 1, 2046.

Because the debt issuance occurred subsequent to June 30, 2026, the transaction is not reflected in the accompanying financial statements. Management believes the disclosure of this subsequent event is necessary for an understanding of the District's financial position and future obligations.

13. SUBSEQUENT EVENTS (CONTINUED)

On July 15, 2026, the District entered into an Exchange Water Purchase Agreement with Western Municipal Water District for the future purchase of Exchange Water supplies. The agreement, which extends through December 31, 2047, provides an additional source of water supply for the District. As the agreement was entered into subsequent to fiscal year-end, no amounts have been recorded in the accompanying financial statements.

On August 13, 2026, the District's Board of Directors authorized the General Manager to enter into an Exchange Water Purchase Agreement with Eastern Municipal Water District for the purchase of approximately 1,000 acre-feet of Exchange Water annually beginning in calendar year 2027, subject to availability and annual commitments. The agreement will extend through December 31, 2047.

ACFR



Required Supplementary Information

2026

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Years

Measurement Date	06/30/25	06/30/24	06/30/23	06/30/22	06/30/21
Total Pension Liability					
Service cost	$ 3,451,190	$ 3,249,816	$ 2,838,337	$ 2,935,334	$ 2,566,412
Interest on total pension liability	11,890,154	11,268,022	10,655,687	10,145,020	9,780,000
Differences between expected and actual experience	3,613,632	3,870,073	2,293,062	(204,012)	185,715
Changes in assumptions	-	-	-	5,311,027	-
Changes in benefit terms	-	-	88,398	-	-
Benefit payments, including refunds of employee contributions	(9,398,288)	(9,033,199)	(8,357,661)	(7,667,020)	(7,116,642)
Net Change in Total Pension Liability	9,556,688	9,354,712	7,517,823	10,520,349	5,415,485
Total Pension liability - Beginning of Year	171,680,989	162,326,277	154,808,454	144,288,105	138,872,620
Total Pension liability - End of Year (a)	$ 181,237,677	$ 171,680,989	$ 162,326,277	$ 154,808,454	$ 144,288,105
Plan Fiduciary Net Position:					
Contributions - employer	$ 5,491,228	$ 4,240,682	$ 3,936,515	$ 4,992,753	$ 4,554,072
Contributions - employee	1,713,966	1,647,978	1,441,895	1,310,297	1,366,478
Net investment income	16,704,709	12,170,122	7,567,138	(10,265,844)	25,208,724
Administrative expense	(97,861)	(104,175)	(90,837)	(84,248)	(111,223)
Other miscellaneous income/(expense)	-	-	-	-	-
Net plan to plan resource movement	-	-	-	-	-
Benefit payments	(9,398,288)	(9,033,199)	(8,357,661)	(7,667,020)	(7,116,642)
Net Change in Plan Fiduciary Net Position	14,413,754	8,921,408	4,497,050	(11,714,062)	23,901,409
Plan Fiduciary Net Position - Beginning of Year	136,946,867	128,025,459	123,528,409	135,242,471	111,341,062
Plan Fiduciary Net Position - End of Year (b)	$ 151,360,621	$ 136,946,867	$ 128,025,459	$ 123,528,409	$ 135,242,471
Net Pension Liability - Ending (a)-(b)	$ 29,877,056	$ 34,734,122	$ 34,300,818	$ 31,280,045	$ 9,045,634
Plan fiduciary net position as a percentage of the total pension liability	83.51%	79.77%	78.87%	79.79%	93.73%
Covered payroll	$ 19,478,149	$ 17,460,504	$ 15,475,652	$ 14,218,653	$ 14,365,352
Net pension liability as percentage of covered payroll	153.39%	198.93%	221.64%	219.99%	62.97%

Notes to Schedule:

Benefit Changes:

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

Changes in Assumptions:

There were no assumption changes in 2023, 2024 or 2025. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15 for measurement date June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015 through June 30, 2016.

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(Continued)
Last Ten Years

Measurement Date	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16
Total Pension Liability					
Service cost	$ 2,426,234	$ 2,512,171	$ 2,559,080	$ 2,538,672	$ 2,404,992
Interest on total pension liability	9,398,899	9,097,401	8,527,044	8,207,866	8,011,288
Differences between expected and actual	(1,167,550)	2,622,939	(192,389)	(2,629,062)	(752,249)
Changes in assumptions	-	-	(888,725)	6,910,257	-
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(6,385,064)	(5,979,544)	(5,437,624)	(4,985,545)	(4,397,880)
	4,272,519	8,252,967	4,567,386	10,042,188	5,266,151
Total Pension liability - Beginning of Year	134,600,101	126,347,134	121,779,748	111,737,560	106,471,409
Total Pension liability - End of Year (a)	$ 138,872,620	$ 134,600,101	$ 126,347,134	$ 121,779,748	$ 111,737,560
Plan Fiduciary Net Position:					
Contributions - employer	$ 3,358,316	$ 2,673,432	$ 13,289,343	$ 2,428,307	$ 2,210,933
Contributions - employee	1,355,852	1,308,250	1,333,900	1,454,000	1,395,090
Net investment income	5,351,728	6,726,211	7,575,414	8,833,568	423,639
Administrative expense	(151,989)	(73,615)	(135,240)	(116,897)	(48,507)
Other miscellaneous income/(expense)	-	240	(256,824)	-	-
Net plan to plan resource movement	-	-	(240)	-	-
Benefit payments	(6,385,064)	(5,979,544)	(5,437,624)	(4,985,545)	(4,397,880)
	3,528,843	4,654,974	16,368,729	7,613,433	(416,725)
Plan Fiduciary Net Position - Beginning of Year	107,812,219	103,157,245	86,788,516	79,175,083	79,591,808
Plan Fiduciary Net Position - End of Year (b)	$ 111,341,062	$ 107,812,219	$ 103,157,245	$ 86,788,516	$ 79,175,083
Net Pension Liability - Ending (a)-(b)	$ 27,531,558	$ 26,787,882	$ 23,189,889	$ 34,991,232	$ 32,562,477
Plan fiduciary net position as a percentage of the total pension liability	80.17%	80.10%	81.65%	71.27%	70.86%
Covered payroll	$ 13,494,988	$ 12,969,181	$ 12,764,361	$ 12,847,089	$ 13,352,990
Net pension liability as percentage of covered payroll	204.01%	206.55%	181.68%	272.37%	243.86%

Notes to Schedule:

Benefit Changes:

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

Changes in Assumptions:

There were no assumption changes in 2023, 2024 or 2025. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15 for measurement date June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015 through June 30, 2016.

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN
Last Ten Years

Fiscal year ended	06/30/26	06/30/25	06/30/24	06/30/23	06/30/22
Actuarially determined contribution	$ 6,407,435	$ 5,499,924	$ 4,171,255	$3,891,258	$ 5,072,458
Contributions in relation to the actuarially determined contribution	(6,407,435)	(5,499,924)	(4,171,255)	(3,891,258)	(5,072,458)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 18,412,432	$ 19,478,149	$ 17,460,504	$ 15,475,652	$ 14,218,653
Contributions as a Percentage of Covered Payroll	34.80%	28.24%	23.89%	25.14%	35.67%

Fiscal year ended	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17
Actuarially determined contribution	$ 3,688,000	$ 3,110,642	$ 2,743,147	$ 2,789,343	$ 2,428,307
Contributions in relation to the actuarially determined contribution	(4,688,000)	(3,410,642)	(2,743,147)	(13,289,343)	(2,428,307)
Contribution deficiency (excess)	$ (1,000,000)	$ (300,000)	$ -	$ (10,500,000)	$ -
Covered Payroll	$ 14,365,352	$ 13,494,988	$ 12,969,181	$ 12,764,361	$ 12,847,089
Contributions as a Percentage of Covered Payroll	32.63%	25.27%	21.15%	104.11%	18.90%

Notes to Schedule:

Valuation Date: June 30, 2023

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing.
Asset valuation method	Fair value of assets
Inflation	2.30%
Salary increases	Varies by category, entry age, and duration of service.
Investment rate of return	6.80% (net of administrative expenses); includes inflation
Payroll growth	2.800%

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Years*

Measurement Date	06/30/25	06/30/24	06/30/23	06/30/22
Total OPEB Liability				
Service cost	$ 535,272	$ 400,041	$ 439,028	$ 499,220
Interest on the total OPEB liability	2,147,718	2,055,080	2,440,590	2,521,601
Actual and expected experience difference	3,414,987	82,442	(6,569,637)	(492,535)
Changes in assumptions	571,984	889,317	-	(1,796,441)
Changes in benefit terms	-	-	-	-
Benefit payments	(2,242,085)	(1,809,264)	(1,793,004)	(1,886,018)
Implicit rate subsidy fulfilled	(205,678)	(329,725)	(37,540)	(25,740)
Net change in total OPEB liability	4,222,198	1,287,891	(5,520,563)	(1,179,913)
Total OPEB liability - beginning	32,385,516	31,097,625	36,618,188	37,798,101
Total OPEB liability - ending (a)	$ 36,607,714	$ 32,385,516	$ 31,097,625	$ 36,618,188
Plan Fiduciary Net Position				
Contribution - employer	$ 205,678	$ 329,725	$ 37,540	$ 25,740
Implicit rate subsidy - employer	-	-	-	-
Net investment income (loss)	4,087,208	3,646,859	2,709,165	(5,412,792)
Benefit payments	(2,242,085)	(1,809,264)	(1,793,004)	(1,886,018)
Administrative expense	(24,274)	(22,994)	(21,953)	(25,746)
Implicit rate subsidy fulfilled	(205,678)	(329,725)	(37,540)	(25,740)
Other costs	-	-	-	-
Net change in plan fiduciary net position	1,820,849	1,814,601	894,208	(7,324,556)
Plan fiduciary net position - beginning	36,191,289	34,376,688	33,482,480	40,807,036
Plan fiduciary net position - ending (b)	$ 38,012,138	$ 36,191,289	$ 34,376,688	$ 33,482,480
Net OPEB liability - ending (a)-(b)	$ (1,404,424)	$ (3,805,773)	$ (3,279,063)	$ 3,135,708
Plan fiduciary net position as a percentage of the total OPEB liability	103.84%	111.75%	110.54%	91.44%
Covered-employee payroll	$ 17,189,893	$ 15,475,652	$ 15,844,407	$ 14,022,459
Net OPEB liability as a percentage of covered-employee payroll	-8.17%	-24.59%	-20.70%	22.36%

Notes to Schedule:

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

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
(Continued)
Last Ten Years*

Measurement Date	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17
Total OPEB Liability					
Service cost	$ 519,961	$ 637,418	$ 618,852	$ 575,517	$ 558,754
Interest on the total OPEB liability	2,713,333	2,507,368	2,407,903	2,279,630	2,136,520
Actual and expected experience difference	(3,944,967)	3,523,971	-	573,071	-
Changes in assumptions	-	(1,501,950)	1,059,080	(350,328)	-
Changes in benefit terms	-	-	-	-	-
Benefit payments	(1,787,710)	(1,265,392)	(1,742,940)	(1,662,028)	-
Implicit rate subsidy fulfilled	(510,350)	(470,097)	(283,960)	(237,266)	(1,734,141)
Net change in total OPEB liability	(3,009,733)	3,431,318	2,058,935	1,178,596	961,133
Total OPEB liability - beginning	40,807,834	37,376,516	35,317,581	34,138,985	33,177,852
Total OPEB liability - ending (a)	$ 37,798,101	$ 40,807,834	$ 37,376,516	$ 35,317,581	$ 34,138,985
Plan Fiduciary Net Position					
Contribution - employer	$ 985,954	$ 8,064,305	$ 921,470	$ 910,053	$ 777,750
Implicit rate subsidy - employer	-	-	283,960	237,266	222,759
Net investment income (loss)	8,450,900	4,992,753	1,640,252	1,571,968	1,952,179
Benefit payments	(1,787,710)	1,310,297	(1,742,940)	(1,662,028)	(1,734,141)
Administrative expense	(23,943)	(10,265,847)	(18,314)	(18,363)	(17,700)
Implicit rate subsidy fulfilled	(510,350)	(84,245)	(283,960)	(237,266)	-
Other costs	-	-	-	-	4,649
Net change in plan fiduciary net position	7,114,851	4,017,263	800,468	801,630	1,205,496
Plan fiduciary net position - beginning	33,692,185	26,334,935	25,534,467	24,732,837	23,527,341
Plan fiduciary net position - ending (b)	$ 40,807,036	$ 30,352,198	$ 26,334,935	$ 25,534,467	$ 24,732,837
Net OPEB liability - ending (a)-(b)	$ (3,008,935)	$ 10,455,636	$ 11,041,581	$ 9,783,114	$ 9,406,148
Plan fiduciary net position as a percentage of the total OPEB liability	107.96%	74.38%	70.46%	72.30%	72.45%
Covered-employee payroll	$ 13,545,679	$ 13,215,297	$ 12,519,356	$ 12,349,550	$ 12,547,000
Net OPEB liability as a percentage of covered-employee payroll	-22.21%	79.12%	88.20%	79.22%	74.97%

Notes to Schedule:

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

RANCHO CALIFORNIA WATER DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS

Last Ten Years*

Fiscal Year Ended	06/30/26	06/30/25	06/30/24	06/30/23	06/30/22
Actuarially Determined Contribution (ADC)	$ 301,392	$ 205,678	$ 329,725	$ 37,540	$ 25,740
Contributions in relation to the ADC	(301,392)	(205,678)	(329,725)	(37,540)	(25,740)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 20,303,391	$ 17,189,893	$ 15,475,652	$ 15,844,407	$ 14,022,459
Contributions as a percentage of covered-employee payroll	1.48%	1.20%	2.13%	0.24%	0.18%

Fiscal Year Ended	06/30/21	06/30/20	06/30/19	06/30/18
Actuarially Determined Contribution (ADC)	$ 985,955	$ 1,439,210	$ 1,205,430	$ 1,147,319
Contributions in relation to the ADC	(985,955)	(8,534,404)	(1,205,430)	(1,147,319)
Contribution deficiency (excess)	$ -	$ (7,095,194)	$ -	$ -
Covered-employee payroll	$ 13,545,679	$ 13,215,297	$ 12,519,356	$ 12,349,550
Contributions as a percentage of covered-employee payroll	7.28%	64.58%	9.63%	9.29%

Notes to Schedule:

Actuarial methods and assumptions used to set the ADC for Fiscal Year 2026 was from the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method/Period	Level % of pay basis, 26 years
Inflation	2.75% per annum
Payroll Growth	2.75% per annum, plus CalPERS 2017 Merit Scale
Investment Rate of Return	6.75% per annum.
Healthcare cost-trend rates	6.00% decreasing to an ultimate rate of 4.50%

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

ACFR



Supplementary Information
Combining Schedules

2026

RANCHO CALIFORNIA WATER DISTRICT
COMBINING SCHEDULE OF NET POSITION
June 30, 2026

		Santa Rosa Division				
ASSETS:	Rancho California	Water Services	Wastewater Services	Subtotal	Eliminations	Totals
CURRENT ASSETS:						
Unrestricted Assets:						
Cash and cash equivalents	$ 9,047,231	$ 5,902,139	$ 1,284,832	$ 7,186,971	$ -	$ 16,234,202
Investments	39,750,148	25,932,153	5,645,069	31,577,222	-	71,327,370
Accounts receivables:						
Water sales and services	7,891,772	7,093,452	1,088,805	8,182,257	-	16,074,029
Grants	534,260	520,569	302	520,871	-	1,055,131
Intergovernmental	53,872	253,077	-	253,077	-	306,949
Accrued interest receivable	694,696	266,755	13,949	280,704	-	975,400
Current portion of lease receivable	482,580	252,022	-	252,022	-	734,602
Inventory	13,199,668	13,199,668	-	13,199,668	-	26,399,336
Prepaid expenses	224,363	224,363	230,218	454,581	-	678,944
Other assets	314,798	125,695	729	126,424	-	441,222
Due from other fund	18,702,239	-	-	-	(18,702,239)	-
Restricted Assets:						
Cash and cash equivalents	42,807,497	1,183,905	520,740	1,704,645	-	44,512,142
Investments	198,430,718	5,476,846	2,406,710	7,883,556	-	206,314,274
Accrued interest receivable	1,265,772	100,250	37,990	138,240	-	1,404,012
Property taxes and assessments receivable, net	1,055,403	712,050	58,865	770,915	-	1,826,318
TOTAL CURRENT ASSETS	334,455,017	61,242,944	11,288,209	72,531,153	(18,702,239)	388,283,931
NON-CURRENT ASSETS:						
Capital assets:						
Nondepreciable	109,984,317	74,598,511	7,715,404	82,313,915	-	192,298,232
Depreciable, net of accumulated depreciation	261,823,649	152,862,326	6,495,089	159,357,415	-	421,181,064
Investment in joint venture-SRRRA	1,100,176	471,504	7,034,762	7,506,266	-	8,606,442
Lease receivable	12,564,883	3,999,022	-	3,999,022	-	16,563,905
Net OPEB Asset	554,962	531,952	317,510	849,462	-	1,404,424
Other assets	615,415	25,850	12,267	38,117	-	653,532
TOTAL NON-CURRENT ASSETS	386,643,402	232,489,165	21,575,032	254,064,197	-	640,707,599
TOTAL ASSETS	721,098,419	293,732,109	32,863,241	326,595,350	(18,702,239)	1,028,991,530
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred losses (gain) on refundings	5,405,416	7,105,573	(704,444)	6,401,129	-	11,806,545
Deferred outflows from pensions	7,324,609	4,092,812	2,422,892	6,515,704	-	13,840,313
Deferred outflows from OPEB	2,724,092	1,522,706	897,070	2,419,776	-	5,143,868
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,454,117	12,721,091	2,615,518	15,336,609	-	30,790,726
LIABILITIES:						
CURRENT LIABILITIES:						
Payable from Unrestricted Assets:						
Accounts payable	7,063,432	4,460,882	1,097,496	5,558,378	-	12,621,810
Accrued wages and compensation	591,589	572,788	5,074	577,862	-	1,169,451
Construction and service deposits	273,033	472,799	2,703	475,502	-	748,535
Due to other fund	-	17,550,812	1,151,427	18,702,239	(18,702,239)	-
Payable from Restricted Assets:						
Accounts payable	1,163,402	1,761,601	112,746	1,874,347	-	3,037,749
Accrued interest payable	1,354,336	1,762,100	43,351	1,805,451	-	3,159,787
Prepaid capacity fees	-	-	63,349	63,349	-	63,349
Due within one year:						
Compensated absences	1,081,154	1,081,155	-	1,081,155	-	2,162,309
Subscription-Based IT Payable	182,285	182,285	-	182,285	-	364,569
Revenue bonds	4,979,594	5,747,248	147,309	5,894,557	-	10,874,151
TOTAL CURRENT LIABILITIES	16,688,824	33,591,670	2,623,455	36,215,125	(18,702,239)	34,201,710
LONG-TERM LIABILITIES:						
Due in more than one year:						
Compensated absences	662,978	662,979	-	662,979	-	1,325,957
Subscription-Based IT Payable	272,981	272,981	-	272,981	-	545,961
Revenue bonds	94,431,185	108,988,703	2,793,506	111,782,209	-	206,213,394
Net pension liability	16,053,506	8,766,431	5,057,119	13,823,550	-	29,877,056
TOTAL LONG-TERM LIABILITIES	111,420,650	118,691,093	7,850,625	126,541,718	-	237,962,368
TOTAL LIABILITIES	128,109,474	152,282,763	10,474,080	162,756,843	(18,702,239)	272,164,078
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows from pensions	1,841,523	1,181,903	727,788	1,909,691	-	3,751,214
Deferred inflows from OPEB	4,083,300	2,315,376	1,331,270	3,646,646	-	7,729,946
Deferred inflows from leases	11,397,662	3,581,112	-	3,581,112	-	14,978,774
TOTAL DEFERRED INFLOWS OF RESOURCES	17,322,485	7,078,391	2,059,058	9,137,449	-	26,459,934
NET POSITION:						
Net investment in capital assets	276,189,621	117,623,391	10,453,278	128,076,669	-	404,266,290
Restricted	314,930,956	29,468,655	12,492,343	41,960,998	-	356,891,954
TOTAL NET POSITION	$ 591,120,577	$ 147,092,046	$ 22,945,621	$ 170,037,667	$ -	$ 761,158,244

RANCHO CALIFORNIA WATER DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2026

		Santa Rosa Division				
	Rancho California	Water Services	Wastewater Services	Subtotal	Elimination	Totals
OPERATING REVENUES:						
Charges for services:						
Water sales	$ 27,840,864	$ 20,897,066	$ -	$ 20,897,066	$ -	$ 48,737,930
Water availability charges	16,474,101	9,877,898	-	9,877,898	-	26,351,999
Capacity fees	540,889	103,191	47,236	150,427	-	691,316
Lease revenues	793,178	366,487	-	366,487	-	1,159,665
Change in investment in joint venture	64,325	27,568	911,621	939,189	-	1,003,514
Other services and abatements	2,059,578	2,322,277	4,848,554	7,170,831	-	9,230,409
Grant revenues	2,217,590	2,670,632	-	2,670,632	-	4,888,222
Miscellaneous	2,667,188	2,074,471	358,518	2,432,989	-	5,100,177
TOTAL OPERATING REVENUES	52,657,713	38,339,590	6,165,929	44,505,519	-	97,163,232
OPERATING EXPENSES:						
Source of supply	31,995,315	22,295,794	-	22,295,794	-	54,291,109
Depreciation	13,544,694	10,089,462	534,985	10,624,447	-	24,169,141
General and administrative	9,157,886	2,840,462	995,649	3,836,111	-	12,993,997
Pumping plant	2,065,197	2,597,597	-	2,597,597	-	4,662,794
Transmission and distribution	6,958,782	3,743,552	-	3,743,552	-	10,702,334
Wastewater treatment	-	-	1,381,344	1,381,344	-	1,381,344
Reclaimed water	2,009,018	880,310	-	880,310	-	2,889,328
Other	8,134,182	4,204,690	222,444	4,427,134	-	12,561,316
TOTAL OPERATING EXPENSES	73,865,074	46,651,867	3,134,422	49,786,289	-	123,651,363
OPERATING INCOME (LOSS)	(21,207,361)	(8,312,277)	3,031,507	(5,280,770)	-	(26,488,131)
NONCAPITAL SUBSIDIES:						
Property taxes and assessments	45,977,137	18,397,504	118,062	18,515,566	-	64,492,703
TOTAL NONCAPITAL SUBSIDIES	45,977,137	18,397,504	118,062	18,515,566	-	64,492,703
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	24,769,776	10,085,227	3,149,569	13,234,796	-	38,004,572
OTHER NONOPERATING REVENUES (EXPENSES):						
Investment income	10,459,000	1,689,492	594,733	2,284,225	(710,651)	12,032,574
Interest expense	(3,220,326)	(4,561,567)	(13,798)	(4,575,365)	710,651	(7,085,040)
BABS subsidy	59,689	280,404	-	280,404	-	340,093
Payment to CFD 89-5	(511,000)	(219,000)	-	(219,000)	-	(730,000)
Payment to SRRRA	(332,994)	(142,712)	(2,382,880)	(2,525,592)	-	(2,858,586)
Capital subsidies	3,179,312	4,830,600	-	4,830,600	-	8,009,912
Gain (loss) on the sale of capital assets	19,765	19,765	-	19,765	-	39,530
TOTAL OTHER NONOPERATING REVENUES (EXPENSES)	9,653,446	1,896,982	(1,801,945)	95,037	-	9,748,483
INCREASE (DECREASE) IN NET POSITION	34,423,222	11,982,209	1,347,624	13,329,833	-	47,753,055
NET POSITION - BEGINNING OF YEAR	556,697,355	135,109,837	21,597,997	156,707,834	-	713,405,189
NET POSITION - END OF YEAR	$ 591,120,577	$ 147,092,046	$ 22,945,621	$ 170,037,667	$ -	$ 761,158,244

RANCHO CALIFORNIA WATER DISTRICT

FIDUCIARY FUNDS

Custodial Funds

The Community Facilities District (CFD) No. 89-5 of the Rancho California Water District was formed to finance the construction and acquisition of public improvements, together with appurtenant work and incidental expenses, to serve the property located within the CFD.

The CFD No. 99-1 of the Rancho California Water District was formed on September 9, 1999 to finance the purchase, construction, modification, expansion, improvement, or rehabilitation of certain public facilities and the payment of water and sewer connection fees and certain assessment liens.

The CFD. 99-2 of the Rancho California Water District was formed on January 13, 2000 to finance the purchase, construction, modification, expansion, improvement, or rehabilitation of certain public facilities and the payment of water and sewer connection fees and certain assessment liens.

The Re-Assessment District No. 32A of the Rancho California District (AD No. 32A) was formed to finance primary facilities consisting of water storage and transmission from the District's existing water system to the District's properties and secondary improvements such as street, water, and utility improvements.

RANCHO CALIFORNIA WATER DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2026

	CFD 89-5	CFD 99-1	CFD 99-2	Re-Assessment District 32-A	Total
ASSETS:					
Cash and cash equivalents	$ 937,431	$ 1,106,022	$ 424,478	$ -	$ 2,467,931
Investments	1,605,344	294,840	94,349	-	1,994,533
Accounts receivable	36,524	34,581	3,339	-	74,444
Interest receivable	10,950	2,759	948	-	14,657
TOTAL ASSETS	2,590,249	1,438,202	523,114	-	4,551,565
LIABILITIES:					
Accounts payable	6,242	-	2,645	-	8,887
TOTAL LIABILITIES	6,242	-	2,645	-	8,887
NET POSITION					
Restricted for:					
Debt service	$ 2,584,007	$ 1,438,202	$ 520,469	$ -	$ 4,542,678

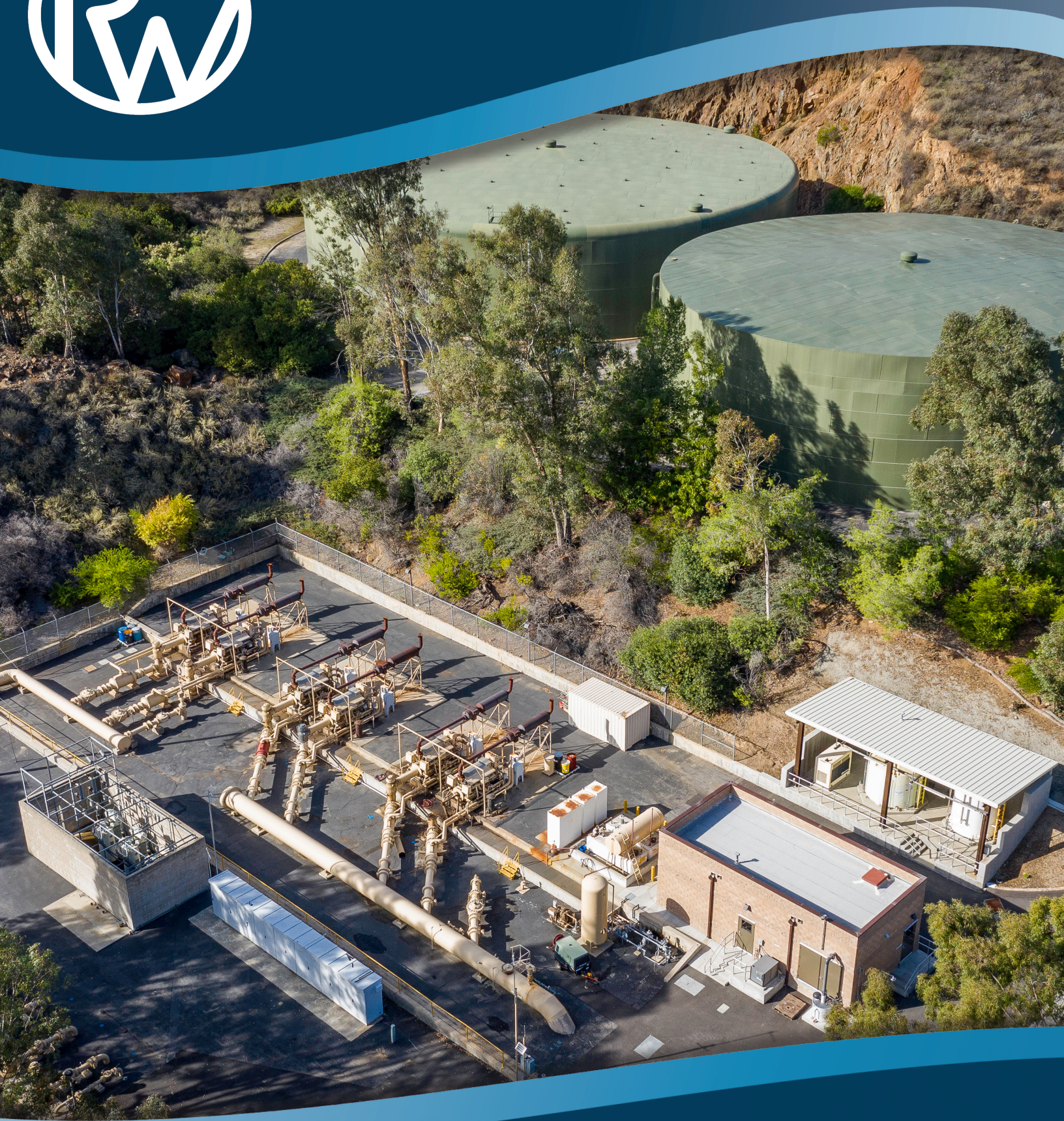
RANCHO CALIFORNIA WATER DISTRICT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

For the year ended June 30, 2026

	CFD 89-5	CFD 99-1	CFD 99-2	Re-Assessment District 32-A	Total
ADDITIONS:					
Special tax assessments	$ 1,468,730	$ 464,273	$ 146,830	$ 10,285	$ 2,090,118
Interest income (expense)	107,338	52,160	19,696	2,199	181,393
Net increase (decrease) in fair value of investments	(35,006)	(11,150)	(3,678)	-	(49,834)
TOTAL ADDITIONS	1,541,062	505,283	162,848	12,484	2,221,677
DEDUCTIONS:					
Administrative fees	51,680	10,455	13,590	200,172	275,897
Bond principal	1,400,000	410,000	140,000	276,000	2,226,000
Bond interest	76,984	77,926	26,037	5,175	186,122
TOTAL DEDUCTIONS	1,528,664	498,381	179,627	481,347	2,688,019
CHANGES IN NET POSITION	12,398	6,902	(16,779)	(468,863)	(466,342)
NET POSITION - BEGINNING OF YEAR	2,571,609	1,431,300	537,248	468,863	5,009,020
NET POSITION - END OF YEAR	$ 2,584,007	$ 1,438,202	$ 520,469	$ -	$ 4,542,678

ACFR



2026 Statistics

This section of the ACFR presents detailed information as a context for understanding what the information in the Financial Statements, Non-Disclosures, and Required Supplementary Information state about the District's overall financial health.

Contents

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Financial Trends 78

These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.

Revenue Capacity 83

These schedules contain information to help the reader assess the District's two most significant local revenue sources, water sales and property levies.

Debt Capacity 98

These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information 103

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information 107

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services it provides and the activities it performs.

TABLE 1 - Net Position by Component

Last 10 Fiscal Years

	Fiscal Year				
	2026	2025	2024	2023	2022
Primary Government					
Net investment in capital assets [1]	$404,266,290	$363,973,065	$338,848,416	$329,353,443	$339,060,040
Restricted for:					
Division Operations	142,022,672	141,409,365	85,674,808	68,511,671	68,435,453
Capital Assets	16,273	13,718	18,939	666,842	12,448,264
Net OPEB Asset	1,404,424	3,805,773	3,279,063	-	3,008,935
Debt Service	213,448,585	204,203,268	221,417,915	222,561,724	181,518,523
Total Primary Government Net Position	$761,158,244	$713,405,189	$649,239,141	$621,093,680	$604,471,215

	Fiscal Year				
	2021	2020	2019	2018 [2]	2017
Primary Government					
Net investment in capital assets [1]	$335,096,266	$332,276,686	$335,480,387	$342,087,453	$346,716,947
Restricted for:					
Division Operations	59,827,683	58,043,576	43,931,197	27,442,612	22,418,004
Capital Assets	12,749,776	15,000,659	20,537,347	2,697,244	1,530,738
Net OPEB Asset	-	-	-	-	-
Debt Service	194,696,978	188,307,331	168,007,104	168,050,823	187,925,516
Total Primary Government Net Position	$602,370,703	$593,628,252	$567,956,035	$540,278,132	$558,591,205

[1] In 2013, the District eliminated the deferral of any prior debt issuance costs from the statement of net position, per GASB 65. Any future debt issuance costs will be reported as a non-operating expense in the year incurred.

[2] Reduction in net position is from the implementation of GASB 75, as well as from the loss on the sale of the SRWRF to the SRRRA.

Source: *Rancho California Water District*

TABLE 2 - Changes in Net Position

Last 10 Fiscal Years

Fiscal Year	Operating Revenue [1]	Operating Expense [2]	Operating Income/(Loss)	Non-Capital Subsidies	Net Non-Operating Revenue [3]	Income/(Loss) Before Capital Contributions	Capital Contributions	Changes in Net Position
2026	$97,163,232 [11]	$123,651,363	($26,488,131)	$64,492,703 [12]	$9,748,483 [12]	$47,753,055	$- [12]	$47,753,056
2025	117,757,555 [4]	123,436,928	($5,679,373)	60,329,243	9,516,178	64,166,048	-	64,166,048
2024	67,402,780	104,230,985	($36,828,205)	-	64,087,355	27,259,150	886,311	28,145,461
2023	67,511,973	100,639,161	($33,127,188)	-	48,437,823	15,310,635	1,311,830	16,622,465
2022	70,619,278	96,962,111	($26,342,833)	-	27,048,745	705,912	1,394,600	2,100,512
2021	72,007,625 [5]	107,504,576	($35,496,951)	-	42,580,074	7,083,123	1,659,328	8,742,451
2020	65,647,309	95,697,987	($30,050,678)	-	53,083,523	23,032,845	2,639,372	25,672,217
2019	64,691,928	89,656,556	($24,964,628)	-	50,746,691	25,782,063	1,895,840	27,677,903
2018	69,077,197	99,800,846 [6]	($30,723,649)	-	24,486,462 [7]	(6,237,187)	3,113,334	(3,123,853)
2017	63,432,277 [8]	94,484,212 [9]	($31,051,935)	-	31,802,901 [10]	750,966	1,637,778	2,388,744

[1] See details of revenues in Table 3.

[2] See details of expenses in Table 4.

[3] Net Non-operating revenues include interest income and unrealized gain/(loss) fair market value (FMV) adjustment which may fluctuate year-to-year depending on current market conditions. See more details related to interest and FMV in Table 3.

[4] In FY 2025, the District received a one-time Pechanga Settlement of over $26 million capacity which will allow the District to deliver water to the Pechanga region, increasing operating revenue.

[5] Increase due to Tier 4 rate increment allocated to operating revenue.

[6] Increase in purchased-treated water costs due to the reduction of approximately 7,000 AF of groundwater to allow groundwater levels to recover from multi-year drought conditions.

[7] Decrease in net non-operating revenue due to a special item loss adjustment of $12.6 million from the sale of the SRWRF to the SRRRA. Before this special item, net position had an increase of $9.5 million.

[8] Decrease in water sales due to decreased demand and the District moved to Stage 3c of the WSCP, thereby eliminating the Drought Penalty Surcharges.

[9] Increase in purchased-treated water costs to meet the required annual groundwater budget resulting from decrease in demand during the winter months and mechanical issues caused the wells to be offline.

[10] Decrease in investment income by $8.1 million due to FMV adjustments and the District incurred a one-time write-off of impaired assets totaling $977,492.

[11] Beginning FY 2025/2026, the table detail was reorganized to align with GASB 103 and now includes Lease Revenues, Grant Revenues, and Other Operating Revenue (including Miscellaneous Non-Operating Revenues, Capacity Fees, Changes in Investment in Joint Venture, and net Vail Lake Operations). FY 2024/2025 was updated using the same methodology for comparison purposes, prior years were not updated.

[12] Beginning FY 2025/2026, the table detail was reorganized to align with GASB 103. FY 2024/2025 was updated using the same methodology for comparison purposes; prior years were not updated.

Source: *Rancho California Water District*

TABLE 3 - Revenues by Source

Last 10 Fiscal Years

Fiscal Year	Operating Revenues									Non-Operating Revenues				
	Water Sales [1]	Energy [2]	Availability	Other [3]	Wastewater	Lease Revenues [7]	Grant Revenues [7]	Other Operating Revenue [7]	Total Operating Revenues	Non Capital Subsidies [4][8]	Interest Income [5]	Other [6][9]	Total Non-Operating Revenues	Total Revenues
2026	$44,288,476	$4,449,454	$26,351,999	$4,382,032	$4,848,377	$1,159,665	$4,888,222	$6,795,008	$97,163,233	$64,492,703	$12,032,574	$8,389,535	$84,914,812	$182,078,045
2025	44,120,966	4,467,024	24,987,036	4,701,765	4,764,091	1,150,881	3,013,573	30,552,219	117,757,555	60,329,243	19,164,875	1,539,946	81,034,064	198,791,619
2024	35,100,494	2,370,262	23,304,242	1,982,499	4,645,283	-	-	-	67,402,780	-	13,908,711	60,391,518	74,300,229	141,703,009
2023	36,533,923	2,398,684	22,309,949	1,733,930	4,535,487	-	-	-	67,511,973	-	2,516,841	57,056,795	59,573,636	127,085,609
2022	40,677,130	2,820,709	21,090,498	1,609,459	4,421,482	-	-	-	70,619,278	-	(16,285,345)	53,071,616	36,786,271	107,405,549
2021	42,967,349	2,834,515	20,222,051	1,193,659	4,790,051	-	-	-	72,007,625	-	2,623,084	48,866,819	51,489,903	123,497,528
2020	36,288,896	2,515,942	20,195,552	2,213,078	4,433,841	-	-	-	65,647,309	-	15,277,916	49,648,437	64,926,353	130,573,662
2019	33,742,995	2,344,948	19,198,964	4,974,495	4,430,526	-	-	-	64,691,928	-	12,453,773	51,947,927	64,401,700	129,093,628
2018	39,145,030	2,846,117	18,557,377	3,071,090	5,457,583	-	-	-	69,077,197	-	347,977	51,209,197	51,527,174	120,604,371
2017	33,565,253	2,309,506	18,422,237	2,731,112	6,404,169	-	-	-	63,432,277	-	(330,531)	46,809,597	46,479,066	109,911,343

[1] A detailed schedule of water sales is provided in Table 5.

[2] Commencing in fiscal year 2011, well energy was relocated to water sales revenues.

[3] Other operating revenues declined in fiscal year 2021 due to a temporary suspension of delinquent fees and late charges during the COVID-19 Pandemic beginning March 2020. The delinquent fees and late charges were reestablished in December 2021, which impacts FY 2022 and forward.

[4] Property tax revenues typically increase due to rising assessed value and growth each year. In FY 2021, property tax revenue decreased due to a one-time accounting adjustment related to a change in accounting estimates of uncollectable property tax revenues. The result is a $4.6 million decrease to tax revenues.

[5] Interest income fluctuates year-to-year based on changing interest rates and unrealized FMV adjustments. In 2022, a bear market driven by high inflation and 11 interest rate hikes by the Federal Reserve (FED) led to a $19.5 million unrealized FMV loss. Beginning in 2023, the FED continued its aggressive monetary policy to control inflation, a strategy that remains in effect today. The District recorded an unrealized FMV loss of $4.2 million in 2023, followed by unrealized FMV gains of $4.7 million in 2024, and $7.4 million in 2025.

[6] Other includes government subsidies for the Build America Bonds (BABs), Qualified Energy Conservation Bonds (QECBs), and Tier 3 and Tier 4 revenues.

[7] Beginning FY 2025/2026, the table detail was reorganized to align with GASB 103 and now includes Lease Revenues, Grant Revenues, and Other Operating Revenue (including Miscellaneous Non-Operating Revenues, Capacity Fees, Changes in Investment in Joint Venture, and net Vail Lake Operations). FY 2024/2025 was updated using the same methodology for comparison purposes, prior years were not updated. Therefore, the one-time Pechanga Settlement of over $26 million in capacity-related assets and rights received in FY 2025 is now showing under Other Operating Revenue.

[8] Beginning FY 2025/2026, Taxes & Assessments was renamed to Non-Capital Subsidies.

[9] Beginning FY 2025/2026, Non-Operating Revenues, Other includes Government Bond Subsidy, Gain/Loss and Capital Subsidy. FY 2024/2025 was updated using the same methodology for comparison purposes, prior years were not updated.

Source: *Rancho California Water District*

TABLE 4 - Expenses by Function

Last 10 Fiscal Years

Fiscal Year	Operating Expenses									Total Non-Operating Expenses	Total Expenses
	Source of Supply	Pumping Plant	Transmission & Distribution	General & Administrative	Wastewater Treatment	Recycled Water	Depreciation & Amortization	Other [1][7]	Total Operating Expenses		
2026	$54,291,109	$4,662,794	$10,702,334	$12,993,997	$1,381,344	$2,889,328	$24,169,141	$12,561,316	$123,651,363	$10,673,626	$134,324,989
2025	56,633,943	4,934,760	10,425,539 [2]	14,854,490	1,591,129	3,080,438	24,132,334	7,784,295	123,436,928	11,188,643	134,625,571
2024	44,346,178	3,892,726	8,719,691	15,116,785	1,457,037	2,480,738	23,622,687	4,595,143	104,230,985	10,212,874	114,443,859
2023	43,302,508	4,154,110	8,516,004	13,461,382	1,296,970	2,232,883	22,961,471	4,713,833	100,639,161	11,135,813	111,774,974
2022	49,406,331	3,999,084	7,397,676	7,227,761 [3]	654,223 [4]	2,183,096	22,046,951	4,046,989	96,962,111	9,737,526	106,699,637
2021	51,406,770	3,643,715	7,758,795	13,418,422	1,217,708	2,290,500	23,684,127	4,084,539	107,504,576	8,909,829	116,414,405
2020	42,200,726	3,039,287	7,276,170	12,597,731	1,092,642	2,022,319	23,505,185	3,963,927	95,697,987	11,842,830	107,540,817
2019	38,093,539	2,972,006	6,972,707	11,024,390	1,193,214	2,054,152	23,422,545	3,924,003	89,656,556	13,655,009	103,311,565
2018	46,121,701	3,494,391	7,553,699	11,381,543 [5]	1,454,567	1,924,520	23,954,236 [6]	3,916,189	99,800,846	14,412,939	114,213,785
2017	40,309,186	3,470,017	6,429,382	9,755,193	1,200,766	2,151,487	27,070,090	4,098,091	94,484,212	14,676,167	109,160,379

[1] Other operating expense includes customer service and engineering support efforts.

[2] Significant increase in corrective maintenance $1 million in Transmission & Distribution and $100 thousand in Wastewater Treatment.

[3] Higher level of vacancies especially in key positions as compared to prior years.

[4] Decrease primarily due to lower expenses from the SRRRA.

[5] Increase related to GASB 68 adjustments to pension expense.

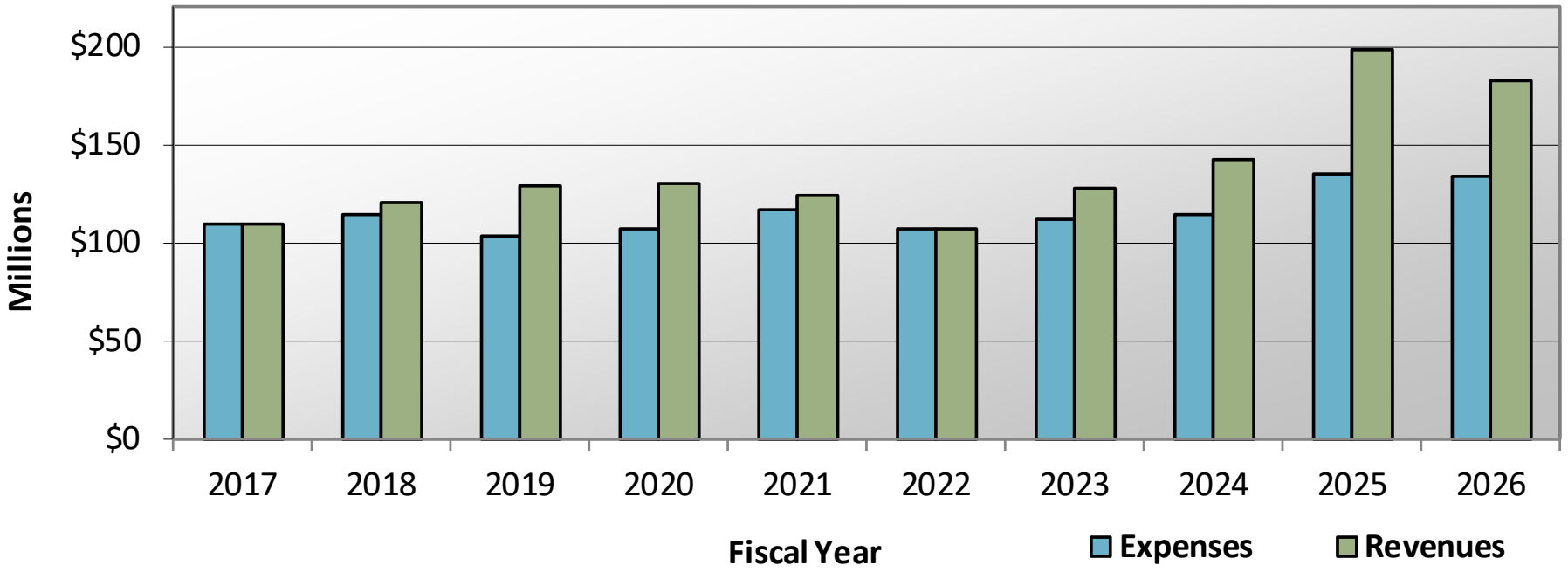
[6] Decrease from sale of $52.8 million of capital assets related to the SRWRF.

[7] Beginning FY 2025/2026, the Other category now includes Miscellaneous Non-Operating Expenses and Non-Operating Grant Expenses to align with GASB 103. FY 2024/2025 was updated using the same methodology for comparison purposes, prior years were not updated.

Source: *Rancho California Water District*

CHART A – Revenues and Expenses

Last 10 Fiscal Years



(1) In FY 2025, the District received a one-time $26 million Pechanga Settlement, grant revenues of $3 million, and unrealized FMV gain of $7.4 million.

(2) In FY 2026, the District received an additional $1.2 million in Pechanga Settlement, $4.6 million in PFAS Settlement, net grant revenues of $5 million, and offset by unrealized FMV loss of $805,000.

Source: *Rancho California Water District*

TABLE 5 - Water Sales by User Type

Last 10 Fiscal Years

Fiscal Year	Domestic Water Sales	Domestic Acre Feet	Ag Domestic Water Sales	Ag Domestic Acre Feet	Agricultural Water Sales	Agricultural Acre Feet	Other [1] Water Sales	Other [1] Acre Feet	Recycled Water Sales	Recycled Acre Feet	Total Water Sales	Total Acre Feet	Direct Rate [2]
2026	$18,150,402	20,847	$5,050,007	5,656	$9,989,171	9,244	$9,427,784	10,484	$1,671,112	4,049	$44,288,476	50,279	$880.85
2025	17,511,224	21,016	5,146,955	6,168	10,082,113	10,308	9,549,575	10,528	1,831,101	4,205	44,120,968	52,224	844.43
2024	14,462,438	18,542	3,770,351	3,821	7,830,299	8,633	7,641,208	8,997	1,396,198	3,295	35,100,494 [7]	43,289	810.84
2023	15,528,392	19,282	3,865,027	4,245	8,465,150	9,343	7,403,262	9,035	1,272,092	3,516	36,533,923	45,421	804.34
2022	15,300,928	22,139	4,993,392	5,545	10,661,404	12,150	8,205,743	10,681	1,515,662	3,983	40,677,130 [6]	54,498	780.46
2021	17,665,065	23,451	5,112,577	5,937	10,405,436	12,843	8,314,045	10,964	1,470,226	4,018	42,967,349 [5]	57,213	751.01
2020	14,731,570	21,391	4,506,515	5,214	9,020,014	11,252	6,684,975	9,815	1,345,823	3,680	36,288,896	51,352	706.67
2019	13,263,541	20,382	4,211,082	5,136	8,858,886	10,798	6,231,321	9,899	1,178,165	3,142	33,742,995 [4]	49,357	683.65
2018	13,672,311	22,230	4,682,671	6,188	12,720,948	15,601	6,886,459	11,223	1,182,640	3,493	39,145,030	58,735	666.47
2017	12,249,208	20,761	3,629,591	5,022	10,472,461	13,487	6,224,534	10,393	897,198	3,505	33,472,992 [3]	53,168	629.57

[1] Represents commercial, construction, landscape, and multiple-dwelling water usage.

[2] Calculated average rate of water sold per acre-foot (AF). See Table 9 for detailed schedule of rates.

[3] State-mandated reduction was enacted in FY 2016, which eliminated Tier 3 and assessed Drought Penalty Surcharges. Drought Penalty Surcharges totaled $92,000 during FY 2017.

[4] Decrease in water sales primarily due to above-average rainfall in FY 2019.

[5] Increase in water sales due to increased demand and changes in the Tier 4 rate increment allocated to operating revenue.

[6] Beginning in FY 2022, the Santa Rosa Replacement Fund was transferred to non-operating revenues.

[7] Water sales totals per this table exclude energy revenue.

Source: *Rancho California Water District*

TABLE 6 - Active Meters by Size

Last 10 Fiscal Years

	Meter Size								
Fiscal Year	¾-Inch	1-Inch	1½-Inch	2-Inch	3-Inch	4-Inch	6-Inch	8-Inch and Greater	Total
2026	37,037	4,646	1,696	2,020	176	86	54	27	45,742
2025	37,022	4,621	1,694	2,018	179	84	54	27	45,699
2024	37,010	4,580	1,684	2,020	169	86	54	26	45,629
2023	36,998	4,527	1,682	2,020	168	77	54	25	45,551
2022	36,937	4,489	1,676	2,022	169	79	53	31	45,456
2021	36,912	4,408	1,664	2,014	169	80	52	31	45,330
2020	36,907	4,330	1,648	2,005	164	80	53	31	45,218
2019	36,894	4,229	1,635	2,002	166	78	51	31	45,086
2018	36,906	4,009	1,629	1,998	175	79	51	31	44,878
2017	36,852	3,830	1,621	1,992	171	81	51	31	44,629

Source: Rancho California Water District

TABLE 7 - Water and Wastewater Services

Last 10 Fiscal Years

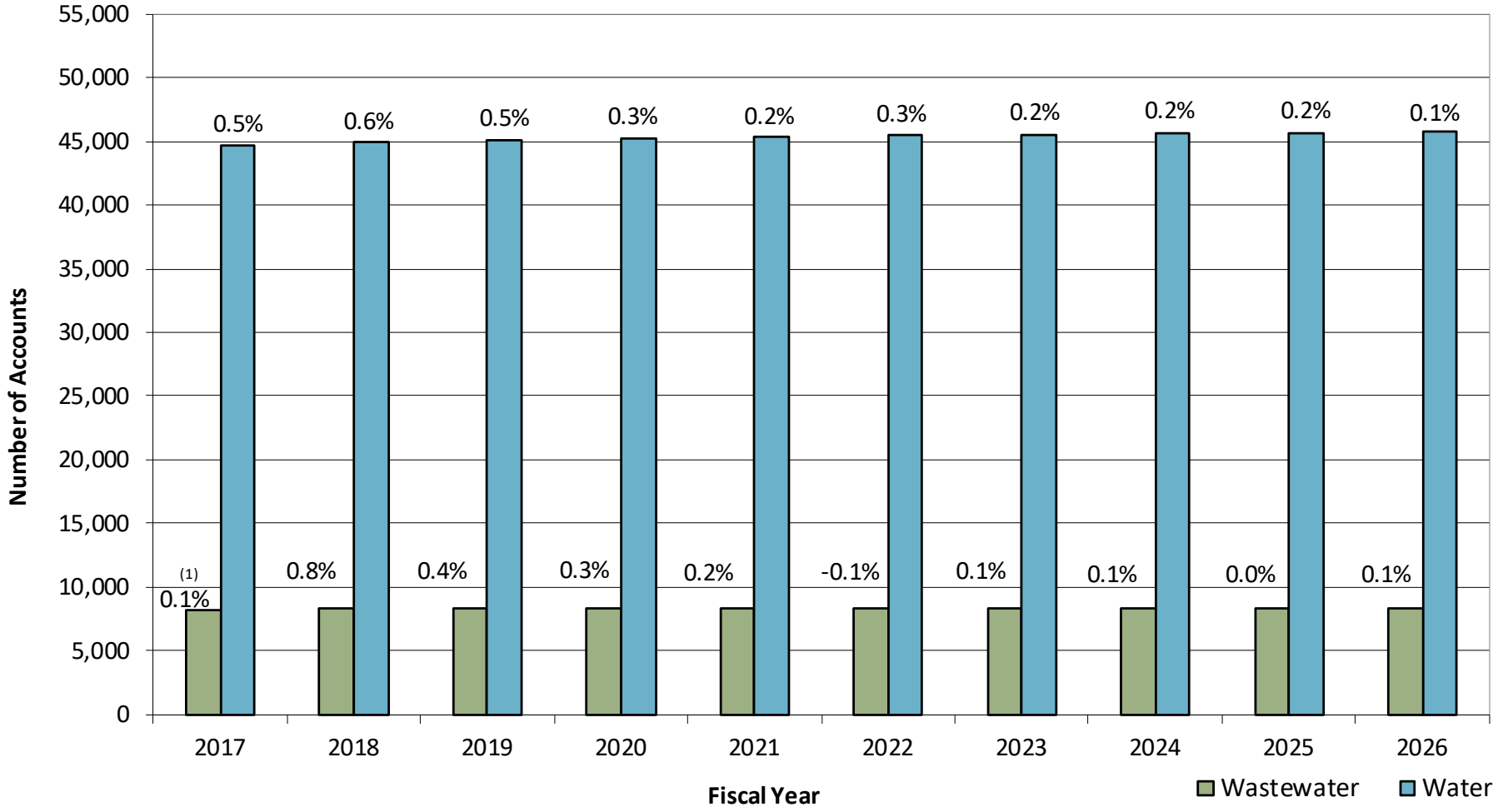
Fiscal Year	Agricultural	Ag Domestic	Water Domestic	Other	Total	Wastewater EDUs [1]
2026	586	874	39,109	5,173	45,742	8,405
2025	589	870	39,066	5,174	45,699	8,393
2024	759	686	39,048	5,136	45,629	8,390
2023	796	682	39,024	5,049	45,551	8,384
2022	788	669	39,012	4,987	45,456	8,374
2021	777	657	38,949	4,947	45,330	8,381
2020	769	644	38,886	4,919	45,218	8,362
2019	758	635	38,806	4,887	45,086	8,337
2018	723	631	38,681	4,843	44,878	8,307
2017	859	695	38,406	4,669	44,629	8,237

[1] Represents number of EDUs sold.

Source: Rancho California Water District

CHART B - Increase in Water and Wastewater Services

Last 10 Fiscal Years



(1) Reduction in 8,703 EDUs due to other agencies previously under treatment contract with Rancho Water and, as of November 2015, these agencies are now under contract with the SRRRA.

Source: *Rancho California Water District*

TABLE 8 - Water Production Source (in AF)

Last 10 Fiscal Years

Fiscal Year	Local Well [2]	Purchased Treated	Purchased Untreated [1]	Recycled	Total Production	Annual Sales	Unaccounted for %
2026	15,792	17,913	15,500	3,875	53,080	50,279	5.3%
2025	15,678	20,020	15,573	4,943	56,214	52,224	7.1%
2024	15,373	13,036	14,753	4,535	47,697	43,289	9.2%
2023	14,317	14,726	16,499	3,351	48,894	45,421	7.1%
2022	15,896	22,351	16,006	3,986	58,239	54,498	6.4%
2021	16,500	25,687	14,996	4,120	61,303	57,213	6.7%
2020	17,473	19,128	13,696	4,020	54,317	51,352	5.5%
2019	16,575	18,036	13,940	3,769	52,320	49,357	5.7%
2018	19,146 [4]	26,730	12,606	4,222	62,704	58,735	6.3%
2017	17,473 [3]	21,820	13,155	3,851	56,299	53,168	5.6%

[1] This source of supply is a result of the Valle de Los Caballos Recharge Project, which became operational in FY 1998. Untreated water purchased from the MWD is used to recharge the local aquifer. Specific wells are used to pump this water out of the aquifer and into the distribution system. This category also includes water purchased through a cyclic storage agreement with MWD.

[2] Total native water production budget determined annually based on safe yield amounts that will sustain the groundwater basin.

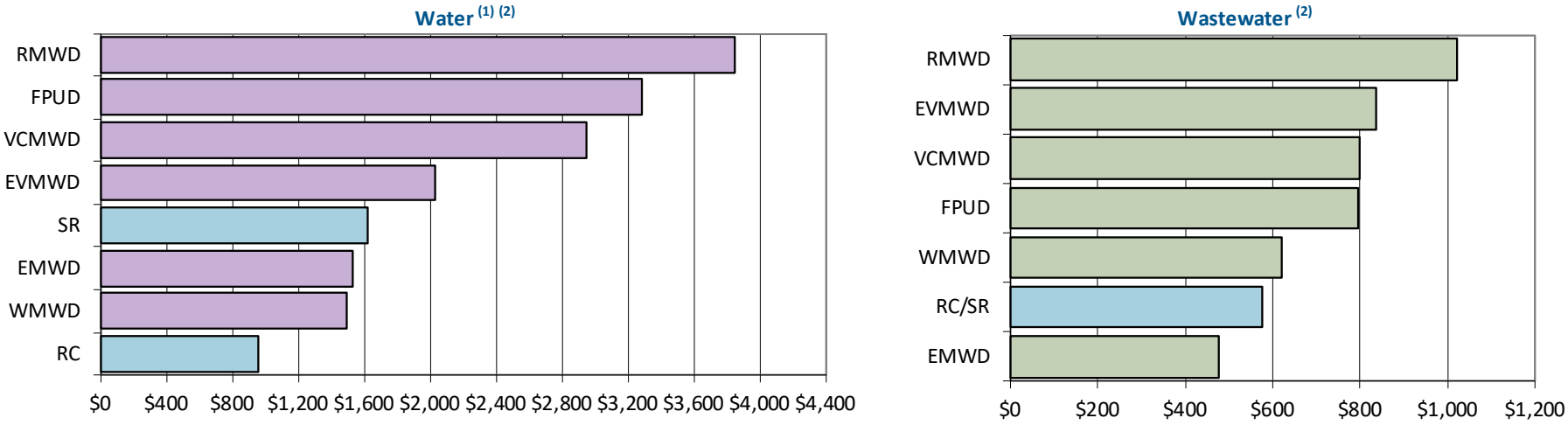
[3] Reduced groundwater production due to unanticipated maintenance on well pumping facilities.

[4] In FY 2018, the District initiated a program to temporarily reduce groundwater pumping to mitigate the effects of prior-year droughts and manage the groundwater basin in a sustainable manner. The budget for groundwater production will remain at 16,000 to 17,000 AF annually until groundwater levels recover. The increased production of well water in FY 2018 is a carryover from lower-than-anticipated production in FY 2017.

Source: Rancho California Water District

CHART C - Annual Service Fee Comparison

Typical Domestic Account



(1) Based on 300 hundred cubic feet (HCF) annual use with a 3/4" meter.

(2) Used fiscal year average fees for districts that use calendar year rates.

Note: Service Fees include Commodity, Energy, and Fixed Monthly Fees.

Source: Rancho California Water District Water Rate Surveys of August 12, 2026.

Legend

EMWD	Eastern Municipal Water District	RC	Rancho Division of RCWD	SR	Santa Rosa Division of RCWD
EVMWD	Elsinore Valley Municipal Water District	RCWD	Rancho California Water District	VCMWD	Valley Center Municipal Water District
FPUD	Fallbrook Public Utilities District	RMWD	Rainbow Municipal Water District	WMWD	Western Municipal Water District

TABLE 9 - Water, Capacity, and Wastewater Rates

Last 10 Fiscal Years

Water Commodity Rates (per AF) [1]

Rancho Division		2026	2025	2024	2023	2022	2021[4]	2020	2019	2018	2017
Domestic	Tier 1	$389.86	$374.62	$361.11	$347.17	$334.11	$321.47	$321.47	$309.28	$304.92	$291.85
	Tier 2	851.60	797.15	787.56	757.94	729.19	701.75	701.75	675.18	644.69	657.76
	Tier 3	2,097.41	1,981.98	1,524.16	1,466.67	1,411.34	1,358.20	1,358.20	1,306.80	1,158.70	1,119.49
	Tier 4	2,729.03	2,617.96	3,590.22	3,455.18	3,325.37	3,200.35	3,200.35	3,079.69	2,931.59	2,831.40
Ag Op Out / Other	Tier 1	688.25	649.04	660.37	635.54	611.58	588.50	588.50	566.28	548.86	548.86
	Tier 2	2,097.41	1,981.98	1,524.16	1,466.67	1,411.34	1,358.20	1,358.20	1,306.80	1,315.51	1,302.44
	Tier 3 [2]	2,729.03	2,617.96	3,590.22	3,455.18	3,325.37	3,200.35	3,200.35	3,079.69	2,996.93	-
	Penalty	-	-	-	-	-	-	-	-	-	-
Ag / Ag Domestic	Tier 1	688.25	649.04	660.37	635.54	611.58	588.50	588.50	566.28	548.86	548.86
	Tier 2	2,097.41	1,981.98	1,524.16	1,466.67	1,411.34	1,358.20	1,358.20	1,306.80	1,315.51	1,302.44
	Tier 3 [2]	2,729.03	2,617.96	3,590.22	3,455.18	3,325.37	3,200.35	3,200.35	3,079.69	2,996.93	-
	Penalty	-	-	-	-	-	-	-	-	-	-
Construction		2,511.23	2,382.73	2,454.61	2,229.40	2,060.82	1,948.87	1,948.87	1,918.82	1,896.17	1,569.90
Recycled		508.07	493.27	469.87	452.23	435.25	418.92	418.92	387.00	357.50	332.55

Santa Rosa Division		2026	2025	2024	2023	2022	2021[4]	2020	2019	2018	2017
Domestic	Tier 1	$757.94	$712.21	$660.81	$625.52	$591.98	$560.18	$560.18	$531.43	$487.87	$474.80
	Tier 2	1,269.77	1,202.26	1,157.39	1,095.97	1,037.60	982.28	982.28	932.18	884.27	871.20
	Tier 3	2,487.28	2,376.20	1,660.07	1,572.08	1,488.45	1,409.17	1,409.17	1,337.29	1,158.70	1,110.78
	Tier 4	2,914.16	2,805.26	3,897.31	3,689.53	3,494.82	3,309.25	3,309.25	3,140.68	2,962.08	2,831.40
Ag Op Out / Other	Tier 1	1,128.20	1,065.04	1,048.92	993.17	940.46	890.37	890.37	845.06	784.08	766.66
	Tier 2	2,487.28	2,376.20	1,660.07	1,572.08	1,488.45	1,409.17	1,409.17	1,337.29	1,302.44	1,250.17
	Tier 3 [2]	2,914.16	2,805.26	3,897.31	3,690.40	3,494.82	3,309.25	3,309.25	3,140.68	2,992.57	-
	Penalty	-	-	-	-	-	-	-	-	-	-
Ag / Ag Domestic	Tier 1	1,128.20	1,065.04	1,048.92	993.17	940.46	890.37	890.37	845.06	784.08	766.66
	Tier 2	2,487.28	2,376.20	1,660.07	1,572.08	1,488.45	1,409.17	1,409.17	1,337.29	1,302.44	1,250.17
	Tier 3 [2]	2,914.16	2,805.26	3,897.31	3,690.40	3,494.82	3,309.25	3,309.25	3,140.68	2,992.57	-
	Penalty	-	-	-	-	-	-	-	-	-	-
Local Water Sustainability Rate [3]		-	-	-	-	-	-	-	-	17.42	-
Construction		2,511.23	2,382.73	2,454.61	2,229.40	2,060.82	1,948.87	1,948.87	1,918.82	1,896.17	1,569.90
Recycled		508.07	493.27	493.27	467.13	442.38	418.92	418.92	387.00	357.50	332.55

Monthly Service Rates (by meter size)

Rancho Division	2026	2025	2024	2023	2022	2021[4]	2020	2019	2018	2017
¾-Inch	$26.95	$25.80	$25.79	$24.82	$23.88	$22.98	$22.98	$22.11	$21.22	$21.22
1-Inch	39.59	37.86	37.71	36.29	34.92	33.61	33.61	32.34	30.97	30.97
1½-Inch	70.49	67.37	64.74	62.31	59.97	57.72	57.72	55.54	53.3	53.30
2-Inch	107.37	102.59	98.17	94.48	90.93	87.51	87.51	84.21	80.75	80.75
2 Turbine	189.71	181.13	173.35	166.84	160.57	154.54	154.54	148.72	137.15	137.15
3-Inch	309.99	295.91	282.87	272.25	262.03	252.20	252.20	242.70	234.32	234.32
4-Inch	606.04	578.33	550.43	529.77	509.88	490.75	490.75	472.27	456.13	456.13
6-Inch	964.24	920.12	875.25	842.40	810.78	780.36	780.36	750.98	727.59	727.59
6-Inch Turbo	1,024.79	971.42								
8-Inch	1,425.98	1,358.26	1,235.10	1,188.75	1,144.14	1,101.22	1,101.22	1,059.77	1,089.19	1,089.19

Santa Rosa Division	2026	2025	2024	2023	2022	2021[4]	2020	2019	2018	2017
¾-Inch	$58.12	$54.98	$51.87	$49.12	$46.51	$44.04	$44.04	$41.80	$40.58	$40.58
1-Inch	86.94	82.03	78.30	74.15	70.22	66.49	66.49	63.10	63.71	63.71
1½-Inch	157.80	148.51	138.37	131.03	124.08	117.50	117.50	111.52	110.8	110.8
2-Inch	242.65	228.11	212.90	201.61	190.92	180.79	180.79	171.59	174.62	174.62
2 Turbine	435.36	408.71	383.19	362.88	343.65	325.42	325.42	308.87	290.93	285.23
3-Inch	714.44	670.36	629.36	596.00	564.42	534.49	534.49	507.30	469.90	447.52
4-Inch	1,405.21	1,317.81	1,233.76	1,168.37	1,106.46	1,047.78	1,047.78	994.49	991.19	991.19
6-Inch	2,238.51	2,098.99	1,965.51	1,861.34	1,762.71	1,669.23	1,669.23	1,584.34	1,581.33	1,581.33
6-Inch Turbo	2,394.98	2,211.49								
8-Inch	3,333.62	3,095.23	2,776.77	2,629.61	2,490.27	2,358.21	2,358.21	2,238.28	2,251.76	2,251.76

Wastewater Charge

	2026	2025	2024	2023	2022	2021[4]	2020	2019	2018	2017
Monthly (per EDU)	$48.10	$47.38	$46.00	$45.00	$45.00	$44.00	$44.00	$42.50	$40.75	$38.75

[1] Base water commodity rate does not include energy rates charged by pump zone.

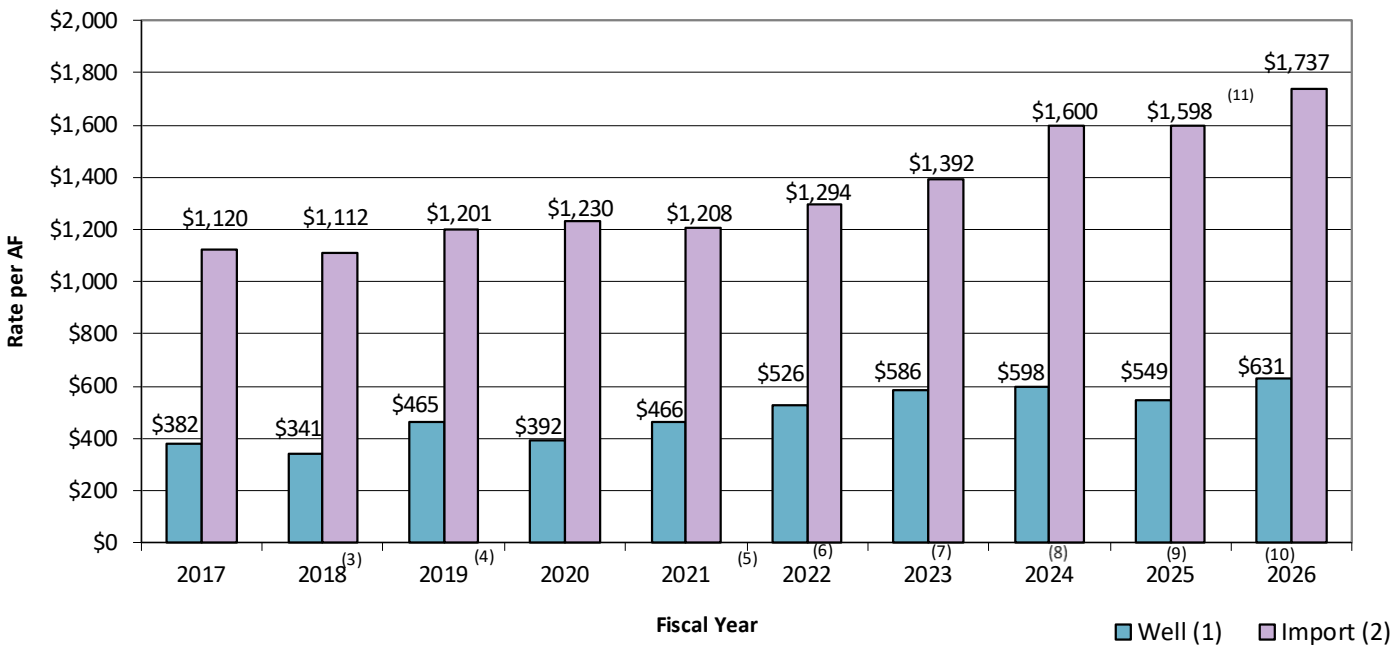
[2] Effective July 1, 2017, the District added a new Tier 3 for Agriculture and CII customers, which is usage over 150% of their Tier 1 budgets.

[3] Effective July 1, 2018, the Local Water Sustainability Rate was incorporated into the Tiered Rates.

[4] Rate increases per approved budget were deferred for FY 2021 due to economic hardships of COVID-19 on the District's customers.

Source: *Rancho California Water District*

CHART D – Cost of Water
Last 10 Fiscal Years



(1) Includes cost of both natural local well water and untreated-recharge water (see Table 8).
(2) Purchased-treated water from MWD, including monthly fixed capacity and readiness-to-serve charges.
(3) Fixed monthly capacity charges and readiness-to-serve charges allocated to a reduction in import water quantities, which created an increase in unit cost.
(4) Well water cost increased per AF due to shift in 3,066 AF more recharge water in current year, due to well water production being 6,565 AF less than prior year.
(5) Well water includes 1,000 AF of cyclic storage untreated-recharge water.
(6) Well water includes 680 AF of cyclic storage untreated-recharge water.
(7) Well water includes 2,000 AF of cyclic storage untreated-recharge water.
(8) Well water includes 2,000 AF of cyclic storage untreated-recharge water.
(9) Well water includes 2,000 AF of cyclic storage untreated-recharge water.
(10) Well water includes 253 AF of cyclic storage untreated-recharge water.
(11) Fixed import water costs and reduction in overall demands increased the per-unit cost of import water.

Source: *Rancho California Water District*

TABLE 10 - Principal Water and Wastewater Customers

Current Fiscal Year and 9 Years Prior

Fiscal Year 2025/2026

Water [1]			Wastewater [2]		
Customer Name	Usage in Acre Feet	% of Water Sold	Customer Name	# of EDUs	% of EDUs
City of Temecula	1,282	2.5%	Murrieta Valley USD	452	5.4%
Temecula Creek Inn/Golf	568	1.1%	FG Murrieta Senior Apartments	395	4.7%
Rainbow Bridge Mgmt.	464	0.9%	Arbors at Cal Oaks LLC	391	4.7%
Temecula Valley USD	456	0.9%	Camden Vineyards	219	2.6%
McMillan Farms	408	0.8%	Crescent Heights Apartments	152	1.8%
Bear Creek Golf Club	398	0.8%	ARBA Group Facilities	114	1.4%
SFT Realty Galway Downs LLC	380	0.8%	Exeter LLC	99	1.2%
ADNA Farms LLC	364	0.7%	ZL Murrieta LLC	98	1.2%
City of Murrieta	343	0.7%	Cal Oaks Condos	92	1.1%
Legends Golf Club	313	0.6%	AHR Murrieta CA ALF, LLC	82	1.0%
Total Principal Customers	4,976	9.9%	Total Principal Customers	2,094	24.9%
Other Customers	45,303	90.1%	Other EDUs Extended	6,311	75.1%
Total Water Sales	50,279	100.0%	Total EDUs	8,405	100.0%

[1] Includes recycled water use.

[2] Reduction in 8,703 EDUs due to the formation of the SRRRA in November 2015.

Fiscal Year 2016/2017

Water			Wastewater		
Customer Name	Usage in Acre Feet	% of Water Sold	Customer Name	# of EDUs	% of EDUs
City of Temecula	1,287	2.4%	Murrieta Valley USD	452	5.5%
Temecula Creek Inn/Golf	527	1.0%	FG Murrieta Senior Apartments	395	4.8%
Temecula Valley Unified	449	0.8%	Cal Oaks Apartments	391	4.7%
Corona Ranch	437	0.8%	Camden Vineyards	219	2.7%
Rainbow Bridge Mgmt.	435	0.8%	Crescent Heights Apartments	152	1.8%
Paloma Del Sol HOA	362	0.7%	ARBA Group Facilities	114	1.4%
City of Murrieta	321	0.6%	Medline Industries	110	1.3%
Paseo Del Sol HOA	317	0.6%	Cal Oaks Condo	92	1.1%
Legends Golf Club	233	0.4%	MGP Murrieta LP	90	1.1%
Temecula Valley Vineyard	228	0.4%	Bear Creek Golf Club	73	0.9%
Total Principal Customers	4,596	8.6%	Total Principal Customers	2,087	25.3%
Other Customers	48,572	91.4%	Other EDUs Extended	6,150	74.7%
Total Water Sales	53,168	100.0%	Total EDU's	8,237	100.0%

Source: Rancho California Water District

TABLE 11 - Calculated Customer Rate (per AF) [1][2]

Last 10 Fiscal Years

Rancho Division	2026	2025	2024	2023[6]	2022 [5]	2021	2020	2019 [4]	2018	2017 [3]
Water	$779	$761	$735	$734	$672	$653	$608	$589	$567	$552
Energy	64	62	39	38	37	36	35	34	37	35
Service	499	461	515	481	389	361	399	397	339	360
Operating Rate	1,342	1,284	1,289	1,253	1,098	1,050	1,042	1,020	943	953
Property Assessments	1,393	1,271	1,449	1,336	1,052	951	1,027	1,018	879	896
Capacity Fees	16	14	19	20	18	10	29	25	15	16
Total Rate	$2,751	$2,569	$2,757	$2,609	$2,168	$2,011	$2,098	$2,063	$1,837	$1,865

Santa Rosa Division	2026	2025	2024	2023[6]	2022 [5]	2021	2020	2019 [4]	2018	2017 [3]
Water	$1,075	$1,084	$957	$934	$968	$916	$877	$845	$811	$757
Energy	135	128	84	80	77	73	72	70	64	57
Service	572	510	583	510	384	340	383	375	282	326
Operating Rate	1,782	1,722	1,624	1,524	1,429	1,329	1,332	1,290	1,157	1,140
Property Assessments	1,065	941	1,187	1,015	766	511	772	769	574	648
Capacity Fees	6	83	5	8	10	13	7	6	5	3
Total Rate	$2,853	$2,746	$2,816	$2,547	$2,205	$1,853	$2,111	$2,065	$1,736	$1,791

[1] Does not include Wastewater and Other revenue. Above rates are averages based on total revenues per total AF sold per category. See detail of actual water rates in Table 9.

[2] Energy costs to provide well water are recovered in the water rate beginning 2011. Energy rates include only booster pumping costs. surcharge to Tier 4 usage.

[3] Due to state-mandated changes, in July 2017, the District declared a reduction to Stage 3c of the WSCP, which suspended penalty charges in Tier 4 usage.

[4] In April 2019, the District declared Stage 3a of its WSCP which provides 100% of BBTR customer water budgets.

[5] In January 2022, the District declared Stage 3b of its WSCP which reduced BBTR customer Tier 3 budgets by 50%.

[6] In May 2023, the District declared Stage 2 of its WSCP which restores water budgets for all tiers to 100% .

Source: *Rancho California Water District*

TABLE 12 – Taxes, Assessments, and Facilities Fees

Current Fiscal Year and 9 Years Prior

Fiscal Year 2025/2026

WATER	
Ad Valorem Assessment	
Rancho Division	$0.30 per $100 of assessed value on land only
Santa Rosa Division	$0.50 per $100 of assessed value on land only
Standby Charge	
Santa Rosa Division:	
Area 1:	Parcels *with* a water meter shall be charged: $69.92 per acre or parcel if less than one (1) acre; 1A: Parcels without water service shall be charged $69.92 per acre or per parcel if less than one (1) acre for the first 40 acres, and $62.10 per acre for the remaining acres. Parcels within this category either front water facilities or have water service.
Area 2:	Parcels *without* a water meter shall be charged $48.00 per acre or per parcel if less than one (1) acre. Parcels within this category require a secondary facility line extension.
Area 3:	Parcels *without* a water meter shall be charged $23.50 per acre or per parcel if less than one (1) acre. Parcels within this category require the extension of primary facilities.
Fire Service Assessment	
Parcels requiring more than a residential (1,000 gpm) fire-flow requirement, are charged $40.00 per acre (or per parcel if less than one (1) acre).	
Wastewater	
Santa Rosa Water Reclamation Facility: Improvement District No. 2	
Parcels shall be charged $28.50 per acre or per parcel if less than an acre on all land that has not paid a capacity fee as of March 1, 2026.	

Fiscal Year 2016/2017

WATER	
Ad Valorem Assessment	
Rancho Division	$0.30 per $100 of assessed value on land only
Santa Rosa Division	$0.50 per $100 of assessed value on land only
Standby Charge	
Santa Rosa Division:	
Area 1:	Parcels *with* a water meter shall be charged: $69.92 per acre or parcel if less than one (1) acre; 1A: Parcels without water service shall be charged $69.92 per acre or per parcel if less than one (1) acre for the first 40 acres, and $62.10 per acre for the remaining acres. Parcels within this category either front water facilities or have water service.
Area 2:	Parcels *without* a water meter shall be charged $48.00 per acre or per parcel if less than one (1) acre. Parcels within this category require a secondary facility line extension.
Area 3:	Parcels *without* a water meter shall be charged $23.50 per acre or per parcel if less than one (1) acre. Parcels within this category require the extension of primary facilities.
Fire Service Assessment	
Parcels requiring more than a residential (1,000 gpm) fire-flow requirement, are charged $40.00 per acre (or per parcel if less than one (1) acre).	
Wastewater	
Santa Rosa Water Reclamation Facility: Improvement District No. 2	
Parcels shall be charged $28.50 per acre or per parcel if less than an acre on all land that has not paid a capacity fee as of March 1, 2016.	

Source: Rancho California Water District

TABLE 13 - Overlapping Tax Rates - Riverside County

Current Fiscal Year and 9 Years Prior

Fund No.	Name	2026	2017
1-0000	General Purpose	1.0000%	1.0000%
3-6520	Temecula Unified B & I	0.0150%	0.0316%
3-9201	Mt. San Jacinto Jr. College	0.0025%	0.0132%
4-5301	MWD East 1301999	0.0070%	0.0035%
4-5351	MWD West 1302999	0.0070%	0.0035%
4-5375	MWD West 14th FR 1302013	-	-
4-5498	EMWD IMP Dist U-8	0.0012%	0.0020%
	Tax Area Rate	1.0327%	1.0538%
Special Assessments			
28-5275 [1]	Rancho California Water District Rancho Division Debt Svc	0.3000%	0.3000%
28-5291 [2]	Rancho California Water District Santa Rosa Division Debt Svc	0.5000%	0.5000%

[1] Tax Rate Area Code 13-013.
[2] Tax Rate Area Code 13-014.

Source: Riverside County, Tax Rates, and Assessed Valuations 2020-2022 and 2013-2014

TABLE 14 - Principal Tax Payers

Current Fiscal Year and 9 Years Prior

Fiscal Year 2026/2027

Customer	Customer Type	Tax Levy [1]	% of Total Tax Levy	Assessed Land Valuations
Exeter LLC	Commercial	$129,733	0.21%	$25,001,810
ZL Murrieta	Commercial	95,993	0.15%	18,460,872
Pechanga Resorts Inc.	Commercial	91,542	0.15%	27,026,844
Sage Canyon Apartments	Residential	91,183	0.15%	30,119,013
Arbors at Calif Oaks Prop Owner	Residential	80,630	0.13%	15,546,784
Advanced Cardiovascular Systems Inc.	Commercial	75,505	0.12%	24,813,264
Temecula Heights	Commercial	74,174	0.12%	14,591,610
Redhawk Towne Center II	Commercial	73,898	0.12%	24,058,584
Temecula Towne Center Association	Commercial	62,663	0.10%	20,391,679
LIPT Winchester Road Inc.	Commercial	61,067	0.10%	20,104,101
Total Principal Taxpayers		**836,388**	**1.35%**	**220,114,561**
Total Other Taxpayers		**61,163,718**	**98.65%**	**8,700,984,436**
Total Tax Levy		**$62,000,105**	**100.00%**	**$8,921,098,997**

Fiscal Year 2016/2017

Customer	Customer Type	Tax Levy [1]	% of Total Tax Levy	Assessed Land Valuations
Arbors at Calif Oaks Prop Owner	Commercial	$68,821	0.17%	$13,395,637
Medline Industries Inc.	Commercial	63,739	0.15%	12,146,819
Redhawk Towne Center II	Commercial	62,189	0.15%	20,729,715
LIPT Winchester Road Inc.	Commercial	59,889	0.14%	19,963,022
Inland Western Temecula Commons	Commercial	52,245	0.13%	17,415,131
Advanced Cardiovascular System Inc.	Commercial	51,647	0.12%	17,215,715
Temecula Creek Villas	Commercial	51,221	0.12%	17,073,724
Temecula Towne Center Assoc.	Commercial	49,622	0.12%	16,540,644
Kimco Palm Plaza	Commercial	48,017	0.12%	16,005,575
MGP IX Properties	Commercial	46,033	0.11%	8,763,677
Total Principal Taxpayers		**553,424**	**1.33%**	**150,485,982**
Total Other Taxpayers		**40,986,509**	**98.72%**	**5,893,264,075**
Total Tax Levy		**$41,539,933**	**100.00%**	**$6,043,750,057**

[1] Tax Levy includes Ad Valorem assessments and Standby charges, if applicable.

Source: *Rancho California Water District*

TABLE 15 - Assessed Valuation of Taxable Property

Last 10 Fiscal Years

	Rancho Division				Santa Rosa Division				
Fiscal Year	Real Property	Personal Property	Total	Tax Rate %	Real Property	Personal Property	Total	Tax Rate %	Combined Total
2026	$6,905,652,930	$47,683	$6,905,700,613	30.0%	$2,015,398,384	$-	$2,015,398,384	50.0%	$8,921,098,997
2025	6,605,638,746	49,346	6,605,688,092	30.0%	1,923,989,780	3	1,923,989,783	50.0%	8,529,677,875
2024	6,316,604,693	58,675	6,316,663,368	30.0%	1,859,434,174	3	1,859,434,177	50.0%	7,864,176,610
2023	6,079,035,518	46,020	6,079,081,538	30.0%	1,785,095,072	-	1,785,095,072	50.0%	7,484,151,337
2022	5,771,318,528	42,970	5,771,361,498	30.0%	1,712,789,839	-	1,712,789,839	50.0%	7,214,854,661
2021	5,551,789,415	158,611	5,551,948,026	30.0%	1,662,906,632	-	1,662,906,635	50.0%	6,917,950,604
2020	5,310,796,612	41,307	5,310,837,919	30.0%	1,607,112,682	-	1,607,112,685	50.0%	6,643,228,082
2019	5,082,233,753	911,711	5,083,145,464	30.0%	1,559,969,893	112,725	1,560,082,618	50.0%	6,343,609,424
2018	4,842,057,481	40,201	4,842,097,682	30.0%	1,501,511,742	-	1,501,511,742	50.0%	6,052,513,734
2017	4,601,087,567	40,758	4,601,128,325	30.0%	1,451,385,409	-	1,451,385,409	50.0%	5,843,151,894

Note: In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: *Riverside County Auditor-Controller*

TABLE 16 - Property Tax Levies and Collections

Last 10 Fiscal Years

Fiscal Year	Total Levied				Total Collected [3]	Total Levy Collected %	Delinquent Collections [2]	Total Collected	Total Collected %	Supplemental Penalties & Interest [1]
	General Purpose	Ad Valorem	Standby	Total						
2026	$25,071,130	$33,943,815	$2,985,160	$62,000,105	$60,569,377	97.7%	$2,114,766	$62,684,144	101.1%	$1,810,241
2025	23,760,524	32,352,467	2,999,396	59,112,387	58,792,997	99.5%	1,588,653	60,381,650	102.1%	1,641,014
2024	22,713,146	31,378,118	3,004,162	57,095,426	54,216,080	95.0%	2,708,084	56,924,165	99.7%	1,968,679
2023	21,399,408	29,792,219	3,005,389	54,197,015	51,986,089	95.9%	2,203,898	54,189,987	100.0%	1,349,169
2022	19,938,412	27,756,856	3,019,196	50,714,463	49,212,416	97.0%	1,415,053	50,627,475	99.8%	1,040,232
2021	19,130,096	27,096,676	3,014,627	49,241,399	47,140,766	95.7%	1,986,123	49,126,889	99.8%	1,338,338
2020	18,209,978	25,732,483	3,028,113	46,970,574	44,472,834	94.7%	1,794,137	46,266,971	98.5%	1,051,762
2019	17,429,040	24,642,818	3,017,872	45,089,730	43,093,537	95.6%	1,525,423	44,618,960	99.0%	674,663
2018	16,687,825	23,766,155	2,764,285	43,218,265	41,889,990	96.9%	1,475,455	43,365,445	100.3%	1,191,867
2017	16,041,304	22,705,705	2,772,923	41,519,932	39,565,128	95.3%	1,709,800	41,274,928	99.4%	1,062,379

[1] Includes penalties and interest on delinquent accounts.

[2] Delinquent collections are not identified by fiscal year from the County of Riverside and are therefore recorded in the fiscal year received.

[3] Amounts collected included Supplemental Property Tax adjustments.

Source: *Rancho California Water District*

TABLE 17 - Ratio of Total Debt to Assessed Value, Total Debt Per Capita and Share of Personal Income

Last 10 Fiscal Years

Fiscal Year	Population Estimate	Assessed Valuation	Revenue Bonds	Subscription-Based IT Payable [5]	Total Debt	Debt to AV Ratio	Debt Per Capita	As share of Personal Income [6]
2026	157,700	$8,921,098,997	$217,087,545	$910,530	$217,998,075	2.44%	$1,382	3.2%
2025	157,100	8,529,677,875	227,596,699	1,235,390	228,832,089	2.68%	1,457	3.4%
2024	156,300	8,176,097,545	237,550,850	-	237,550,850	2.91%	1,520	3.7%
2023	156,000	7,864,176,610	246,959,998	-	246,959,998	3.14%	1,583	3.9%
2022	156,200	7,484,151,337	256,024,153	-	256,024,153	3.42%	1,639	4.1%
2021	156,300	7,214,854,661	263,858,302 [4]	-	263,858,298 [4]	3.66%	1,688	4.3%
2020	155,800	6,917,950,604	268,964,117 [3]	-	268,964,114 [3]	3.89%	1,726	4.5%
2019	155,000	6,643,228,082	272,775,734	-	272,775,734	4.11%	1,760	4.7%
2018	154,400	6,343,609,424	280,357,158 [2]	-	280,357,156 [2]	4.42%	1,816	5.0%
2017	153,000	6,052,513,734	341,881,216 [1]	-	341,881,215 [1]	5.65%	2,235	6.3%

[1] District issued Series 2016A Revenue Bonds in the amount of $30,635,000 and Series 2016B and 2016C Refunding Bonds in the amount of $73,875,000.

[2] District issued Series 2017A Revenue Bonds in the amount of $38,725,000 and Series 2017B Refunding Revenue Bonds in the amount of $2,445,000. A portion of the proceeds of these bonds was used to refund and redeem the District's Series 2008B Bonds. The District's Series 2002A and 2008A Bonds, and a portion of the District's Series 2005C and 2010A Bonds were defeased by the SRRRA's Series 2017AB Bond issuance.

[3] District issued Series 2019A Refunding Revenue Bonds in the amount of $118,090,000. A portion of the proceeds of these bonds, together with certain amounts transferred from the District, were used to refund and redeem the District's Series 2010A Bonds and the District's Series 2016C Bonds.

[4] District issued Series 2021A Refunding Revenue Bonds in the amount of $46,395,000. A portion of the proceeds of the Bonds will be used to refund and redeem a portion of the outstanding principal amount of the District's Series 2016A and 2016B Bonds, and to pay costs of issuance.

[5] In compliance with GASB 96 Subscription-Based IT arrangements, the District recorded the required subscription liabilty of $910,530 as of June 30, 2026. This liabiilty represents the total estimated cost of the remainnig subscription period as determined by the contract terms and usage data.

[6] See Table 20, Demographics Schedule for personal income data. Per Capita Personal Income, used in the calculation of "As a Share of Personal Income," is upated annually to reflect data for the most recent ten fiscal years.

Source: *Rancho California Water District*

TABLE 18 - Debt Coverage Ratios

Last 10 Fiscal Years

Fiscal Year	Gross Revenue [3]	Operating Expenses [1]	Net Revenue Available for Debt Service		Debt Service Requirements			Coverage Ratio
					Principal	Interest [2]	Total	
2026	$180,671,057	$124,513,498	$56,157,559		$10,356,646	$8,379,872	$18,736,518	3.00x
2025	188,408,179	98,984,202	89,423,977	[4]	9,785,129	8,818,373	18,603,502	4.81x
2024	138,403,391	81,471,795	56,931,596		9,223,725	9,227,306	18,451,031	3.09x
2023	131,814,590	77,177,629	54,636,961		8,841,867	9,573,934	18,415,802	2.97x
2022	130,909,916	81,537,525	49,372,391		7,284,968	9,666,354	16,951,322	2.91x
2021	133,676,449	84,894,101	48,782,348		7,287,237	9,940,677	17,227,914	2.83x
2020	124,711,932	71,923,843	52,788,089		9,547,458	11,148,871	20,696,329	2.55x
2019	125,657,531	67,236,038	58,421,493		7,255,570	13,543,824	20,799,394	2.81x
2018	129,350,145	76,482,964	52,867,181		7,696,229	14,313,218	22,009,447	2.40x
2017	119,230,861	67,775,524	51,455,337		5,990,000	15,396,669	21,386,669	2.41x

[1] Operating expenses exclude depreciation.

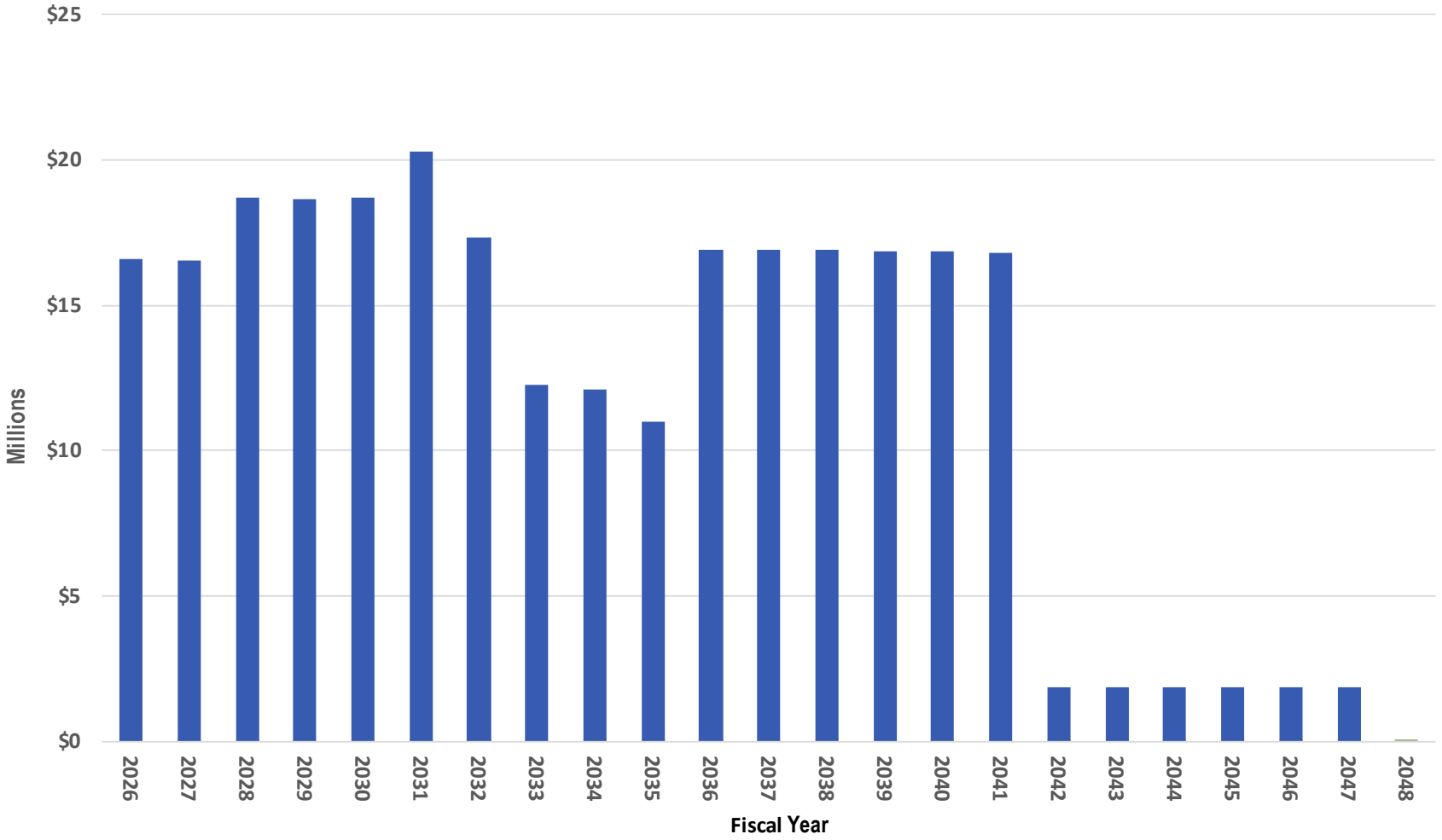
[2] Debt service interest adjusted for capitalized interest through FY 2017.

[3] Revenues not adjusted for interest earnings on bond-improvement funds through FY 2017.

[4] Net revenues includes a one-time $26 million Pechanga Settlment in FY 2025.

Source: Rancho California Water District

CHART E - Future Annual Debt Service



Note: Represents gross debt services (excludes any BABs subsidy reimbursement). This chart represents outstanding debt as of June 30 2026. In July 2026, the District issued a $53.3 million bond which will change the debt schedule in the future.

Source: Rancho California Water District

TABLE 19 - Direct and Overlapping Bonded Debt - June 30, 2026

2025/2026 Assessed Valuation: $8,921,098,997 (Land Only)

OVERLAPPING TAX AND ASSESSMENT DEBT: (Based on all property assessed valuation $33,767,499,558)

	Total Debt 6/30/2026	% Applicable [1]	District's Share of Debt 6/30/26
MWD	$16,045,000	0.793%	$127,237
EMWD, I.D. No U-8	1,905,000	98.503	1,876,482
Mt. San Jacinto Community College District	233,100,000	22.435	52,295,985
Murrieta Valley Joint USD	128,758,832	35.113	45,211,089
MVUSD CFDs	23,655,000	13.333 -100.	13,581,854
TVUSD	154,115,000	74.787	115,257,985
TVUSD CFDs	31,600,000	42.163 -100	30,492,421
City of Murrieta CFD No. 2004-1	1,805,000	61.787	1,115,255
City of Temecula CFDs	103,130,180	0.694-100.	57,980,528
EMWD CFDs	40,319,066	100	40,319,066
WMWD CFDs	517,486	1.043	5,397
RCWD CFDs	7,840,000	100	7,840,000
RCWD 1915 Act Bonds	140,000	100	140,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$366,243,299
OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	$1,098,447,200	749.30%	$82,306,649
Riverside County Pension Obligation Bonds	551,495,000	7.493	41,323,520
Murrieta Valley Joint USD Certificates of Participation	33,400,000	35.113	11,727,742
City of Murrieta General Fund Obligations	695,000	25.289	175,759
TOTAL OVERLAPPING GENERAL FUND DEBT			$135,533,670
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	$83,570,000	22.265-100	$62,911,924
TOTAL DIRECT DEBT			**$0**
TOTAL OVERLAPPING DEBT			$564,688,893
COMBINED TOTAL DEBT			$564,688,893 [2]

Ratios to 2024/2025 Land Only Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	4.11%
Ratios to All Property Assessed Valuation:	
Total Direct Debt	**0.00%**
Combined Total Debt	1.67%
Ratios to Redevelopment Successor Agencies Incremental Valuation ($3,333,212,309):	
Total Overlapping Tax Increment Debt	1.89%

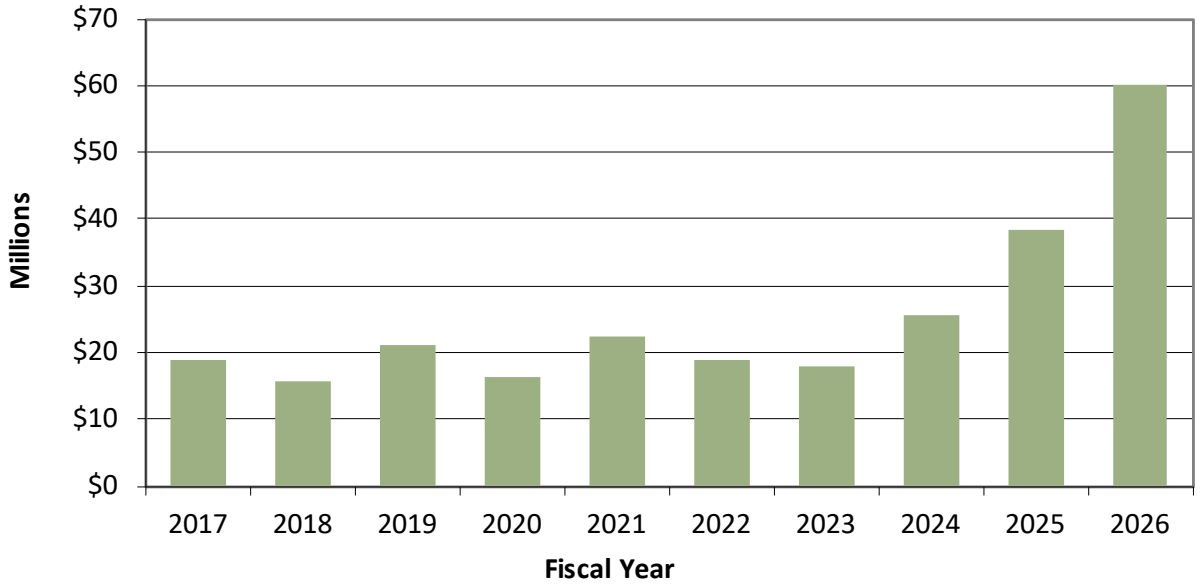
[1] The percentage of overlapping debt applicable to the District is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping entity's assessed value that is within the boundaries of the District divided by the entity's total taxable assessed value.

[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds, and non-bonded capital lease obligations.

Source: California Municipal Statistics

CHART F - Capital Spending

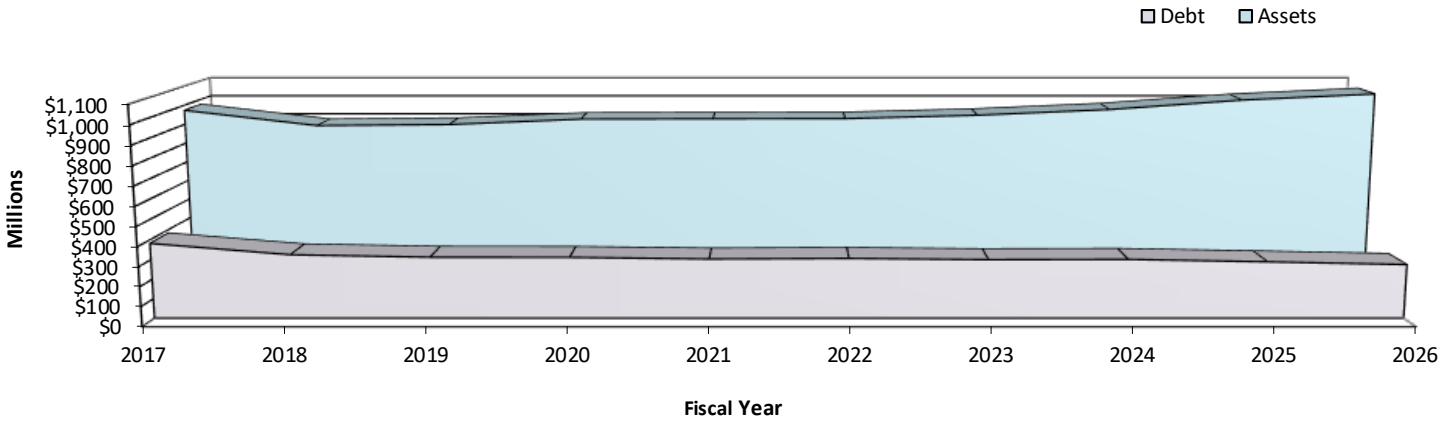
Last 10 Fiscal Years



Source: *Rancho California Water District*

CHART G - Total Debt to Assets

Last 10 Fiscal Years



Source: *Rancho California Water District*

TABLE 20 - Demographic and Economic Statistics

Last 10 Calendar Years

Calendar Year	Estimated Population - Service Area	Population-County [3]	Population-Temecula [3]	Population-Murrieta [3]	Personal Income [1]	Per Capita Personal Income County	Unemployment Rate (June) [4] County	Unemployment Rate (June) [4] State
2026	157,700	2,506,824	113,618	112,315	$6,832,222,774	$43,324 [2]	5.3	5.2
2025	157,100	2,442,378	112,220	111,789	6,670,523,765	42,460 [2]	5.9	6.1
2024	156,300	2,442,378	108,700	109,177	6,503,033,177	41,606 [2]	5.4	5.3
2023	156,000	2,439,234	108,899	109,998	6,359,978,805	40,769 [2]	5.0	4.9
2022	156,200	2,435,525	109,925	111,183	6,224,569,480	39,850 [5]	4.0	4
2021	156,300	2,454,453	112,771	115,172	6,089,509,285	38,822 [5]	7.9	8.0
2020	155,800	2,442,304	111,970	115,561	5,905,881,400	37,951 [5]	14.8 [6]	15.1 [6]
2019	155,000	2,440,124	113,826	118,125	5,693,835,260	37,074 [5]	3.6	4.1
2018	154,000	2,415,955	113,181	113,541	5,547,654,496	36,149 [5]	4.8	4.5
2017	153,000	2,384,783	111,024	114,914	5,363,874,000	35,286 [5]	5.6	4.7

[1] Projected service area personal income level based on Riverside County Per Capita Personal Income.
[2] Projected based on a ten-year average.
[3] Source: January Revised Estimates, State Department of Finance.
[4] Source: CA Employment Development Department and US Department of Labor. County data as of June 2026.
[5] Source: County of Riverside ACFR.
[6] Unemployment rate spiked during fiscal year 2020, due to the economic impact of COVID-19.

TABLE 21 - Housing Statistics

Last 10 Fiscal Years

Riverside County

Building Permits	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Single Family	5,764	7,016	8,316	7,762	8,693	8,277	7,279	6,652	6,464	5,752
Multi-Family	572	2,605	3,412	3,086	1,755	997	1,098	1,853	1,462	1,424
Total	**6,336**	**9,621**	**11,728**	**10,848**	**10,448**	**9,274**	**8,377**	**8,505**	**7,926**	**7,176**

Temecula

Building Permits	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Single Family	247	247	393	537	359	419	132	49	99	109
Multi-Family	0	134	394	566	188	57	205	-	-	74
Total	**247**	**381**	**787**	**1,103**	**547**	**476**	**337**	**49**	**99**	**183**

Murrieta

Building Permits	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Single Family	13	30	177	101	17	78	187	307	310	116
Multi-Family	804	891	316	832	356	168	54	139	318	119
Total	**817**	**921**	**493**	**933**	**373**	**246**	**241**	**446**	**628**	**235**

Number of Housing Units

Area	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Riverside County	904,277	893,304	882,389	872,930	863,784	864,076	856,124	847,851	840,904	834,652
Temecula	39,325	38,654	37,822	37,205	37,420	36,651	36,550	36,520	36,456	36,320
Murrieta	38,280	37,823	37,286	37,492	37,141	37,587	37,363	36,880	36,640	36,391

Source: California State Department of Finance and US Department of Housing and Urban Development, State of the Cities Data Systems

TABLE 22 - Principal Employers in Temecula and Murrieta Metropolitan Area

For the Most Current Fiscal Year and 9 Years Prior

June 30, 2025 [1]				June 30, 2015			
Employer	Location	Number of Employees	% of Total Employment	Employer	Location	Number of Employees	% of Total Employment
Temecula Valley USD	Temecula	3,238	4.63%	Temecula Valley USD	Temecula	2,988	4.49%
Rancho Springs Medical Center -SHS	Murrieta	2,399	4.52%	Murrieta Valley USD	Murrieta	2,041	7.50%
Murrieta Valley USD	Murrieta	2,138	4.03%	Abbott Laboratories	Temecula	2,000	3.01%
Abbott Laboratories	Temecula	1,793	2.56%	Southwest Healthcare Systems	Murrieta	1,474	5.42%
Loma Linda University Medical Center	Murrieta	1,514	2.85%	Professional Hospital Supply	Temecula	1,280	1.92%
Temecula Valley Hospital	Temecula	1,344	1.92%	Loma Linda University Medical Center	Murrieta	970	3.57%
County of Riverside	Murrieta	941	1.77%	County of Riverside	Murrieta	889	3.27%
FFF Enterprises	Temecula	700	1.00%	International Rectifier	Temecula	600	0.90%
Milgard Manufacturing Inc.	Temecula	530	0.76%	Oak Grove Center	Murrieta	380	1.40%
Walmart	Temecula	510	0.73%	City of Murrieta	Murrieta	354	1.30%

[1] Data presented is the most current available at the time of preparation of this report.

Sources: *City of Temecula and City of Murrieta Finance Department*

TABLE 23 - Number of Employees

Last 10 Fiscal Years

	Full-Time and Part-Time Employees as of June 30, 2026 [1]									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water										
Water System Operations	35	30	31	31	28	26	27	26	23	23
Water Quality	9	9	10	9	9	9	9	9	7	6
Facilities Maintenance	14	12	11	12	13	14	14	13	13	13
Construction	24	31	30	30	26	30	23	20	20	20
Wastewater Operations	9	9	9	8	8	9	9	7	10	10
Engineering	11	9	10	10	9	9	9	9	9	9
Engineering Services	3	3	3	3	3	3	3	4	4	4
Inspections	5	5	5	5	4	6	6	4	6	5
Executive Management	1	1	1	2	3	3	3	3	3	2
Administration Support	23	24	23	23	24	24	23	24	24	24
Human Resources/Risk Management	5	6	6	6	6	5	5	4	4	4
Finance/Accounting	15	15	14	16	14	12	14	12	12	12
Information Technology Support	7	6	7	7	6	6	6	5	4	4
Total Employees	161	160	160	162	153	156	151	140	139	136
Average Years of Service	7.7	8.2	7.3	7.4	8.4	8.4	9.2	9.9	10.0	10.6

[1] Filled positions; does not include open budget positions.

Source: Rancho California Water District

TABLE 24 - Operating and Capital Indicators [2]

Last 10 Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water System										
Service Area (Acres)	99,178	99,171	99,171	99,171	99,171	99,147	99,141	99,141	99,141	99,141
Miles of Water Main	913	913	913	913	912	910	912	905	904	903
Number of Reservoirs	39	39	39	39	39	39	39	39	39	39
Maximum Reservoir Capacity (AF)	347	347	347	347	347	347	347	347	347	347
Number of Open Reservoirs	1	1	1	1	1	1	1	1	1	1
Maximum Capacity of Open Reservoirs (AF)	42,680	42,680	42,680	42,680	42,680	42,680	42,680	42,680	42,680	42,680
Number of Wells	47	43	43	43	43	43	43	43	39	39
Number of Service Connections	45,742	45,699	45,629	45,551	45,456	45,330	45,218	45,086	44,878	44,629
Production Peak (mgd maximum daily)	82	86	85	75	75	75	75	75	75	75
Average Production (mgd annual)	43	45	39	50	49	49	49	49	49	49
Recycled Water System										
Miles of Water Main	72	72	73	73	73	72	73	71	71	71
Number of Reservoirs	4	4	4	4	4	4	4	4	4	4
Number of Wells	3	3	3	3	3	3	3	3	3	3
Number of Service Connections	289	284	277	285	284	279	276	260	246	234
Wastewater System										
Miles of Wastewater Lines [4]	54	54	54	54	54	54	54	54	54	75
Number of Treatment Plants [5]	1	1	1	1	1	1	1	1	1	1
Maximum Capacity of Treatment Plant (mgd) [5]	5	5	5	5	5	5	5	5	5	5
Number of Wastewater Connections Sold [3]	8,405	8,393	8,390	8,384	8,374	8,381	8,362	8,341	8,307	8,237
Annual Actual Flows Treated (mgd) [1] [5]	3.23	2.97	3.10	3.23	2.70	2.98	2.89	2.67	2.51	2.55

[1] Based on effluent flows.

[2] Some data values have decreased due to an increased accuracy over time, as a result of the implementation of enhanced CMMS and GIS.

[3] Reduction in EDUs is due to other agencies previously under treatment contract with Rancho Water and, as of November 2015, these agencies are now under contract with the SRRRA.

[4] 2018 reduction in miles of wastewater lines, due to the purchase of the SRWRF by the SRRRA. Remaining miles represent lines owned solely by the District.

[5] Treatment plant is owned by the SRRRA of which the District is a member agency.

Source: *Rancho California Water District*

Rancho Water

COMMITTEE ACTION

FINANCE AND AUDIT COMMITTEE

October 1, 2026

ITEM 1.C: **Review and Consider Amending the Conflict of Interest Code and Adoption of the Appropriate Resolution**

RESPONSIBLE/LEAD STAFF MEMBER(S):

Jason Martin, General Manager

RECOMMENDATIONS:

Staff requests that the Finance and Audit Committee recommend the Board of Directors (Board) approve the proposed amended Conflict of Interest Code, adopt the resolution amending the Code, and direct staff to submit an executed copy of the adopted resolution to Best Best & Krieger for submission to the Riverside County Board of Supervisors for approval.

DISCUSSION:

The Political Reform Act (the Act) requires all public agencies to adopt and maintain a Conflict of Interest Code (Code) containing the rules for disclosure of personal assets and the prohibition from making or participating in making governmental decisions that may affect any personal assets. The Conflict of Interest Code must specifically designate all Rancho California Water District (District) positions that make or participate in the making of decisions and assign specific types of personal assets to be disclosed that may be affected by the exercise of powers and duties of that position.

The Act further requires that the District regularly review and update its Code as necessary when directed by the code-reviewing body or when change is necessitated by changed circumstances. (Gov. Code §§ 87306 and 87306.5)

Pursuant to the Act, the District adopted a Conflict of Interest Code, which was last amended on November 14, 2024. As directed by the County Board of Supervisors, review shows that the Code must be amended to include new positions required to be designated, revises disclosure categories, revises the titles of existing positions, deletes titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions, updates the language to reflect newly passed Senate Bill 852, revising form 700 filing requirements for Public Officials who manage public investments and other technical changes.

Attached is a redline version of the amended Code showing the proposed revisions to the Conflict of Interest Code.

The attached Notice of Intention to amend the Code will be posted similarly to the Board's meeting agendas posting. Moreover, as required, a copy of this notice was provided to each affected designated employee whose position is listed in Part "A" of the Appendix of the proposed Code.

ALTERNATIVES:

Take no action

FISCAL ANALYSIS:

Not applicable

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

1. Rancho California Water District - 2026 Amendment Redline
2. Rancho California Water District - 2026 Amendment Final
3. 2026 Notice of Intention
4. Draft Resolution

CONFLICT OF INTEREST CODE FOR THE RANCHO CALIFORNIA WATER DISTRICT

(Amended ~~November 14, 2024~~ October 8, 2026)

The Political Reform Act (Government~~.~~ Code ~~§~~ Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California~~.~~ Code Regulations~~.~~ ~~§~~ Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing Regulation 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the **Rancho California Water District (the "District").**

~~All officials and designated positions required to submit a statement of economic interests shall file their statements with the **District Secretary** as the District's Filing Officer. The **District Secretary** shall make and retain a copy of all statements filed by Members of the Board of Directors and the General Manager, and forward the originals of such statements to the Clerk of the Board of Supervisors of the County of Riverside. The **District Secretary** shall retain the originals of the statements filed by all other officials and designated positions and make all statements available for public inspection and reproduction during regular business hours. (Gov. Code § 81008.)~~

Officials Who Manage Public Investments shall electronically file their annual statements of economic interests directly with the Fair Political Practices Commission. Individuals holding designated positions shall file their statements of economic interests with the District, which will make the statements available for public inspection and reproduction. (Government Code Section 81008.)

APPENDIX

CONFLICT OF INTEREST CODE

OF THE

RANCHO CALIFORNIA WATER DISTRICT

(Amended ~~November 14, 2024~~ October 8, 2026)

PART "A"

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

District Officials who manage public investments, as defined by 2 Cal. Code of Regs. § 18700.3, are NOT subject to the District's Code, but must file disclosure statements under Government Code Section 87200 et seq. [Regs. § 18730(b)(3)] These positions are listed here for informational purposes only.

It has been determined that the positions listed below are officials who manage public investments[1]:

Members of the Board of Directors

General Manager

Chief Financial Officer

Investment Consultant

[1] Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Administrative Services Supervisor	4
Assistant Engineer	2, 3, 5
Assistant General Manager	1, 2
Assistant General Manager – Engineering & Operations	1, 2
Associate Engineer	2, 3, 5
Budget Debt Administrator	1, 2
Business Operations Systems ~~Supervisor~~ Manager	5
Capital Improvement Program (CIP) Manager	2, 3, 5
Computerized Maintenance Management System Specialist (CMMS)	5
Conservation and Water Budget Analyst	2, 3, 5
~~Construction Contracts Manager~~ [Merged with CIP Manager position]	~~2, 3, 5~~
Controller	2, 4
Crew Supervisor – Fleet	5
Cross Connection Control Technician – II/Specialist	2, 3, 5
Customer Services Supervisor	5
Customer & Support Services Manager	5
~~Datacenter Operations Supervisor~~ IT Manager	5
Director of Administration	5
Director of Engineering	2, 3, 5
Director of Government & Public Affairs	1
Director of Human Resources	5

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Director of Planning	2, 3, 5
Director of Water Operations	5
District Secretary	4
Electrical Services Supervisor	5
~~Engineering Manager~~ [Merged with CIP Manager position]	~~2, 3, 5~~
Engineering Project Coordinator	2, 3, 5
Engineering Services Supervisor	5
ERP Business ~~Analyst~~ Administrator	5
Field Distribution Operator – Welder/Fabricator	5
~~Field Services Foreman~~ Crew Supervisor – Fleet/Facilities	5
Field Services Manager	5
~~Field Services Supervisor –~~ Construction Supervisor	5
Field Services Supervisor ~~– Facilities~~	5
Finance Manager	1, 2
General Counsel	1, 2
GIS Coordinator	5
Grant Analyst (ALL)	5
Human Resources Analyst (ALL)	5
Legislative Analyst I/II	1
~~Maintenance~~ Operations Services Manager	5
Management Analyst	4
Mechanical Services Specialist	5

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Mechanical Services Supervisor	5
Operations Analyst	2, 3, 5
~~Operations & Maintenance Planner/Scheduler~~ Asset Services Supervisor	5
Principal Engineer	2, 3, 5
Principal Human Resources Analyst	5
Procurement & Contracts Administrator	4
Public Affairs Manager	4
Public Information Officer I/II	4
Purchasing Agent (ALL)	4
~~Safety/Risk Officer~~ Risk, Safety, and Emergency Management Manager	5
Risk, Safety, and Emergency Management Officer	5
Safety Technician	5
SCADA Administrator	5
~~Senior Director of Engineering and Planning~~	~~1, 2~~
~~Senior Government and Public Affairs Manager~~	~~1~~
Senior Purchasing Agent	4
~~Utility Analyst~~	~~5~~
Wastewater Collections System Coordinator	5
Wastewater Maintenance Supervisor	5
Water Operations Manager	5
~~Water Production Manager~~ [Merged with Operations Manager position]	~~5~~
Water Operation Supervisor - Water Quality ~~Supervisor~~	5

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Water Reclamation Manager	5
Water Reclamation Supervisor	5
Water Resources Analyst	2, 3, 5
Water Resources Planner	2, 3, 5
Water ~~System~~ Operations Supervisor ~~-~~ Production	5
Water Systems Analyst	5
Water Use Efficiency & Grants Manager	1, 2

Consultant and New Positions[2]

[2] Individuals serving as a consultant as defined in FPPC Reg 18700.3 or in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The General Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code Sec. 82019; FPPC Regulations 18219 and 18734.). The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code Sec. 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which the designated is assigned.[3] ~~"Investment" means financial interest in any business entity (including a consulting business or other independent contracting business) and~~ Such economic interests are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments, ~~and~~ business positions in business entities, and sources of income, (including receipt of gifts, loans and travel payments), that are located in, do business in, or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the District, including any leasehold, beneficial or ownership interest or option to acquire property.

Category 3: All investments, ~~and~~ business positions in business entities, and sources of income, (including receipt of gifts, loans and travel payments), that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District.

Category 4: All investments, ~~and~~ business positions in business entities, and sources of income, (including receipt of gifts, loans and travel payments), that provide services (including training or consulting services), products, materials, machinery, vehicles or equipment of ~~a~~ the type purchased or leased by the District.

Category 5: All investments and business positions in business entities, and sources of income, (including receipt of gifts, loans and travel payments), that provide services(including training or consulting services), products, materials, machinery, vehicles or equipment of ~~a~~ the type purchased or leased by the designated position's department, unit or division.

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3 This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)

CONFLICT OF INTEREST CODE
FOR THE
RANCHO CALIFORNIA WATER DISTRICT
(Amended October 8, 2026)

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing Regulation 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the **Rancho California Water District (the "District").**

Officials Who Manage Public Investments shall electronically file their annual statements of economic interests directly with the Fair Political Practices Commission. Individuals holding designated positions shall file their statements of economic interests with the District, which will make the statements available for public inspection and reproduction. (Government Code Section 81008.)

APPENDIX

CONFLICT OF INTEREST CODE

OF THE

RANCHO CALIFORNIA WATER DISTRICT

(Amended October 8, 2026)

PART "A"

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

District Officials who manage public investments, as defined by 2 Cal. Code of Regs. § 18700.3, are NOT subject to the District's Code, but must file disclosure statements under Government Code Section 87200 et seq. [Regs. § 18730(b)(3)] These positions are listed here for informational purposes only.

It has been determined that the positions listed below are officials who manage public investments[1]:

Members of the Board of Directors

General Manager

Chief Financial Officer

Investment Consultant

[1] Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS

GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Administrative Services Supervisor	4
Asset Services Supervisor	5
Assistant Engineer	2, 3, 5
Assistant General Manager	1, 2
Assistant General Manager – Engineering & Operations	1, 2
Associate Engineer	2, 3, 5
Budget Debt Administrator	1, 2
Business Operations Systems Manager	5
Capital Improvement Program (CIP) Manager	2, 3, 5
Computerized Maintenance Management System Specialist (CMMS)	5
Conservation and Water Budget Analyst	2, 3, 5
Construction Supervisor	5
Controller	2, 4
Crew Supervisor – Fleet	5
Crew Supervisor – Fleet/Facilities	5
Cross Connection Control Technician – II/Specialist	2, 3, 5
Customer Services Supervisor	5
Customer & Support Services Manager	5
Director of Administration	5
Director of Engineering	2, 3, 5
Director of Government & Public Affairs	1

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Director of Human Resources	5
Director of Planning	2, 3, 5
Director of Water Operations	5
District Secretary	4
Electrical Services Supervisor	5
Engineering Project Coordinator	2, 3, 5
Engineering Services Supervisor	5
ERP Business Administrator	5
Field Distribution Operator – Welder/Fabricator	5
Field Services Manager	5
Field Services Supervisor	5
Finance Manager	1, 2
General Counsel	1, 2
GIS Coordinator	5
Grant Analyst (ALL)	5
Human Resources Analyst (ALL)	5
IT Manager	5
Legislative Analyst I/II	1
Management Analyst	4
Mechanical Services Specialist	5
Mechanical Services Supervisor	5
Operations Analyst	2, 3, 5

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Operations Services Manager	5
Principal Engineer	2, 3, 5
Principal Human Resources Analyst	5
Procurement & Contracts Administrator	4
Public Affairs Manager	4
Public Information Officer I/II	4
Purchasing Agent (ALL)	4
Risk, Safety, and Emergency Management Manager	5
Risk, Safety, and Emergency Management Officer	5
Safety Technician	5
SCADA Administrator	5
Senior Purchasing Agent	4
Wastewater Collections System Coordinator	5
Wastewater Maintenance Supervisor	5
Water Operations Manager	5
Water Operation Supervisor - Water Quality	5
Water Reclamation Manager	5
Water Reclamation Supervisor	5
Water Resources Analyst	2, 3, 5
Water Resources Planner	2, 3, 5
Water Operations Supervisor - Production	5
Water Systems Analyst	5

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Water Use Efficiency & Grants Manager	1, 2
Consultant and New Positions[2]	

[2] Individuals serving as a consultant as defined in FPPC Reg 18700.3 or in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code subject to the following limitation:

The General Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code Sec. 82019; FPPC Regulations 18219 and 18734.). The General Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code Sec. 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which the designated is assigned.[3] Such economic interests are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments, business positions in business entities, and sources of income, (including receipt of gifts, loans and travel payments), that are located in, do business in, or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the District, including any leasehold, beneficial or ownership interest or option to acquire property.

Category 3: All investments, business positions in business entities, and sources of income, (including receipt of gifts, loans and travel payments), that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the District.

Category 4: All investments, business positions in business entities, and sources of income, (including receipt of gifts, loans and travel payments), that provide services (including training or consulting services), products, materials, machinery, vehicles or equipment of the type purchased or leased by the District.

Category 5: All investments and business positions in business entities, and sources of income, (including receipt of gifts, loans and travel payments), that provide services(including training or consulting services), products, materials, machinery, vehicles or equipment of the type purchased or leased by the designated position's department, unit or division.

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3 This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)

NOTICE OF INTENTION TO AMEND THE CONFLICT OF INTEREST CODE OF THE RANCHO CALIFORNIA WATER DISTRICT

NOTICE IS HEREBY GIVEN that the Board of Directors of the Rancho California Water District (the "District") intends to amend the District's Conflict of Interest Code (the "Code") pursuant to Government Code Section 87306.

The Appendix of the Code designates those employees, members, officers, and consultants who make or participate in the making of decisions and are subject to the disclosure requirements of the District's Code. The District's proposed amendment includes new positions that must be designated, revises disclosure categories, revises the titles of existing positions, delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions, update the language to reflect newly passed SB 852 revising form 700 filing requirements for Public Officials who manage public investments and other technical changes.

The proposed amended Code will be considered by the Board of Directors on October 8, 2026, at 8:30 a.m. at the District Office Board Room, 42135 Winchester Road, Temecula, California. Any interested person may be present and comment at the public meeting or may submit written comments concerning the proposed amendment.

Any comments or inquiries should be directed to the attention of Jennifer Serna, District Secretary, Rancho California Water District, 42135 Winchester Road, Temecula, CA 92590; (951) 296-6900; sernaj@ranchowater.com. Written comments must be submitted no later than October 8, 2026, at 8:30 a.m.

The proposed amended Code may be reviewed at, and copies obtained from, the office of the District Secretary.

RESOLUTION NO. 2026-10-DRAFT

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO CALIFORNIA WATER DISTRICT, RIVERSIDE COUNTY, CALIFORNIA AMENDING THE CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974

WHEREAS, the State of California enacted the Political Reform Act of 1974, Government Code Section 81000 et seq. (the "Act"), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the Rancho California Water District (the "District") and requires all public agencies to adopt and promulgate a conflict of interest code; and

WHEREAS, the Board of Directors adopted a Conflict of Interest Code (the "Code") which was amended on November 14, 2024, in compliance with the Act; and

WHEREAS, subsequent changed circumstances within the District have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Act to amend and update the District's Code; and

WHEREAS, the potential penalties for violation of the provisions of the Act are substantial and may include criminal and civil liability, as well as equitable relief which could result in the District being restrained or prevented from acting in cases where the provisions of the Act may have been violated; and

WHEREAS, notice of the time and place of a public meeting on, and of consideration by the Board of Directors of, the proposed amended Code was provided each affected designated employee and publicly posted for review at the offices of the District; and

WHEREAS, a public meeting was held upon the proposed amended Code at a regular meeting of the Board of Directors on October 8, 2026, at which all present were given an opportunity to be heard on the proposed amended Code.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Rancho California Water District that the Board of Directors does hereby adopt the proposed amended Conflict of Interest Code, a copy of which is attached hereto and shall be on file with the District Secretary and available to the public for inspection and copying during regular business hours;

BE IT FURTHER RESOLVED that the said amended Code shall be submitted to the Board of Supervisors of the County of Riverside for approval and said Code shall become effective immediately after the Board of Supervisors approves the proposed amended Code as submitted.

ADOPTED, SIGNED AND APPROVED this 8th day of October, 2026.

_____

Brian J. Brady, President of the
Board of Directors
Rancho California Water District

ATTEST:

_____

Jennifer A. Serna, District Secretary of the
Board of Directors of the
Rancho California Water District

1.D

Rancho Water

COMMITTEE ACTION

FINANCE AND AUDIT COMMITTEE

October 1, 2026

ITEM 1.D: **Review of Financial Statements - August 31, 2026**

RESPONSIBLE/LEAD STAFF MEMBER(S):

Karrie Swaine, Controller

RECOMMENDATIONS:

This item is presented for the Finance and Audit Committee's (Committee) review, acceptance, and recommendation to the Board of Directors for approval.

DISCUSSION:

Attached for the Committee's review is a summary of Rancho California Water District's financial results as of August 31, 2026.

ALTERNATIVES:

Take no action

FISCAL ANALYSIS:

Not applicable

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

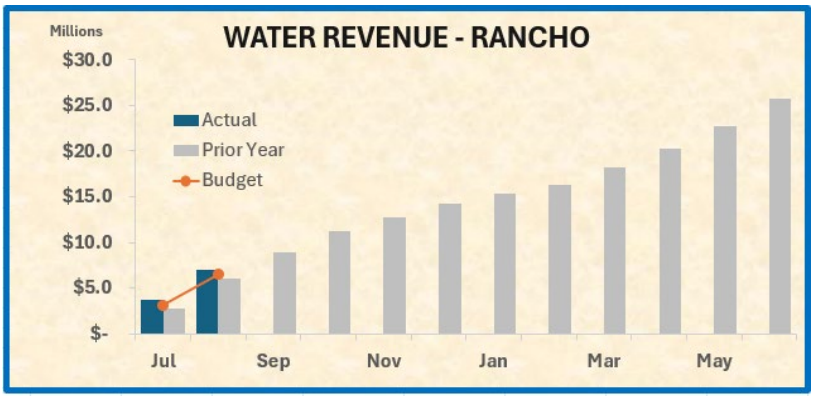
1. Financial Statements Monthly Review
2. Statement of Net Position
3. Statement of Revenues, Expenses, and Changes in Net Position
4. Statement of Cash Flows

Financial Statements Monthly Review
August 31, 2026

The District's financial statements as of August 31, 2026, are included for the Committee's review. The following is a highlight summary of their contents.

Rancho Water Division

Operating Revenues: Water sales are 643 acre-feet (AF), or 8 percent, over budget, with demand exceeding budget across all categories. Actual water revenue is $572,477, or 9 percent, over budget, and energy revenue is $11,515, or 2 percent over budget.





SALES MIX (AF) - RANCHO DIVISION	BUDGET TO DATE	ACTUAL TO DATE	OVER/ (UNDER)
Ag	551	700	149
Ag/Dom	602	724	122
Domestic	3,924	3,956	32
Other	1,749	1,987	238
Recycled	796	899	102
Total	7,623	8,266	643

Energy revenue represents 132 percent of booster energy costs allocated to the Rancho Division.

Source of Supply Costs: Purchased Water Joint Facility costs are $496,063, or 6 percent, over budget due to higher water demand during warmer weather. Purchased Water costs for the Santa Margarita River flow releases are currently under budget by $246,263, or 55 percent. These costs reflect the District's obligation to fulfill the flow regime requirements, which fluctuate throughout the year under the Cooperative Water Resources Management Agreement (CWRMA). CWRMA establishes the flow requirement based on watershed hydrologic conditions.

In the early part of the fiscal year, most functional categories are under budget because planned maintenance activities are scheduled throughout the year. Expenditures are expected to trend closer to budget as these activities occur. The functional categories are summarized below:

- **Booster Pumping Costs** are under budget by $37,292, or 7 percent.
- **Transmission & Distribution Costs** are under budget by $203,367, or 17 percent, primarily related to corrective maintenance.
- **Customer Service Costs** are under budget by $70,151, or 11 percent.
- **Recycled Water Costs** are under budget by $91,761, or 20 percent.

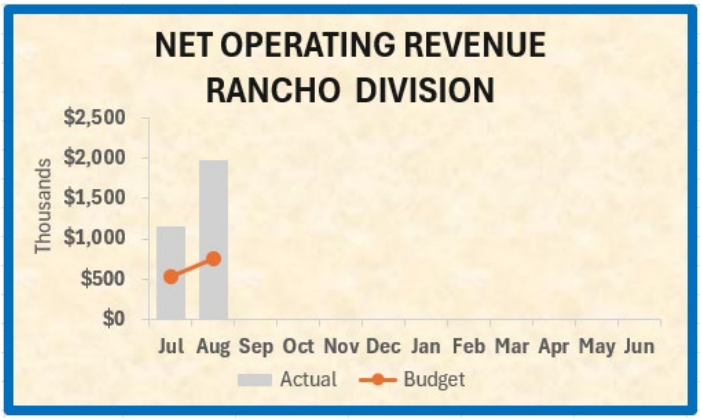
- **Support & Engineering Costs** are $505,892, or 29 percent, under budget, primarily due to lower-than-budgeted engineering support costs within the Resource Division. Resource Division general support costs represent overhead allocations distributed to functional categories based on direct labor. The general support costs are under budget resulting from lower expenditure on software, training and seminars, and staffing vacancies.

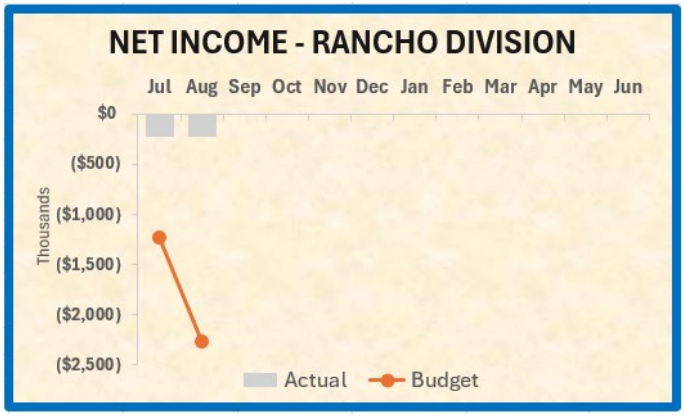
Net Operating Revenue/(Deficit): The Rancho Division reported net operating revenue of $1,974,981, compared to budgeted revenue of $743,780.

Non-Operating: Total non-operating revenue is $1,316,733, or 2,153 percent over budget, primarily due to the $1,409,559 grant revenues related to the Groundwater Storage Expansion, UVDC, and Hydroelectric Facilities. This was partially offset by lower tax and interest revenue recognized during the first couple months of the fiscal year. Tax and interest revenue are expected to trend closer to budget as the year progresses.

Total non-operating expenses are $503,385, or 17 percent over budget, mainly due to the share of the CFD 89-5 principal and interest payment. Unbudgeted grant expenses are offset by corresponding grant revenues.

Net Income/(Loss): The Rancho Division has a net deficit of $225,740 compared to a budgeted net deficit of $2,269,839. In accordance with GASB 33, capacity fees and capital contributions are reported as increases to net assets and are presented separately from operating revenue.

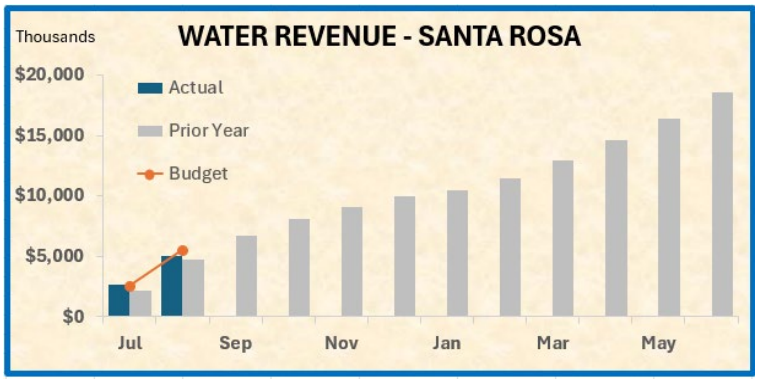




Santa Rosa Division

Operating Revenue:

Actual water revenue is under budget by $433,935, or 8 percent. Energy revenue is under budget by $82,425, or 12 percent. Water sales quantities are 543 AF, or 11 percent less than budgeted amounts in all areas except Domestic, as reflected in the "Sales Mix" chart.





SALES MIX (AF) - SANTA ROSA	BUDGET TO DATE	ACTUAL TO DATE	OVER/ (UNDER)
Ag	2,357	1,931	(427)
Ag/Dom	1,005	907	(98)
Domestic	862	867	5
Other	453	442	(11)
Recycled	305	291	(14)
Total	4,982	4,438	(543)

Energy Revenue represents 216 percent of total energy costs allocated to the Santa Rosa Division.

Source of Supply Costs: Purchased Water Joint Facility costs are under budget by $649,936, or 10 percent. Purchased Water for the Santa Margarita River flow releases are under budget by $61,566, or 55 percent. These costs reflect the District's obligation to fulfill the flow regime requirements, which fluctuate throughout the year under the CWRMA. CWRMA establishes the flow requirement based on watershed hydrologic conditions.

In the early part of the fiscal year, most functional categories are under budget because planned maintenance activities are scheduled throughout the year. Expenditures are expected to trend closer to budget as these activities occur. The functional categories are summarized below:

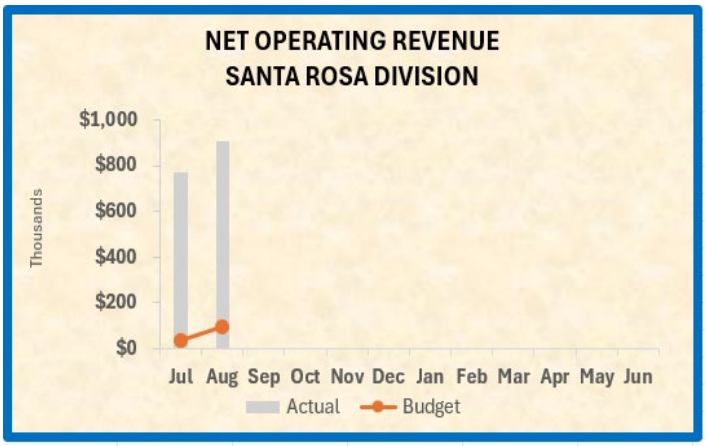
- **Booster Pumping Costs** are under budget by $207,238, or 34 percent.
- **Transmission & Distribution Costs** are under budget by $217,622, or 27 percent.
- **Customer Service Costs** are under budget by $25,288, or 11 percent.
- **Recycled Water Costs** are under budget by $62,462, or 26 percent.
- **Support & Engineering Costs** are under budget by $174,957, or 32 percent.

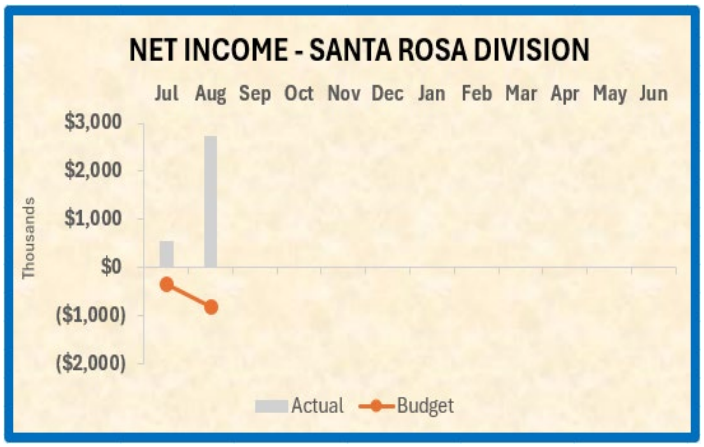
Net Operating Revenue/(Deficit): The Santa Rosa Division reports a net operating revenue of $906,080 compared to a budgeted net operating revenue of $97,919.

Non-Operating: Total non-operating revenue is over budget by $2,633,056 or 151 percent, primarily due to the $3,791,835 grant revenues related to Carancho Pump Stations, Groundwater Storage Expansion, UVDC, and Hydroelectric Facilities. This revenue is partially offset by lower interest revenue. Tax and interest revenue are expected to trend closer to budget as the year progresses.

Total non-operating expenses are under budget by $119,457, or 5 percent, mainly due to bond interest expense. Although grant expenses were not budgeted, they are offset by corresponding non-operating grant revenues.

Net Income/(Loss): The Santa Rosa Division has a net income of $2,727,825, compared to a budgeted net deficit of $832,849. In accordance with GASB 33, capacity fees and capital contributions are recorded as increases to net assets and are presented separately from operating revenue.





RESOURCE DIVISION

Total water sales are 10 AF over budget and potable water production is 150 AF over budget.

POTABLE SALES, PRODUCTION, & WATER LOSS	BUDGET TO DATE	ACTUAL TO DATE	OVER/ (UNDER) BUDGET
Sales	11,504	11,515	10
Production	12,154	12,304	150
Unaccounted	650	790	140
Water Loss	5.3%	6.4%	

Well production is 484 AF under budget. Imported water is 634 AF over budget, and recycled water is 48 AF under budget.

WATER PRODUCTION MIX (AF)	BUDGET TO DATE	ACTUAL TO DATE	OVER/(UNDER) BUDGET
Native Well	3,039	2,587	(452)
Recharge Well	3,950	3,918	(32)
Cyclic Storage	-	-	-
Import	5,165	5,799	634
Recycled	1,158	1,110	(48)
Total	13,312	13,414	102

WASTEWATER DIVISION (SRWRF)

OPERATING REVENUES: Wastewater service charges are $8,762, or 2 percent over budget.



INFORMATIONAL REPORTING FOR THE WASTEWATER DIVISION

TREATMENT COSTS: The District's financial statements present primary and secondary treatment separately from tertiary treatment. However, the table below consolidates all operational expenses of the plant to provide a more comprehensive view of overall plant performance relative to budget. The total operational expenses are under budget by $74,265, or 5 percent.

TREATMENT COSTS (NET OF SRRRA ACTIVITY)			
	BUDGET TO DATE	TOTAL TREATMENT EXP. INCURRED	OVER/(UNDER) BUDGET
Primary/Secondary	$ 820,787	$ 794,996	$ (25,792)
Tertiary	317,324	320,225	2,901
Other	239,344	187,969	(51,375)
Total	$ 1,377,455	$ 1,303,190	$ (74,265)

UTILITY COSTS are under budget by $15,674, or 7 percent.

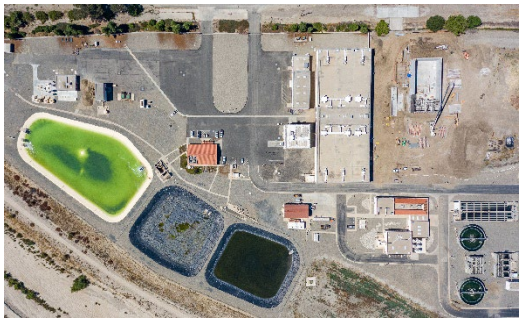
PRIMARY/SECONDARY COSTS are under budget by $25,792, or 3 percent.

TERTIARY COSTS are over budget by $2,901, or 1 percent.

OTHER COSTS are under budget by $51,375, or 22 percent. These costs are from the Resource Division allocation of various District support efforts, which are allocated to functional categories as overhead based on direct labor and divisional charges.

SRRRA COSTS: The District's treatment costs paid to the SRRRA are based on budgeted, annually established rates, which are adjusted to actual flow data at the end of each fiscal year.





DISTRICTWIDE

CORRECTIVE MAINTENANCE: The Corrective Maintenance budget includes both planned and emergency corrective work, with emergency work comprising 95 percent of the budget. Total emergency corrective maintenance expenses are $410,823, or 7 percent of the budget, as of August 31, 2026.

CORRECTIVE MAINTENANCE	BUDGET HOURS	ACTUAL HOURS	BUDGET	ACTUAL TO DATE
Source of Supply	1,030	42	$ 267,861	$ 13,117
Transmission & Distribution	23,772	1,566	4,650,739	351,823
Booster	563	44	175,408	-
Reclaimed	2,769	43	409,066	9,438
Wastewater	284	-	130,628	36,446
Total	28,418	1,694	$ 5,633,703	$ 410,823

CAPITAL ACQUISITION BUDGET: FY 2026/2027 has an approved Capital Acquisition budget of $2,255,000. As of August 31, 2026, $62,866 has been expended.

2026/2027 CAPITAL ACQUISITIONS			
REPLACEMENT	APPROVED FUNDING	EXPENDED TO DATE	REMAINING AMOUNT
Fleet	$ 1,450,000	$ 4,924	$ 1,445,076
Construction	138,000		138,000
Wastewater/ Testing &Equipment	-		-
Computers/Office	256,000	21,853	234,147
Sub-Total	$ 1,844,000	$ 26,777	$ 1,817,223
NEW	APPROVED FUNDING	EXPENDED TO DATE	REMAINING AMOUNT
Fleet	$ 250,000		$ 250,000
Construction	151,000	36,089	114,911
Wastewater/ Testing &Equipment	-		-
Computers/Office	10,000		10,000
Sub-Total	$ 411,000	$ 36,089	$ 374,911
Total	$ 2,255,000	$ 62,866	$ 2,192,134

Rancho Water

STATEMENT OF NET POSITION

As of August 31, 2026

	COMBINED TOTAL	RANCHO	SANTA ROSA	RESOURCE	SRWRF
CURRENT ASSETS-CASH:					
Cash & Investments	$ 51,346,567	$ 33,514,175	$ 17,078,235	$ -	$ 754,158
Reserve for Other	-	-	-	-	-
Replacement Fund	4,951,124	725,221	4,237,071	-	(11,168)
TOTAL CURRENT ASSETS - CASH	56,297,692	34,239,396	21,315,306	-	742,990
CURRENT ASSETS-OTHER:					
Taxes & Assessments Rec.	1,826,320	1,055,403	712,050	-	58,865
Accounts Rec. Water Sales	17,296,774	8,496,559	7,772,216	-	1,028,000
Accounts Rec. Other	20,463,900	14,775,842	5,175,799	-	512,260
Notes Receivable	-	-	-	-	-
Intercompany	-	-	-	-	-
Inter-Division Loan Receivable	17,554,859	17,554,859	-	-	-
Accrued Interest Rec.	2,120,094	1,695,194	376,885	-	48,014
Water Inventory	20,453,371	10,226,686	10,226,686	-	-
Materials Inventory	3,703,703	1,851,852	1,851,852	-	-
Prepaid Expenses	4,155,737	1,962,760	1,962,760	-	230,218
TOTAL CURRENT ASSETS - OTHER	87,574,758	57,619,152	28,078,246	-	1,877,358
TOTAL CURRENT ASSETS	143,872,450	91,858,547	49,393,552	-	2,620,348
RESTRICTED ASSETS:					
Cash & Investments Construction	57,449,497	33,843,598	21,699,303	-	1,906,596
Debt Service/Capital Improvement Fund	238,741,968	227,744,361	7,386,139	-	3,611,467
Capacity Fees	-	-	-	-	-
Bond Trust Reserves	15,391,911	38,656	15,348,923	-	4,333
Pension Trust Reserve	11,030,859	5,572,608	3,440,594	-	2,017,658
Deferred Comp.-Employees	20,666,920	10,333,460	10,333,460	-	-
TOTAL RESTRICTED ASSETS	343,281,155	277,532,683	58,208,418	-	7,540,054
UTILITY PLANT ASSETS:					
Construction in Progress	98,158,740	47,703,795	50,435,348	-	19,596
Fixed Assets less Accm Depr.	514,911,953	323,471,156	177,457,860	-	13,982,938
TOTAL UTILITY PLANT ASSETS	613,070,693	371,174,951	227,893,208	-	14,002,534
OTHER ASSETS:					
Other Assets- Adv Conn Chgs	1,007,934	573,982	433,953	-	-
Investment in Joint Venture	8,606,443	1,100,177	471,504	-	7,034,762
OPEB Asset	1,404,424	554,962	531,952	-	317,510
TOTAL OTHER ASSETS	11,018,801	2,229,121	1,437,409	-	7,352,272
TOTAL ASSETS	1,111,243,099	742,795,302	336,932,587	-	31,515,208
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Amount on Refunding	11,621,099	5,294,176	7,014,994	-	(688,071)
Deferred Outflows Pension	13,840,313	7,324,609	4,092,812	-	2,422,892
Deferred Outflows OPEB	5,143,868	2,724,092	1,522,706	-	897,070
Deferred Outflows Leases	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	1,141,848,379	758,138,179	349,563,099	-	34,147,099

Rancho Water

STATEMENT OF NET POSITION

As of August 31, 2026

	COMBINED TOTAL	RANCHO	SANTA ROSA	RESOURCE	SRWRF
CURRENT LIABILITIES:					
Accounts Payable	$ 15,849,072	$ 9,884,299	$ 5,376,196	$ -	$ 588,577
Unearned Tax Revenue	-	-	-	-	-
Inter-Division Loan Payable	17,554,859	-	16,410,930	-	1,143,929
Accrued Payroll	3,656,695	1,828,348	1,828,348	-	-
Construction & Service Dep.	785,579	268,541	514,335	-	2,703
Inter-Company Payable	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-
TOTAL CURRENT LIABILITIES	37,846,205	11,981,188	24,129,809	-	1,735,209
RESTRICTED LIABILITIES:					
Accrued Interest Payable	598,207	259,422	328,041	-	10,744
Advance Connection Fees	63,349	-	-	-	63,349
Deferred Comp.-Employees	20,666,920	10,333,460	10,333,460	-	-
TOTAL RESTRICTED LIABILITIES	21,328,475	10,592,882	10,661,500	-	74,093
LONG-TERM LIABILITIES:					
A/P Advance Connection Chg.	929,276	521,173	408,103	-	-
Certificates of Participation	-	-	-	-	-
Revenue Bonds Payable	260,972,711	110,182,862	148,195,133	-	2,594,716
Pension Liability	29,877,056	16,053,506	8,766,431	-	5,057,119
OPEB Liability	-	-	-	-	-
Other Long-Term Liability	910,529	455,265	455,265	-	-
TOTAL LONG-TERM LIABILITIES	292,689,572	127,212,805	157,824,932	-	7,651,835
TOTAL LIABILITIES	351,864,252	149,786,875	192,616,241	-	9,461,136
DEFERRED INFLOWS:					
Deferred Amount on Refunding	-	-	-	-	-
Deferred Inflows Pension	3,751,213	1,841,523	1,181,903	-	727,788
Deferred Inflows OPEB	7,729,945	4,083,300	2,315,376	-	1,331,270
Deferred Inflows Leases	14,978,774	11,397,662	3,581,112	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	378,324,184	167,109,360	199,694,631	-	11,520,194
NET POSITION:					
Net Investment of Capital Assets	362,887,210	265,883,809	86,283,654	-	10,719,747
Restricted	298,557,152	248,018,247	39,410,006	-	11,128,900
Unrestricted	102,079,830	77,126,763	24,174,808	-	778,259
TOTAL NET POSITION	$ 763,524,193	$ 591,028,819	$ 149,868,468	$ -	$ 22,626,906

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE MONTH ENDING AUGUST 31, 2026

	COMBINED TOTAL	*RANCHO*	*SANTA ROSA*	*RESOURCE*	*SRWRF*
OPERATING REVENUE:					
Water Revenue	$ 12,101,215	$ 7,056,562	$ 5,044,653	$ -	$ -
Capacity Charges	4,635,961	2,907,211	1,728,750	-	-
Unmetered Construction Water	350	350	-	-	-
Skinner - Export	-	-	-	-	-
Western IDA- Rock Mtn.	12,743	-	12,743	-	-
Energy Charges	1,181,424	563,950	617,474	-	-
Wastewater Service Charges	415,121	-	-	-	415,121
Temporary Treatment Fees	-	-	-	-	-
New Service Connections	59,352	13,655	45,697	-	-
Other OP Rev - Billing	355,756	256,786	98,969	-	-
Other OP Rev - Engineering	35,231	28,487	6,742	-	1.02
Reclass (To)/From Non-Operating	4,992,564	3,763,756	1,037,063	-	191,745
TOTAL OPERATING REVENUE	23,789,717	14,590,758	8,592,092	-	606,867
OPERATING EXPENSE:					
SOURCE OF SUPPLY:					
Purchased Water - Imported	13,766,257	-	-	13,766,257	-
Purchased Water - J/F	-	8,763,893	5,886,240	(14,650,133)	-
Purchased Water - Santa Margarita	0	203,551	50,888	(254,439)	-
Labor	117,617	-	-	117,617	-
G&A / Fringe Benefits	180,361	-	-	180,361	-
Materials & Supplies	94,194	-	-	94,194	-
Utilities	649,226	-	-	649,226	-
Outside Services	70,142	-	-	70,142	-
Vehicle & Equipment Use	13,658	-	-	13,658	-
Corrective Maint. - Labor	2,097	-	-	2,097	-
Corrective Maint. - G&A / FB	3,172	-	-	3,172	-
Corrective Maintenance	7,848	-	-	7,848	-
TOTAL SOURCE OF SUPPLY	14,904,572	8,967,445	5,937,128	-	-
BOOSTER PUMPING:					
Labor	34,568	12,598	21,970	-	-
G&A / Fringe Benefits	53,145	19,632	33,513	-	-
Materials & Supplies	11,431	2,094	9,337	-	-
Utilities	711,877	426,117	285,760	-	-
Outside Services	86,429	27,013	59,416	-	-
Vehicle & Equipment Use	4,044	1,514	2,529	-	-
Corrective Maint. - Labor	2,189	-	2,189	-	-
Corrective Maint. - G&A / FB	3,361	-	3,361	-	-
Corrective Maintenance	(15,786)	5,446	(21,231)	-	-
TOTAL BOOSTER PUMPING	891,259	494,415	396,844	-	-

Rancho Water

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE MONTH ENDING AUGUST 31, 2026

	COMBINED TOTAL	*RANCHO*	*SANTA ROSA*	*RESOURCE*	*SRWRF*
SEWAGE TREATMENT:					
Labor	148,339	-	-	-	148,339
G&A / Fringe Benefits	207,472	-	-	-	207,472
Materials & Supplies	37,957	-	-	-	37,957
Utilities	185,388	-	-	-	185,388
Outside Services	164,375	-	-	-	164,375
Vehicle & Equipment Use	15,019	-	-	-	15,019
Inter-Agency Treatment	-	-	-	-	-
Corrective Maint. - Labor	-	-	-	-	-
Corrective Maint. - G&A / FB	-	-	-	-	-
Corrective Maintenance	36,446	-	-	-	36,446
Treatment Reimbursables	(827,845)	-	-	-	(827,845)
Contract Treatment Expense - JPA	460,436	-	-	-	460,436
TOTAL SEWAGE TREATMENT	427,586	-	-	-	427,586
TRANSMISSION & DISTRIBUTION:					
Labor	445,415	293,649	151,766	-	-
G&A / Fringe Benefits	616,117	406,616	209,502	-	-
Materials & Supplies	33,909	6,790	27,120	-	-
Outside Services	24,533	18,210	6,323	-	-
Vehicle & Equipment Use	47,156	31,234	15,922	-	-
Corrective Maint. - Labor	77,423	47,231	30,192	-	-
Corrective Maint. - G&A / FB	117,945	71,920	46,025	-	-
Corrective Maintenance	156,455	83,935	72,520	-	-
Service Connect. - Labor	8,666	1,546	7,120	-	-
Service Connect. - G&A / FB	13,284	2,381	10,904	-	-
Service Connection	37,401	9,729	27,673	-	-
TOTAL TRANSMISSION & DISTRIBUTION	1,578,305	973,240	605,066	-	-
CUSTOMER SERVICE:					
Labor	261,782	111,192	41,240	109,350	-
G&A / Fringe Benefits	329,137	159,065	60,654	109,418	-
Materials & Supplies	110,656	83,068	27,142	446	-
Outside Services	73,882	7,259	660	65,962	-
Vehicle & Equipment Use	30,697	12,964	4,926	12,807	-
Resource Customer Support	-	219,626	48,689	(297,984)	29,669
Uncollectible Accounts	23,443	6,598	15,450	-	1,395
TOTAL CUSTOMER SERVICE	829,597	599,771	198,761	-	31,065

Rancho Water

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE MONTH ENDING AUGUST 31, 2026

	COMBINED TOTAL	*RANCHO*	*SANTA ROSA*	*RESOURCE*	*SRWRF*
RECYCLED WATER:					
Joint Facility Recycled Water	-	230,458	72,776	(303,234)	-
Purchased Recycled Water	138,998	-	-	138,998	-
Labor	51,953	15,226	3,954	32,773	-
G&A / Fringe Benefits	81,082	23,312	6,022	51,748	-
Materials & Supplies	45,924	3,197	189	42,538	-
Utilities	189,610	80,357	84,878	24,374	-
Outside Services	30,548	3,641	1,164	25,744	-
Vehicle & Equipment Use	6,261	1,757	454	4,050	-
Corrective Maint. - Labor	2,009	80	1,929	-	-
Corrective Maint. - G&A / FB	3,064	121	2,943	-	-
Corrective Maintenance	4,365	9	4,356	-	-
Tertiary Reimbursables	(272,164)	-	-	(272,164)	-
Contract Treatment Expense - JPA	255,172	-	-	255,172	-
TOTAL RECYCLED WATER	536,822	358,156	178,665	-	-
SUPPORT:					
Labor	1,141,337	-	-	1,141,337	-
G&A / Fringe Benefits	779,347	-	-	779,347	-
Materials & Supplies	225,872	-	-	225,872	-
Utilities	9,483	-	-	9,483	-
Outside Services	384,713	-	-	384,713	-
Vehicle & Equipment Use	(2,710)	-	-	(2,710)	-
Corrective Maint. - Labor	250	-	-	250	-
Corrective Maint. - G&A / FB	180	-	-	180	-
Corrective Maintenance	7,630	-	-	7,630	-
Direct Support Allocation	(1)	966,465	257,163	(1,351,080)	127,452
Resource Support	(981,479)	114,045	71,680	(1,195,020)	27,816
TOTAL SUPPORT	1,564,621	1,080,510	328,843	-	155,268
ENGINEERING:					
Labor	171,720	8,453	2,284	160,983	-
G&A / Fringe Benefits	168,806	5,375	2,248	161,183	-
Materials & Supplies	1,979	-	-	1,979	-
Outside Services	2,087	-	-	2,087	-
Vehicle & Equipment Use	19,764	614	258	18,892	-
Engineering O/H CAP/FEE	(179,775)	2,619	-	(182,394)	-
Engineering Closed Jobs	-	-	-	-	-
Resource Engineering Serv.	-	125,178	35,915	(162,729)	1,636
TOTAL ENGINEERING	184,581	142,240	40,706	-	1,636

Rancho Water

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE MONTH ENDING AUGUST 31, 2026

	COMBINED TOTAL	*RANCHO*	*SANTA ROSA*	*RESOURCE*	*SRWRF*
VEHICLE & EQUIPMENT					
Vehicle & Equip. PM Labor	11,719	-	-	11,719	-
Vehicle & Equip. PM G&A /FB	7,947	-	-	7,947	-
Vehicle & Equip. Exp. - PM	86,308	-	-	86,308	-
Vehicle & Equip. CM Labor	14,624	-	-	14,624	-
Vehicle & Equip. CM G&A /FB	10,525	-	-	10,525	-
Vehicle & Equip. Exp. - CM	45,408	-	-	45,408	-
Applied Overhead	(176,532)	-	-	(176,532)	-
TOTAL VEHICLE & EQUIPMENT	-	-	-	-	-
EMPLOYEE FRINGE BENEFITS:					
E/B Vacation/Sick/Holiday	682,646	-	-	682,646	-
Employee Benefits	1,529,440	-	-	1,529,440	-
Applied Overhead	(2,212,086)	-	-	(2,212,086)	-
TOTAL EMPLOYEE FRINGE BENEFITS	-	-	-	-	-
TOTAL OPERATING EXPENSE	20,917,343	12,615,777	7,686,012	-	615,555
NET OPERATING REVENUE	2,872,374	1,974,981	906,080	-	(8,687)
NON-OPERATING REVENUE:					
Taxes & Assessments	1,885,502	1,312,257	573,246	-	-
Standby Charge	113,125	-	124,104	-	(10,979)
Interest Revenue	1,645,150	1,523,887	69,686	-	51,578
Fire Service Charge	16,073	14,623	1,450	-	-
Other Income - Government Subsidy	56,682	9,948	46,734	-	-
Other Income - Debt Service	312,532	-	-	-	312,532
Other Income - Capital Replacement Fund	490,203	-	383,170	-	107,034
Other Income - Tier 3 & Tier 4 Programs	250,937	132,897	118,040	-	-
1440 Energy Reimbursement	-	-	-	-	-
Net Contract Revenue - JPA	-	-	-	-	-
Contract Treatment Expense - JPA	-	-	-	-	-
Acreage Assessment Fees	-	-	-	-	-
Reclass (To)/From Oper. Income	(4,992,564)	(3,763,756)	(1,037,063)	-	(191,745)
Taxes & Assmt. - Annexation	-	-	-	-	-
Primary Facilities	-	-	-	-	-
Vail Lake Operations	65,810	46,067	19,743	-	-
Other Non-Operating Income	908,661	485,297	379,889	-	43,476
Non-Operating Grant Income	5,201,389	1,409,557	3,791,833	-	-
Gain / Loss Investment Sale	(10,839)	(9,916)	(633)	-	(289)
Interest on Interdivisional Loan	-	94,720	(89,093)	-	(5,627)
Defeasance Gain	-	-	-	-	-
Capacity Lease	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	5,942,663	1,255,580	4,381,104	-	305,979

Rancho Water

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE MONTH ENDING AUGUST 31, 2026

	COMBINED TOTAL	*RANCHO*	*SANTA ROSA*	*RESOURCE*	*SRWRF*
NON-OPERATING EXPENSE:					
Banked Water Purchase	-	-	-	-	-
Depreciation and Amortization	3,927,137	2,214,695	1,622,959	-	89,482
Bond Discount Amortization	(87,747)	(15,874)	(50,579)	-	(21,294)
Bond Interest	1,195,182	531,885	647,256	-	16,040
Arbitrage Expense	-	-	-	-	-
Non-Operating Grant Expense	113,328	56,664	56,664	-	-
Changes in Investment in Joint Venture	589,956	46,176	19,790	-	523,990
Other	859,449	598,120	260,935	-	393
Investment Management Exp.	27,874	24,634	2,333	-	907
TOTAL NON-OPERATING EXPENSE	6,625,179	3,456,301	2,559,359	-	609,519
NET NON-OPERATING REVENUE	(682,516)	(2,200,721)	1,821,745	-	(303,540)
N.I. BEFORE CAPITAL CONTRIBUTIONS	2,189,858	(225,740)	2,727,825	-	(312,227)
CONTRIBUTED CAPITAL:					
Connection Fee	100,173	67,284	14,148	-	18,741
Capital Contributions	75,381	41,534	33,846	-	-
TOTAL CONTRIBUTED CAPITAL	175,554	108,818	47,994	-	18,741
Special Items	-	-	-	-	-
CHANGES IN NET POSITION	$ 2,365,412	$ (116,921)	$ 2,775,819	$ -	$ (293,486)

Rancho Water

STATEMENT OF CASH FLOWS

FOR THE MONTH ENDING AUGUST 31, 2026

	RANCHO	*SANTA ROSA*	*WASTEWATER*	*COMBINED*
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$ 10,317,898	$ 6,654,293	$ (4,950)	$ 16,967,241
Cash Payments to Suppliers for Goods and Services	(11,834,345)	(9,660,733)	(467,215)	(21,962,293)
Cash Payments to Employees for Services	(207,146)	40,835	(153,413)	(319,724)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	(1,723,593)	(2,965,605)	(625,578)	(5,314,776)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contributions - Capacity Fees	67,284	14,148	18,741	100,173
Tax Receipts General Purpose	16,910	3,433	-	20,343
Tax Receipts Restricted for Debt Service	1,309,970	695,367	(10,979)	1,994,358
Other Charges and Fees	1,368,365	4,396,822	(61,342)	5,703,845
Interdivisional Reallocation of Activities	-	-	-	-
Proceeds from Issuance of Revenue Bonds	-	-	-	-
Acquisition and Construction of Capital Assets	(1,539,224)	(2,021,537)	(546,504)	(4,107,265)
Deferred Item- Refunding	-	-	(16,374)	(16,374)
Principal Payments on Bonds	10,899,198	33,600,338	(324,806)	44,174,730
Interest Payments on Bonds	(1,634,977)	(2,089,494)	(48,648)	(3,773,119)
NET CASH PROVIDED FROM / (USED) FOR CAPITAL RELATED FINANCING ACTIVITIES	10,487,526	34,599,076	(989,911)	44,096,691
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Investments	1,818,432	356,649	54,306	2,229,387
Payments on Interdivisional Loans	1,242,100	(1,228,975)	(13,125)	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	2,639,091	(937,889)	41,181	1,742,383
NET INC/(DEC) IN CASH AND CASH EQUIVALENTS	11,403,023	30,695,582	(1,574,308)	40,524,297
BEGINNING CASH AND CASH EQUIVALENTS	290,035,595	38,494,682	9,857,352	337,477,100
CASH AND CASH EQUIVALENTS AT As of August 31, 2026	301,438,618	69,190,264	8,283,044	378,001,397

Rancho Water

STATEMENT OF CASH FLOWS

FOR THE MONTH ENDING AUGUST 31, 2026

	RANCHO	*SANTA ROSA*	*WASTEWATER*	*COMBINED*
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income(Loss)	$ 1,974,980	$ 906,080	$ (8,687)	$ 2,872,373
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Reclassification of Interest & Tax Revenue	(3,763,756)	(1,037,063)	(191,744)	(4,992,563)
Changes in Assets and Liabilities:				
Inc/Dec in Accounts Receivable	(509,104)	(900,737)	(420,070)	(1,829,911)
Inc/Dec in Inventory	1,121,130	1,121,130	-	2,242,260
Inc/Dec in Prepaid Expenses	(1,738,397)	(1,738,397)	-	(3,476,794)
Inc/Dec in Accounts Payable	1,704,178	(822,795)	-	881,383
Inc/Dec in Accrued Payroll	(512,626)	(493,825)	(5,074)	(1,011,525)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	(1,723,595)	(2,965,606)	(625,575)	(5,314,777)
NONCASH ACTIVITIES:				
Capital Contributions	41,534	33,846	-	75,381
Acquisition and Construction of Capital Assets in AP	-	-	-	
Change in Pension-Related Items GASB68	-	-	-	-
Change in OPEB Related Items GASB75	-	-	-	-
Change in Lease Income GASB87	421,441	65,563	-	487,004
Change in Investment in Joint Venture	-	-	-	-
Unrealized Gain/Loss Adjustment	-	-	-	-
Depreciation/Amortization	(2,198,821)	(1,572,380)	(68,188)	(3,839,389)
TOTAL NON-CASH TRANSACTIONS	(1,735,845)	(1,472,971)	(68,188)	(3,277,004)
Current Cash	34,239,396	21,315,306	742,990	56,297,692
Restricted Cash	277,532,683	58,208,418	7,540,054	343,281,155
Def Comp	(10,333,460)	(10,333,460)	-	(20,666,920)
Total	$ 301,438,619	$ 69,190,264	$ 8,283,044	$ 378,911,927

1.E

Rancho Water

COMMITTEE ACTION

FINANCE AND AUDIT COMMITTEE

October 1, 2026

ITEM 1.E: **Review of Treasurer's Report, Certification of Cash Sufficiency, and Related Investment Activity Data, as of August 31, 2026**

RESPONSIBLE/LEAD STAFF MEMBER(S):

Kathy Naylor, Chief Financial Officer/Treasurer

RECOMMENDATIONS:

Staff requests the Finance and Audit Committee (Committee) recommend the Board of Directors' (Board) acceptance and approval of the subject treasurer's report, as presented.

DISCUSSION:

The subject treasurer's report and related investment activity detail provided by staff in conjunction with Chandler Asset Management, Inc. (Chandler) is attached for the Committee's review. Per Government Code Section 5346 and Rancho California Water District's Investment Policy, the Certification of Cash Sufficiency, documenting its ability to meet cash flows for the next six-month period is included herewith.

ALTERNATIVES:

Take no action

FISCAL ANALYSIS:

Not applicable

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

1. Treasurer's Report
2. Certification of Cash Sufficiency
3. Cash Reserve Report
4. Project Status Report 2026A Construction Funds
5. Statement of Compliance
6. Chandler Newsletter - September

TREASURER'S REPORT

August 31, 2026

		THIS MONTH	LAST MONTH	CHANGE
Pooled Cash				
L.A.I.F.		$ 46,876,263	$ 41,949,263	$ 4,927,000
Riverside Co. Treasurer's Investment Pool		130,844	130,844	-
Money Market Fund		39,641,962	401,874	39,240,089
TOTAL POOLED CASH		86,649,070	42,481,981	44,167,089
Pooled Investments				
Federal Agencies		24,577,310	24,577,310	-
U.S. Treasury Notes		89,609,416	89,609,416	-
U.S. Corporate Notes		67,694,105	67,833,783	(139,677)
Collateralized Mortgage Obligations		45,236,045	45,238,013	(1,968)
Municipal Bonds		20,518,943	20,518,943	-
Asset Backed Securities		18,927,601	18,927,601	-
TOTAL POOLED INVESTMENTS		266,563,420	266,705,066	(141,645)
TOTAL POOLED CASH & INVESTMENTS		353,212,490	309,187,047	44,025,443
Operating Cash Accounts				
Checking		1,796,919	1,305,651	491,268
Payroll		-	-	-
TOTAL OPERATING CASH		1,796,919	1,305,651	491,268
Market Valuation at June 30, 2025		(2,520,253)	(2,492,867)	(27,385)
SUB-TOTAL		352,489,156	307,999,830	44,489,326
Cash Held in Trust				
Bank of New York		15,391,911	66,392,003	(51,000,092)
Pension Trust Sect 115		11,030,859	11,009,044	21,815
TOTAL CASH HELD IN TRUST		26,422,771	77,401,047	(50,978,277)
TOTAL CASH & INVESTMENTS		**$ 378,911,927**	**$ 385,400,878**	**$ (6,488,951)**
Classification				
Current Cash & Investments		56,297,692	51,961,807	4,335,885
Restricted Cash & Investments		343,281,155	353,818,932	(10,537,777)
Less: Deferred Compensation		(20,666,920)	(20,379,861)	(287,059)
TOTAL CASH & INVESTMENTS		**$ 378,911,927**	**$ 385,400,878**	**$ (6,488,951)**
Market Value	August 31, 2026	**$ 376,873,009**	**$ 383,506,355**	**$ (6,633,346)**
Unrealized Gain/(Loss)	August 31, 2026	**$ (2,038,918)**	**$ (1,894,523)**	**$ (144,395)**

CERTIFICATION OF CASH SUFFICIENCY FOR THE NEXT SIX MONTHS

August 31, 2026

Current Cash Balance		
Checking	$	1,796,919
Money Market Fund		39,641,962
Riverside Co. Treasurer's Investment Pool		130,844
L.A.I.F.		46,876,263
TOTAL		88,445,988
Source of Funds		
Operations		45,808,950
Assessments		34,087,353
Maturities		1,796,103
Other		4,629,708
TOTAL		86,322,114
Use of Funds		
Operations		43,223,741
Capital Projects		11,720,985
Payroll		12,468,883
Debt Service		4,918,978
TOTAL		72,332,587
Net Source/(Use) of Funds		13,989,527
Projected Cash Balance @ 2/28/2027		**$ 102,435,515**

The above Certification of Cash Sufficiency is being submitted in accordance with Government Code Section 53646 to document the District's ability to meet cash flows for the next six-month period. All investments identified within the Treasurer's Report are within the policy and guidelines of the Rancho California Water District's Investment Policy currently in effect and as adopted by the Board of Directors on September 10, 2026.

Kathleen Naylor

Kathleen Naylor

CFO/Treasurer

CASH RESERVE REPORT

As of August 31, 2026

		RANCHO	FUNDED %	SANTA ROSA	FUNDED %	SRWRF	FUNDED %	TOTAL
Operating Reserve Targets	(1)							
Working Capital	(2)	$ 20,886,123		$ 13,496,425		$ 1,061,158		$ 35,443,706
Drought Reserve	(3)	3,185,550		3,185,550		-		6,371,100
Rate Stabilization	(4)	10,443,062		6,748,213		530,579		17,721,853
TOTAL OPERATING TARGET		34,514,734		23,430,188		1,591,737		59,536,659
General Fund Balance		34,592,060	*100%*	21,127,269	*90%*	655,852	*41%*	56,375,181
Over / (Under) Reserve Target		*77,326*		*(2,302,918)*		*(935,885)*		*(3,161,478)*
Non-Operating Reserves Targets								
Debt Service	(5)	9,409,338		13,590,164		3,176,729		26,176,231
Capital Project Reserve	(6)	45,507,650		13,526,480		605,939		59,640,069
Risk Management	(7)	6,058,397		3,497,922		862,472		10,418,791
Pension Trust Reserves		5,572,608		3,440,594		2,017,658		11,030,859
Bond Trust Reserves		38,656		15,348,923		4,333		15,391,911
TOTAL NON-OPERATING TARGET		66,586,649		49,404,082		6,667,131		122,657,862
Non-Operating Fund Balance		*269,896,856*		*47,752,222*		*7,380,535*		*325,029,613*
Over/(Under) Non-Operating Reserve Target	(8)	*203,310,207*		*(1,651,860)*		*713,404*		*202,371,751*
Unrealized Market Value Adjustment		(3,050,298)		310,773		246,657		(2,492,867)
TOTAL OPERATING & NON-OPERATING FUNDS		**$ 301,438,618**		**$ 69,190,264**		**$ 8,283,044**		**$ 378,911,927**
Balance Sheet Cash & Investments								
Current		34,239,396		21,315,306		742,990		56,297,692
Restricted		277,532,683		58,208,418		7,540,054		343,281,155
Less: Deferred Comp		(10,333,460)		(10,333,460)		-		(20,666,920)
TOTAL CASH & INVESTMENTS		**$ 301,438,618**		**$ 69,190,264**		**$ 8,283,044**		**$ 378,911,927**

Notes:

(1) Operating Reserve Targets listed in funding priority.

(2) Working Capital Reserve to be equivalent to a minimum of four (4) months of the total operating budget.

(3) Drought Reserve is equal to potential loss of local supplies of $6,371,100 (2,500 AF x $1,274.22). First priority for Drought Penalties Reserves.

(4) Rate Stabilization Fund has a funding goal of two (2) months of the budgeted operating costs.

(5) Annual debt service based on five (5) year average.

(6) Annual pay-go for capital projects based on five (5) year average.

(7) Risk Reserve is set to $500,000 for liability, $250,000 for property (split by water division), and 1% of historical utility plant costs at end of previous fiscal year.

(8) Reserves above minimum target used to fund future construction projects. Five (5) Year CIP totals $334,890,000

Project Status Report 2026A Construction Funds
August 31, 2026

	2026A Project Bond Funds[1]	8/1/2023 to 7/31/2026 Requisition Amount	Total Requisition To Date	Remaining Project Bond Funds
Santa Rosa Division				
Carancho Pump Station Expansion	$ 3,750,000	$ 3,750,000	$ 3,750,000	$ -
Joaquin Ranch Pump Station Disinfection	3,215,403	1,285,018	1,285,018	1,930,385
Total Santa Rosa Division	$ 6,965,403	$ 5,035,018	$ 5,035,018	$ 1,930,385
Resource Division				
Regional VDC Expansion	$ 29,090,000	$ 29,090,000	$ 29,090,000	$ -
Mid-Valley Recharge Basins	2,840,609	499,115	499,115	2,341,494
Pauba Valley Well No. 178	1,928,542	269	269	1,928,273
Pauba Valley Well No. 179	1,928,542	179	179	1,928,362
Pauba Valley Well No. 180	1,928,542	358	358	1,928,183
Pauba Valley Well No. 181	1,928,542	388	388	1,928,153
UVDC Well No. 172	2,110,948	2,110,948	2,110,948	-
UVDC Well No. 173	308,579	308,579	308,579	-
UVDC Well No. 175	699,758	699,758	699,758	-
PFAS Treatment Facility	3,550,000	275,599	275,599	3,274,401
Total Resource Division	$ 46,314,060	$ 32,985,194	$ 32,985,194	$ 13,328,866
Total All Divisions	$ 53,279,463	$ 38,020,212	$ 38,020,212	$ 15,259,251

[1] *Additional project costs, exceeding the bond-funded budget portions, are reimbursed by DSCI funds.*

STATEMENT OF COMPLIANCE

Rancho California Water District Operating Reserve | Account #30 | As of August 31, 2026

Rules Name	Limit	Actual	Compliance Status	Notes
AGENCY MORTGAGE SECURITIES				
Max % (MV)	100.0	16.9	Compliant	
Max % Issuer (MV)	30.0	16.9	Compliant	
Max Maturity (Years)	30.0	7.0	Compliant	
ASSET-BACKED SECURITIES (ABS)				
Max % (MV)	20.0	7.2	Compliant	
Max % Issuer (MV)	5.0	1.5	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
BANKERS' ACCEPTANCES				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	180	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
CERTIFICATE OF DEPOSIT PLACEMENT SERVICE (CDARS)				
Max % (MV)	30.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
COLLATERALIZED BANK DEPOSITS				
Max % (MV)	100.0	0.0	Compliant	
COLLATERALIZED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
COMMERCIAL PAPER				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	270	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
CORPORATE MEDIUM TERM NOTES				
Max % (MV)	30.0	25.8	Compliant	
Max % Issuer (MV)	5.0	1.5	Compliant	
Max Maturity (Years)	5	4	Compliant	

The Statement of Compliance reflects Chandler's assessment of compliance with the applicable investment policy for the assets Chandler directly manages. The report may also present assets reported to Chandler by clients, custodians, or other third parties. Chandler includes those assets in the assessment but has no discretionary authority over them, does not independently verify the information provided, and assumes no responsibility for the accuracy or completeness of that information. Questions regarding this report should be directed to the designated investment professional.

STATEMENT OF COMPLIANCE

Rancho California Water District Operating Reserve | Account #30 | As of August 31, 2026

Rules Name	Limit	Actual	Compliance Status	Notes
Min Rating (A- by 1)	0.0	0.0	Compliant	
FDIC INSURED TIME DEPOSITS (NON-NEGOTIABLE CD/ TD)				
Max % (MV)	20.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
FEDERAL AGENCIES				
Max % (MV)	100.0	8.9	Compliant	
Max % Issuer (MV)	30.0	4.8	Compliant	
Max Maturity (Years)	30	4	Compliant	
LOCAL AGENCY INVESTMENT FUND (LAIF)				
Max Concentration (MV)	75.0	0.0	Compliant	
LOCAL GOVERNMENT INVESTMENT POOL (LGIP)				
Max Concentration (MV)	37.0	0.0	Compliant	
MONEY MARKET MUTUAL FUNDS				
Max % (MV)	20.0	0.3	Compliant	
Max % Issuer (MV)	10.0	0.3	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
MORTGAGE-BACKED SECURITIES (NON-AGENCY)				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, LOCAL AGENCY)				
Max % (MV)	20.0	3.2	Compliant	
Max % Issuer (MV)	5.0	2.4	Compliant	
Max Maturity (Years)	30	6	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, OTHER STATES)				
Max % (MV)	20.0	4.6	Compliant	
Max % Issuer (MV)	5.0	1.9	Compliant	
Max Maturity (Years)	30	6	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
MUTUAL FUNDS				

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STATEMENT OF COMPLIANCE

Rancho California Water District Operating Reserve | Account #30 | As of August 31, 2026

Rules Name	Limit	Actual	Compliance Status	Notes
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	10.0	0.0	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1 if > FDIC Limit)	0.0	0.0	Compliant	
REPURCHASE AGREEMENTS				
Max Maturity (Years)	1.0	0.0	Compliant	
SUPRANATIONAL OBLIGATIONS				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	10.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
U.S. TREASURIES				
Max % (MV)	100.0	33.1	Compliant	
Max Maturity (Years)	30	7	Compliant	

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September 2026

Bond Market Review

Market Summary

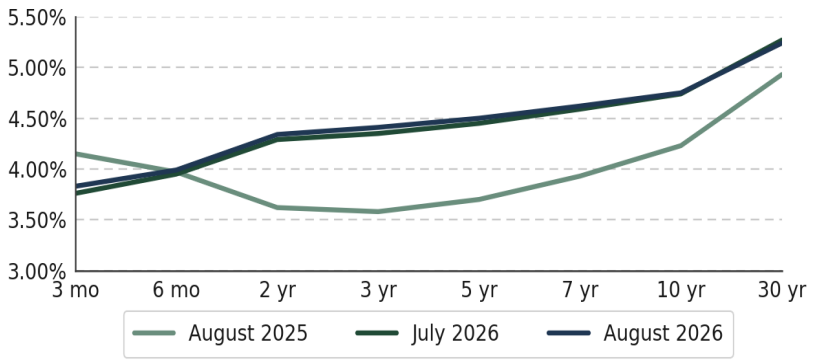
Renewed U.S. strikes near the Strait of Hormuz pushed oil prices higher heading into month-end, underscoring how the ongoing U.S.–Iran conflict continues to influence global energy markets. Meanwhile, inflation has remained more persistent than policymakers had hoped, while a summer of softer labor-market momentum has added complexity to the outlook. Against this backdrop, the new Federal Reserve chair has adopted a more hawkish tone. The Chandler team continues to expect the Federal Reserve to keep the federal funds rate unchanged through the remainder of 2026, provided that both realized and market-based inflation measures remain contained.

The Federal Open Market Committee is scheduled to meet next on September 15-16, 2026. Although the FOMC held the Fed's benchmark rate at 3.50% to 3.75% following the July 28-29 meeting, market participants inferred a hawkish tone from Chair Kevin Warsh during his August 28th speech at the Jackson Hole Economic Symposium, where he emphasized that "we have work to do" if price pressures remain elevated. The July FOMC meeting minutes highlighted concerns that successive supply shocks related to tariffs and the U.S.–Iran conflict have driven recent inflationary pressure. The July decision was not unanimous, as the Committee voted 9 to 3 to hold rates, with Presidents Beth Hammack, Neel Kashkari and Lorie Logan each dissenting in favor of a 25 basis point increase.

Treasury yields flattened across the curve in August. The 2-year yield rose 5 basis points from July month end to 4.34%, while the 10-year yield held at 4.75%, narrowing the gap between the two maturities. The 5-year yield finished at 4.50%, up 5 basis points on the month. The 2-year to 10-year spread compressed to +41 basis points at August month end from +45 in July, extending a multi-month flattening trend. The 3-month to 10-year spread narrowed to +92 basis points from +98 in July. The move reflected front end yields rising on expectations for a more cautious Federal Reserve, even as long duration yields held near multi-month highs amid persistent inflation and fiscal concerns. The two-year to ten-year spread has averaged near 95 basis points since 2005, underscoring the compressed relationship between short and long maturities relative to the longer run norm.

The U.S. Treasury curve bear-flattened in August as short-term yields rose on hawkish signals from Fed Chair Kevin Warsh and renewed Middle East tensions, while long-end yields were capped by Treasury Secretary Scott Bessent's surprise expansion of long-duration buybacks. At Jackson Hole, Chair Warsh reiterated his intention to curb forward guidance but struck a distinctly hawkish tone, emphasizing that inflation remains above the 2% target and that the Fed would act if price pressures do not cool. Concurrently, oil prices firmed on escalating U.S.–Iran tensions, reinforcing inflation concerns and contributing to higher short-term rates. The flattening was accentuated on August 19, when Bessent announced that the Treasury would at least double buybacks of 10- to 30-year securities to $4 billion per operation beginning September 9, and the announcement alone helped anchor longer-term yields before the expanded operations started.

U.S. Treasury Yields



Source: Bloomberg

Credit Spreads

Credit spreads were wider in August

	Spread to Treasuries	One Month Ago	Change
3-month top rated commercial paper	(0.10)	(0.08)	(0.02)
2-year A corporate note	0.24	0.23	0.01
5-year A corporate note	0.52	0.50	0.02
5-year Agency note	0.03	0.01	0.02

Source: Bloomberg; data as of 8/31/2026

Treasury Yields

Warsh's Jackson Hole Tone and Oil Lift
Front End as Bessent Caps Long End

Treasury Yields	Trend	8/31/2026	7/31/2026	Change
3 month	▲	3.83	3.76	0.07
2 year	▲	4.34	4.29	0.05
3 year	▲	4.41	4.35	0.06
5 year	▲	4.50	4.45	0.05
7 year	▲	4.62	4.59	0.03
10 year	▲	4.75	4.74	0.01
30 year	▼	5.24	5.27	(0.03)

Source: Bloomberg

CHANDLER ASSET MANAGEMENT

Market Data

Data as of 8/31/2026

	1- Mo Chg	% Chg
S&P 500		
7,686.14	196.42	2.62%
NASDAQ		
26,370.89	997.04	3.93%
Dow Jones		
53,185.90	700.87	1.34%
FTSE (UK)		
10,824.26	(43.79)	(0.40%)
DAX (Germany)		
26,258.11	628.87	2.45%
Hang Seng (Hong Kong)		
25,566.99	(317.44)	(1.23%)
Nikkei (Japan)		
66,311.93	1,949.91	3.03%

World Stock Market Index Descriptions

S&P 500–The S&P 500 is a market value-weighted index of 500 large-capitalization stocks. The 500 companies included in the index capture approximately 80% of available US market capitalization. NASDAQ–The NASDAQ Composite Index is the market capitalization-weighted index of over 3.300 common stocks listed on the NASDAQ stock exchange. Dow Jones–The Dow Jones Industrial Average is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ. The Financial Times Stock Exchange Group (FTSE)–The FTSE is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. DAX–The Deutscher Aktienindex (DAX) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. Hang Seng–The Hang Seng Index is a freefloat-adjusted market-capitalization- weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of overall market performance in Hong Kong. Nikkei–Japan's Nikkei 225 Stock Average is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

Economic Roundup

Equities

The S&P 500 ended August at 7,686.14, gaining 2.7% for the month and 12.28% for the year, while the Dow Jones Industrial Average finished at 53,185.90, up 10.66% year to date, and the Nasdaq Composite closed at 26,370.89, up 13.46% year to date. Gains were tempered late in the month by renewed U.S. strikes on Iranian positions near the Strait of Hormuz, which lifted oil prices and weighed on risk sentiment. Second quarter earnings season is now 97% complete, with 86% of S&P 500 firms beating estimates, above the 78% five-year average, the best beat rate since the second quarter of 2021. Excluding one-time gains at two large technology firms, S&P earnings grew 33.8%.

Consumer Prices

Headline Consumer Price Index (CPI) inflation edged up 0.1% in July, and its annual rate eased to 3.4% from 3.5%. Core CPI, which strips out food and energy, rose 0.2% for the month, and its annual rate eased to 2.5% from 2.6%. Energy prices fell 1.5%, driven by a 2.9% drop in gasoline. The Personal Consumption Expenditures (PCE) price index, the Federal Reserve's preferred inflation gauge, painted a firmer picture. Headline PCE advanced 0.2% in July and 3.7% annually, while core PCE also rose 0.2% for the month and ran at 3.3% year over year. Inflation remains well above the Fed's 2% longer-run goal, keeping the policy outlook unresolved. Officials have signaled they are not ready to declare victory, particularly amid risks that renewed oil-price increases could lift headline inflation.

Retail Sales

Consumer sentiment softened slightly in August, as the Conference Board's Consumer Confidence Index slipped to 89.4 from July's 90.2. Yet beneath the headline decline, households continued to view the labor market favorably: the gap between respondents calling jobs "plentiful" versus "hard to get" widened to 7.5%. Sales slowed as July's Advance Retail Sales report surprised to the downside, falling 0.6% month-over-month against expectations of a 0.1% gain, with the control group down 0.4%. Much of the weakness traced to autos and gasoline stations; stripping out both categories, sales fell a more modest 0.2%. The remaining softness can be partially attributed to Amazon's Prime Day landing in June this year rather than July, pulling online spending forward a month earlier. Despite the pullback, which followed several strong months, retail sales remained up 5.0% year-over-year.

Labor Market

July's employment report pointed to a labor market softer than earlier data had suggested. Nonfarm payrolls fell by 23,000, while combined downward revisions to May and June, down 66,000 and 37,000 respectively, erased a further 103,000 previously reported jobs. Losses were concentrated in local government education, down 50,000, leisure and hospitality, down 40,000, and retail trade, down 19,000, partially offset by a gain of 22,000 jobs in health care. The unemployment rate ticked down to 4.1%, though that improvement was owed partly to reduced labor force participation rather than stronger hiring.

Housing Starts

Housing data weakened in July. Starts fell 12.4% month over month to a seasonally adjusted annual rate of 1.239 million, well below economists' forecast of 1.35 million, as single-family starts declined 9.9% to 808,000 units and multifamily starts dropped 16.8% to 431,000 units. Building permits, however, rose 4.3%, suggesting builders continue to plan future projects despite the pullback in starts. Home prices told a different story: the S&P Cotality Case-Shiller 20-City Composite Index posted a 2.10% year-over-year gain in June, an acceleration from May's unrevised 1.6% pace, pointing to renewed firmness in prices even as transaction volumes soften elsewhere. Adding to affordability pressures, Freddie Mac's average 30-year fixed mortgage rate ended August at 6.66%, up from 6.49% at the end of June.

Economic Indicator	Current Release	Prior Release	One Year Ago
Trade Balance	(88.58) $B Jul. 31	(71.18) $B Jun. 30	(75.06) $B Jul. 31
Gross Domestic Product	1.50% Jun. 30	2.10% Mar. 31	3.80% Jun. 30
Unemployment Rate	4.10% Aug. 31	4.10% Jul. 31	4.30% Aug. 31
Prime Rate	6.75% Aug. 31	6.75% Jul. 31	7.50% Aug. 31
Refinitiv/CoreCommodity CRB Index	410.57 Aug. 31	385.10 Jul. 31	302.35 Aug. 31
Oil (West Texas Int.)	$85.76 Aug. 31	$84.67 Jul. 31	$64.01 Aug. 31
Consumer Price Index (YoY)	3.40% Aug. 31	3.50% Jul. 31	2.70% Aug. 31
Producer Price Index (YoY)	6.60% Aug. 31	5.80% Jul. 31	1.90% Aug. 31
Euro/Dollar	1.16 Aug. 31	1.15 Jul. 31	1.17 Aug. 31

Source: Bloomberg

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1.F

Rancho Water

COMMITTEE ACTION

FINANCE AND AUDIT COMMITTEE

October 1, 2026

ITEM 1.F: **Review and Ratification of the Register of Audited Demands (August 15, 2026 - September 11, 2026) and Approval of Purchasing Card Transactions Report (July 31, 2026 - August 30, 2026)**

RESPONSIBLE/LEAD STAFF MEMBER(S):

Karrie Swaine, Controller

RECOMMENDATIONS:

Staff requests the Finance and Audit Committee (Committee) recommend the Board of Directors' (Board) ratification of the Register of Audited Demands and the Purchasing Card Transactions Report, as presented.

DISCUSSION:

Attached for the Committee's review and recommendation to the Board for ratification and approval are: (1) the Register of Audited Demands (August 15, 2026 - September 11, 2026), with a net distribution totaling $10,914,732.34 and a Payment Plus net distribution of $75,654.27; and (2) the Purchasing Card Transactions Report (July 31, 2026 - August 30, 2026), reflecting total expenditures of $88,380.42.

ALTERNATIVES:

Take no action

FISCAL ANALYSIS:

Not applicable

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

1. Warrant List - August 15, 2026 - September 11, 2026
2. Purchasing Card Transactions Report - July 31, 2026 - August 30, 2026

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181826	2460	MICHAEL PHILLIPS	REFUND ON METER DEPOSIT	8/19/2026	$ 1,500.00	ISSUED
181826 Total					**$ 1,500.00**	
181827	2460	D.R. HORTON	REFUND ON METER DEPOSIT	8/19/2026	$ 634.12	ISSUED
181827 Total					**$ 634.12**	
181828	2460	LKF BUILDING LLC	REFUND ON METER DEPOSIT	8/19/2026	$ 115.67	ISSUED
181828 Total					**$ 115.67**	
181829	2460	WILLIAM A. OSLAND	REFUND ON METER DEPOSIT	8/19/2026	$ 87.48	ISSUED
181829 Total					**$ 87.48**	
181830	2460	CHAPIN FAMILY INVESTMENTS, LLC	REFUND ON METER DEPOSIT	8/19/2026	$ 2,703.92	ISSUED
181830 Total					**$ 2,703.92**	
181831	1016	SOUTHERN CALIFORNIA EDISON	SENGA DOHERTY PUMP STATION	8/20/2026	$ 7,863.85	ISSUED
181831 Total					**$ 7,863.85**	
181832	1039	BANK OF NEW YORK MELLON	ADMIN FEES 99-1A	8/20/2026	$ 874.50	ISSUED
181832	1039	BANK OF NEW YORK MELLON	ADMIN FEES 99-1A, 99-1B, 99-2	8/20/2026	$ 1,800.00	ISSUED
181832	1039	BANK OF NEW YORK MELLON	ADMIN FEES 99-1B	8/20/2026	$ 874.50	ISSUED
181832	1039	BANK OF NEW YORK MELLON	ADMIN FEES 99-2	8/20/2026	$ 874.50	ISSUED
181832 Total					**$ 4,423.50**	
181833	1086	R & B AUTOMATION INC.	FIELD SERVICE CALL-WELL 139	8/20/2026	$ 2,144.00	ISSUED
181833 Total					**$ 2,144.00**	
181834	1142	CONSOLIDATED ELECTRICAL DISTRIBUTORS, INC	CONDUIT	8/20/2026	$ 291.17	ISSUED
181834 Total					**$ 291.17**	
181835	1202	FIELDMAN ROLAPP & ASSOCIATES	SIGNIFICANT EVENT NOTICES	8/20/2026	$ 300.00	ISSUED
181835 Total					**$ 300.00**	
181836	1204	ACWA JPIA	MEDICAL INSURANCE-AUGUST 2026	8/20/2026	$ 454,543.38	ISSUED
181836 Total					**$ 454,543.38**	
181837	1231	JASON MARTIN	REIMB EXP-CASA CONFERENCE	8/20/2026	$ 462.46	ISSUED
181837 Total					**$ 462.46**	
181838	1264	CR & R INC.	TRASH SERVICE	8/20/2026	$ 74.44	ISSUED
181838 Total					**$ 74.44**	
181839	1292	RICHARDSON TECHNOLOGIES INC.	HVAC SERVICE CALL	8/20/2026	$ 532.00	ISSUED
181839 Total					**$ 532.00**	
181840	1313	CINTAS	EYEWASH SERVICE AGREEMENT	8/20/2026	$ 332.78	ISSUED
181840	1313	CINTAS	EYEWASH SERVICE AGREEMENT	8/20/2026	$ 110.93	ISSUED
181840	1313	CINTAS	EYEWASH SERVICE AGREEMENT	8/20/2026	$ 110.93	ISSUED
181840	1313	CINTAS	FIRST AID SUPPLIES	8/20/2026	$ 114.80	ISSUED
181840 Total					**$ 669.44**	
181841	1397	CHANDLER ASSET MANAGEMENT INC.	MANAGEMENT FEES-115 TRUST	8/20/2026	$ 540.69	ISSUED
181841	1397	CHANDLER ASSET MANAGEMENT INC.	MANAGEMENT FEES-GENERAL	8/20/2026	$ 11,250.56	ISSUED
181841	1397	CHANDLER ASSET MANAGEMENT INC.	MANAGEMENT FEES-RETIREMENT MEDICAL	8/20/2026	$ 2,230.38	ISSUED
181841 Total					**$ 14,021.63**	
181842	1409	UMETECH INC.	MONTHLY COMPUTER SUPPORT	8/20/2026	$ 8,640.00	ISSUED
181842 Total					**$ 8,640.00**	
181843	1608	WELLS FARGO	CREDIT CARD-J HAESSLY	8/20/2026	$ 1,824.30	ISSUED
181843 Total					**$ 1,824.30**	
181844	1608	WELLS FARGO	CREDIT CARD-J HAESSLY	8/20/2026	$ 111.19	ISSUED
181844 Total					**$ 111.19**	
181845	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICE-BMPS	8/20/2026	$ 1,115.45	ISSUED
181845	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICE-CBPS	8/20/2026	$ 981.84	ISSUED
181845	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICE-DDPS	8/20/2026	$ 1,133.47	ISSUED
181845	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICE-NMPS	8/20/2026	$ 1,961.50	ISSUED
181845	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICE-TMA-1 HEADWORKS	8/20/2026	$ 1,331.24	ISSUED
181845	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICE-TMA-2-HEADWORKS	8/20/2026	$ 1,331.24	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181845	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICE-WELL 240	8/20/2026	$ 1,166.06	ISSUED
181845	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICE-WELL 323	8/20/2026	$ 1,579.17	ISSUED
181845	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICE-WELL 327	8/20/2026	$ 1,579.17	ISSUED
181845 Total					**$ 12,179.14**	
181846	1751	GRAINGER INC.	STEEL CUTTERS-TUBE BENDER-REAMERS	8/20/2026	$ 382.48	ISSUED
181846 Total					**$ 382.48**	
181847	1920	KENNEDY / JENKS CONSULTANTS	GRANT ADMIN SUPPORT	8/20/2026	$ 10,385.00	ISSUED
181847 Total					**$ 10,385.00**	
181848	1955	MOODY'S INVESTORS SERVICE	LOC ANNUAL FEE DUAL RATING CFD 89-5	8/20/2026	$ 5,500.00	ISSUED
181848 Total					**$ 5,500.00**	
181849	1984	NPG CORPORATION	ASPHALT REPAIR-CALLE CONTENTO RESERVOIR	8/20/2026	$ 1,790.00	ISSUED
181849 Total					**$ 1,790.00**	
181850	2000	PACIFIC ELECTRIC INC.	HIGH CAPACITY AIRFLOW DUCT REPAIR	8/20/2026	$ 1,499.99	ISSUED
181850	2000	PACIFIC ELECTRIC INC.	SWITCHBOARDS	8/20/2026	$ 188,689.06	ISSUED
181850	2000	PACIFIC ELECTRIC INC.	SWITCHBOARDS	8/20/2026	$ 15,285.42	ISSUED
181850 Total					**$ 205,474.47**	
181851	2007	PACIFIC PIPELINE SUPPLY	AIR VENT COVER	8/20/2026	$ 3,536.87	ISSUED
181851 Total					**$ 3,536.87**	
181852	2032	MURRIETA/WILDOMAR CHAMBER OF COMMERCE	SPONSORSHIP	8/20/2026	$ 5,000.00	ISSUED
181852 Total					**$ 5,000.00**	
181853	2093	RIGHTWAY SITE SERVICES INC.	PORTABLE TOILETS	8/20/2026	$ 1,442.48	ISSUED
181853 Total					**$ 1,442.48**	
181854	2177	SOUTHERN CA EDISON CO	NON TARIFF CONSULTATION SERVICES	8/20/2026	$ 400.00	ISSUED
181854 Total					**$ 400.00**	
181855	2230	NAPA AUTO PARTS	AIR CONDITIONING ACCUMULATOR	8/20/2026	$ 91.30	ISSUED
181855	2230	NAPA AUTO PARTS	ORIFICE TUBES	8/20/2026	$ 85.06	ISSUED
181855 Total					**$ 176.36**	
181856	2237	TEMECULA VALLEY PIPE & SUPPLY	COUPLINGS-FITTINGS-BUSHINGS	8/20/2026	$ 1,833.81	ISSUED
181856 Total					**$ 1,833.81**	
181857	2245	PETES ROAD SERVICE INC.	TIRES (4)	8/20/2026	$ 514.51	ISSUED
181857 Total					**$ 514.51**	
181858	2261	TRENCH SHORING INC.	RAIL SHORES-HOSE-HOOKS	8/20/2026	$ 14,413.51	ISSUED
181858 Total					**$ 14,413.51**	
181859	2271	PECHANGA BAND OF INDIANS	CARANCHO PUMP STATION EXPANSION-IMPROVEMENT	8/20/2026	$ 3,148.00	ISSUED
181859 Total					**$ 3,148.00**	
181860	2301	MICHAEL R. WELCH PH.D. P.E.	REPORT OF WASTE WATER DISCHARGE SUPPORT SERVICES	8/20/2026	$ 25,350.00	ISSUED
181860 Total					**$ 25,350.00**	
181861	2310	WESTERN MUNICIPAL WATER DIST.	MONTHLY MWD CAPACITY CHARGE-AUGUST 2026	8/20/2026	$ 221,903.33	ISSUED
181861 Total					**$ 221,903.33**	
181862	2364	TECHNOLOGY INTEGRATION GROUP	VSPHERE SUBSCRIPTION	8/20/2026	$ 20,520.00	ISSUED
181862 Total					**$ 20,520.00**	
181863	2444	HARRIS COMPUTER CORPORATION	COGNOS REPORT WRITER TRAINING	8/20/2026	$ 1,595.00	ISSUED
181863 Total					**$ 1,595.00**	
181864	2569	EMPLOYMENT DEVELOPMENT DEPT.	UNEMPLOYMENT CLAIMS	8/20/2026	$ 488.00	ISSUED
181864 Total					**$ 488.00**	
181865	2634	NUTRIEN AG SOLUTIONS INC.	WEED EATER BLADES	8/20/2026	$ 32.60	ISSUED
181865	2634	NUTRIEN AG SOLUTIONS INC.	BLADES	8/20/2026	$ 55.43	ISSUED
181865	2634	NUTRIEN AG SOLUTIONS INC.	ENGINE KILL SWITCH	8/20/2026	$ 76.11	ISSUED
181865 Total					**$ 164.14**	
181866	2964	ENS RESOURCES INC.	FEDERAL LEGISLATIVE SUPPORT	8/20/2026	$ 8,000.00	ISSUED
181866 Total					**$ 8,000.00**	
181867	2981	PARADISE CHEVROLET & CADILLAC	EV CHARGERS	8/20/2026	$ 5,865.98	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181867	2981	PARADISE CHEVROLET & CADILLAC	BOLTS-SEALS-MOUNTS-GASKET-HOSE-WIRE KIT-SPARK PLUG	8/20/2026	$ 866.99	ISSUED
181867 Total					**$ 6,732.97**	
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-ALVAREZ RESERVOIR	8/20/2026	$ 248.00	ISSUED
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-CALAVERAS RESERVOIR	8/20/2026	$ 248.00	ISSUED
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-CALLE CONTENTO RESERVOIR	8/20/2026	$ 248.00	ISSUED
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-GLEN OAKS RESERVOIR 1	8/20/2026	$ 248.00	ISSUED
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-GLEN OAKS RESERVOIR 2	8/20/2026	$ 248.00	ISSUED
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-WELL 108	8/20/2026	$ 453.00	ISSUED
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-WELL 235	8/20/2026	$ 453.00	ISSUED
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-WELL 237	8/20/2026	$ 453.00	ISSUED
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-WELL 495-475	8/20/2026	$ 248.00	ISSUED
181868	3003	CASAGA ELECTRIC INC.	PREVENTIVE MAINTENANCE-WINCHESTER PUMP STATION	8/20/2026	$ 2,304.00	ISSUED
181868 Total					**$ 5,151.00**	
181869	3018	PAPER RECYCLING	DOCUMENT SHREDDING SERVICE	8/20/2026	$ 187.00	ISSUED
181869 Total					**$ 187.00**	
181870	3062	CONSERV INC	IN BLOOM DRIP PROGRAM	8/20/2026	$ 10,759.00	ISSUED
181870 Total					**$ 10,759.00**	
181871	3173	ZDA COMMUNICATIONS	ANTENNAS-CABLE	8/20/2026	$ 1,356.40	ISSUED
181871	3173	ZDA COMMUNICATIONS	ETHERNET COMPUTER RADIO	8/20/2026	$ 8,723.62	ISSUED
181871	3173	ZDA COMMUNICATIONS	ETHERNET COMPUTER RADIO	8/20/2026	$ 48,045.03	ISSUED
181871	3173	ZDA COMMUNICATIONS	RAIL MOUNTS	8/20/2026	$ 1,263.53	ISSUED
181871 Total					**$ 59,388.58**	
181872	3222	BLAIS & ASSOCIATES	GRANT COMPLIANCE MONITORING SERVICES-VAIL DAM	8/20/2026	$ 1,121.25	ISSUED
181872 Total					**$ 1,121.25**	
181873	3356	DISH NETWORK	MONTHLY SATELLITE-MUSIC SERVICE	8/20/2026	$ 123.14	ISSUED
181873 Total					**$ 123.14**	
181874	3407	VARNER & BRANDT LLP	GENERAL LABOR	8/20/2026	$ 930.80	ISSUED
181874 Total					**$ 930.80**	
181875	3481	QUINN COMPANY	FILTERS	8/20/2026	$ 397.74	ISSUED
181875	3481	QUINN COMPANY	FILTERS	8/20/2026	$ 364.13	ISSUED
181875 Total					**$ 761.87**	
181876	3488	SANTA ROSA REGIONAL RESOURCES	CAPITAL REPLACEMENT SHARE FOR SEPTEMBER 2026	8/20/2026	$ 97,368.63	ISSUED
181876	3488	SANTA ROSA REGIONAL RESOURCES	FY 2025/2026 MAXIMUM ANNUAL DEBT SERVICE	8/20/2026	$ 741,553.00	ISSUED
181876	3488	SANTA ROSA REGIONAL RESOURCES	MONTHLY COST SHARE FOR SEPTEMBER 2026	8/20/2026	$ 260,435.42	ISSUED
181876 Total					**$ 1,099,357.05**	
181877	3497	ADAME LANDSCAPE INC.	MONTHLY LANDSCAPING SERVICE	8/20/2026	$ 7,298.38	ISSUED
181877 Total					**$ 7,298.38**	
181878	3529	PEST OPTIONS INC.	WEED ABATEMENT	8/20/2026	$ 11,736.60	ISSUED
181878 Total					**$ 11,736.60**	
181879	3571	STEP SAVER CA LLC	BULK SALT	8/20/2026	$ 3,902.87	ISSUED
181879	3571	STEP SAVER CA LLC	BULK SALT	8/20/2026	$ 3,882.79	ISSUED
181879 Total					**$ 7,785.66**	
181880	3595	PLANETBIDS LLC	ANNUAL SUBSCRIPTION	8/20/2026	$ 10,348.92	ISSUED
181880 Total					**$ 10,348.92**	
181881	3648	LOWE'S	RAIL DUAL HOOKS	8/20/2026	$ 48.68	ISSUED
181881	3648	LOWE'S	DRAIN CLEANER	8/20/2026	$ 36.17	ISSUED
181881	3648	LOWE'S	WINDOW BLINDS	8/20/2026	$ 72.32	ISSUED
181881 Total					**$ 157.17**	
181882	3707	RED WING BUSINESS ADVANTAGE	RETURN-WORK BOOTS-D ZARATE	8/20/2026	$ (250.00)	ISSUED
181882	3707	RED WING BUSINESS ADVANTAGE	WORK BOOTS-A DELGADILLO	8/20/2026	$ 250.00	ISSUED
181882	3707	RED WING BUSINESS ADVANTAGE	WORK BOOTS-A JACKSON	8/20/2026	$ 250.00	ISSUED
181882	3707	RED WING BUSINESS ADVANTAGE	WORK BOOTS-J CRUSE	8/20/2026	$ 244.67	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

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181882	3707	RED WING BUSINESS ADVANTAGE	WORK BOOTS-J KUSHNER	8/20/2026	$ 244.67	ISSUED
181882	3707	RED WING BUSINESS ADVANTAGE	WORK BOOTS-J NELSON	8/20/2026	$ 244.67	ISSUED
181882	3707	RED WING BUSINESS ADVANTAGE	WORK BOOTS-R BACON	8/20/2026	$ 244.67	ISSUED
181882	3707	RED WING BUSINESS ADVANTAGE	WORK BOOTS-R CARTMELL	8/20/2026	$ 250.00	ISSUED
181882	3707	RED WING BUSINESS ADVANTAGE	WORK BOOTS-R MENDOZA	8/20/2026	$ 250.00	ISSUED
181882 Total					**$ 1,728.68**	
181883	3770	ASCENSUS, LLC	ACTUARIAL VALUATION	8/20/2026	$ 2,400.00	ISSUED
181883 Total					**$ 2,400.00**	
181884	3785	LAGERLOF LLP	LEGAL-SRRRA	8/20/2026	$ 467.50	ISSUED
181884 Total					**$ 467.50**	
181885	3786	US BANK CORP PAYMENT SYSTEMS	PAYMENT PLUS	8/20/2026	$ 127,538.66	ISSUED
181885 Total					**$ 127,538.66**	
181886	3787	PURETEC INDUSTRIAL WATER	D1 TANK RENTAL	8/20/2026	$ 45.90	ISSUED
181886	3787	PURETEC INDUSTRIAL WATER	D1 TANK RENTAL	8/20/2026	$ 247.70	ISSUED
181886 Total					**$ 293.60**	
181887	3823	VERTIGIS NORTH AMERICA LTD.	GEOCORTEX RENEWAL	8/20/2026	$ 7,730.00	ISSUED
181887 Total					**$ 7,730.00**	
181888	3859	EUROFINS EATON ANALYTICAL LLC	LAB REPORTS	8/20/2026	$ 17,984.00	ISSUED
181888 Total					**$ 17,984.00**	
181889	4055	SOLAR STAR CALIFORNIA XL LLC	SOLAR	8/20/2026	$ 68,924.15	ISSUED
181889	4055	SOLAR STAR CALIFORNIA XL LLC	SOLAR	8/20/2026	$ 73,937.80	ISSUED
181889 Total					**$ 142,861.95**	
181890	4074	HYDRAULIC HOSE & SUPPLY INC.	CLAMPS-DRILL BITS-CONNECTORS-CABLE TIES-FUSE HOLDERS-INSERTS	8/20/2026	$ 272.23	ISSUED
181890	4074	HYDRAULIC HOSE & SUPPLY INC.	HOSE-FITTING-CLAMP-ADAPTER	8/20/2026	$ 524.03	ISSUED
181890 Total					**$ 796.26**	
181891	4093	SOUTHERN CALIFORNIA MULCH INC.	MULCH VOUCHER PROGRAM FUND	8/20/2026	$ 110.00	ISSUED
181891	4093	SOUTHERN CALIFORNIA MULCH INC.	MULCH VOUCHER PROGRAM FUND	8/20/2026	$ 30.00	ISSUED
181891	4093	SOUTHERN CALIFORNIA MULCH INC.	MULCH VOUCHER PROGRAM FUND	8/20/2026	$ 125.00	ISSUED
181891 Total					**$ 265.00**	
181892	4098	UNITED RENTALS (NORTH AMERICA),INC.	TRASH PUMPS FOR CONSTRUCTION	8/20/2026	$ 9,053.45	ISSUED
181892 Total					**$ 9,053.45**	
181893	4119	NALCO COMPANY LLC	WATER SOFTENER SERVICE	8/20/2026	$ 1,540.31	ISSUED
181893	4119	NALCO COMPANY LLC	WATER SOFTENER SERVICE	8/20/2026	$ 1,339.66	ISSUED
181893	4119	NALCO COMPANY LLC	WATER SOFTENER SERVICE	8/20/2026	$ 1,439.99	ISSUED
181893 Total					**$ 4,319.96**	
181894	4120	WHITE CAP LP	STEP SHOVEL	8/20/2026	$ 292.71	ISSUED
181894	4120	WHITE CAP LP	STEP SHOVEL	8/20/2026	$ 48.78	ISSUED
181894 Total					**$ 341.49**	
181895	4186	L ANDERSEN WATER MANAGEMENT	AGRICULTURAL INSPECTION SERVICE	8/20/2026	$ 2,880.00	ISSUED
181895	4186	L ANDERSEN WATER MANAGEMENT	AGRICULTURAL INSPECTION SERVICE	8/20/2026	$ 2,390.00	ISSUED
181895 Total					**$ 5,270.00**	
181896	4229	4IMPRINT INC.	WATER BOTTLES-FANS-BRACELETS-NOTEBOOKS-HAND SANITIZER	8/20/2026	$ 8,978.68	ISSUED
181896 Total					**$ 8,978.68**	
181897	4287	CANYON HYDRO	UVDC IN-LINE HYDROELECTRIC GENERATOR	8/20/2026	$ 179,738.85	ISSUED
181897 Total					**$ 179,738.85**	
181898	4290	PIPELINE PLUMBING & DRAIN SPECIALISTS INC.	WATER LEAK DETECTION ASSISTANCE-CALLE CIPRES	8/20/2026	$ 250.00	ISSUED
181898	4290	PIPELINE PLUMBING & DRAIN SPECIALISTS INC.	WATER LEAK DETECTION ASSISTANCE-CORTE ARROYO VISTA	8/20/2026	$ 250.00	ISSUED
181898	4290	PIPELINE PLUMBING & DRAIN SPECIALISTS INC.	WATER LEAK DETECTION ASSISTANCE-CORTE DE SEEGAR	8/20/2026	$ 250.00	ISSUED
181898	4290	PIPELINE PLUMBING & DRAIN SPECIALISTS INC.	WATER LEAK DETECTION ASSISTANCE-IONA CIRCLE	8/20/2026	$ 250.00	ISSUED
181898	4290	PIPELINE PLUMBING & DRAIN SPECIALISTS INC.	WATER LEAK DETECTION ASSISTANCE-VALLE VISTA	8/20/2026	$ 250.00	ISSUED
181898 Total					**$ 1,250.00**	
181899	4299	GOSCH FORD OF TEMECULA	AC COMPRESSOR	8/20/2026	$ 727.64	ISSUED

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181899	4299	GOSCH FORD OF TEMECULA	BRAKE LINING KIT-FILTER	8/20/2026	$ 182.66	ISSUED
181899 Total					**$ 910.30**	
181900	4314	COLBY LAWTON	REIMB EXP-HOUSING ATTAINABILITY CONFERENCE	8/20/2026	$ 94.20	ISSUED
181900 Total					**$ 94.20**	
181901	4318	NEXGEN ASSET MANAGEMENT	CMMS PROJECT MANAGEMENT	8/20/2026	$ 19,800.00	ISSUED
181901	4318	NEXGEN ASSET MANAGEMENT	CMMS PROJECT MANAGEMENT	8/20/2026	$ 14,410.00	ISSUED
181901	4318	NEXGEN ASSET MANAGEMENT	CMMS PROJECT MANAGEMENT	8/20/2026	$ 18,370.00	ISSUED
181901	4318	NEXGEN ASSET MANAGEMENT	CMMS PROJECT MANAGEMENT	8/20/2026	$ 15,312.00	ISSUED
181901	4318	NEXGEN ASSET MANAGEMENT	CMMS PROJECT MANAGEMENT	8/20/2026	$ 2,420.00	ISSUED
181901	4318	NEXGEN ASSET MANAGEMENT	CMMS PROJECT MANAGEMENT	8/20/2026	$ 6,380.00	ISSUED
181901 Total					**$ 76,692.00**	
181902	4453	ORANGE COUNTY WINWATER WORKS	ADAPTERS	8/20/2026	$ 4,621.44	ISSUED
181902	4453	ORANGE COUNTY WINWATER WORKS	ADAPTERS	8/20/2026	$ 2,092.44	ISSUED
181902	4453	ORANGE COUNTY WINWATER WORKS	FLANGES-GASKETS-WELD BANDS	8/20/2026	$ 3,673.98	ISSUED
181902	4453	ORANGE COUNTY WINWATER WORKS	VALVE BOXES-METER BOXES-METER COVERS	8/20/2026	$ 3,820.58	ISSUED
181902 Total					**$ 14,208.44**	
181903	4486	SC FUELS	FUEL	8/20/2026	$ 22,042.12	ISSUED
181903 Total					**$ 22,042.12**	
181904	4502	TOTAL QUALITY LOGISTICS LLC	FREIGHT	8/20/2026	$ 315.91	ISSUED
181904 Total					**$ 315.91**	
181905	4647	RYAN STEWART	CROPSWAP-AVOCADO TREE REJUVENATION	8/20/2026	$ 24,750.00	ISSUED
181905 Total					**$ 24,750.00**	
181906	4649	CALIFORNIA DEPARTMENT OF TECHNOLOGY	AZURE OFF PREMISE CLOUD SERVICES	8/20/2026	$ 1,402.98	ISSUED
181906 Total					**$ 1,402.98**	
181907	4652	COMBINED PROPERTIES OF SULLIVAN COUNTY INC	CROPSWAP-AVOCADO ROOTSTOCK UPGRADE	8/20/2026	$ 13,500.00	ISSUED
181907 Total					**$ 13,500.00**	
181908	2191	CA DEPT OF TAX AND FEE ADMIN	SALES/USE TAX-Q3 JULY 2026	8/24/2026	$ 106.83	ISSUED
181908 Total					**$ 106.83**	
181912	1016	SOUTHERN CALIFORNIA EDISON	300 ACRE SOUTH GATE	8/27/2026	$ 28.30	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ACE BOWEN 1 PUMP STATION	8/27/2026	$ 2,173.37	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ALVAREZ PUMP STATION	8/27/2026	$ 9,044.91	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ALVAREZ PUMP STATION	8/27/2026	$ (2,950.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ALVAREZ RESERVOIR	8/27/2026	$ 37.11	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ANTELOPE RESERVOIR	8/27/2026	$ 632.59	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ANZA PUMP STATION	8/27/2026	$ 20,644.12	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ANZA PUMP STATION	8/27/2026	$ (4,425.72)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	AVENIDA ESCALA PUMP STATION	8/27/2026	$ 1,197.65	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	BALDARAY PUMP STATION	8/27/2026	$ 24,854.98	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	BALDARAY PUMP STATION	8/27/2026	$ (2,950.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	BEAR CREEK LIFT STATION	8/27/2026	$ 1,380.89	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	BEAR CREEK PUMP STATION	8/27/2026	$ 2,685.42	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	BUCK MESA PUMP STATION	8/27/2026	$ 1,172.33	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	BUCK MESA PUMP STATION	8/27/2026	$ (203.59)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	BUTTERFIELD STAGE PUMP STATION	8/27/2026	$ 68,919.62	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	BUTTERFIELD STAGE PUMP STATION	8/27/2026	$ (14,752.42)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	BUTTERFIELD STAGE RD PED	8/27/2026	$ 17.02	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	CAL OAKS PUMP STATION	8/27/2026	$ 6,011.44	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	CAL OAKS PUMP STATION	8/27/2026	$ (2,157.80)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	CALLE BREVE PUMP STATION	8/27/2026	$ 2,674.80	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	CALLE PARAMO RESERVOIR	8/27/2026	$ 237.51	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	CARANCHO PUMP STATION	8/27/2026	$ 925.81	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	CARANCHO PUMP STATION	8/27/2026	$ (112.23)	ISSUED

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181912	1016	SOUTHERN CALIFORNIA EDISON	CARANCHO RESERVOIR	8/27/2026	$ 23.61	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	COLE CREEK PUMP STATION	8/27/2026	$ 10,909.09	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	COLE CREEK PUMP STATION	8/27/2026	$ (1,475.23)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	CONTENTO RESERVOIR	8/27/2026	$ 863.52	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	DATE STREET CP	8/27/2026	$ 191.91	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	DE LUZ PRS	8/27/2026	$ 25.41	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	DEL ORO PUMP STATION	8/27/2026	$ 14,020.36	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	DEL ORO PUMP STATION	8/27/2026	$ (4,425.72)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	DELUZ PUMP STATION	8/27/2026	$ 956.36	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	DELUZ PUMP STATION	8/27/2026	$ (125.55)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	DELUZ RESERVOIR	8/27/2026	$ 878.76	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	DEPORTOLA PUMP STATION	8/27/2026	$ 18,627.46	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	DEPORTOLA PUMP STATION	8/27/2026	$ (4,425.72)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	EL CHIMISAL RESERVOIR	8/27/2026	$ 394.96	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ELM STREET 3 PUMP STATION RECYCLED PONDS	8/27/2026	$ 2,598.44	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ELM STREET PUMP STATION	8/27/2026	$ 74,282.64	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	ELM STREET PUMP STATION	8/27/2026	$ (16,227.66)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	EM-13 TURNOUT	8/27/2026	$ 25.77	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	EM-20 VALVE VAULT	8/27/2026	$ 22.41	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	EM-21 TURNOUT	8/27/2026	$ 25.56	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	FREEMAN PUMP STATION	8/27/2026	$ 1,592.02	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	GLEN OAKS 1 RESERVOIR	8/27/2026	$ 228.73	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	GLEN OAKS 2 RESERVOIR	8/27/2026	$ 44.61	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	JACKSON AVENUE MM	8/27/2026	$ 19.07	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	JOAQUIN RANCH PUMP STATION	8/27/2026	$ 26,304.47	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	JOAQUIN RANCH PUMP STATION	8/27/2026	$ (5,900.98)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	LOS CABALLOS PUMP STATION	8/27/2026	$ 75,948.29	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	LOS CABALLOS PUMP STATION	8/27/2026	$ (13,277.17)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	LOVINGER PROPERTY	8/27/2026	$ 133.45	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	MCC2	8/27/2026	$ 36,105.81	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	MEADOWVIEW PUMP STATION	8/27/2026	$ 406.35	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	MON. WELL 493 (107)	8/27/2026	$ 18.07	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	MON. WELL 496 (204)	8/27/2026	$ 23.49	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	MON. WELL 497 (212)	8/27/2026	$ 18.33	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	N. MARSHALL PUMP STATION	8/27/2026	$ 13,574.74	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	N. MARSHALL PUMP STATION	8/27/2026	$ (4,425.72)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	OLD HQ A	8/27/2026	$ 451.98	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	OLD HQ B	8/27/2026	$ 14.04	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	PRADO RESERVOIR	8/27/2026	$ 556.71	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	RC 1 PUMP STATION	8/27/2026	$ 10,889.27	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	RC 1 PUMP STATION	8/27/2026	$ (3,747.45)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	RC 2 PUMP STATION	8/27/2026	$ 344.73	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	RC 2 PUMP STATION	8/27/2026	$ (70.08)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	REDHAWK PUMP STATION	8/27/2026	$ 2,700.19	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	REDONDA MESA PUMP STATION & RESERVOIR	8/27/2026	$ 481.67	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	SANTA ROSA PUMP STATION	8/27/2026	$ 6,704.32	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	SANTA ROSA PUMP STATION	8/27/2026	$ (1,475.23)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	SENGA DOHERTY RESERVOIR	8/27/2026	$ 17.92	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	STAN KEMP RESERVOIR	8/27/2026	$ 436.56	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	SYTRIX ANTENNA SITE	8/27/2026	$ 32.65	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	SYTRIX ANTENNA SITE	8/27/2026	$ 14.04	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	SYTRIX ANTENNA SITE	8/27/2026	$ 15.11	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181912	1016	SOUTHERN CALIFORNIA EDISON	TENAJA PUMP STATION & RESERVOIR	8/27/2026	$ 811.50	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	TENAJA PUMP STATION & RESERVOIR	8/27/2026	$ (218.62)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	TUCALOTA RESERVOIR	8/27/2026	$ 20.23	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	VAIL DAM-BLOCK BLDG	8/27/2026	$ 224.22	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	VAIL LAKE WEATHER STATION	8/27/2026	$ 399.09	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	VAQUERO PUMP STATION	8/27/2026	$ 8,956.17	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	VAQUERO PUMP STATION	8/27/2026	$ (2,931.39)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	VDC TELEMETRY	8/27/2026	$ 18.83	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	VDC WELLS W152	8/27/2026	$ 51,745.88	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	VDC WELLS W152	8/27/2026	$ (16,227.66)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	W155 - 120V RESERVOIR-BCT	8/27/2026	$ 16.45	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	W155-RESBCT UPGDREQ GFID5986BC	8/27/2026	$ 369.83	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 102	8/27/2026	$ 452.04	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 106	8/27/2026	$ 9,599.77	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 108	8/27/2026	$ 12,234.97	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 109 & 143	8/27/2026	$ 9,028.91	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 109 & 143	8/27/2026	$ (2,950.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 113	8/27/2026	$ 6,884.44	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 118	8/27/2026	$ 247.34	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 119	8/27/2026	$ 254.20	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 120	8/27/2026	$ 18,220.89	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 120	8/27/2026	$ (2,950.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 121	8/27/2026	$ 32.98	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 122	8/27/2026	$ 258.27	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 123	8/27/2026	$ 2,837.22	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 126	8/27/2026	$ 255.57	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 128	8/27/2026	$ 28.95	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 130	8/27/2026	$ 4,896.66	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 131	8/27/2026	$ 7,183.61	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 132	8/27/2026	$ 1,521.92	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 133	8/27/2026	$ 8,128.27	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 135	8/27/2026	$ 120.32	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 138	8/27/2026	$ 23,650.00	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 138	8/27/2026	$ (2,950.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 139	8/27/2026	$ 9,365.74	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 140	8/27/2026	$ 12,769.99	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 141	8/27/2026	$ 8,473.07	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 144	8/27/2026	$ 62.55	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 145	8/27/2026	$ 7,749.97	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 146	8/27/2026	$ 212.86	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 149	8/27/2026	$ 4,075.96	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 151	8/27/2026	$ 6,251.21	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 155 - RESERVOIR-BCT GEN.	8/27/2026	$ 993.37	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 156	8/27/2026	$ 8,663.76	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 164	8/27/2026	$ 7,224.47	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 176	8/27/2026	$ 5,550.22	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 177	8/27/2026	$ 4,563.80	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 203	8/27/2026	$ 7,992.35	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 211	8/27/2026	$ 318.93	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 217	8/27/2026	$ 10,049.30	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 231	8/27/2026	$ 98.88	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 232	8/27/2026	$ 8,068.56	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 233	8/27/2026	$ 9,196.20	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 235	8/27/2026	$ 7,339.08	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 235	8/27/2026	$ (2,754.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 236	8/27/2026	$ 18,874.40	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 236	8/27/2026	$ (2,950.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 237	8/27/2026	$ 377.95	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 237	8/27/2026	$ (60.37)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 238	8/27/2026	$ 7,109.06	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 240	8/27/2026	$ 17,437.26	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 240	8/27/2026	$ (2,950.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 309	8/27/2026	$ 27,359.60	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 309	8/27/2026	$ (2,950.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WELL 495 (117)	8/27/2026	$ 37.29	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WINCHESTER LIFT STATION	8/27/2026	$ 125.86	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WINCHESTER PUMP STATION	8/27/2026	$ 13,519.93	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WINCHESTER PUMP STATION	8/27/2026	$ (2,950.49)	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WR-26/28 TURNOUT	8/27/2026	$ 119.62	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WR-25 TURNOUT	8/27/2026	$ 16.29	ISSUED
181912	1016	SOUTHERN CALIFORNIA EDISON	WR-34 TURNOUT	8/27/2026	$ 63.22	ISSUED
181912 Total					**$ 690,044.82**	
181913	1019	SOUTHERN CALIFORNIA GAS CO.	ACE BOWEN	8/27/2026	$ 53,577.18	ISSUED
181913	1019	SOUTHERN CALIFORNIA GAS CO.	HEADQUARTERS	8/27/2026	$ 199.81	ISSUED
181913	1019	SOUTHERN CALIFORNIA GAS CO.	SHOP	8/27/2026	$ 100.13	ISSUED
181913	1019	SOUTHERN CALIFORNIA GAS CO.	SRRRA	8/27/2026	$ 136.87	ISSUED
181913 Total					**$ 54,013.99**	
181914	1154	CENTRAL COMMUNICATIONS	MONTHLY ANSWERING SERVICE	8/27/2026	$ 1,001.15	ISSUED
181914 Total					**$ 1,001.15**	
181915	1202	FIELDMAN ROLAPP & ASSOCIATES	SIGNIFICANT EVENT NOTICES	8/27/2026	$ 300.00	ISSUED
181915 Total					**$ 300.00**	
181916	1225	CAPIO	WEBINAR-J HAESSLY	8/27/2026	$ 45.00	ISSUED
181916 Total					**$ 45.00**	
181917	1264	CR & R INC.	TRASH SERVICE	8/27/2026	$ 984.88	ISSUED
181917 Total					**$ 984.88**	
181918	1346	C WELLS PIPELINE MATERIALS INC	ADAPTERS	8/27/2026	$ 4,654.50	ISSUED
181918	1346	C WELLS PIPELINE MATERIALS INC	COPPER TUBE	8/27/2026	$ 14,828.06	ISSUED
181918	1346	C WELLS PIPELINE MATERIALS INC	COUPLINGS	8/27/2026	$ 2,327.25	ISSUED
181918	1346	C WELLS PIPELINE MATERIALS INC	GATE CAPS	8/27/2026	$ 3,806.25	ISSUED
181918	1346	C WELLS PIPELINE MATERIALS INC	RETURN-ADAPTERS	8/27/2026	$ (3,866.93)	ISSUED
181918	1346	C WELLS PIPELINE MATERIALS INC	SLEEVE STEEL	8/27/2026	$ 1,522.50	ISSUED
181918 Total					**$ 23,271.63**	
181919	1386	EASTERN MUNICIPAL WATER DIST.	EM13 EM20 EM21-JULY 2026	8/27/2026	$ 3,237,196.45	ISSUED
181919	1386	EASTERN MUNICIPAL WATER DIST.	EM13 EM20 EM21-MAY 2026	8/27/2026	$ (1,503,940.15)	ISSUED
181919	1386	EASTERN MUNICIPAL WATER DIST.	RECYCLED WATER-JULY 2026	8/27/2026	$ 69,498.78	ISSUED
181919 Total					**$ 1,802,755.08**	
181920	1420	ESTEVAN ESTRELLA	REIMB EXP-TRI-STATE SEMINAR 2026	8/27/2026	$ 643.14	ISSUED
181920 Total					**$ 643.14**	
181921	1458	JUAN GONZALEZ	REIMB EXP-MILEAGE	8/27/2026	$ 4.44	ISSUED
181921 Total					**$ 4.44**	
181922	1547	LIVIU ROSU	REIMB EXP-MILEAGE	8/27/2026	$ 4.34	ISSUED
181922 Total					**$ 4.34**	
181923	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICES-PMA HEADWORK	8/27/2026	$ 482.06	ISSUED
181923	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICES-PORTABLE 324	8/27/2026	$ 1,579.17	ISSUED

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181923	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICES-PORTABLE 325	8/27/2026	$ 1,579.17	ISSUED
181923	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICES-PORTABLE 326	8/27/2026	$ 1,579.17	ISSUED
181923	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICES-PORTABLE 330	8/27/2026	$ 1,397.01	ISSUED
181923	1638	EMISSION COMPLIANT CONTROLS CORP	STANDBY GENERATOR ANNUAL SERVICES-RAINBOW CANYON FIRE PS	8/27/2026	$ 1,415.92	ISSUED
181923 Total					**$ 8,032.50**	
181924	1727	PATRICK ELSASSER	REIMB EXP-MILEAGE	8/27/2026	$ 4.33	ISSUED
181924 Total					**$ 4.33**	
181925	1984	NPG CORPORATION	ASPHALT REPAIR-AVENIDA LA CRESTA	8/27/2026	$ 2,962.00	ISSUED
181925 Total					**$ 2,962.00**	
181926	1990	ADOLFO MENDEZ	REIMB EXP-TRI-STATE SEMINAR 2026	8/27/2026	$ 678.24	ISSUED
181926 Total					**$ 678.24**	
181927	2061	AMERICAN WATER WORKS ASSOC.	ANNUAL MEMBERSHIP	8/27/2026	$ 8,410.00	ISSUED
181927 Total					**$ 8,410.00**	
181928	2230	NAPA AUTO PARTS	AIR CONTROL VALVE	8/27/2026	$ 55.17	ISSUED
181928	2230	NAPA AUTO PARTS	AIR FILTERS	8/27/2026	$ 41.11	ISSUED
181928	2230	NAPA AUTO PARTS	CIRCUIT BREAKER	8/27/2026	$ 8.28	ISSUED
181928	2230	NAPA AUTO PARTS	CIRCUIT BREAKER	8/27/2026	$ 49.57	ISSUED
181928	2230	NAPA AUTO PARTS	CIRCUIT BREAKER	8/27/2026	$ 60.32	ISSUED
181928	2230	NAPA AUTO PARTS	COOLANT	8/27/2026	$ 33.57	ISSUED
181928	2230	NAPA AUTO PARTS	EMISSION CONTROL HOSE	8/27/2026	$ 68.50	ISSUED
181928	2230	NAPA AUTO PARTS	FUEL PRESSURE SENSOR	8/27/2026	$ 78.85	ISSUED
181928	2230	NAPA AUTO PARTS	HOSE	8/27/2026	$ 67.33	ISSUED
181928	2230	NAPA AUTO PARTS	HUB CAP	8/27/2026	$ 15.95	ISSUED
181928	2230	NAPA AUTO PARTS	RADIATOR	8/27/2026	$ 267.10	ISSUED
181928	2230	NAPA AUTO PARTS	REFRIGERANT	8/27/2026	$ 430.82	ISSUED
181928 Total					**$ 1,176.57**	
181929	2310	WESTERN MUNICIPAL WATER DIST.	WR-26 JULY 2026	8/27/2026	$ 898,763.73	ISSUED
181929	2310	WESTERN MUNICIPAL WATER DIST.	WR-28 JULY 2026	8/27/2026	$ 1,161,091.27	ISSUED
181929	2310	WESTERN MUNICIPAL WATER DIST.	WR-34 JULY 2026	8/27/2026	$ 96,321.08	ISSUED
181929 Total					**$ 2,156,176.08**	
181930	2339	VERIZON WIRELESS	CELLULAR PHONE USAGE	8/27/2026	$ 7,675.11	ISSUED
181930 Total					**$ 7,675.11**	
181931	2444	HARRIS COMPUTER CORPORATION	NEXGEN INTEGRATION	8/27/2026	$ 30,900.00	ISSUED
181931 Total					**$ 30,900.00**	
181932	2981	PARADISE CHEVROLET & CADILLAC	ACTUATOR	8/27/2026	$ 236.07	ISSUED
181932	2981	PARADISE CHEVROLET & CADILLAC	BELT KIT	8/27/2026	$ 80.45	ISSUED
181932	2981	PARADISE CHEVROLET & CADILLAC	GASKET-BOLT-SEAL	8/27/2026	$ 102.03	ISSUED
181932	2981	PARADISE CHEVROLET & CADILLAC	SPARK PLUG-WIRE KIT	8/27/2026	$ 290.66	ISSUED
181932 Total					**$ 709.21**	
181933	3060	ADAMS LANDSCAPING INC	ARBORIST CONSULTATION	8/27/2026	$ 150.00	ISSUED
181933 Total					**$ 150.00**	
181934	3351	FRONTIER	SCADA LANDLINE-FIOS SERVICES	8/27/2026	$ 355.98	ISSUED
181934 Total					**$ 355.98**	
181935	3352	UNIFIRST CORPORATION	UNIFORMS-MATS-TOWELS	8/27/2026	$ 408.78	ISSUED
181935	3352	UNIFIRST CORPORATION	UNIFORMS-MATS-TOWELS	8/27/2026	$ 281.57	ISSUED
181935 Total					**$ 690.35**	
181936	3371	DCSE INC.	UTILITY NETWORK GIS COMPONENT	8/27/2026	$ 13,946.50	ISSUED
181936 Total					**$ 13,946.50**	
181937	3476	DAVIS FARR LLP	ANNUAL AUDITING SERVICES	8/27/2026	$ 17,500.00	ISSUED
181937 Total					**$ 17,500.00**	
181938	3481	QUINN COMPANY	MINI EXCAVATOR RENTAL	8/27/2026	$ 583.77	ISSUED
181938 Total					**$ 583.77**	

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181939	3487	NAGARAJA CHOKKALINGAM	REIMB EXP-MILEAGE	8/27/2026	$ 4.34	ISSUED
181939 Total					**$ 4.34**	
181940	3488	SANTA ROSA REGIONAL RESOURCES	CLEAN WATER SRF LOAN PAYMENT	8/27/2026	$ 589,956.00	ISSUED
181940 Total					**$ 589,956.00**	
181941	3497	ADAME LANDSCAPE INC.	IRRIGATION REPAIRS	8/27/2026	$ 100.74	ISSUED
181941	3497	ADAME LANDSCAPE INC.	IRRIGATION REPAIRS	8/27/2026	$ 107.17	ISSUED
181941 Total					**$ 207.91**	
181942	3511	CORE AND MAIN LP	FLANGES	8/27/2026	$ 8,158.54	ISSUED
181942 Total					**$ 8,158.54**	
181943	3517	CALIF NEWSPAPER PARTNERSHIP	NOTICE OF ADOPTION	8/27/2026	$ 355.78	ISSUED
181943	3517	CALIF NEWSPAPER PARTNERSHIP	NOTICE OF PUBLIC HEARING	8/27/2026	$ 916.59	ISSUED
181943	3517	CALIF NEWSPAPER PARTNERSHIP	NOTICE OF PUBLIC HEARING	8/27/2026	$ 948.77	ISSUED
181943	3517	CALIF NEWSPAPER PARTNERSHIP	NOTICE OF PUBLIC HEARING	8/27/2026	$ 549.06	ISSUED
181943	3517	CALIF NEWSPAPER PARTNERSHIP	NOTICE OF PUBLIC HEARING	8/27/2026	$ 373.88	ISSUED
181943 Total					**$ 3,144.08**	
181944	3648	LOWE'S	TOOL CABINET-TOOL CHEST	8/27/2026	$ 1,411.36	ISSUED
181944 Total					**$ 1,411.36**	
181945	3723	DAVID MCDANIEL	REIMB EXP-TRI-STATE SEMINAR 2026	8/27/2026	$ 521.67	ISSUED
181945 Total					**$ 521.67**	
181946	3727	HOFFMAN'S PAINTING	PAINTING OF RETAINING WALL	8/27/2026	$ 8,500.00	ISSUED
181946 Total					**$ 8,500.00**	
181947	3825	LOS ANGELES TRUCK CENTERS LLC	SENSOR	8/27/2026	$ 740.56	ISSUED
181947 Total					**$ 740.56**	
181948	3837	NATIONAL ELECTRIC WORKS INC.	RCWD PRESSURE REDUCING VALVE PROJECT	8/27/2026	$ 1,518.00	ISSUED
181948 Total					**$ 1,518.00**	
181949	3841	AMERICAN EAGLE TROPHIES	MUG-NAMEPLATES	8/27/2026	$ 68.51	ISSUED
181949 Total					**$ 68.51**	
181950	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	8/27/2026	$ 579.85	ISSUED
181950	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	8/27/2026	$ 621.64	ISSUED
181950	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	8/27/2026	$ 2,381.31	ISSUED
181950	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	8/27/2026	$ 1,208.32	ISSUED
181950	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	8/27/2026	$ 588.58	ISSUED
181950	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-HEADQUARTER	8/27/2026	$ 650.14	ISSUED
181950	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-HEADQUARTER	8/27/2026	$ 647.86	ISSUED
181950	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-LA CRESTA	8/27/2026	$ 622.78	ISSUED
181950	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-LA CRESTA	8/27/2026	$ 1,241.38	ISSUED
181950 Total					**$ 8,541.86**	
181951	3990	AMAZON CAPITAL SERVICES INC.	AIR CONDITIONER	8/27/2026	$ 526.35	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	ANTENNAS	8/27/2026	$ 897.82	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	CHARGE CABLES	8/27/2026	$ 42.60	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	CYLINDER HEAD	8/27/2026	$ 52.21	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	DIGITAL PENCIL	8/27/2026	$ 55.11	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	ELECTROLYTE MIX	8/27/2026	$ 47.84	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	ETHERNET SWITCHES	8/27/2026	$ 484.55	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	ETHERNET SWITCHES	8/27/2026	$ 484.55	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	GASKET KIT	8/27/2026	$ 18.11	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	GLASS BOTTLES	8/27/2026	$ 30.44	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	IPHONE CASE	8/27/2026	$ 22.83	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	MEMBRANES	8/27/2026	$ 895.71	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	MOUSE	8/27/2026	$ 35.87	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	PANTS	8/27/2026	$ 82.66	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	PENCIL-IPAD CASES	8/27/2026	$ 355.32	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181951	3990	AMAZON CAPITAL SERVICES INC.	PEN-DESK ORGANIZER	8/27/2026	$ 44.86	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	PENS	8/27/2026	$ 19.22	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	SERVICE CART	8/27/2026	$ 127.23	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	SHAFTS-LEVEL-SCREWDRIVER-DRIVER BITS	8/27/2026	$ 72.24	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	TABLE	8/27/2026	$ 206.20	ISSUED
181951	3990	AMAZON CAPITAL SERVICES INC.	VALVE	8/27/2026	$ 13.02	ISSUED
181951 Total					**$ 4,514.74**	
181952	3997	AZTEC JANITORIAL SERVICE	JANITORIAL SERVICE	8/27/2026	$ 15,158.62	ISSUED
181952 Total					**$ 15,158.62**	
181953	4015	DANIELLE COATS	REIMB EXP-MILEAGE	8/27/2026	$ 0.67	ISSUED
181953 Total					**$ 0.67**	
181954	4044	ALEXANDER DOUGLAS	REIMB EXP-DEGREE PROGRAM	8/27/2026	$ 5,149.93	ISSUED
181954 Total					**$ 5,149.93**	
181955	4068	STRONGHOLD ENGINEERING INC.	RCWD SENGA PV-WIRE MANAGEMENT	8/27/2026	$ 4,059.56	ISSUED
181955 Total					**$ 4,059.56**	
181956	4074	HYDRAULIC HOSE & SUPPLY INC.	FITTING-VALVE	8/27/2026	$ 124.26	ISSUED
181956	4074	HYDRAULIC HOSE & SUPPLY INC.	FLANGE	8/27/2026	$ 14.41	ISSUED
181956 Total					**$ 138.67**	
181957	4086	RS AMERICAS INC.	SURGE PROTECTORS	8/27/2026	$ 1,104.81	ISSUED
181957 Total					**$ 1,104.81**	
181958	4198	ELECTRIC & GAS INDUSTRIES ASSC	MONTHLY MAINTENANCE & SERVICE	8/27/2026	$ 1,000.00	ISSUED
181958 Total					**$ 1,000.00**	
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-50 ACRES STORAGE BUILDING	8/27/2026	$ 210.00	ISSUED
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-BUTTERFIELD STAGE PUMP STATION	8/27/2026	$ 100.00	ISSUED
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-ELM STREET PUMP STATION	8/27/2026	$ 100.00	ISSUED
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-JOAQUIN RANCH PUMP STATION	8/27/2026	$ 100.00	ISSUED
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-LOS CABALLOS PUMP STATION	8/27/2026	$ 100.00	ISSUED
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-MARSHALL PUMP STATION	8/27/2026	$ 100.00	ISSUED
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-SENEGA DOHERTY PUMP STATION	8/27/2026	$ 100.00	ISSUED
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-WELL 119	8/27/2026	$ 75.00	ISSUED
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-WELL 122	8/27/2026	$ 75.00	ISSUED
181959	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-WINCHESTER PUMP STATION	8/27/2026	$ 100.00	ISSUED
181959 Total					**$ 1,060.00**	
181960	4212	DANIEL LOHRE	REIMB EXP-NATIONAL SAFETY COUNCIL MEMBERSHIP	8/27/2026	$ 849.00	ISSUED
181960 Total					**$ 849.00**	
181961	4216	ECOTECH SERVICES INC.	DESIGN PACKAGES-B HILL-E GRIFFIN	8/27/2026	$ 4,400.00	ISSUED
181961 Total					**$ 4,400.00**	
181962	4229	4IMPRINT INC.	TOILETRY BAGS-MUGS	8/27/2026	$ 2,878.28	ISSUED
181962 Total					**$ 2,878.28**	
181963	4268	CAGEWRX, INC.	REINFORCED RUBBER	8/27/2026	$ 2,113.59	ISSUED
181963 Total					**$ 2,113.59**	
181964	4299	GOSCH FORD OF TEMECULA	BOLT-SHAFT ASSEMBLY	8/27/2026	$ 96.60	ISSUED
181964	4299	GOSCH FORD OF TEMECULA	BOLTS-SHAFT ASSEMBLY	8/27/2026	$ 269.53	ISSUED
181964 Total					**$ 366.13**	
181965	4314	COLBY LAWTON	REIMB EXP-MILEAGE	8/27/2026	$ 3.70	ISSUED
181965 Total					**$ 3.70**	
181966	4315	ACTION GAS	HIGH PRESSURE CYLINDERS	8/27/2026	$ 14.50	ISSUED
181966 Total					**$ 14.50**	
181967	4565	STREAMLINE DESIGN AND PERMITTING LLC	ENGINEERING-OPS RESTROOM	8/27/2026	$ 1,402.50	ISSUED
181967 Total					**$ 1,402.50**	
181968	4618	C.G. LANDSCAPE, INC.	MONTHLY GARDEN MAINTENANCE	8/27/2026	$ 1,351.00	ISSUED
181968 Total					**$ 1,351.00**	

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181969	4646	STEVEN LOVE	CROPSWAP-AVOCADO TREE REJUVENATION	8/27/2026	$ 6,750.00	ISSUED
181969 Total					**$ 6,750.00**	
181970	2460	D.R. HORTON	REFUND ON METER DEPOSIT	9/1/2026	$ 359,121.01	ISSUED
181970 Total					**$ 359,121.01**	
181971	1016	SOUTHERN CALIFORNIA EDISON	ADAMS N. INTERTIE MM	9/3/2026	$ 22.92	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	ADAMS S. INTERTIE MM	9/3/2026	$ 45.28	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	BELLE CHAINE LOOP	9/3/2026	$ 91.79	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	CAL OAKS 1 LIFT STATION	9/3/2026	$ 875.58	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	CAL OAKS 1 MM	9/3/2026	$ 18.10	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	CAL OAKS 2 MM	9/3/2026	$ 17.95	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	CAL OAKS 3 MM	9/3/2026	$ 17.08	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	EVMWD MM	9/3/2026	$ 13.57	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	HEADQUARTERS	9/3/2026	$ 3,986.01	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	MCC1	9/3/2026	$ 45,077.02	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	MCC2	9/3/2026	$ 29,616.65	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	MURRIETA 1 MM	9/3/2026	$ 18.18	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	SENGA DOHERTY PUMP STATION	9/3/2026	$ 8,202.55	ISSUED
181971	1016	SOUTHERN CALIFORNIA EDISON	SRWRF-HEADWORKS	9/3/2026	$ 16,123.20	ISSUED
181971 Total					**$ 104,125.88**	
181972	1026	BEST BEST & KRIEGER	CONTRACT REVIEW	9/3/2026	$ 4,674.60	ISSUED
181972 Total					**$ 4,674.60**	
181973	1040	DELL MARKETING L.P.	AZURE USAGE	9/3/2026	$ 2,420.35	ISSUED
181973	1040	DELL MARKETING L.P.	AZURE USAGE	9/3/2026	$ 2,535.70	ISSUED
181973 Total					**$ 4,956.05**	
181974	1095	CALIFORNIA-NEVADA SECTION, AMERICAN WATER WORKS ASSOCIATION	WEBINARS	9/3/2026	$ 750.00	ISSUED
181974 Total					**$ 750.00**	
181975	1142	CONSOLIDATED ELECTRICAL DISTRIBUTORS, INC	MOTION SENSOR	9/3/2026	$ 104.40	ISSUED
181975	1142	CONSOLIDATED ELECTRICAL DISTRIBUTORS, INC	CONDUITS-CONNECTORS	9/3/2026	$ 52.10	ISSUED
181975 Total					**$ 156.50**	
181976	1202	FIELDMAN ROLAPP & ASSOCIATES	FY 2026 GENERAL ADVISORY SERVICES	9/3/2026	$ 1,937.40	ISSUED
181976	1202	FIELDMAN ROLAPP & ASSOCIATES	FY 2026 GENERAL ADVISORY SERVICES	9/3/2026	$ 2,820.80	ISSUED
181976 Total					**$ 4,758.20**	
181977	1246	COUNTY OF RIVERSIDE	PERMIT FEES	9/3/2026	$ 1,923.52	ISSUED
181977 Total					**$ 1,923.52**	
181978	1298	BRENNTAG PACIFIC INC.	BULK CHLORINE	9/3/2026	$ 6,184.08	ISSUED
181978	1298	BRENNTAG PACIFIC INC.	SODIUM BISULFITE	9/3/2026	$ 1,541.90	ISSUED
181978	1298	BRENNTAG PACIFIC INC.	SODIUM BISULFITE	9/3/2026	$ 1,475.06	ISSUED
181978	1298	BRENNTAG PACIFIC INC.	SODIUM HYPOCHLORITE	9/3/2026	$ 6,181.35	ISSUED
181978 Total					**$ 15,382.39**	
181979	1346	C WELLS PIPELINE MATERIALS INC	ADAPTERS	9/3/2026	$ 2,283.75	ISSUED
181979	1346	C WELLS PIPELINE MATERIALS INC	AIR VALVE ENCLOSURES-TAPE	9/3/2026	$ 2,283.75	ISSUED
181979	1346	C WELLS PIPELINE MATERIALS INC	COUPLINGS	9/3/2026	$ 3,173.33	ISSUED
181979 Total					**$ 7,740.83**	
181980	1387	EWLES MATERIALS	ASPHALT DISPOSAL	9/3/2026	$ 160.00	ISSUED
181980 Total					**$ 160.00**	
181981	1505	FEDEX	OVERNIGHT DELIVERY SERVICE	9/3/2026	$ 56.98	ISSUED
181981 Total					**$ 56.98**	
181982	1568	FERGUSON ENTERPRISES, LLC	ADAPTER	9/3/2026	$ 163.13	ISSUED
181982	1568	FERGUSON ENTERPRISES, LLC	BOLTS-NUTS-GASKETS	9/3/2026	$ 6,111.19	ISSUED
181982	1568	FERGUSON ENTERPRISES, LLC	FITTINGS	9/3/2026	$ 2,157.38	ISSUED
181982	1568	FERGUSON ENTERPRISES, LLC	FLANGES	9/3/2026	$ 1,592.63	ISSUED
181982	1568	FERGUSON ENTERPRISES, LLC	PIPE	9/3/2026	$ 3,546.34	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181982 Total					**$ 13,570.67**	
181983	1638	EMISSION COMPLIANT CONTROLS CORP	ACE BOWEN EMISSION TESTING	9/3/2026	$ 1,575.00	ISSUED
181983	1638	EMISSION COMPLIANT CONTROLS CORP	ACE BOWEN EMISSION TESTING	9/3/2026	$ 1,890.00	ISSUED
181983	1638	EMISSION COMPLIANT CONTROLS CORP	ACE BOWEN REPAIR	9/3/2026	$ 4,193.37	ISSUED
181983	1638	EMISSION COMPLIANT CONTROLS CORP	WATER DAILY INSPECTION	9/3/2026	$ 6,044.18	ISSUED
181983	1638	EMISSION COMPLIANT CONTROLS CORP	WATER DAILY INSPECTION	9/3/2026	$ 4,159.45	ISSUED
181983 Total					**$ 17,862.00**	
181984	1751	GRAINGER INC.	BATTERIES	9/3/2026	$ 39.28	ISSUED
181984	1751	GRAINGER INC.	BATTERIES-LUBRICANT-TAPE	9/3/2026	$ 192.09	ISSUED
181984	1751	GRAINGER INC.	DEWATERING BAGS	9/3/2026	$ 122.05	ISSUED
181984	1751	GRAINGER INC.	FITTINGS	9/3/2026	$ 307.33	ISSUED
181984	1751	GRAINGER INC.	FITTINGS	9/3/2026	$ 132.39	ISSUED
181984	1751	GRAINGER INC.	FITTINGS	9/3/2026	$ 66.19	ISSUED
181984	1751	GRAINGER INC.	FITTINGS	9/3/2026	$ 132.39	ISSUED
181984	1751	GRAINGER INC.	FITTINGS	9/3/2026	$ 110.33	ISSUED
181984	1751	GRAINGER INC.	FITTINGS	9/3/2026	$ 242.72	ISSUED
181984	1751	GRAINGER INC.	FITTINGS-STRAINERS	9/3/2026	$ 1,242.48	ISSUED
181984	1751	GRAINGER INC.	METER	9/3/2026	$ 387.15	ISSUED
181984	1751	GRAINGER INC.	PAINT	9/3/2026	$ 245.47	ISSUED
181984	1751	GRAINGER INC.	POWER BACKUP	9/3/2026	$ 1,730.25	ISSUED
181984	1751	GRAINGER INC.	PRESSURE GAUGE	9/3/2026	$ 522.50	ISSUED
181984	1751	GRAINGER INC.	PRESSURE GAUGE PROTECTIVE BOOTS	9/3/2026	$ 149.99	ISSUED
181984	1751	GRAINGER INC.	RELAYS-SOCKETS-HORN STROBE-DOOR SWITCHES	9/3/2026	$ 855.80	ISSUED
181984	1751	GRAINGER INC.	SHOCK ABSORBING LANYARD	9/3/2026	$ 559.94	ISSUED
181984	1751	GRAINGER INC.	TAPE-CHAIN-CUTTING TIPS-HAMMERS-UTILITY ROLL	9/3/2026	$ 1,627.87	ISSUED
181984	1751	GRAINGER INC.	TOOL WIRE	9/3/2026	$ 395.47	ISSUED
181984	1751	GRAINGER INC.	TOOL WIRE-BUILDING WIRE-DATA CABLES	9/3/2026	$ 3,268.73	ISSUED
181984 Total					**$ 12,330.42**	
181985	1758	GENERAL LOGISTICS SYSTEMS US	OVERNIGHT DELIVERY SERVICE	9/3/2026	$ 7.53	ISSUED
181985	1758	GENERAL LOGISTICS SYSTEMS US	OVERNIGHT DELIVERY SERVICE	9/3/2026	$ 6.69	ISSUED
181985	1758	GENERAL LOGISTICS SYSTEMS US	OVERNIGHT DELIVERY SERVICE	9/3/2026	$ 10.21	ISSUED
181985 Total					**$ 24.43**	
181986	1779	GEMS SENSORS INC.	REGULATORS	9/3/2026	$ 1,644.31	ISSUED
181986	1779	GEMS SENSORS INC.	REGULATORS	9/3/2026	$ 2,113.73	ISSUED
181986 Total					**$ 3,758.04**	
181987	2093	RIGHTWAY SITE SERVICES INC.	PORTABLE TOILETS	9/3/2026	$ 1,442.48	ISSUED
181987 Total					**$ 1,442.48**	
181988	2107	RICK POST WELDING AND WET TAPPING	HOT TAP-AVOCADO MESA	9/3/2026	$ 700.00	ISSUED
181988 Total					**$ 700.00**	
181989	2230	NAPA AUTO PARTS	BRACKET	9/3/2026	$ 10.72	ISSUED
181989	2230	NAPA AUTO PARTS	BRISTLE DISCS	9/3/2026	$ 42.28	ISSUED
181989	2230	NAPA AUTO PARTS	LIFT SUPPORT-BRAKE PADS	9/3/2026	$ 160.33	ISSUED
181989	2230	NAPA AUTO PARTS	OIL FILTER	9/3/2026	$ 13.89	ISSUED
181989	2230	NAPA AUTO PARTS	RADIATOR FLUSH	9/3/2026	$ 10.27	ISSUED
181989	2230	NAPA AUTO PARTS	SEALANT	9/3/2026	$ 79.92	ISSUED
181989	2230	NAPA AUTO PARTS	TAIL LIGHT	9/3/2026	$ 37.54	ISSUED
181989 Total					**$ 354.95**	
181990	2237	TEMECULA VALLEY PIPE & SUPPLY	FITTINGS	9/3/2026	$ 135.69	ISSUED
181990 Total					**$ 135.69**	
181991	2302	WM CORPORATE SERVICES, INC.	TRASH SERVICE	9/3/2026	$ 290.41	ISSUED
181991 Total					**$ 290.41**	
181992	2309	E.S. BABCOCK AND SONS INC.	LAB REPORTS	9/3/2026	$ 13,748.00	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
181992	2309	E.S. BABCOCK AND SONS INC.	LAB REPORTS	9/3/2026	$ 13,636.92	ISSUED
181992 Total					**$ 27,384.92**	
181993	2319	BADGER METER INC.	HEAD ASSEMBLY-METER	9/3/2026	$ 3,955.79	ISSUED
181993 Total					**$ 3,955.79**	
181994	2368	WIENHOFF DRUG TESTING INC.	DRUG TESTING	9/3/2026	$ 210.00	ISSUED
181994 Total					**$ 210.00**	
181995	2444	HARRIS COMPUTER CORPORATION	SMARTWORKS LEAK DETECTION SERVICE-RENEWAL	9/3/2026	$ 16,016.00	ISSUED
181995	2444	HARRIS COMPUTER CORPORATION	SMARTWORKS WASTEWATER PROJECT	9/3/2026	$ 6,037.50	ISSUED
181995 Total					**$ 22,053.50**	
181996	2751	DYNA WEAR	PANTS	9/3/2026	$ 179.38	ISSUED
181996 Total					**$ 179.38**	
181997	3173	ZDA COMMUNICATIONS	COMPUTERS-ETHERNET RADIOS	9/3/2026	$ 48,045.13	ISSUED
181997 Total					**$ 48,045.13**	
181998	3351	FRONTIER	FIBER INTERNET-PHONE SERVICE	9/3/2026	$ 948.42	ISSUED
181998	3351	FRONTIER	MONTHLY ALARM LINES-DIAZ ROAD	9/3/2026	$ 178.51	ISSUED
181998 Total					**$ 1,126.93**	
181999	3382	FACTORY LOT SWEEPING SERVICE	SWEEPING SERVICE	9/3/2026	$ 556.50	ISSUED
181999 Total					**$ 556.50**	
182000	3388	GHA TECHNOLOGIES	ADOBE CREATIVE CLOUD PRO	9/3/2026	$ 58.00	ISSUED
182000	3388	GHA TECHNOLOGIES	LAPTOPS-DOCKING STATIONS	9/3/2026	$ 13,305.80	ISSUED
182000	3388	GHA TECHNOLOGIES	ONSITE SUPPORT	9/3/2026	$ 899.92	ISSUED
182000 Total					**$ 14,263.72**	
182001	3484	GP ELECTRIC MOTOR	MOTOR	9/3/2026	$ 12,255.04	ISSUED
182001 Total					**$ 12,255.04**	
182002	3648	LOWE'S	ICE CHEST	9/3/2026	$ 37.17	ISSUED
182002 Total					**$ 37.17**	
182003	3742	LANCE PICOTTE SAFETY CONSULTNG	ACP REFRESHER TRAINING-SILICA AWARENESS CLASS	9/3/2026	$ 950.00	ISSUED
182003 Total					**$ 950.00**	
182004	3787	PURETEC INDUSTRIAL WATER	D1 TANK RENTAL	9/3/2026	$ 45.90	ISSUED
182004 Total					**$ 45.90**	
182005	3797	GEOTAB USA INC.	ASSET TRACKER PLAN SUPPORT	9/3/2026	$ 2,205.25	ISSUED
182005 Total					**$ 2,205.25**	
182006	3845	AERZEN USA CORP.	INSPECTION	9/3/2026	$ 1,500.00	ISSUED
182006	3845	AERZEN USA CORP.	OIL PUMP-COMPRESSOR	9/3/2026	$ 36,781.13	ISSUED
182006 Total					**$ 38,281.13**	
182007	3859	EUROFINS EATON ANALYTICAL LLC	LAB REPORTS	9/3/2026	$ 386.00	ISSUED
182007	3859	EUROFINS EATON ANALYTICAL LLC	LAB REPORTS	9/3/2026	$ 16.00	ISSUED
182007	3859	EUROFINS EATON ANALYTICAL LLC	LAB REPORTS	9/3/2026	$ 8.00	ISSUED
182007 Total					**$ 410.00**	
182008	3875	FLEETPRIDE INC.	COUPLING	9/3/2026	$ 963.51	ISSUED
182008	3875	FLEETPRIDE INC.	EXTENSION CABLE	9/3/2026	$ 31.96	ISSUED
182008 Total					**$ 995.47**	
182009	3895	ATLAS ELEVATOR COMPANY	MONTHLY ELEVATOR SERVICE	9/3/2026	$ 167.93	ISSUED
182009 Total					**$ 167.93**	
182010	3904	ICONIX WATERWORKS (US) INC.	ADAPTERS-VALVES	9/3/2026	$ 11,939.94	ISSUED
182010	3904	ICONIX WATERWORKS (US) INC.	SWITCH	9/3/2026	$ 1,079.21	ISSUED
182010 Total					**$ 13,019.15**	
182011	3950	CHARTER COMMUNICATIONS	FIBER INTERNET-PHONE SERVICE	9/3/2026	$ 1,601.34	ISSUED
182011 Total					**$ 1,601.34**	
182012	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-AVOCADO MESA	9/3/2026	$ 635.32	ISSUED
182012	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	9/3/2026	$ 1,272.15	ISSUED
182012	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	9/3/2026	$ 627.72	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
182012	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-HEADQUARTER	9/3/2026	$ 1,223.14	ISSUED
182012	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-LA CRESTA	9/3/2026	$ 626.57	ISSUED
182012 Total					**$ 4,384.90**	
182013	3968	BLUE-WHITE INDUSTRIES	DIAPHRAGM KIT	9/3/2026	$ 1,319.00	ISSUED
182013 Total					**$ 1,319.00**	
182014	3990	AMAZON CAPITAL SERVICES INC.	CLEANER-NAPKINS-SEALANT	9/3/2026	$ 308.33	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	ELECTROLYTE MIX	9/3/2026	$ 124.65	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	HEADLAMPS	9/3/2026	$ 97.80	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	HEADPHONES	9/3/2026	$ 173.98	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	INK CARTRIDGE	9/3/2026	$ 47.30	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	KEY TAGS-CHARGING CABLE-SCREEN PROTECTORS-WALL PLUG-AIRTAG	9/3/2026	$ 167.86	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	LETTER TRAY-DESK ORGANIZERS-STAPLER-SCISSORS	9/3/2026	$ 90.82	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	MIRROR	9/3/2026	$ 38.06	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	MONITOR MOUNT	9/3/2026	$ 129.40	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	PANTS	9/3/2026	$ 123.99	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	PAPER	9/3/2026	$ 123.66	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	PLIERS-SCREWDRIVER-BIT HOLDER	9/3/2026	$ 71.31	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	SAFETY VEST-PHONE CARD HOLDER-CASE	9/3/2026	$ 122.27	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	SOAP DISPENSER PUMP	9/3/2026	$ 53.48	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	SPEAKERS-SURGE PROTECTORS	9/3/2026	$ 142.04	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	THERMOMETER	9/3/2026	$ 42.39	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	TRIMMER HEAD	9/3/2026	$ 58.66	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	UMBRELLAS	9/3/2026	$ 592.25	ISSUED
182014	3990	AMAZON CAPITAL SERVICES INC.	WATER JUG	9/3/2026	$ 97.88	ISSUED
182014 Total					**$ 2,606.13**	
182015	4035	COMPUTER PROTECTION TECHNOLOGY	BATTERY	9/3/2026	$ 2,910.00	ISSUED
182015	4035	COMPUTER PROTECTION TECHNOLOGY	EMERGENCY SERVICE CALL	9/3/2026	$ 700.00	ISSUED
182015 Total					**$ 3,610.00**	
182016	4074	HYDRAULIC HOSE & SUPPLY INC.	WASHERS-CAP SCREWS-LOCKNUTS	9/3/2026	$ 42.17	ISSUED
182016 Total					**$ 42.17**	
182017	4097	STAPLES	TONER-VELCRO TIES-CORD SLEEVE	9/3/2026	$ 955.51	ISSUED
182017 Total					**$ 955.51**	
182018	4157	ANNE MINOR	CUSTOM COOKIES	9/3/2026	$ 375.00	ISSUED
182018 Total					**$ 375.00**	
182019	4198	ELECTRIC & GAS INDUSTRIES ASSC	MONTHLY MAINTENANCE & SERVICE	9/3/2026	$ 1,000.00	ISSUED
182019 Total					**$ 1,000.00**	
182020	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-DE-WATERING FACILITY	9/3/2026	$ 192.00	ISSUED
182020	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-HEADQUARTERS	9/3/2026	$ 300.00	ISSUED
182020	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-LOVINGER BUILDING	9/3/2026	$ 150.00	ISSUED
182020	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-SRRRA	9/3/2026	$ 167.00	ISSUED
182020	4209	COMPLETE CONTROL PEST MGMT	PEST CONTROL-TENAJA PUMP STATION	9/3/2026	$ 100.00	ISSUED
182020 Total					**$ 909.00**	
182021	4216	ECOTECH SERVICES INC.	DESIGN PACKAGES-L CHECHILE	9/3/2026	$ 2,200.00	ISSUED
182021 Total					**$ 2,200.00**	
182022	4229	4IMPRINT INC.	BLANKETS	9/3/2026	$ 7,041.70	ISSUED
182022 Total					**$ 7,041.70**	
182023	4276	AUTOZONE PARTS, INC	SOCKET SET	9/3/2026	$ 152.53	ISSUED
182023 Total					**$ 152.53**	
182024	4291	WELL TEC SERVICE	DISCHARGE HEAD-WELL 126	9/3/2026	$ 9,893.00	ISSUED
182024 Total					**$ 9,893.00**	
182025	4299	GOSCH FORD OF TEMECULA	RETURN-ROD ASSEMBLY	9/3/2026	$ (281.56)	ISSUED
182025	4299	GOSCH FORD OF TEMECULA	WHEEL ASSEMBLY-BOLT-WASHER	9/3/2026	$ 343.17	ISSUED

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CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
182025 Total					**$ 61.61**	
182026	4356	RANCHO TWO-WAY RADIO	2 WAY RADIO MAINTENANCE	9/3/2026	$ 480.00	ISSUED
182026 Total					**$ 480.00**	
182027	4565	STREAMLINE DESIGN AND PERMITTING LLC	ENGINEERING-OPS RESTROOM	9/3/2026	$ 1,402.50	ISSUED
182027	4565	STREAMLINE DESIGN AND PERMITTING LLC	OPS BUILDING RESTROOM-CONCEPTUAL DESIGN	9/3/2026	$ 5,454.00	ISSUED
182027 Total					**$ 6,856.50**	
182028	4602	THOMAS CANTERBURY LLC	CROPSWAP-AVOCADO ROOTSTOCK UPGRADE	9/3/2026	$ 4,500.00	ISSUED
182028 Total					**$ 4,500.00**	
182029	4632	HASA INC.	CHLORINE DRUM	9/3/2026	$ 1,553.59	ISSUED
182029	4632	HASA INC.	SODIUM HYPOCHLORITE	9/3/2026	$ 10,964.13	ISSUED
182029	4632	HASA INC.	SODIUM HYPOCHLORITE	9/3/2026	$ 10,559.71	ISSUED
182029	4632	HASA INC.	SODIUM HYPOCHLORITE	9/3/2026	$ 10,961.08	ISSUED
182029	4632	HASA INC.	SODIUM HYPOCHLORITE	9/3/2026	$ 10,876.82	ISSUED
182029 Total					**$ 44,915.33**	
182030	4651	TONI BRENNAN	CROPSWAP-AVOCADO TREE REJUVENATION	9/3/2026	$ 12,375.00	ISSUED
182030 Total					**$ 12,375.00**	
182031	4653	COMMUNITY KITCHENS COLLABORATIVE INC	CROPSWAP-AVOCADO ROOTSTOCK UPGRADE	9/3/2026	$ 29,072.98	ISSUED
182031 Total					**$ 29,072.98**	
182032	1965	JOHN HOAGLAND	REIMB EXP-WMWD SDCWA AGMT CEREMONY-UWI CONFERENCE	9/3/2026	$ 870.07	ISSUED
182032 Total					**$ 870.07**	
182033	3689	JOHN ROSSI	REIMB EXP-UWI CONFERENCE	9/3/2026	$ 1,182.90	ISSUED
182033 Total					**$ 1,182.90**	
182037	1154	CENTRAL COMMUNICATIONS	MONTHLY ANSWERING SERVICE	9/10/2026	$ 1,031.10	ISSUED
182037 Total					**$ 1,031.10**	
182038	1264	CR & R INC.	TRASH SERVICE	9/10/2026	$ 72.49	ISSUED
182038 Total					**$ 72.49**	
182039	1298	BRENNTAG PACIFIC INC.	BULK CHLORINE	9/10/2026	$ 7,708.72	ISSUED
182039 Total					**$ 7,708.72**	
182040	1313	CINTAS	EYEWASH SERVICE AGREEMENT	9/10/2026	$ 110.93	ISSUED
182040 Total					**$ 110.93**	
182041	1409	UMETECH INC.	MONTHLY COMPUTER SUPPORT	9/10/2026	$ 10,035.00	ISSUED
182041	1409	UMETECH INC.	OFFSITE DISASTER STORAGE	9/10/2026	$ 50.00	ISSUED
182041 Total					**$ 10,085.00**	
182042	1638	EMISSION COMPLIANT CONTROLS CORP	ANNUAL SERVICE-ACE BOWEN PUMP STATION	9/10/2026	$ 538.59	ISSUED
182042	1638	EMISSION COMPLIANT CONTROLS CORP	RADIATOR REPAIRS-ACE BOWEN PUMP STATION	9/10/2026	$ 4,731.48	ISSUED
182042 Total					**$ 5,270.07**	
182043	1751	GRAINGER INC.	BRASS FITTINGS	9/10/2026	$ 124.19	ISSUED
182043	1751	GRAINGER INC.	FITTINGS	9/10/2026	$ 132.39	ISSUED
182043	1751	GRAINGER INC.	FITTINGS	9/10/2026	$ 286.86	ISSUED
182043	1751	GRAINGER INC.	HOSE BIBB	9/10/2026	$ 121.14	ISSUED
182043	1751	GRAINGER INC.	STEEL BOX	9/10/2026	$ 4,923.75	ISSUED
182043	1751	GRAINGER INC.	WIPES	9/10/2026	$ 66.16	ISSUED
182043 Total					**$ 5,654.49**	
182044	1758	GENERAL LOGISTICS SYSTEMS US	OVERNIGHT DELIVERY SERVICE	9/10/2026	$ 14.19	ISSUED
182044 Total					**$ 14.19**	
182045	1855	ITRON INC.	COLLECTOR REPAIR	9/10/2026	$ 1,952.06	ISSUED
182045 Total					**$ 1,952.06**	
182046	1864	IVA SOLUTIONS INC.	CLOUD SERVICES	9/10/2026	$ 120.00	ISSUED
182046	1864	IVA SOLUTIONS INC.	LIFT RENTAL	9/10/2026	$ 2,066.25	ISSUED
182046 Total					**$ 2,186.25**	
182047	1914	INFO SEND INC.	BILLING SERVICE	9/10/2026	$ 10,240.63	ISSUED
182047	1914	INFO SEND INC.	BILLING SERVICE	9/10/2026	$ 116.97	ISSUED

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CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
182047	1914	INFO SEND INC.	BILLING SERVICE	9/10/2026	$ 22,356.75	ISSUED
182047	1914	INFO SEND INC.	BILLING SERVICE	9/10/2026	$ 14,510.51	ISSUED
182047	1914	INFO SEND INC.	BILLING SERVICE	9/10/2026	$ 11,470.96	ISSUED
182047 Total					**$ 58,695.82**	
182048	1920	KENNEDY / JENKS CONSULTANTS	URBAN WATER MANAGEMENT PLAN	9/10/2026	$ 2,990.00	ISSUED
182048	1920	KENNEDY / JENKS CONSULTANTS	URBAN WATER MANAGEMENT PLAN	9/10/2026	$ 2,700.00	ISSUED
182048	1920	KENNEDY / JENKS CONSULTANTS	URBAN WATER MANAGEMENT PLAN	9/10/2026	$ 111.64	ISSUED
182048 Total					**$ 5,801.64**	
182049	1931	LAYNE CHRISTENSEN CO.	ACID DESCALER	9/10/2026	$ 46,980.00	ISSUED
182049	1931	LAYNE CHRISTENSEN CO.	PIPE	9/10/2026	$ 3,050.28	ISSUED
182049	1931	LAYNE CHRISTENSEN CO.	WELL 309-REBUILD	9/10/2026	$ 8,870.07	ISSUED
182049 Total					**$ 58,900.35**	
182050	1941	METTLER - TOLEDO INC	TRUCK SCALE	9/10/2026	$ 1,728.70	ISSUED
182050 Total					**$ 1,728.70**	
182051	1943	LSA ASSOCIATES, INC.	VAIL DAM SEISMIC AND HYDROLOGIC REMEDIATION	9/10/2026	$ 7,721.96	ISSUED
182051 Total					**$ 7,721.96**	
182052	2007	PACIFIC PIPELINE SUPPLY	ADAPTER	9/10/2026	$ 918.94	ISSUED
182052	2007	PACIFIC PIPELINE SUPPLY	BOLT NUTS	9/10/2026	$ 227.94	ISSUED
182052	2007	PACIFIC PIPELINE SUPPLY	COUPLING	9/10/2026	$ 1,641.58	ISSUED
182052	2007	PACIFIC PIPELINE SUPPLY	FLANGES	9/10/2026	$ 650.33	ISSUED
182052	2007	PACIFIC PIPELINE SUPPLY	PIPE-WELD REDUCER-VALVE	9/10/2026	$ 3,689.89	ISSUED
182052 Total					**$ 7,128.68**	
182053	2060	PONTON INDUSTRIES INC.	FLOW SENSOR	9/10/2026	$ 4,699.09	ISSUED
182053 Total					**$ 4,699.09**	
182054	2147	APPLEONE EMPLOYMENT SERVICES	TEMP SERVICE-CUSTOMER SERVICE	9/10/2026	$ 1,060.20	ISSUED
182054 Total					**$ 1,060.20**	
182055	2166	SOUTH COAST AQMD	ANNUAL OPERATING FEES-VIA SANTA ROSA	9/10/2026	$ 13,128.23	ISSUED
182055	2166	SOUTH COAST AQMD	ANNUAL RENEWAL FEE-GIESBAUER ROAD	9/10/2026	$ 583.73	ISSUED
182055	2166	SOUTH COAST AQMD	ANNUAL RENEWAL FEE-VIA VAQUERO	9/10/2026	$ 583.73	ISSUED
182055	2166	SOUTH COAST AQMD	EMISSIONS FEE-VIA SANTA ROSA	9/10/2026	$ 185.23	ISSUED
182055 Total					**$ 14,480.92**	
182056	2230	NAPA AUTO PARTS	BRAKE SLACK ADJUSTERS	9/10/2026	$ 301.74	ISSUED
182056	2230	NAPA AUTO PARTS	FUEL PUMP	9/10/2026	$ 103.49	ISSUED
182056	2230	NAPA AUTO PARTS	LICENSE PLATE KIT	9/10/2026	$ 39.60	ISSUED
182056	2230	NAPA AUTO PARTS	MOUNTING BRACKET-CONNECTOR	9/10/2026	$ 18.73	ISSUED
182056	2230	NAPA AUTO PARTS	RELEASE TOOL	9/10/2026	$ 13.01	ISSUED
182056	2230	NAPA AUTO PARTS	STRAINERS	9/10/2026	$ 9.08	ISSUED
182056 Total					**$ 485.65**	
182057	2237	TEMECULA VALLEY PIPE & SUPPLY	BUSHING-PVC PIPE-COUPLINGS-PVC ELBOWS	9/10/2026	$ 827.84	ISSUED
182057 Total					**$ 827.84**	
182058	2245	PETES ROAD SERVICE INC.	TIRES (2)	9/10/2026	$ 697.37	ISSUED
182058 Total					**$ 697.37**	
182059	2299	WATERMASTER SANTA MARGARITA RIVER WATERSHED	4TH QUARTER SHARE-WATER EXPENSES	9/10/2026	$ 33,477.50	ISSUED
182059 Total					**$ 33,477.50**	
182060	2302	WM CORPORATE SERVICES, INC.	TRASH SERVICE	9/10/2026	$ 1,819.03	ISSUED
182060 Total					**$ 1,819.03**	
182061	2310	WESTERN MUNICIPAL WATER DIST.	MONTHLY MWD CAPACITY CHARGE-SEPTEMBER 2026	9/10/2026	$ 221,903.33	ISSUED
182061 Total					**$ 221,903.33**	
182062	2444	HARRIS COMPUTER CORPORATION	TEST ENVIRONMENT-AI FORECAST MODULE IMPLEMENTATION	9/10/2026	$ 91,770.08	ISSUED
182062 Total					**$ 91,770.08**	
182063	2634	NUTRIEN AG SOLUTIONS INC.	CHAIN SAW BLADES	9/10/2026	$ 153.28	ISSUED
182063 Total					**$ 153.28**	

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CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
182064	2936	ARCADIS US INC.	UVDC REGIONAL PUMP STATION-CHLORINE TANK	9/10/2026	$ 64,255.14	ISSUED
182064	2936	ARCADIS US INC.	UVDC REGIONAL PUMP STATION-CHLORINE TANK	9/10/2026	$ 71,319.07	ISSUED
182064 Total					**$ 135,574.21**	
182065	2964	ENS RESOURCES INC.	FEDERAL LEGISLATIVE SUPPORT	9/10/2026	$ 8,000.00	ISSUED
182065 Total					**$ 8,000.00**	
182066	2981	PARADISE CHEVROLET & CADILLAC	SENSOR	9/10/2026	$ 140.15	ISSUED
182066 Total					**$ 140.15**	
182067	3003	CASAGA ELECTRIC INC.	HELI-PAD CONDUIT INSTALLATION-AVOCADO MESA	9/10/2026	$ 7,551.04	ISSUED
182067	3003	CASAGA ELECTRIC INC.	HELI-PAD CONDUIT INSTALLATION-VIA VAQUERO	9/10/2026	$ 8,414.95	ISSUED
182067 Total					**$ 15,965.99**	
182068	3062	CONSERV INC	IN BLOOM DRIP PROGRAM	9/10/2026	$ 7,535.50	ISSUED
182068	3062	CONSERV INC	WUE LANDSCAPE AUDIT PROGRAM	9/10/2026	$ 2,450.00	ISSUED
182068 Total					**$ 9,985.50**	
182069	3132	WEST YOST & ASSOCIATES INC	SEWER SYSTEM MODEL UPDATE	9/10/2026	$ 2,315.00	ISSUED
182069	3132	WEST YOST & ASSOCIATES INC	VAIL RANCH PRESSURE REDUCING STATIONS	9/10/2026	$ 35,756.50	ISSUED
182069	3132	WEST YOST & ASSOCIATES INC	VAIL RANCH PRESSURE REDUCING STATIONS	9/10/2026	$ 21,595.00	ISSUED
182069 Total					**$ 59,666.50**	
182070	3355	NV5 GLOBAL INC.	HELIPAD TANK CONCRETE PAD	9/10/2026	$ 2,790.00	ISSUED
182070 Total					**$ 2,790.00**	
182071	3356	DISH NETWORK	MONTHLY SATELLITE-MUSIC SERVICE	9/10/2026	$ 123.14	ISSUED
182071 Total					**$ 123.14**	
182072	3371	DCSE INC.	UTILITY NETWORK GIS COMPONENT	9/10/2026	$ 9,162.50	ISSUED
182072 Total					**$ 9,162.50**	
182073	3381	DASHLANE USA INC.	DASHLANE TEAM LICENSES	9/10/2026	$ 6,787.20	ISSUED
182073 Total					**$ 6,787.20**	
182074	3388	GHA TECHNOLOGIES	COMPUTER	9/10/2026	$ 4,128.80	ISSUED
182074 Total					**$ 4,128.80**	
182075	3481	QUINN COMPANY	AIR FILTERS	9/10/2026	$ 98.88	ISSUED
182075	3481	QUINN COMPANY	BEARINGS-PADS-WASHERS-RINGS-PINS-ADAPTERS	9/10/2026	$ 2,246.36	ISSUED
182075	3481	QUINN COMPANY	COUPLING	9/10/2026	$ 73.78	ISSUED
182075 Total					**$ 2,419.02**	
182076	3486	KENT HARRIS TRUCKING	CLASS II BASE	9/10/2026	$ 598.36	ISSUED
182076	3486	KENT HARRIS TRUCKING	CLASS II BASE	9/10/2026	$ 579.75	ISSUED
182076	3486	KENT HARRIS TRUCKING	CLASS II BASE	9/10/2026	$ 1,142.52	ISSUED
182076	3486	KENT HARRIS TRUCKING	CLASS II BASE	9/10/2026	$ 593.52	ISSUED
182076	3486	KENT HARRIS TRUCKING	CLASS II BASE	9/10/2026	$ 572.62	ISSUED
182076	3486	KENT HARRIS TRUCKING	CLASS II BASE	9/10/2026	$ 1,193.03	ISSUED
182076	3486	KENT HARRIS TRUCKING	CLASS II BASE-3/4 ROCK	9/10/2026	$ 1,988.87	ISSUED
182076	3486	KENT HARRIS TRUCKING	DECOMPOSED GRANITE	9/10/2026	$ 756.47	ISSUED
182076	3486	KENT HARRIS TRUCKING	WASHED SAND	9/10/2026	$ 1,695.79	ISSUED
182076	3486	KENT HARRIS TRUCKING	WASHED SAND	9/10/2026	$ 2,543.53	ISSUED
182076	3486	KENT HARRIS TRUCKING	WASHED SAND	9/10/2026	$ 1,734.94	ISSUED
182076	3486	KENT HARRIS TRUCKING	WASHED SAND	9/10/2026	$ 826.05	ISSUED
182076 Total					**$ 14,225.45**	
182077	3488	SANTA ROSA REGIONAL RESOURCES	CAPITAL REPLACEMENT SHARE FOR OCTOBER 2026	9/10/2026	$ 97,368.63	ISSUED
182077	3488	SANTA ROSA REGIONAL RESOURCES	MONTHLY COST SHARE FOR OCTOBER 2026	9/10/2026	$ 260,435.42	ISSUED
182077 Total					**$ 357,804.05**	
182078	3497	ADAME LANDSCAPE INC.	IRRIGATION REPAIRS	9/10/2026	$ 87.42	ISSUED
182078	3497	ADAME LANDSCAPE INC.	IRRIGATION REPAIRS	9/10/2026	$ 167.90	ISSUED
182078 Total					**$ 255.32**	
182079	3561	CM CRANE & TRAINING SERVICES	NCCCO TRAINING	9/10/2026	$ 2,000.00	ISSUED
182079 Total					**$ 2,000.00**	

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
182080	3571	STEP SAVER CA LLC	BULK SALT	9/10/2026	$ 3,480.00	ISSUED
182080 Total					**$ 3,480.00**	
182081	3627	LIFELINE RESCUE	CPR-FIRST AID-AED TRAINING	9/10/2026	$ 2,025.00	ISSUED
182081 Total					**$ 2,025.00**	
182082	3648	LOWE'S	CEILING FAN	9/10/2026	$ 1,421.69	ISSUED
182082	3648	LOWE'S	JOINT COMPOUND-BACKERBOARD	9/10/2026	$ 27.06	ISSUED
182082	3648	LOWE'S	TRIMMER RACK	9/10/2026	$ 286.14	ISSUED
182082 Total					**$ 1,734.89**	
182083	3707	RED WING BUSINESS ADVANTAGE	WORK BOOTS-I TISNADO	9/10/2026	$ 250.00	ISSUED
182083 Total					**$ 250.00**	
182084	3708	BofA SECURITIES INC.	REMARKETING FEES	9/10/2026	$ 1,235.07	ISSUED
182084 Total					**$ 1,235.07**	
182085	3732	CRAIG BUERO	REIMB EXP-D3 RENEWAL	9/10/2026	$ 90.00	ISSUED
182085 Total					**$ 90.00**	
182086	3790	ASBURY ENVIRONMENTAL SERVICES	OIL SERVICE	9/10/2026	$ 153.00	ISSUED
182086 Total					**$ 153.00**	
182087	3845	AERZEN USA CORP.	VALVES	9/10/2026	$ 9,793.49	ISSUED
182087 Total					**$ 9,793.49**	
182088	3856	CW SOUTHWEST, LLC	RETURN-CREDIT CARD CONVENIENCE FEE	9/10/2026	$ (42.76)	ISSUED
182088	3856	CW SOUTHWEST, LLC	WASHER-SCREWS-PIN-SLIDE BLOCK	9/10/2026	$ 159.63	ISSUED
182088 Total					**$ 116.87**	
182089	3857	NORTHSTAR CHEMICAL	ALUMINUM SULFATE	9/10/2026	$ 9,733.42	ISSUED
182089 Total					**$ 9,733.42**	
182090	3859	EUROFINS EATON ANALYTICAL LLC	LAB REPORTS	9/10/2026	$ 12,669.00	ISSUED
182090 Total					**$ 12,669.00**	
182091	3958	MARC COHEN TRUCKING, INC.	CLASS II BASE	9/10/2026	$ 438.39	ISSUED
182091	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	9/10/2026	$ 2,461.10	ISSUED
182091	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	9/10/2026	$ 1,233.02	ISSUED
182091	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	9/10/2026	$ 3,082.36	ISSUED
182091	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-DELUZ	9/10/2026	$ 588.63	ISSUED
182091	3958	MARC COHEN TRUCKING, INC.	ROCK FOR DIP TANK-LA CRESTA	9/10/2026	$ 645.20	ISSUED
182091 Total					**$ 8,448.70**	
182092	3964	TUSKER METALS LLC	ALUMINUM-STEEL	9/10/2026	$ 13.59	ISSUED
182092	3964	TUSKER METALS LLC	STEEL TUBE	9/10/2026	$ 51.66	ISSUED
182092 Total					**$ 65.25**	
182093	3990	AMAZON CAPITAL SERVICES INC.	BATTERIES	9/10/2026	$ 135.62	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	CHAIRS-FAN-PRIVACY SIGN	9/10/2026	$ 236.01	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	MAIL ORGANIZER-MOUSE-PICTURE FRAME	9/10/2026	$ 76.27	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	PENS-MOUSE PAD-HDMI CABLE-SIGNAGE STICK-FOOT REST	9/10/2026	$ 302.00	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	RETURN-SHORTS	9/10/2026	$ (127.38)	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	STICKERS-VINYL-LABELS-PUMP-LABEL KIT	9/10/2026	$ 196.73	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	TISSUE-PAPER PLATES-WELDING HELMETS-POWER STRIPS-LENS	9/10/2026	$ 487.33	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	TOWELS-FILTERS-STRIKERS-TAPE-GOGGLES-CLEANER-SUNSCREEN-BRUSH	9/10/2026	$ 990.23	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	WALL PANELS	9/10/2026	$ 67.41	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	WINDOW TINT	9/10/2026	$ 59.67	ISSUED
182093	3990	AMAZON CAPITAL SERVICES INC.	WORK SHOES	9/10/2026	$ 157.18	ISSUED
182093 Total					**$ 2,581.07**	
182094	3997	AZTEC JANITORIAL SERVICE	JANITORIAL SERVICE	9/10/2026	$ 15,158.62	ISSUED
182094 Total					**$ 15,158.62**	
182095	4057	JOHN D. HARKEY	REIMB EXP-UWI CONFERENCE	9/10/2026	$ 785.18	ISSUED
182095 Total					**$ 785.18**	
182096	4086	RS AMERICAS INC.	PRESSURE SENSORS	9/10/2026	$ 1,676.42	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
182096 Total					**$ 1,676.42**	
182097	4095	PHOENIX NAP LLC	CLOUD BACKUP FOR VEEAM	9/10/2026	$ 714.00	ISSUED
182097 Total					**$ 714.00**	
182098	4097	STAPLES	FILE POCKET	9/10/2026	$ 41.99	ISSUED
182098 Total					**$ 41.99**	
182099	4104	KATHERINE SIMMONS	REIMB EXP-MILEAGE	9/10/2026	$ 176.00	ISSUED
182099 Total					**$ 176.00**	
182100	4130	CORELOGIC SOLUTIONS LLC	RECORD REQUEST	9/10/2026	$ 586.31	ISSUED
182100 Total					**$ 586.31**	
182101	4231	PAM'S DONUTS	DONUTS-ALL STAFF-BOD-SAFETY MTGS	9/10/2026	$ 234.00	ISSUED
182101 Total					**$ 234.00**	
182102	4253	FIRST AMERICAN ADMINISTRATORS	PRESCRIPTION GLASSES	9/10/2026	$ 232.98	ISSUED
182102 Total					**$ 232.98**	
182103	4291	WELL TEC SERVICE	WELL 126 REPAIR	9/10/2026	$ 15,040.00	ISSUED
182103	4291	WELL TEC SERVICE	WELL 309 REPAIR	9/10/2026	$ 2,535.00	ISSUED
182103 Total					**$ 17,575.00**	
182104	4295	SYNAGRO TECHNOLOGIES, INC.	SLUDGE REMOVAL	9/10/2026	$ 29,692.18	ISSUED
182104	4295	SYNAGRO TECHNOLOGIES, INC.	SLUDGE REMOVAL	9/10/2026	$ 34,439.26	ISSUED
182104 Total					**$ 64,131.44**	
182105	4299	GOSCH FORD OF TEMECULA	BRAKE LINING KIT	9/10/2026	$ 191.67	ISSUED
182105	4299	GOSCH FORD OF TEMECULA	NUT-ROD ASSEMBLY-TIE ROD END ASSEMBLY	9/10/2026	$ 406.93	ISSUED
182105	4299	GOSCH FORD OF TEMECULA	OUTER TIE ROD	9/10/2026	$ 194.56	ISSUED
182105	4299	GOSCH FORD OF TEMECULA	TIRE SENSOR ASSEMBLY	9/10/2026	$ 72.75	ISSUED
182105 Total					**$ 865.91**	
182106	4313	TDH SERVICES LLC	PUMP EFFICIENCY TESTING-WELL 126	9/10/2026	$ 3,325.00	ISSUED
182106	4313	TDH SERVICES LLC	SAFETY INSPECTION-WELL 132-309	9/10/2026	$ 2,200.00	ISSUED
182106 Total					**$ 5,525.00**	
182107	4319	GILLIS + PANICHAPAN ARCHITECTS INC.	ATRIUM ROOF REPLACEMENT	9/10/2026	$ 7,145.00	ISSUED
182107 Total					**$ 7,145.00**	
182108	4329	JACOBS PROJECT MANAGEMENT CO.	MANAGEMENT SERVICES FOR WATER RESOURCES PROGRAM	9/10/2026	$ 67,242.79	ISSUED
182108 Total					**$ 67,242.79**	
182109	4441	PIPELINE PRODUCTS INC	WATERLINE REPLACEMENT KIT	9/10/2026	$ 3,366.03	ISSUED
182109 Total					**$ 3,366.03**	
182110	4475	KAISER PREMIER LLC	DIG TUBES-NOZZLES	9/10/2026	$ 1,381.41	ISSUED
182110 Total					**$ 1,381.41**	
182111	4486	SC FUELS	FUEL	9/10/2026	$ 21,719.13	ISSUED
182111 Total					**$ 21,719.13**	
182112	4548	HPS PLUMBING SERVICES	JOAQUIN RANCH PUMP STATION DISINFECTION IMPROVEMENTS	9/10/2026	$ 114,427.50	ISSUED
182112 Total					**$ 114,427.50**	
182113	4549	PUBLIC POLICY PARTNERSHIP	ADVOCACY SERVICES	9/10/2026	$ 8,000.00	ISSUED
182113	4549	PUBLIC POLICY PARTNERSHIP	ADVOCACY SERVICES	9/10/2026	$ 8,000.00	ISSUED
182113	4549	PUBLIC POLICY PARTNERSHIP	ADVOCACY SERVICES	9/10/2026	$ 8,000.00	ISSUED
182113 Total					**$ 24,000.00**	
182114	4578	ALL4 LLC	VAIL DAM SEISMIC AND HYDROLOGIC REMEDIATION PROJECT	9/10/2026	$ 350.00	ISSUED
182114 Total					**$ 350.00**	
182115	4618	C.G. LANDSCAPE, INC.	IRRIGATION REPAIR	9/10/2026	$ 1,248.55	ISSUED
182115	4618	C.G. LANDSCAPE, INC.	MONTHLY GARDEN MAINTENANCE	9/10/2026	$ 1,351.00	ISSUED
182115 Total					**$ 2,599.55**	
182116	4631	KOMAX SYSTEMS INC.	INJECTION QUILLS DESIGN	9/10/2026	$ 5,115.05	ISSUED
182116 Total					**$ 5,115.05**	
182117	4654	EV PO LLC	CROPSWAP-AVOCADO REJUVENATION	9/10/2026	$ 22,500.00	ISSUED
182117 Total					**$ 22,500.00**	

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
182118	4655	ATKINSON, ANDELSON, LOYA, RUUD AND ROMO	WESTERN MUNICIPAL WHEELING DISCUSSION	9/10/2026	$ 8,079.42	ISSUED
182118 Total					**$ 8,079.42**	
Total Distributions					**$ 10,919,419.23**	
Voids						
181393	4212	DANIEL LOHRE	7/06/2026	8/18/2026	$ (2,862.59)	VOID
181559	1608	WELLS FARGO	7/23/2026	8/20/2026	$ (1,824.30)	VOID
Net Distributions					**$ 10,914,732.34**	

Vendor Payments Remitted Through Electronic US Bank Payment Plus Program (these payments are remitted electronically to vendors through US Bank and the District then issues a warrant to US Bank to reimburse for such payments)

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
8842	1114	CAMERON WELDING SUPPLY	OXYGEN-ACETYLENE-TORCH HANDLE-HOSE	8/20/2026	$ 1,023.57	ISSUED
8842 Total					**$ 1,023.57**	
8843	1765	HANK'S HARDWARE AND LUMBER INC.	CLIPS	8/20/2026	$ 21.64	ISSUED
8843	1765	HANK'S HARDWARE AND LUMBER INC.	CONTAINERS-PVC PIPE	8/20/2026	$ 14.80	ISSUED
8843	1765	HANK'S HARDWARE AND LUMBER INC.	HARDWARE	8/20/2026	$ 0.62	ISSUED
8843	1765	HANK'S HARDWARE AND LUMBER INC.	LUMBER	8/20/2026	$ 375.28	ISSUED
8843	1765	HANK'S HARDWARE AND LUMBER INC.	MALLET-GLASS CLEANER-CONNECTORS	8/20/2026	$ 71.33	ISSUED
8843	1765	HANK'S HARDWARE AND LUMBER INC.	MIRROR-UTILITY KNIFE-TAPE MEASURER-MARKER-SCREWDRIVER SET	8/20/2026	$ 148.98	ISSUED
8843	1765	HANK'S HARDWARE AND LUMBER INC.	WATERING CAN-RAKE-SHOVELS	8/20/2026	$ 122.84	ISSUED
8843 Total					**$ 755.49**	
8844	1929	MCCALLS METER SALES	METER	8/20/2026	$ 3,825.89	ISSUED
8844 Total					**$ 3,825.89**	
8845	1939	AMERICAN BATTERY SUPPLY	BATTERIES	8/20/2026	$ 425.76	ISSUED
8845 Total					**$ 425.76**	
8846	2270	UNDERGROUND SERVICE ALERT	CA STATE REGULATORY FEES	8/20/2026	$ 252.97	ISSUED
8846	2270	UNDERGROUND SERVICE ALERT	CA STATE REGULATORY FEES	8/20/2026	$ 325.54	ISSUED
8846 Total					**$ 578.51**	
8847	3048	OREILLY AUTO PARTS	AC COMPRESSOR	8/20/2026	$ 281.16	ISSUED
8847	3048	OREILLY AUTO PARTS	RETURN-COOLANT CAP-RADIATOR	8/20/2026	$ (220.52)	ISSUED
8847 Total					**$ 60.64**	
8848	3354	BOOT BARN INC.	WORK BOOTS-D LOHRE	8/20/2026	$ 250.00	ISSUED
8848	3354	BOOT BARN INC.	WORK BOOTS-I HUMES	8/20/2026	$ 250.00	ISSUED
8848	3354	BOOT BARN INC.	WORK BOOTS-J CULLEN	8/20/2026	$ 171.27	ISSUED
8848	3354	BOOT BARN INC.	WORK BOOTS-J HURT	8/20/2026	$ 250.00	ISSUED
8848	3354	BOOT BARN INC.	WORK BOOTS-S RAMIREZ	8/20/2026	$ 203.46	ISSUED
8848	3354	BOOT BARN INC.	WORK BOOTS-T WILLIAMS	8/20/2026	$ 171.27	ISSUED
8848 Total					**$ 1,296.00**	
8849	3631	VISCID DESIGN CO. LLC	DECALS	8/20/2026	$ 1,740.00	ISSUED
8849 Total					**$ 1,740.00**	
8850	3812	SOUTH COAST COPY SYSTEMS	MONTHLY COPIER CHARGES	8/20/2026	$ 64.76	ISSUED
8850	3812	SOUTH COAST COPY SYSTEMS	MONTHLY COPIER CHARGES	8/20/2026	$ 116.12	ISSUED
8850	3812	SOUTH COAST COPY SYSTEMS	MONTHLY COPIER CHARGES	8/20/2026	$ 7.76	ISSUED
8850	3812	SOUTH COAST COPY SYSTEMS	MONTHLY COPIER CHARGES	8/20/2026	$ 52.24	ISSUED
8850	3812	SOUTH COAST COPY SYSTEMS	MONTHLY COPIER CHARGES	8/20/2026	$ 8.70	ISSUED
8850	3812	SOUTH COAST COPY SYSTEMS	PRINTER	8/20/2026	$ 4,147.30	ISSUED
8850 Total					**$ 4,396.88**	
8851	1066	ALLIED TRAFFIC & EQUIP RENTAL	CONES	8/27/2026	$ 2,310.94	ISSUED
8851	1066	ALLIED TRAFFIC & EQUIP RENTAL	SIGNS	8/27/2026	$ 504.60	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
8851 Total					**$ 2,815.54**	
8852	1114	CAMERON WELDING SUPPLY	CARBON DIOXIDE	8/27/2026	$ 74.45	ISSUED
8852	1114	CAMERON WELDING SUPPLY	OXYGEN-ACETYLENE-CARBON DIOXIDE	8/27/2026	$ 2,955.75	ISSUED
8852	1114	CAMERON WELDING SUPPLY	WELDING GEAR	8/27/2026	$ 41.99	ISSUED
8852 Total					**$ 3,072.19**	
8853	1229	CALOLYMPIC	EARPLUGS-GLOVES	8/27/2026	$ 1,828.37	ISSUED
8853	1229	CALOLYMPIC	PADLOCK	8/27/2026	$ 2,451.07	ISSUED
8853	1229	CALOLYMPIC	PADLOCKS	8/27/2026	$ 2,042.56	ISSUED
8853	1229	CALOLYMPIC	SAFETY VESTS	8/27/2026	$ 1,367.24	ISSUED
8853 Total					**$ 7,689.24**	
8854	1336	CS-AMSCO	VALVE	8/27/2026	$ 2,296.23	ISSUED
8854 Total					**$ 2,296.23**	
8855	1765	HANK'S HARDWARE AND LUMBER INC.	AIR FRESHENERS	8/27/2026	$ 24.44	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	ANCHORS-KEY RING-KEY TAGS-WIPES-BLACK TIES-CONNECTORS	8/27/2026	$ 100.21	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	ASPHALT	8/27/2026	$ 1,086.41	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	BAG	8/27/2026	$ 16.30	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	BATTERIES-PENETRATING CATALYST	8/27/2026	$ 11.49	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	BOX-COVER-CONDUIT HANGER	8/27/2026	$ 18.20	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	CLIP PINS-KEY RINGS-FITTINGS-LETTERS-NUMBERS	8/27/2026	$ 28.47	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	DETERGENT-CLEANER	8/27/2026	$ 77.17	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	FITTINGS-BUSHING	8/27/2026	$ 149.71	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	GLOVES-TAG	8/27/2026	$ 47.16	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	SYRINGE-FILLER-HINGE	8/27/2026	$ 42.35	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	WASHERS-CONTAINERS-TAPE-HARDWARE-PLUMBING-PIPE CUTTER	8/27/2026	$ 108.04	ISSUED
8855	1765	HANK'S HARDWARE AND LUMBER INC.	WEDGES	8/27/2026	$ 812.36	ISSUED
8855 Total					**$ 2,522.31**	
8856	1929	MCCALLS METER SALES	FLOW TEST	8/27/2026	$ 100.17	ISSUED
8856 Total					**$ 100.17**	
8857	2270	UNDERGROUND SERVICE ALERT	MONTHLY ALERT CHARGES	8/27/2026	$ 655.00	ISSUED
8857	2270	UNDERGROUND SERVICE ALERT	MONTHLY ALERT CHARGES	8/27/2026	$ 962.70	ISSUED
8857 Total					**$ 1,617.70**	
8858	2695	CALIFORNIA T'S	EMBROIDERY	8/27/2026	$ 400.00	ISSUED
8858	2695	CALIFORNIA T'S	SHIRTS-POLOS	8/27/2026	$ 1,571.44	ISSUED
8858 Total					**$ 1,971.44**	
8859	3048	OREILLY AUTO PARTS	AC CONDENSOR-COMPRESSOR	8/27/2026	$ 333.36	ISSUED
8859	3048	OREILLY AUTO PARTS	AIR FILTER	8/27/2026	$ 37.62	ISSUED
8859	3048	OREILLY AUTO PARTS	AIR FILTERS	8/27/2026	$ 78.97	ISSUED
8859	3048	OREILLY AUTO PARTS	BRAKE PADS	8/27/2026	$ 61.55	ISSUED
8859	3048	OREILLY AUTO PARTS	COMPRESSOR	8/27/2026	$ 291.18	ISSUED
8859	3048	OREILLY AUTO PARTS	COMPRESSOR-SERPENTINE BELT	8/27/2026	$ 330.97	ISSUED
8859	3048	OREILLY AUTO PARTS	COMPRESSOR-SERPENTINE BELTS	8/27/2026	$ 364.01	ISSUED
8859	3048	OREILLY AUTO PARTS	CONNECTOR	8/27/2026	$ 16.69	ISSUED
8859	3048	OREILLY AUTO PARTS	EVAPORATOR CORE	8/27/2026	$ 82.58	ISSUED
8859	3048	OREILLY AUTO PARTS	FUEL FILTER	8/27/2026	$ 16.90	ISSUED
8859	3048	OREILLY AUTO PARTS	FUEL FILTER	8/27/2026	$ 36.82	ISSUED
8859	3048	OREILLY AUTO PARTS	FUEL PUMP	8/27/2026	$ 112.43	ISSUED
8859	3048	OREILLY AUTO PARTS	GASKETS-WASHER-AC WASH KIT	8/27/2026	$ 120.65	ISSUED
8859	3048	OREILLY AUTO PARTS	LEAK FINDER	8/27/2026	$ 35.30	ISSUED
8859	3048	OREILLY AUTO PARTS	ORIFICE TUBES	8/27/2026	$ 7.63	ISSUED
8859	3048	OREILLY AUTO PARTS	POWER INVERTER	8/27/2026	$ 81.55	ISSUED
8859	3048	OREILLY AUTO PARTS	RADIATOR	8/27/2026	$ 248.54	ISSUED
8859	3048	OREILLY AUTO PARTS	THROTTLE CONTROL CONNECTOR	8/27/2026	$ 61.37	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
8859 Total					**$ 2,318.12**	
8860	3049	VEHICLE ELECTRICAL SUPPLY	STARTER MOTOR	8/27/2026	$ 217.49	ISSUED
8860 Total					**$ 217.49**	
8861	3354	BOOT BARN INC.	WORK BOOTS-A LARA	8/27/2026	$ 250.00	ISSUED
8861	3354	BOOT BARN INC.	WORK BOOTS-N BOOKER	8/27/2026	$ 250.00	ISSUED
8861 Total					**$ 500.00**	
8862	3610	ENDRESS+HAUSER INC.	GROUNDING DISC	8/27/2026	$ 1,337.12	ISSUED
8862 Total					**$ 1,337.12**	
8863	1114	CAMERON WELDING SUPPLY	CARBON DIOXIDE	9/3/2026	$ 74.45	ISSUED
8863 Total					**$ 74.45**	
8864	1765	HANK'S HARDWARE AND LUMBER INC.	BIT HOLDER-DRILL BITS	9/3/2026	$ 47.15	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	BOTTLED WATER	9/3/2026	$ 1,022.44	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	BOTTLED WATER	9/3/2026	$ 1,054.57	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	BOTTLED WATER	9/3/2026	$ 56.46	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	BRAKE CLEANER-COMPOUND RUB	9/3/2026	$ 18.45	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	BROOM-SHOVEL-LOPPER	9/3/2026	$ 76.74	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	BUSHINGS-CONDUIT-CONNECTORS	9/3/2026	$ 207.38	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	CONCRETE MIX	9/3/2026	$ 338.25	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	CONNECTORS-BRACKET-WALL PLATE-STEEL BITS	9/3/2026	$ 218.90	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	DEGREASER-ADAPTER-CONDUIT-BUSHING-SOLID FLAT	9/3/2026	$ 59.09	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	DETAILER-TOWELS	9/3/2026	$ 44.54	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	EXTENSION CORD	9/3/2026	$ 139.18	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	FITTINGS-BUSHINGS	9/3/2026	$ 72.95	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	GLOVES-SPRAYER	9/3/2026	$ 61.97	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	GLUE-CLAMP METER-SPRAYER	9/3/2026	$ 130.97	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	LUMBER	9/3/2026	$ 45.97	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	PROPANE-GLUE-ADAPTER	9/3/2026	$ 54.76	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	RETURN-BOTTLED WATER	9/3/2026	$ (56.46)	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	RETURN-BOTTLED WATER	9/3/2026	$ (32.13)	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	SCREWS-TORX BIT	9/3/2026	$ 17.37	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	SOAP-ANTI-SEIZE LUBRICANT	9/3/2026	$ 21.51	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	SPRAYER	9/3/2026	$ 29.35	ISSUED
8864	1765	HANK'S HARDWARE AND LUMBER INC.	WATER HOSE-BRASS HOSE	9/3/2026	$ 133.19	ISSUED
8864 Total					**$ 3,762.60**	
8865	2270	UNDERGROUND SERVICE ALERT	CA STATE REGULATORY FEES	9/3/2026	$ 325.54	ISSUED
8865	2270	UNDERGROUND SERVICE ALERT	MONTHLY ALERT CHARGES	9/3/2026	$ 759.25	ISSUED
8865 Total					**$ 1,084.79**	
8866	2695	CALIFORNIA T'S	POLOS	9/3/2026	$ 39.15	ISSUED
8866	2695	CALIFORNIA T'S	POLOS-SWEATSHIRT	9/3/2026	$ 133.76	ISSUED
8866	2695	CALIFORNIA T'S	POLOS-SWEATSHIRT	9/3/2026	$ 82.65	ISSUED
8866	2695	CALIFORNIA T'S	SHIRTS	9/3/2026	$ 489.38	ISSUED
8866 Total					**$ 744.94**	
8867	3048	OREILLY AUTO PARTS	AIR FILTER-HEPA FILTER	9/3/2026	$ 76.93	ISSUED
8867	3048	OREILLY AUTO PARTS	FUEL CAP	9/3/2026	$ 16.12	ISSUED
8867	3048	OREILLY AUTO PARTS	NYLON BRUSH	9/3/2026	$ 12.78	ISSUED
8867 Total					**$ 105.83**	
8868	3354	BOOT BARN INC.	WORK BOOTS-M DIXON	9/3/2026	$ 237.72	ISSUED
8868 Total					**$ 237.72**	
8869	1027	BEST FOR LESS TIRES	WHEEL ALIGNMENT	9/10/2026	$ 95.00	ISSUED
8869 Total					**$ 95.00**	
8870	1114	CAMERON WELDING SUPPLY	CARBON DIOXIDE	9/10/2026	$ 49.65	ISSUED
8870	1114	CAMERON WELDING SUPPLY	OXYGEN-ACETYLENE	9/10/2026	$ 156.36	ISSUED

Cash Disbursements for the Period August 15, 2026 to September 11, 2026

CHECK NUMBER	VENDOR	NAME	DESCRIPTION	CHECK DATE	AMOUNT	STATUS
8870	1114	CAMERON WELDING SUPPLY	OXYGEN-ACETYLENE-CARBON DIOXIDE	9/10/2026	$ 2,256.26	ISSUED
8870	1114	CAMERON WELDING SUPPLY	OXYGEN-ACETYLENE-CARBON DIOXIDE	9/10/2026	$ 2,236.73	ISSUED
8870	1114	CAMERON WELDING SUPPLY	STEEL WIRE	9/10/2026	$ 93.83	ISSUED
8870	1114	CAMERON WELDING SUPPLY	WELDING HOOD-WELD HELMET-BLUE COAT	9/10/2026	$ 623.42	ISSUED
8870 Total					**$ 5,416.25**	
8871	1765	HANK'S HARDWARE AND LUMBER INC.	ADAPTERS-TOWELS-PVC PIPE-COUPLINGS-TAPE	9/10/2026	$ 82.39	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	BROOM-BUCKET-UTILITY KNIFE	9/10/2026	$ 74.73	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	BUCKETS-CLEANER	9/10/2026	$ 64.25	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	CLAMPS-ADAPTER-PVC PIPE-MARKERS-TOOLS-COUPLING	9/10/2026	$ 258.44	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	DOOR STOPPER	9/10/2026	$ 8.66	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	ELECTRICAL CORD	9/10/2026	$ 16.15	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	GAUGE-TARP-SLEDGE HAMMER	9/10/2026	$ 67.39	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	GLOVES-ADAPTER-COUPLING-ANTI-SEIZE LUBE	9/10/2026	$ 52.04	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	LUMBER	9/10/2026	$ 59.32	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	LUMBER	9/10/2026	$ 1.10	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	PUMP	9/10/2026	$ 163.11	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	PVC-ADAPTER-PRIMER-GLUE	9/10/2026	$ 46.82	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	SAW BLADE	9/10/2026	$ 43.49	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	TAPE-DRYWALL-TRAY LINER	9/10/2026	$ 28.10	ISSUED
8871	1765	HANK'S HARDWARE AND LUMBER INC.	WRENCHES-TAPE-FITTING	9/10/2026	$ 111.50	ISSUED
8871 Total					**$ 1,077.49**	
8872	1933	MCMASTER - CARR SUPPLY CO.	FITTING	9/10/2026	$ 60.17	ISSUED
8872	1933	MCMASTER - CARR SUPPLY CO.	PRESSURE GAUGE	9/10/2026	$ 40.54	ISSUED
8872	1933	MCMASTER - CARR SUPPLY CO.	STRUT CHANNEL	9/10/2026	$ 838.87	ISSUED
8872	1933	MCMASTER - CARR SUPPLY CO.	VALVE	9/10/2026	$ 561.89	ISSUED
8872	1933	MCMASTER - CARR SUPPLY CO.	VALVE	9/10/2026	$ 553.61	ISSUED
8872	1933	MCMASTER - CARR SUPPLY CO.	VARIANCE INDICATOR-INSPECTION V-BLOCKS	9/10/2026	$ 1,344.60	ISSUED
8872 Total					**$ 3,399.68**	
8873	2120	RYAN HERCO PRODUCTS CORP.	MICRO PUMP	9/10/2026	$ 9,847.96	ISSUED
8873	2120	RYAN HERCO PRODUCTS CORP.	PUMP	9/10/2026	$ 8,102.24	ISSUED
8873 Total					**$ 17,950.20**	
8874	3048	OREILLY AUTO PARTS	COMPRESSOR	9/10/2026	$ 215.17	ISSUED
8874	3048	OREILLY AUTO PARTS	COMPRESSOR	9/10/2026	$ 285.10	ISSUED
8874	3048	OREILLY AUTO PARTS	GASKET SEAL	9/10/2026	$ 76.11	ISSUED
8874	3048	OREILLY AUTO PARTS	POWER INVERTER	9/10/2026	$ 81.55	ISSUED
8874	3048	OREILLY AUTO PARTS	THERMOSTAT-GASKET	9/10/2026	$ 12.05	ISSUED
8874 Total					**$ 669.98**	
8875	3354	BOOT BARN INC.	WORK BOOTS-J HAY	9/10/2026	$ 250.00	ISSUED
8875	3354	BOOT BARN INC.	WORK BOOTS-V OCCHIPINTI	9/10/2026	$ 225.05	ISSUED
8875 Total					**$ 475.05**	
Net Distributions					**$ 75,654.27**	

PURCHASING CARD TRANSACTION LIST

STATEMENT PERIOD 07/31/26-08/30/26

CARDHOLDER	TRANSACTION DATE	MERCHANT NAME	STATE	PURPOSE OF THE CHARGE	AMOUNT
Luis Armas	08/24/2026	Hanks Hdwe And Lbr	CA	Parts And Supplies For Salt Truck 367	$ 83.63
Luis Armas Total					**83.63**
Bryson Cahill	08/18/2026	Hanks Hdwe And Lbr	CA	Misc Support Supplies	13.04
Bryson Cahill Total					**13.04**
Danielle Coats	08/05/2026	California Special Dis	CA	CSDA Annual Conference, August 25-27, 2026 - Registration	990.00
Danielle Coats	08/10/2026	The Meritage Resort An	CA	CASA Annual Conference, August 5-7, 2026 - Hotel	784.34
Danielle Coats	08/10/2026	Sdia Airport Parking	CA	CASA Annual Conference, August 5-7, 2026 - Airport Parking	120.00
Danielle Coats	08/10/2026	Chipotle 0182	CA	CASA Annual Conference, August 5-7, 2026 - Meal	20.80
Danielle Coats	08/10/2026	National Car Rental	CA	CASA Annual Conference, August 5-7, 2026 - Rental Vehicle	167.50
Danielle Coats	08/10/2026	Tst* High Flying Foods -	CA	CASA Annual Conference, August 5-7, 2026 - Meal	11.05
Danielle Coats	08/11/2026	Cci	MA	Constant Contact Subscription, July 10, 2026 - August 10, 2026 - Subscription, Kimy Wall	589.00
Danielle Coats	08/12/2026	Eb *cmua Utility Execu	CA	CMUA Conference, September 29, 2026 - Registration Refund	(75.00)
Danielle Coats	08/13/2026	Marriott Desert Spring	CA	CSDA Annual Conference, August 25-27, 2026 - Hotel, Colby Lawton	182.41
Danielle Coats	08/20/2026	Municipal Water Oc	CA	OC Water Summit, September 25, 2026 - Registration	179.88
Danielle Coats	08/21/2026	Uber *trip	CA	UWI Conference, August 19-21, 2026 - Taxi	51.98
Danielle Coats	08/21/2026	Acwa Sacramento	CA	ACWA Fall Conference 2026, December 1-3, 2026 - Registrations, Danielle Coats, Colby Lawton	2,950.00
Danielle Coats	08/24/2026	Loews Hotels	CA	Urban Water Institute Conference, August 19-20, 2026 - Hotel	410.83
Danielle Coats	08/26/2026	Uber *trip	CA	CSDA Annual Conference, August 25-27, 2026 - Taxi Tip	13.00
Danielle Coats	08/27/2026	Uber *trip	CA	CSDA Annual Conference, August 25-27, 2026 - Transportation	17.95
Danielle Coats	08/27/2026	Marriott Desert Spr F&	CA	CSDA Annual Conference, August 25-27, 2026 - Meal	9.66
Danielle Coats	08/27/2026	Uber *trip	CA	CSDA Annual Conference, August 25-27, 2026 - Taxi Tip	4.00
Danielle Coats	08/28/2026	Marriott Desert Spr F&	CA	CSDA Annual Conference, August 25-27, 2026 - Meal	6.44
Danielle Coats	08/28/2026	Uber *trip	CA	CSDA Annual Conference, August 25-27, 2026 - Taxi	15.93
Danielle Coats	08/28/2026	Tst* Eureka Restaurant Gr	CA	CSDA Annual Conference, August 25-27, 2026 - Meal	33.47
Danielle Coats	08/31/2026	Marriott Desert Spr F&	CA	CSDA Annual Conference, August 25-27, 2026, Meal	8.95
Danielle Coats	08/31/2026	Py *water Education Fdn	CA	WEF Water Summit, October 29, 2026 - Registration, Danielle Coats, Colby Lawton	770.00
Danielle Coats	08/31/2026	Marriott Desert Spring	CA	CSDA Annual Conference, August 25-27, 2026 - Lodging	228.01
Danielle Coats Total					**7,490.20**
Jeffrey Dixon	08/24/2026	Arco 911353	CA	Drinks for crews on 2 emergency mainline leaks in La Cresta	59.64
Jeffrey Dixon Total					**59.64**
Steven Drew	08/03/2026	State Water Board	CA	Drinking Water Operator certification renewal, Ryan Johnson	92.48
Steven Drew Total					**184.96**
Trevor Espie	08/07/2026	Rosatis Pizza Temecula	CA	Meal - Staff meeting, Justin Weeks, Jeff Dixon, Trevor Espie, Tyler Williams	110.77
Trevor Espie Total					**110.77**
Clayton Eyer	08/20/2026	Temecula Valley Pipe & S	CA	Parts for Dip Tank	605.26
Clayton Eyer Total					**605.26**
Jordan Farrell	08/17/2026	Ca-Nv Section Awwa	CA	Cross-Connection Control Certification Renewal	140.00
Jordan Farrell Total					**140.00**
Carlos Frutos	08/05/2026	Twin Peaks - Henderso	NV	Tri-State Seminar - Meal	68.71
Carlos Frutos	08/06/2026	Gnlv Saltgrass	NV	Tri-State Seminar - Meal, Juan Arias, David McDaniel, Steve Estrella, Carlos Frutos	242.37
Carlos Frutos	08/06/2026	Chevron 0382810	NV	Tri-State Seminar - Gas	72.90
Carlos Frutos	08/06/2026	Tst*ftp 9 - Boulevard	NV	Tri-State Seminar - Meal	59.98
Carlos Frutos	08/06/2026	Binions Parking Garage	NV	Tri-State Seminar - Parking	15.00
Carlos Frutos	08/07/2026	So Pt Steak N Shake	NV	Tri-State Seminar - Meal	77.46
Carlos Frutos Total					**536.42**
Brett Graham	08/19/2026	Hrc*wecc*	UT	Website membership fee to sell renewable energy credits	75.00
Brett Graham	08/21/2026	Smartsheet* Smartsheet	WA	Training Seminar, Ben Anderson	1,675.00
Brett Graham Total					**1,750.00**
Justin Haessly	08/05/2026	Twilio Sendgrid	CA	Email activity history, API access, and Pro 100K email credits	101.95
Justin Haessly	08/06/2026	Openai *chatgpt Subscr	CA	ChatGPT Business Subscription	213.65
Justin Haessly	08/14/2026	Sidecar	LA	AI Learning Hub	899.00
Justin Haessly	08/17/2026	Www.Doodle.Com	ZUR	Calendar Coordination Software	15.15
Justin Haessly	08/19/2026	Sq *joey Dtla	CA	California Data Collaborative Conference, August 18-20, 2026 - Meal	32.13
Justin Haessly	08/24/2026	Sheraton Grand La Fd	CA	California Data Collaborative Conference, August 18-20, 2026 - Hotel	578.10
Justin Haessly	08/27/2026	E.Republic Llc	CA	GovAI Coalition Summit 2026, December 9-10, 2026 - Registration	200.00
Justin Haessly Total					**2,039.98**
John Jackson Iii	08/28/2026	Hanks Hdwe And Lbr	CA	Locking hitch pin for truck 251	17.39
John Jackson Iii Total					**17.39**
Albert Jimenez	08/31/2026	Sq *waterwisepro Training	CA	Waterwise Pro Classes - Registration	350.00
Albert Jimenez Total					**350.00**
Todd Landen	08/03/2026	Ri Novelty/Toy Network	MA	PIO School Resource Kits, Kate Simmons	3,481.82
Todd Landen	08/10/2026	In *patterson Signs	CA	Repair investigation on District's Headquarter's Flagpole	1,780.00
Todd Landen	08/10/2026	Paypal	CA	Wire mesh bins	3,193.17
Todd Landen	08/10/2026	Mixer & Plant Parts Manuf	SC	Lid Latches, Water Quality	876.11
Todd Landen	08/10/2026	Sp Freshwatersystems	SC	Pressure Regulators, Water Quality	492.68
Todd Landen	08/12/2026	Sp Courses 4 Success	NV	Online Class, Dan Koger	169.15
Todd Landen	08/12/2026	Sq *pacific Flagpole Serv	LA	Repair of District Headquarter's Flagpole	3,544.19
Todd Landen	08/24/2026	Starlink	CA	Starlink Internet Service	330.00
Todd Landen Total					**13,867.12**
Krista Larocchia	08/06/2026	California Special Dis	CA	2026 Board Secretary / Clerk Conference - Registration, Jennifer Serna	325.00
Krista Larocchia	08/06/2026	California Special Dis	CA	2026 Board Secretary / Clerk Conference - Registration, Krista LaRocchia	325.00
Krista Larocchia	08/06/2026	California Special Dis	CA	2026 Board Secretary / Clerk Conference - Registration, Bettinna Prescott	325.00
Krista Larocchia	08/06/2026	Call-Em-All	TX	Automated calling platform for emergency alerts	375.00
Krista Larocchia	08/07/2026	Misac	CA	Application Fee - Excellence In It Awards Program	100.00
Krista Larocchia	08/20/2026	Amazon Reta* 5a6r25gx2	WA	Super Star Awards for August	465.00
Krista Larocchia	08/25/2026	Pryor Learning	KS	Project Management Workshop, Krista LaRocchia	199.00
Krista Larocchia	08/26/2026	Paypal	CA	Certified Professional Municipal Clerk Program, Sept 28 - Oct 2, 2026 - Registration, Bettinna Prescott	1,600.00
Krista Larocchia	08/27/2026	Costco Whse #0491	CA	Lunch, Pump & Wells training session	108.21
Krista Larocchia Total					**3,822.21**
Ethan Lawrence	08/04/2026	Hanks Hdwe And Lbr	CA	Elm Street pressure regulator	289.02
Ethan Lawrence	08/19/2026	Hanks Hdwe And Lbr	CA	Avo Mesa regulator changeout	114.91
Ethan Lawrence Total					**403.93**
Colby Lawton	08/05/2026	California Special Dis	CA	CSDA Annual Conference, August 24-27, 2026 - Registration	990.00
Colby Lawton	08/06/2026	Chipotle 2415	CA	CASA Annual Conference, August 5-7, 2026 - Meal	12.67
Colby Lawton	08/06/2026	Tst* Jt Bros San Diego	CA	CASA Annual Conference, August 5-7, 2026 - Meal	22.51
Colby Lawton	08/07/2026	Shell Oil10008221011	CA	CASA Annual Conference, August 5-7, 2026 - Meal	11.84
Colby Lawton	08/10/2026	Budget Rent A Car	CA	CASA Annual Conference, August 5-7, 2026 - Rental Car	23.56
Colby Lawton	08/10/2026	Starbucks Store 05361	CA	CASA Annual Conference, August 5-7, 2026 - Meal	12.65
Colby Lawton	08/10/2026	76 - Dba Grand Avenue 76	CA	CASA Annual Conference, August 5-7, 2026 - Fuel for rental car	23.88
Colby Lawton	08/10/2026	The Meritage Resort An	CA	CASA Annual Conference, August 5-7, 2026 - Hotel	924.15
Colby Lawton	08/10/2026	Sdia Airport Parking	CA	CASA Annual Conference, August 5-7, 2026 - Airport Parking	120.00

PURCHASING CARD TRANSACTION LIST

STATEMENT PERIOD 07/31/26-08/30/26

CARDHOLDER	TRANSACTION DATE	MERCHANT NAME	STATE	PURPOSE OF THE CHARGE	AMOUNT
Colby Lawton	08/10/2026	Sfo The Plant	CA	CASA Annual Conference, August 5-7, 2026 - Meal	20.06
Colby Lawton	08/13/2026	Marriott Desert Spring	CA	CSDA Annual Conference, August 25-26, 2026 - Hotel	182.41
Colby Lawton	08/20/2026	Municipal Water Oc	CA	OC Water Summit Conference, September 25, 2026 - Registration	179.88
Colby Lawton	08/27/2026	Subway 48472-0	CA	CSDA Annual Conference, August 25-27, 2026 - Meal	11.30
Colby Lawton	08/28/2026	Marriott Desert Spr F&	CA	CSDA Annual Conference, August 25-27, 2026 - Meal	14.68
Colby Lawton	08/28/2026	Marriott Desert Spring	CA	CSDA Annual Conference, August 25-27, 2026 - Hotel	22.80
Colby Lawton	08/28/2026	Giftshopjwmarriottdesert	CA	CSDA Annual Conference, August 25-27, 2026 - Meal	8.50
Colby Lawton Total					**2,580.89**
Richard Lucas	08/25/2026	Godaddy	AZ	GoDaddy Wildcard Certificate	1,649.40
Richard Lucas	08/28/2026	Enterprise Rent-A-Car	CA	Rental vehicle for ACWA Board tour	175.55
Richard Lucas Total					**1,824.95**
Nikolay Lyuber	08/03/2026	So Pt Hotel And Casino	NV	2026 Annual Tri-State Seminar, August 3-7, 2026 - Hotel, David McDaniel	250.70
Nikolay Lyuber	08/11/2026	Expedia 73519385428044	WA	2026 CMAA Conference, October 3-6, 2026 - Airfare	23.50
Nikolay Lyuber	08/12/2026	Alaska Air	WA	2026 CMAA Conference, October 3-6, 2026 - Airfare	94.40
Nikolay Lyuber	08/12/2026	Alaska Air	WA	2026 CMAA Conference, October 3-6, 2026 - Airfare, seat selection	37.00
Nikolay Lyuber	08/12/2026	United	TX	2026 CMAA Conference, October 3-6, 2026 - Airfare	134.40
Nikolay Lyuber	08/20/2026	Nassco, Inc.	MD	Nassco - CIPP Recertification, Steve Estrella	775.00
Nikolay Lyuber	08/26/2026	Yodeck.Com Flipnode	CA	Yodeck Digital Signage	106.00
Nikolay Lyuber	08/31/2026	Delta Air	WA	Smartsheet Engage 2026, November 2-6, 2026 - Flights, David McDaniel	481.81
Nikolay Lyuber Total					**1,902.81**
Jason Martin	08/03/2026	Swa*excs_bag	TX	CASA Conference, August 4-7, 2026 - Bag fee	45.00
Jason Martin	08/07/2026	Tst*bounty Hunter - Napa	CA	CASA Conference, August 4-7, 2026 - Meal	74.68
Jason Martin	08/10/2026	Swa*excs_bag	TX	CASA Conference August 4-7, 2026 - Bag Fee	45.00
Jason Martin	08/10/2026	Swa*premseat	TX	CASA Conference August 4-7, 2026 - Seat Fee	23.00
Jason Martin	08/10/2026	Arco#83059green Desert O	CA	CASA Napa Conference, August 4-7, 2026 - Fuel for rental car	49.63
Jason Martin	08/10/2026	Fsp*the Meritage Resort &	CA	CASA Conference, August 4-7, 2026 - Meal, Martin, Ruiz, Coats, Eric Sapirstein	555.28
Jason Martin	08/10/2026	The Meritage Resort An	CA	CASA Conference, August 4-7, 2026 - Hotel	735.62
Jason Martin	08/20/2026	Uber *trip	CA	UWI Conference, August 19-21, 2026 - Uber from dinner to hotel	60.99
Jason Martin	08/24/2026	Loews Hotels	CA	UWI Conference, August 19-21, 2026 - Hotel	648.48
Jason Martin	08/26/2026	Metropolis Parking	TN	UWI Conference, August 19-21, 2026 - Airport Parking	86.02
Jason Martin Total					**2,323.70**
Antonio Martinez	08/20/2026	California Water Environ	CA	Certification Renewal	118.00
Antonio Martinez Total					**118.00**
Fernando Mata	08/03/2026	Primo Brands/Waterserv	CA	Drinking Water	233.17
Fernando Mata	08/10/2026	Ilepow		Portable Monitor	180.79
Fernando Mata	08/27/2026	Fsp*ie-Pshra	CA	Build Your Agency's Internal Leadership Pipeline - Training	25.00
Fernando Mata	08/28/2026	In *craftsmen Plumbing-He	CA	Installation of washer/dryer connections, Collections Staff	7,243.98
Fernando Mata Total					**7,682.94**
Bryan Melton	08/06/2026	Lcw		LCW Training, Maranda Hubert	33.33
Bryan Melton	08/20/2026	Lcw		LCW Training, Ryan Casey	33.33
Bryan Melton	08/24/2026	Embassy Suites	CA	ACWA JPIA 2026 Regional HR Meeting - Hotel	163.10
Bryan Melton	08/26/2026	Acwa Jpia	CA	ACWA JPIA Annual Training Conference, September 3, 2026 - Registration, Natasha Martinez	180.25
Bryan Melton Total					**410.01**
Henry Miller	08/12/2026	Flight Light Inc.	CA	FAA Panels for heli-pods	9,619.93
Henry Miller Total					**9,619.93**
Kathleen Naylor	08/19/2026	In *urban Water Institute	CA	UWI Conference, August 19-21, 2026 - Dinner Harbor Cruise	77.25
Kathleen Naylor	08/24/2026	Loews Hotels	CA	UWI Conference, August 19-21, 2026 - Hotel	708.48
Kathleen Naylor Total					**785.73**
Lauren Nelson	08/07/2026	Euci	CO	Backflow Training Seminar - Jasmine Crowell	1,195.00
Lauren Nelson	08/10/2026	Wal-Mart #2708	CA	Nexgen Training Material	321.87
Lauren Nelson	08/28/2026	Southwes	TX	NEXGEN User Conference, October 20-22, 2026 - Airfare, Ashlynn Graham, Lauren Nelson	645.60
Lauren Nelson Total					**2,162.47**
Lane Parker	08/18/2026	Hanks Hdwe And Lbr	CA	Parts for BF tree	52.27
Lane Parker	08/18/2026	In-N-Out Murrieta	CA	Crew Dinner for Bear Creek after hours leak	79.82
Lane Parker Total					**132.09**
Ashlynn Pattschull	08/10/2026	Stapls0243408429000002	NJ	Office supplies, Operations	484.35
Ashlynn Pattschull	08/17/2026	Ladera Kitchen Llc	CA	Nexgen training lunch	54.00
Ashlynn Pattschull Total					**538.35**
Sergio Ramirez	08/19/2026	Harbor Freight Tools 445	CA	Vehicle diagnostic tool	326.24
Sergio Ramirez Total					**326.24**
Damien Rangel	08/13/2026	Sq *waterwisepro Training	CA	Treatment Class	450.00
Damien Rangel Total					**450.00**
Daniel Ruiz	08/10/2026	Alamo Rent-A-Car	CA	CASA Conference, August 4-7, 2026 - Rental car	425.17
Daniel Ruiz	08/10/2026	The Meritage Resort An	CA	CASA Conference, August 4-7, 2026 - Hotel	1,673.97
Daniel Ruiz	08/10/2026	Chevron 0371126	CA	CASA Conference, August 4-7, 2026 - Rental car fuel	4.40
Daniel Ruiz	08/13/2026	Southwes	TX	WateReuse Conference August 23-26, 2026 - Flight	480.80
Daniel Ruiz	08/13/2026	Tst* Corkys Kitchen & Ba	CA	Breakfast with Shaun Stone, EWMD	40.56
Daniel Ruiz	08/20/2026	Uber *trip	CA	UWI Conference, August 19-21, 2026 - Taxi	55.99
Daniel Ruiz	08/20/2026	Uber *trip	CA	UWI Conference, August 19-21, 2026 - Taxi	55.98
Daniel Ruiz	08/21/2026	Loews Coronado Bay Fb	CA	UWI Conference, August 19-21, 2026 - Lunch	21.40
Daniel Ruiz	08/24/2026	Uber *trip	CA	WateReuse Conference, August 23-26, 2026 - Taxi	13.94
Daniel Ruiz	08/24/2026	Lyft *increase Tip	CA	WateReuse Conference, August 23-26, 2026 - Taxi tip	12.58
Daniel Ruiz	08/24/2026	Loews Hotels	CA	UWI Conference, August 19-21, 2026 - Hotel	648.48
Daniel Ruiz	08/24/2026	Lyft *airport 08-22	CA	WateReuse Conference, August 23-26, 2026 - Taxi	62.92
Daniel Ruiz	08/26/2026	Metropolis Parking	TN	UWI Conference, August 19-21, 2026, - Parking	58.01
Daniel Ruiz	08/27/2026	Uber *trip	CA	WateReuse Conference, August 23-26, 2026 - Taxi	57.80
Daniel Ruiz	08/28/2026	Sq *nexgen Asset Manageme	CA	NEXGEN User Conference, October 20-22, 2026 - Registration, Jeff Kirshberg	1,750.00
Daniel Ruiz	08/28/2026	Hyatt Regency San Franci	CA	WateReuse Conference, August 23-26, 2026 - Hotel	1,861.43
Daniel Ruiz	08/28/2026	Expedia 73531475980473	WA	NEXGEN User Conference, October 20-22, 2026 - Hotel, Jeff Kirshberg	754.14
Daniel Ruiz	08/31/2026	Southwes	TX	NEXGEN User Conference, October 20-22, 2026 - Airfare, Jeff Kirshberg	283.80
Daniel Ruiz Total					**8,261.37**
Jennifer Serna	08/18/2026	Municipal Water Oc	CA	OC Water Summit, September 25, 2026 - Registration, Director Harkey	179.88
Jennifer Serna	08/20/2026	The Mexico Cafe	CA	Admin Team, Marissa Fehling welcome lunch	123.58
Jennifer Serna	08/21/2026	Acwa Sacramento	CA	ACWA Fall Conference, Dec 1-3,2026 - Registration, Jason Martin	999.00
Jennifer Serna	08/28/2026	Acwa Sacramento	CA	ACWA Fall Conference, Dec 1-3,2026 - Registration, Director Wilson	999.00
Jennifer Serna Total					**2,301.46**
Karrie Swaine	08/06/2026	Brueggers Bagels #706	CA	Finance team breakfast during audit week	26.76
Karrie Swaine	08/07/2026	Sprouts Farmers Mar	CA	Finance team breakfast during audit week	31.00
Karrie Swaine	08/14/2026	Socal Newspaper Grp Adv	CA	Advertisement for unclaimed checks	4,070.00
Karrie Swaine Total					**4,127.76**
Lance Vess	08/19/2026	Ezcater*jersey Mikes S	MA	Lunches for trainees and instructors during AUMA training	251.66

PURCHASING CARD TRANSACTION LIST

STATEMENT PERIOD 07/31/26-08/30/26

CARDHOLDER	TRANSACTION DATE	MERCHANT NAME	STATE	PURPOSE OF THE CHARGE	AMOUNT
Lance Vess	08/20/2026	Ezcater*corner Bakery	MA	Lunches for trainees and instructors	224.22
Lance Vess	08/28/2026	Ezcater*jersey Mikes S	MA	Pump and Well training	787.80
Lance Vess Total					**1,263.68**
Kimberly Wall	08/17/2026	Pay*bankcard/Mtot Dep	CA	Leoness Cellars Venue for Water Elevated Commercial #1	2,590.84
Kimberly Wall	08/19/2026	Albertsons #4706	CA	Elevated Commercial crafty and decor	68.99
Kimberly Wall	08/26/2026	Acwa Sacramento	CA	ACWA Conference, Registration	999.00
Kimberly Wall	08/27/2026	Www.Daveyawards.Com	KY	Davey Awards submission 60th Anniversary	470.00
Kimberly Wall	08/27/2026	Www.Anthemawards.Com	KY	Anthem Awards submission 60th Anniversary	495.00
Kimberly Wall Total					**4,623.83**
Tom Wallace	08/05/2026	Opc State Wb Fee	NE	Service Fee	2.89
Tom Wallace	08/05/2026	State Water Board	CA	D4 Application Fees, Daniel Walkowiak	105.00
Tom Wallace	08/26/2026	City Of*murrieta Ca	CA	City of Murrieta Permit Fees	83.88
Tom Wallace	08/28/2026	Sp Tite-Reach	IA	Tite Reach Impact Extensions	560.00
Tom Wallace Total					**751.77**
Justin Weeks	08/05/2026	Apple.Com/Bill	CA	Credit From Apple Store Invalid Charge	(1.99)
Justin Weeks	08/12/2026	Apple.Com/Bill	CA	iCloud Storage	0.99
Justin Weeks	08/12/2026	Hanks Hdwe And Lbr	CA	Valve job supplies	297.89
Justin Weeks	08/24/2026	Tst* Primos Mexican Food	CA	Breakfast for department tailgate and general updates for field services staff	659.03
Justin Weeks	08/28/2026	Apple.Com/Bill	CA	iCloud Storage	0.99
Justin Weeks Total					**956.91**
Frank Yturralez	08/13/2026	Panera Bread #601876 P	CA	Bagels for Nexgen training session	37.98
Frank Yturralez	08/13/2026	Panera Bread #601876 P	CA	Extra cream cheese for bagels - Nexgen training session	15.48
Frank Yturralez	08/26/2026	Sq *removal Retint	CA	Operations building window tint	3,411.00
Frank Yturralez	08/26/2026	Sq *removal Retint	CA	Tinting the trucks	389.00
Frank Yturralez Total					**3,853.46**
Grand Total					**88,380.42**

2.A

Rancho Water

COMMITTEE INFORMATION

FINANCE AND AUDIT COMMITTEE

October 1, 2026

ITEM 2.A: **Review of California Public Employees' Retirement System Funded Status**

RESPONSIBLE/LEAD STAFF MEMBER(S):

Bill Moses, Finance Manager

RECOMMENDATIONS:

This item is presented for the Finance and Audit Committee's (Committee) information.

DISCUSSION:

Please refer to Exhibit A for discussion details.

ALTERNATIVES:

Not applicable

FISCAL ANALYSIS:

Not applicable

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

1. Exhibit A - Review of CalPERS Funded Status
2. Exhibit B - CalPERS Actuarial Valuation Report as of June 30, 2025
3. Exhibit C - Rancho Water Investment Policy

Review of CalPERS Funded Status

Executive Summary

The Rancho California Water District (District) actively manages its pension obligations through a combination of required CalPERS contributions, additional discretionary payments from its Section 115 Pension Trust, and management of its Unfunded Accrued Liability (UAL). This report provides an update on the District's current CalPERS funded status and Section 115 Pension Trust and outlines staff's planned implementation of a 10-year Fresh Start amortization schedule.

Background

The District's pension funding strategy is designed to manage its UAL and to maintain stable annual pension contributions. This strategy includes prepaying the required annual UAL contribution at the beginning of each fiscal year (FY) at a discounted rate. In addition, and per the District's Investment Policy (Policy), funds held in the District's Section 115 Pension Trust (115 Trust) are utilized to make additional discretionary payments to CalPERS to further reduce the District's UAL. Since 2019, approximately $4.2 million of Trust earnings has been transferred from the 115 Trust to CalPERS as additional discretionary payments. The annual calculation used to determine these payments is discussed below.

Pension Funded Status

The most recent CalPERS actuarial valuation, based on a June 30, 2025 valuation date, reports an accrued liability of approximately $185.8 million and CalPERS plan assets of approximately $151.2 million, resulting in a UAL of approximately $34.6 million and a funded ratio of 81.4 percent. The market value of the District's Section 115 Pension Trust is $13,001,828 as of June 30, 2026. When these assets are considered together for purposes of evaluating the District's overall resources available for pension obligations, pension-related assets represent approximately 88.4 percent of the CalPERS accrued liability. The CalPERS Actuarial Valuation Report as of June 30, 2025 is included as Exhibit B.

Funded Status	Assets	Accrued Liability	Funded Status
CalPERS	$151.2 million	$185.8 million	81.4%
CalPERS + Section 115 Trust	$164.2 million	$185.8 million	88.4%

Section 115 Pension Trust

The District established the Section 115 Pension Trust in 2018 as a supplemental funding source to assist the District in meeting its pension obligations. The District's Policy establishes the Trust's funding and investment objectives, including the long-term growth of Trust assets, preservation of capital, and sufficient liquidity for periodic withdrawals. The District's Policy defines the annual calculation which determines how earnings from the Trust are used to make additional discretionary payments to CalPERS. The Policy is attached for reference.

The most recent actuarial valuation report determined a CalPERS funded ratio of 81.4 percent. Under the District's policy, when the funded ratio is at least 80 percent but less than 100 percent, 50 percent of the Trust's annual earnings are transferred to CalPERS as an additional discretionary payment toward the District's UAL. The remaining 50 percent is retained in the Trust's. Based on this calculation, the District transferred $887,000 to CalPERS in September 2026.

Pension Contributions

The District continues to prepay its annual CalPERS UAL contribution, rather than making monthly payments. The District prepaid the FY 2026/2027 UAL contribution in July 2026 for $4,011,960, taking advantage of CalPERS' annual prepayment discount. In September 2026, the District made an additional discretionary payment of $887,000 to CalPERS toward its UAL based on the calculation discussed above. The District's normal cost, net of employee contributions, continues to be paid throughout the fiscal year with each payroll period.

UAL Amortization Strategy

The June 30, 2025 actuarial valuation includes alternative amortization schedules intended to provide agencies with options for achieving more stable payments and accelerating repayment of their UAL. CalPERS identifies a "Fresh Start" as an approach that consolidates the existing amortization bases and amortizes the remaining UAL over a new defined period.

Staff intends to work with CalPERS to implement a 10-year Fresh Start beginning in FY 2027/2028. The Fresh Start would consolidate the District's existing UAL amortization bases into a single 10-year repayment schedule. Based on the June 30, 2025 actuarial valuation, this approach would establish

annual UAL payments of approximately $4.1 million for 10 years, retire the existing UAL approximately four years earlier than the current schedule, and reduce projected total UAL payments by approximately $1.1 million.

Fiscal Year	Current Amortization UAL Payment	10-Year Fresh Start UAL Payment	Annual Difference
2027/2028	$4,333,490	$4,125,278	$208,212
2028/2029	$4,642,867	$4,125,278	$517,589
2029/2030	$4,489,884	$4,125,278	$364,606
2030/2031	$4,316,459	$4,125,278	$191,181
2031/2032	$3,537,728	$4,125,278	($587,550)
2032/2033	$3,437,630	$4,125,278	($687,648)
2033/2034	$3,099,886	$4,125,278	($1,025,392)
2034/2035	$2,918,153	$4,125,278	($1,207,125)
2035/2036	$2,667,490	$4,125,278	($1,457,788)
2036/2037	$2,243,286	$4,125,282	($1,881,996)
2037/2038	$1,990,215	—	$1,990,215
2038/2039	$1,589,486	—	$1,589,486
2039/2040	$1,370,273	—	$1,370,273
2040/2041	$1,203,923	—	$1,203,923
2041/2042	$492,777	—	$492,777
Total Payments	**$42,333,547**	**$41,252,784**	**$1,080,763 savings**

Fiscal Impact

The District prepaid its FY 2026/27 required UAL contribution of $4,011,960 on July 8, 2026. In accordance with the District's Investment Policy, the District transferred $887,000 from the Section 115 Pension Trust toward the CalPERS UAL. Staff intends to implement a 10-year Fresh Start amortization schedule beginning in FY 2027/2028. Based on the assumptions contained in the June 30, 2025 CalPERS actuarial valuation, the Fresh Start is projected to reduce total UAL payments by approximately $1.1 million and to retire the current UAL approximately four years earlier than the existing amortization schedule.

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

July 2026

Miscellaneous Plan of the Rancho California Water District (CalPERS ID: 3101193611)
Annual Valuation Report as of June 30, 2025

Dear Employer,

Attached to this letter is the June 30, 2025, actuarial valuation report for the plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2027-28.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Required Contributions

The table below shows the minimum required employer contributions and the PEPRA member contribution rates for FY 2027-28 along with an estimate of the employer contribution requirements for FY 2028-29. **The required employer and member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Employer Normal Cost Rate	Employer Amortization of Unfunded Accrued Liability	PEPRA Member Contribution Rate
2027-28	12.20%	$4,333,490	7.25%
Projected Results			
2028-29	*11.9%*	*$4,643,000*	*TBD*

The actual investment return for FY 2025-26 was not known at the time this report was prepared. The projected UAL payment above assumes the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2025-26 differs from 6.8%, the actual UAL contribution requirement for FY 2028-29 will differ from that shown above. For additional information on future contribution requirements, please refer to Projected Employer Contributions. This section also contains projected required contributions through FY 2032-33.

Changes from Previous Year's Valuations

On November 19, 2025, the CalPERS Board of Administration (board) adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increase, inflation assumption, and various other assumptions for public agencies. These new assumptions are incorporated in this actuarial valuation and impact the required contributions for FY 2027-28.

In addition, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. The board adopted a discount rate of 6.80%, which is unchanged from the prior year's valuation, and an increase in the price inflation assumption from 2.30% to 2.50% per year.

Besides the above noted changes, there may also be changes specific to the plan such as contract amendments and funding changes such as additional discretionary payments and amortization schedule fresh starts.

PEPRA Member Contribution Rate

The employee contribution rate for PEPRA members can change based on the results of the actuarial valuation. See Member Contribution Rates for more information.

Report Navigation Features

The valuation report has a number of features to ease navigation and allow the reader to find specific information more quickly. The tables of contents are "clickable." This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks	CalPERS Website Links
Required Employer Contributions	Required Employer Contribution Search Tool
Member Contribution Rates	Public Agency PEPRA Member Contribution Rates
Summary of Key Valuation Results	Pension Outlook Overview
Funded Status – Funding Policy Basis	Interactive Summary of Public Agency Valuation Results
Projected Employer Contributions	Public Agency Actuarial Valuation Reports

Further descriptions of general changes are included in the Highlights and Executive Summary section and in Appendix A - Actuarial Methods and Assumptions. The effects of any changes on the required contributions are included in the Reconciliation of Required Employer Contributions section.

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888**-225-7377).

Sincerely,



Kurt Schneider, MPA, ASA, EA, MAAA
Supervising Actuary, CalPERS



Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

California Public Employees' Retirement System

Actuarial Valuation for the Miscellaneous Plan of the Rancho California Water District

as of June 30, 2025

(CalPERS ID: 3101193611)
(Rate Plan ID: 1046)

Required Contributions for Fiscal Year

July 1, 2027 — June 30, 2028

CalPERS

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Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions. The actuaries responsible for this report and their respective responsibilities are as follows.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.



Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

The assumptions and methods in this report are the responsibility of the CalPERS Chief Actuary and Deputy Chief Actuaries named above. These were established pursuant to their responsibility for setting actuarial policy and I relied upon them without independent assessment of the reasonableness of the assumptions and methods, as such an evaluation would have required substantial additional work beyond the scope of this assignment. To the best of my knowledge this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Miscellaneous Plan of the Rancho California Water District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2025, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced.



Kurt Schneider, MPA, ASA, EA, MAAA
Supervising Actuary, CalPERS

Highlights and Executive Summary

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Introduction

This report presents the results of the June 30, 2025, actuarial valuation of the Miscellaneous Plan of the Rancho California Water District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2027-28.

Purpose

This report documents the results of the actuarial valuation prepared by the CalPERS Actuarial Office using data as of June 30, 2025. This report contains actuarial information for the following rate plan(s).

- 1046, Miscellaneous First Level
- 26527, Miscellaneous PEPRA Level

The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2025;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2027, through June 30, 2028;
- Determine the required member contribution rate for FY July 1, 2027, through June 30, 2028, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2025, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for an Agent Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of the Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2025.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- The funded status on a termination basis.
- A low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 13

	Fiscal Year 2026-27	Fiscal Year 2027-28
Employer Normal Cost Rate	12.35%	12.20%
Unfunded Accrued Liability (UAL) Contribution Amount	$4,615,210	$4,333,490
Paid either as		
Option 1) 12 Monthly Payments of	$384,601	$361,124
Option 2) Annual Prepayment in July	$4,465,868	$4,193,264

Member Contribution Rates — page 14

	Fiscal Year 2026-27	Fiscal Year 2027-28
Classic Member Contribution Rate	8.00%	8.00%
PEPRA Member Contribution Rate	7.25%	7.25%

Projected Employer Contributions — page 17

Fiscal Year	Normal Cost (% of payroll)	Annual UAL Payment
2028-29	11.9%	$4,643,000
2029-30	11.6%	$4,490,000
2030-31	11.3%	$4,316,000
2031-32	11.0%	$3,538,000
2032-33	10.7%	$3,438,000

Funded Status – Funding Policy Basis — page 15

	June 30, 2024	June 30, 2025
Entry Age Accrued Liability (AL)	$177,405,382	$185,840,728
Fair Value of Assets (Assets)	136,881,796	151,215,712
Unfunded Accrued Liability (UAL) [AL – Assets]	$40,523,586	$34,625,016
Funded Ratio [Assets ÷ AL]	77.2%	81.4%

Summary of Valuation Data — page 34

	June 30, 2024	June 30, 2025
Active Member Count	156	160
Annual Covered Payroll	$17,154,771	$18,692,242
Transferred Member Count	30	29
Separated Member Count	18	24
Retired Members and Beneficiaries Count	174	181

Changes Since the Prior Year's Valuation

Investment Policy and Discount Rate

On November 19, 2025, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. Consistent with that policy, the board also adopted a discount rate of 6.80% for use in this valuation, which is unchanged from the prior year's valuation.

Actuarial Methods and Other Assumptions

On November 19, 2025, the board adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study assessed various assumptions including retirement rates, termination rates, mortality rates, rates of salary increase, and inflation. New assumptions stemming from the study are incorporated in this actuarial valuation and affect required contributions for fiscal year 2027-28. Among the changes were an increase in the price inflation assumption from 2.30% to 2.50% per year, and an increase in the wage inflation assumption from 2.80% to 3.00% per year.

Plan Assets

Plan assets are measured at fair value. In the prior year's actuarial valuation report the term Market Value of Assets was used to describe the asset value used for funding purposes. The Actuarial Office has used this term interchangeably with Fair Value of Assets. Effective with the June 30, 2025, valuation, CalPERS will exclusively use the term Fair Value of Assets in actuarial reports. This is a change in terminology and does not represent any change in methodology.

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For rate plans that are not in a risk pool (non-pooled), benefit changes by contract amendment are generally included in the first valuation that is prepared after the amendment becomes effective, even if the effective date of the amendment is after the valuation date.

Please refer to the Plan's Major Benefit Options and Appendix B - Principal Plan Provisions for a summary of the plan provisions used in this valuation. The effect of any mandated benefit changes or plan amendments on the unfunded liability is shown in the (Gain)/Loss Analysis 6/30/24 – 6/30/25 and the effect on the employer contribution is shown in the Reconciliation of Required Employer Contributions. It should be noted that no change in liability or contribution is shown for any plan changes which were already included in the prior year's valuation.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2025, as well as statutory changes, regulatory changes and board actions through January 2026.

The 2025 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.5% per year based on the price inflation assumption. The actual 2026 limits, determined in October 2025, are not reflected.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Assets

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- **Asset Allocation** **8**
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Reconciliation of the Fair Value of Assets

Plan assets are measured at fair value. In addition, CalPERS does not use an asset valuation method to smooth the effect of market volatility on asset values. All current, historical and projected asset values used in this report are the Fair Value of Assets.

1.	Fair Value of Assets as of 6/30/24 including Receivables*	$136,881,796
2.	Change in Receivables for Service Buybacks	(17,120)
3.	Employer Contributions	5,491,228
4.	Employee Contributions	1,707,985
5.	Benefit Payments to Retirees and Beneficiaries	(9,224,521)
6.	Refunds	(173,766)
7.	Transfers	0
8.	Service Credit Purchase (SCP) Payments and Interest	23,102
9.	Administrative Expenses	(112,149)
10.	Miscellaneous Adjustments	0
11.	Investment Return (Net of Investment Expenses)	16,639,158
12.	Fair Value of Assets as of 6/30/25 including Receivables*	$151,215,712

* Note that the reserve against deficiency, established pursuant to Government Code section 20174, and the reserve for fiduciary self-insurance have been excluded from the assets used for funding purposes, since those assets are generally not available for the payment of benefits.

Asset Allocation

The asset allocation shown below reflects the allocation of the Public Employees' Retirement Fund (PERF) in its entirety on the valuation date. The assets for Rancho California Water District Miscellaneous Plan are a subset of the PERF and are invested accordingly.

Asset Class	Allocation as of June 30, 2025
Public Equity	38.9%
Private Equity	17.7%
Income	30.3%
Real Assets	13.1%
Private Debt	3.8%
Total Fund	
Opportunistic	0.1%
Low Liquidity Enhanced Return	2.1%
Other	0.1%
Total Fund Financing	
Active	(2.3%)
Strategic	(3.8%)
Total Fund	**100.0%**

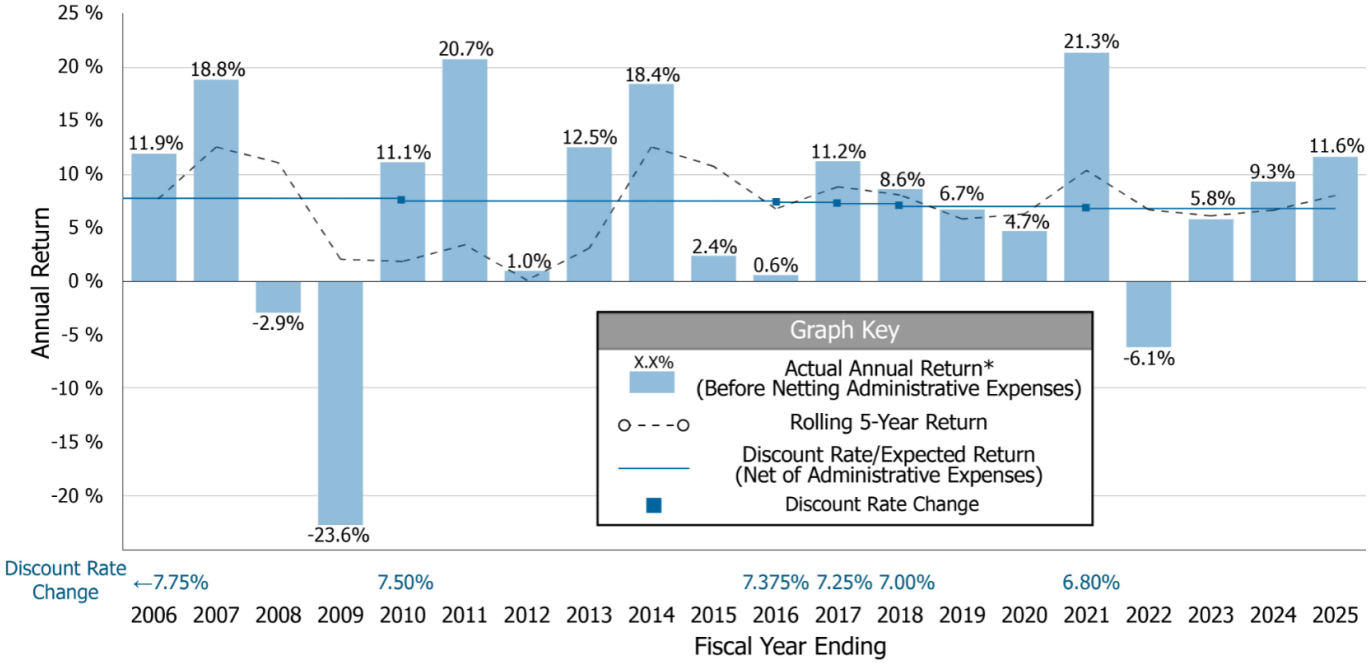
On November 19, 2025, the board adopted a Total Portfolio Approach, which does not specify a target for each asset classification. Instead, there is an equity-bonds Reference Portfolio that sets the market risk exposure, captures passive returns, and becomes the singular total fund performance benchmark. The Reference Portfolio adopted by the board is 75% equities and 25% bonds. Consistent with this framework, the discount rate is based on the Reference Portfolio and the associated active risk limit adopted by the board.

For more information on the portfolio as of the valuation date, see the Trust Level Review as of June 30, 2025 and the Investment Section of the CalPERS 2024-25 Annual Comprehensive Financial Report, which are available on the CalPERS website.

CalPERS History of Investment Returns

The following is a chart with 20 years of historical annual returns of the PERF for each fiscal year ending on June 30 as reported by the Investment Office. Investment returns reported are net of investment expenses but without reduction for administrative expenses. The assumed rate of return, however, is net of both investment and administrative expenses. Also, the Investment Office uses lagged private asset valuations for investment performance reporting purposes. This can lead to a timing difference in private asset influence on performance in the returns below and those used for financial reporting purposes. The investment gain or loss calculation in this report relies on final assets that have been audited and are appropriate for financial reporting. Because of these differences, the effective investment return for funding purposes in a single year can be higher or lower than the return reported by the Investment Office shown here.

History of Investment Returns (2006 through 2025)



* As reported by the Investment Office with lagged private valuations and without any reduction for administrative expenses.

The table below shows annualized investment returns of the PERF for various time periods ending on June 30, 2025. These returns are the annual rates that if compounded over the indicated number of years would equate to the actual time-weighted investment performance of the PERF. It should be recognized that the annual rate of return is volatile, as the chart above illustrates, so when looking at investment returns, it is informative to look at average returns over longer time horizons.

PERF Realized Rates of Return as of June 30, 2025

1 year	3 year	5 year	10 year	20 year	30 year
11.6%	8.9%	8.0%	7.1%	6.7%	7.6%

Liabilities and Contributions

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Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, UAL emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the UAL Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes, and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The UAL Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A for more information on the amortization policy.

Development of Accrued and Unfunded Liabilities

		June 30, 2024	June 30, 2025
1.	Present Value of Projected Benefits		
	a) Active Members	$75,483,199	$83,185,741
	b) Transferred Members	7,288,026	7,470,368
	c) Separated Members	800,020	1,464,277
	d) Members and Beneficiaries Receiving Payments	123,697,639	127,751,174
	e) Total	$207,268,884	$219,871,560
2.	Present Value of Future Employer Normal Costs	$17,458,199	$19,790,507
3.	Present Value of Future Employee Contributions	$12,405,303	$14,240,325
4.	Entry Age Accrued Liability		
	a) Active Members [(1a) - (2) - (3)]	$45,619,697	$49,154,909
	b) Transferred Members (1b)	7,288,026	7,470,368
	c) Separated Members (1c)	800,020	1,464,277
	d) Members and Beneficiaries Receiving Payments (1d)	123,697,639	127,751,174
	e) Total	$177,405,382	$185,840,728
5.	Fair Value of Assets	$136,881,796	$151,215,712
6.	Unfunded Accrued Liability (UAL) [(4e) - (5)]	$40,523,586	$34,625,016
7.	Funded Ratio [(5) ÷ (4e)]	77.2%	81.4%

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

	Fiscal Year
Required Employer Contributions	**2027-28**
Employer Normal Cost Rate	**12.20%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount	**$4,333,490**
Paid either as	
1) Monthly Payment	**$361,124**
Or	
2) Annual Prepayment Option*	**$4,193,264**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

* Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

For Member Contribution Rates see the following page.

	Fiscal Year 2026-27	Fiscal Year 2027-28
Normal Cost Contribution as a Percentage of Payroll		
Total Normal Cost[1]	20.01%	19.81%
Offset due to Employee Contributions[2]	(7.66%)	(7.61%)
Employer Normal Cost	12.35%	12.20%
Projected Annual Payroll for Contribution Year	$18,636,496	$20,425,517
Estimated Employer Contributions Based on Projected Payroll		
Total Normal Cost	$3,729,163	$4,046,295
Expected Employee Contributions	(1,427,556)	(1,554,382)
Employer Normal Cost	$2,301,607	$2,491,913
Unfunded Liability Contribution	$4,615,210	$4,333,490
% of Projected Payroll (illustrative only)	24.76%	21.22%
Estimated Total Employer Contribution	$6,916,817	$6,825,403
% of Projected Payroll (illustrative only)	37.11%	33.42%

[1] The Total Normal Cost is a blended rate for all benefit groups in the plan. For a breakout of normal cost by benefit group, see Normal Cost by Benefit Group.

[2] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Classic Members

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at age 65	2%
Miscellaneous, 2% at age 60	7%
Miscellaneous, 2% at age 55	7%
Miscellaneous, 2.5% at age 55	8%
Miscellaneous, 2.7% at age 55	8%
Miscellaneous, 3% at age 60	8%

Auxiliary organizations of the CSU system may elect reduced contribution rates for Miscellaneous members, in which case the contribution rate above the breakpoint is 6% if members are not covered by Social Security and 5% if they are.

PEPRA Members

The California Public Employees' Pension Reform Act of 2013 ("PEPRA") established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions, and demographics of the plan, particularly members' entry age into the plan. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2027, based on 50% of the total normal cost rate for each respective rate plan as of the June 30, 2025, valuation.

		Basis for Current Rate		Rates Effective July 1, 2027			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change in Normal Cost	Adj. Needed	Member Rate
26527	Miscellaneous PEPRA Level	14.730%	7.25%	15.14%	0.410%	No	7.25%

For a description of the methodology used to determine the Total Normal Cost for this purpose, see PEPRA Normal Cost Rate Methodology in Appendix A.

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the fair value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (**Present Value of Benefits**) to individual years of service (the **Normal Cost**). The value of the projected benefit that is not allocated to future service is referred to as the **Accrued Liability** and is the plan's funding target on the valuation date. The **Unfunded Accrued Liability** (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The **Funded Ratio** equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2024	June 30, 2025
1. Present Value of Benefits	$207,268,884	$219,871,560
2. Entry Age Accrued Liability	177,405,382	185,840,728
3. Fair Value of Assets	136,881,796	151,215,712
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$40,523,586	$34,625,016
5. Funded Ratio [(3) ÷ (2)]	77.2%	81.4%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Present Value of Benefits	$257,344,807	$219,871,560	$190,655,849
2. Entry Age Accrued Liability	210,410,135	185,840,728	165,539,872
3. Fair Value of Assets	151,215,712	151,215,712	151,215,712
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$59,194,423	$34,625,016	$14,324,160
5. Funded Ratio [(3) ÷ (2)]	71.9%	81.4%	91.3%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan's unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in Amortization Schedule and Alternatives. Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments. Provided below is information on how an Additional Discretionary Payment (ADP), together with your required UAL payment of $4,333,490 for FY 2027-28, may better accomplish your agency's specific objectives with regard to either smoothing out projected future payments or achieving a greater reduction in UAL than would otherwise occur when making only the minimum required payment. Such additional payments are allowed at any time and can also result in significant long-term savings.

Fiscal Year 2027-28 Employer Contribution Versus Agency Funding Objectives

The interest-to-payment ratio for the FY 2027-28 minimum required UAL payment is 44%, which means the required payment of $4,333,490 includes $1,910,176 of interest cost and results in a $2,423,314 reduction in the UAL, as can be seen in Amortization Schedule and Alternatives (see columns labelled Current Amortization Schedule). If the interest-to-payment ratio is close to 100%, and the reduction in the UAL is small, it may indicate that required contributions will be increasing in the coming years, which would be shown in Projected Employer Contributions. An alternative metric that provides similar information about the FY 2027-28 required UAL payment is the number of years it would take that payment, if held constant, to pay off the existing UAL (note: actual required UAL payments will vary each year). An annual payment of $4,333,490 would pay off the current UAL in 9.3 years (ignoring any unexpected changes in UAL occurring after June 30, 2025). If the agency would like their FY 2027-28 payment toward the UAL to be consistent with a faster pace for reaching 100% funded, an ADP can be added to the required minimum payment.

Provided below are select ADP options for consideration. Making such an ADP during FY 2027-28 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2027-28 Employer Contributions — Illustrative Scenarios

If the Annual UAL Payment Each Year Were…	The Current UAL Would be Paid Off in…	This Would Require an ADP[1] in FY 2027-28 of…	Plus the Estimated Normal Cost of…	Estimated Total Contribution
$4,333,490	9.3 years	$0	$2,491,913	$6,825,403
7,094,188	5 years	2,760,698	2,491,913	9,586,101

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2027, as determined in the June 30, 2025, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan.

Fiscal Year	ADP	Fiscal Year	ADP
2018-19	$0	2022-23	$0
2019-20	300,000	2023-24	0
2020-21	1,000,000	2024-25	536,000
2021-22	1,490,000	2025-26	880,000

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2025-26 is assumed to be 6.80% per year, net of investment and administrative expenses. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

The projected normal cost percentages below reflect that the normal cost is expected to continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actuarial valuation does not include payroll beyond the valuation date. For the most realistic projections, the employer should apply projected payroll amounts to the rates below based on the most recent information available, such as current payroll as well as any plans to fill vacancies or add or remove positions.

	Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2025-26 and Beyond)**				
	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Normal Cost %	12.20%	11.9%	11.6%	11.3%	11.0%	10.7%
UAL Payment	$4,333,490	$4,643,000	$4,490,000	$4,316,000	$3,538,000	$3,438,000
Total as a % of Payroll*	33.42%	34.0%	32.3%	30.6%	26.4%	25.2%
Projected Payroll	$20,425,517	$21,038,283	$21,669,431	$22,319,514	$22,989,100	$23,678,772

*Illustrative only and based on the projected payroll shown.

The required UAL payments are expected to vary significantly from the projections above due to experience, particularly investment experience. For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

For ongoing plans, investment gains and losses are amortized using an initial 5-year ramp. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the initial ramp period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

(Gain)/Loss Analysis 6/30/24 – 6/30/25

To calculate the cost requirements of the plan, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year, actual experience is compared to the expected experience based on the actuarial assumptions. This results in actuarial gains or losses, as shown below.

1.	Total (Gain)/Loss for the Year		
	a)	Unfunded Accrued Liability (UAL) as of 6/30/24	$40,523,586
	b)	Expected payment on the UAL during 2024-25	3,494,757
	c)	Interest through 6/30/25 [0.068 x (1a) - ((1.068)^{½} - 1) x (1b)]	2,638,734
	d)	Expected UAL before all other changes [(1a) - (1b) + (1c)]	39,667,563
	e)	Change due to plan changes	0
	f)	Change due to AL Significant Increase	0
	g)	Change due to assumption changes	223,137
	h)	Change due to method changes	0
	i)	Change due to discount rate change with Funding Risk Mitigation	0
	j)	Expected UAL after all other changes [(1d) + (1e) + (1f) + (1g) + (1h) + (1i)]	39,890,700
	k)	Actual UAL as of 6/30/25	34,625,016
	l)	Total (Gain)/Loss for 2024-25 [(1k) - (1j)]	($5,265,684)
2.	Investment (Gain)/Loss for the Year		
	a)	Fair Value of Assets as of 6/30/24	$136,881,796
	b)	Prior fiscal year receivables	(107,677)
	c)	Current fiscal year receivables	90,557
	d)	Contributions received	7,199,213
	e)	Benefits and refunds paid	(9,398,288)
	f)	Transfers, SCP payments and interest, and miscellaneous adjustments	23,102
	g)	Expected return at 6.8% per year	9,339,355
	h)	Expected assets as of 6/30/25 [(2a) + (2b) + (2c) + (2d) + (2e) + (2f) + (2g)]	144,028,058
	i)	Actual Fair Value of Assets as of 6/30/25	151,215,712
	j)	Investment (Gain)/Loss [(2h) - (2i)]	($7,187,654)
3.	Non-Investment (Gain)/Loss for the Year		
	a)	Total (Gain)/Loss (1l)	($5,265,684)
	b)	Investment (Gain)/Loss (2j)	(7,187,654)
	c)	Non-Investment (Gain)/Loss [(3a) - (3b)]	$1,921,970

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2025.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2027-28.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2025-26 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments, if necessary, and the expected payment for FY 2026-27 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2027-28	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27	Balance 6/30/27	Minimum Required Payment 2027-28
Fresh Start	6/30/06	No Ramp		2.80%	11	935,352	92,548	903,313	95,139	866,418	97,803
Assumption Change	6/30/09	No Ramp		2.80%	4	3,092,697	584,783	2,698,662	601,157	2,260,911	617,989
Special (Gain)/Loss	6/30/09	No Ramp		2.80%	14	1,516,355	128,410	1,486,763	132,006	1,451,442	135,702
Assumption Change	6/30/11	No Ramp		2.80%	6	1,254,144	184,462	1,148,795	189,627	1,030,945	194,936
Assumption Change	6/30/14	100%	Up/Dn	2.80%	9	5,271,333	704,232	4,902,002	723,951	4,487,178	744,221
Assumption Change	6/30/16	100%	Up/Dn	2.80%	11	2,055,618	232,692	1,954,927	239,207	1,840,656	245,905
Assumption Change	6/30/17	100%	Up/Dn	2.80%	12	2,052,406	216,708	1,968,015	222,776	1,871,614	229,013
Assumption Change	6/30/18	100%	Up/Dn	2.80%	13	4,584,841	454,675	4,426,730	467,406	4,244,711	480,493
Method Change	6/30/18	100%	Up/Dn	2.80%	13	1,294,366	128,361	1,249,729	131,955	1,198,343	135,650
Investment (Gain)/Loss	6/30/19	100%	Up Only	0.00%	14	649,823	65,683	626,131	65,683	600,828	65,683
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	14	(1,105,841)	(111,777)	(1,065,523)	(111,777)	(1,022,464)	(111,777)
Investment (Gain)/Loss	6/30/20	100%	Up Only	0.00%	15	3,256,892	259,579	3,210,101	324,474	3,093,063	324,474
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	15	100,658	9,839	97,335	9,839	93,786	9,838
Assumption Change	6/30/21	No Ramp		0.00%	16	1,430,087	135,589	1,387,210	135,589	1,341,417	135,589
Net Investment (Gain)	6/30/21	100%	Up Only	0.00%	16	(16,955,530)	(1,019,477)	(17,054,937)	(1,359,303)	(16,809,913)	(1,699,129)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	16	(387,795)	(36,768)	(376,168)	(36,768)	(363,750)	(36,767)
Benefit Change	6/30/22	No Ramp		0.00%	17	101,304	9,343	98,537	9,342	95,583	9,342
Investment (Gain)/Loss	6/30/22	80%	Up Only	0.00%	16	22,815,603	1,857,890	22,447,045	1,393,833	22,533,000	1,858,444
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	17	2,593,928	239,219	2,523,096	239,219	2,447,448	239,219
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	18	4,003,200	359,982	3,903,397	359,982	3,796,808	359,982

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2027-28	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27	Balance 6/30/27	Minimum Required Payment 2027-28
Investment (Gain)/Loss	6/30/23	60%	Up Only	0.00%	18	1,059,319	22,770	1,107,821	45,539	1,136,091	68,309
Investment (Gain)/Loss	6/30/24	40%	Up Only	0.00%	19	(3,592,668)	0	(3,836,969)	(82,474)	(4,012,651)	(164,949)
Non-Investment (Gain)/Loss	6/30/24	No Ramp		0.00%	19	3,641,471	0	3,889,091	349,721	3,792,133	349,721
Assumption Change	6/30/25	No Ramp		0.00%	20	223,137	0	238,310	0	254,515	22,887
Investment (Gain)/Loss	6/30/25	20%	Up Only	0.00%	20	(7,187,654)	0	(7,676,414)	0	(8,198,410)	(176,222)
Non-Investment (Gain)/Loss	6/30/25	No Ramp		0.00%	20	1,921,970	0	2,052,664	0	2,192,245	197,134
Total						**34,625,016**	**4,518,743**	**32,309,663**	**4,146,123**	**30,221,947**	**4,333,490**

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Each year, many agencies express a desire for a more stable pattern of payments or indicate interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes, or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			10 Year Amortization		5 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2027	30,221,947	4,333,490	30,221,947	4,125,278	30,221,947	7,094,188
6/30/2028	27,798,633	4,642,867	28,013,809	4,125,278	24,945,616	7,094,188
6/30/2029	24,890,813	4,489,884	25,655,517	4,125,278	19,310,494	7,094,188
6/30/2030	21,943,358	4,316,459	23,136,861	4,125,278	13,292,184	7,094,188
6/30/2031	18,974,703	3,537,728	20,446,937	4,125,279	6,864,629	7,094,188
6/30/2032	16,608,952	3,437,630	17,574,097	4,125,278		
6/30/2033	14,185,773	3,099,886	14,505,905	4,125,279		
6/30/2034	11,946,856	2,918,153	11,229,075	4,125,279		
6/30/2035	9,743,504	2,667,490	7,729,420	4,125,278		
6/30/2036	7,649,368	2,243,286	3,991,790	4,125,279		
6/30/2037	5,851,221	1,990,215				
6/30/2038	4,192,334	1,589,486				
6/30/2039	2,834,769	1,370,273				
6/30/2040	1,611,437	1,203,923				
6/30/2041	476,831	492,777				
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total	**42,333,547**		**41,252,784**		**35,470,940**	
Interest Paid	**12,111,600**		**11,030,837**		**5,248,993**	
Estimated Savings			**1,080,763**		**6,862,607**	

Reconciliation of Required Employer Contributions

Normal Cost (% of Payroll)

1.	For Period 7/1/26 – 6/30/27	
	a) Employer Normal Cost	12.35%
	b) Employee contribution	7.66%
	c) Total Normal Cost	20.01%
2.	Changes since the prior year annual valuation	
	a) Effect of demographic experience	(0.46%)
	b) Effect of plan changes	0.00%
	c) Effect of discount rate change due to Funding Risk Mitigation	0.00%
	d) Effect of assumption changes	0.26%
	e) Effect of method changes	0.00%
	f) Net effect of the changes above [sum of (a) through (e)]	(0.20%)
3.	For Period 7/1/27 – 6/30/28	
	a) Employer Normal Cost	12.20%
	b) Employee contribution	7.61%
	c) Total Normal Cost	19.81%
	Employer Normal Cost Change [(3a) – (1a)]	(0.15%)
	Employee Contribution Change [(3b) – (1b)]	(0.05%)

Unfunded Liability Contribution ($)

1.	For Period 7/1/26 – 6/30/27	4,615,210
2.	Changes since the prior year annual valuation	
	a) Effect of adjustments to prior year's amortization schedule	(469,087)
	b) Effect of elimination of amortization bases	0
	c) Effect of progression of amortization bases[1]	143,568
	d) Effect of investment (gain)/loss during prior year[2]	(176,222)
	e) Effect of non-investment (gain)/loss during prior year	197,134
	f) Effect of re-amortizing existing bases due to Funding Risk Mitigation	0
	g) Effect of Golden Handshake	0
	h) Effect of plan changes	0
	i) Effect of AL Significant Increase (Government Code section 20791)	0
	j) Effect of assumption changes	22,887
	k) Effect of adjustments to the amortization schedule (e.g., Fresh Start)	0
	l) Effect of method change	0
	m) Net effect of the changes above [sum of (a) through (l)]	(281,720)
3.	For Period 7/1/27 – 6/30/28 [(1) + (2m)]	4,333,490

The amounts shown for the period 7/1/26 – 6/30/27 may be different if a prepayment of unfunded actuarial liability is made or a plan change became effective after the prior year's actuarial valuation was performed.

[1] Includes scheduled escalation in individual amortization base payments due to the 5-year ramp and payroll growth assumption used in the pre-2019 amortization policy.

[2] The unfunded liability contribution for the investment (gain)/loss during the year prior to the valuation date is 20% of the "full" annual requirement due to the 5-year ramp. Increases to this amount that occur during the ramp period will be included in line c) for each of the next four years.

Employer Contribution History

The table below provides a 10-year history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate	Unfunded Liability Payment
06/30/2016	2018-19	10.408%	$2,166,085
06/30/2017	2019-20	11.376%	1,885,609
06/30/2018	2020-21	12.104%	2,176,090
06/30/2019	2021-22	11.80%	2,157,279
06/30/2020	2022-23	11.65%	2,424,202
06/30/2021	2023-24	12.79%	2,383,979
06/30/2022	2024-25	12.81%	2,946,219
06/30/2023	2025-26	12.75%	3,622,042
06/30/2024	2026-27	12.35%	4,615,210
06/30/2025	2027-28	12.20%	4,333,490

Funding History

The table below shows the recent history of the actuarial accrued liability, fair value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability	Fair Value of Assets	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
6/30/2016	$112,852,273	$78,995,134	$33,857,139	70.0%	$12,853,872
6/30/2017	119,572,319	86,599,923	32,972,396	72.4%	12,899,260
6/30/2018	131,341,711	103,230,686	28,111,025	78.6%	12,749,976
6/30/2019	135,857,266	107,844,757	28,012,509	79.4%	12,560,098
6/30/2020	141,556,667	111,012,257	30,544,410	78.4%	13,464,824
6/30/2021	151,216,705	135,234,254	15,982,451	89.4%	14,234,212
6/30/2022	159,087,950	123,525,402	35,562,548	77.6%	13,770,714
6/30/2023	168,197,460	127,991,385	40,206,075	76.1%	15,814,405
6/30/2024	177,405,382	136,881,796	40,523,586	77.2%	17,154,771
6/30/2025	185,840,728	151,215,712	34,625,016	81.4%	18,692,242

Risk Analysis

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Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2025 was performed to determine the effects of various future investment returns on required employer UAL contributions. The CalPERS Funding Risk Mitigation Policy stipulates that when the investment return exceeds the discount rate by at least 2%, the board will consider adjustments to the discount rate. The projections below use a discount rate of 6.8% for all scenarios even though an annual return of 11.6% is high enough to trigger a board discussion on the discount rate. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits , or funding will occur.

The employer normal cost rates are not affected by investment returns, and since no future assumption changes are being reflected, the projected employer normal cost rates for every future investment return scenario are the same as those shown earlier in this report. See Projected Employer Contributions for more information on projecting the employer normal cost.

The first table shows projected UAL contribution requirements if the fund were to earn either 1.9% or 11.6% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2045.

Assumed Annual Return FY 2025-26 through FY 2044-45	Projected Employer UAL Contributions				
	2028-29	2029-30	2030-31	2031-32	2032-33
1.9% (5th percentile)	$4,824,000	$5,034,000	$5,408,000	$5,362,000	$6,181,000
11.6% (95th percentile)	$4,466,000	$3,940,000	$0	$0	$0

Required UAL contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.9% or greater than 11.6% over a 20-year period, the likelihood of a single investment return less than 1.9% or greater than 11.6% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.7% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.9% or less and a 2.5% probability that the annual return will be -18.6% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2025-26 on the FY 2028-29 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2028-29.

Assumed Annual Return for Fiscal Year 2025-26	Required Employer UAL Contributions	Projected Employer UAL Contributions
	2027-28	2028-29
(18.6%) (2 standard deviation loss)	$4,333,490	$5,580,000
(5.9%) (1 standard deviation loss)	$4,333,490	$5,112,000

- Without investment gains (returns higher than 6.8%) in FY 2026-27 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2025-26.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2028-29 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.3% and 2.5%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2025, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Discount Rate Due to Varying the Real Rate of Return Assumption

As of June 30, 2025	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.5%	2.5%	2.5%
Real Rate of Return	**3.3%**	**4.3%**	**5.3%**
a) Total Normal Cost	24.93%	19.81%	15.90%
b) Accrued Liability	$210,410,135	$185,840,728	$165,539,872
c) Fair Value of Assets	$151,215,712	$151,215,712	$151,215,712
d) Unfunded Liability/(Surplus) [(b) - (c)]	$59,194,423	$34,625,016	$14,324,160
e) Funded Ratio	71.9%	81.4%	91.3%

Sensitivity to the Discount Rate Due to Varying the Price Inflation Assumption

As of June 30, 2025	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.5%**	**2.5%**	**3.5%**
Real Rate of Return	4.3%	4.3%	4.3%
a) Total Normal Cost	21.23%	19.81%	18.15%
b) Accrued Liability	$195,700,008	$185,840,728	$175,625,413
c) Fair Value of Assets	$151,215,712	$151,215,712	$151,215,712
d) Unfunded Liability/(Surplus) [(b) - (c)]	$44,484,296	$34,625,016	$24,409,701
e) Funded Ratio	77.3%	81.4%	86.1%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2025, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2025. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2025	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	20.15%	19.81%	19.49%
b) Accrued Liability	$189,498,118	$185,840,728	$182,473,453
c) Fair Value of Assets	$151,215,712	$151,215,712	$151,215,712
d) Unfunded Liability/(Surplus) [(b) - (c)]	$38,282,406	$34,625,016	$31,257,741
e) Funded Ratio	79.8%	81.4%	82.9%

Maturity Measures

As pension plans mature, they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables, and changes in longevity or other demographic assumptions.

One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2024	June 30, 2025
1. Retiree Accrued Liability	$123,697,639	$127,751,174
2. Total Accrued Liability	$177,405,382	$185,840,728
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	70%	69%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

Support Ratio	June 30, 2024	June 30, 2025
1. Number of Actives	156	160
2. Number of Retirees	174	181
3. Support Ratio [(1) ÷ (2)]	0.90	0.88

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of fair value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2024	June 30, 2025
1. Fair Value of Assets without Receivables	$136,774,119	$151,125,155
2. Payroll	17,154,771	18,692,242
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	8.0	8.1
4. Accrued Liability	$177,405,382	$185,840,728
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	10.3	9.9

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
6/30/2017	58%	1.14	6.7	9.3
6/30/2018	61%	1.06	8.1	10.3
6/30/2019	63%	1.01	8.6	10.8
6/30/2020	64%	1.00	8.2	10.5
6/30/2021	67%	0.98	9.5	10.6
6/30/2022	70%	0.86	9.0	11.6
6/30/2023	70%	0.89	8.1	10.6
6/30/2024	70%	0.90	8.0	10.3
6/30/2025	69%	0.88	8.1	9.9

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimated range for the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2025. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis are based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as demonstrated below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%
06/30/2019	2.31%	06/30/2024	4.61%
06/30/2020	1.18%	06/30/2025	4.79%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Fair Value of Assets also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the assets will change in different interest rate environments, the results below use the Fair Value of Assets as of the valuation date.

	Discount Rate: 3.79% Price Inflation: 2.47%	Discount Rate: 5.79% Price Inflation: 2.47%
1. Termination Liability[1]	$260,676,562	$198,772,065
2. Fair Value of Assets	151,215,712	151,215,712
3. Unfunded Termination Liability [(1) – (2)]	$109,460,850	$47,556,353
4. Funded Ratio [(2) ÷ (1)]	58.0%	76.1%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 5.58%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2025.

Selected Measures on a Low-Default-Risk Basis	**June 30, 2025**
Discount Rate	5.58%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	$60,539,937
b) Transferred Members	9,460,397
c) Separated Members	1,830,597
d) Members and Beneficiaries Receiving Payments	144,666,103
e) Total	$216,497,034
2. Fair Value of Assets	151,215,712
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$65,281,322
4. Unfunded Accrued Liability – Funding Policy Basis	34,625,016
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$30,656,306

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

[1] This index is based on a yield curve of hypothetical AA-rated zero-coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

Supplementary Information

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Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group for FY 2027-28. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. However, based on the characteristics of the members (particularly when the number of actives is small), this may not be the case. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as changes in economic and demographic assumptions, changes in plan benefits, or changes in applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2027-28	Offset due to Employee Contributions FY 2027-28	Employer Normal Cost[1] FY 2027-28	Number of Actives	Payroll on 6/30/2025
1046	Miscellaneous First Level	24.75%	8.00%	16.75%	62	$9,196,682
26527	Miscellaneous PEPRA Level	15.14%	7.25%	7.89%	98	9,495,560
	Plan Total	**19.81%**	**7.61%**	**12.20%**	**160**	**$18,692,242**

[1] The employer normal cost for individual rate plans is provided for illustrative purposes only. The employer normal cost rate for contribution purposes is the blended rate shown in the Plan Total row and is the employer normal cost contribution rate that applies to the covered payroll of members in every rate plan shown above.

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences. Additionally, if a Second Level Benefit Group amended to the same benefit formula as a First Level Benefit Group, their Normal Costs may be dissimilar due to demographic or other population differences. For questions in these situations, please contact a CalPERS actuary.

Summary of Valuation Data

	June 30, 2024	June 30, 2025
1. **Active Members**		
a) Counts	156	160
b) Average Attained Age	42.75	42.69
c) Average Entry Age to Rate Plan	34.49	34.55
d) Average Years of Credited Service	8.26	8.14
e) Average Annual Covered Payroll	$109,966	$116,827
f) Annual Covered Payroll	$17,154,771	$18,692,242
g) Projected Annual Payroll for Contribution Year	$18,636,496	$20,425,517
h) Present Value of Future Payroll	$164,047,988	$189,522,284
2. **Transferred Members**		
a) Counts	30	29
b) Average Attained Age	47.37	46.29
c) Average Years of Credited Service	5.62	5.63
d) Average Annual Covered Payroll	$156,765	$163,384
3. **Separated Members**		
a) Counts	18	24
b) Average Attained Age	43.22	43.61
c) Average Years of Credited Service	3.89	4.64
d) Average Annual Covered Payroll	$70,545	$72,121
4. **Retired Members and Beneficiaries Receiving Payments**		
a) Counts	174	181
b) Average Attained Age	68.68	69.17
c) Average Annual Benefits	$52,101	$52,720
d) Total Annual Benefits	$9,065,566	$9,542,396
5. **Active to Retired Ratio** [(1a) ÷ (4a)]	0.90	0.88

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service with another agency and would therefore have a larger total benefit than would be included as part of the average shown here.

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2025.

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	62	98	61.3%
Average Attained Age	50.16	37.97	
Average Entry Age	35.81	33.76	
Average Years of Credited Service	14.20	4.31	
Average Annual Covered Payroll	$148,334	$96,893	
Annual Covered Payroll	$9,196,682	$9,495,560	50.8%
Present Value of Future Payroll	$66,661,307	$122,860,977	64.8%
Transferred Members			
Count	15	14	48.3%
Separated Members			
Count	9	15	62.5%
Retired Members and Beneficiaries Receiving Payments			
Count	181	0	0.0%
Average Annual Benefit	$52,720	$0	
Total Annual Benefits	$9,542,396	$0	0.0%
Accrued Liabilities			
Active Members	$41,327,635	$7,827,274	15.9%
Transferred Members	6,544,957	925,411	12.4%
Separated Members	958,338	505,939	34.6%
Retired Members and Beneficiaries	127,751,174	0	0.0%
Total	$176,582,104	$9,258,624	5.0%

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal stand ard and optional plan provisions is in Appendix B.

	Benefit Group					
Member Category	**Misc**	**Misc**	**Misc**	**Misc**	**Misc**	
Demographics						
Actives	No	No	Yes	Yes	No	
Transfers/Separated	Yes	Yes	Yes	Yes	No	
Receiving	Yes	Yes	Yes	No	Yes	
Benefit Provision						
Benefit Formula	2% @ 55	2.5% @ 55	2.7% @ 55	2% @ 62		
Social Security Coverage	No	No	No	No		
Full/Modified	Full	Full	Full	Full		
Employee Contribution Rate			8.00%	7.25%		
Final Average Compensation Period	One Year	One Year	One Year	Three Year		
Sick Leave Credit	No	No	No	No		
Non-Industrial Disability	Standard	Standard	Standard	Standard		
Industrial Disability	No	No	No	No		
Pre-Retirement Death Benefits						
Optional Settlement 2	No	No	No	No		
1959 Survivor Benefit Level	Level 2	Level 2	Level 2	Level 2		
Special	No	No	No	No		
Alternate (firefighters)	No	No	No	No		
Post-Retirement Death Benefits						
Lump Sum	$2,000	$2,000	$2,000	$2,000	$2,000	
Survivor Allowance (PRSA)	No	No	No	No	No	
COLA	2%	2%	2%	2%	2%	

Appendix A - Actuarial Methods and Assumptions

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Actuarial Data

As stated in the Actuarial Certification, the data which serves as the basis of this valuation has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation, except that data does not always contain the latest salary information for former members now in reciprocal systems and does not recognize the potential for unusually large salary deviation in certain cases such as elected officials. Therefore, salary information in these cases may not be accurate. These situations are relatively infrequent, however, and generally do not have a material impact on the required employer contributions.

Actuarial Methods

Actuarial Cost Method

With one exception, the actuarial cost method used in this valuation is the Entry Age Actuarial Cost Method. This method is used to calculate the required employer contributions and the PEPRA member contribution rate. Under this method, the cost of the projected benefits is allocated on an individual basis as a level percent of earnings for the individual between entry age and retirement age. The portion allocated to the year following the valuation date is the normal cost. This method yields a total normal cost rate, expressed as a percentage of payroll, which is designed to remain level throughout the member's career.

The actuarial accrued liability for active members is then calculated as the present value of benefits minus the present value of future normal cost, or the portion of the total present value of benefits allocated to prior years. The actuarial accrued liability for members currently receiving benefits and for members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

To calculate the accrued liability on termination basis, this valuation used the Traditional Unit Credit Actuarial Cost Method. This method differs from the entry age method only for active members where the accrued liability is the present value of benefits assuming no future pay increases or service accruals.

Amortization of Unfunded Actuarial Accrued Liability

The excess of the total actuarial accrued liability over the fair value of plan assets is called the unfunded actuarial accrued liability (UAL). Funding requirements are determined by adding the normal cost and a payment toward the UAL. The UAL payment is equal to the sum of individual amortization payments, each representing a different source of UAL for a given measurement period.

Amortization payments are determined according to the CalPERS Actuarial Amortization Policy. The board adopted a new policy effective for the June 30, 2019, actuarial valuation. The new policy applies prospectively only; amortization bases (sources of UAL) established prior to the June 30, 2019, valuation will continue to be amortized according to the prior policy.

Amortization of Unfunded Actuarial Accrued Liability (continued)

Prior Policy (Bases Established on or after June 30, 2013, and prior to June 30, 2019)

Amortization payments are determined as a level percentage of payroll whereby the payment increases each year at an escalation rate. Gains or losses are amortized over a fixed 30-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramp. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake are amortized over a period of five years (20 years prior to June 30, 2014). A summary is provided in the following table:

	Source				
	(Gain)/Loss				
Driver	Investment	Non-investment	Assumption/Method Change	Benefit Change	Golden Handshake
Amortization Period	30 Years	30 Years	20 Years	20 Years	5 Years
Escalation Rate - Active Plans - Inactive Plans	2.80% 0%	2.80% 0%	2.80% 0%	2.80% 0%	2.80% 0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

The 5-year ramp up means that the payments in the first four years of the amortization period are 20%, 40%, 60% and 80% of the "full" payment which begins in year five. The 5-year ramp down means that the reverse is true in the final four years of the amortization period.

Current Policy (Bases Established on or after June 30, 2019)

Amortization payments are determined as a level dollar amount. Investment gains or losses are amortized over a fixed 20-year period with a 5-year ramp up at the beginning of the amortization period. Non-investment gains or losses are amortized over a fixed 20-year period with no ramps. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramps. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with no ramps. Changes in unfunded accrued liability due to a Golden Handshake are amortized over a period of five years. A summary is provided in the table below:

	Source				
	(Gain)/Loss				
Driver	Investment	Non-investment	Assumption/ Method Change	Benefit Change	Golden Handshake
Amortization Period	20 Years	20 Years	20 Years	20 Years	5 Years
Escalation Rate	0%	0%	0%	0%	0%
Ramp Up	5	0	0	0	0
Ramp Down	0	0	0	0	0

The 5-year ramp up means that the payments in the first four years of the amortization period are 20%, 40%, 60% and 80% of the "full" payment which begins in year five.

Amortization of Unfunded Actuarial Accrued Liability (continued)

Exceptions for Inconsistencies

An exception to the amortization rules above is used whenever their application results in inconsistencies. In these cases, a "fresh start" approach is used. This means that the current unfunded actuarial liability is projected and amortized over a set number of years. For example, a fresh start is needed in the following situations:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

It should be noted that the actuary may determine that a fresh start is necessary under other circumstances. In all cases of a fresh start, the period is set by the actuary at what is deemed appropriate; however, the period will not be greater than 20 years.

Exceptions for Plans in Surplus

If a surplus exists (i.e., the Fair Value of Assets exceeds the plan's accrued liability) any prior amortization layers shall be considered fully amortized, and the surplus shall not be amortized.

In the event of any subsequent unfunded liability, a Fresh Start shall be used with an amortization period of 20 years or less.

Exceptions for Small Amounts

Where small unfunded liabilities are identified in annual valuations which result in small payment amounts, the actuary may shorten the remaining period for these bases.

- When the balance of a single amortization base has an absolute value less than $250, the amortization period is reduced to one year.
- When the entire unfunded liability is a small amount, the actuary may perform a Fresh Start and use an appropriate amortization period.

Exceptions for Inactive Plans

The following exceptions apply to plans classified as Inactive. These plans have no active members and no expectation to have active members in the future.

- Amortization of the unfunded liability is on a "level dollar" basis rather than a "level percent of pay" basis. For amortization layers, which utilize a ramp up and ramp down, the "ultimate" payment is constant.
- Actuarial judgment will be used to shorten amortization periods for Inactive plans with existing periods that are deemed too long given the duration of the liability. The specific demographics of the plan will be used to determine if shorter periods may be more appropriate.

Exceptions for Inactive Agencies

For a public agency with no active members in any CalPERS rate plan, the unfunded liability shall be amortized over a closed amortization period of no more than 15 years.

Asset Valuation Method

The Actuarial Value of Assets is set equal to the fair value of assets. Asset values include accounts receivable.

PEPRA Normal Cost Rate Methodology

Per Government Code section 7522.30(b), the "normal cost rate" shall mean the annual actuarially determined normal cost for the plan of retirement benefits provided to the new member and shall be established based on actuarial assumptions used to determine the liabilities and costs as part of the annual actuarial valuation. The plan of retirement benefits shall include any elements that would impact the actuarial determination of the normal cost, including, but not limited to, the retirement formula, eligibility and vesting criteria, ancillary benefit provisions, and any automatic cost-of-living adjustments as determined by the public retirement system.

PEPRA Normal Cost Rate Methodology (continued)

For purposes of setting member rates, it is preferable to determine total normal cost using a large active population so that the rate remains relatively stable. While each CalPERS non-pooled plan has a sufficiently large active population for this purpose, the PEPRA active population by itself may not be sufficiently large enough yet. The total PEPRA normal cost for each PEPRA benefit tier will be determined based on the entire active plan population (both PEPRA and Classic) only until the number of members covered under the PEPRA formula meets either:

1. 50% of the active population, or
2. 25% of the active population and 100 or more PEPRA members

Once one of these conditions is met, the total PEPRA normal cost for each PEPRA benefit tier will be determined using the entire active PEPRA population.

Actuarial Assumptions

In 2025, CalPERS completed its most recent asset liability management study incorporating actuarial assumptions and strategic asset allocation. In November 2025, the board adopted changes to the asset allocation that increased the expected volatility of returns. The adopted asset allocation was expected to have a long-term blended return that continued to support a discount rate assumption of 6.80%. The board also approved several changes to the demographic assumptions that more closely aligned with actual experience.

For more details and additional rationale for the selection of the actuarial assumptions, please refer to the 2025 CalPERS Experience Study and Review of Actuarial Assumptions that can be found on the CalPERS website under: Forms and Publications. Click on "View All" and search for Experience Study.

All actuarial assumptions (except the discount rates and price inflation assumption used for the accrued liability on a termination basis and the interest rate used for the low-default-risk obligation measure) represent an estimate of future experience rather than observations of the estimates inherent in market data.

Economic Assumptions

Discount Rate

The prescribed discount rate assumption, adopted by the board on November 19, 2025, is 6.80% compounded annually (net of investment and administrative expenses) as of June 30, 2025. Following the adoption of the Total Portfolio Approach (TPA), the discount rate is no longer based on a traditional building-block method tied to fixed target allocations for individual major asset classes. Instead, the long-term expected rate of return on assets is determined using a holistic total-fund framework. Expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are derived from a board-adopted Reference Portfolio (comprising a 75% global equity and 25% bond mix) that sets the baseline market risk, combined with expected additional returns generated through active portfolio construction and asset classes outside of the reference portfolio. The current assumption has been reviewed for this valuation and is based on capital market assumptions and the total fund risk profile developed by the Investment Office in 2025.

Termination Liability Discount Rate

The current discount rate assumption used for termination valuations is a weighted average of the 10-year and 30-year U.S. Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The accrued liabilities on a termination basis in this report use discount rates that are based on the 20-year Treasury rate on the valuation date.

To illustrate the impact of the variability of interest rates, the accrued liabilities on a termination basis in this report use discount rates 1% below and 1% above the 20-year Treasury rate on the valuation date. The 20-year Treasury rate was 4.79% on June 30, 2025.

Salary Increases

Annual increases vary by category, entry age, and duration of service. A sample of assumed increases due to seniority, merit and promotion are shown below. Assumed wage inflation is combined with these factors to develop the total expected salary increases.

Public Agency Miscellaneous

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.0715	0.0578	0.0443
1	0.0641	0.0507	0.0380
2	0.0574	0.0445	0.0326
3	0.0514	0.0391	0.0279
4	0.0460	0.0343	0.0240
5	0.0412	0.0301	0.0205
10	0.0237	0.0156	0.0095
15	0.0166	0.0106	0.0076
20	0.0125	0.0083	0.0049
25	0.0095	0.0065	0.0031
30	0.0072	0.0051	0.0020

Public Agency Fire

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1574	0.1551	0.0682
1	0.1244	0.1161	0.0555
2	0.0983	0.0869	0.0451
3	0.0777	0.0651	0.0367
4	0.0614	0.0488	0.0298
5	0.0486	0.0365	0.0242
10	0.0205	0.0153	0.0087
15	0.0182	0.0134	0.0102
20	0.0161	0.0118	0.0120
25	0.0143	0.0104	0.0141
30	0.0127	0.0091	0.0166

Public Agency Police

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1228	0.1030	0.0621
1	0.0975	0.0809	0.0511
2	0.0774	0.0635	0.0421
3	0.0615	0.0498	0.0346
4	0.0488	0.0391	0.0285
5	0.0387	0.0307	0.0234
10	0.0194	0.0163	0.0134
15	0.0190	0.0150	0.0130
20	0.0186	0.0138	0.0126
25	0.0182	0.0128	0.0122
30	0.0178	0.0118	0.0119

Salary Increases (continued)

Public Agency County Peace Officers

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.1096	0.0980	0.0754
1	0.0892	0.0789	0.0594
2	0.0726	0.0635	0.0468
3	0.0591	0.0511	0.0369
4	0.0482	0.0411	0.0291
5	0.0392	0.0331	0.0229
10	0.0167	0.0142	0.0071
15	0.0163	0.0126	0.0066
20	0.0159	0.0112	0.0062
25	0.0155	0.0100	0.0058
30	0.0151	0.0089	0.0054

Schools

Duration of Service	(Entry Age 20)	(Entry Age 30)	(Entry Age 40)
0	0.0000	0.0000	0.0000
1	0.0516	0.0460	0.0377
2	0.0471	0.0410	0.0327
3	0.0431	0.0365	0.0282
4	0.0396	0.0325	0.0242
5	0.0366	0.0290	0.0207
10	0.0269	0.0176	0.0136
15	0.0206	0.0144	0.0108
20	0.0148	0.0103	0.0080
25	0.0113	0.0092	0.0067
30	0.0054	0.0051	0.0026

- The Miscellaneous salary scale is used for Local Prosecutors.
- The Police salary scale is used for Other Safety, Local Sheriff, and School Police.

Price Inflation

2.50% compounded annually.

Termination Liability Price Inflation

The breakeven inflation rate for 20-year Treasuries on the valuation date, 2.47%.

Wage Inflation

3.00% compounded annually. This is used in projecting individual salary increases.

Payroll Growth

2.80% compounded annually. This is used as the escalation rate of the amortization payments on level percent of payroll amortization bases, that is, on any amortization bases established prior to 2019 for plans that currently have active members.

Miscellaneous Loading Factors

Credit for Unused Sick Leave

Total years of service is increased by 1% for those plans that have adopted the provision of providing Credit for Unused Sick Leave.

Conversion of Employer Paid Member Contributions (EPMC)

Total years of service is increased by the Employee Contribution Rate for those plans with the provision providing for the Conversion of Employer Paid Member Contributions (EPMC) during the final compensation period.

Norris Decision (Best Factors)

Employees hired prior to July 1, 1982, have projected benefit amounts increased in order to reflect the use of "Best Factors" in the calculation of optional benefit forms. This is due to a 1983 Supreme Court decision, known as the Norris decision, which required males and females to be treated equally in the determination of benefit amounts. Consequently, anyone already employed at that time is given the best possible conversion factor when optional benefits are determined. No loading is necessary for employees hired after July 1, 1982.

Termination Liability

The termination liabilities include a 5% contingency load. This load is for unforeseen improvements in mortality.

Demographic Assumptions

Pre-Retirement Mortality

The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board in November 2025. For purposes of the mortality rates, the rates incorporate generational mortality to capture ongoing mortality improvement. Generational mortality explicitly assumes that members born more recently will live longer than the members born before them thereby capturing the mortality improvement seen in the past and expected continued improvement. For more details, please refer to the 2025 CalPERS Experience Study and Review of Actuarial Assumptions report that can be found on the CalPERS website.

Rates vary by age and gender. This table only contains a sample of the 2017 base table rates for illustrative purposes. The non-industrial death rates are used for all plans. The industrial death rates are used for Safety plans, except for local Safety members described in Government Code section 20423.6 where the agency has not specifically contracted for industrial death benefits.

	Miscellaneous		Safety			
	Non-Industrial Death (Not Job-Related)		Non-Industrial Death (Not Job-Related)		Industrial Death (Job-Related)	
Age	Male	Female	Male	Female	Male	Female
20	0.00039	0.00014	0.00038	0.00014	0.00004	0.00002
25	0.00033	0.00013	0.00034	0.00018	0.00004	0.00002
30	0.00044	0.00019	0.00042	0.00025	0.00005	0.00003
35	0.00058	0.00029	0.00048	0.00034	0.00005	0.00004
40	0.00075	0.00039	0.00055	0.00042	0.00006	0.00005
45	0.00093	0.00054	0.00066	0.00053	0.00007	0.00006
50	0.00134	0.00081	0.00092	0.00073	0.00010	0.00008
55	0.00198	0.00123	0.00138	0.00106	0.00015	0.00012
60	0.00287	0.00179	0.00221	0.00151	0.00025	0.00017
65	0.00403	0.00250	0.00346	0.00194	0.00038	0.00022
70	0.00594	0.00404	0.00606	0.00358	0.00067	0.00040
75	0.00933	0.00688	0.01099	0.00699	0.00122	0.00078
80	0.01515	0.01149	0.02027	0.01410	0.00225	0.00157

- The pre-retirement mortality rates above are for 2017 and are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2021.
- Miscellaneous plans usually have industrial death rates set to zero unless the agency has specifically contracted for industrial death benefits. If so, each non-industrial death rate shown above will be split into two components: 99% will become the non-industrial death rate and 1% will become the industrial death rate.

Post-Retirement Mortality

Rates vary by age, type of retirement, and gender. See sample rates in table below. These rates are used for all plans.

	Service Retirement		Non-Industrial Disability (Not Job-Related)		Industrial Disability (Job-Related)	
Age	Male	Female	Male	Female	Male	Female
50	0.00266	0.00197	0.01701	0.01424	0.00430	0.00308
55	0.00390	0.00328	0.02210	0.01753	0.00621	0.00556
60	0.00578	0.00458	0.02708	0.01983	0.00944	0.00878
65	0.00857	0.00608	0.03334	0.02252	0.01394	0.01176
70	0.01333	0.00989	0.04001	0.02854	0.02163	0.01819
75	0.02391	0.01777	0.05376	0.04099	0.03446	0.03078
80	0.04371	0.03401	0.07936	0.06051	0.05853	0.05121
85	0.08274	0.06166	0.11561	0.09312	0.10137	0.07977
90	0.14539	0.11086	0.16608	0.14301	0.16584	0.12331
95	0.24664	0.20364	0.24664	0.20364	0.24664	0.20364
100	0.36198	0.31582	0.36198	0.31582	0.36198	0.31582
105	0.52229	0.44679	0.52229	0.44679	0.52229	0.44679
110	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

- The post-retirement mortality rates above are for 2017 and are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2021.

Marital Status

For active members, a percentage who are married upon retirement is assumed according to the member category as shown in the following table.

Member Category	Percent Married
Miscellaneous Member	70%
Local Police	85%
Local Fire	85%
Other Local Safety	70%
School Police	85%
Local County Peace Officers	75%

Age of Spouse

It is assumed that female spouses are 3 years younger than male spouses. This assumption is used for all plans.

Separated Members

It is assumed that separated members refund immediately if non-vested. Separated members who are vested are assumed to retire at age 60 for Miscellaneous members and age 54 for Safety members.

Termination with Refund

Rates vary by entry age and service for Miscellaneous plans. Rates vary by service for Safety plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40		Entry Age 45	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
0	0.1757	0.1809	0.1698	0.1779	0.1600	0.1729	0.1502	0.1678	0.1404	0.1628	0.1433	0.1665
1	0.1448	0.1539	0.1378	0.1492	0.1261	0.1413	0.1144	0.1334	0.1027	0.1255	0.1053	0.1270
2	0.1151	0.1262	0.1084	0.1211	0.0973	0.1125	0.0862	0.1040	0.0751	0.0955	0.0772	0.0954
3	0.0876	0.0986	0.0820	0.0940	0.0728	0.0863	0.0636	0.0785	0.0543	0.0708	0.0559	0.0700
4	0.0633	0.0724	0.0590	0.0687	0.0519	0.0624	0.0447	0.0562	0.0376	0.0499	0.0387	0.0490
5	0.0432	0.0495	0.0400	0.0467	0.0347	0.0421	0.0294	0.0375	0.0240	0.0329	0.0249	0.0321
10	0.0096	0.0120	0.0088	0.0112	0.0074	0.0099	0.0060	0.0085	0.0046	0.0072	0.0044	0.0066
15	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
25	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

- The Public Agency Miscellaneous termination and refund rates are also used for Public Agency Local Prosecutors.

Public Agency Safety

Duration of Service	Fire		Police		County Peace Officer	
	Male	Female	Male	Female	Male	Female
0	0.1112	0.1430	0.1298	0.1301	0.1077	0.1302
1	0.0717	0.1059	0.0789	0.0848	0.0750	0.0962
2	0.0442	0.0760	0.0460	0.0528	0.0514	0.0697
3	0.0262	0.0525	0.0263	0.0313	0.0350	0.0494
4	0.0151	0.0346	0.0154	0.0178	0.0238	0.0342
5	0.0087	0.0215	0.0098	0.0101	0.0163	0.0230
10	0.0017	0.0000	0.0031	0.0034	0.0039	0.0035
15	0.0000	0.0000	0.0000	0.0000	0.0020	0.0028
20	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
25	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

- The police termination and refund rates are also used for Other Safety, Local Sheriff, and School Police.

Termination with Refund (continued)

Schools

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40		Entry Age 45	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
0	0.1931	0.2047	0.1808	0.1885	0.1604	0.1615	0.1400	0.1345	0.1340	0.1167	0.1281	0.0989
1	0.1866	0.2047	0.1725	0.1863	0.1489	0.1555	0.1253	0.1248	0.1158	0.1074	0.1062	0.0900
2	0.1659	0.1870	0.1520	0.1690	0.1286	0.1390	0.1053	0.1090	0.0950	0.0940	0.0847	0.0790
3	0.1379	0.1601	0.1253	0.1441	0.1043	0.1174	0.0833	0.0907	0.0740	0.0788	0.0646	0.0670
4	0.1081	0.1301	0.0975	0.1167	0.0798	0.0945	0.0622	0.0722	0.0546	0.0635	0.0471	0.0548
5	0.0809	0.1010	0.0724	0.0905	0.0582	0.0728	0.0441	0.0552	0.0384	0.0491	0.0328	0.0430
10	0.0205	0.0248	0.0184	0.0220	0.0150	0.0174	0.0116	0.0127	0.0089	0.0103	0.0062	0.0078
15	0.0096	0.0136	0.0087	0.0118	0.0071	0.0088	0.0055	0.0057	0.0040	0.0044	0.0024	0.0031
20	0.0055	0.0070	0.0046	0.0059	0.0033	0.0042	0.0019	0.0024	0.0009	0.0012	0.0000	0.0000
25	0.0025	0.0039	0.0022	0.0033	0.0017	0.0023	0.0011	0.0014	0.0006	0.0007	0.0000	0.0000
30	0.0012	0.0019	0.0012	0.0017	0.0013	0.0013	0.0014	0.0010	0.0007	0.0005	0.0000	0.0000
35	0.0006	0.0010	0.0006	0.0008	0.0007	0.0007	0.0007	0.0005	0.0003	0.0002	0.0000	0.0000

Termination with Vested Benefits

Rates vary by entry age and service for Miscellaneous plans. Rates vary by service for Safety plans. See sample rates in tables below.

Public Agency Miscellaneous

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
5	0.0393	0.0505	0.0393	0.0505	0.0376	0.0447	0.0359	0.0388	0.0317	0.0375
10	0.0270	0.0348	0.0270	0.0348	0.0256	0.0326	0.0242	0.0303	0.0199	0.0240
15	0.0187	0.0251	0.0187	0.0251	0.0172	0.0217	0.0157	0.0183	0.0125	0.0140
20	0.0147	0.0183	0.0147	0.0183	0.0115	0.0138	0.0083	0.0092	0.0000	0.0000
25	0.0086	0.0112	0.0086	0.0112	0.0069	0.0081	0.0000	0.0000	0.0000	0.0000
30	0.0054	0.0060	0.0054	0.0060	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0035	0.0048	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

- The Public Agency Miscellaneous termination with vested benefits rates are also used for Public Agency Local Prosecutors.

Public Agency Safety

Duration of Service	Fire		Police		County Peace Officer	
	Male	Female	Male	Female	Male	Female
5	0.0089	0.0224	0.0156	0.0257	0.0177	0.0266
10	0.0066	0.0164	0.0113	0.0184	0.0126	0.0189
15	0.0048	0.0120	0.0082	0.0131	0.0089	0.0134
20	0.0035	0.0088	0.0060	0.0094	0.0063	0.0095
25	0.0024	0.0061	0.0042	0.0067	0.0042	0.0063
30	0.0012	0.0031	0.0021	0.0034	0.0021	0.0031
35	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

- After termination with vested benefits, a Miscellaneous member is assumed to retire at age 60 and a Safety member at age 54.
- The Police termination with vested benefits rates are also used for Other Safety, Local Sheriff, and School Police.

Schools

Duration of Service	Entry Age 20		Entry Age 25		Entry Age 30		Entry Age 35		Entry Age 40	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
5	0.0385	0.0494	0.0385	0.0494	0.0364	0.0412	0.0344	0.0329	0.0297	0.0285
10	0.0326	0.0438	0.0326	0.0438	0.0281	0.0353	0.0236	0.0268	0.0199	0.0241
15	0.0222	0.0281	0.0222	0.0281	0.0189	0.0234	0.0157	0.0187	0.0128	0.0157
20	0.0162	0.0198	0.0162	0.0198	0.0125	0.0156	0.0087	0.0113	0.0000	0.0000
25	0.0094	0.0134	0.0094	0.0134	0.0079	0.0107	0.0000	0.0000	0.0000	0.0000
30	0.0061	0.0074	0.0061	0.0074	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
35	0.0037	0.0050	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Non-Industrial (Not Job-Related) Disability

Rates vary by age.

Age	Miscellaneous	Safety
20	0.0000	0.0000
25	0.0000	0.0000
30	0.0003	0.0003
35	0.0005	0.0003
40	0.0010	0.0005
45	0.0018	0.0007
50	0.0025	0.0008
55	0.0019	0.0012
60	0.0017	0.0028

- The Miscellaneous non-industrial disability rates are used for Local Prosecutors and Schools.
- The Safety non-industrial disability rates are used for Police, Fire, County Peace Officer, Other Safety, Local Sheriff, and School Police.

Industrial (Job-Related) Disability

Rates vary by age and category.

Age	Fire	Police	County Peace Officer
20	0.0001	0.0000	0.0004
25	0.0002	0.0017	0.0013
30	0.0006	0.0048	0.0025
35	0.0012	0.0079	0.0043
40	0.0023	0.0110	0.0062
45	0.0036	0.0141	0.0081
50	0.0146	0.0185	0.0106
55	0.0307	0.0479	0.0151
60	0.0503	0.0602	0.0174

- The County Peace Officer industrial disability rates are also used for Local Sheriff and Other Safety.
- 80% of the County Peace Officer industrial disability rates are used for School Police.
- 1% of the County Peace Officer industrial disability rates are used for Local Prosecutors.
- Normally, rates are zero for Miscellaneous plans unless the agency has specifically contracted for industrial disability benefits. If so, each Miscellaneous non-industrial disability rate will be split into two components: 50% will become the non-industrial disability rate and 50% will become the industrial disability rate.

Service Retirement

Retirement rates vary by age, service, and formula.

Public Agency Miscellaneous 1.5% at age 65

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.005	0.012	0.014	0.020	0.023	0.023
51	0.012	0.014	0.014	0.018	0.020	0.020
52	0.009	0.012	0.014	0.019	0.021	0.021
53	0.009	0.012	0.014	0.020	0.024	0.024
54	0.011	0.014	0.017	0.025	0.030	0.030
55	0.012	0.023	0.033	0.060	0.084	0.084
56	0.014	0.022	0.032	0.053	0.071	0.071
57	0.016	0.025	0.033	0.053	0.070	0.070
58	0.022	0.026	0.036	0.057	0.074	0.074
59	0.023	0.035	0.044	0.065	0.086	0.086
60	0.037	0.043	0.054	0.078	0.095	0.114
61	0.038	0.055	0.073	0.093	0.116	0.139
62	0.055	0.076	0.090	0.110	0.127	0.136
63	0.075	0.097	0.112	0.133	0.149	0.167
64	0.076	0.104	0.114	0.142	0.163	0.176
65	0.103	0.135	0.154	0.184	0.202	0.211
66	0.133	0.170	0.179	0.198	0.207	0.203
67	0.137	0.181	0.190	0.203	0.203	0.203
68	0.146	0.176	0.178	0.191	0.191	0.191
69	0.124	0.163	0.171	0.184	0.184	0.184
70	0.197	0.197	0.197	0.197	0.197	0.197

Public Agency Miscellaneous 2% at age 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.006	0.014	0.016	0.023	0.027	0.027
51	0.014	0.016	0.017	0.021	0.023	0.023
52	0.010	0.014	0.017	0.022	0.025	0.025
53	0.010	0.014	0.017	0.023	0.028	0.028
54	0.013	0.016	0.020	0.029	0.035	0.035
55	0.014	0.027	0.039	0.071	0.099	0.099
56	0.017	0.026	0.038	0.062	0.083	0.083
57	0.019	0.029	0.039	0.062	0.082	0.082
58	0.026	0.031	0.042	0.067	0.087	0.087
59	0.027	0.041	0.052	0.077	0.101	0.101
60	0.044	0.050	0.064	0.092	0.112	0.134
61	0.045	0.065	0.086	0.109	0.136	0.164
62	0.065	0.089	0.106	0.129	0.149	0.160
63	0.088	0.114	0.132	0.157	0.175	0.197
64	0.089	0.122	0.134	0.167	0.192	0.207
65	0.121	0.159	0.181	0.216	0.238	0.248
66	0.157	0.200	0.210	0.233	0.244	0.239
67	0.161	0.213	0.223	0.239	0.239	0.239
68	0.172	0.207	0.209	0.225	0.225	0.225
69	0.146	0.192	0.201	0.216	0.216	0.216
70	0.232	0.232	0.232	0.232	0.232	0.232

Service Retirement (continued)

Public Agency Miscellaneous 2% at age 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.014	0.017	0.023	0.028	0.028
51	0.015	0.016	0.018	0.021	0.024	0.024
52	0.010	0.015	0.017	0.022	0.025	0.025
53	0.010	0.016	0.019	0.026	0.030	0.030
54	0.014	0.019	0.023	0.033	0.041	0.041
55	0.016	0.031	0.046	0.083	0.116	0.116
56	0.023	0.034	0.049	0.081	0.107	0.107
57	0.025	0.039	0.053	0.083	0.109	0.109
58	0.032	0.040	0.053	0.085	0.112	0.112
59	0.034	0.050	0.064	0.095	0.126	0.126
60	0.056	0.065	0.083	0.118	0.145	0.173
61	0.046	0.066	0.088	0.113	0.140	0.170
62	0.095	0.129	0.155	0.186	0.216	0.232
63	0.115	0.149	0.171	0.204	0.226	0.256
64	0.101	0.137	0.151	0.187	0.216	0.233
65	0.149	0.195	0.223	0.265	0.293	0.307
66	0.212	0.268	0.282	0.315	0.329	0.323
67	0.188	0.249	0.260	0.279	0.279	0.279
68	0.203	0.243	0.245	0.264	0.264	0.264
69	0.161	0.211	0.221	0.238	0.238	0.238
70	0.275	0.275	0.275	0.275	0.275	0.275

Public Agency Miscellaneous 2.5% at age 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.009	0.018	0.023	0.031	0.037	0.037
51	0.019	0.021	0.023	0.027	0.031	0.031
52	0.012	0.018	0.023	0.028	0.033	0.033
53	0.014	0.020	0.026	0.035	0.041	0.041
54	0.017	0.023	0.029	0.041	0.050	0.050
55	0.024	0.049	0.071	0.128	0.179	0.179
56	0.030	0.046	0.068	0.111	0.146	0.146
57	0.031	0.048	0.066	0.104	0.138	0.138
58	0.040	0.049	0.064	0.103	0.135	0.135
59	0.039	0.059	0.075	0.110	0.145	0.145
60	0.060	0.069	0.087	0.126	0.153	0.183
61	0.050	0.072	0.095	0.121	0.151	0.182
62	0.096	0.131	0.157	0.189	0.220	0.236
63	0.099	0.129	0.149	0.177	0.197	0.222
64	0.099	0.134	0.149	0.184	0.212	0.229
65	0.131	0.172	0.196	0.233	0.258	0.269
66	0.210	0.266	0.279	0.312	0.326	0.319
67	0.183	0.242	0.253	0.272	0.272	0.272
68	0.184	0.220	0.222	0.240	0.240	0.240
69	0.158	0.207	0.217	0.234	0.234	0.234
70	0.267	0.267	0.267	0.267	0.267	0.267

Service Retirement (continued)

Public Agency Miscellaneous 2.7% at age 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.008	0.016	0.020	0.027	0.033	0.033
51	0.017	0.019	0.021	0.026	0.029	0.029
52	0.012	0.018	0.023	0.028	0.033	0.033
53	0.013	0.019	0.025	0.034	0.039	0.039
54	0.018	0.025	0.031	0.044	0.053	0.053
55	0.030	0.060	0.088	0.158	0.221	0.221
56	0.036	0.054	0.080	0.131	0.174	0.174
57	0.034	0.052	0.070	0.111	0.147	0.147
58	0.046	0.055	0.074	0.119	0.157	0.157
59	0.042	0.062	0.079	0.117	0.154	0.154
60	0.066	0.077	0.096	0.139	0.170	0.202
61	0.053	0.077	0.102	0.132	0.164	0.199
62	0.093	0.127	0.152	0.184	0.213	0.228
63	0.104	0.134	0.155	0.184	0.205	0.231
64	0.096	0.130	0.144	0.178	0.205	0.221
65	0.155	0.202	0.231	0.275	0.304	0.318
66	0.199	0.252	0.265	0.296	0.309	0.303
67	0.176	0.233	0.244	0.262	0.262	0.262
68	0.188	0.225	0.227	0.245	0.245	0.245
69	0.165	0.216	0.227	0.244	0.244	0.244
70	0.256	0.256	0.256	0.256	0.256	0.256

Public Agency Miscellaneous 3% at age 60

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.009	0.019	0.023	0.031	0.037	0.037
51	0.021	0.023	0.025	0.030	0.034	0.034
52	0.013	0.018	0.023	0.029	0.033	0.033
53	0.013	0.019	0.025	0.034	0.039	0.039
54	0.016	0.022	0.028	0.040	0.048	0.048
55	0.015	0.031	0.045	0.081	0.114	0.114
56	0.022	0.033	0.048	0.080	0.105	0.105
57	0.024	0.038	0.052	0.082	0.108	0.108
58	0.034	0.041	0.055	0.089	0.116	0.116
59	0.032	0.049	0.062	0.093	0.121	0.121
60	0.096	0.112	0.141	0.204	0.249	0.295
61	0.058	0.085	0.112	0.143	0.179	0.216
62	0.104	0.141	0.169	0.203	0.237	0.254
63	0.106	0.138	0.158	0.188	0.210	0.236
64	0.100	0.136	0.151	0.187	0.215	0.232
65	0.161	0.211	0.241	0.287	0.317	0.332
66	0.220	0.278	0.292	0.327	0.341	0.334
67	0.185	0.245	0.256	0.275	0.275	0.275
68	0.191	0.229	0.231	0.249	0.249	0.249
69	0.163	0.214	0.224	0.241	0.241	0.241
70	0.278	0.278	0.278	0.278	0.278	0.278

Service Retirement (continued)

Public Agency Miscellaneous 2% at age 62

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.000	0.000	0.000	0.000	0.000	0.000
51	0.000	0.000	0.000	0.000	0.000	0.000
52	0.008	0.013	0.015	0.019	0.023	0.023
53	0.009	0.014	0.016	0.023	0.026	0.026
54	0.012	0.015	0.019	0.026	0.033	0.033
55	0.013	0.025	0.037	0.066	0.092	0.092
56	0.016	0.025	0.036	0.060	0.080	0.080
57	0.018	0.027	0.037	0.059	0.077	0.077
58	0.023	0.028	0.036	0.059	0.077	0.077
59	0.023	0.033	0.042	0.063	0.083	0.083
60	0.035	0.041	0.050	0.074	0.090	0.107
61	0.037	0.053	0.070	0.090	0.113	0.137
62	0.055	0.076	0.091	0.109	0.127	0.136
63	0.071	0.091	0.105	0.126	0.140	0.158
64	0.070	0.097	0.107	0.132	0.153	0.165
65	0.102	0.133	0.153	0.181	0.201	0.210
66	0.139	0.176	0.185	0.207	0.215	0.212
67	0.145	0.192	0.201	0.216	0.216	0.216
68	0.158	0.191	0.192	0.207	0.207	0.207
69	0.138	0.180	0.189	0.203	0.203	0.203
70	0.212	0.212	0.212	0.212	0.212	0.212

Public Agency Police Half Pay at age 55 and 2% at age 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.015	0.020	0.031	0.037	0.054	0.060
51	0.006	0.027	0.034	0.031	0.045	0.060
52	0.055	0.025	0.033	0.037	0.055	0.059
53	0.014	0.014	0.030	0.040	0.062	0.071
54	0.064	0.029	0.036	0.039	0.073	0.103
55	0.031	0.039	0.070	0.118	0.156	0.191
56	0.037	0.051	0.068	0.101	0.127	0.150
57	0.061	0.063	0.077	0.105	0.119	0.119
58	0.091	0.070	0.078	0.101	0.112	0.112
59	0.135	0.083	0.084	0.103	0.113	0.113
60	0.066	0.086	0.094	0.115	0.126	0.126
61	0.120	0.120	0.120	0.120	0.120	0.120
62	0.140	0.140	0.140	0.140	0.140	0.140
63	0.150	0.150	0.150	0.150	0.150	0.150
64	0.140	0.140	0.140	0.140	0.140	0.140
65	1.000	1.000	1.000	1.000	1.000	1.000

Service Retirement (continued)

Public Agency Fire Half Pay at age 55 and 2% at age 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.009	0.014	0.017	0.025	0.027
51	0.003	0.015	0.020	0.019	0.026	0.035
52	0.034	0.015	0.020	0.023	0.033	0.036
53	0.014	0.014	0.030	0.040	0.062	0.071
54	0.071	0.033	0.040	0.043	0.081	0.115
55	0.024	0.031	0.055	0.093	0.123	0.151
56	0.033	0.045	0.060	0.090	0.113	0.133
57	0.075	0.075	0.093	0.127	0.143	0.143
58	0.070	0.053	0.059	0.077	0.086	0.086
59	0.122	0.076	0.077	0.094	0.103	0.103
60	0.067	0.087	0.095	0.116	0.127	0.127
61	0.121	0.121	0.121	0.121	0.121	0.121
62	0.140	0.140	0.140	0.140	0.140	0.140
63	0.136	0.136	0.136	0.136	0.136	0.136
64	0.163	0.163	0.163	0.163	0.163	0.163
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 2% at age 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.023	0.030	0.046	0.055	0.081	0.090
51	0.009	0.040	0.051	0.047	0.067	0.090
52	0.083	0.038	0.049	0.056	0.082	0.088
53	0.021	0.021	0.045	0.060	0.093	0.106
54	0.096	0.043	0.054	0.058	0.109	0.154
55	0.046	0.059	0.105	0.177	0.234	0.286
56	0.056	0.077	0.101	0.152	0.190	0.224
57	0.092	0.093	0.116	0.157	0.178	0.178
58	0.137	0.104	0.117	0.151	0.168	0.168
59	0.201	0.125	0.126	0.155	0.169	0.169
60	0.099	0.130	0.141	0.173	0.189	0.189
61	0.180	0.180	0.180	0.180	0.180	0.180
62	0.210	0.210	0.210	0.210	0.210	0.210
63	0.226	0.226	0.226	0.226	0.226	0.226
64	0.211	0.211	0.211	0.211	0.211	0.211
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace Officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement (continued)

Public Agency Fire 2% at age 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.010	0.014	0.021	0.025	0.037	0.040
51	0.005	0.023	0.030	0.028	0.039	0.053
52	0.051	0.023	0.030	0.035	0.050	0.054
53	0.021	0.021	0.045	0.060	0.093	0.106
54	0.107	0.049	0.060	0.065	0.122	0.173
55	0.036	0.046	0.083	0.140	0.184	0.225
56	0.050	0.068	0.089	0.135	0.168	0.198
57	0.110	0.113	0.140	0.190	0.215	0.215
58	0.105	0.080	0.089	0.116	0.129	0.129
59	0.183	0.114	0.115	0.140	0.154	0.154
60	0.101	0.131	0.142	0.175	0.191	0.191
61	0.182	0.182	0.182	0.182	0.182	0.182
62	0.210	0.210	0.210	0.210	0.210	0.210
63	0.204	0.204	0.204	0.204	0.204	0.204
64	0.246	0.246	0.246	0.246	0.246	0.246
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 3% at age 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.021	0.029	0.045	0.054	0.081	0.089
51	0.009	0.039	0.051	0.047	0.066	0.088
52	0.082	0.037	0.049	0.055	0.081	0.088
53	0.021	0.021	0.045	0.059	0.093	0.105
54	0.096	0.043	0.054	0.058	0.110	0.155
55	0.046	0.059	0.107	0.179	0.237	0.289
56	0.057	0.078	0.103	0.154	0.193	0.227
57	0.093	0.096	0.118	0.160	0.181	0.181
58	0.137	0.105	0.117	0.152	0.168	0.168
59	0.202	0.125	0.126	0.155	0.169	0.169
60	0.100	0.130	0.142	0.174	0.190	0.190
61	0.182	0.182	0.182	0.182	0.182	0.182
62	0.213	0.213	0.213	0.213	0.213	0.213
63	0.224	0.224	0.224	0.224	0.224	0.224
64	0.213	0.213	0.213	0.213	0.213	0.213
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace Officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement (continued)

Public Agency Fire 3% at age 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.010	0.014	0.020	0.025	0.037	0.040
51	0.005	0.023	0.030	0.028	0.039	0.052
52	0.050	0.023	0.030	0.034	0.050	0.053
53	0.021	0.021	0.045	0.060	0.093	0.105
54	0.107	0.049	0.060	0.065	0.123	0.174
55	0.037	0.046	0.084	0.142	0.187	0.228
56	0.050	0.069	0.091	0.137	0.171	0.201
57	0.113	0.115	0.141	0.192	0.218	0.218
58	0.105	0.080	0.089	0.116	0.129	0.129
59	0.183	0.114	0.115	0.141	0.154	0.154
60	0.101	0.131	0.143	0.175	0.191	0.191
61	0.183	0.183	0.183	0.183	0.183	0.183
62	0.213	0.213	0.213	0.213	0.213	0.213
63	0.203	0.203	0.203	0.203	0.203	0.203
64	0.248	0.248	0.248	0.248	0.248	0.248
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 3% at age 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.082	0.075	0.131	0.190	0.256	0.322
51	0.061	0.058	0.102	0.149	0.202	0.254
52	0.039	0.071	0.101	0.139	0.181	0.222
53	0.016	0.040	0.086	0.133	0.184	0.235
54	0.059	0.068	0.084	0.105	0.175	0.280
55	0.043	0.055	0.098	0.165	0.218	0.266
56	0.065	0.088	0.117	0.175	0.220	0.259
57	0.110	0.111	0.137	0.187	0.212	0.212
58	0.177	0.135	0.151	0.196	0.218	0.218
59	0.279	0.174	0.176	0.216	0.235	0.235
60	0.121	0.158	0.172	0.211	0.230	0.230
61	0.205	0.205	0.205	0.205	0.205	0.205
62	0.211	0.211	0.211	0.211	0.211	0.211
63	0.208	0.208	0.208	0.208	0.208	0.208
64	0.246	0.246	0.246	0.246	0.246	0.246
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace Officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement (continued)

Public Agency Fire 3% at age 50

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.041	0.037	0.065	0.094	0.127	0.159
51	0.033	0.031	0.055	0.081	0.109	0.137
52	0.024	0.042	0.060	0.082	0.107	0.132
53	0.010	0.026	0.056	0.086	0.119	0.152
54	0.041	0.047	0.058	0.073	0.121	0.192
55	0.029	0.038	0.068	0.114	0.151	0.184
56	0.050	0.068	0.089	0.134	0.168	0.198
57	0.085	0.087	0.108	0.147	0.166	0.166
58	0.169	0.128	0.144	0.186	0.207	0.207
59	0.225	0.140	0.142	0.173	0.189	0.189
60	0.112	0.146	0.158	0.195	0.212	0.212
61	0.219	0.219	0.219	0.219	0.219	0.219
62	0.238	0.238	0.238	0.238	0.238	0.238
63	0.229	0.229	0.229	0.229	0.229	0.229
64	0.195	0.195	0.195	0.195	0.195	0.195
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 2% at age 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.015	0.020	0.031	0.037	0.055	0.060
51	0.006	0.027	0.034	0.031	0.045	0.060
52	0.055	0.025	0.033	0.037	0.055	0.059
53	0.014	0.014	0.030	0.040	0.062	0.071
54	0.064	0.029	0.036	0.039	0.073	0.103
55	0.031	0.039	0.070	0.118	0.156	0.191
56	0.037	0.051	0.068	0.101	0.127	0.150
57	0.061	0.063	0.077	0.105	0.119	0.119
58	0.091	0.070	0.078	0.101	0.112	0.112
59	0.135	0.083	0.084	0.103	0.113	0.113
60	0.066	0.086	0.094	0.115	0.126	0.126
61	0.120	0.120	0.120	0.120	0.120	0.120
62	0.140	0.140	0.140	0.140	0.140	0.140
63	0.150	0.150	0.150	0.150	0.150	0.150
64	0.140	0.140	0.140	0.140	0.140	0.140
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace Officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement (continued)

Public Agency Fire 2% at age 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.007	0.009	0.014	0.017	0.025	0.027
51	0.003	0.015	0.020	0.019	0.026	0.035
52	0.034	0.015	0.020	0.023	0.033	0.036
53	0.014	0.014	0.030	0.040	0.062	0.071
54	0.071	0.033	0.040	0.043	0.081	0.115
55	0.024	0.031	0.055	0.093	0.123	0.151
56	0.033	0.045	0.060	0.090	0.113	0.133
57	0.073	0.075	0.093	0.127	0.143	0.143
58	0.070	0.053	0.059	0.077	0.086	0.086
59	0.122	0.076	0.077	0.094	0.103	0.103
60	0.067	0.087	0.095	0.116	0.127	0.127
61	0.121	0.121	0.121	0.121	0.121	0.121
62	0.140	0.140	0.140	0.140	0.140	0.140
63	0.136	0.136	0.136	0.136	0.136	0.136
64	0.163	0.163	0.163	0.163	0.163	0.163
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 2.5% at age 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.023	0.030	0.046	0.055	0.082	0.090
51	0.009	0.040	0.051	0.047	0.067	0.090
52	0.083	0.038	0.049	0.056	0.082	0.088
53	0.021	0.021	0.045	0.060	0.093	0.106
54	0.096	0.043	0.054	0.058	0.109	0.154
55	0.046	0.059	0.107	0.178	0.236	0.287
56	0.057	0.078	0.102	0.153	0.191	0.226
57	0.092	0.094	0.117	0.158	0.179	0.179
58	0.138	0.105	0.118	0.152	0.169	0.169
59	0.203	0.125	0.127	0.156	0.170	0.170
60	0.099	0.129	0.141	0.173	0.189	0.189
61	0.180	0.180	0.180	0.180	0.180	0.180
62	0.210	0.210	0.210	0.210	0.210	0.210
63	0.226	0.226	0.226	0.226	0.226	0.226
64	0.210	0.210	0.210	0.210	0.210	0.210
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace Officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement (continued)

Public Agency Fire 2.5% at age 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.010	0.014	0.021	0.025	0.037	0.040
51	0.005	0.023	0.030	0.028	0.039	0.053
52	0.051	0.023	0.030	0.035	0.050	0.054
53	0.021	0.021	0.045	0.060	0.093	0.106
54	0.107	0.049	0.060	0.065	0.122	0.173
55	0.036	0.046	0.084	0.141	0.186	0.227
56	0.050	0.069	0.090	0.136	0.170	0.200
57	0.112	0.114	0.140	0.191	0.217	0.217
58	0.106	0.080	0.090	0.116	0.130	0.130
59	0.184	0.114	0.116	0.142	0.155	0.155
60	0.100	0.131	0.142	0.174	0.190	0.190
61	0.182	0.182	0.182	0.182	0.182	0.182
62	0.210	0.210	0.210	0.210	0.210	0.210
63	0.204	0.204	0.204	0.204	0.204	0.204
64	0.245	0.245	0.245	0.245	0.245	0.245
65	1.000	1.000	1.000	1.000	1.000	1.000

Public Agency Police 2.7% at age 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.023	0.030	0.046	0.055	0.082	0.090
51	0.009	0.040	0.051	0.047	0.067	0.090
52	0.083	0.038	0.049	0.056	0.082	0.088
53	0.021	0.021	0.045	0.060	0.093	0.106
54	0.096	0.043	0.054	0.058	0.109	0.154
55	0.046	0.059	0.107	0.178	0.236	0.287
56	0.057	0.078	0.102	0.153	0.191	0.226
57	0.092	0.094	0.117	0.158	0.179	0.179
58	0.138	0.105	0.118	0.152	0.169	0.169
59	0.203	0.125	0.127	0.156	0.170	0.170
60	0.099	0.129	0.141	0.173	0.189	0.189
61	0.180	0.180	0.180	0.180	0.180	0.180
62	0.210	0.210	0.210	0.210	0.210	0.210
63	0.226	0.226	0.226	0.226	0.226	0.226
64	0.210	0.210	0.210	0.210	0.210	0.210
65	1.000	1.000	1.000	1.000	1.000	1.000

- These rates also apply to County Peace Officers, Local Prosecutors, Local Sheriff, School Police, and Other Safety.

Service Retirement (continued)

Public Agency Fire 2.7% at age 57

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.010	0.014	0.021	0.025	0.037	0.040
51	0.005	0.023	0.030	0.028	0.039	0.053
52	0.051	0.023	0.030	0.035	0.050	0.054
53	0.021	0.021	0.045	0.060	0.093	0.106
54	0.107	0.049	0.060	0.065	0.122	0.173
55	0.036	0.046	0.084	0.141	0.186	0.227
56	0.050	0.069	0.090	0.136	0.170	0.200
57	0.112	0.114	0.140	0.191	0.217	0.217
58	0.106	0.080	0.090	0.116	0.130	0.130
59	0.184	0.114	0.116	0.142	0.155	0.155
60	0.100	0.131	0.142	0.174	0.190	0.190
61	0.182	0.182	0.182	0.182	0.182	0.182
62	0.210	0.210	0.210	0.210	0.210	0.210
63	0.204	0.204	0.204	0.204	0.204	0.204
64	0.245	0.245	0.245	0.245	0.245	0.245
65	1.000	1.000	1.000	1.000	1.000	1.000

Schools 2% at age 55

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.003	0.004	0.005	0.007	0.009	0.009
51	0.002	0.005	0.007	0.008	0.009	0.010
52	0.006	0.006	0.008	0.009	0.011	0.012
53	0.006	0.008	0.011	0.011	0.014	0.014
54	0.007	0.009	0.012	0.015	0.018	0.020
55	0.011	0.021	0.032	0.049	0.064	0.084
56	0.011	0.023	0.034	0.050	0.067	0.089
57	0.015	0.023	0.035	0.051	0.061	0.080
58	0.021	0.029	0.039	0.055	0.073	0.096
59	0.028	0.034	0.044	0.064	0.081	0.101
60	0.021	0.042	0.059	0.085	0.105	0.135
61	0.029	0.049	0.067	0.094	0.115	0.148
62	0.065	0.095	0.120	0.165	0.193	0.238
63	0.061	0.101	0.133	0.183	0.211	0.260
64	0.086	0.109	0.129	0.171	0.189	0.226
65	0.172	0.166	0.199	0.228	0.251	0.276
66	0.214	0.204	0.242	0.277	0.302	0.319
67	0.158	0.176	0.230	0.268	0.289	0.294
68	0.169	0.163	0.196	0.225	0.248	0.263
69	0.148	0.161	0.200	0.230	0.241	0.234
70	0.162	0.197	0.252	0.300	0.274	0.283

Service Retirement (continued)

Schools 2% at age 62

	Duration of Service					
Age	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
50	0.000	0.000	0.000	0.000	0.000	0.000
51	0.000	0.000	0.000	0.000	0.000	0.000
52	0.006	0.006	0.007	0.008	0.010	0.010
53	0.005	0.007	0.009	0.010	0.012	0.012
54	0.006	0.007	0.010	0.012	0.015	0.017
55	0.009	0.017	0.027	0.041	0.053	0.069
56	0.009	0.020	0.030	0.043	0.058	0.077
57	0.013	0.020	0.030	0.044	0.052	0.069
58	0.017	0.024	0.032	0.045	0.059	0.078
59	0.024	0.030	0.039	0.056	0.071	0.089
60	0.019	0.038	0.053	0.076	0.093	0.120
61	0.025	0.042	0.058	0.081	0.099	0.128
62	0.058	0.084	0.107	0.147	0.172	0.212
63	0.052	0.087	0.115	0.158	0.182	0.224
64	0.078	0.098	0.116	0.154	0.170	0.204
65	0.165	0.159	0.191	0.219	0.241	0.265
66	0.220	0.210	0.249	0.285	0.311	0.328
67	0.178	0.199	0.259	0.302	0.326	0.331
68	0.188	0.182	0.218	0.251	0.276	0.292
69	0.152	0.165	0.205	0.237	0.248	0.241
70	0.170	0.207	0.265	0.316	0.288	0.297

Miscellaneous

Models

The valuation results are based on proprietary actuarial valuation models. The models are centralized and maintained by a specialized team to achieve a high degree of accuracy and consistency. The Actuarial Office is responsible for confirming the appropriateness of the inputs (such as participant data, actuarial methods and assumptions, and plan provisions) as well as performing tests and validating the reasonableness of the output. The results of our models are independently confirmed by parallel valuations performed by outside actuaries on a periodic basis using their models. In our professional judgment, our actuarial valuation models produce comprehensive pension funding information consistent with the purposes of the valuation and have no material limitations or known weaknesses.

Internal Revenue Code Section 415(b)

The limitations on benefits imposed by Internal Revenue Code section 415(b) are taken into account in this valuation. Each year, the impact of any changes in this limitation other than assumed since the prior valuation is included and amortized as part of the non-investment gain or loss base. This results in lower contributions for those employers contributing to the Replacement Benefit Fund and protects CalPERS from prefunding expected benefits in excess of limits imposed by federal tax law. The Section 415(b) dollar limit for the 2025 calendar year is $280,000.

Internal Revenue Code Section 401(a)(17)

The limitations on compensation imposed by Internal Revenue Code section 401(a)(17) are taken into account in this valuation. Each year, the impact of any changes in the compensation limitation other than assumed since the prior valuation is included and amortized as part of the non-investment gain or loss base. The compensation limit for classic members for the 2025 calendar year is $350,000.

PEPRA Compensation Limits

The limitations on compensation for PEPRA members imposed by Government Code section 7522.10 are taken into account in this valuation. Each year, the impact of any changes in the compensation limitation other than assumed since the prior valuation is included and amortized as part of the non-investment gain or loss base. The PEPRA compensation limit for 2025 is $155,081 for members who participate in Social Security and $186,096 for those who do not. The limits are adjusted annually based on changes to the CPI for all urban consumers.

Appendix B - Principal Plan Provisions

- **Service Retirement** **65**
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The following is a description of the principal plan provisions used in calculating costs and liabilities. We have indicated whether a plan provision is standard or optional. Standard benefits are applicable to all members while optional benefits vary among employers. Optional benefits that apply to a single period of time, such as Golden Handshakes, have not been included. Many of the statements in this summary are general in nature, and are intended to provide an easily understood summary of the Public Employees' Retirement Law and the California Public Employees' Pension Reform Act of 2013. The law itself governs in all situations.

Service Retirement

Eligibility

A classic CalPERS member or PEPRA Safety member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements). For employees hired into a plan with the 1.5% at age 65 formula, eligibility for service retirement is age 55 with at least 5 years of service. PEPRA Miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service.

Benefit

The service retirement benefit is a monthly allowance equal to the product of the *benefit factor*, *years of service*, and *final compensation.* The *benefit factor* depends on the benefit formula specified in the agency's contract. The table below shows the factors for each of the available formulas. Factors vary by the member's age at retirement. Listed are the factors for retirement at whole year ages:

Miscellaneous Plan Formulas

Retirement Age	1.5% at age 65	2% at age 60	2% at age 55	2.5% at age 55	2.7% at age 55	3% at age 60	PEPRA 2% at age 62
50	0.5000%	1.092%	1.426%	2.000%	2.000%	2.000%	N/A
51	0.5667%	1.156%	1.522%	2.100%	2.140%	2.100%	N/A
52	0.6334%	1.224%	1.628%	2.200%	2.280%	2.200%	1.000%
53	0.7000%	1.296%	1.742%	2.300%	2.420%	2.300%	1.100%
54	0.7667%	1.376%	1.866%	2.400%	2.560%	2.400%	1.200%
55	0.8334%	1.460%	2.000%	2.500%	2.700%	2.500%	1.300%
56	0.9000%	1.552%	2.052%	2.500%	2.700%	2.600%	1.400%
57	0.9667%	1.650%	2.104%	2.500%	2.700%	2.700%	1.500%
58	1.0334%	1.758%	2.156%	2.500%	2.700%	2.800%	1.600%
59	1.1000%	1.874%	2.210%	2.500%	2.700%	2.900%	1.700%
60	1.1667%	2.000%	2.262%	2.500%	2.700%	3.000%	1.800%
61	1.2334%	2.134%	2.314%	2.500%	2.700%	3.000%	1.900%
62	1.3000%	2.272%	2.366%	2.500%	2.700%	3.000%	2.000%
63	1.3667%	2.418%	2.418%	2.500%	2.700%	3.000%	2.100%
64	1.4334%	2.418%	2.418%	2.500%	2.700%	3.000%	2.200%
65	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.300%
66	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.400%
67 & up	1.5000%	2.418%	2.418%	2.500%	2.700%	3.000%	2.500%

Classic Safety Plan Formulas

Retirement Age	Half Pay at age 55*	2% at age 55	2% at age 50	3% at age 55	3% at age 50
50	1.783%	1.426%	2.000%	2.400%	3.000%
51	1.903%	1.522%	2.140%	2.520%	3.000%
52	2.035%	1.628%	2.280%	2.640%	3.000%
53	2.178%	1.742%	2.420%	2.760%	3.000%
54	2.333%	1.866%	2.560%	2.880%	3.000%
55 & Up	2.500%	2.000%	2.700%	3.000%	3.000%

* For this formula, the benefit factor also varies by entry age. The factors shown are for members with an entry age of 35 or greater. If entry age is less than 35, then the age 55 benefit factor is 50% divided by the difference between age 55 and entry age. The benefit factor for ages prior to age 55 is the same proportion of the age 55 benefit factor as in the above table.

PEPRA Safety Plan Formulas

Retirement Age	2% at age 57	2.5% at age 57	2.7% at age 57
50	1.426%	2.000%	2.000%
51	1.508%	2.071%	2.100%
52	1.590%	2.143%	2.200%
53	1.672%	2.214%	2.300%
54	1.754%	2.286%	2.400%
55	1.836%	2.357%	2.500%
56	1.918%	2.429%	2.600%
57 & Up	2.000%	2.500%	2.700%

- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. An agency may contract for an optional benefit where any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.

- The *final compensation* is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). The standard benefit is 36 months. Employers had the option of providing a final compensation equal to the highest 12 consecutive months for classic plans only. Final compensation must be defined by the highest 36 consecutive months' pay under the 1.5% at age 65 formula. PEPRA members have a limit on the annual compensation that can be used to calculate final compensation. The limits are adjusted annually based on changes to the CPI for all urban consumers.

- PEPRA benefit formulas have no Social Security offsets and Social Security coverage is optional. For Classic benefit formulas, employees must be covered by Social Security with the 1.5% at age 65 formula. Social Security is optional for all other Classic benefit formulas. For employees covered by Social Security, the modified formula is the standard benefit. Under this type of formula, the final compensation is offset by $133.33 (or by one third if the final compensation is less th an $400). Employers may contract for the full benefit with Social Security that will eliminate the offset applicable to the final compensation. For employees not covered by Social Security, the full benefit is paid with no offsets. Auxiliary organizations of the CSUC system may elect reduced contribution rates, in which case the offset is $317 if members are not covered by Social Security or $513 if members are covered by Social Security.

- The Miscellaneous and PEPRA Safety service retirement benefit is not capped. The Classic Safety service retirement benefit is capped at 90% of final compensation.

Vested Deferred Retirement

Eligibility for Deferred Status

CalPERS members becomes eligible for a deferred vested retirement benefit when they leave employment, keep their contribution account balance on deposit with CalPERS, **and** have earned at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements).

Eligibility to Start Receiving Benefits

The CalPERS classic members and PEPRA Safety members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for deferred status and upon attainment of age 50 (55 for employees hired into a 1.5% at age 65 plan). PEPRA Miscellaneous members become eligible to receive the deferred retirement benefit upon satisfying the eligibility requirements for deferred status and upon attainment of age 52.

Benefit

The vested deferred retirement benefit is the same as the service retirement benefit, where the benefit factor is based on the member's age at allowance commencement. For members who have earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance.

Non-Industrial Disability Retirement

Eligibility

A CalPERS member is eligible for Non-Industrial (non-job related) Disability Retirement if he or she becomes *disabled* and has at least 5 years of credited service (total service across all CalPERS employers, and with certain other retirement systems with which CalPERS has reciprocity agreements). There is no special age requirement. *Disabled* means the member is unable to perform their job because of an illness or injury, which is expected to be permanent or to last indefinitely. The illness or injury does not have to be job related. A CalPERS member must be actively employed by any CalPERS employer at the time of disability in order to be eligible for this benefit.

Standard Benefit

The standard Non-Industrial Disability Retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by *service*, which is determined as follows:

- *Service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- *Service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service. The maximum benefit in this case is 33⅓% of final compensation.

Improved Benefit

Employers have the option of providing the improved Non-Industrial Disability Retirement benefit. This benefit provides a monthly allowance equal to 30% of final compensation for the first 5 years of service, plus 1% for each additional year of service to a maximum of 50% of final compensation.

Members who are eligible for a larger service retirement benefit may choose to receive that benefit in lieu of a disability benefit. Members eligible to retire, and who have attained the normal retirement age determined by their service retirement benefit formula, will receive the same dollar amount for disability retirement as that payable for service retirement. For members who have earned service with multiple CalPERS employers, the benefit attributed to each employer is the total disability allowance multiplied by the ratio of service with a particular employer to the total CalPERS service.

Industrial Disability Retirement

This is a standard benefit for Safety members except those described in Section 20423.6. For excluded Safety members and all Miscellaneous members, employers have the option of providing this benefit. An employer may choose to provide the increased benefit option or the improved benefit option.

Eligibility

An employee is eligible for Industrial (job related) Disability Retirement if he or she becomes disabled while working, where disabled means the member is unable to perform the duties of the job because of a work-related illness or injury, which is expected to be permanent or to last indefinitely. A CalPERS member who has left active employment within this group is not eligible for this benefit, except to the extent described below.

Standard Benefit

The standard Industrial Disability Retirement benefit is a monthly allowance equal to 50% of final compensation.

Increased Benefit (75% of Final Compensation)

The increased Industrial Disability Retirement benefit is a monthly allowance equal to 75% of final compensation for total disability.

Improved Benefit (50% to 90% of Final Compensation)

The improved Industrial Disability Retirement benefit is a monthly allowance equal to the Workman's Compensation Appeals Board permanent disability rate percentage (if 50% or greater, with a maximum of 90%) times the final compensation.

For a CalPERS member not actively employed in this group who became disabled while employed by some other CalPERS employer, the benefit is a return of accumulated member contributions with respect to employment in this group. With the standard or increased benefit, a member may also choose to receive the annuitization of the accumulated member contributions.

If a member is eligible for service retirement and if the service retirement benefit is more than the industrial disability retirement benefit, the member may choose to receive the larger benefit.

Post-Retirement Death Benefit

Standard Lump Sum Payment

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate. The lump sum payment amount increases to $2,000 for any death occurring on or after July 1, 2023, due to SB 1168.

Optional Lump Sum Payment

In lieu of the standard lump sum death benefit, employers have the option of providing a lump sum death benefit of $600, $3,000, $4,000 or $5,000.

Form of Payment for Retirement Allowance

Standard Form of Payment

Generally, the retirement allowance is paid to the retiree in the form of an annuity for as long as he or she is alive. The retiree may choose to provide for a portion of their allowance to be paid to any designated beneficiary after the retiree's death. CalPERS provides for a variety of such benefit options, which the retiree pays for by taking a reduction in their retirement allowance. Such reduction takes into account the amount to be provided to the beneficiary and the probable duration of payments (based on the ages of the member and beneficiary) made subsequent to the member's death.

Improved Form of Payment (Post-Retirement Survivor Allowance)

Employers have the option to contract for the post-retirement survivor allowance.

For retirement allowances with respect to service subject to a modified Classic formula, 25% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. For retirement allowances with respect to service subject to a PEPRA formula or a full or supplemental Classic formula, 50% of the retirement allowance will automatically be continued to certain statutory beneficiaries upon the death of the retiree, without a reduction in the retiree's allowance. This additional benefit is referred to as post-retirement survivor allowance (PRSA) or simply as survivor continuance.

In other words, 25% or 50% of the allowance, the continuance portion, is paid to the retiree for as long as he or she is alive, and that same amount is continued to the retiree's spouse (or if no eligible spouse, to unmarried child(ren) until they attain age 18; or, if no eligible child(ren), to a qualifying dependent parent) for the rest of their lifetime. This benefit will not be discontinued in the event the spouse remarries.

The remaining 75% or 50% of the retirement allowance, which may be referred to as the option portion of the benefit, is paid to the retiree as an annuity for as long as he or she is alive. Or, the retiree may choose to provide for some of this option portion to be paid to any designated beneficiary after the retiree's death. Benefit options applicable to the option portion are the same as those offered with the standard form. The reduction is calculated in the same manner but is applied only to the option portion.

Pre-Retirement Death Benefits

Basic Death Benefit

This is a standard benefit.

Eligibility

An employee's beneficiary (or estate) may receive the basic death benefit if the member dies while actively employed. A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit.

Benefit

The basic death benefit is a lump sum in the amount of the member's accumulated contributions, where interest is credited annually at the greater of 6% or the prevailing discount rate through the date of death, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

1957 Survivor Benefit

This is a standard benefit.
Eligibility

An employee's *eligible survivor(s)* may receive the 1957 Survivor benefit if the member dies while actively employed, has attained at least age 50 for classic and PEPRA Safety members and age 52 for PEPRA Miscellaneous members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other retirement systems with which CalPERS has reciprocity agreements). A CalPERS member must be actively employed with the CalPERS employer providing this benefit to be eligible for this benefit. An eligible survivor means the surviving spouse to whom the member was married at least one year before death or, if there is no eligible spouse, to the member's unmarried child(ren) under age 18. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this 1957 Survivor benefit.

Benefit

The 1957 Survivor benefit is a monthly allowance equal to one-half of the unmodified service retirement benefit that the member would have been entitled to receive if the member had retired on the date of their death. If the benefit is payable to the spouse, the benefit is discontinued upon the death of the spouse. If the benefit is payable to dependent child(ren), the benefit will be discontinued upon death or attainment of age 18, unless the child(ren) is disabled. The total amount paid will be at least equal to the basic death benefit.

Optional Settlement 2 Death Benefit

This is an optional benefit.

Eligibility

An employee's *eligible survivor* may receive the Optional Settlement 2 Death benefit if the member dies while actively employed, has attained at least age 50 for classic and PEPRA Safety members and age 52 for PEPRA Miscellaneous members, and has at least 5 years of credited service (total service across all CalPERS employers and with certain other retirement systems with which CalPERS has reciprocity agreements). A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married at least one year before death. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this Optional Settlement 2 Death benefit.

Benefit

The Optional Settlement 2 Death benefit is a monthly allowance equal to the service retirement benefit that the member would have received had the member retired on the date of their death and elected 100% to continue to the eligible survivor after the member's death. The allowance is payable to the surviving spouse until death, at which time it is continued to any unmarried child(ren), if applicable. The total amount paid will be at least equal to the basic death benefit.

Special Death Benefit

This is a standard benefit for Safety members except those described in Section 20423.6. For excluded Safety members and all Miscellaneous members, employers have the option of providing this benefit.

Eligibility

An employee's *eligible survivor(s)* may receive the special death benefit if the member dies while actively employed and the death is job-related. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried child(ren) under age 22. An eligible survivor who chooses to receive this benefit will not receive any other death benefit.

Benefit

The special death benefit is a monthly allowance equal to 50% of final compensation and will be increased whenever the compensation paid to active employees is increased but ceasing to increase when the member would have attained age 50. The allowance is payable to the surviving spouse until death, at which time the allowance is continued to any unmarried child(ren) under age 22. There is a guarantee that the total amount paid will at least equal the basic death benefit.

If the member's death is the result of an accident or injury caused by external violence or physical force incurred in the performance of the member's duty, and there are *eligible* surviving child(ren) (*eligible* means unmarried child(ren) under age 22) in addition to an eligible spouse, then an **additional monthly allowance** is paid equal to the following:

- if 1 eligible child: 12.5% of final compensation
- if 2 eligible children: 20.0% of final compensation
- if 3 or more eligible children: 25.0% of final compensation

Alternate Death Benefit for Local Fire Members

This is an optional benefit available only to local fire members.

Eligibility

An employee's *eligible survivor(s)* may receive the alternate death benefit in lieu of the basic death benefit or the 1957 Survivor benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. A CalPERS member who is no longer actively employed with **any** CalPERS employer is not eligible for this benefit. An *eligible survivor* means the surviving spouse to whom the member was married prior to the onset of the injury or illness that resulted in death. If there is no eligible spouse, an eligible survivor means the member's unmarried child(ren) under age 18.

Benefit

The Alternate Death benefit is a monthly allowance equal to the service retirement benefit that the member would have received had the member retired on the date of their death and elected Optional Settlement 2. (A retiree who elects Optional Settlement 2 receives an allowance that has been reduced so that it will continue to be paid after their death to a surviving beneficiary.) If the member has not yet attained age 50, the benefit is equal to that which would be payable if the member had retired at age 50, based on service credited at the time of death. The allowance is payable to the surviving spouse until death, at which time it is continued to any unmarried child(ren), if applicable. The total amount paid will be at least equal to the basic death benefit.

Cost-of-Living Adjustments (COLA)

Standard Benefit

Retirement and survivor allowances are adjusted each year in May for cost of living, beginning the second calendar year after the year of retirement. The standard cost-of-living adjustment (COLA) is 2%. Annual adjustments are calculated by first determining the lesser of 1) 2% compounded from the end of the year of retirement or 2) actual rate of price inflation. The resulting increase is divided by the total increase provided in prior years. For any given year, the COLA adjustment may be less than 2% (when the rate of price inflation is low), may be greater than the rate of price inflation (when the rate of price inflation is low after several years of high price inflation) or may even be greater than 2% (when price inflation is high after several years of low price inflation).

Improved Benefit

Employers have the option of providing a COLA of 3%, 4%, or 5%, determined in the same manner as described above for the standard 2% COLA. An improved COLA is not available with the 1.5% at age 65 formula.

Purchasing Power Protection Allowance (PPPA)

Retirement and survivor allowances are protected against price inflation by PPPA. PPPA benefits are cost-of-living adjustments that are intended to maintain an individual's allowance at 80% of the initial allowance at retirement adjusted for price inflation since retirement. The PPPA benefit will be coordinated with other cost-of-living adjustments provided under the plan.

Employee Contributions

Each employee contributes toward their retirement based upon the retirement formula. The standard employee contribution is as described below.

- The percent contributed below the monthly compensation breakpoint is 0%.
- The monthly compensation breakpoint is $0 for all PEPRA members and Classic members covered by a full or supplemental formula and $133.33 for Classic members covered by a modified formula.
- The percent contributed above the monthly compensation breakpoint depends upon the benefit formula, as shown in the table below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at age 65	2%
Miscellaneous, 2% at age 60	7%
Miscellaneous, 2% at age 55	7%
Miscellaneous, 2.5% at age 55	8%
Miscellaneous, 2.7% at age 55	8%
Miscellaneous, 3% at age 60	8%
Miscellaneous, 2% at age 62	50% of the Total Normal Cost
Miscellaneous, 1.5% at age 65	50% of the Total Normal Cost
Safety, Half Pay at age 55	Varies by entry age
Safety, 2% at age 55	7%
Safety, 2% at age 50	9%
Safety, 3% at age 55	9%
Safety, 3% at age 50	9%
Safety, 2% at age 57	50% of the Total Normal Cost
Safety, 2.5% at age 57	50% of the Total Normal Cost
Safety, 2.7% at age 57	50% of the Total Normal Cost

The employer may choose to “pick-up” these contributions for classic members (Employer Paid Member Contributions or EPMC). EPMC is prohibited for new PEPRA members.

An employer may also include Employee Cost Sharing in the contract, where employees agree to share the cost of the employer contribution. These contributions are paid in addition to the member contribution.

Auxiliary organizations of the CSU system may elect reduced contribution rates, in which case the offset is $317 and the contribution rate is 6% if members are not covered by Social Security. If members are covered by Social Security, the offset is $513 and the contribution rate is 5%.

Refund of Employee Contributions

If the member’s service with the employer ends, and if the member does not satisfy the eligibility conditions for any of the retirement benefits above, the member may elect to receive a refund of their employee contributions, which are credited with 6% interest compounded annually.

1959 Survivor Benefit

This is a pre-retirement death benefit available only to members not covered by Social Security. Any agency joining CalPERS subsequent to 1993 is required to provide this benefit if the members are not covered by Social Security. The benefit is optional for agencies joining CalPERS prior to 1994. Levels 1, 2, and 3 are now closed. Any new agency or any agency wishing to add this benefit or increase the current level may only choose the 4th or Indexed Level.

This benefit is not included in the results presented in this valuation. More information on this benefit is available on the CalPERS website.

Appendix C - Participant Data

- **Active Members** **76**
- **Transferred and Separated Members** **77**
- **Retired Members and Beneficiaries** **78**

Active Members

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Distribution of Active Members by Age and Service

	Years of Service at Valuation Date						
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Total**
15-24	6	0	0	0	0	0	6
25-29	10	3	0	0	0	0	13
30-34	14	11	1	0	0	0	26
35-39	10	6	2	4	0	0	22
40-44	12	5	2	3	1	0	23
45-49	6	10	3	6	2	0	27
50-54	3	3	10	5	2	1	24
55-59	4	3	2	1	1	0	11
60-64	1	1	1	2	1	1	7
65 and Over	0	0	1	0	0	0	1
All Ages	**66**	**42**	**22**	**21**	**7**	**2**	**160**

Distribution of Average Annual Salaries by Age and Service

	Years of Service at Valuation Date						
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Average Salary**
15-24	$70,171	$0	$0	$0	$0	$0	$70,171
25-29	74,207	96,013	0	0	0	0	79,239
30-34	95,226	103,615	105,685	0	0	0	99,177
35-39	93,019	105,665	107,164	130,016	0	0	104,480
40-44	109,041	98,227	136,064	113,367	134,386	0	110,706
45-49	133,440	121,110	105,628	142,805	105,233	0	125,775
50-54	125,672	167,053	164,744	158,856	189,546	138,422	159,892
55-59	86,567	139,711	131,009	97,763	121,799	0	113,362
60-64	282,098	136,178	228,384	112,736	261,031	134,752	181,131
65 and Over	0	0	69,481	0	0	0	69,481
Average	**$99,105**	**$114,774**	**$141,652**	**$134,976**	**$158,110**	**$136,587**	**$116,827**

Transferred and Separated Members

Distribution of Transfers to Other CalPERS Plans by Age, Service, and average Salary

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Total**	**Average Salary**
15-24	0	0	0	0	0	0	0	$0
25-29	0	0	0	0	0	0	0	0
30-34	2	1	0	0	0	0	3	87,591
35-39	4	2	0	0	0	0	6	120,643
40-44	2	1	2	0	0	0	5	161,696
45-49	5	0	1	0	0	0	6	152,477
50-54	2	1	0	0	0	0	3	250,374
55-59	2	0	1	0	0	0	3	245,811
60-64	0	1	2	0	0	0	3	179,865
65 and Over	0	0	0	0	0	0	0	0
All Ages	**17**	**6**	**6**	**0**	**0**	**0**	**29**	**$163,384**

Distribution of Separated Participants with Funds on Deposit by Age, Service, and average Salary

	Years of Service at Valuation Date							
Attained Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25+**	**Total**	**Average Salary**
15-24	1	0	0	0	0	0	1	$37,440
25-29	3	0	0	0	0	0	3	75,535
30-34	1	0	0	0	0	0	1	64,258
35-39	2	3	0	0	0	0	5	85,419
40-44	3	1	0	0	0	0	4	60,722
45-49	2	0	1	0	0	0	3	80,032
50-54	1	1	0	1	0	0	3	77,192
55-59	1	0	0	0	0	0	1	114,136
60-64	1	0	1	0	0	0	2	52,994
65 and Over	1	0	0	0	0	0	1	40,827
All Ages	**16**	**5**	**2**	**1**	**0**	**0**	**24**	**$72,121**

Retired Members and Beneficiaries

Distribution of Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 30	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0
50-54	1	0	0	0	0	1	2
55-59	21	2	0	0	0	1	24
60-64	35	0	0	0	0	0	35
65-69	38	1	0	0	0	4	43
70-74	34	0	0	0	0	6	40
75-79	14	0	0	0	0	3	17
80-84	9	1	0	0	0	0	10
85 and Over	7	1	0	0	0	2	10
All Ages	**159**	**5**	**0**	**0**	**0**	**17**	**181**

Distribution of Average Annual Disbursements to Retirees and Beneficiaries by Age and Retirement Type*

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 30	$0	$0	$0	$0	$0	$0	$0
30-34	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0
50-54	97,200	0	0	0	0	10,215	53,707
55-59	43,176	33,503	0	0	0	26,065	41,657
60-64	70,724	0	0	0	0	0	70,724
65-69	49,338	20,974	0	0	0	53,072	49,025
70-74	50,603	0	0	0	0	79,774	54,979
75-79	77,961	0	0	0	0	39,349	71,147
80-84	41,648	2,953	0	0	0	0	37,779
85 and Over	6,698	7,722	0	0	0	5,383	6,537
All Ages	**$54,011**	**$19,731**	**$0**	**$0**	**$0**	**$50,355**	**$52,720**

* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on C-1 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

Retired Members and Beneficiaries (continued)

Distribution of Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Total
Under 5 Yrs	44	1	0	0	0	8	53
5-9	37	0	0	0	0	5	42
10-14	39	1	0	0	0	0	40
15-19	20	0	0	0	0	1	21
20-24	13	1	0	0	0	2	16
25-29	3	1	0	0	0	0	4
30 and Over	3	1	0	0	0	1	5
All Years	**159**	**5**	**0**	**0**	**0**	**17**	**181**

Distribution of Average Annual Disbursements to Retirees and Beneficiaries by Years Retired and Retirement Type*

Years Retired	Service Retirement	Non-Industrial Disability	Industrial Disability	Non-Industrial Death	Industrial Death	Death After Retirement	Average
Under 5 Yrs	$52,171	$44,456	$0	$0	$0	$48,118	$51,414
5-9	60,178	0	0	0	0	76,748	62,151
10-14	57,403	22,551	0	0	0	0	56,532
15-19	53,086	0	0	0	0	8,063	50,942
20-24	50,023	20,974	0	0	0	20,234	44,484
25-29	30,973	7,722	0	0	0	0	25,160
30 and Over	7,310	2,953	0	0	0	38,813	12,739
All Years	**$54,011**	**$19,731**	**$0**	**$0**	**$0**	**$50,355**	**$52,720**

* Counts of members do not include alternate payees receiving benefits while the member is still working. Therefore, the total counts may not match information on C-1 of the report. Multiple records may exist for those who have service in more than one coverage group. This does not result in double counting of liabilities.

Appendix D - Glossary

Glossary

Accrued Liability (Actuarial Accrued Liability)
The portion of the Present Value of Benefits allocated to prior years. It can also be expressed as the Present Value of Benefits minus the present value of future Normal Cost. Different actuarial cost methods and different assumptions will lead to different measures of Accrued Liability.

Actuarial Assumptions
Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability, and retirement rates. Economic assumptions include discount rate, wage inflation, and price inflation.

Actuarial Methods
Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include an actuarial cost method, an amortization policy, and an asset valuation method.

Actuarial Valuation
The determination as of a valuation date of the Normal Cost, Accrued Liability, and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change in plan provisions.

Actuary
A business professional proficient in mathematics and statistics who measures and manages risk. A public retirement system actuary in California performs actuarial valuations necessary to properly fund a pension plan and disclose its liabilities and must satisfy the qualification standards for actuaries issuing statements of actuarial opinion in the United States with regard to pensions.

Amortization Bases
Separate payment schedules for different portions of the Unfunded Accrued Liability (UAL). The total UAL of a rate plan can be segregated by cause. The impact of such individual causes on the UAL are quantified at the time of their occurrence, resulting in new amortization bases. Each base is separately amortized and paid for over a specific period of time. Generally, in an actuarial valuation, the separate bases consist of changes in UAL due to contract amendments, actuarial assumption changes, method changes, and/or experience gains and losses.

Amortization Period
The number of years required to pay off an Amortization Base.

Classic Member (under PEPRA)
A member who joined a public retirement system prior to January 1, 2013, and who is not defined as a new member under PEPRA. (See definition of New Member below.)

Discount Rate
The rate used to discount the expected future benefit payments to the valuation date to determine the Projected Value of Benefits. Different discount rates will produce different measures of the Projected Value of Benefits. The discount rate for funding purposes is based on the assumed long-term rate of return on plan assets, net of investment and administrative expenses. This rate is called the “actuarial interest rate” in Section 20014 of the California Public Employees’ Retirement Law.

Entry Age
The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan. In most cases, this is the age of the member on their date of hire.

Entry Age Actuarial Cost Method
An actuarial cost method that allocates the cost of the projected benefits on an individual basis as a level percent of earnings for the individual between entry age and retirement age. This method yields a total normal cost rate, expressed as a percentage of payroll, which is designed to remain level throughout the member’s career.

Fresh Start
A Fresh Start is when multiple amortization bases are combined into a single base and amortized over a new Amortization Period.

Glossary (continued)

Funded Ratio
Defined as the Fair Value of Assets divided by the Accrued Liability. Different actuarial cost methods and different assumptions will lead to different measures of Funded Ratio. The Funded Ratio with the Accrued Liability equal to the funding target is a measure of how well funded a rate plan is. A ratio greater than 100% means the rate plan has more assets than the funding target and the employer need only contribute the Normal Cost. A ratio less than 100% means assets are less than the funding target and contributions in addition to Normal Cost are required.

Funded Status
Any comparison of a particular measure of plan assets to a particular measure of pension obligations. The methods and assumptions used to calculate a funded status should be consistent with the purpose of the measurement.

Funding Target
The Accrued Liability measure upon which the funding requirements are based. The funding target is the Accrued Liability under the Entry Age Actuarial Cost Method using the assumptions adopted by the board.

GASB 68
Statement No. 68 of the Governmental Accounting Standards Board; the accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions.

New Member (under PEPRA)
A new member includes an individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

Normal Cost
The portion of the Present Value of Benefits allocated to the upcoming fiscal year for active employees. Different actuarial cost methods and different assumptions will lead to different measures of Normal Cost. The Normal Cost under the Entry Age Actuarial Cost Method, using the assumptions adopted by the board, plus the required amortization of the UAL, if any, make up the required contributions.

PEPRA
The California Public Employees' Pension Reform Act of 2013.

Present Value of Benefits (PVB)
The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for *current* members.

Traditional Unit Credit Actuarial Cost Method
An actuarial cost method that sets the Accrued Liability equal to the Present Value of Benefits assuming no future pay increases or service accruals. The Traditional Unit Credit Cost Method is used to measure the accrued liability on a termination basis.

Unfunded Accrued Liability (UAL)
The Accrued Liability minus the Fair Value of Assets. If the UAL for a rate plan is positive, the employer is required to make contributions in excess of the Normal Cost.

INVESTMENT POLICY

REVISED SEPTEMBER 10, 2026

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SECTION 1 - INVESTMENT POLICY

OVERVIEW

I. PURPOSE

This Investment Policy is set forth by Rancho California Water District (hereinafter referred to as "District") for the following purposes:

a. To establish a clear understanding for the governing Board, management, responsible employees, citizens and third parties of the objectives, policies and guidelines for the investment of the District's idle and surplus funds;

b. To offer guidance to investment staff and any external investment advisers on the investment of District funds; and

c. To establish a basis for evaluating investment results.

The District establishes investment policies that meet its current investment goals. The District shall review this policy annually and may change its policies as its investment objectives change.

II. SCOPE

This investment policy applies to all financial assets and investment activities of the District with the following exceptions:

a. The Deferred Compensation Plan is excluded because it is managed by a third-party administrator and invested by individual plan participants; and

b. Proceeds of debt issuance shall be invested in accordance with the general investment philosophy of the District as set forth in this policy; however, such proceeds are invested in accordance with permitted investment provisions of their specific bond indentures.

III. DELEGATION OF AUTHORITY

Authority to manage the District's investment program is derived from California Government Code, Sections 41006 and 53600 *et seq.*

The Board is responsible for the management of the District's funds, including the administration of this investment policy. Management responsibility for the cash management of the District's funds is hereby delegated to the Chief Financial Officer-Treasurer.

The Chief Financial Officer-Treasurer will be responsible for all transactions undertaken and will establish a system of procedures and controls to regulate the activities of subordinate officials and employees. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer-Treasurer.

The District may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the District.

IV. PRUDENT INVESTOR STANDARD

The Prudent Investor Standard shall be used by investment officials, and shall be applied in the context of managing an overall portfolio. Investment staff acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments.

The **Prudent Investor Standard:** When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, a trustee is authorized to acquire investments as authorized by law.

V. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the Chief Financial Officer-Treasurer, and the Chief Financial Officer-Treasurer to the General Manager, any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the

performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the District.

VI. INTERNAL CONTROLS

The Chief Financial Officer-Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Periodically, as deemed appropriate by the District and/or the Board, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures.

VII. AUTHROIZED FINANCIAL INSTITUTION, DEPOSITORIES, AND BROKER/DEALERS

To the extent practicable, the Chief Financial Officer-Treasurer shall endeavor to complete investment transactions using a competitive bid process whenever possible. The District's Chief Financial Officer-Treasurer will determine which financial institutions are authorized to provide investment services to the District. It shall be the District's policy to purchase securities only from authorized institutions and firms.

The Chief Financial Officer-Treasurer shall maintain procedures for establishing a list of authorized broker/dealers and financial institutions which are approved for investment purposes that are selected through a process of due diligence as determined by the District. Due inquiry shall determine whether such authorized broker/dealers, and the individuals covering the District are reputable and trustworthy, knowledgeable and experienced in Public Agency investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule) and California Government Code, Section 53601.5.

Selection of broker/dealers used by an external investment adviser retained by the District will be at the sole discretion of the adviser with oversight from the District's staff. At least annually, the District's staff will request a list of the external advisor's approved broker/dealers and a summary of the process used in their due diligence of the approved broker/dealers. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the Chief Financial Officer-Treasurer with audited financials and a statement certifying that the institution has reviewed the California Government Code, Section 53600 *et seq*. and the District's investment policy. The Chief Financial Officer-Treasurer will conduct an annual review of the financial condition and registrations of such qualified bidders.

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

VIII. OBJECTIVES

The primary objectives, in priority order, of investment activities shall be safety, liquidity and return. In order to achieve these objectives, the District has segregated its funds into three portfolios. The Construction Fund is structured to meet a schedule of payouts for capital expenditures. The Cash Management Account is invested in short-term securities to meet operating needs. The Operating Reserve is invested in somewhat longer-term securities in order to provide for future needs.

IX. SAFETY

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

X. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in money market mutual funds or local government investment pools, which offer same-day liquidity for short-term funds.

XI. RETURN

The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the District's

investment risk constraints, the cash flow characteristics of the portfolio and state law.

XII. BENCHMARKS

The District shall develop market benchmarks that are similar in characteristics to the District's portfolios, and shall compare the total return of the District's portfolio to the appropriate benchmarks.

Specifically, the benchmarks for the Construction Fund and Cash Management Account shall be LAIF and a market index of 3-month U.S. Treasury Bills (ICE BofA: G0O1 Index). The benchmark for the Operating Reserve portfolio shall be a market index of U.S. Treasury and agency securities with a maturity of 1-10 years (ICE BofA 1-10 Year U.S. Treasury and Agency Index: G5A0 Index).

XIII. AUTHORIZED INVESTMENTS

The District's investments are governed by California Government Code, Sections 53600 *et seq*. Within the investments permitted by the Code, the District seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the Chief Financial Officer-Treasurer will review the document and make an interpretation until the policy can be updated. Percentage holding limits listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity, and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

1. **MUNICIPAL SECURITIES** include obligations of the District, the State of California and any local agency within the State of California, provided that:

    - The securities are rated in a rating category of "A" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO").
    - No more than 5% of the portfolio may be invested in any single issuer.
    - No more than 20% of the portfolio may be in Municipal Securities.
    - The maximum maturity does not exceed thirty (30) years.
    - No issuer limitation for the District's obligations.

2. **MUNICIPAL SECURITIES (REGISTERED TREASURY NOTES OR BONDS)** of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

    - The securities are rated in a rating category of "A" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO").
    - No more than 5% of the portfolio may be invested in any single issuer.
    - No more than 20% of the portfolio may be in Municipal Securities.
    - The maximum maturity does not exceed thirty (30) years.

3. **U.S. TREASURIES** and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the District may invest in U.S. Treasuries, provided that:

    - The maximum maturity is thirty (30) years.

4. **FEDERAL AGENCIES** or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that the District may invest in Federal Agency or Government-Sponsored Enterprises (GSEs), provided that:

    - No more than 30% of the portfolio may be invested in any single Agency/GSE issuer, except GNMA can be invested up to 50%.
    - The maximum maturity does not exceed thirty (30) years.

5. **BANKER'S ACCEPTANCES,** provided that**:**

    - They are issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
    - No more than 40% of the portfolio may be invested in Banker's Acceptances.
    - No more than 5% of the portfolio may be invested in any single issuer.
    - The maximum maturity does not exceed 180 days.

6. **COMMERCIAL PAPER**, provided that:

    - The issuer is a corporation organized and operating in the United States with assets in excess of $500 million.
    - The securities are rated "A-1" or its equivalent or better by at least one NRSRO.

- They are issued by corporations which have long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
- The District may purchase no more than 10% of the outstanding commercial paper of any single issuer.
- No more than 40% of the portfolio may be invested in Commercial Paper. Under a provision sunsetting on January 1, 2031, no more than 40% of the portfolio may be invested in Commercial Paper if the Districts investment assets under management are greater than $100,000,000.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed 397 days.

7. NEGOTIABLE CERTIFICATES OF DEPOSIT (NCDS), issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
- Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in NCDs (combined with CDARS).
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

8. FEDERALLY INSURED TIME DEPOSITS (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:

- The amount per institution is limited to the maximum covered under federal insurance.
- No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.
- The maximum maturity does not exceed five (5) years.

9. COLLATERALIZED TIME DEPOSITS (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with California law, provided that:

- No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.
- The maximum maturity does not exceed five (5) years.

10. PLACEMENT SERVICE DEPOSITS, provided that:

- No more than 30% of the total portfolio may be invested in a combination of qualifying placement service deposits.
- The full amount of each deposit along with accrued interest must at all times be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).
- Under a provision sunsetting on January 1, 2031, no more than 50% of the portfolio may be invested in deposits through a placement service, including Certificates of Deposit, if the Agency is a city, district or local agency that does not pool money with other local agencies.
- The maximum maturity does not exceed five (5) years.

11. COLLATERALIZED BANK DEPOSITS. District's deposits with financial institutions will be collateralized with pledged securities per California Government Code, Section 53651. There are no limits on the dollar amount or percentage that the District may invest in collateralized bank deposits.

12. REPURCHASE AGREEMENTS collateralized with securities authorized under California Government Code, maintained at a level of at least 102% of the market value of the Repurchase Agreement. There are no limits on the dollar amount or percentage that the District may invest, provided that:

- Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third-party custodian.
- Repurchase Agreements are subject to a Master Repurchase Agreement between the District and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA).
- The maximum maturity does not exceed one (1) year.
- No more than 5% allocation to a single counterparty and a 10% maximum allocation to this security type.

13. STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF), provided that:

- The District may invest up to the maximum amount permitted by LAIF.
- LAIF's investments in instruments prohibited by or not specified in the District's policy do not exclude the investment in LAIF itself from the District's list of allowable investments, provided LAIF's reports allow the Chief Financial Officer-Treasurer to adequately judge the risk inherent in LAIF's portfolio.

14. SHARES OF BENEFICIAL INTEREST ISSUED BY A JOINT POWERS AUTHORITY (JPA), provided that:

- The JPA is organized pursuant to California Government Code Section 6509.7 and invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive.
- Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA.
- The JPA has retained an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (q).

15. LOCAL GOVERNMENT INVESTMENT POOLS

- Other LGIPs permitted by client.
- No more than one half the maximum allowable by LAIF

16. CORPORATE MEDIUM-TERM NOTES (MTNS), provided that:

- The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- The securities are rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in MTNs.
- No more than 5% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

17. ASSET-BACKED, MORTGAGE-BACKED, MORTGAGE PASS-THROUGH SECURITIES, AND COLLATERALIZED MORTGAGE OBLIGATIONS FROM ISSUERS NOT DEFINED IN SECTIONS 3 AND 4 OF THE AUTHORIZED INVESTMENTS SECTION OF THIS POLICY, provided that:

- The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.
- No more than 20% of the total portfolio may be invested in these securities.
- No more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer.
- The maximum legal final maturity does not exceed five (5) years.

18. MUTUAL FUNDS AND MONEY MARKET MUTUAL FUNDS that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

a. **MUTUAL FUNDS** that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:

(i) Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
(ii) Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of $500 million.

- No more than 10% of the total portfolio may be invested in shares of any one mutual fund.

- **MONEY MARKET MUTUAL FUNDS** registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:

(i) Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
(ii) Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five (5) years' experience managing money market mutual funds with assets under management in excess of $500 million.

- No more than 10% of the total portfolio may be invested in the shares of any one Money Market Mutual Fund. Cannot have a balance above 10% for seven (7) consecutive days.

- No more than 20% of the total portfolio may be invested in these securities.

19. SUPRANATIONALS, provided that:

- Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
- The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.
- No more than 30% of the total portfolio may be invested in these securities.
- No more than 10% of the portfolio may be invested in any single issuer.
- The maximum maturity does not exceed five (5) years.

XIV. PROHIBITED INVESTMENT VEHICLES AND PRACTICES

State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to, mutual funds (other than government money market funds), unregulated and/or unrated investment pools or trusts, and futures and options.

In accordance with Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.

Investment in any other security that could result in a zero-interest accrual if held to maturity is prohibited other than those backed by the U.S. Government. Under a provision sunsetting on January 1, 2031, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.

Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

Purchasing or selling securities on margin is prohibited.
Purchasing securities denominated in a foreign currency.

The use of reverse-repurchase agreements, securities lending, or any other form of borrowing or leveraging is prohibited.

The District pursues prudent active management strategies in order to enhance return and reduce risk as market conditions change over time.

The purchase of a security with a forward settlement date exceeding 45 days from the time of investment is prohibited.

XV. INVESTMENT POOLS/MUTUAL FUNDS

The District shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. The Chief Financial Officer-Treasurer shall develop a questionnaire which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.

- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

XVI. COLLATERALIZATION

CERTIFICATES OF DEPOSIT (CDS). The District shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

COLLATERALIZATION OF BANK DEPOSITS. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The District shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

REPURCHASE AGREEMENTS. The District requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- The District shall receive monthly statements of collateral.

XVII. DELIVERY, SAFEKEEPING AND CUSTODY

DELIVERY-VERSUS-PAYMENT (DVP). All investment transactions shall be conducted on a delivery-versus-payment basis.

SAFEKEEPING AND CUSTODY. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in the District's portfolio shall be held in safekeeping in the District's name by a third-party custodian, acting as agent for the District under the terms of a custody agreement executed by the bank and the District. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the District from the custodian listing all securities held in safekeeping with current market data and other information.

The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money mutual funds, since the purchased securities are not deliverable.

XVIII. MITIGATING CREDIT RISK IN THE PORTFOLIO

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The District shall mitigate credit risk by adopting the following strategies:

No more than 5% of the total portfolio may be invested in securities of any single bank, bank holding company, or other non-governmental issuer other than Government Money Market Mutual Funds that may have no more than 10% in any one fund for more than 7 consecutive days unless otherwise specified in this policy.

The District may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or the District's risk preferences.

If securities owned by the District are downgraded to a level below the minimum quality required by this Investment Policy, it shall be the District's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. For the purposes of this investment policy, credit ratings shall be interpreted by their category and any references to Nationally Recognized Statistical Ratings Organization (NRSRO) shall include Moody's, Standard and Poor's, and Fitch or their successors. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported quarterly to the governing Board.

The diversification requirements described herein, and as shown in the Table on Page 15 are designed to mitigate credit risk in the portfolio. The minimum quality required in the Table on Page 15, requires one qualifying credit rating by a nationally recognized credit rating organization.

XIX. MITIGATING MARKET RISK IN THE PORTFOLIO

Market risk is the risk that the portfolio will decline in value (or will not optimize its value) due to changes in the general level of interest rates. The District recognizes that, over time, longer-term portfolios achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The District shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by marking some longer-term investments only with funds that are not needed for current cash flow purposes. The District further recognizes that certain types of securities, including variable rate securities, securities with principal pay downs prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The District, therefore, adopts the following strategies to control and mitigate its exposure to market risk.

The Board of Directors (Board) has approved the purchase of securities with maturities in excess of five (5) years for the Operating Reserve portfolio. Purchases of such securities shall not exceed 40% of surplus funds unless prior approval is given by the Board.

The maximum stated final maturity of individual securities in the portfolio shall be thirty (30) years, as defined more specifically in this policy;

The duration of each portfolio shall typically be equal to the duration of its market benchmark, plus or minus 10%.

XX. REPORTING

a. **Monthly.** The Chief Financial Officer-Treasurer and/or Investment Officer shall prepare a monthly investment report for review and approval by the governing Board, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last month. This management summary will be prepared in a manner, which will allow the governing Board to ascertain whether investment activities during the reporting period have conformed to the investment policy.

b. **Quarterly.** On a quarterly basis, within 45 days after the end of the quarter, the District's Chief Financial Officer-Treasurer and/or Investment Officer shall prepare a report in compliance with Government Code Section 53646 the detailed listing of individual securities held in the District's investment portfolio. The report will include the following:

    1. Listing of individual securities held at the end of the reporting period;
    2. Cost and market value of all securities, including realized and unrealized market value gains or losses in accordance with GASB requirements;
    3. Average weighted yield to maturity of portfolio;
    4. Listing of investment by maturity date;
    5. Percentage of the total portfolio, which each type of investment represents;
    6. Statement of compliance with Investment Policy, including an explanation of any compliance exceptions (CGC Section 53646); and
    7. Certification of sufficient liquidity to meet budgeted expenditures over the ensuing six months (CGC Section 53646).

c. **Semi-Annual**. On a semi-annual basis, the District's Investment Adviser shall report the total rate of return on each of the District's portfolios to the governing Board, together with a comparison to each portfolio's market benchmarks. For the Cash Management and Construction Funds, total return on an unrealized basis shall be reported; for the Operating Reserve Portfolio, both realized and unrealized returns will be reported.

d. **Annually.** On an annual basis, the Chief Financial Officer-Treasurer shall present the Investment Policy, together with any proposed amendments, to the governing Board for its consideration.

XXI. INVESTMENT LIMITATIONS

SUMMARY OF INVESTMENT LIMITATIONS				
Type of Security	**% Limit Per Issuer**	**% Limit Per Type of Security**	**Minimum Quality[1]**	**Maturity Limit**
U.S. Treasuries	n/a	100%	n/a	30 years
Federal Agencies:	n/a	100%	n/a	30 years
GNMA	50%	n/a	n/a	30 years
Farm Credit	30%	n/a	n/a	30 years
FHLB	30%	n/a	n/a	30 years
FHLMC	30%	n/a	n/a	30 years
FNMA	30%	n/a	n/a	30 years
TVA	30%	n/a	n/a	30 years
Other Agencies	30% each	n/a	n/a	30 years
Supranationals	10% each (IBRD, IFC and IADB)	30%	AA	5 years
State of California, LAIF		Allowable Maximum		
Shares of Beneficial Interest Issued by a Joint Powers Authority (JPA) [4]	10%	20%	AAA	n/a
Local Government Investment Pools	No more than one half the maximum allowable by LAIF	No more than one half the maximum allowable by LAIF	AAA	n/a
Municipal Securities	5%[2]	Allowable Maximum 20%	A	30 years
Bankers' Acceptances	5%	40%	A1/P1	180 days
Commercial Paper	5%	40%	A1/P1	397 days
Negotiable Certificates of Deposits	5%	30%	A1/P1[3]	5 years
Corporate Medium-Term Notes	5%	30%	A	5 years
Federally Insured Time Deposit	5%	20%	n/a	5 years
Certificate of Deposit Placement Service (CDARS)	none	30%	n/a	5 years
Collateralized Time Deposits	none	20%	n/a	5 years
Collateralized Bank Deposits	none	none	n/a	5 years
Repurchase Agreements	5%	10%	n/a	1 year
Mutual Fund[4]	10%	Allowable maximum 20% combined Mutual Fund and Government Money Market Fund	AAA	n/a
Government Money Market Mutual Funds (Shares of beneficial interest in money market funds)	10%[5]	Allowable maximum 20% combined Mutual Fund and Government Money Market Fund	AAA	5 years
Collateralized Mortgage Obligations (CMOs) and Mortgage-Backed Securities (MBS), Asset Backed Securities (ABS)	5%	Allowable maximum 20% combined CMOs, MBS', and ABS'	AA	5 years

[1]Securities/Issuers with credit ratings requirements are required to be rated by at least one NRSRO.

[2]No per Issuer limit for RCWD obligations.

[3]The amount of the NCD insured up to the FDIC limit does not require any credit ratings

[4]Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of $500 million.

[5]No more than 10% of the total portfolio may be invested in the shares of any one Money Market Mutual Fund. Cannot have a balance above 10% for seven (7) consecutive days

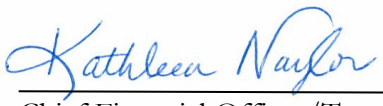
Guaranteed Investment Contracts (GICs). The Board has authorized the investment of bond proceeds (project and reserve funds) in GICs from providers rated a minimum of "AA" by a NRSRO. Collateralization requirements shall be determined at the time the investment agreement is made, based on market conditions and the District's objectives.

XXII. REVIEW OF INVESTMENT POLICY

The investment policy will be reviewed and adopted at least annually within 120 days of the end of the fiscal year, to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

Any recommended modifications or amendments shall be presented by Staff to the Board for their consideration and adoption.

Prepared by:



Chief Financial Officer/Treasurer

Date Approved by Governing Body:

September 10, 2026

SECTION 2 - RETIREMENT MEDICAL BENEFITS PLAN INVESTMENT OBJECTIVES AND GUIDELINES

ADOPTED FEBRUARY 8, 2018

I. INVESTMENT OBJECTIVES

The primary objectives for investment of the Rancho California Water District's Retirement Medical Benefits Plan monies is to ensure contributions to the plan are available to meet the obligations of the plan at the same time producing a return consistent with the long-term stated goal. In order to achieve these objectives, the District has selected the following investment guidelines:

- Long-term Growth of Assets: The Trust's objective is to grow over time and increase its purchasing power by earning a total return equal to or in excess of the long-term actuarial investment return rate of 6.75%. The Investment Manager will seek to minimize risk through diversification.

- Preservation of Capital: Another of the Trust's objectives is to protect principal. Exposing the Trust to undue risk is to be avoided; however, the assumption of an appropriate level of risk, commensurate with the growth objective, is warranted in pursuit of the investment goals. The investment manager and the Board further recognize that financial assets fluctuate in value and that near-term results can diverge from long-term stated goals. The investment manager will seek to minimize risk through diversification. The Investment Manager will advise the Board from time to time on the reasonableness of their objectives in light of capital market conditions.

- Liquidity: To provide sufficient liquidity for periodic cash requirements.

These objectives are to be considered in conjunction with guidelines and restrictions set forth in this Policy.

II. INVESTMENT GUIDELINES

The Investment Manager shall allocate Trust assets consistent with the stated investment objectives in Section I above and in accord with the asset allocation set forth in this section. The allocation of Trust assets shall be maintained within the "Policy Asset Class Ranges" noted in the table below. The Investment Manager will be responsible for determining the asset allocation within these bands and rebalancing as necessary.

ASSET CLASS	ACCEPTABLE RANGE
Equities	30% - 55%
Domestic	30% - 50%
International	0% - 30%
Real Estate	0% - 20%
Domestic	0% - 20%
International	0% - 10%
Commodities	0% - 10%
Bonds	30% - 60%
Domestic	30% - 60%
Investment Grade	20% - 60%
High Yield	0% - 15%
International	0% - 10%
Cash	0% - 10%

It is understood that deviations will occur as a result of market impact and cash flow. The actual asset allocation will be monitored by the District and the Investment Manager. At least quarterly, the Investment Manager will rebalance portfolio allocations to assure the asset allocation proportions remain within the permitted range.

III. ELIGIBLE INVESTMENTS AND DIVERSIFICATION

Investments may be placed in the following asset classes:

- Equity securities of U.S. and non-U.S. issuers.
- Fixed Income securities of U.S. and non-U.S. issuers.
- Real Estate Investment Trusts (REITs).
- Commodities (Investments must be made in a pooled-investment vehicle).

Investments may be placed in the following investment vehicles:

- Mutual Funds that invest in permitted asset classes.
- Exchange Traded Funds (ETF) that invest in permitted asset classes.
- Commingled funds that are consistent with the aforementioned asset classes.
- Individual Fixed Income Securities must meet the criteria defined below:
    - U.S. Dollar Denominated.
    - U.S. Treasury Securities or securities guaranteed by the full faith and credit of the U.S.
    - U.S. Agency Securities or Instruments of the U.S. Government. Examples of issuers include Federal Farm Credit Bank, Federal Home Loan Bank,

Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Tennessee Valley Authority,

- Supranational obligations that are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities must be rated in a rating category of "AA" or its equivalent or better by a NRSRO.
- Other non-U.S. governmental issuers of securities with a rating of at least AAA by a NRSRO.
- Corporate securities rated investment grade by a NRSRO.
- Bank certificates of deposit, bank Eurodollar time deposits and Eurodollar certificates of deposit rated in one of the two highest categories by Thompson Bankwatch, and rated in the highest short-term category by a NRSRO.
- Banker's Acceptances Issued by Banks rated in the highest short-term category by a NRSRO.
- Money market mutual funds with a minimum of $500 million in assets, which invest in permissible securities.
- MBS, CMO, and ABS with a rating of at least "AAA" by a NRSRO or issued by a Government Sponsored Enterprise (GSE).

Prohibited Transactions

- Direct short sales of individual securities (the Investment Manager may buy commingled funds that employ short sale techniques).
- Direct margin purchases (see glossary for a definition. The Investment Manager may buy commingled funds that employ margin).
- Direct investment in commodities futures contracts (the Investment Manager may buy commingled funds that use futures contracts).
- Direct investments in real estate or direct real estate lending.
- Hedge funds (see glossary for a definition).

The District's assets will be invested in investment securities noted above. All the investment funds generally will be fully invested. The invested funds of any single issuer will be less than 5% of the total assets of the overall fund, with the exception of the pooled-investment vehicles, U.S. government, U.S. government agency, and supranational obligation.

IV. PERFORMANCE STANDARDS

The primary performance goal is to earn the long-term actuarial investment return rate of 6.75%. The Investment Manager will make time-weighted rate of return measurements at quarterly intervals for the portfolio as a whole and for each separate asset class in compliance with GIPS® (Global Investment Performance Standards).

Performance will be measured against an appropriate blended benchmark, which is consistent with the portfolio's policy target. Emphasis will be placed on performance over a market cycle.

SECTION 3 - RANCHO CALIFORNIA WATER DISTRICT SECTION 115 PENSION TRUST

ADOPTED JUNE 14, 2018

I. PURPOSE

Rancho California Water District (hereinafter referred to as "District") has established the Rancho California Water District Section 115 Trust ("Trust"). This Trust is intended to provide funding for the District's retirement benefits provided through the California Public Employees' Retirement System ("CalPERS") for those eligible employees that meet any specified age, service, and other requirements. The District hereby adopts this Funding Policy Statement ("Policy Statement") for the purposes set forth herein.

The purpose of the Trust is to achieve long-term growth of Trust assets by maximizing long-term rate of return on investments and minimizing risk of loss to fulfill the District's stated objectives for the Trust to fund the District's Pension Obligations, as defined under the Rancho California Water District Section 115 Trust Agreement ("Trust Agreement").

The purpose of this Policy Statement is to establish clear guidelines on how the returns achieved from the investment of the Trust assets will be applied.

The District has separately established investment policies that meet its current investment goals. Refer to the most current Investment Policy for more detailed information regarding the investment standards and procedures applicable to the Trust.

II. SCOPE

This Policy Statement applies exclusively to the Trust.

III. OBJECTIVES

Consistent with the main objective for the Trust, it is the District's intent and determination that the corpus of the Trust shall remain intact unless otherwise determined by the District's Board of Directors (Board). Such intent is for the purpose of ensuring that the District has the necessary funds to meet its Pension Obligations irrespective of the economic conditions at any given time.

The annual earnings achieved from the investment of the Trust's assets, determined as of June 30 of each fiscal year, shall be allocated in accordance with the following guidelines, as determined by the District:

1. If the funded ratio of the District's CalPERS pension plan is below 70%, then 100% of the Trust's annual earnings will be paid directly to CalPERS as an additional payment towards the District's Unfunded Accrued Liability ("UAL").

2. If the funded ratio of the District's CalPERS pension plan is at least 70% but less than 80%, then the Trust's annual earnings will be applied as follows:

    a. 75% of the Trust's annual earnings will be paid directly to CalPERS as an additional payment towards the District's UAL.
    b. The remaining 25% of the Trust's annual earnings will be added to the Trust's corpus.

3. If the funded ratio of the District's CalPERS pension plan is at least 80% but less than 100%, then the Trust's annual earnings will be applied as follows:

    a. 50% of the Trust's annual earnings will be paid directly to CalPERS as an additional payment of the District's UAL.
    b. The remaining 50% of the Trust's annual earnings will be added to the Trust's corpus.

4. If the funded ratio of the District's CalPERS pension plan is at 100% but the annual earnings of the Trust are insufficient to reimburse 100% of the District's annual employer contributions to CalPERS, then the Trust's annual earnings will be applied as follows:

    a. 50% of the Trust's annual earnings will be used to reimburse to the District for its annual employer contributions.
    b. The remaining 50% of the Trust's annual earnings will be added to the Trust's corpus.

5. If the District's CalPERS pension plan is 100% funded and the annual earnings of the Trust are sufficient to reimburse 100% of District's annual employer contributions to CalPERS, then 100% of the District's annual employer contributions (for fiscal year June 30) are to be reimbursed provided that 50% of the annual earnings would be added to the Trust's corpus until the losses from previous years have been fully recovered. For this purpose, "losses" is defined as a reduction in the Trust's corpus as a result of negative investment returns.

For the purpose of applying this policy, the most recently available actuarial study, or other most recent District-specific communication from CalPERS, shall be the basis for determining the status of the District's funded ratio on its pension plan, and the amount of District-required employer contributions.

IV. INVESTMENT OBJECTIVES

The primary objectives for investment of the Rancho California Water District Section 115 Pension Trust are to help fund ongoing pension payments to meet the District's obligations. In order to achieve these objectives, the District has selected the following investment guidelines.

- Long-term Growth of Assets: The Trust's objective is to grow over time and increase its purchasing power by earning a total return equal to or in excess of the investment return goal of 7%. The Investment Manager will seek to minimize risk through diversification.

- Preservation of Capital: Another of the Trust's objectives is to protect principal. Exposing the Trust to undue risk is to be avoided; however, the assumption of an appropriate level of risk, commensurate with the growth objective, is warranted in pursuit of the investment goals. The investment manager and the Board further recognize that financial assets fluctuate in value and that near-term results can diverge from long-term stated goals. The investment manager will seek to minimize risk through diversification. The Investment Manager will advise the Board from time to time on the reasonableness of their objectives in light of capital market conditions.

- Liquidity: To provide sufficient liquidity for periodic withdrawals from the Trust as needed.

These objectives are to be considered in conjunction with guidelines and restrictions set forth in this Policy.

V. INVESTMENT GUIDELINES

The Investment Manager shall allocate Trust assets consistent with the stated investment objectives in Section I above and in accord with the asset allocation set forth in this section. The allocation of Trust assets shall be maintained within the "Policy Asset Class Ranges" noted in the table below. The Investment Manager will be responsible for determining the asset allocation within these bands and rebalancing as necessary.

ASSET CLASS	ACCEPTABLE RANGE
Equities	50% - 70%
Domestic	40% - 70%
International	0% - 35%
Real Estate	0% - 15%
Domestic	0% - 15%
International	0% - 5%
Commodities	0% - 5%
Bonds	30% - 50%
Domestic	20% - 50%
Investment Grade	20% - 50%
High Yield	0% – 15%
International	0% - 15%
Cash	0% - 5%

It is understood that deviations will occur as a result of market impact and cash flow. The actual asset allocation will be monitored by the District and Investment Manager. At least quarterly, the Investment Manager will rebalance portfolio allocations to assure the asset allocation proportions remain within the permitted range.

VI. ELIGIBLE INVESTMENTS AND DIVERSIFICATION

Investments may be placed in the following asset classes:

- Equity securities of U.S. and non-U.S. issuers.
- Fixed Income securities of U.S. and non-U.S. issuers.
- Real Estate Investment Trusts (REIT).
- Commodities (Investments must be made in a pooled-investment vehicle).

Investments may be placed in the following investment vehicles:

- Mutual Funds that invest in permitted asset classes.
- Exchange Traded Funds (ETF) that invest in permitted asset classes.
- Commingled funds that are consistent with the aforementioned asset classes.
- Individual Fixed Income Securities must meet the criteria defined below:
  - U.S. Dollar Denominated.
  - U.S. Treasury Securities or securities guaranteed by the full faith and credit of the U.S.
  - U.S. Agency Securities or Instruments of the U.S. Government. Examples of issuers include Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, and Tennessee Valley Authority.
  - Supranational obligations that are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities must be rated in a rating category of "AA" or its equivalent or better by a NRSRO.
  - Other non-U.S. governmental issuers of securities with a rating of at least AAA by a NRSRO.
  - Corporate securities rated investment grade by a NRSRO.
  - Banker's Acceptances Issued by Banks rated in the highest short-term category by a NRSRO.
  - Money market mutual funds with a minimum of $500 million in assets, which invest in permissible securities.
  - Mortgage Backed Securities (MBS), Collateralized Mortgage Obligations (CMO) and Asset Backed Securities (ABS) with a rating of at least "AAA" by a NRSRO or issued by a GSE.

Prohibited Transactions

- Direct short sales of individual securities (the Investment Manager may buy commingled funds that employ short sale techniques).
- Direct margin purchases (see glossary for a definition. The Investment Manager may buy commingled funds that employ margin).
- Direct investment in commodities futures contracts (the Investment Manager may buy commingled funds that use futures contracts).
- Direct investments in real estate or direct real estate lending (the Investment Manager may buy commingled funds that invests in real estate or engages in real estate lending).
- Hedge funds (see glossary for a definition).

The District's assets will be invested in the investment securities noted above. All the investment funds generally will be fully invested. The invested funds of any single issuer will be less than 7% of the total assets of the overall fund, with the exception of the pooled-

investment vehicles, U.S. government, U.S. government agency and supranational obligation and money market funds.

VII. PERFORMANCE STANDARDS

The primary performance goal is to earn the long-term actuarial investment return rate of 7%. The Investment Manager will make time-weighted rate of return measurements at quarterly intervals for the portfolio as a whole and for each separate asset class in compliance with GIPS® (Global Investment Performance Standards).

Performance will be measured against an appropriate blended benchmark, which is consistent with the portfolio's policy target. Emphasis will be placed on performance over a market cycle.

SECTION 4 - GLOSSARY OF INVESTMENT TERMS©

Agencies. Shorthand market terminology for any obligation issued by *a government-sponsored entity (GSE),* or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the U.S. Government. Examples are:

FDIC. The Federal Deposit Insurance Corporation provides insurance backed by the full faith and credit of the U.S. Government to certain bank deposits and debt obligations.

FFCBS. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "Freddie Mac" issues discount notes, bonds, and mortgage pass-through securities.

FNMA. Like FHLB and Freddie Mac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "Fannie Mae," issues discount notes, bonds, and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as "Ginnie Mae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the U.S. Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the U.S. Government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

Asked. The price at which a seller offers to sell a security.

Asset-Backed Securities. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

Average life. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

Banker's acceptance. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank, which "accepts" the obligation to pay the investor.

Benchmark. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

Bid. The price at which a buyer offers to buy a security.

Broker. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

Certificate of Deposit (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

Collateral. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

Collateralized Mortgage Obligations (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial paper. The short-term unsecured debt of corporations.

Commodity. A basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade.

Cost yield. The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

Coupon. The rate of return at which interest is paid on a bond.

Credit risk. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

Current yield. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

Dealer. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

Debenture. A bond secured only by the general credit of the issuer.

Delivery versus payment (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

Derivative. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which

represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument of the value of which is totally or partially derived from the value of another instrument, interest rate or index.

Discount. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

Diversification. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

Duration. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

Equity. Also referred to as stock or any other security representing an ownership interest.

Exchange-Traded Fund (ETF). A security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange.

Federal Funds Rate. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

Federal Open Market Committee. A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

Guaranteed Investment Contract (GIC). Insurance contracts that guarantee the owner principal repayment and a fixed or floating interest rate for a predetermined period of time. Since the issuer guarantees of the contact it does have credit risk.

Haircut. The margin or difference between the actual market value of a security and the value assessed by the lending side of a transaction (i.e. a repo).

Hedge Fund. An aggressively managed portfolio of investments that uses advanced investment strategies such as leveraged, long, short, and derivative positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark). Legally, hedge funds are most often set up as private investment partnerships that are open to a limited number of investors and require a very large initial minimum investment. Investments in hedge funds are illiquid, as they often require investors keep their money in the fund for at least one year.

Investment Grade. A rating that indicates a municipal or corporate bond has a relatively low risk of default. Bond credit rating firms, such as Standard & Poor's, use different designations consisting of

upper- and lower-case letters 'A' and 'B' to identify a bond's credit quality rating. 'AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings for bonds below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality and are commonly referred to as "high yield bonds."

Joint powers authority (JPA). An entity created by two or more public agencies that share a common goal in order to jointly exercise powers common to all members through a joint powers agreement or contract.

Leverage. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

Liquidity. The speed and ease with which an asset can be converted to cash.

Margin. The difference between the market value of a security and the loan a broker makes using that security as collateral.

Market Risk. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

Market Value. The price at which a security can be traded.

Marking to Market. The process of posting current market values for securities in a portfolio.

Maturity. The final date upon which the principal of a security becomes due and payable.

Medium Term Notes. Unsecured, investment-grade senior debt securities of major corporations, which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

Modified Duration. The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

Money Market. The market in which short-term debt instruments (T-Bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

Mortgage Pass-Through Securities. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

Municipal Securities. Securities issued by state and local agencies to finance capital and operating expenses.

Mutual Fund. An entity that pools the funds of investors and invests those funds in a set of securities, which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated

with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

Nationally Recognized Statistical Ratings Organization (NRSRO). The formal term to describe credit rating agencies that provide credit ratings that are used by the U.S. government in several regulatory areas. Ratings provided by NRSRO are used frequently by investors and are used as benchmarks by federal and state agencies. Example are Moody's, Standard and Poor's and Fitch credit ratings services.

Negotiable CD. A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Placement service deposits. A private service that allows local agencies to invest in FDIC-insured deposits with one or more banks, savings and loans, and credit unions located in the United States. IntraFi (formerly known as CDARS) is an example of an entity that provides this service.
Premium. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

Prepayment Speed. A measure of how quickly principal is repaid to investors in mortgage securities.

Prepayment Window. The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

Primary Dealer. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

Prudent Person (Prudent Investor) Rule. A standard of responsibility that applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

Real Estate Investment Trust (REIT). A security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or through mortgages.

Realized Yield. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

Regional Dealer. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

Repurchase Agreement (RP, Repo). Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a **reverse repurchase agreement**.

Safekeeping. A service to bank customers whereby securities are held by the bank in the customer's name.

Structured Note. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

Supranational. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

Total Rate of Return. A measure of a portfolio' performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. Treasury Obligations. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury Bills. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-Bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

Treasury Notes. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

Treasury Bonds. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

Volatility. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

Yield to Maturity. The annualized internal rate of return on an investment, which equates the expected cash, flows from the investment to its cost.

2.B

Rancho Water

COMMITTEE INFORMATION

FINANCE AND AUDIT COMMITTEE

October 1, 2026

ITEM 2.B: **Review of Purchasing Reports**

RESPONSIBLE/LEAD STAFF MEMBER(S):

Karrie Swaine, Controller

RECOMMENDATIONS:

These reports are presented for the Finance and Audit Committee's (Committee) review and information.

DISCUSSION:

Attached for the Committee's review and information are the Active Service Agreements and Sole-Source Purchases summary reports.

ALTERNATIVES:

Not applicable

FISCAL ANALYSIS:

Not applicable

ENVIRONMENTAL REQUIREMENTS:

Not applicable

EXHIBITS/ATTACHMENTS:

1. Active Service Agreements Report
2. Sole-Source Purchases Report

RANCHO WATER ACTIVE SERVICE AGREEMENTS - OPERATING

Status As Of : September 16 , 2026

VENDOR	DESCRIPTION	CURRENT BUDGET	REMAINING BUDGET	AGREEMENT FROM	AGREEMENT TO
ADAME LANDSCAPE INC.	MONTHLY LANDSCAPE SERVICES	$87,580.50	$72,983.74	7/1/2026	6/30/2027
AERZEN USA CORP.	DELTA HYBRID BLOWER PM SERVICES	$62,507.49	$25,726.36	7/1/2026	6/30/2027
AQUA BEN CORP.	CATIONIC POLYMER DELIVERIES	$53,633.87	$49,318.50	7/1/2026	6/30/2027
ATLAS ELEVATOR COMPANY	ELEVATOR INSPECTION AND PM SERVICES	$2,920.00	$2,752.07	8/1/2026	6/30/2027
AZTEC JANITORIAL SERVICE	JANITORIAL SERVICES - YEAR 5	$197,062.06	$166,744.82	7/1/2026	6/30/2027
BLAIS & ASSOCIATES	GRANT COMPLIANCE MONITORING SERVICES	$20,000.00	$20,000.00	7/1/2026	6/30/2027
C.G. LANDSCAPE, INC.	MONTHLY GARDEN MAINTENANCE - HQ ENTRY AND COURTYARD	$16,212.00	$12,159.00	7/1/2026	6/30/2027
	AS-NEEDED SERVICES - MULCH, TREE TRIMMING, IRRIGATION REPAIR	$9,778.00	$8,539.45	7/1/2026	6/30/2027
CALPORTLAND COMPANY	EMERGENCY SLURRY AND CONCRETE SERVICES	$250,000.00	$250,000.00	9/11/2026	6/30/2027
CENTRAL COMMUNICATIONS	AFTER-HOUR ANSWERING SERVICES	$12,300.00	$9,239.80	7/1/2026	6/30/2027
CHARTER COMMUNICATIONS	FIBER INTERNET AND PHONE SERVICES	$19,220.00	$16,017.32	7/1/2026	6/30/2027
COMPLETE CONTROL PEST MGMT	PEST CONTROL SERVICES	$9,494.00	$7,525.00	7/1/2026	6/30/2027

RANCHO WATER ACTIVE SERVICE AGREEMENTS - OPERATING

Status As Of : September 16 , 2026

VENDOR	DESCRIPTION	CURRENT BUDGET	REMAINING BUDGET	AGREEMENT FROM	AGREEMENT TO
CR & R INC.	WASTE MANAGEMENT SERVICES	$25,000.00	$22,025.81	7/1/2026	6/30/2027
CROWN LIFT TRUCKS	FORKLIFT MAINTENANCE SERVICES	$1,200.00	$1,200.00	7/1/2026	6/30/2027
DAVIS FARR LLP	ANNUAL AUDITING SERVICES FY 2026 - RCWD	$64,380.00	$41,880.00	7/1/2026	6/30/2027
	ANNUAL AUDITING SERVICES FY 2026 - SRRRA	$10,740.00	$6,540.00	7/1/2026	6/30/2027
DISH NETWORK	EOC COMMUNICATION SERVICES	$1,600.00	$1,230.58	7/1/2026	6/30/2027
ENS RESOURCES INC.	FEDERAL LEGISLATIVE ADVOCACY SERVICES	$176,000.00	$80,000.00	8/1/2026	6/30/2027
E.S. BABCOCK AND SONS INC.	LABORATORY TESTING SERVICES SRRRA - PRIMARY AND SECONDARY	$87,000.00	$79,026.16	8/1/2026	6/30/2027
	LABORATORY TESTING SERVICES SRRRA - TERTIARY	$62,000.00	$56,225.84	8/1/2026	6/30/2027
	LABORATORY TESTING SERVICES SRRRA - STORM WATER	$1,000.00	$1,000.00	8/1/2026	6/30/2027
ELECTRIC & GAS INDUSTRIES ASSC	REGIONAL CROPSWAP IT HOSTING, MAINTENANCE AND SERVICES	$12,000.00	$10,000.00	7/1/2026	6/30/2027
EUROFINS EATON ANALYTICAL LLC	LABORATORY TESTING SERVICES - WATER QUALITY	$177,185.00	$146,122.00	7/1/2026	6/30/2027
FACTORY LOT SWEEPING SERVICE	PARKING LOT SWEEPING SERVICES	$8,448.00	$6,778.50	7/1/2026	6/30/2027
FEDEX	OVERNIGHT DELIVERY SERVICES - OUTSIDE CA	$3,000.00	$2,799.76	7/1/2026	6/30/2027

RANCHO WATER ACTIVE SERVICE AGREEMENTS - OPERATING

Status As Of : September 16 , 2026

VENDOR	DESCRIPTION	CURRENT BUDGET	REMAINING BUDGET	AGREEMENT FROM	AGREEMENT TO
FRONTIER	FIBER OPTIC INTERNET CONNECTION SERVICES	$4,212.00	$3,500.15	7/1/2026	6/30/2027
	LANDLINE TELEPHONE SERVICES	$10,800.00	$7,423.51	7/1/2026	6/30/2027
GENERAL LOGISTICS SYSTEMS US	OVERNIGHT DELIVERY SERVICES - WITHIN CA	$2,000.00	$1,929.05	7/1/2026	6/30/2027
	PARCEL DELIVERY SERVICES	$1,500.00	$1,500.00	7/1/2026	6/30/2027
GEOTAB USA INC.	FLEET MANAGEMENT SERVICES	$28,024.45	$21,408.70	7/1/2026	6/30/2027
HASA INC.	SODIUM HYPOCHLORITE DELIVERIES	$325,000.01	$281,592.35	7/1/2026	6/30/2027
INFO SEND INC.	BILL PRINT AND MAILING SERVICES	$484,000.00	$359,393.62	7/1/2026	6/30/2027
	FINAL NOTICE PRINT AND DELIVERY SERVICES	$410,000.00	$410,000.00	7/1/2026	6/30/2027
INTERSTATE SWEEPING SERVICES	STREET SWEEPING SERVICES	$3,480.00	$2,680.00	7/1/2026	6/30/2027
KONECRANES INC.	CRANE REPAIR SERVICES	$13,950.00	$13,950.00	7/1/2026	6/30/2027
LEFT COAST PEST SOLUTIONS CO	BEE REMOVAL SERVICES	$9,500.00	$5,050.00	7/1/2026	6/30/2027
MINUTEMAN PRESS	ON-CALL PRINTING SERVICES	$8,000.00	$7,864.35	7/1/2026	6/30/2027
NORTHSTAR CHEMICAL	ALUMINUM SULFATE DELIVERIES	$58,000.00	$49,050.52	7/1/2026	12/31/2026

RANCHO WATER ACTIVE SERVICE AGREEMENTS - OPERATING

Status As Of : September 16 , 2026

VENDOR	DESCRIPTION	CURRENT BUDGET	REMAINING BUDGET	AGREEMENT FROM	AGREEMENT TO
NPG CORPORATION	EMERGENCY ASPHALT SERVICES	$400,000.00	$385,331.10	7/1/2026	6/30/2027
PAPER RECYCLING	PAPER SHREDDING SERVICES	$5,000.00	$4,813.00	7/1/2026	6/30/2027
PEST OPTIONS INC.	WEED ABATEMENT SERVICES	$160,000.00	$148,263.40	7/1/2026	6/30/2027
PHOENIX NAP LLC	DISASTER RECOVERY STORAGE SERVICES	$8,568.00	$7,140.00	7/1/2026	6/30/2027
PIPELINE PLUMBING & DRAIN SPECIALISTS INC.	LEAK DETECTION ASSISTANCE PROGRAM	$20,000.00	$18,750.00	7/1/2026	6/30/2027
PITNEY BOWES INC.	PITNEY BOWES EQUIPMENT PM SERVICES	$2,500.00	$2,500.00	7/1/2026	6/30/2027
	PITNEY BOWES METER RENTAL FEES	$1,500.00	$1,500.00	7/1/2026	6/30/2027
	POSTAGE RESERVE ACCOUNT	$35,000.00	$35,000.00	7/1/2026	6/30/2027
POSTMASTER	POSTAGE PERMIT FEES	$250.00	$250.00	7/1/2026	6/30/2027
	USPS EXPRESS MAIL FEES	$250.00	$250.00	7/1/2026	6/30/2027
PUBLIC POLICY PARTNERSHIP	STATE LEGISLATIVE ADVOCACY SERVICES	$96,000.00	$31,850.00	7/1/2026	6/30/2027
RICHARDSON TECHNOLOGIES INC.	HVAC PM SERVICES	$36,460.00	$36,460.00	7/1/2026	6/30/2027
RIGHTWAY SITE SERVICES INC.	PORTABLE RESTROOM SERVICES	$9,000.00	$4,672.56	7/1/2026	6/30/2027

RANCHO WATER ACTIVE SERVICE AGREEMENTS - OPERATING

Status As Of : September 16 , 2026

VENDOR	DESCRIPTION	CURRENT BUDGET	REMAINING BUDGET	AGREEMENT FROM	AGREEMENT TO
ROBERTSON'S	EMERGENCY SLURRY AND CONCRETE SERVICES	$150,000.00	$150,000.00	7/1/2026	6/30/2027
ROKA PEST MANAGEMENT	BEE REMOVAL SERVICES	$5,000.00	$5,000.00	7/1/2026	6/30/2027
SC FUELS	FLEET FUEL SERVICES	$600,000.00	$508,467.44	7/1/2026	6/30/2027
SMASH MY TRASH SOUTHWEST CALIF	TRASH COMPACTION SERVICES	$3,200.00	$3,200.00	7/1/2026	6/30/2027
SOUTH COAST AQMD	ANNUAL AQMD PERMIT FEES	$79,622.00	$61,177.23	7/1/2026	6/30/2027
SOUTH COAST COPY SYSTEMS	COPIER AND PRINTER SERVICES	$17,000.00	$16,364.49	7/1/2026	6/30/2027
SOUTHERN CALIFORNIA MULCH INC.	MULCH VOUCHER PROGRAM	$5,000.00	$4,735.00	7/1/2026	6/30/2027
STRONGHOLD ENGINEERING INC.	SOLAR SYSTEM PM SERVICES - HEADQUARTERS	$8,197.00	$8,197.00	7/1/2026	6/30/2027
	SOLAR SYSTEM PM SERVICES - SENGA DOHERTY	$13,968.00	$9,908.44	7/1/2026	6/30/2027
	AS-NEEDED REPAIR SERVICES	$11,000.00	$11,000.00	7/1/2026	6/30/2027
SUPERIOR READY MIX CONCRETE L.P.	EMERGENCY SLURRY AND CONCRETE SERVICES	$250,000.00	$250,000.00	7/1/2026	6/30/2027
SYNAGRO TECHNOLOGIES, INC.	BIOSOLIDS MANAGEMENT SERVICES	$408,000.00	$343,868.56	7/1/2026	6/30/2027
UMETECH INC.	APPLICATION DEVELOPMENT AND SUPPORT SERVICES	$130,000.00	$100,840.00	7/1/2026	6/30/2027

RANCHO WATER ACTIVE SERVICE AGREEMENTS - OPERATING

Status As Of : September 16 , 2026

VENDOR	DESCRIPTION	CURRENT BUDGET	REMAINING BUDGET	AGREEMENT FROM	AGREEMENT TO
UNDERGROUND SERVICE ALERT	UNDERGROUND ALERT SERVICES	$12,000.00	$8,719.00	7/1/2026	6/30/2027
UNIFIRST CORPORATION	UNIFORM, TOWEL, AND MAT RENTAL SERVICES	$30,000.00	$26,550.52	7/1/2026	6/30/2027
VERIZON WIRELESS	CELLULAR PHONE SERVICES	$97,200.00	$80,981.80	7/1/2026	6/30/2027
WM CORPORATE SERVICES, INC.	WASTE MANAGEMENT SERVICES	$31,000.00	$26,587.15	7/1/2026	6/30/2027
XYLEM WATER SOLUTIONS USA INC.	SANITAIRE SYSTEM PM SERVICES	$50,000.00	$50,000.00	7/1/2026	6/30/2027
	Total	**$5,404,442.38**	**$4,603,553.65**		

RANCHO WATER SOLE-SOURCE PURCHASES

DATE RANGE INCLUDED ON REPORT: 08/18/26 - 09/16/26

PO NO. / LINE	DATE / LN CHG	VENDOR / LINE DESCRIPTION	PO TOTAL COST	REASON
212781	**8/25/2026**	**SEWERAI**	**$ 26,490.00**	**Approved on SSJ No. 042-2627 - SewerAI offers proprietary cloud-based tools that use artificial intelligence to efficiently analyze, code, and manage sewer inspection data. Pricing was determined fair and reasonable because the automated coding service provides consistent results at a significantly lower cost than the District's recent manually coded inspections.**
1	8/25/2026	PIONEER BY SEWERAI (SETUP AND SUBSCRIPTION)		
212935	**9/3/2026**	**HARRIS COMPUTER CORPORATION**	**$ 91,770.08**	**Approved on SSJ No. 040-2627 - Harris Computer Corporation owns the SmartWorks platform, which is integrated with the District's systems, data exchanges, and established water-use efficiency programs. These proprietary integrations and established workflows are necessary to maintain operational continuity and complete ongoing grant-funded activities.**
1	9/3/2026	TEST ENVIRONMENT AND AI FORECAST MODULE IMPLEMENTATION		
2	9/3/2026	WATER CONSERVATION MANAGER IMPLEMENTATION ITEMS		
212998	**9/10/2026**	**BADGER METER INC.**	**$ 21,929.44**	**Approved on SSJ No. 041-2627 - Badger Meter provides a specialized, fully integrated Raven-Eye system that meets the District's need for reliable, non-contact wastewater flow monitoring. The pricing was determined fair and reasonable based on the complete equipment and services included and comparison with previously negotiated pricing for the same scope of work.**
1	9/10/2026	DIAZ FLOW METER REPLACEMENT		