

**CAYUCOS SANITARY DISTRICT**

**BASIC FINANCIAL STATEMENTS**

June 30, 2025



**CAYUCOS SANITARY DISTRICT**  
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June 30, 2025

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**FINANCIAL SECTION**





Moss, Levy & Hartzheim LLP

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Cayucos Sanitary District  
Cayucos, California

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the major fund of the Cayucos Sanitary District (District) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Cayucos Sanitary District's basic financial statements as listed in the table of contents.

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

#### *Basis for Opinions*

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

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cayucos Sanitary District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cayucos Sanitary District's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Proportionate Share of Net Pension Liability, the Schedule of Net Pension Contributions, the Schedule of Net OPEB Liability and Related Ratios, and the 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.

#### **Report on Summarized Comparative Information**

We have previously audited the Cayucos Sanitary District's 2024 financial statements, and our report dated September 13, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2024, 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 October 1, 2025, on our consideration of the Cayucos Sanitary 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 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 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.

*Moss, Remy & Hartzheim LLP*

Santa Maria, California

October 1, 2025

## **Cayucos Sanitary District Management's Discussion and Analysis**

This section of the financial statements is a highlight of the financial condition and activities for the 2024-2025 fiscal year (FY). The discussion and analysis of the Cayucos Sanitary District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should review the discussion and analysis in conjunction with the basic financial statements as well as the notes to the basic financial statements to enhance their understanding of the District's financial performance.

The District's accounting system is an Enterprise Fund. This is similar to the private sector accounting system. The revenue is primarily generated by service charges with the exception of property tax revenue, investment revenue and other income. Expenses are stated as operating expenses, and capital expenses are capitalized and depreciated over the lives of the fixed assets.

### SOURCES OF REVENUE

The District's total revenue for the fiscal year was \$4,845,974, inclusive of the following:

#### Sewer Service (User) Charge

The main source of revenue for the District is the sewer service charge assessed to all customers who are users of the District's sewerage facilities. Sewer service charges generated \$3,208,969 in annual income for the District, equal to 66% of total revenues.

#### Sewer Standby (Service Availability) Fee

The District charges its customers who are owners of vacant lots for the expense of maintaining a sewer system available to buildable properties. Sewer standby fees generated \$15,908 in annual income to the District; less than 1% of total revenues.

#### Property Tax

The District receives a pro rata share of property tax (ad valorem) revenues collected by the County of San Luis Obispo for properties located within the District's service boundaries. This portion of revenue includes secured, unsecured, unitary and supplemental property taxes. The District's property tax revenue for FY 2024-2025 was \$1,268,050, representing 26% of total revenues.

#### Sewer Connection and Permit Fees

In FY 2024-2025, the District received \$8,240 in combined sewer connection fees and sewer inspection fees representing less than 1% of total revenues.

District staff also reviews all plans for new construction and remodel projects and inspects all sewer tie-ins occurring within the District's boundaries, resulting in permit fees of \$6,050 which include charges for processing and issuance of Sewer Will-Serve letters.

#### Investment and Interest Income

The District invests surplus monies not required for immediate necessity of the District in accordance with the provisions of California Government Code Sections 5921 and 53601 et. seq. For this purpose, the District maintains three investment accounts, one with Corestone, Inc., working through Cetera

Advisor Networks, LLC, the second with CalTrust, a state agency administered through State Street Global Advisors, and the third with the State of California's Local Agency Investment Fund (LAIF). The District's investments are primarily in U.S. Treasury Securities, Certificates of Deposit, and Mortgage-Backed Securities such as GNMA's and FNMA's.

Investment and interest income totaled \$163,360 over all accounts and is less than 4% of total revenues.

#### Lease & Rental Income

The District derives rental income from long term leases it jointly holds with the City of Morro Bay on parcels of real property adjacent to the Morro Bay-Cayucos Wastewater Treatment Plant that are not needed for current operations. Additionally, the District holds a small lease for the property adjacent to the WRRF upon which the solar field sits. The rental income generated in FY 2024-2025 was \$16,327. Annual income was less than 1% of total revenues.

#### Solid Waste Franchise Fee

The District derives a 10% franchise fee based on gross solid waste and recycling receipts of the franchisee, Mission Country Disposal (a subsidiary of Waste Connections, Inc.). Income of \$142,020 was less than 4% of total revenues.

#### Miscellaneous Income

In FY 2024-2025 the District received \$17,050 in miscellaneous income derived from various sources which included \$12,516 from Mission Country Disposal for the AB-939 recycling development program and \$4,534 from the County of SLO from Economic Development Funds.

SOURCES OF EXPENSE

The total expenses of the District in FY 2024-2025 were \$4,479,100. There was an overall increase of \$190,938 equal to a 4% increase from prior FY 2023-2024 as shown below, mainly due to an increase in pension expense combined with increases in utilities and maintenance. Permits and Licenses show a notable increase due to the re-permitting costs associated with the WRRF's NPDES permit.

CATEGORY	FY 2025	FY 2024	\$ CHANGE	% CHANGE
Gross Wages	\$ 968,896	\$ 913,790	\$ 55,106	6%
Payroll Taxes and Benefits	472,959	420,305	52,654	13%
Directors' Fees	7,250	4,100	3,150	77%
Office Expense	27,624	24,671	2,953	12%
Dues and Subscriptions	12,375	10,950	1,425	13%
Business Expense	5,486	2,417	3,069	127%
Permits and Licenses	136,775	18,235	118,540	650%
Professional Services	83,998	64,458	19,540	30%
Insurance	153,707	209,118	-55,411	-26%
Taxes & Assessments	12,844	11,674	1,170	10%
Utilities	312,699	272,852	39,847	15%
Telephone	12,757	11,589	1,168	10%
Vehicle Expense	9,324	11,447	-2,123	-19%
Maintenance and Operations	183,981	143,022	40,959	29%
MB Wastewater Treatment Plant	1,132	390	742	190%
Lab	120,303	108,797	11,506	11%
Depreciation	1,437,340	1,453,778	-16,438	-1%
<b>Total Operating Expenses</b>	<b>3,959,450</b>	<b>3,681,593</b>	<b>277,857</b>	<b>8%</b>
Interest Expense	519,650	606,569	-86,919	-14%
<b>Total Non-Operating Expenses</b>	<b>519,650</b>	<b>606,569</b>	<b>-86,919</b>	<b>-4%</b>
<b>Total Expenses</b>	<b>\$4,479,100</b>	<b>\$4,288,162</b>	<b>\$ 190,938</b>	<b>4%</b>

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of FY 2024-2025, the District held \$45,293,376 in net capital assets. This amount represents a net decrease (including additions, deletions and accumulated depreciation) of \$1,271,214.

CATEGORY	FY 2025	FY 2024	CHANGE
Land	\$ 3,969,048	\$ 3,969,048	\$ 0
Construction in Progress	129,989	55,532	74,457
<b>Total Non-Depreciable</b>	<b>\$ 4,099,037</b>	<b>\$ 4,024,580</b>	<b>\$ 74,457</b>
Subsurface Lines	2,671,215	2,671,215	0
Sewage Tmt. Facilities – MB WWTP	5,542,407	5,542,407	0
Sewage Tmt. Facilities - WRRF	43,015,556	42,946,317	69,239
Conveyance System	6,286,722	6,266,814	19,908
Sewage Collection Facilities	194,060	194,060	0
Trucks	109,212	109,212	0
Office Equipment	65,822	65,822	0
Collection Equipment	371,472	399,935	-28,463
Office Building	1,243,019	1,243,019	0
Treatment Equipment	92,162	92,162	0
<b>Total Depreciable</b>	<b>59,591,647</b>	<b>59,530,963</b>	<b>60,684</b>
<b>TOTAL CAPITAL ASSETS</b>	<b>63,690,684</b>	<b>63,555,543</b>	<b>135,141</b>
Less: Accumulated Depreciation	(18,397,308)	(16,990,953)	(1,406,355)
<b>NET CAPITAL ASSETS</b>	<b>\$45,293,376</b>	<b>\$46,564,590</b>	<b>(\$1,271,214)</b>

The major capital projects, equipment purchases and asset acquisitions for this fiscal year are explained below:

### CAPITAL IMPROVEMENT PROJECTS (CIP)

In the District's continuing upkeep and upgrade of its wastewater treatment plant and collection system, \$78,854 was invested in preparing the plans for the Chaney to Lift Station 5 Main Replacement, \$14,032 was used to install a backup to the electric system at the main office, and \$13,694 went toward continued development of the Recycled Water Program. At the WRRF, NPDES permit-required testing of the Benthic Sediment and Community at the Outfall was completed, the SCADA system and network upgraded, and automated influent valves were added at a cost of \$123,860. Overall capital improvement investments totaled \$169,909.

### CURRENT FINANCIAL ISSUES AND CONCERNS

The District is financially stable and able to meet expected operating costs and capital improvement projects.

#### Long Term Debt:

On February 1, 2021, the District entered into an Installment Sale Agreement with the Public Property Financing Corporation through the USDA Department of Rural Development to finance the Cayucos Sustainable Water Project (CSWP) facilities for a principal amount of \$24,301,500 at an interest rate of 1.75% over 40 years. The principal balance at the end of FY24/25 was \$23,004,500.

To fund the final stages of the CSWP, the Western Alliance Series B loan was amended in February of 2021, extending the \$5.0 million line of credit to \$9.0 million at 4.64% for 10 years. The balance owed on the loan of \$3,811,527 was paid off February 28, 2025, utilizing the proceeds of the sale of Lot 7N, along with excess funds from the CIP and CalTrust accounts in accordance with the Board action of August 15, 2024.

#### District's Investment Portfolio and Financial Management Strategy:

The CSD continues to have long-term investments in the US Treasury bond market for safety and liquidity in an effort to protect the District's cash holdings from any economic downturns.

#### Morro Bay-Cayucos SD Wastewater Treatment Plant and Infrastructure:

The District and the City of Morro Bay continue to work toward negotiating a mutually beneficial separation of the old facilities, associated infrastructure and jointly held properties.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This report is a general overview of the District's finances and demonstrates the District's accountability for the funds received. If you have any questions about this report or need additional financial information please contact Gayle Good, Administrative Accounting Manager at (805) 995-3290 or P.O. Box 333, 200 Ash Avenue, Cayucos, CA, 93430.

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**CAYUCOS SANITARY DISTRICT**  
**STATEMENT OF NET POSITION - ENTERPRISE FUND**  
June 30, 2025  
With Comparative Totals as of June 30, 2024

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Current Assets:		
Cash and investments - cash equivalents (Note 3)	\$ 1,482,537	\$ 2,030,376
Cash and investments - cash equivalents, restricted (Note 3)	1,176,578	1,072,475
Cash and investments - non cash equivalents (Note 3)	1,830,852	2,687,612
Accounts receivable	50,176	186,969
Interest receivable	1,177	1,299
Lease receivable - current	37,022	34,380
Other receivables	6,979	19,419
Land held for resale	981,837	2,205,315
	<u>5,567,158</u>	<u>8,237,845</u>
Total current assets		
Noncurrent Assets:		
Lease receivable - noncurrent	108,112	153,755
Capital assets (Note 4):		
Non depreciable		
Land	3,969,048	3,969,048
Construction in progress	129,989	55,532
Depreciable		
Subsurface lines	2,671,215	2,671,215
Sewage treatment facilities - Morro Bay	5,542,407	5,542,407
Sewage treatment facilities - Cayucos	43,015,556	42,946,317
Conveyance system	6,286,722	6,266,814
Sewage collection facilities	194,060	194,060
Trucks	109,212	109,212
Office equipment	65,822	65,822
Collection equipment	371,472	399,935
Office building	1,243,019	1,243,019
Treatment equipment	92,162	92,162
	<u>63,690,684</u>	<u>63,555,543</u>
Accumulated depreciation	<u>(18,397,308)</u>	<u>(16,990,953)</u>
Net capital assets	<u>45,293,376</u>	<u>46,564,590</u>
Total noncurrent assets	<u>45,401,488</u>	<u>46,718,345</u>
Total assets	<u>50,968,646</u>	<u>54,956,190</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	329,680	389,195
OPEB	8,145	3,696
Total deferred outflows of resources	<u>337,825</u>	<u>392,891</u>

The notes to basic financial statements are an integral part of this statement.

**CAYUCOS SANITARY DISTRICT**  
**STATEMENT OF NET POSITION - ENTERPRISE FUND**  
June 30, 2025  
With Comparative Totals as of June 30, 2024

	<u>2025</u>	<u>2024</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 1,822	\$ 8,296
Accrued payroll	37,417	38,426
Accrued interest	167,741	215,163
Security deposit - MCD	25,000	25,000
Current portion of compensated absences (Notes 6 and 7)	16,180	15,189
Current portion of construction loans payable (Notes 5 and 6)		565,459
Current portion of certificates of participation (Notes 5 and 6)	447,000	440,000
	<u>695,160</u>	<u>1,307,533</u>
Total current liabilities		
Long-Term Liabilities:		
Compensated absences (Notes 6 and 7)	32,360	30,377
Net pension liability (Notes 6 and 8)	865,290	868,756
Other postemployment benefits (Notes 6 and 9)	264,283	236,806
Construction loans payable (Notes 5 and 6)		3,246,068
Certificates of participation (Notes 5 and 6)	22,557,500	23,004,500
	<u>24,414,593</u>	<u>28,694,040</u>
Total liabilities		
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions	14,925	35,689
Leases	151,784	188,214
	<u>166,709</u>	<u>223,903</u>
Total deferred inflows of resources		
<b>NET POSITION</b>		
Net investment in capital assets	22,288,876	19,308,563
Restricted for construction	265,769	250,130
Restricted for debt service	910,809	822,345
Unrestricted	3,259,715	6,050,100
	<u>26,725,169</u>	<u>26,431,138</u>
Total net position		

The notes to basic financial statements are an integral part of this statement.

**CAYUCOS SANITARY DISTRICT****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
ENTERPRISE FUND**

For the Fiscal Year Ended June 30, 2025

With Comparative Totals for the Fiscal Year Ended June 30, 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues:</b>		
Sewer services fees	\$ 3,208,969	\$ 3,211,716
Permit fees	6,050	8,800
Total operating revenues	<u>3,215,019</u>	<u>3,220,516</u>
<b>Operating Expenses:</b>		
Gross wages	968,896	913,790
Payroll taxes and benefits	472,959	420,305
Directors' fees	7,250	4,100
Office expense	27,624	24,671
Dues and subscriptions	12,375	10,950
Miscellaneous business expense	5,486	2,417
Permits and licenses	136,775	18,235
Professional services	83,998	64,458
Insurance	153,707	209,118
Taxes and assessments	12,844	11,674
Utilities	312,699	272,852
Telephone	12,757	11,589
Vehicle expense	9,324	11,447
Maintenance and operations	183,981	143,022
Treatment plant	1,132	390
Lab	120,303	108,797
Depreciation	1,437,340	1,453,778
Total operating expenses	<u>3,959,450</u>	<u>3,681,593</u>
Net operating income (loss)	<u>(744,431)</u>	<u>(461,077)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Rent income		6,387
Lease revenue	16,327	34,379
Taxes and assessments	1,268,050	1,202,109
Investment income	163,360	141,260
Franchise fees	142,020	126,519
Interest expense	(519,650)	(606,569)
Other revenue	17,050	15,672
Standby fees	15,908	16,424
Loss on disposal of capital assets and land held for resale	(5,627)	(1,261)
Total non-operating revenues (expenses)	<u>1,097,438</u>	<u>934,920</u>
<b>Capital Contributions:</b>		
Connection fees	8,240	48,680
Change in net position	<u>361,247</u>	<u>522,523</u>
<b>Net position:</b>		
Net position, beginning of fiscal year	26,431,138	26,115,917
Prior-period adjustment	(67,216)	(207,302)
Net position, beginning of fiscal year, restated	<u>26,363,922</u>	<u>25,908,615</u>
Net position, end of fiscal year	<u>\$ 26,725,169</u>	<u>\$ 26,431,138</u>

The notes to basic financial statements are an integral part of this statement.

**CAYUCOS SANITARY DISTRICT**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUND**  
For the Fiscal Year Ended June 30, 2025  
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 3,300,819	\$ 3,262,229
Payments to vendors	(1,079,479)	(891,937)
Payments to employees	(1,388,827)	(1,292,833)
	<u>832,513</u>	<u>1,077,459</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property taxes	1,268,050	1,202,109
Franchise fees	142,020	126,519
Standby fees	15,908	16,424
Other revenue	17,050	15,672
	<u>1,443,028</u>	<u>1,360,724</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(169,909)	(209,733)
Principal paid on long-term debt	(4,251,527)	(972,386)
Interest paid on long-term debt	(567,072)	(615,988)
Connection fees	8,240	48,680
	<u>(4,980,268)</u>	<u>(1,749,427)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	163,482	26,425
Rent		6,387
Lease revenue	22,898	35,465
Proceeds from land held for resale	1,217,851	
Purchase of investments	(131,672)	
Sale of investments	988,432	
	<u>2,260,991</u>	<u>68,277</u>
Net increase (decrease) in cash and cash equivalents	(443,736)	757,033
Cash and cash equivalents, July 1	<u>3,102,851</u>	<u>2,345,818</u>
Cash and cash equivalents, June 30	<u>\$ 2,659,115</u>	<u>\$ 3,102,851</u>
Reconciliation to Statement of Net Position:		
Cash and investments - cash equivalents	\$ 1,482,537	\$ 2,030,376
Cash and investments - cash equivalents, restricted for capital projects	<u>1,176,578</u>	<u>1,072,475</u>
Total cash and investments- cash equivalents	<u>\$ 2,659,115</u>	<u>\$ 3,102,851</u>

The notes to basic financial statements are an integral part of this statement.

**CAYUCOS SANITARY DISTRICT**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUND**  
For the Fiscal Year Ended June 30, 2025  
With Comparative Totals for the Fiscal Year Ended June 30, 2024

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (744,431)	\$ (461,077)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,437,340	1,453,778
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable	73,360	21,435
Other receivables	12,440	20,603
Deferred outflows - pensions	59,515	(16,475)
Deferred outflows - OPEB	(4,449)	(3,696)
Accounts payable	(6,474)	(2,317)
Accrued payroll	(1,009)	6,170
Compensated absences	2,974	(5,571)
Customer deposits		(325)
Net pension liability	(3,466)	59,958
Other postemployment benefits liability	27,477	29,504
Deferred inflows - pensions	<u>(20,764)</u>	<u>(24,528)</u>
Net cash provided by operating activities	<u>\$ 832,513</u>	<u>\$ 1,077,459</u>

The notes to basic financial statements are an integral part of this statement.

**NOTE 1 - REPORTING ENTITY**

The reporting entity is the Cayucos Sanitary District, which began operations in 1942, under the authorization of Section 6400 et. seq. of the Health and Safety Code of the State of California. The District operates under the direction of a board of directors who are elected by the residents of Cayucos. The District provides wastewater disposal services.

The District is a Sanitary District as defined under State Code Section: 61000. A Sanitary District is a public agency (State Code Section: 12463.1) which is a State instrumentality (State Code Section: 23706). State instrumentalities are exempt from federal and state income taxes.

There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80, and No. 90.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Accounting Policies – The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.
- B. Accounting Method – The District is organized as an Enterprise Fund and follows the accrual method of accounting, whereby revenues are recorded as earned, and expenses are recorded when incurred.
- C. Fund Financial Statements – The fund financial statements provide information about the District’s proprietary fund.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

GASB Statement No. 34, defines major funds and requires that the District’s major business-type fund be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenses equal to ten percent of their fund-type total and five percent of the grand total of all fund types. The District maintains one major proprietary fund.

Proprietary Fund Type

**Enterprise Fund**

Enterprise fund is used to account for operations that are (a) 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.

The District reported its enterprise fund as a major fund in the accompanying basic financial statements.

Sewer Utility Fund is used to account for the provision of sewer services to residents of Cayucos.

- D. Cash and Cash Equivalents – For purposes of the statement of cash flows, cash and cash equivalents include restricted and unrestricted cash and restricted and unrestricted certificates of deposit with original maturities of three months or less.
- E. Property, Plant, and Equipment – The District uses a \$5,000 minimum capitalization threshold. Capital assets purchased by the District are recorded at cost. Contributed or donated capital assets are recorded at fair value when acquired.
- F. Depreciation – Capital assets owned by the District are depreciated over their estimated useful lives (ranging from 5-40 years) under the straight-line method of depreciation.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- G. Receivables – The District did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable are shown at full value.
- H. Unearned Revenue – The District bills customers in advance, thus amounts received prior to services being rendered by the District are recorded as unearned revenue.
- I. Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.
- J. Compensated Absences – Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. Unused vacation is paid in full upon termination end of an employee’s employment for up to 30 days accrued and unused sick leave is paid out for one half of accumulated time up to 90 days accrued. The District adopted GASB 101 guidance in the fiscal year ended June 30, 2025.
- K. Property Taxes – Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:
- Property Valuations – Are established by the Assessor of the County of San Luis Obispo for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.
- Tax Collections – Are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.
- Tax Levy Apportionments – Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.
- Property Tax Administration Fees – The State of California FY 90-91 Budget Act, authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.
- Tax Levies – Are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.
- Tax Levy Dates – Are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- L. Restricted Net Position – Restricted net position are financial resources segregated for a special purpose such as construction of improvements and financing of debt obligations. These financial resources are for the benefit of a distinct group and as such are legally or contractually restricted.
- M. Lease Receivable – The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee’s revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

O. Net Position – GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

P. Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s plan (OPEB Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources represents a consumption of net position by the government that applies to future periods. The District has one item which qualifies for reporting in this category; refer to Notes 8 and 9 for a detailed listing of the deferred outflows of resources the District has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is an acquisition of net position by the government that applies to future periods. The District has two items which qualify for reporting in this category; refer to Notes 8 and 10 for a detailed listing of the deferred inflows of resources the District has reported.

S. Future Accounting Pronouncements - GASB Statements listed below will be implemented in future financial statements:

Statement No. 103 "Financial Reporting Model Improvements" The provisions of this statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104 "Disclosure of Certain Capital Assets" The provisions of this statement are effective for fiscal years beginning after June 15, 2025.

**CAYUCOS SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE 3 - CASH AND INVESTMENTS**

Investments are carried at fair value in accordance with GASB Statement No. 72. On June 30, 2025 and June 30, 2024, the District had the following cash and investments on hand:

	2025	2024
Cash on hand	\$ 175	\$ 175
Cash in banks	2,658,940	3,102,676
Investments	1,830,852	2,687,612
Total	\$ 4,489,967	\$ 5,790,463

Cash and investments listed above are presented on the accompanying basic financial statements, as follows:

	2025	2024
Cash and investments-cash equivalents	\$ 1,482,537	\$ 2,030,376
Cash and investments-cash equivalents restricted for capital projects and debt service	1,176,578	1,072,475
Cash and investments-non cash equivalents	1,830,852	2,687,612
Total	\$ 4,489,967	\$ 5,790,463

The District categorizes its fair value measurements within the fair value hierarchy established by the U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2025:

	Fair Value Measurement Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>			
Debt securities			
Mortgage pass-through securities	\$ 35,397	\$ 35,397	\$ -
Total investments measured at fair value	35,397	\$ 35,397	\$ -
Investments measured at amortized cost			
CalTrust medium term fund	1,770,391		
Certificate of deposit	25,000		
LAIF	64		
Total investments	\$ 1,830,852		

Investments Authorized by the California Government Code

The table on the following page identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

**CAYUCOS SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Investments Authorized by the California Government Code (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase and Reverse Repurchase Agreements	92 days	20% of base value	None
CalTrust Medium-Term Notes	5 years	30%	None
Mutual Funds	5 years	20%	10%
Money Market Mutual Funds	N/A	20%	None
Mortgage Pass-Through Securities	N/A	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75,000,000
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None

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 evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<b>2025</b>					
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Mortgage pass-through securities	\$ 35,397	\$ -	\$ 112	\$ -	\$ 35,285
CalTrust medium term fund	1,770,391	1,770,391			
Certificate of deposit	25,000	25,000			
State investment pool (LAIF)	64	64			
	<u>\$ 1,830,852</u>	<u>\$ 1,795,455</u>	<u>\$ 112</u>	<u>\$ -</u>	<u>\$ 35,285</u>
<b>2024</b>					
<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Mortgage pass-through securities	\$ 40,192	\$ -	\$ -	\$ 184	\$ 40,008
CalTrust medium term fund	2,613,463	2,613,463			
Certificate of deposit	25,000	25,000			
State investment pool (LAIF)	8,957	8,957			
	<u>\$ 2,687,612</u>	<u>\$ 2,647,420</u>	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ 40,008</u>

**CAYUCOS SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	2025 Rating as of Fiscal Year End			
			AAA	AA+	AA-	Not Rated
Mortgage pass-through securities	\$ 35,397	N/A	\$ -	\$ -	\$ -	\$ 35,397
CalTrust medium term fund	1,770,391	N/A				1,770,391
Certificate of deposit	25,000	N/A				25,000
State investment pool (LAIF)	64	N/A				64
	<u>\$ 1,830,852</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,830,852</u>

Investment Type	Carrying Amount	Minimum Legal Rating	2024 Rating as of Fiscal Year End			
			AAA	AA+	AA-	Not Rated
Mortgage pass-through securities	\$ 40,192	N/A	\$ 40,192	\$ -	\$ -	\$ -
CalTrust medium term fund	2,613,463	N/A				2,613,463
Certificate of deposit	25,000	N/A				25,000
State investment pool (LAIF)	8,957	N/A				8,957
	<u>\$ 2,687,612</u>		<u>\$ 40,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,647,420</u>

Concentration of Credit Risk

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

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 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 government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2025, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**CAYUCOS SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk (Continued)

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 investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as the Local Agency Investment Fund).

Investment in State Pool (LAIF)

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

**NOTE 4 - SCHEDULE OF CAPITAL ASSETS**

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2025, is shown below:

	Balance July 1, 2024	Additions	Deletions	Transfers / Prior- period Adjustment	Balance June 30, 2025
<b>Non-depreciable</b>					
Land	\$ 3,969,048	\$ -	\$ -	\$ -	\$ 3,969,048
Construction in progress	55,532	169,909		(95,452)	129,989
Total non depreciable	<u>\$ 4,024,580</u>	<u>\$ 169,909</u>	<u>\$ -</u>	<u>\$ (95,452)</u>	<u>\$ 4,099,037</u>
<b>Depreciable</b>					
Office building	\$ 1,243,019	\$ -	\$ -	\$ -	\$ 1,243,019
Subsurface lines	2,671,215				2,671,215
Sewage treatment facility - Morro Bay	5,542,407				5,542,407
Sewage treatment facilities - Cayucos	42,946,317			69,239	43,015,556
Conveyance system	6,266,814			19,908	6,286,722
Sewage collection facilities	194,060				194,060
Collection equipment	399,935			(28,463)	371,472
Office equipment	65,822				65,822
Treatment equipment	92,162				92,162
Trucks	109,212				109,212
	59,530,963			60,684	59,591,647
Less accumulated depreciation	16,990,953	1,437,340		(30,985)	18,397,308
Total depreciable	<u>\$ 42,540,010</u>	<u>\$ (1,437,340)</u>	<u>\$ -</u>	<u>\$ 91,669</u>	<u>\$ 41,194,339</u>
Net capital assets	<u>\$ 46,564,590</u>	<u>\$ (1,267,431)</u>	<u>\$ -</u>	<u>\$ (3,783)</u>	<u>\$ 45,293,376</u>

**CAYUCOS SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 4 - SCHEDULE OF CAPITAL ASSETS (Continued)**

A schedule of changes in capital assets and depreciation for the fiscal year ended June 30, 2024, is shown below:

	Balance July 1, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
<b>Non-depreciable</b>					
Land	\$ 3,969,048	\$ -	\$ -	\$ -	\$ 3,969,048
Construction in progress	22,273	191,164		(157,905)	55,532
Total non depreciable	<u>\$ 3,991,321</u>	<u>\$ 191,164</u>	<u>\$ -</u>	<u>\$ (157,905)</u>	<u>\$ 4,024,580</u>
<b>Depreciable</b>					
Office building	\$ 1,243,019	\$ -	\$ -	\$ -	\$ 1,243,019
Subsurface lines	2,127,442			543,773	2,671,215
Sewage treatment facility - Morro Bay	48,392,450			(42,850,043)	5,542,407
Sewage treatment facilities - Cayucos				42,946,317	42,946,317
Conveyance system	4,928,201		(1,316)	1,339,929	6,266,814
Sewage collection facilities	1,878,590		(39,160)	(1,645,370)	194,060
Collection equipment	613,660	18,569	(55,593)	(176,701)	399,935
Office equipment	65,822				65,822
Treatment equipment	92,162				92,162
Trucks	109,212				109,212
	59,450,558	18,569	(96,069)	157,905	59,530,963
Less accumulated depreciation	15,631,983	1,453,778	(94,808)		16,990,953
Total depreciable	<u>\$ 43,818,575</u>	<u>\$ (1,435,209)</u>	<u>\$ (1,261)</u>	<u>\$ 157,905</u>	<u>\$ 42,540,010</u>
Net capital assets	<u>\$ 47,809,896</u>	<u>\$ (1,244,045)</u>	<u>\$ (1,261)</u>	<u>\$ -</u>	<u>\$ 46,564,590</u>

**NOTE 5 - LOANS AND CERTIFICATES OF PARTICIPATION PAYABLE**

On March 1, 2018, the District entered into a loan agreement with Public Property Financing Corporation of California for two loans, Series A loan, can be drawn down from \$22,000,000 and a Series B loan can be drawn down from \$5,000,000. On October 5, 2019, the District entered into the first amendment to the agreement for an additional \$6,804,844. The purpose of the loans were for bridge financing for the construction of the Wastewater Treatment Plant until long-term financing can be secured. This loan was repaid in full during the fiscal year ended June 30, 2025.

The District drew down \$22,000,000 from Series A and \$50,000 from Series B, however, the \$50,000 from Series B was repaid in the 2019 Installment Purchase Contract Series A-1 issuance for a total drawn down total of \$6,804,844. On February 1, 2021, the District secured an Installment Sale Agreement with the Public Property Financing Corporation of California for Certificates of Participation in the principal amount of \$24,301,500, secured by a pledge of net revenues of the District. The interest rate is 1.75% and the proceeds were used to pay off the 2018 Western Alliance construction loan Series A in full for \$22,000,000 and make a payment of \$2,301,500 of principal to pay down the 2019 Series A-1 construction loan. In addition, also on February 1, 2021, the second amendment to the 2018 Installment Purchase Contract with the Public Property Financing Corporation of California amended the original 2018 contract to increase the Series B loan for construction to increase the amount available up to \$9,000,000 at 4.64% interest and revising the payment schedule. 2019 Series A-1 loan was repaid in full during the fiscal year ended June 30, 2021. Future debt service payments on the existing debt are as shown on the following page:

**CAYUCOS SANITARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE 5 - LOANS AND CERTIFICATES OF PARTICIPATION PAYABLE (Continued)**

2021 Certificates of Participation			
Fiscal Year	Principal	Interest	Total
Ending			
2026	\$ 447,000	\$ 398,667	\$ 845,667
2027	455,000	390,774	845,774
2028	463,000	382,741	845,741
2029	471,000	374,569	845,569
2030	480,000	366,248	846,248
2031-2035	2,527,000	1,701,205	4,228,205
2036-2040	2,756,000	1,470,215	4,226,215
2041-2045	3,005,000	1,218,328	4,223,328
2046-2050	3,278,000	943,639	4,221,639
2051-2055	3,574,000	644,038	4,218,038
2056-2060	3,899,000	317,272	4,216,272
2061-2062	1,649,500	28,931	1,678,431
Total	<u>\$ 23,004,500</u>	<u>\$ 8,236,627</u>	<u>\$ 31,241,127</u>

**NOTE 6 - LONG-TERM LIABILITIES**

The changes in long-term liabilities at June 30, 2025 and June 30, 2024, are as follows:

	July 1, 2024	Additions	Retirements	June 30, 2025	Due within one year
Construction loans payable	\$ 3,811,527	\$ -	\$ 3,811,527	\$ -	\$ -
2021 certificates of participation	23,444,500		440,000	23,004,500	447,000
Compensated absences	45,566	2,974		48,540	16,180
Net pension liability	868,756		3,466	865,290	
Other postemployment benefits	236,806	27,477		264,283	
	<u>\$ 28,407,155</u>	<u>\$ 30,451</u>	<u>\$ 4,254,993</u>	<u>\$ 24,182,613</u>	<u>\$ 463,180</u>

  

	July 1, 2023	Additions	Retirements	Restatements	June 30, 2024	Due within one year
Construction loans payable	\$ 4,351,913	\$ -	\$ 540,386	\$ -	\$ 3,811,527	\$ 565,459
2021 certificates of participation	23,876,500		432,000		23,444,500	440,000
Compensated absences	51,137	84,383	89,954		45,566	15,189
Net pension liability	808,798	59,958			868,756	
Other postemployment benefits		29,504		207,302	236,806	
	<u>\$ 29,088,348</u>	<u>\$ 173,845</u>	<u>\$ 1,062,340</u>	<u>\$ 207,302</u>	<u>\$ 28,407,155</u>	<u>\$ 1,020,648</u>

**NOTE 7 - COMPENSATED ABSENCES**

As of June 30, 2025, it is estimated that the District’s employees have \$48,540 of accumulated vested vacation time and sick leave. Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. The accumulated benefits will be liquidated in future years as employees elect to use them.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plans**

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website.

*Benefits Provided*

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

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

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.75%
Required employer contribution rates	14.13% + \$68,386	7.87% + \$3,930

*Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were \$146,180 for the fiscal year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$865,290 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. The District's proportionate share of net pension liability for the miscellaneous plan as of June 30, 2024, and 2023 was as follows:

	Miscellaneous
Proportion-June 30, 2023	0.01737%
Proportion-June 30, 2024	0.01789%
Change-Increase (Decrease)	0.00052%

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$181,465. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 146,180	\$ -
Differences between expected and actual experience	74,812	2,919
Changes in assumptions	22,240	
Net difference between projected and actual earnings on retirement plan investments	49,813	
Adjustment due to differences in proportions	2,418	10,937
Difference in actual contributions and proportionate share of contributions	34,217	1,069
	<u>\$ 329,680</u>	<u>\$ 14,925</u>

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

\$146,180 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

<u>Fiscal Year Ended June 30</u>	<u>Amount</u>
2026	\$ 54,498
2027	124,011
2028	7,136
2029	(17,070)
Total	<u>\$ 168,575</u>

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions*

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	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 report from November 2021 that can be found on the CalPERS website.

*Long-term Expected Rate of Return*

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

Asset Class	New Strategic Allocation	Real Return (a,b)
Global Equity - cap-weighted	30.0%	4.54%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporations	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

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

(b) Figures are based on the 2021-22 Asset Liability Management Study.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

*Discount Rate*

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

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

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	1% Decrease <u>5.90%</u>	Discount Rate <u>6.90%</u>	1% Increase <u>7.90%</u>
District's proportionate share of the net pension plan liability	\$1,330,233	\$ 865,290	\$ 482,573

*Pension Plan Fiduciary Net Position*

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

**C. Payable to the Pension Plan**

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

**NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB)**

**A. Plan Description**

The District provides other postemployment benefits (OPEB) under a single employer plan to qualified employees who retire from the District and meet the District's vesting requirements. Qualified Employees may retire directly from the District under PERS (age 50 and 5 years of PERS service if they entered service before January 1, 2013 or age 52 and 5 years of PERS service) and receive the minimum amount allowed pursuant to the Public Employees' Medical and Hospital Care Act (PEMHCA) (which was \$151 per month for 2023 and is \$157 per month for 2024). The District also pays the CalPERS' administrative fee. The District does not offer vision, dental, or life benefits for retirees. Benefit provisions are established through negotiations between the District and the bargaining union representing District employees.

**B. Employees Covered**

As of the June 30, 2023, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	8
Inactive plan members or beneficiaries currently receiving benefits	<u>2</u>
Total	<u><u>10</u></u>

**NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB) (Continued)**

**C. Contributions**

The District currently finances benefits on a pay-as-you-go basis and does not have any assets in an OPEB trust.

**D. Total OPEB Liability**

The District's OPEB Liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the OPEB Liability was determined by an actuarial valuation as of June 30, 2023.

*Actuarial assumptions:* The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Inflation	2.50%
Healthcare cost trend rate	Pre-65: 7.60% in the first year trending down to 3.90% over 52 years Post-65: 5.10% in the first year trending down to 3.90% over 52 years

Pre-retirement mortality and post-retirement mortality rates were based on the mortality projected fully generational with the 2021 CalPERS' Experience Study. Actuarial assumptions used in the June 30, 2023 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2023.

*Discount rate:* GASB Statement No. 75 requires a discount rate that reflects the following:

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

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Municipal Bond 20 Year High Grade Rate Index	Discount Rate
June 30, 2025	June 30, 2024	3.97%	3.97%
June 30, 2024	June 30, 2023	3.86%	3.86%

**E. Changes in the OPEB Liability**

	Total OPEB Liability
Balance at June 30, 2024 (Valuation Date June 30, 2023)	<u>\$ 236,806</u>
Changes recognized for the measurement period:	
Service cost	29,866
Interest	10,144
Difference between expected and actual experience	(926)
Changes of assumptions	(3,834)
Benefit payments	<u>(7,773)</u>
Net Changes	<u>27,477</u>
Balance at June 30, 2025 (Measurement Date June 30, 2024)	<u><u>\$ 264,283</u></u>

**NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB) (Continued)**

**E. Changes in the OPEB Liability (Continued)**

*Sensitivity of the OPEB liability to changes in the discount rate:* The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.97 percent) or 1 percentage-point higher (4.97 percent) than the current discount rate:

	1% Decrease <u>2.97%</u>	Discount Rate <u>3.97%</u>	1% Increase <u>4.97%</u>
OPEB Liability	\$ 302,331	\$ 264,283	\$ 232,823

*Sensitivity of the OPEB liability to changes in the healthcare cost trend rates:* The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (6.60 percent decreasing to 2.90 percent) or 1 percentage-point higher (8.60 percent decreasing to 4.90 percent) than the current healthcare cost trend rates:

	1% Decrease (6.60% decreasing to <u>2.90%</u> )	Trend Rate (7.60% decreasing to <u>3.90%</u> )	1% Increase (8.60% decreasing to <u>4.90%</u> )
OPEB Liability	\$ 223,868	\$ 264,283	\$ 316,310

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

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of \$35,250. As of the fiscal year ended June 30, 2025, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 8,145	\$ -
	<u>\$ 8,145</u>	<u>\$ -</u>

The reported deferred outflows of resources related to OPEB in the amount of \$8,145 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the 2025-26 fiscal year.

**NOTE 10 – LEASE RECEIVABLE**

In July 2009, the District and a co-lessor, the City of Morro Bay entered into a lease for the property at 1700 Embarcadero in Morro Bay, California. Under the lease, the Morro Dunes Trail Park & Campgrounds Inc agreed to pay the District semi-annual payments that started at \$9,039 in 2008 and are adjusted annually by CPI through August 2028. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a current discount rate of 5.3%, which is the implicit rate used for the agreement. In fiscal year 2024, the District recognized \$14,402 of lease revenue and \$5,780 of interest revenue under the lease.

In June 2022, the District entered into a lease for the property under the solar array at 800 Toro Creek Road, Morro Bay, California. Under the lease, Rec Solar Commercial Corporation agreed to pay the District annual payments on \$3,600 starting in June 2022 through June 2027. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is the implicit rate used for the agreement. In fiscal year 2024, the District recognized \$1,925 of lease revenue and \$1,733 of interest revenue under the lease.

**NOTE 11 - CONTINGENCIES**

According to the District's attorney, no contingent liabilities are outstanding, and no lawsuits are pending of any real financial consequence.

**NOTE 12 – RESTATEMENT**

A prior-period adjustment of \$67,216 was reported in the Statement of Revenues, Expenses, and Changes in Net Position in order to record an adjustment to accounts receivable for revenues that were already recorded in prior fiscal years of \$63,433 and to adjust fixed assets by \$3,783.

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**REQUIRED SUPPLEMENTARY INFORMATION**



**CAYUCOS SANITARY DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
Last 10 Years  
As of June 30, 2025

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net pension liability	0.00713%	0.00696%	0.00700%	0.00777%	0.00634%
Proportionate share of the net pension liability	\$ 865,290	\$ 868,756	\$ 808,798	\$ 419,978	\$ 689,373
Covered payroll	\$ 768,211	\$ 701,994	\$ 606,962	\$ 535,380	\$ 365,219
Proportionate share of the net pension liability as percentage of covered payroll	112.6%	123.8%	133.3%	78.4%	188.8%
Plan's total pension liability	\$ 55,320,956,562	\$ 52,441,984,274	\$ 49,525,975,138	\$ 46,174,942,264	\$ 43,702,930,887
Plan's fiduciary net position	\$ 43,193,516,089	\$ 39,966,633,692	\$ 37,975,170,163	\$ 40,766,653,876	\$ 32,822,501,335
Plan fiduciary net position as a percentage of the total pension liability	78.08%	76.21%	76.68%	88.29%	75.10%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.00621%	0.00606%	0.00598%	0.00590%	0.00569%
Proportionate share of the net pension liability	\$ 636,106	\$ 584,314	\$ 592,893	\$ 510,398	\$ 390,527
Covered payroll	\$ 309,496	\$ 296,478	\$ 287,078	\$ 283,428	\$ 252,538
Proportionate share of the net pension liability as percentage of covered payroll	205.5%	197.1%	206.5%	180.1%	154.6%
Plan's total pension liability	\$ 41,426,453,489	\$ 38,944,855,364	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402
Plan's fiduciary net position	\$ 31,179,414,067	\$ 29,308,589,559	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%

**Notes to Schedule:**

There were no changes to assumptions for the June 30, 2024 measurement date.

**CAYUCOS SANITARY DISTRICT**  
**SCHEDULE OF NET PENSION CONTRIBUTIONS**  
Last 10 Years  
As of June 30, 2025

The following table provides required supplementary information regarding the District's Pension Plan.

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Contractually required contribution (actuarially determined)	\$ 146,180	\$ 127,896	\$ 120,564	\$ 106,828	\$ 91,965
Contribution in relation to the actuarially determined contributions	146,180	127,896	120,564	106,828	91,965
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 788,502	\$ 768,211	\$ 701,994	\$ 606,962	\$ 535,380
Contributions as a percentage of covered payroll	18.54%	16.65%	17.17%	17.60%	17.18%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contribution (actuarially determined)	\$ 70,877	\$ 58,972	\$ 57,084	\$ 51,948	\$ 50,972
Contribution in relation to the actuarially determined contributions	70,877	58,972	57,084	51,948	50,972
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 365,219	\$ 309,496	\$ 296,478	\$ 287,078	\$ 283,428
Contributions as a percentage of covered payroll	19.41%	19.05%	19.25%	18.10%	17.98%

**Notes to Schedule:**

There were no changes to assumptions for the fiscal year ended June 30, 2025.

**CAYUCOS SANITARY DISTRICT**  
**SCHEDULE OF NET OPEB LIABILITY AND RELATED RATIOS**  
 Last 10 Years\*  
 As of June 30, 2025

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	<u>2025</u>	<u>2024</u>
Total OPEB Liability		
Service cost	\$ 29,866	\$ 29,846
Interest on the total OPEB liability	10,144	8,684
Actual and expected experience difference	(926)	
Changes in assumptions	(3,834)	(5,426)
Benefit payments	(7,773)	(3,600)
Net change in total OPEB Liability	<u>27,477</u>	<u>29,504</u>
Total OPEB liability - beginning	236,806	207,302
Total OPEB liability - ending	<u>\$ 264,283</u>	<u>\$ 236,806</u>
 Covered payroll	 \$ 913,879	 \$ 822,834
 Total OPEB liability as a percentage of covered-payroll	 28.92%	 28.78%

Notes to Schedule

For fiscal year measurement period ending June 30, 2024, the discount rate was increased from 3.86% to 3.97%.

\*- Fiscal year 2024 was the 2nd year of implementation, therefore only two years are shown.

**CAYUCOS SANITARY DISTRICT**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
Last 10 Years\*  
As of June 30, 2025

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As of June 30, 2025, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of \$3,780 were made on a pay-as-you-go basis for the fiscal year ended June 30, 2025.

As of June 30, 2024, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of \$3,696 were made on a pay-as-you-go basis for the fiscal year ended June 30, 2024.

\*- Fiscal year 2024 was the 2nd year of implementation, therefore only two years are shown.