

REGULAR MEETING OF THE BOARD OF DIRECTORS AGENDA

TUESDAY, JANUARY 27, 2026, 7:00 PM

*The Aromas Water District Board of Directors meetings are held at the District office.
Staff and the public may attend the meeting remotely or in person. Public participation is
encouraged – remote participation instructions are on the following page.*

President- Seth Capron
Vice President- Timothy Powers
Director- Wayne Norton
Director- Vicki Morris
Director- Wayne Holman
General Manager- Robert Johnson

I. CALL TO ORDER

II. ROLL CALL OF THE DIRECTORS

President Seth Capron and Vice President Timothy Powers, Directors Wayne Norton, Vicki Morris, and Wayne Holman.

III. PLEDGE OF ALLEGIANCE

IV. ADDITIONS AND DELETIONS

V. PUBLIC COMMENT

Anyone wishing to address the Board on informational items, staff reports or matters not listed on the agenda may do so. Please limit your comment to three (3) minutes. The public may comment on listed Action and Public Hearing items at the time they are considered by the Board.

VI. MINUTES

Review and approve the Minutes of the December 23, 2025, Regular Board Meeting and the January 6, 2026, Board Workshop. p. 3-6

VII. REPORTS

- A. DIRECTORS' REPORTS
- B. ATTORNEY'S REPORT
- C. MANAGER'S REPORT
- D. CORRESPONDENCE

p. 7-10

p. 11

VIII. ACTION ITEMS

A. Presentation of Annual Financial Report for the Fiscal Years Ended 2025 and 2024

p. 12-72

(CEQA: Exempt from CEQA under Section 15378)

- Clarifying Questions
- Public Comment
- Motion/Second
- Discussion
- Vote

B. Receive updates on the Marshall Well Replacement and Operations Shop Construction Projects, and provide direction to staff

p. 73

(CEQA: Exempt from CEQA under Section 15378)

- Clarifying Questions
- Public Comment
- Motion/Second
- Discussion
- Vote

C. Receive an update on the South Valley Internet Aromas-San Juan Project collaboration with the Aromas Water District, and provide direction to staff

p. 74

(CEQA: Exempt from CEQA under Section 15378)

- Clarifying Questions
- Public Comment
- Motion/Second
- Discussion
- Vote

D. Consider District involvement with the Aromas Chipper Program, and provide direction to staff

p. 75

(CEQA: Exempt from CEQA under Section 15378)

- Clarifying Questions
- Public Comment
- Motion/Second
- Discussion
- Vote

E. Receive Financial Reports for the Month of December 2025 and Approve Expenditures

p. 76-81

(CEQA: Exempt from CEQA under Section 15378)

- Clarifying Questions
- Public Comment
- Motion/Second
- Discussion
- Vote

XI. FUTURE MEETINGS & AGENDA ITEMS – February 24, 2026 and March 24, 2026

XII. ADJOURNMENT

Meeting Attendance Instructions

The public may participate in the District’s Board meeting either in person, or by teleconference / web conference via the instructions provided below.

The meeting materials will be available for download from the District’s website at:

www.aromaswaterdistrict.org

For those who choose to attend this meeting via Zoom will be muted by default. To join the meeting from a computer, tablet, or smartphone via the Zoom app (free at <http://www.zoom.us>), [click on this text.](#)

If you do not have speakers or a microphone on your computer, you can dial in for audio.

Call **(669) 900.9128** and enter the Webinar ID: [83765703533](#)

If you would like to speak during the public comment portion of the meeting:

1. **Online** – raise your hand or use the Q&A panel to submit written comments.
2. **Phone** – press *9 to raise your hand, *6 to send a request to be unmuted to submit verbal comments.

The complete Board packet including subsequently distributed materials and presentations is available at the Board Meeting, in the Administrative Offices of the District, and posted on the District’s website at www.aromaswaterdistrict.org. All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board.

Any public record distributed to the Board less than 72 hours prior to this meeting in connection with any agenda item shall be made available for public inspection at the District office. Public records distributed during the meeting, if prepared by the District, will be available for public inspection at the meeting. If the public record is prepared by a third party and distributed at the meeting, it will be made available for public inspection following the meeting at the District office.

Notes: Requests for a disability-related modification or accommodation, including auxiliary aids or services, to attend or participate in a meeting should be made to District Administration during regular business hours at 831-726-3155. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

**Minutes of the Special and Regular Meetings of the
Aromas Water District Board of Directors
December 23, 2025**

- I. **CALL TO ORDER.** The regular meeting of the Aromas Water District Board of Directors was called to order by President Capron on Tuesday, December 23, 2025, at 7:00 p.m. Attendees were present in the Aromas Water District Board Room and on Zoom.
- II. **ROLL CALL.** President Capron, Vice-President Powers, Directors Norton, Morris and Holman were present in the Aromas Water District Board Room along with General Manager Johnson; Counsel Quinn attended via Zoom.
- III. **PLEDGE OF ALLEGIANCE.** Director Holman led the pledge of allegiance.
- IV. **ADDITIONS AND DELETIONS.** There were no additions or deletions.
- V. **PUBLIC COMMENT.** There was no public comment.
- VI. **MINUTES.** The minutes of the November 25, 2025, Regular Board Meeting were presented for review and approval. Director Morris moved for approval of the minutes; Vice-President Powers seconded. Minutes were unanimously approved by the Directors present.

VII. PRESENTATIONS & REPORTS

A. Director’s Report. Director Morris brought up concern from the community regarding the Chipper Program and the FireWise community efforts. It was requested to have that item on the January Board Meeting agenda.

B. Attorney’s Report. Counsel Quinn indicated that she would be reporting on SB707 and tiered water rates at the January Board meeting.

C. Manager’s Report:

OPERATIONS & MAINTENANCE

Production & Well Levels

Total production in November 2025 was 5,086,340 gallons; roughly 26% lower than October’s production, and 25% lower than November’s average production. The average daily production was 169,545 gallons.

The District has 979 total connected meters.

San Juan well was operated 26 days this month, while Carpenteria well was operated 22 days. Pleasant Acres well was not operated this month. All water testing reports were filed on time.

Operational well levels: Carpenteria well water level increased by one foot, while no change was recorded at San Juan well, in comparison to the previous month’s reading. **Observational wells:** The Marshall well level showed an increase of two feet from last month, and the Aimee Meadows well reading showed an increase of three feet from the previous month.

INCIDENTS

No incidents to report.

ADMINISTRATIVE

Staff & Board Recognition

GM Johnson reported on the following staff activities: 1) Management Analyst (MA) Girōn, and GM Johnson are reviewing the DRAFT documents from the Auditors regarding the Audit, 2) Chief Operator DeAlba and GM Johnson toured the District facilities with the ACWA-JPIA Risk Management representative, and a report will be provided soon, and 3) GM Johnson is preparing to lead staff through the Working Genius training program, as well as a Tabletop Training Exercise (TTX).

Conservation & Rainfall

The beginning of the new rainfall year was on October 1, 2025. Since then, 6.12 inches of precipitation has been recorded by the rain gauge at Chittenden Pass, with no precipitation has occurred (to date) this month.

PROJECTS

Training opportunities for the Board members and General Manager

The Board members and the GM attended the Special District Leadership Academy in November. These trainings have already provided foundational information that will help shape the future of the District.

Status of Marshall Well Replacement Project

An update will be provided at tonight’s meeting.

Status of the Operations Shop Construction Project

An update will be provided at tonight’s meeting.

Annexation of Driscoll properties into the Aromas Water District boundary

As part of the agreement with Driscoll Berries, the District has agreed to apply to Monterey County LAFCo (MCLAFCo) for an annexation of three small properties into the District boundary. There has been no progress in the last month.

Development of Tabletop Training Exercise (TTX)

As per the General Manager’s Performance Evaluation, a tabletop training exercise is to be developed for staff training in October. An initial draft has been developed, and editing is in process.

D. Correspondence

GM Johnson went through the monthly correspondence list and provided information on specific items.

VIII. ACTION ITEMS

A. Consider receiving a presentation from South Valley Internet, and providing direction to staff

South Valley Internet (SVI) presented a proposal to utilize a portion of the District’s Marshall Yard for their Fiber Optic Cable infrastructure. A discussion ensued, resulting in direction being given to District staff to work with SVI staff to develop an agreement for use of the District’s land. A motion was made by Director Norton and seconded by Director Morris, that was approved by the full Board.

B. Receive an update on the Marshall Well Replacement Project, and provide direction to staff

Staff presented an update on the Marshall Well Replacement Project (Project). The update indicated that there has been delays in getting some critical path items completed in a timely manner. The Board indicated that they would like a presentation from the consultants regarding the Project, as well as an updated Gantt Chart every two months to keep track of progress. The update was received by the full Board.

C. Receive an update on the Operations Shop Construction Project, and provide direction to staff

Staff presented an update on the Operations Shop Construction Project. The update presented a schedule of activities that would occur once the bids were in and a contractor was (or contractors were) selected. There have been delays getting the bid packages evaluated. The update was received by the full Board.

D. Review Proposed Workshop Schedule for Remainder of Fiscal Year 2025-26, and provide direction to staff

Staff presented a proposed Board Workshop schedule for the remainder of Fiscal Year 2025-26 that would allow for, 1) a Board Policy Manual workshop, 2) a Strategic Planning workshop, and 3) a Board Budget workshop (an annual task, though the previously-listed workshops needed to be held before staff can move forward with developing the budget for the following fiscal year. The first workshop was scheduled for January 6, 2026, and was completed with direction to staff to bring back example policies for review by a Board Policy Ad-Hoc Committee. The proposed Workshop schedule was approved by consensus.

E. Receive Financial Reports for the Month of November 2025 and Approve Expenditures

Total Assets / Liabilities & Equity are \$16,048,396.02. In the P&L Report, Revenue for November was \$153,280.29. Total Expenditures were \$112,873.35 between November 22, 2025, and December 17, 2025.

Director Morris moved to adopt the Financial Reports which was seconded by Director Norton. The Financial reports were unanimously approved by the Directors present.

IX. FUTURE MEETINGS & AGENDA ITEMS

The next regular Board meeting date will be January 27, 2026, at the Aromas Water District Board Room. For this meeting, a number of topics were discussed to bring forward, as time would allow.

X. ADJOURNMENT

President Capron adjourned this meeting at 9:20pm.

Read and approved by: _____
President, Seth Capron

Attest: _____
Board Secretary, Robert Johnson

Date: _____

Date: _____

**Minutes of the Special Meeting (Board Workshop)
of the Aromas Water District Board of Directors
January 6, 2026**

- I. **CALL TO ORDER.** The SPECIAL meeting (Board Workshop) of the Aromas Water District Board of Directors was called to order by Vice-President Powers on Tuesday, January 6, 2026, at 8:30 a.m. All attendees were present in the Aromas Water District Board Room.
- II. **ROLL CALL.** Vice-President Powers, Directors Norton, Morris and Holman were present in the Aromas Water District Board Room along with General Manager Johnson; President Capron was absent and Counsel was not present.
- III. **PLEDGE OF ALLEGIANCE.** Vice-President Powers led the pledge of allegiance.
- IV. **DISCUSSION ITEM.**

A. Review the 2022 Board Handbook for possible updates and additions, and provide direction to staff

Staff presented the workshop objectives and expected outcomes, then took the Board members present through a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis.

The majority of the remainder of the workshop centered upon identifying policies that needed to be updated or added, and how that process would occur. The procedure that was agreed upon was that staff would:

- Develop a list of policies for updating or adding
- Collect policy examples from other entities
- Reword policies so they are applicable to the District
- Bring that “Policy Packet” to the Ad-Hoc Committee (to be formed at the January 27, 2026, Board meeting) for comments and development
- When completed, bring Policy Packet to the full Board for approval and incorporation into the Board Policy Manual.

A short discussion ensued regarding the updating of the Employee Handbook. A meeting was tentatively set for the GM and staff to begin discussions.

V. PUBLIC COMMENT.

None

VI. ADJOURNMENT.

Vice-President Powers adjourned the Board Workshop at 11:00am.

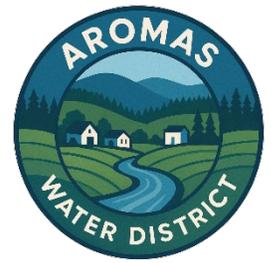
Read and approved by: _____
President, Seth Capron

Attest: _____
Board Secretary, Robert Johnson

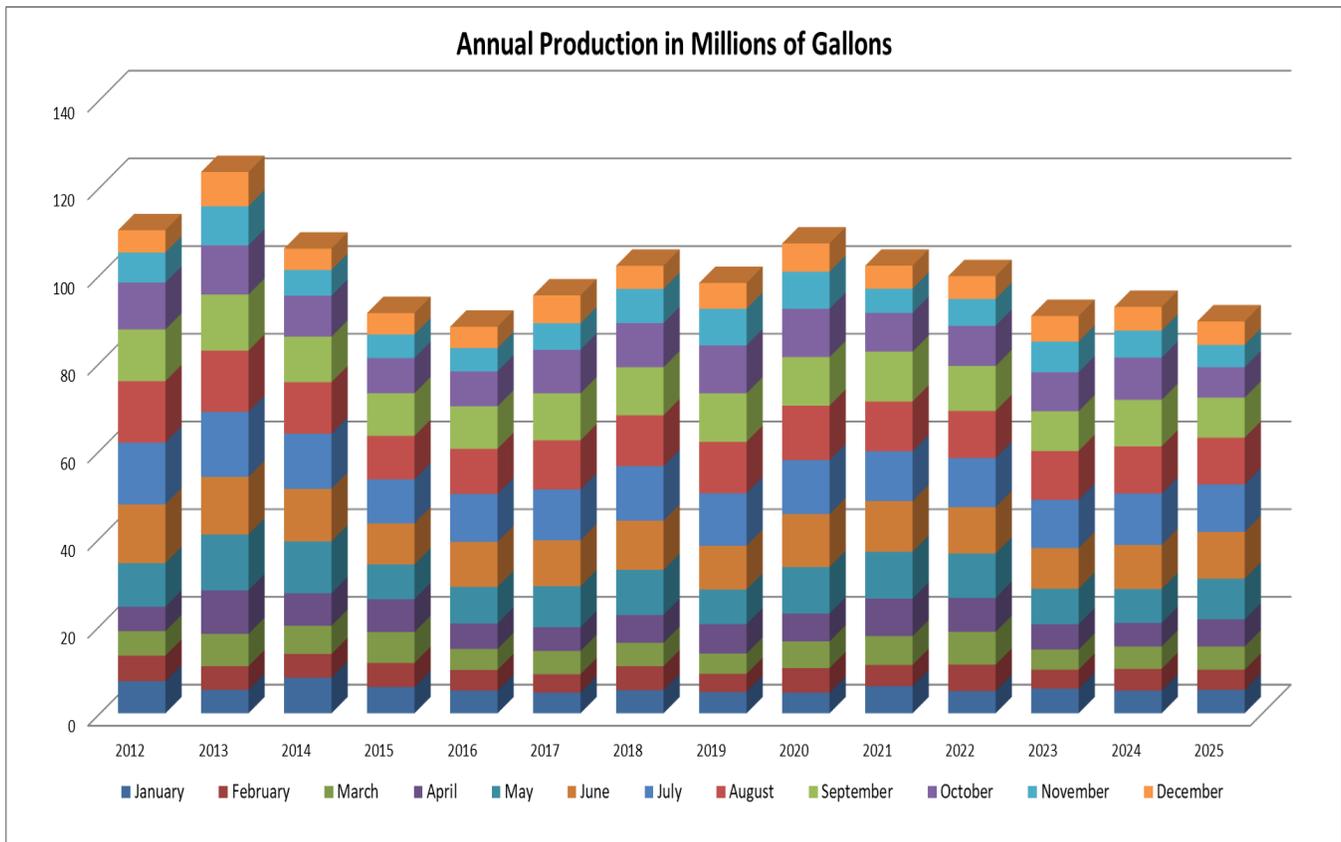
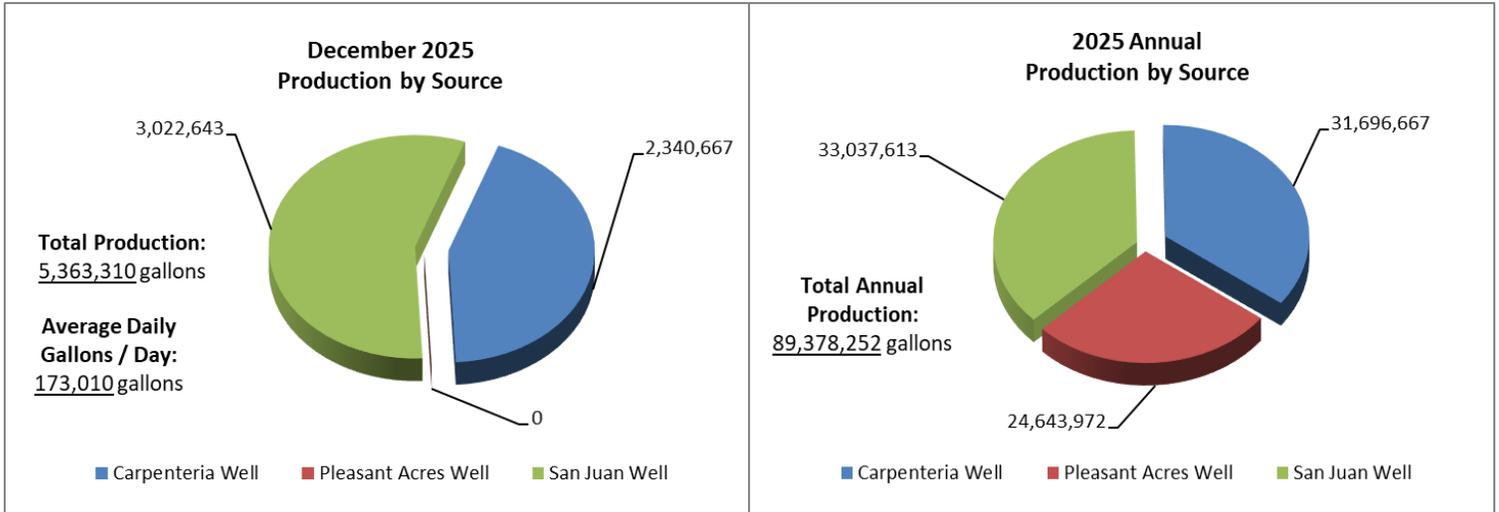
Date: _____

Date: _____

General Manager's Report DECEMBER 2025



PRODUCTION REPORT



Totals	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Million Gal	105.97	91.27	88.152	95.304	102.07	98.141	107.1	102.07	99.69	90.62	92.69	89.37
Acre Ft	325.16	280.05	270.49	292.43	313.18	301.13	328.8	313.19	305.89	278.06	284.41	274.23

OPERATIONS AND MAINTENANCE REPORT

OPERATIONS:

- There are 979 meters installed.
- San Juan well operated 25 days this month and was offline the remainder of the month to allow for filter plant maintenance. Carpenteria well operated for 27 days, and Pleasant Acres well was not operated.
- Water Treatment Plant: finished water was free of both iron and manganese this month.
- Distribution testing for total Coliform; all samples were negative.
- All monthly DWR reports on Coliform, and Fe / Mn were filed.
- WTP filters are backwashed when necessary.
- Monthly Generator in-house 15-minute testing under load.
- Monthly well-level monitoring (see chart following this report in Board Packet).

MAINTENANCE:

- Preventative maintenance and flushing were performed, as needed.
- Chlorine chemical pump maintenance and analyzer maintenance at all wells was performed.
- Additional maintenance tasks are being performed as time allows.

INCIDENTS:

- At the time of this writing, there were no incidents within the system.

ADMINISTRATIVE REPORT

STAFF & BOARD RECOGNITION:

- Management Analyst (MA) Girōn, and GM Johnson have reviewed the final DRAFT documents from the Auditors. The Annual Audit is an Action Item for tonight's meeting.
- Chief Operator DeAlba and Operator Smith are working to manage routine duties, along with more San Juan well issues, as well as marking our infrastructure locations in relation to various external projects in the area.
- GM Johnson met with representatives of South Valley Internet to discuss usage of District property for their Internet hardware.

CONSERVATION UPDATE:

December 2025 water production figures indicated an increase when compared to November water production: an increase of 276,970 gallons, or roughly 5%.

October 1, 2025, marked the start of a new water year. As of the date of this report (January 20), the rain gauge at Chittenden Pass has recorded 12.00 inches of precipitation for this water year, with 3.28 inches falling so far this month. As a reminder, last year's precipitation total (October 2024 to September 2025) was 17.76 inches.

PROJECTS:

1. Training opportunities for the Board members and General Manager

Recent Board training information is being put to use in a couple workshops; a Board Policy Manual workshop (completed January 6, 2026) and a Strategic Planning workshop (to be scheduled).

2. Status of Marshall Well Replacement Project

An update will be provided at the tonight's meeting.

3. Status of the Operations Shop Construction Project

An update will be provided at the tonight's meeting.

4. Annexation of Driscoll properties into the Aromas Water District boundary

As part of the agreement with Driscoll Berries, the District has agreed to apply to Monterey County LAFCo (MCLAFCo) for an annexation of three small properties into the District boundary. Discussions with MCLAFCo have occurred over the last year and the District is now developing the application for this annexation. No progress this last month.

5. Development of Tabletop Training Exercise (TTX)

As per the General Manager's Performance Evaluation, a tabletop training exercise was to be developed for staff training in October. The initial draft has been completed, so the exercise will most likely be performed in January.

6. Status of agreement with South Valley Internet (SVI) about use of District property

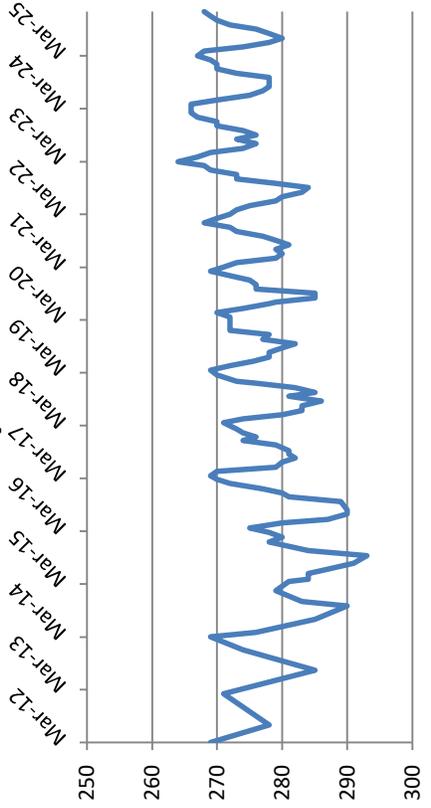
Staff met with SVI and FiberTel staff to discuss the use of a portion of the District's Operations Yard for fiber communications hardware. An update will be provided at the tonight's meeting.

Robert Johnson
General Manager
January 20, 2025

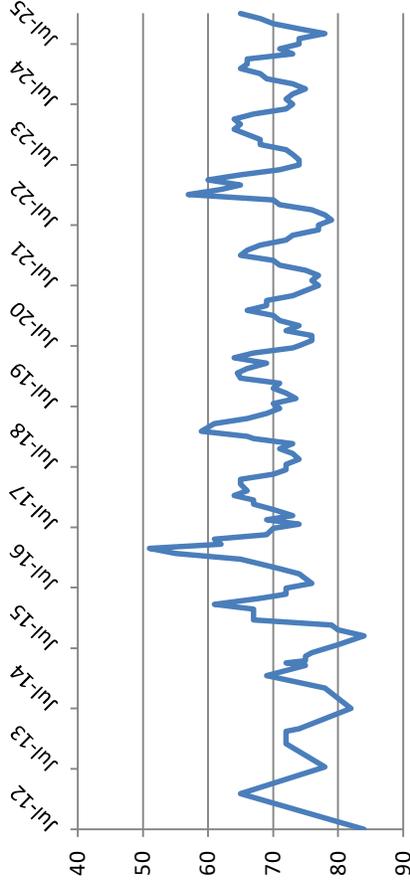
Well Water Level Monitoring Depth to Water Measurements Date: January 13, 2026



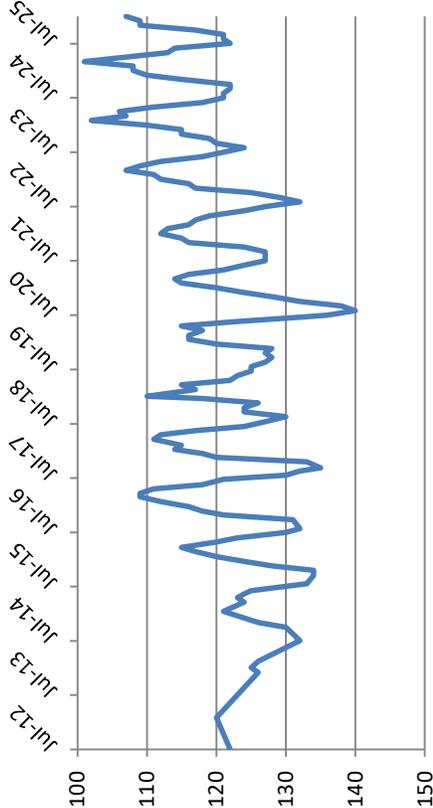
Carpenteria



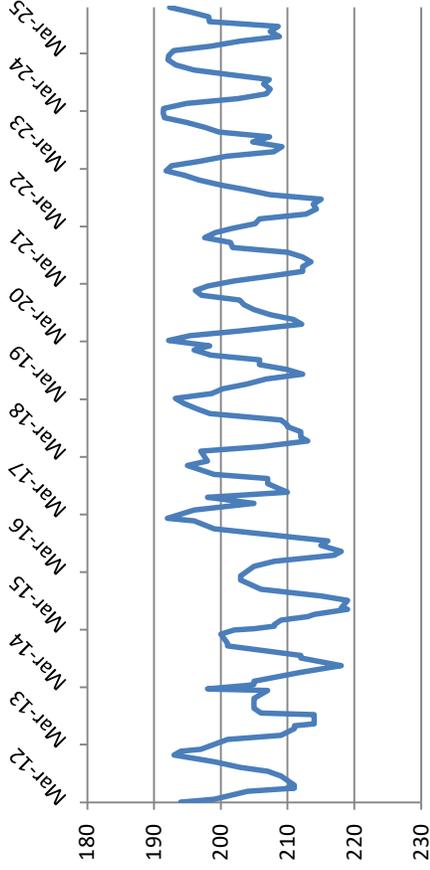
Marshall



San Juan

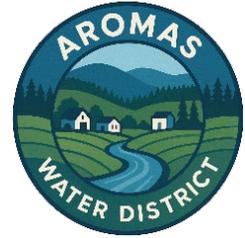


Aimee Meadows



CORRESPONDENCE LIST: 12/17/2025 – 1/20/2026

DATE	TYPE	TO	FROM	SUBJECT
12/19/25	L	R. Johnson, AWD	J. Hamm, CalTRANS	Relocation Claim Letter to Owner
12/30/25	E	B. McCreedy	R. Johnson, AWD	Signed Contract – 866 Via Juan Pablo
12/31/25	E	R. Johnson, AWD	L. Overtree, SBALT	Rancho Larios Easement - AWD
01/05/26	E	Aromas Water District	Althouse and Meade	Request for Water Resource Information
01/09/26	E	SWRCB DDW	E. Girōn, AWD	CA3510004-2026- Jan-TCR
01/09/26	E	SWRCB DDW	E. Girōn, AWD	CA3510004-2025- Dec -WTP
01/12/26	E	R. Johnson, AWD, and others	B. Farrara, R.A. Firewise	Aromas Chipper Program restart 2026
01/13/26	E	S. Capron, AWD Board	R. Johnson, AWD	Chipper Program progress and agenda item
01/14/26	E	Aromas Water District	T. Lofing, ACWA-JPIA	Risk Assessment (report) for AWD
01/16/26	E	B. Farrara, R.A. Firewise and others	D. Onaka, CalFIRE	Aromas Chipper Program restart 2026
01/16/26	L	Monterey RV Park	R. Johnson, AWD	Required Replacement of Backflow Protection Assembly – Customer Responsibility
01/16/26	L	Extreme Properties (Rancho Larios HOA)	R. Johnson, AWD	Required Replacement of Backflow Protection Assembly – Customer Responsibility
01/20/26	E	Althouse and Meade	R. Johnson, AWD	Request for Water Resource Information - reply



Staff Report

To: Board of Directors

Re: Item VIII.A – Presentation of Audited Financial Report for Fiscal Years Ended June 2025 and 2024

Date: January 20, 2026

Summary / Discussion

The Aromas Water District (District) Board of Directors is charged with the fiduciary responsibility to oversee and protect the assets of the District. The District is under contract with C.J. Brown and Company CPAs (formally Fedak & Brown LLP), for the legally required annual auditing of its financial records. These annual Financial Statements are the relied upon source of information detailing the District’s financial condition. They are utilized by our creditors, bond holders, as well as our state and county regulators. They also provide transparency for our customers.

The Financial Statements for review cover the 2024-2025 Fiscal Year, which is the twelve-month period from July 1, 2024, to June 30, 2025. Also included in the report is a comparison to the previous year’s finances, Fiscal Year 2023-24. This type of comparison has been presented in recent Financial Statement reports. A copy of the DRAFT FINAL Management Report and Financial Statements are included within tonight’s meeting packet.

The Audit was reviewed by Jonathan Abadesco, CPA, of C.J. Brown and Company CPAs, as well as Management Analyst Girón, and General Manager Johnson as part of the Audit process, prior to being presented at tonight’s meeting.

Staff Recommendation

Staff recommends that the Board accept the Financial Statements as presented.

Submitted by:

Robert Johnson
General Manager

Aromas Water District

Management Report

June 30, 2025

**Aromas Water District
Management Report**

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Board of Directors
Aromas Water District
Aromas, California

Dear Members of the Board:

In planning and performing our audit of the basic financial statements of the Aromas Water District (District) as of and for the year ended June 30, 2025, 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, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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

Other Comments

Our only comment, that has been discussed, all of which have been discussed with the appropriate members of management, is summarized as follows:

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process, we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

* * * * *

This communication is intended solely for the information and use of management, the Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

C.J. Brown & Company, CPAs
Cypress, California
January 27, 2026

APPENDIX

Aromas Water District

Audit/Finance Committee Letter

June 30, 2025

Board of Directors
Aromas Water District
Aromas, California

We have audited the financial statements of the Aromas Water District (District) as of and for the year ended June 30, 2025, and have issued our report thereon dated January 27, 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 8, 2025, 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.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated January 27, 2026.

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, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

In preparing the financial statements based on information provided by the District, an auditor that was not part of the engagement team performed an independent review of the financial statements to reduce the threat of self-review to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards

As auditors of the District, we are required per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”, to “ordinarily” presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

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, where the District adopted the provisions of GASB Statement No. 101, *Compensated Absences*. There have been no initial selection of accounting policies and no other changes in significant accounting policies or their application during 2025. No other 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 as follows:

Management’s estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management’s estimate of the defined benefit pension plan’s deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial valuation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

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 fair value of cash and cash equivalents in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 3 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

Financial Statement Disclosures, continued

The disclosure of the District's defined benefit pension plan in Note 6 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions identified as a result of our audit procedures were brought to the attention of management.

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that 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. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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. The attached schedule on page 5 presents the material journal entries that we identified as a result of our audit procedures and were brought to the attention of, and corrected by, management.

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. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 27, 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.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Schedules of the District's Proportionate Share of the Net Pension Liability, and Schedules of Pension Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Operating Expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information 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. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended us by Robert Johnson, General Manager, Ester Giron, Management Analyst, and Travis Hill, Staff Accountant, in the performance of our audit testwork.

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

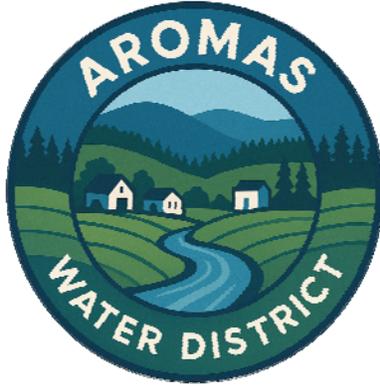
C.J. Brown & Company, CPAs
Cypress, California
January 27, 2026

Aromas Water District
Schedule of Audit Adjusting and Reclassifying Journal Entries
June 30, 2025

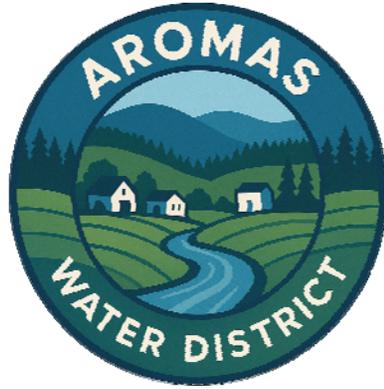
Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To adjust LAIF to fair market value at year-end.			
1020	LAIF-State of Ca xx-05	\$ 8,197.58	
306.5	Unrealized LAIF FMV Adjustment	75,100.70	
306.5	Unrealized LAIF FMV Adjustment		8,197.58
3100	Unrestricted Net Assets		75,100.70
Adjusting Journal Entries JE # 2			
To adjust accrued LAIF interest at year-end.			
1210	Accrued Interest	75,829.74	
1020	LAIF-State of Ca xx-05		75,829.74
Adjusting Journal Entries JE # 3			
To adjust assessment receivable at year-end.			
1291	Accounts Rec - Orchard Acres	4,652.17	
3090	Oakridge / OAWA Assessments	31,663.68	
1292	Accounts Rec - USDA Loan		36,315.85
Adjusting Journal Entries JE # 4			
To adjust interest payable at year-end.			
2200	Interest Payable	110,851.64	
417	Capital Loan Interest	2,112.37	
2200	Interest Payable		2,112.37
417	Capital Loan Interest		71,191.64
4590	Bond Interest Exp - Assess Dist		39,660.00
Adjusting Journal Entries JE # 5			
To reconcile long term debt balance per debt amortization schedule			
2310	City National Bank	3,696.57	
2310	City National Bank	93,764.98	
2392	Long-term Debt - USDA (Oakrdge)	3,089.90	
2300	Current Portion City National		93,764.98
440	Misc Exp		3,696.57
440	Misc Exp		3,089.90
Adjusting Journal Entries JE # 6			
To adjust net pension liability at year-end.			
2400	GASB 68 Pension Liability	19,397.00	
2900	Deferred Inflows- Actuarial	15,123.00	
477	Retirement	17,560.00	
1700	Deferred Outflow of Resources	\$	52,080.00

Aromas Water District
Schedule of Audit Adjusting and Reclassifying Journal Entries, continued
June 30, 2025

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 7			
To adjust vacation and sick payable per GASB 101.			
510	Comp FICA	\$ 759.85	
520	Comp MCARE	177.71	
2020	Accrued Sick Payable		378.92
2024	Accrued Vacation Payable		558.64
Adjusting Journal Entries JE # 8			
To adjust prepaid insurance at year-end.			
1300	Prepaid Insurance	5,839.20	
406	Liability Ins		5,839.20
Adjusting Journal Entries JE # 9			
To restate prior year compensated absences			
3100	Unrestricted Net Assets	3,091.62	
510	Comp FICA		2,505.63
520	Comp MCARE	\$	585.99



**Annual Financial Report
For the Fiscal Years Ended
June 30, 2025 and 2024**



Board of Directors as of June 30, 2025

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Current Term</u>
Seth Capron	President	Elected	12/22 - 12/26
Tim Powers	Vice-President	Elected	12/22 - 12/26
Vicki Morris	Director	Elected	12/24 - 12/28
Wayne Holman	Director	Elected	12/24 - 12/28
Wayne Norton	Director	Elected	12/22 - 12/26

**Robert Johnson, General Manager
388 Blohm Avenue
P.O. Box 388
Aromas, California 95004
(831) 726-3155**

**Aromas Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2025 and 2024**

**Aromas Water District
Annual Financial Report
For the Fiscal Years Ended June 30, 2025 and 2024**

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Financial Section

Independent Auditor's Report

Board of Directors
Aromas Water District
Aromas, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Aromas Water District (District), as of and for the years ended June 30, 2025 and 2024, 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 of the District, as of June 30, 2025 and 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter

As discussed in Note 8 to the financial statements, the District has adopted the provisions of *GASB Statement No. 101 – Compensated Absences*. As a result, District has restated its net position to reflect the effects of the change in accounting policy. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report, continued

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 audits in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the required supplementary information on pages 33 through 35 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 audits 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.

Independent Auditor's Report, continued

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Operating Expenses on page 36 are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 Schedules of Operating Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 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.

C.J. Brown & Company, CPAs

Cypress, California
January 27, 2026

Aromas Water District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Aromas Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2025, the District's operating revenues increased 9.83% or \$155,801, from \$1,585,166 to \$1,740,967. In fiscal year 2024, the District's operating revenues increased 6.24% or \$93,144, from \$1,492,022 to \$1,585,166.
- In fiscal year 2025, the District's operating expenses increased 2.60% or \$32,362, from \$1,245,326 to \$1,277,688. In fiscal year 2024, the District's operating expenses increased 11.47% or \$128,128, from \$1,117,198 to \$1,245,326.
- In fiscal year 2025, the District's net position increased 4.86% or \$315,903, from \$6,497,239 to \$6,813,142. In fiscal year 2024, the District's net position increased 2.64% or \$166,823, from \$6,330,416 to \$6,497,239.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position include all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. They also provide the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net change in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, as well as providing answers to questions such 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 District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

Financial Analysis of the District, continued

These statements report the District's *net position* and changes in it. One can think of the District's net position (assets and deferred outflows less liabilities and deferred inflows), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 14 through 32.

Statements of Net Position

A summary of the statements of net position is as follows:

	Condensed Statements of Net Position				
	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>	<u>Change</u>
Assets:					
Current assets	\$ 10,450,777	10,401,173	49,604	10,337,219	63,954
Capital assets, net	<u>5,574,924</u>	<u>5,493,353</u>	<u>81,571</u>	<u>5,713,868</u>	<u>(220,515)</u>
Total assets	<u>16,025,701</u>	<u>15,894,526</u>	<u>131,175</u>	<u>16,051,087</u>	<u>(156,561)</u>
Deferred outflows of resources	<u>275,004</u>	<u>327,084</u>	<u>(52,080)</u>	<u>315,213</u>	<u>11,871</u>
Liabilities:					
Current liabilities	676,187	552,683	123,504	564,106	(11,423)
Non-current liabilities	<u>8,783,105</u>	<u>9,128,294</u>	<u>(345,189)</u>	<u>9,404,929</u>	<u>(276,635)</u>
Total liabilities	<u>9,459,292</u>	<u>9,680,977</u>	<u>(221,685)</u>	<u>9,969,035</u>	<u>(288,058)</u>
Deferred inflows of resources	<u>28,271</u>	<u>43,394</u>	<u>(15,123)</u>	<u>66,849</u>	<u>(23,455)</u>
Net position:					
Net investment in capital assets	2,544,257	2,155,206	389,051	2,324,975	(169,769)
Restricted	2,652,090	2,706,490	(54,400)	2,486,685	219,805
Unrestricted	<u>1,616,795</u>	<u>1,635,543</u>	<u>(18,748)</u>	<u>1,518,756</u>	<u>116,787</u>
Total net position	<u>\$ 6,813,142</u>	<u>6,497,239</u>	<u>315,903</u>	<u>6,330,416</u>	<u>166,823</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,813,142 and \$6,497,239 as of June 30, 2025 and 2024, respectively.

A portion of the District's net position reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding (37.34% and 33.17% as of June 30, 2025 and 2024, respectively). The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending. (See Note 7 for further discussion)

At the end of fiscal years 2025 and 2024, the District showed a positive balance in its unrestricted net position of \$1,616,795 and \$1,635,543, respectively.

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

Statements of Revenues, Expenses, and Changes in Net Position

A summary of the statements of revenues, expenses, and changes in net position is as follows:

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>2023</u>	<u>Change</u>
Revenue:					
Operating revenues	\$ 1,740,967	1,585,166	155,801	1,492,022	93,144
Non-operating revenues	568,029	582,508	(14,479)	260,285	322,223
Total revenue	<u>2,308,996</u>	<u>2,167,674</u>	<u>141,322</u>	<u>1,752,307</u>	<u>415,367</u>
Expense:					
Operating expense	1,277,688	1,245,326	32,362	1,117,198	128,128
Depreciation expense	423,976	455,581	(31,605)	564,199	(108,618)
Non-operating expense	291,429	299,944	(8,515)	141,464	158,480
Total expense	<u>1,993,093</u>	<u>2,000,851</u>	<u>(7,758)</u>	<u>1,822,861</u>	<u>177,990</u>
Changes in net position	315,903	166,823	149,080	(70,554)	237,377
Net position, beginning of year, as restated	<u>6,497,239</u>	<u>6,330,416</u>	<u>166,823</u>	<u>6,400,970</u>	<u>(70,554)</u>
Net position, end of year	<u>\$ 6,813,142</u>	<u>6,497,239</u>	<u>315,903</u>	<u>6,330,416</u>	<u>166,823</u>

The statements of revenues, expenses, and changes in net position show how the District's net position changed during the fiscal years.

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2025, the District's total revenues increased by 6.52% or \$141,322. Operating revenues increased 9.83% or \$155,801, due primarily to an increase in water revenue of \$220,881, which was offset by a decrease of \$65,080 in connection fees. The District's non-operating revenues increased 2.49% or \$14,479, due primarily to increases in property taxes of \$7,634, and non-cash pension actuarial expense adjustment from CalPERS of \$17,560; which were offset by decreases in voter approved assessments of \$7,094, and interest income of \$1,471.

In fiscal year 2024, the District's total revenues increased by 23.70% or \$415,367. Operating revenues increased 6.24% or \$93,144, due primarily to an increases in water revenue of \$89,664, and connection fees of \$3,480. The District's non-operating revenues increased 123.80% or \$322,223, due primarily to increases in interest income of \$308,836, voter approved assessments of \$17,182, and property taxes of \$4,640.

In fiscal year 2025, the District's total expenses (including depreciation) decreased 0.39% or \$7,758. Operating expenses increased 2.60% or \$32,362, due primarily to increases in pumping of \$27,669, salaries and wages of \$4,592, employee benefits of \$5,291, and water treatment of \$2,432; which were offset by administration and general of \$7,622. The District's non-operating expenses decreased 2.84% or \$8,515, due primarily to a decrease in interest expense.

In fiscal year 2024, the District's total expenses (including depreciation) increased 9.76% or \$177,990. Operating expenses increased 11.47% or \$128,128, due primarily to increases in salaries and wages of \$52,424, employee benefits of \$30,826, administrative and general of \$27,913, and pumping of \$16,373. The District's non-operating expenses increased 112.03% or \$158,480, due primarily to an increase in non-cash pension actuarial expense adjustment from CalPERS of \$151,634.

In fiscal year 2025, the District's net position decreased 4.86% or \$315,903, from \$6,497,239 to \$6,813,142, from continuing operations. In fiscal year 2024, the District's net position decreased 2.64% or \$166,823, from \$6,330,416 to \$6,497,239, from continuing operations.

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

Capital Asset Administration

At the end of fiscal years 2025 and 2024, the District's investment in capital assets (net of accumulated depreciation), amounted to \$5,574,924 and \$5,493,353, respectively. This investment in capital assets includes land, water transmission and distribution systems, buildings and structures, equipment, and vehicles. (See note 3 for further discussion).

The change in capital assets for 2025, was as follows:

	<u>Balance 2024</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2025</u>
Non-depreciable assets	\$ 630,861	320,079	(32,321)	918,619
Depreciable assets	13,228,787	217,789	-	13,446,576
Accumulated depreciation	<u>(8,366,295)</u>	<u>(423,976)</u>	<u>-</u>	<u>(8,790,271)</u>
Total capital assets, net	<u>\$ 5,493,353</u>	<u>113,892</u>	<u>(32,321)</u>	<u>5,574,924</u>

Major capital asset additions during the year include improvements to the water transmission and distribution system and vehicles.

The change in capital assets for 2024, was as follows:

	<u>Balance 2023</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2024</u>
Non-depreciable assets	\$ 621,903	8,958	-	630,861
Depreciable assets	13,002,679	226,108	-	13,228,787
Accumulated depreciation	<u>(7,910,714)</u>	<u>(455,581)</u>	<u>-</u>	<u>(8,366,295)</u>
Total capital assets, net	<u>\$ 5,713,868</u>	<u>(229,473)</u>	<u>(32,321)</u>	<u>5,493,353</u>

In 2024, major capital asset additions during the year include improvements to the water transmission and distribution system and office building.

Debt Administration

Changes in long-term debt in 2025, were as follows:

	<u>Balance 2024</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2025</u>
Bonds payable	\$ 2,706,490	-	(57,490)	2,649,000
Notes payable	<u>6,005,744</u>	<u>-</u>	<u>(258,948)</u>	<u>5,746,796</u>
Total long-term debt	<u>\$ 8,712,234</u>	<u>-</u>	<u>(316,438)</u>	<u>8,395,796</u>

Changes in long-term debt in 2024, were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2024</u>
Bonds payable	\$ 2,761,490	-	(55,000)	2,706,490
Notes payable	<u>6,253,460</u>	<u>-</u>	<u>(247,716)</u>	<u>6,005,744</u>
Total long-term debt	<u>\$ 9,014,950</u>	<u>-</u>	<u>(302,716)</u>	<u>8,712,234</u>

See Note 4 for further discussion.

Aromas Water District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2025 and 2024

Conditions Affecting Current Financial Position

Management does not foresee any conditions which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at 388 Blohm Avenue, Aromas, California 95004.

Basic Financial Statements

**Aromas Water District
Statements of Net Position
June 30, 2025 and 2024**

	2025	As restated 2024
Current assets:		
Cash and cash equivalents (note 2)	\$ 2,206,221	1,945,689
Cash and cash equivalents – restricted (note 2)	5,639,900	5,887,524
Accounts receivable, net	286,344	214,641
Assessment receivable – restricted	2,108,561	2,184,095
Interest receivable	75,830	77,524
Prepaid expenses	20,830	12,222
Inventory and supplies	113,091	79,478
Total current assets	10,450,777	10,401,173
Non-current assets:		
Capital assets – not being depreciated (note 3)	918,619	630,861
Capital assets – being depreciated (note 3)	4,656,305	4,862,492
Total non-current assets	5,574,924	5,493,353
Total assets	16,025,701	15,894,526
Deferred outflows of resources:		
Deferred outflows – pensions (note 6)	275,004	327,084
Total deferred outflows of resources	\$ 275,004	327,084

Continued on next page

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Net Position, continued
June 30, 2025 and 2024

	2025	As restated 2024
Current liabilities:		
Accounts payable	\$ 174,009	54,078
Accrued interest	107,496	110,852
Accrued payroll and payroll liabilities	8,777	7,643
Customer deposits and unearned revenue	31,029	36,229
Long-term liabilities – due within one year:		
Compensated absences (note 5)	33,860	32,629
Bonds payable (note 4)	58,000	56,000
Notes payable (note 4)	263,016	255,252
Total current liabilities	676,187	552,683
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 5)	11,286	10,876
Net pension liability (note 6)	697,039	716,436
Bonds payable (note 4)	2,591,000	2,650,490
Notes payable (note 4)	5,483,780	5,750,492
Total non-current liabilities	8,783,105	9,128,294
Total liabilities	9,459,292	9,680,977
Deferred inflows of resources:		
Deferred inflows – pensions (note 6)	28,271	43,394
Total deferred inflows of resources	28,271	43,394
Net position (note 7):		
Net investment in capital assets	2,544,257	2,155,206
Restricted	2,652,090	2,706,490
Unrestricted	1,616,795	1,635,543
Total net position	\$ 6,813,142	6,497,239

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	As restated 2024
Operating revenues:		
Water revenue	\$ 1,708,627	1,487,746
Connection fees	32,340	97,420
Total operating revenues	1,740,967	1,585,166
Operating expenses:		
Pumping	314,608	286,939
Water treatment	36,161	33,729
Administration and general	144,598	152,220
Salaries and wages	550,042	545,450
Employee benefits	232,279	226,988
Total operating expenses	1,277,688	1,245,326
Operating income before depreciation	463,279	339,840
Depreciation expense	(423,976)	(455,581)
Operating income (loss)	39,303	(115,741)
Non-operating revenues (expenses):		
Property taxes	103,894	96,260
Voter approved assessment	130,437	137,531
Interest income	355,681	357,152
Interest expense	(291,429)	(299,944)
Non-operating revenue (expense), net (note 6)	(21,983)	(8,435)
Total non-operating revenues, net	276,600	282,564
Changes in net position	315,903	166,823
Net position, beginning of year, as restated (note 8)	6,497,239	6,330,416
Net position, end of year	\$ 6,813,142	6,497,239

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash receipts from customers for sales and service	\$ 1,643,775	1,524,447
Cash paid to vendors and suppliers	(632,376)	(672,914)
Cash paid to employees	(547,267)	(555,805)
Net cash provided by operating activities	464,132	295,728
Cash flows from non-capital financing activities:		
Proceeds from property taxes and assessments	309,865	276,104
Net cash provided by non-capital financing activities	309,865	276,104
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(505,547)	(235,066)
Principal paid on long-term debt	(316,438)	(302,716)
Interest paid on long-term debt	(294,785)	(303,212)
Net cash used in capital and related financing activities	(1,116,770)	(840,994)
Cash flows from investing activities:		
Interest earnings	355,681	357,152
Net cash provided by investing activities	355,681	357,152
Net increase in cash and cash equivalents	12,908	87,990
Cash and cash equivalents, beginning of year	7,833,213	7,745,223
Cash and cash equivalents, end of year	\$ 7,846,121	7,833,213
 Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 2,206,221	1,945,689
Cash and cash equivalents - restricted	5,639,900	5,887,524
Total cash and cash equivalents	\$ 7,846,121	7,833,213

Continued on next page

See accompanying notes to the basic financial statements

Aromas Water District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 39,303	(115,741)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	423,976	455,581
Other non-operating (expenses) revenue, net	(21,983)	(8,435)
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in assets and deferred outflows:		
Accounts receivable, net	(71,703)	(4,762)
Other receivables	1,694	(25,559)
Prepaid expenses	(8,608)	8,111
Inventory and supplies	(33,613)	3,933
Deferred outflows – pensions	52,080	(11,871)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	119,931	13,890
Accrued payroll and payroll liabilities	1,134	(3,409)
Customer deposits and unearned revenue	(5,200)	(21,963)
Compensated absences	1,641	(6,946)
Net pension liability	(19,397)	36,354
Deferred inflows – pensions	(15,123)	(23,455)
Total adjustments	424,829	411,469
Net cash provided by operating activities	\$ 464,132	295,728

See accompanying notes to the basic financial statements

Aromas Water District
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Aromas Water District (District) was formed on July 24, 1959, pursuant to the provisions of the California Water Code, Division 12, and Section 30321 thereof. The District takes water from three water wells located in Aromas to serve 978 connections within its jurisdiction. The District is dedicated to providing a reliable supply of high quality water. The District is governed by a five-member Board of Directors who serves overlapping four-year terms.

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

B. Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

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

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

C. Financial Reporting, continued

The District has adopted the following GASB pronouncements in the current year:

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

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

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

3. Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Accounts Receivable and Allowance for Uncollectible Accounts

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

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

5. Property Taxes and Assessments

The County of Monterey and the County of San Benito Assessor's Offices assess all real and personal property within the Counties each year. The County of Monterey and the County of San Benito Tax Collector's Offices bill and collect the District's share of property taxes and assessments. In 1993, the Counties adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end.

Under this plan, the Counties assume an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and by such financing, Aromas Water District receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County of Monterey and the County of San Benito, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

6. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water meters, and pipes and pipefittings for repair and maintenance to the District's water transmission and distribution system. Inventory is valued at cost using the first-in, first-out cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

7. Prepaid Expenses

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

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Water systems – 20 to 40 years
- Office buildings and improvements – 35 years
- Office furniture and fixtures – 3 to 5 years
- Vehicles – 5 years

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

10. Compensated Absences

The District's policy is to permit employees to accumulate earned vacation. Upon termination of employment, employees are paid all unused vacation.

11. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

12. Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt, are included in this component of net position.
- *Restricted* – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the *net investment in capital assets* or *restricted* components of net position.

(2) Cash and Cash Equivalents

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

	2025	2024
Cash and cash equivalents	\$ 2,206,221	1,945,689
Cash and cash equivalents - restricted	5,639,900	5,887,524
Total	\$ 7,846,121	7,833,213

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

	2025	2024
Cash on hand	\$ 100	100
Deposits with financial institutions	996,869	987,545
Local Agency Investment Fund	6,849,152	6,845,568
Total	\$ 7,846,121	7,833,213

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Cash Equivalents, continued

As of June 30, the District’s authorized deposit had the following maturities:

	2025	2024
Deposits in California Local Agency Investment Fund (LAIF)	248 days	217 days

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	None	None
Federal agency and bank obligations	5 years	None	None
Certificates-of-deposit (negotiable or placed)	5 years	30%	10%
Commercial paper (prime)	270 days	10%	10%
Money market mutual funds	N/A	20%	None
State and local bonds, notes and warrants	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

Investment in State Investment Pool

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

The District’s deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000.
- Withdrawals of \$10 million or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to set up wire transfer transaction.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government entity 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 failure of the counterparty (e.g., broker-dealer) to a transaction, a government entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

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 LAIF). The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies.

As of June 30, 2025 and 2024, \$250,000 of the District's bank balance is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

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 can manage 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 matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations. As of June 30, 2025 and 2024, the District maintained no investments subject to market interest rate risk fluctuations.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in LAIF is not rated.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments as of June 30, 2025 and 2024.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(3) Capital Assets

Changes in capital assets for 2025, was as follows:

	<u>Balance 2024</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2025</u>
Non-depreciable assets:				
Land	\$ 331,196	1,000	-	332,196
Construction in progress	299,665	319,079	(32,321)	586,423
Total non-depreciable assets	<u>630,861</u>	<u>320,079</u>	<u>(32,321)</u>	<u>918,619</u>
Depreciable assets:				
Water systems	12,448,039	207,784	-	12,655,823
Office building	440,292	-	-	440,292
Office furniture and fixtures	93,467	10,005	-	103,472
Vehicles	246,989	-	-	246,989
Total depreciable assets	<u>13,228,787</u>	<u>217,789</u>	<u>-</u>	<u>13,446,576</u>
Accumulated depreciation	<u>(8,366,295)</u>	<u>(423,976)</u>	<u>-</u>	<u>(8,790,271)</u>
Total depreciable assets, net	<u>4,862,492</u>	<u>(206,187)</u>	<u>-</u>	<u>4,656,305</u>
Total capital assets, net	<u>\$ 5,493,353</u>			<u>5,574,924</u>

Major capital assets additions during the year include improvements to the District's water systems and office, furnitures and fixtures.

Changes in capital assets for 2024, was as follows:

	<u>Balance 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Land	\$ 331,196	-	-	331,196
Construction in progress	290,707	8,958	-	299,665
Total non-depreciable assets	<u>621,903</u>	<u>8,958</u>	<u>-</u>	<u>630,861</u>
Depreciable assets:				
Water systems	12,351,343	96,696	-	12,448,039
Office building	440,292	-	-	440,292
Office furniture and fixtures	93,467	-	-	93,467
Vehicles	117,577	129,412	-	246,989
Total depreciable assets	<u>13,002,679</u>	<u>226,108</u>	<u>-</u>	<u>13,228,787</u>
Accumulated depreciation	<u>(7,910,714)</u>	<u>(455,581)</u>	<u>-</u>	<u>(8,366,295)</u>
Total depreciable assets, net	<u>5,091,965</u>	<u>(229,473)</u>	<u>-</u>	<u>4,862,492</u>
Total capital assets, net	<u>\$ 5,713,868</u>			<u>5,493,353</u>

In fiscal year 2024, major capital assets additions during the year include improvements to the District's water systems and vehicles.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(4) Long-Term Debt

Changes in long-term debt in 2025, were as follows:

	<u>Balance 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2025</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>
Bonds payable:						
Limited Obligation Improvement Bonds						
Orchard Acres Assessment District 2008 Series A \$	350,000	-	(15,000)	335,000	15,000	320,000
Assessment District No. 2013-1 Series 2014	<u>2,356,490</u>	<u>-</u>	<u>(42,490)</u>	<u>2,314,000</u>	<u>43,000</u>	<u>2,271,000</u>
Total bonds payable	<u>2,706,490</u>	<u>-</u>	<u>(57,490)</u>	<u>2,649,000</u>	<u>58,000</u>	<u>2,591,000</u>
Notes payable:						
Union Bank – Tax-exempt refunding loan	604,904	-	(96,589)	508,315	95,700	412,615
Truist Bank	<u>5,400,840</u>	<u>-</u>	<u>(162,359)</u>	<u>5,238,481</u>	<u>167,316</u>	<u>5,071,165</u>
Total notes payable	<u>6,005,744</u>	<u>-</u>	<u>(258,948)</u>	<u>5,746,796</u>	<u>263,016</u>	<u>5,483,780</u>
Total long-term debt	<u>8,712,234</u>	<u>-</u>	<u>(316,438)</u>	<u>8,395,796</u>	<u>321,016</u>	<u>8,074,780</u>
Current portion	<u>(311,252)</u>			<u>(321,016)</u>		
Non-current portion	\$ <u>8,400,982</u>			<u>8,074,780</u>		

Changes in long-term debt in 2024, were as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2024</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>
Bond payable						
Limited Obligation Improvement Bonds						
Orchard Acres Assessment District 2008 Series A \$	365,000	-	(15,000)	350,000	15,000	335,000
Assessment District No. 2013-1 Series 2014	<u>2,396,490</u>	<u>-</u>	<u>(40,000)</u>	<u>2,356,490</u>	<u>41,000</u>	<u>2,315,490</u>
Total bonds payable	<u>2,761,490</u>	<u>-</u>	<u>(55,000)</u>	<u>2,706,490</u>	<u>56,000</u>	<u>2,650,490</u>
Note payable						
Union Bank – Tax-exempt refunding loan	695,071	-	(90,167)	604,904	92,893	512,011
Truist Bank	<u>5,558,389</u>	<u>-</u>	<u>(157,549)</u>	<u>5,400,840</u>	<u>162,359</u>	<u>5,238,481</u>
Total note payable	<u>6,253,460</u>	<u>-</u>	<u>(247,716)</u>	<u>6,005,744</u>	<u>255,252</u>	<u>5,750,492</u>
Total long-term debt	<u>9,014,950</u>	<u>-</u>	<u>(302,716)</u>	<u>8,712,234</u>	<u>311,252</u>	<u>8,400,982</u>
Current portion	<u>(302,716)</u>			<u>(311,252)</u>		
Non-current portion	\$ <u>8,712,234</u>			<u>8,400,982</u>		

Orchard Acres Assessment District, 2008 Limited Obligation Improvement Bond, Series A

In 2008, pursuant to the Assessment Bond Law and Resolution No. 2008-04, the District issued a limited obligation bond under a fiscal agent agreement between the District and Union Bank in the amount of \$498,000. The proceeds from the bond financed the connection of 11 parcels of land in an unincorporated area of the County of San Benito, known as Orchard Acres, to the District’s municipal water supply system. The bond is a limited obligation to the District, and payable solely from the proceeds of unpaid assessments levied on the 11 parcels within Orchard Acres. Terms of the bond call for semi-annual interest payable on March 2nd and September 2nd of each year, and annual debt service payment of principal on September 2nd of each year. The interest on the bond escalates starting at a rate of 4.80% in 2013 to 6.10% at maturity in 2038.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(4) Long-Term Debt, continued

Orchard Acres Assessment District, 2008 Limited Obligation Improvement Bond, Series A, continued

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 15,000	19,853	34,853
2027	15,000	18,968	33,968
2028	20,000	17,935	37,935
2029	20,000	16,755	36,755
2030	20,000	15,555	35,555
2031-2035	115,000	58,103	173,103
2036-2039	<u>130,000</u>	<u>16,468</u>	<u>146,468</u>
Total	335,000	<u>163,637</u>	<u>498,637</u>
Current	<u>(15,000)</u>		
Non-current	\$ <u>320,000</u>		

Assessment District No. 2013-1, Limited Obligation Improvement Bond, Series 2014

In 2014, pursuant to the Assessment Bond Law and Resolution No. 2014-09, the District issued a limited obligation bond in the amount of \$2,723,613. The proceeds from the bond financed 47 water and fire service connections and 12 fire service only connections to particular residences on Oakridge Drive and Via del Sol. The bond is a limited obligation to the District, and payable solely from the proceeds of unpaid assessments levied on the Assessment District. Terms of the bond call for semi-annual interest payable on March 2nd and September 2nd of each year, and annual debt service payment of principal on September 2nd of each year. The interest on the bond is stated at 4.00% and matures in 2055.

Annual maturity and interest on the bond are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 43,000	95,300	138,300
2027	45,000	93,540	138,540
2028	46,000	91,720	137,720
2029	48,000	89,840	137,840
2030	50,000	87,880	137,880
2031-2035	282,000	407,120	689,120
2036-2040	343,000	344,780	687,780
2041-2045	417,000	269,020	686,020
2046-2050	510,000	176,600	686,600
2051-2055	<u>530,000</u>	<u>64,000</u>	<u>594,000</u>
Total	2,314,000	<u>1,719,800</u>	<u>4,033,800</u>
Current	<u>(43,000)</u>		
Non-current	\$ <u>2,271,000</u>		

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(4) Long-Term Debt, continued

Union Bank – Tax Exempt Refunding Loan

In 2006, the District entered into a loan agreement with Santa Barbara Bank & Trust, N.A. and borrowed \$854,318. The proceeds of the loan financed the improvement to the District’s water treatment and distribution system.

In 2011, the District refinanced its loan obtained in 2006, and borrowed additional funds to total \$1,457,578. The proceeds of the loan financed the improvement to the District’s water treatment and distribution system extended to consist of the replacement of, and improvement to, the site of the Carpenteria well and improvements to the booster station.

In 2015, the District refinanced its loan obtained in 2011, with the Municipal Finance Corporation to refinance \$1,323,721 on a tax-exempt basis and borrowed \$201,966 on a taxable basis. The proceeds of the additional funds were used to acquire and install a solar energy project at the Carpenteria well site. The interest rates on the tax-exempt note and the taxable note are stated at 3.00% and 2.75%, respectively, and mature in 2030 and 2021, respectively. The terms of the notes call for semi-annual debt service payment of principal and interest payable on May 1st and November 1st of each year. The notes are secured by a pledge of and lien on the net revenues of the District’s water system.

Annual maturity and interest on the tax-exempt note are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 95,700	14,537	110,237
2027	98,593	11,644	110,237
2028	101,573	8,665	110,238
2029	104,643	5,594	110,237
2030	<u>107,806</u>	<u>2,432</u>	<u>110,238</u>
Total	508,315	<u>42,872</u>	<u>551,187</u>
Current	<u>(95,700)</u>		
Non-current	\$ <u>412,615</u>		

Truist Bank Note Payable

On May 2022, the District entered into a loan agreement with Truist Bank and borrowed \$5,759,500 which is secured by a pledge of and lien on the net revenues of the District’s water revenues. The proceeds from the loan will finance the acquisition and installation of certain improvements to the District’s water system, including a new well and a solar energy project. Terms of the loan call for semi-annual payments of principal and interest payable on February 1st and August 1st of each year. The interest on the loan is stated at 3.08% and matures in 2042.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(4) Long-Term Debt, continued

Truist Bank Note Payable, continued

Annual maturity and interest on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 167,316	157,468	324,784
2027	172,423	152,360	324,783
2028	177,688	147,096	324,784
2029	183,112	141,671	324,783
2030	188,703	136,081	324,784
2031-2035	1,623,847	551,255	2,175,102
2036-2040	1,887,330	287,774	2,175,104
2041-2042	<u>838,062</u>	<u>31,980</u>	<u>870,042</u>
Total	5,238,481	<u>1,605,685</u>	<u>6,844,166</u>
Current	<u>(167,316)</u>		
Non-current	<u>\$ 5,071,165</u>		

(5) Compensated Absences

The District recognizes liability for compensated absences in accordance with GASB Statement No. 101, “Compensated Absences”. Compensated absences include unpaid vacation leave, and sick leave which is accrued as earned, which are expected to be settled through paid time off or cash payments upon termination or retirement.

As of June 30, 2025 and 2024, the liability for compensated absences was calculated based on employees’ pay rates at the fiscal year-end and historical usage data, considering employment policies. The liability represents amounts that are more likely than not be used or paid out.

Compensated absences as of June 30 are classified in the accompanying financial statements as follows:

	<u>2025</u>	<u>2024</u>
Current	\$ 33,860	32,629
Non-current	<u>11,286</u>	<u>10,876</u>
Total	<u>\$ 45,146</u>	<u>43,505</u>

As of June 30, 2025 and 2024, the total liability for compensated absences amounted to \$45,146 and \$43,505, respectively.

The net change in the compensated absences liability for the fiscal year ended June 30, 2025 and 2024 was \$1,641 and \$(6,946), respectively, reflecting a net increase (decrease) due to changes in employee leave balances, pay rates, and usage patterns. The liability is reported in government-wide financial statements and business type fund financial statements.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Defined Benefit Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

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 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect as of June 30, are summarized as follows:

	2025		2024	
	<u>New Classic</u>	<u>PEPRA</u>	<u>New Classic</u>	<u>PEPRA</u>
Hire date	Prior to December 31, 2012	On or after January 1, 2013	Prior to December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62	2.0% @ 55	2.0% @ 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	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.00%	2.00%	2.00%	2.00%
Required employee contribution rates	7.00%	6.75%	7.00%	6.75%
Required employer contribution rates	12.52%	7.87%	12.47%	7.68%

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Defined Benefit Pension Plans, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1, following notice of a change in rate. Funding contribution 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.

For the years ended June 30, the District's contributions to CalPERS are as follows:

	2025	2024
Contribution - employer	\$ 104,190	88,219

Net Pension Liability

As of the fiscal years ended June 30, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	2025	2024
Proportionate share of net pension liability	\$ 697,039	716,436

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2025 and 2024, the net pension liability of the Plan is measured as of June 30, 2024 and 2023 (the measurement dates, respectively). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 and 2022 (the valuation dates), rolled forward to June 30, 2024 and 2023, respectively, 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 participating employers, actuarially determined. The District's changes in proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, 2024 and 2023, were as follows:

	Proportionate Share
Proportion – June 30, 2022	0.01257 %
Change in proportionate share	(0.00637)
Proportion – June 30, 2023	0.00620
Change in proportionate share	(0.00062)
Proportion – June 30, 2024	0.00559 %

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Defined Benefit Pension Plans, continued

Deferred Pension Outflows (Inflows) of Resources

As of the fiscal years ended June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>2025</u>		<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 118,374	-	109,643	-
Differences between actual and expected experience	57,914	-	30,922	-
Changes in assumptions	17,915	-	43,254	-
Net difference between projected and actual earnings on plan investments	40,128	-	115,997	-
Differences between actual contribution and proportionate share of contribution	40,673	-	27,268	-
Net adjustment due to differences in proportions of net pension liability	-	(28,271)	-	(43,394)
Total	<u>\$ 275,004</u>	<u>(28,271)</u>	<u>327,084</u>	<u>(43,394)</u>

The District will recognized other amounts of deferred outflows of resources and deferred inflows of resources as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2026	\$ 38,035
2027	99,149
2028	4,926
2029	(13,751)
2030	-
Thereafter	-

As of June 30, 2025 and 2024, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$118,374, and \$109,643, respectively, will be recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2026 and 2025, respectively.

For the years ended June 30, 2025 and 2024, the District recognized pension expense of \$17,950 and \$1,028, respectively. In 2025 and 2024, the District records pension expense adjustment within the non-operating revenues (expenses), net.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Defined Benefit Pension Plans, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 and 2022, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2023 and 2022
Measurement dates	June 30, 2024 and 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial experience survey assumptions were based	1997 – 2015
Post retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies

* The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study that can be found on the CalPERS website.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 33 through 35 for the Required Supplementary Information.

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. This discount rate is not adjusted for administrative expenses.

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.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Defined Benefit Pension Plans, continued

Discount Rate, continued

The table below reflects the expected real rates of return by asset class.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return 1-10^{1,2}</u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management Study.

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

The following table presents the District's proportionate share of the net position liability for the Plan calculated using the discount rate, 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 one-percentage point lower or one-percentage point higher than the current rate.

As of June 30, 2025, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
District's net pension liability	\$ 1,056,712	697,039	400,975

As of June 30, 2024, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
District's net pension liability	\$ 1,049,748	716,436	442,091

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(7) Net Position

Calculation of net position as of June 30, was as follows:

	2025	2024
Net investments in capital assets:		
Capital assets, net	\$ 5,574,924	5,493,353
Unspent proceeds from loan	5,365,129	5,374,087
Notes payable, current	(263,016)	(255,252)
Notes payable, non-current	(5,483,780)	(5,750,492)
Bonds payable, current	(58,000)	(56,000)
Bonds payable, non-current	(2,591,000)	(2,650,490)
Total net investments in capital assets	2,544,257	2,155,206
Restricted for debt service:		
Cash and cash equivalents – restricted	5,639,900	5,887,524
Unspent proceeds from loan	(5,096,371)	(5,365,129)
Assessment receivable – restricted	2,108,561	2,184,095
Total restricted for debt service	2,652,090	2,706,490
Unrestricted net position:		
Non-spendable net position:		
Inventory and supplies	113,091	79,478
Prepaid expenses	20,830	12,222
Total non-spendable net position	133,921	91,700
Spendable net position:		
Unrestricted	1,482,874	1,546,935
Total spendable net position	1,482,874	1,546,935
Total unrestricted net position	1,616,795	1,638,635
Total net position	\$ 6,813,142	6,500,331

(8) Prior Period Adjustment

Compensated absences

In fiscal year 2025, the District implemented *GASB Statement No. 101, Compensated Absences*. The nature, justification, and an explanation of the change are included in note 1.C. As a result of the implementation, the District recorded a prior period adjustment of \$3,092, to restate beginning balances as of July 1, 2024.

The adjustment to net position is as follows:

Net position at June 30, 2023, as previously stated		\$ 6,330,416
Changes in net position, June 30, 2024, as previously stated	\$ 169,915	
Effect of adjustment to implement GASB 101:		
Compensated absences	(3,092)	
Change in net position at June 30, 2024, as restated		166,823
Net position at July 1, 2024, as restated		\$ 6,497,239

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(9) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2025:

- Public employee dishonesty, forgery or alteration, computer fraud, faithful performance of duty, pension plans including ERISA: \$200,000 limit of coverage with a \$100,000 deductible.
- Building, personal property, fixed equipment, additional coverage, and catastrophic coverage: \$1,000 deductible.
- Mobile equipment: \$1,000 deductible.
- Automobile: \$1,000 deductible.
- Boiler and machinery: Various.
- Flood: Various.
- Earthquake: 5% per unit of insurance, subject to \$75,000 minimum.

(10) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Aromas Water District
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(11) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(12) Subsequent Events

Events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of January 27, 2026, which is the date the financial statements were available to be issued.

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Required Supplementary Information

Aromas Water District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2025
Last Ten Years*

Defined Benefit Pension Plan

Description	Measurement Dates									
	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability	0.00575%	0.00574%	0.00589%	0.00710%	0.00559%	0.00563%	0.00565%	0.00567%	0.00579%	0.00635%
District's proportionate share of the net pension liability	\$ 697,039	\$ 716,436	\$ 680,082	\$ 384,014	\$ 608,060	\$ 577,103	\$ 544,625	\$ 562,232	\$ 501,054	\$ 436,183
District's covered payroll	\$ 461,353	\$ 355,984	\$ 381,882	\$ 375,084	\$ 365,231	\$ 329,968	\$ 353,350	\$ 284,641	\$ 260,629	\$ 283,860
District's proportionate share of the net pension liability as a percentage of its covered payroll	151.09%	201.25%	178.09%	102.38%	166.49%	174.90%	154.13%	197.52%	192.25%	153.66%
Plan's proportionate share of fiduciary net position as a percentage of total pension liability	78.08%	76.21%	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

In fiscal year 2024 and 2023, there were no changes to actuarial assumptions or methods.

In fiscal year 2022, 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. Projected returns for all asset classes are estimated, combined with risk estimates, and 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. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

In fiscal year 2021, there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses.

Aromas Water District
Schedules of the District's Proportionate Share of the Net Pension Liability, continued
As of June 30, 2025
Last Ten Years*

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability, continued

Change of Assumptions and Methods, continued

These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

Aromas Water District
Schedules of the Pension Plan Contributions
As of June 30, 2025
Last Ten Years

Description	Fiscal Years Ended									
	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Actuarially determined contribution	\$ 118,374	109,643	104,190	88,219	87,813	79,845	70,661	65,018	61,410	51,643
Contributions in relation to the actuarially determined contribution	(118,374)	(109,643)	(104,190)	(88,219)	(87,813)	(79,845)	(70,661)	(65,018)	(61,410)	(51,643)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 442,839	461,353	355,984	381,882	375,084	365,231	329,968	353,350	284,641	260,629
Contributions as a percentage of covered payroll	26.73%	23.77%	29.27%	23.10%	23.41%	21.86%	21.41%	18.40%	21.57%	19.81%

Supplementary Information

Aromas Water District
Schedules of Operating Expenses
For the Fiscal Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating expenses:		
Salaries	\$ 512,220	505,690
Payroll taxes	37,821	39,994
Retirement benefits - CalPERS	118,374	109,621
Uniform allowance	1,168	2,200
Education	3,155	1,171
Workers compensation and health insurance	109,582	113,996
Outside services	15,300	24,502
Power	113,979	115,175
Truck expense	27,716	32,020
System repair and maintenance	145,667	101,485
Water analysis and treatment	36,161	33,729
Small tools and equipment	3,634	6,590
Annexation/EIR/Planning	5,972	8,224
Office (postage/supplies/maintenance)	19,971	16,650
Telemetry	17,640	23,445
Telephone	10,038	10,437
Election expense	6,619	-
General and property insurance	28,988	31,171
Legal	17,800	16,800
Bank charges	2,153	1,568
Audit	13,200	17,546
Bad debts	-	3,785
Membership	30,530	29,527
	<u>1,277,688</u>	<u>1,245,326</u>
Total operating expenses	\$ <u>1,277,688</u>	<u>1,245,326</u>

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Report on Internal Controls and Compliance

**Independent Auditor’s Report on Internal Controls Over Financial Reporting
and on Compliance and Other Matters Based on the Audits of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Aromas Water District
Aromas, 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 Aromas Water District (District), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 27, 2026.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the 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 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. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

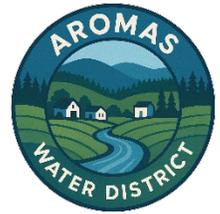
As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

**Independent Auditor's Report on Internal Controls Over Financial Reporting
and on Compliance and Other Matters Based on the Audits of Financial Statements
Performed in Accordance with *Government Auditing Standards*, continued**

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C.J. Brown & Company, CPAs
Cypress, California
January 27, 2026



Staff Report

To: Board of Directors
Re: Item VIII.B – Receive updates on the Marshall Well Replacement and Operations Shop Construction Projects, and provide direction to staff
Date: January 21, 2026

Summary / Discussion

This report covers updates related to two of the District’s projects; the Marshall Well Replacement Project and the Operations Shop Construction Project. These updates are for the months of December and early January.

Marshall Well Replacement Project

- The project manager and team are working on the well specs, DWSAP (Drinking Water Source Assessment and Protection) report and a DWR concurrence letter (letter confirming District project fits DWR criteria for specific portions of CEQA).
- The engineering team recently provided a copy of the topographic survey to the District.
- Geotech (soil borings) will be on-site Wednesday, January 28.
- The Design Basis report is being developed utilizing the pre-design checklist that District staff has filled out and sent back.
- Environmental consultants have progressed through the cultural resources part of their effort – there are no biological or cultural resources that are present at the well site.

A presentation on this project is planned for the February Board meeting.

Operations Shop Construction Project

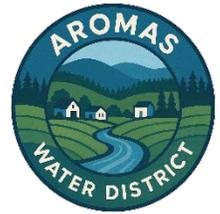
- A new bidder was added to process in mid-December, so the process needed to be extended.
- Bids and evaluation by the architect to be completed by first week in February.
- Ad-Hoc Committee to schedule meeting with architect during week of February 9 to 13.

Staff Recommendation

Staff recommends that the Board receive this update and provide direction to staff.

Submitted by:

Robert Johnson
General Manager



Staff Report

To: Board of Directors
Re: Item VIII.C – Receive an update on the South Valley Internet Aromas-San Juan Project collaboration with the Aromas Water District, and provide direction to staff
Date: January 21, 2026

Summary / Discussion

South Valley Internet (SVI) has been expanding internet coverage. They are currently installing fiber optic cable throughout our local area and will extend their coverage to within proximity of the Elkhorn Slough.

SVI made a presentation to the Board of Directors at their December 2025 meeting, proposing an arrangement where the District would allow the construction and maintenance of some fiber optic hardware on District land, in exchange for high-speed Internet service to the District office and tank sites.

District and SVI (with their contractor) staff met and discussed locations and initial deal points, with future discussions proposed, once particulars came forward in writing.

After the meeting, both sides saw this arrangement as a win-win opportunity, with the real benefit going to the Aromas Community.

Another opportunity with SVI to be discussed would be telephonic services for the District office.

Staff Recommendation

Staff recommends that the Board receive this update and provide direction to staff.

Submitted by:

Robert Johnson
General Manager



Staff Report

To: Board of Directors
Re: Item VIII.D – Consider District involvement with the Aromas Chipper Program, and provide direction to staff
Date: January 20, 2026

Summary / Discussion

The annual “Chipper” Program (Program) is ramping up. There have been emails discussing the particulars regarding the Program, including the start date. Based on the gist of the emails, compliance with the grant received for the Program would require the Program to start in March 2026, to provide the stated 10 months of Program availability.

When this matter was discussed at an earlier Board of Directors meeting, a question was raised, basically stating, “Why is the District (or District staff) involved in this?” This matter was to be brought back to the District Board for discussion and direction to staff at a later date.

Due to the projected start month, this matter is coming before the Board at this month’s meeting.

Staff Recommendation

Staff recommends that the Board consider involvement with the Program, and provide direction to staff.

Submitted by:

Robert Johnson
General Manager

Aromas Water District
Balance Sheet Prev Year Comparison
As of December 31, 2025

	<u>Dec 31, 25</u>	<u>Dec 31, 24</u>
ASSETS		
Current Assets		
Checking/Savings		
1715 · US Bank Checking 1715	122,961.23	199,868.94
US Bank Money Market 1842	410,190.43	346,316.50
LAIF-State of CA 7005	7,066,275.27	7,112,575.01
Assessment District Banks		
OAWA US Bank 102 Reserve	37,610.50	36,934.36
OAWA US Bank 101 Redemption	2,634.96	50,105.42
OAWA US Bank Checking 0664	25,733.82	17,355.07
Oakridge US BANK Checking 0701	418,735.38	347,504.55
Total Assessment District Banks	484,714.66	451,899.40
Petty Cash	100.00	100.00
Total Checking/Savings	8,084,241.59	8,110,759.85
Accounts Receivable		
1200 · Accounts Rec - Spec Proj/Taxes	40,939.29	43,432.66
Total Accounts Receivable	40,939.29	43,432.66
Other Current Assets		
1292 · Accounts Rec - USDA Loan	1,882,321.73	1,918,637.58
1291 · Accounts Rec - Orchard Acres	226,239.42	221,587.25
Prepaid Insurance	35,452.66	29,091.73
128 · Inventory	113,090.51	79,478.29
1200.1 · Accounts Receivable - El Dor...	172,936.81	148,695.33
1201.9 · Less Allowance for Doubtful ...	-500.00	-500.00
Total Other Current Assets	2,429,541.13	2,396,990.18
Total Current Assets	10,554,722.01	10,551,182.69
Fixed Assets		
1900 · Water System	12,609,759.44	12,448,255.22
1910 · Construction in Progress	605,611.92	305,846.08
1915 · Office Building & Improvements	440,291.33	440,291.33
1970 · Office Equipment & Fixtures	103,682.92	93,467.05
1980 · District Vehicles	246,989.85	246,989.85
1990 · Land and Easements	332,195.78	331,195.78
1995 · Idle Assets	43,400.00	43,400.00
1998 · Less Accum Depr Idle Assets	-42,400.00	-42,400.00
1999 · Less Accumuated Depreciation	-9,040,226.75	-8,478,664.75
Total Fixed Assets	5,299,304.49	5,388,380.56
Other Assets		
Deferred Outflow of Resources	275,004.00	327,084.00
Total Other Assets	275,004.00	327,084.00
TOTAL ASSETS	<u>16,129,030.50</u>	<u>16,266,647.25</u>

Aromas Water District
Balance Sheet Prev Year Comparison

As of December 31, 2025

	Dec 31, 25	Dec 31, 24
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	61,053.92	35,468.44
Total Accounts Payable	61,053.92	35,468.44
Credit Cards		
FNBO - S Smith x0239	304.67	1,109.02
FNBO - E Giron x1086	0.00	152.50
FNBO - R Johnson x8178	0.00	1,718.32
FNBO - D DeAlba x2486	481.81	933.23
Total Credit Cards	786.48	3,913.07
Other Current Liabilities		
306.5 · Unrealized FMV	25,312.02	100,412.72
2020 · Accrued Sick Payable	5,332.09	5,871.67
2024 · Accrued Vacation Payable	39,813.70	34,541.71
Current Portion City National	50,141.69	46,792.07
Current Portion Truist	84,287.00	81,790.00
2100 · Payroll Liabilities	74.06	202.72
Deferred Inflows- Actuarial	28,271.00	43,394.00
CUSTOMER DEPOSITS		
Connection Deposits Payable	4,000.00	8,000.00
Hydrant Meter Deposit	25,000.00	20,000.00
Total CUSTOMER DEPOSITS	29,000.00	28,000.00
Interest Payable	107,495.74	110,851.65
PVWMA Payable	4,544.34	4,782.77
Total Other Current Liabilities	374,271.64	456,639.31
Total Current Liabilities	436,112.04	496,020.82
Long Term Liabilities		
Truist Bank	5,071,165.00	5,238,481.00
2392 · Long-term Debt - USDA (Oakrd...	2,274,939.90	2,317,089.90
2391 · Long-term Debt - Orchard Acres	270,000.00	335,000.00
GASB 68 Pension Liability	697,039.00	716,436.00
City National Bank	414,375.48	512,011.12
Total Long Term Liabilities	8,727,519.38	9,119,018.02
Total Liabilities	9,163,631.42	9,615,038.84
Equity		
Investment in Capital Assets	6,420,006.53	6,420,006.53
Unrestricted Net Assets	359,625.73	2,642,798.61
Allocation of Net Assets	0.00	-2,637,574.59
Net Income	185,766.82	226,377.86
Total Equity	6,965,399.08	6,651,608.41
TOTAL LIABILITIES & EQUITY	16,129,030.50	16,266,647.25

Aromas Water District
Profit & Loss Budget Performance
December 2025

	Dec 25	Budget	Jul - Dec 25	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
303 · Water Revenue	118,281.88	115,000.00	1,004,814.61	935,000.00	1,792,000.00
307 · Bulk Water	2,474.44	800.00	13,071.42	7,300.00	12,500.00
302 · Connection	0.00	0.00	17,140.00	17,140.00	51,420.00
301 · Taxes Rcvd - AWD					
3090 · Oakridge / OAWA Assess...	88,724.63	85,000.00	88,724.63	85,000.00	170,000.00
301 · Taxes Rcvd - AWD - Other	57,338.07	51,000.00	57,338.07	51,000.00	97,000.00
Total 301 · Taxes Rcvd - AWD	146,062.70	136,000.00	146,062.70	136,000.00	267,000.00
304 · Other Office Income & Reimbur...	1,917.92	133.00	2,387.76	798.00	1,600.00
306 · Interest	24,792.96	24,000.00	150,925.81	144,000.00	190,000.00
312 · Grant Revenue	0.00	0.00	0.00	1,000.00	1,000.00
Total Income	293,529.90	275,933.00	1,334,402.30	1,241,238.00	2,315,520.00
Gross Profit	293,529.90	275,933.00	1,334,402.30	1,241,238.00	2,315,520.00
Expense					
Operations					
403 · Fuel	1,563.24	2,200.00	10,179.37	13,200.00	26,500.00
404 · Truck Maint	51.75	1,000.00	5,365.95	6,000.00	12,000.00
431 · System Repair & Maint	3,703.41	13,000.00	33,808.26	72,000.00	150,000.00
463 · Water Analysis	265.00	500.00	2,135.00	4,000.00	8,000.00
464 · Water Treatment	2,484.97	1,000.00	18,992.20	18,000.00	30,000.00
468 · Tools	0.00	0.00	2,019.10	4,000.00	7,600.00
470 · Public Outreach / Annexation	320.00	900.00	2,105.92	5,400.00	27,000.00
Total Operations	8,388.37	18,600.00	74,605.80	122,600.00	261,100.00
Power					
449.75 · 388 Blohm, # C	162.52	200.00	892.01	1,035.00	2,100.00
449.5 · 388 Blohm, A & B Office	196.79	100.00	407.22	590.00	1,180.00
461.5 · RLS Tank Booster	9.86	10.00	-2.37	60.00	120.00
447 · Leo Ln Booster	97.86	70.00	509.83	450.00	880.00
448 · Aimee Mdws Well	10.51	10.00	-3.03	40.00	80.00
451 · Marshall Corp Yard	84.02	230.00	869.45	1,130.00	2,600.00
452 · Rea Booster @ Seely	91.41	70.00	441.57	360.00	820.00
454 · Carr Booster	648.73	700.00	4,948.88	4,200.00	8,000.00
458 · Pleasant Acres Well	104.10	100.00	5,653.98	700.00	1,300.00
459 · Seely Booster @ Carpenteria	343.85	100.00	9,039.00	6,600.00	7,800.00
460 · San Juan Well	6,661.46	10,000.00	42,879.92	52,000.00	76,000.00
461 · Cole Tank	16.09	10.00	28.32	60.00	120.00
462 · Rea Tank	16.99	10.00	33.58	60.00	130.00
465 - Lwr Oakridge Boost	147.84	125.00	924.79	675.00	1,500.00
465.5 - Upper Oakridge Booster	150.00	150.00	300.00	300.00	650.00
466 · Pine Tree Tank	16.21	10.00	21.89	60.00	130.00
Total Power	8,758.24	11,895.00	66,945.04	68,320.00	103,410.00
Payroll					
Gross	46,372.35	45,000.00	256,869.05	264,000.00	529,352.00
Comp FICA	2,903.37	2,940.39	15,761.22	16,768.06	32,820.00
Comp MCARE	679.04	624.52	3,686.13	3,987.08	7,676.00
Comp SUI	22.15	101.75	115.24	783.69	2,188.00
Payroll Expenses	456.36		1,216.96		
Total Payroll	50,433.27	48,666.66	277,648.60	285,538.83	572,036.00
Employee / Labor Costs					
407 · Outside Services	355.11	5,000.00	10,797.32	15,000.00	30,000.00
408 · Uniform Allowance	0.00	1,000.00	2,126.55	2,000.00	4,000.00
409 · Workers Comp	967.74	1,250.00	5,806.44	7,250.00	16,304.00
410 · Health Ins	10,025.03	8,750.00	64,931.57	52,250.00	104,751.00
474 · Education	0.00	200.00	5,413.37	6,300.00	8,000.00
477 · Retirement	3,939.55	3,800.00	104,155.18	101,208.00	124,207.00
Total Employee / Labor Costs	15,287.43	20,000.00	193,230.43	184,008.00	287,262.00

Aromas Water District Profit & Loss Budget Performance

December 2025

	Dec 25	Budget	Jul - Dec 25	YTD Budget	Annual Budget
Office					
440 · Misc Exp	0.00	500.00	10,527.46	3,000.00	6,000.00
444 · Postage	317.30	460.00	2,277.93	2,740.00	5,500.00
445 · Office Supplies	443.89	465.00	2,477.60	2,790.00	5,600.00
446 · Office Eqpmt and Maint	460.59	500.00	7,877.36	6,000.00	12,000.00
Total Office	1,221.78	1,925.00	23,160.35	14,530.00	29,100.00
Communications					
455 · Phone, Off	246.51	667.00	1,310.69	4,002.00	8,000.00
456 · Telemetry	0.00	0.00	0.00	0.00	23,000.00
457 · Answ Serv/Cellular Phone	298.12	433.00	1,916.66	2,598.00	5,200.00
Total Communications	544.63	1,100.00	3,227.35	6,600.00	36,200.00
Administrative & General					
4591 · Admin Fee (Bond Admin N...	1,081.86	1,300.00	2,163.72	2,600.00	5,200.00
4590 · Bond Interest Exp - Assess ...	0.00	0.00	56,445.08	61,000.00	121,000.00
417 · Capital Loan Interest	0.00	0.00	86,987.71	90,000.00	190,000.00
467 - Depreciation Reserve	48,726.00	48,726.00	292,356.00	292,356.00	584,712.00
406 · Liability Ins	2,943.30	2,000.00	17,352.14	14,000.00	30,000.00
420 · Legal Fees	4,266.00	2,000.00	14,526.00	12,000.00	24,000.00
422 · Bank Charges	229.87	208.00	1,513.23	1,248.00	2,500.00
423 · Litigation Contingency	0.00	1,500.00	0.00	8,000.00	20,000.00
425 · Audit	0.00	0.00	6,605.00	7,000.00	16,000.00
471 · Bad Debts	0.00	83.33	0.00	499.98	1,000.00
473 · Memberships	10,844.56	9,500.00	31,869.03	31,650.00	32,000.00
Total Administrative & General	68,091.59	65,317.33	509,817.91	520,353.98	1,026,412.00
Total Expense	152,725.31	167,503.99	1,148,635.48	1,201,950.81	2,315,520.00
Net Ordinary Income	140,804.59	108,429.01	185,766.82	39,287.19	0.00
Net Income	140,804.59	108,429.01	185,766.82	39,287.19	0.00

Aromas Water District
Monthly Expenditures

December 17, 2025 through January 21, 2026

01/21/26

Date	Num	Name	Amount
1715 - US Bank Checking 1715			
12/17/2025	Pd Online	Recology San Benito County	-69.57
12/19/2025	NSF	Bill Adjustment Report	-219.27
12/20/2025	EFT	Spectrum - Charter Communications	-111.25
12/23/2025	EFT	QuickBooks Payroll Service	-5,727.94
12/24/2025	EFT	QuickBooks Payroll Service	-6,327.46
12/24/2025	DD2333	Giron (P), Ester	0.00
12/24/2025	DD2334	Johnson (P), Robert L	0.00
12/24/2025	E-pay	Employment Development Dept	-323.84
12/24/2025	E-pay	United States Treasury (EFTPS)	-1,693.84
12/26/2025	DD2330	Bowman (P), Naomi	0.00
12/26/2025	20462	DeAlba (P), David	-4,054.32
12/26/2025	DD2331	Giron (P), Ester	0.00
12/26/2025	DD2332	Johnson (P), Robert L	0.00
12/26/2025	20463	Smith (P), Shaun	-2,015.67
12/26/2025	EFT	CalPERS	-1,104.69
12/26/2025	EFT	CalPERS	-3,207.12
12/26/2025	E-pay	Employment Development Dept	-913.10
12/26/2025	E-pay	United States Treasury (EFTPS)	-4,506.30
12/26/2025	Auto Pay	PG&E	-268.15
12/31/2025	NSF	Bill Adjustment Report	-86.19
12/31/2025	NSF	Bill Adjustment Report	-148.15
01/02/2026	20465	CONSTRUCTION, DE SILVA GATES	-5,000.00
01/02/2026	20466	Douglas Boos	-107.60
01/02/2026	20464	USPO	-317.30
01/02/2026	20467	Ace Hardware Hollister	-60.44
01/02/2026	20468	ACE Hardware Prunedale	-87.80
01/02/2026	20469	CALNET3	-135.26
01/02/2026	20470	Chappell Pump and Supply	-330.00
01/02/2026	20471	Costco Wholesale	-65.00
01/02/2026	20472	Mid Valley Supply	-2,484.97
01/02/2026	20473	Monterey Bay Analytical Services Inc	-174.00
01/02/2026	20474	Monterey Bay Solutions, LLC	-225.00
01/02/2026	20475	Noland Hamerly Etienne and Hoss	-4,266.00
01/02/2026	20476	Peter Mu	-150.00
01/02/2026	20477	PVWMA(Pajaro Valley Water Mgmt Agency)	-20,965.93
01/02/2026	20478	Rob Johnson	-50.00
01/02/2026	20479	SCAS	-154.00
01/02/2026	20480	State Water Resource Control Board, SW...	-10,844.56
01/02/2026	20481	Streamline	-228.20
01/02/2026	20482	USA BlueBook	-841.61
01/02/2026	Auto Pay	PG&E	-290.28
01/02/2026	Auto Pay	PG&E	-7,326.28
01/05/2026	Pd w/credit	PG&E	0.00
01/05/2026	Auto Pay	Verizon Wireless	-75.15
01/05/2026	Auto Pay	Google	-46.37
01/08/2026	EFT	QuickBooks Payroll Service	-7,586.26
01/08/2026	Pd Online	First Bankcard	-1,575.41
01/08/2026	Auto Pay	PG&E	-162.52
01/08/2026	Auto Pay	PG&E	-343.85
01/09/2026	DD2335	Bowman (P), Naomi	0.00
01/09/2026	20483	DeAlba (P), David	-3,795.07
01/09/2026	DD2336	Giron (P), Ester	0.00
01/09/2026	DD2337	Johnson (P), Robert L	0.00
01/09/2026	20484	Smith (P), Shaun	-2,004.95

Aromas Water District
Monthly Expenditures

December 17, 2025 through January 21, 2026

01/21/26

Date	Num	Name	Amount
01/09/2026	DD2338	Capron (P), Seth	0.00
01/09/2026	20485	Holman (P), Wayne R	-252.21
01/09/2026	DD2339	Morris (C), Vicki	0.00
01/09/2026	DD2340	Norton (P), K W	0.00
01/09/2026	DD2341	Powers (P), Timothy W	0.00
01/09/2026	E-pay	Employment Development Dept	-893.77
01/09/2026	E-pay	United States Treasury (EFTPS)	-4,543.22
01/09/2026	EFT	CalPERS	-1,102.84
01/09/2026	EFT	CalPERS	-3,254.44
01/09/2026	NSF	Bill Adjustment Report	-200.00
01/09/2026	NSF	Bill Adjustment Report	-402.66
01/09/2026	Auto Pay	PG&E	-196.79
01/16/2026	20486	ACE Hardware Prunedale	-185.13
01/16/2026	20487	ACWA JPIA, Emp. Ben. Prog.	-10,025.03
01/16/2026	20488	Core & Main	-146.56
01/16/2026	20489	Mid Valley Supply	-1,419.98
01/16/2026	20490	Monterey Bay Analytical Services Inc	-91.00
01/16/2026	20491	Monterey County Health Department	-984.00
01/16/2026	20492	Old Firehouse Market	-637.40
01/16/2026	20493	Streamline	-200.00
01/16/2026	20494	USA BlueBook	-46.63
Total 1715 · US Bank Checking 1715			-125,052.33
TOTAL			-125,052.33