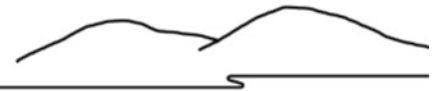


Westwood Community Service District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2025



October 7, 2025

Westwood Community Service District

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INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of Westwood Community Service District as of and for the year-ended June 30, 2025, as listed in the Table of Contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westwood Community Service District as of June 30, 2025, and the respective changes in financial position, and cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

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

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Westwood Community Service District

**Audit Report
June 30, 2025**

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Westwood Community Service District

**Statement of Net Position
June 30, 2025**

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activites</u>	
<u>ASSETS & DEFERRED OUTFLOWS</u>			
<u>Current Assets:</u>			
Cash	\$ -	\$ 2,141,355	\$ 2,141,355
Restricted Cash	9,494	-	9,494
Pre-paid Expenses	-	-	-
Accounts Receivable	1,906	105,033	106,939
	<hr/>	<hr/>	<hr/>
Total Current Assets	11,400	2,246,388	2,257,788
<u>Fixed Assets:</u>			
CIP	-	33,123	33,123
Land	10,000	24,546	34,546
Buildings and Improvements	323,458	5,520,676	5,844,134
Equipment	641,685	124,771	766,456
Less: Accumulated Depreciation	(761,085)	(4,031,530)	(4,792,615)
	<hr/>	<hr/>	<hr/>
Total Fixed Assets	214,058	1,671,586	1,885,644
<u>Other Assets</u>			
Net Pension Asset	-	295,685	295,685
InterFund Asset/(Liability)	315,685	(315,685)	-
	<hr/>	<hr/>	<hr/>
Total Other Assets	315,685	(20,000)	295,685
<u>DEFERRED OUTFLOWS</u>			
Deferred outflows	145,438	73,307	218,745
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOWS	145,438	73,307	218,745
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS & DEFERRED OUTFLOWS	686,581	3,971,281	4,657,862
<u>LIABILITIES & DEFERRED INFLOWS</u>			
<u>Current Liabilities:</u>			
Notes Payable - Current Portion		-	-
Accounts Payable & Accrued Liabilities	-	2,724	2,724
Accrued Vacation	4,568	22,668	27,236
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	4,568	25,392	29,960
<u>Long-Term Liabilities:</u>			
Net Pension Liability	525,755	-	525,755
Notes Payable	30,639	-	30,639
	<hr/>	<hr/>	<hr/>
Total Long-Term Liabilities	556,394	-	556,394
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	560,962	25,392	586,354
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS	16,800	59,645	76,445
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND DEFERRED INFLOWS	577,762	85,037	662,799
<u>NET POSITION</u>			
Net Investment in Capital Assets	183,419	1,671,586	1,855,005
Restricted	9,494	-	9,494
Unrestricted	(84,094)	2,214,658	2,130,564
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 108,819	\$ 3,886,244	\$ 3,995,063
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

Westwood Community Service District
Statement of Activities
For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses/Expenditures</u>	<u>Charges for Services</u>	<u>Grants/Donations</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
Primary government						
Governmental Activities						
Fire Service	271,287	\$ 36,906	\$ 40	\$ (234,341)	\$ -	\$ (234,341)
Parks	55,085	840.00	-	(54,245)	-	(54,245)
Lights	18,269	-	-	(18,269)	-	(18,269)
Depreciation	30,122	-	-	(30,122)	-	(30,122)
Total governmental activities	<u>374,763</u>	<u>37,746</u>	<u>40</u>	<u>(336,977)</u>	<u>-</u>	<u>(336,977)</u>
Business-type activities						
Sewer	365,398	488,043	-	-	122,645	122,645
Water	566,350	517,535	-	-	(48,815)	(48,815)
Total business-type activities	<u>931,748</u>	<u>1,005,578</u>	<u>-</u>	<u>-</u>	<u>73,830</u>	<u>73,830</u>
Total primary government	<u>1,306,511</u>	<u>1,043,324</u>	<u>40</u>	<u>(336,977)</u>	<u>73,830</u>	<u>(263,147)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				251,164	-	251,164
Unrestricted investment earnings				5,100	1,225	6,325
Total general revenues, special items				<u>256,264</u>	<u>1,225</u>	<u>257,489</u>
Change in net position				<u>(80,713)</u>	<u>75,056</u>	<u>(5,658)</u>
Net Position - beginning				189,532	3,811,189	4,000,721
Net Position - ending				<u>\$ 108,819</u>	<u>\$ 3,886,244</u>	<u>\$ 3,995,063</u>

The accompanying notes are an integral part of these financial statements.

Westwood Community Service District

**Statement of Revenues, Expenses & Change in Net Position
For the Year Ended
June 30, 2025
Proprietary Funds**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			-
Charges for Services	517,535	488,043	1,005,578
Operating Grants	-	-	-
Total Operating Revenues	<u>517,535</u>	<u>488,043</u>	<u>1,005,578</u>
<u>OPERATING EXPENSES</u>			
Wages & Employee benefits	237,311	227,098	464,409
Professional Fees	10,531	13,833	24,364
Insuarance	11,146	10,000	21,146
Utilities	118,716	9,069	127,785
Repairs & Maintenance	17,832	15,411	33,243
Supplies	93,774	51,319	145,093
Depreciation	<u>77,040</u>	<u>38,668</u>	<u>115,708</u>
TOTAL OPERATING EXPENSES	<u>566,350</u>	<u>365,398</u>	<u>931,748</u>
<u>NON-OPERATING REVENUES/EXPENSES</u>			-
Interest Expense	-	-	-
Interest Income	1,236	819	2,055
Other Expenses	-	-	-
Taxes and Intergovernmental	-	-	-
Total Non-Operating Revenues/Expenses	<u>1,236</u>	<u>819</u>	<u>2,055</u>
<u>NET CHANGE IN NET POSITION</u>	<u>(47,579)</u>	<u>123,464</u>	<u>75,885</u>

The accompanying notes are an integral part of these financial statements.

Westwood Community Service District
Statement of Cash Flows
For the Year-Ended
June 30, 2025

	<u>Enterprise Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Cash Received from Charges for Service	\$ 997,378
Deduct: Cash paid for Operating Expenses	<u>(786,441)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>210,937</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Capital expenditures	-
Principle payment	<u>-</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Interfund payment	31,409
Property Tax Receipts	<u>-</u>
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>31,409</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest	<u>1,225</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>1,225</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>243,571</u>
<u>CASH, BEGINNING OF YEAR</u>	<u>1,897,984</u>
<u>CASH, END OF YEAR</u>	<u><u>\$ 2,141,555</u></u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>	
<u>CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating Income (Loss)	<u>\$ 73,830</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Add back GASB 68	
Add back depreciation	<u>115,708</u>
(Increase) Decrease in Operating Accounts Receivable	(8,200)
(Increase) Decrease in Prepaid	38,091
Increase (Decrease) in Accounts Payable	<u>(8,492)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 210,937</u></u>

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

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**Balance Sheet
June 30, 2025**

<u>ASSETS & DEFERRED OUTFLOWS</u>	<u>Fire</u>	<u>Parks</u>	<u>Light</u>
<u>Current Assets:</u>			
Restricted Cash	9,494	\$ -	\$ -
Prepaid Expenses	-	-	-
Accounts Receivable	1,906	-	-
	<u>11,400</u>	<u>-</u>	<u>-</u>
Total Current Assets			
<u>Other Assets:</u>			
Interfund Receivable	231,034	132,587	22,313
Total Other Assets	<u>231,034</u>	<u>132,587</u>	<u>22,313</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>242,434</u>	<u>132,587</u>	<u>22,313</u>
<u>LIABILITIES & DEFERRED INFLOWS</u>			
<u>Current Liabilities:</u>			
Accounts Payable & Accrued Liabilities	-	-	-
Accrued Vacation	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balance</u>			
Restricted	9,494	-	-
Unspendable	-	-	-
Unrestricted	232,940	132,587	22,313
	<u>242,434</u>	<u>132,587</u>	<u>22,313</u>
<u>TOTAL FUND BALANCE</u>	<u>\$ 242,434</u>	<u>\$ 132,587</u>	<u>\$ 22,313</u>

The accompanying notes are an integral part of these financial statements.

Westwood Community Service District

**Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2025**

<u>Expenditures</u>	<u>Fire</u>	<u>Parks</u>	<u>Lights</u>	<u>Total</u>
Wages & Employee benefits	\$ 156,547	\$ 2,804	\$ -	\$ 159,351
Capital Expenditure	-	-	-	-
Principle	6,836	-	-	6,836
Interest Expense	2,658	-	-	2,658
Insurance	7,000	7,089	-	14,089
Utilities	13,367	451	18,269	32,087
Services & Supplies	32,124	2,391	-	34,515
Repairs	12,345	42,350	-	54,695
Professional Fees	3,864	-	-	3,864
Total Operating Expenditures	<u>234,741</u>	<u>55,085</u>	<u>18,269</u>	<u>308,095</u>
<u>Revenues</u>				
Charges for Service/Rent	36,906	-	-	36,906
Donations & Grants	40	-	-	40
Investment earnings	5,100	-	-	5,100
Taxes and Intergovernmental	189,500	33,332	28,332	251,164
TOTAL OPERATING Revenues	<u>231,546</u>	<u>33,332</u>	<u>28,332</u>	<u>293,210</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ (3,195)</u>	<u>\$ (21,753)</u>	<u>\$ 10,063</u>	<u>\$ (14,885)</u>

The accompanying notes are an integral part of these financial statements.

Westwood Community Service District
Notes to Financial Statements
June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Westwood Community Service District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of the Reporting Entity

The District was formed in 1971 and provides water and fire protection to residents of the District, under the California State Government Code.

The District is a governed entity administered by a Board of Directors (Board) that acts as the authoritative and legislative body of the entity. The Board is comprised of five board members who are elected by voters living within the District's boundaries. Elections are held within the Board to appoint the President. The President's responsibilities are to preside at all meetings of the Board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission, or business organization; and exercise supervision over the business of the District, its officers, and its employees.

The accompanying general-purpose financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, revenues, expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are

Westwood Community Service District
Notes to Financial Statements
June 30, 2025

recognized in the period in which the liability is incurred. The types of transactions reported as operating revenues for the District are reported as charges for services.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities demonstrating the degree to which the direct expenses of a given project are offset by project revenues. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function or segment. Operating revenues include (1) charges paid by the recipients of services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes are presented instead as non-operating revenues.

Enterprise Funds – The enterprises funds are used to account for all the financial resources of the District. The enterprise net assets is available to the District for any purpose, provided it is expended or transferred according to the general laws of California and the bylaws of the District. The District maintains separate funds for Water, and Sewer.

Governmental Fund – The governmental funds is used to account for all financial resources of the fire department, parks department and light department.

Exchange and Non-Exchange Transactions of Revenues – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the District receives value without directly giving value in return, include taxes and donations. Revenues are recognized when susceptible to accrual, when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Expenses - On an accrual basis of accounting, expenses are recognized at the time they are incurred.

Westwood Community Service District
Notes to Financial Statements
June 30, 2025

E. Funds on Deposit, County and Bank

The District is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. cash balances held in banks and revolving funds are insured to \$250,000 by the FDIC. The remaining balance is fully insured and collateralized.

Interest rate risk. - The District policy is to find highest investment return with maximum security that meets daily cash flow demands.

Credit risk. - The District policy is to use only US treasury bills, registered state warrants or notes or bonds issued by the state of California, bonds notes warrants issued by a local agency within California, obligations issued by the Federal government, prime commercial paper from corporations with assets greater than 500 million with the highest ranking by Moody's or S&P not to exceed 15% for up to 180 days and up to 30% if the average maturity does not exceed 31 days, Bankers acceptance with a term not exceed 270 days up to 40% with not more than 30% in a single commercial bank, 30% of funds in certificates of deposit, repurchase/reverse purchase agreements given that agreement shall be no less than 102% of market value, medium term notes not to exceed 5 years of us corporations rate "A" or better by Mood's or S&P with no more than 30%, shares of beneficial interested issued by a diversified management company up to 15%, mortgage pass through security that are rated "AA" or better up to 30% and bonds issued by the Herlong Public Utility District, collateralized bank deposits, funds held under the terms of a trust indenture or other contract agreement, or any other investment authorized by Government Code. The District is prohibited from investing in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investments that may result in a zero interest accrual if held to maturity.

Custodial credit risk. - The District is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. cash balances held in banks and revolving funds are insured to \$250,000 by the FDIC. The remaining balance is fully insured and collateralized.

Concentration of credit risk. - The District policy is to follow prudent diversification strategies.

F. Accounts Receivable

Accounts receivable are recorded at their gross value, where appropriate are reduced by the portion that is considered uncollectable. Accounts receivable consists primarily of service fees that have been billed but not paid as of year-end. Management believes its receivables to be fully collectable due to the ability to place a lien against property for unpaid receivables and, accordingly no allowance for doubtful accounts is necessary.

G. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items.

Westwood Community Service District
Notes to Financial Statements
June 30, 2025

H. Fixed Assets

Capital assets, which include property, plant, and equipment, infrastructure assets and intangible are reported in the applicable governmental -type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

I. Compensated Absences

The district is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Accounts Payable

On an accrual basis, expenses are recognized in the fiscal year in which the goods or services are received. Payables are liabilities of the District based upon current year charges for goods or services received but not paid in the current year.

K. Property Taxes

The District receives property taxes from Lassen County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of July 1 of the preceding year. They become a lien on the first day of the year they are levied. Secured tax is levied on September 1 and due in two installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and become delinquent on August 31. The District elected to receive property taxes from the County under the Teeter method. Under this program, the District receives 100% of the levied property taxes in periodic payments with the County assuming responsibility for delinquencies.

L. Net Position

The District's net position represents the difference between its assets and liabilities in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on their use by their source.

Westwood Community Service District
Notes to Financial Statements
June 30, 2025

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Long-Term Debt

All long-term liabilities to be repaid from the governmental resources are reported as liabilities in the government-wide statements.

	2025	2024
USDA loan bearing interest at 4.25%	38,440	45,942
Less current installments	7,801	7,502
Long-term debt, excluding current installments	\$ 30,639	\$ 38,440
Maturities of long-term debt Footnote:		
2026	7,801	
2027	8,113	
2028	8,439	
2029	6,286	
2028	\$ 30,639	

O. Pension

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

**Westwood Community Service District
Notes to Financial Statements
June 30, 2025**

NOTE 3: Public Employees' retirement Plan:

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Westwood Community Service District. The Westwood Community Service District's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRA Miscellaneous plan (PEPRA Misc.). The Westwood Community Service District's employer rate plans in the safety risk pool include the Safety plan (Safety) and the PEPRA Safety Fire plan (PEPRA Fire).

Benefits Provided

The Plan 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. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

Employer Rate Plans in the Miscellaneous Risk Pool

Employer rate plan	Miscellaneous	PEPRA Misc.
Hire Date	Prior to January 01, 2013	On or after January 01, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Monthly benefits, as of % of eligible compensation	1.426% to 2.418%	1.426% to 2.418%

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Employer Rate Plans in the Safety Risk Pool

Employer rate plan	Safety	PEPRA Fire
Hire Date	Prior to January 01, 2013	On or after January 01, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
 Monthly benefits, as of % of eligible compensation	 1.426% to 2.418%	 1.426% to 2.418%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS’ annual actuarial valuation process. Each employer rate plan’s actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan’s allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The Scotts Valley Fire Protection District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

The Westwood Community Service District’s net pension liability for each risk pool is measured as the proportionate share of each risk pool’s net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer’s proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer’s proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer’s rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

In determining an employer’s proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2025. Each employer rate plan’s fiduciary net position

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was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Westwood Community Service District’s proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Westwood Community Service District’s net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The Westwood Community Service District’s proportionate share of the net pension liability as of June 30, 2025, the measurement date, was calculated as follows:

Each risk pool’s total pension liability was computed at the measurement date, June 30, 2025, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS’ Financial Office. The net pension liability for each risk pool at June 30, 2025, was computed by subtracting the respective risk pool’s fiduciary net position from its total pension liability.

The individual employer risk pool’s proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2025, was calculated by applying Westwood Community Service District’s proportionate share percentage as of the valuation date (described above) to the respective risk pool’s total pension liability and fiduciary net position as of June 30, 2025, to obtain the total pension liability and fiduciary net position as of June 30, 2025. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2025 Reporting Date:		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	5,354	-
Differences between Expected and Actual Experience	16,944	-
Differences between Projected and Actual Investment Earnings	8,390	-
Differences between Employer’s Contributions and Proportionate Share of Contributions	-	59,645
Change in Employer’s Proportion	104,837	-
Pension Contributions Made Subsequent to Measurement Date	83,220	-
	218,745	59,645
Net Pension Liability as of 6/30/2025	230,071	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the [Jul 2024-Jun 2025 JF Flow](#) worksheet

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Pension Expense as of June 30, 2025	163,616		
At 6/30/2025, proportionate shares of Net Pension Liability/(Asset) by plan(s):			
Proportionate Share of Net Pension Liability/(Asset)			
Miscellaneous	(295,685)		
Safety	525,755		
Total	230,071		
Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2024 and 6/30/2025:			
	Miscellaneous	Safety	Total
Proportion - June 30, 2024	-0.00525%	0.00710%	0.00215%
Proportion - June 30, 2025	-0.00611%	0.00721%	0.00190%
Change - Increase/(Decrease)	-0.00086%	0.00011%	-0.00025%
Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %			
Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:			
Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2026	\$ 31,265	\$ 33,761	\$ 65,026
2027	(46,536)	62,195	\$ 15,659
2028	(2,572)	629	\$ (1,943)
2029	5,833	(8,695)	\$ (2,862)
2030	-	-	\$ -
Thereafter	-	-	\$ -
	(12,010)	87,890	\$ 75,880
Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:			
	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	5.90%	6.90%	7.90%
Employer's Net Pension Liability/(Asset) - Miscellaneous	(98,791)	(295,685)	(457,758)
Employer's Net Pension Liability/(Asset) - Safety	759,203	525,755	334,828
Employer's Net Pension Liability/(Asset) - Total	660,412	230,071	(122,929)

Actuarial Assumptions

The total pension liabilities in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

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Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹The 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 report that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report*

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected

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nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

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

<i>Asset class</i>	Assumed Asset Allocation	Real Return Years 1 - 10^{1,2}
Global equity - cap-weighted	30.00 %	4.45 %
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.

Discount Rate

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**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY**

LAST TEN YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.190000%	0.002159%	0.001810%	0.004780%	0.001110%	0.000680%	0.000390%	0.000740%	0.000390%	-0.132600%	0.00095%
Proportionate share of the net pension liability	\$ 230,071	\$ 229,513	\$ 209,392	\$ (258,785)	\$ 120,827	\$ 69,634	\$ 37,119	\$ 74,145	\$ 33,710	\$ (125,881)	\$ 178,658
Covered - employee payroll - measurement period	\$ 409,755	\$ 413,307	\$ 386,862	\$ 354,098	\$ 354,098	\$ 281,327	\$ 290,956	\$ 279,084	\$ 229,509	\$ 229,506	\$ 173,567
Proportionate share of the net pension liability as a percentage of covered pay	56.15%	55.53%	54.13%	-73.08%	34.12%	24.75%	12.76%	26.57%	14.69%	-54.85%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	92.73%	91.33%	92.64%	1.10%	95.78%	97.57%	98.66%	97.25%	98.65%	120.07%	68.52%
Contractually required contribution (actuarially determined)	\$ 76,160	\$ 76,160	\$ 77,607	\$ 66,925	\$ 61,845	\$ 51,252	\$ 20,759	\$ 22,667	\$ 20,520	\$ 47,512	\$ 592,903
Contributions in relation to the actuarially determined contributions	\$ 76,160	\$ 76,160	\$ 77,607	\$ 66,925	\$ 61,845	\$ 51,252	\$ 20,759	\$ 22,667	\$ 20,520	\$ 58,371	\$ 592,903
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,859)	\$ -
Covered - employee payroll - fiscal year	397,777.00	409,755.00	413,307.00	386,862.00	354,098.00	281,327	290,956	279,084	233,508	229,509	2,844,227
Contributions as a percentage of covered - employee payroll	19.15%	18.59%	18.78%	17.30%	17.47%	18.22%	7.13%	8.12%	8.79%	20.70%	20.85%
Notes to Schedule:											
Valuation date:	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

NOTE 3: BEACH LEASE

The District has a prepaid Lease property in 2023 for 20 years for \$16,800. The prepaid lease is amortized off at \$840 per year over the life of the lease.

NOTE 4: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2025, the District contracted with SDRMA for liability, property, crime damage, and employee and director insurances.

NOTE 5: USE OF RESTRICTED/UNRESTRICTED NET POSITION

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

NOTE 6: COMPARATIVE DATA AND RECLASSIFICATIONS

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

NOTE 7: JOINT POWERS INSURANCE AUTHORITY

The District participates in a joint venture under a joint agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the District and the JPA is such that is not a component unit of the District and the JPA is not a component unit of the District for financial reporting purposes.

The JPA'S purpose is to jointly fund and develop programs to provide comprehensive and economical funding of property, workers compensation and employers liability coverage's for bodily injury by accident or by disease, including resulting from death, arising out of and in the course of an employee's employment with the District. This program is provided through collective self-

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insurance; the purchase of insurance benefit's; or a combination thereof.

NOTE 8: CONTIGENCIES

As of June 30, 2025, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 9: DATE OF MANAGEMENT'S REVIEW

Subsequent events have been evaluated through **October 7, 2025**, which is the date the financial statements were available to be issued.