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Report of Independent Auditors
and Financial Statements
with Supplementary Information

Kirkwood Meadows Public Utility District

June 30, 2025 and 2024

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Report of Independent Auditors

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Management's Discussion and Analysis

Kirkwood Meadows Public Utility District

Management's Discussion and Analysis

Year Ended June 30, 2025 and 2024

As financial management of the Kirkwood Meadows Public Utility District (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the years ended June 30, 2025 and 2024. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position.

Management encourages readers to consider the information presented here in conjunction with that presented within the basic financial statements. The reader should take time to read and evaluate all sections of this report, including the footnotes and other supplementary information that is provided, in addition to this management's discussion and analysis.

Overview of the Financial Statements

This annual report includes management's discussion and analysis, the independent auditors' report, the basic financial statements (which include the notes to the financial statements), required supplementary information, and other supplemental information.

The government-wide financial statements of the District are designed to provide readers with a broad overview of the District's finances. They have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under this basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred, regardless of the timing of related cash flows. These statements offer short-term and long-term financial information about the District's activities.

The reporting entity consists of governmental funds, business-type funds, and fiduciary fund. The governmental funds consist of three departments: General and Administration, Fire, and Parks. The business-type funds have eight departments: Cable, Electric, Employee Housing, Propane, Snow Removal, Solid Waste, Water, and Wastewater.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are reported in the statement of activities and changes in net position. This statement provides a measurement of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its rates and other charges.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. This includes, but is not limited to, significant accounting policies, significant financial statement balances and activities, material risks, commitments and obligations, and subsequent events, if applicable.

Kirkwood Meadows Public Utility District

Management's Discussion and Analysis

Years Ended June 30, 2025 and 2024

Financial Highlights

The District's government-wide current assets increased \$0.3 million from \$6.2 million at June 30, 2024, to \$6.5 million at June 30, 2025, mainly due to increased cash reserves. The District's total capital assets decreased \$0.3 million from \$64.0 million at June 30, 2024, to \$63.7 million at June 30, 2025, mainly due to depreciation and amortization.

The District's government-wide current assets increased \$1.2 million from \$5.0 million at June 30, 2023, to \$6.2 million at June 30, 2024, mainly due to increased cash reserves. The District's total capital assets increased \$2.2 million from \$61.8 million at June 30, 2023, to \$64.0 million at June 30, 2024, mainly due to wastewater treatment plant rehabilitation project.

The District's long-term debt of business-type activities decreased \$0.5 million from \$52.5 million at June 30, 2024, to \$52.0 million at June 30, 2025, as a result of current year debt service.

The District's long-term debt of business-type activities increased \$1.5 million from \$51.0 million at June 30, 2023, to \$52.5 million at June 30, 2024, as a result of debt taken to fund the wastewater treatment plant rehabilitation project.

The District's total business-type activity liabilities and net position decreased \$0.3 million from \$69.9 million at June 30, 2024, to \$69.6 million at June 30, 2025.

The District's total business-type activity liabilities and net position increased \$2.9 million from \$67.0 million at June 30, 2023, to \$69.9 million at June 30, 2024. The increase was due to the above-mentioned items pertaining to the long-term debt and capital assets. Activities and balances for governmental funds and the fiduciary fund in fiscal year 2024 remained consistent with the year ended June 30, 2023.

The District's total liabilities and net position related governmental activities increased \$0.1 million from \$1.0 million at June 30, 2024, to \$1.1 million at June 30, 2025. All other activities and balances for governmental activities and the fiduciary fund in fiscal year 2025 remained consistent with the year ended June 30, 2024.

Activities and balances for governmental activity, business-type activity and the fiduciary fund in fiscal year 2025 remained consistent with the year ended June 30, 2024.

**Kirkwood Meadows Public Utility District
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

The District's government-wide financial statements at June 30, 2025, 2024, and 2023, are presented below.

Government-Wide Activities Statement of Net Position

	2025	2024	2023
Assets			
Current assets	\$ 6,450,477	\$ 6,194,027	\$ 4,994,884
Capital assets, net	63,656,520	\$ 64,002,618	63,868,321
Total assets	70,106,997	70,196,645	68,863,205
Deferred outflows of resources	605,738	\$ 710,337	470,384
Total assets and deferred outflows of resources	\$ 70,712,735	\$ 70,906,982	\$ 69,333,589
Liabilities			
Current liabilities	\$ 8,315,070	\$ 4,577,151	\$ 3,008,965
Noncurrent liabilities	46,587,610	\$ 51,432,893	53,514,881
Total liabilities	54,902,680	56,010,044	56,523,846
Deferred inflows of resources	1,257,373	\$ 1,279,933	865,326
Net position			
Net investment in capital assets	11,627,472	\$ 11,535,354	10,005,977
Restricted	-	\$ -	117,042
Unrestricted	2,925,210	\$ 2,081,651	1,821,398
Total net position	14,552,682	13,617,005	11,944,417
Total liabilities, deferred inflows of resources, and net position	\$ 70,712,735	\$ 70,906,982	\$ 69,333,589

**Kirkwood Meadows Public Utility District
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

District Highlights

The government and business financial statements at June 30, 2025, 2024, and 2023, are presented below.

Governmental Activities Statement of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets			
Current assets	\$ 332,747	\$ 178,312	\$ 74,039
Capital assets, net	<u>818,092</u>	<u>855,854</u>	<u>504,766</u>
Total assets	<u>1,150,839</u>	<u>1,034,166</u>	<u>578,805</u>
Total assets and deferred outflows of resources	<u>\$ 1,150,839</u>	<u>\$ 1,034,166</u>	<u>\$ 578,805</u>
Liabilities			
Current liabilities	<u>\$ 259,531</u>	<u>\$ 103,685</u>	<u>\$ 168,681</u>
Total liabilities	<u>259,531</u>	<u>103,685</u>	<u>168,681</u>
Net position			
Net investment in capital assets	818,092	855,854	504,766
Restricted	-	-	-
Unrestricted	<u>73,216</u>	<u>74,627</u>	<u>(94,642)</u>
Total net position	<u>891,308</u>	<u>930,481</u>	<u>410,124</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,150,839</u>	<u>\$ 1,034,166</u>	<u>\$ 578,805</u>

**Kirkwood Meadows Public Utility District
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Business-type Activities Statement of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets			
Current assets	\$ 6,117,730	\$ 6,015,715	\$ 5,042,687
Capital assets, net	62,838,428	63,146,764	61,249,860
Total assets	<u>68,956,158</u>	<u>69,162,479</u>	<u>66,292,547</u>
Deferred outflows of resources	<u>605,738</u>	<u>710,337</u>	<u>736,106</u>
Total assets and deferred outflows of resources	<u>\$ 69,561,896</u>	<u>\$ 69,872,816</u>	<u>\$ 67,028,653</u>
Liabilities			
Current liabilities	\$ 8,055,539	\$ 4,473,466	\$ 2,233,084
Noncurrent liabilities	46,587,610	51,432,893	51,315,163
Total liabilities	<u>54,643,149</u>	<u>55,906,359</u>	<u>53,548,247</u>
Deferred inflows of resources	<u>1,257,373</u>	<u>1,279,933</u>	<u>1,477,992</u>
Net position			
Net investment in capital assets	10,809,380	10,679,500	10,202,609
Restricted	-	-	60,563
Unrestricted	2,851,994	2,007,024	1,739,242
Total net position	<u>13,661,374</u>	<u>12,686,524</u>	<u>12,002,414</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 69,561,896</u>	<u>\$ 69,872,816</u>	<u>\$ 67,028,653</u>

Total District-wide operating revenues were \$11.2 million in 2025 and \$11.0 million in 2024. As Kirkwood is predominantly a winter ski resort, the District traditionally receives most of its revenues during the winter months. Since 2022, electric rates have been adjusted in accordance with the 2021 electric rate study, while rates for all other services have been increased based on the consumer price index. The year-over-year decrease in other operating revenues reflects the receipt and recognition of a one-time fire truck donation from the Kirkwood Volunteer Fire Department 501(c)(3) in 2024, which did not recur in 2025.

Total District-wide operating revenues were \$11.0 million in 2024 and \$10.7 million in 2023. The District switched banks in 2024 and was able to start earning interest on their reserves making over \$90,000 across all accounts.

Total operating expenses were \$9.6 million in 2025 and \$9.3 million in 2024. The District completed an emergency repair of a three phase direct bury power line ground fault on Loop Road in 2025.

Kirkwood Meadows Public Utility District
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024

Total operating expenses were \$9.3 million in 2024 and \$9.8 million in 2023. The District focused on updating facilities that were in need of repair, predominantly the wastewater treatment plant. OPEB and Pension changes were due to more PEPRAs members and less Classic members due to employment separation from the District.

The summarized statement of activities for the business-type is presented below:

	Years Ended June 30,			Change 2024 to 2025	Change 2023 to 2024
	2025	2024	2023		
OPERATING REVENUES					
Residential	\$ 1,988,190	\$ 1,952,142	\$ 2,004,983	\$ 36,048	\$ (52,841)
Commercial	2,664,116	2,491,948	2,646,352	172,168	(154,404)
Snow removal	932,676	754,322	710,230	178,354	44,092
Rental income	63,760	43,160	64,057	20,600	(20,897)
Other	471,354	550,313	602,113	(78,959)	(51,800)
Base rate	4,926,696	4,719,461	4,600,591	207,235	118,870
Total operating revenues	<u>11,046,792</u>	<u>10,511,346</u>	<u>10,628,326</u>	<u>535,446</u>	<u>(116,980)</u>
OPERATING EXPENSES					
Salaries and benefits	1,379,128	1,260,967	1,213,648	118,161	47,319
Operations and maintenance	1,141,517	1,095,382	833,328	46,135	262,054
Contract services	85,806	114,997	50,505	(29,191)	64,492
Operating expenses	99,968	94,320	118,025	5,648	(23,705)
OPEB expense (credit)	(63,739)	100,464	(844,408)	(164,203)	944,872
Pension expense (credit)	64,965	(36,218)	1,113,175	101,183	(1,149,393)
Depreciation	2,160,572	2,163,302	2,125,233	(2,730)	38,069
Amortization	392,531	389,286	385,138	3,245	4,148
General and administrative allocations	2,039,393	1,907,135	1,679,690	132,258	227,445
Power, propane, and fuel	1,829,814	1,893,891	2,548,898	(64,077)	(655,007)
Total operating expenses	<u>9,129,955</u>	<u>8,983,526</u>	<u>9,223,232</u>	<u>146,429</u>	<u>(239,706)</u>
Operating income	<u>1,916,837</u>	<u>1,527,820</u>	<u>1,405,094</u>	<u>389,017</u>	<u>122,726</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income and other	126,524	57,967	117,984	68,557	(60,017)
Property taxes	613,643	713,213	670,375	(99,570)	42,838
Interest expense	(1,764,442)	(1,600,090)	(1,619,907)	(164,352)	19,817
Transfers	82,288	(14,800)	(7,673)	97,088	(7,127)
Total nonoperating expenses, net	<u>(941,987)</u>	<u>(843,710)</u>	<u>(839,221)</u>	<u>(98,277)</u>	<u>(4,489)</u>
NET INCOME	974,850	684,110	565,873	290,740	118,237
NET POSITION, beginning of year	12,686,524	12,002,414	11,436,541	684,110	565,873
NET POSITION, end of year	<u>\$ 13,661,374</u>	<u>\$ 12,686,524</u>	<u>\$ 12,002,414</u>	<u>\$ 974,850</u>	<u>\$ 684,110</u>

Capital Assets

Capital assets include proprietary fund plant assets related to providing electrical, propane, water, and wastewater services to the District's service area customers. There are also governmental fund fixed assets related to providing fire protection services. As of June 30, 2025, the District had \$63.7 million of capital assets as compared to June 30, 2024, when the District had \$64.0 million of capital assets. The wastewater treatment plant project remained in construction in progress during 2025, with additional costs of \$1.9 million incurred and capitalized during the year. The project is expected to be completed and placed into service in 2026.

Kirkwood Meadows Public Utility District Management's Discussion and Analysis Years Ended June 30, 2025 and 2024

Long-Term Debt

Long-term debt includes BMO, Five Star, and RUS Federal Financing Bank (FFB) loans. The District, as spoken of above, took out additional debt to continue improvements to the wastewater treatment plant. As of June 30, 2025, the District had \$52.0 million in long-term debt outstanding as compared to June 30, 2024, when the District had \$52.5 million in long-term debt outstanding. There were no new borrowings during the fiscal year ended June 30, 2025, except for the long-term financing related to the wastewater treatment plant project. The project is expected to be completed in 2026, at which time the District will finalize the related loan. Subsequent to year-end, the District purchased an employee housing condominium, which will result in additional long-term debt financing in fiscal year 2026.

District Economic Factors

During fiscal year 2025, the District navigated challenges in electric market price volatility that was addressed by switching to hedge-pricing of Cal-ISO purchases which provides greater stability and predictability.

The fiscal year 2025/26 Operating and Capital budgets and budget assumptions adopted by the Board utilize a rolling five-year average for each department, that includes an anticipated inflationary adjustment based on the consumer price index. The budgets also consider timing and cost of capital purchases and projects and balance those needs against reserves or the need for new indebtedness. Currently no projects are projected to be financed in fiscal year 2025/26. The District conducted rate studies for water, wastewater, and propane in 2025, which resulted in rate increases in fiscal year 2026. Electric rates were adjusted per the 2021 electric rate study.

Contacting the District's Financial Management

The financial report is designed to provide readers with a general overview of the District's finances and demonstrate the District's accountability for the money it receives. Any questions about this report or requests for additional finance information can be directed to:

Kirkwood Meadows Public Utility District
Accounting & Finance Department
PO Box 247
33540 Loop Road
Kirkwood, CA 95646

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Basic Financial Statements

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Government-Wide Financial Statements

Kirkwood Meadows Public Utility District
Statement of Net Position
June 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Unrestricted cash and cash equivalents	\$ 218,016	\$ 4,952,264	\$ 5,170,280
Accounts and other receivables	5,650	593,840	599,490
Property tax receivable	92,193	-	92,193
Materials and supplies	-	281,688	281,688
Prepaid expenses and other assets	16,888	289,938	306,826
Total current assets	<u>332,747</u>	<u>6,117,730</u>	<u>6,450,477</u>
NONCURRENT ASSETS			
Capital assets, net	739,251	56,451,527	57,190,778
Construction work in progress	78,841	6,386,901	6,465,742
Total noncurrent assets	<u>818,092</u>	<u>62,838,428</u>	<u>63,656,520</u>
Total assets	<u>1,150,839</u>	<u>68,956,158</u>	<u>70,106,997</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to OPEB	-	91,152	91,152
Deferred outflows of resources related to pensions	-	514,586	514,586
Total deferred outflows of resources	<u>-</u>	<u>605,738</u>	<u>605,738</u>
Total assets and deferred outflows of resources	<u>\$ 1,150,839</u>	<u>\$ 69,561,896</u>	<u>\$ 70,712,735</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES			
Current portion of long-term debt	\$ -	\$ 7,837,678	\$ 7,837,678
Accounts payable	73,434	175,991	249,425
Accrued expenses	151,504	13,687	165,191
Deposits	34,593	28,183	62,776
Total current liabilities	<u>259,531</u>	<u>8,055,539</u>	<u>8,315,070</u>
NONCURRENT LIABILITIES			
Long-term debt, net of current portion	-	44,191,370	44,191,370
Net OPEB liability	-	1,036,416	1,036,416
Net pension liability	-	1,359,824	1,359,824
Total noncurrent liabilities	<u>-</u>	<u>46,587,610</u>	<u>46,587,610</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB	-	1,245,717	1,245,717
Deferred inflows of resources related to pensions	-	11,656	11,656
Total deferred inflows of resources	<u>-</u>	<u>1,257,373</u>	<u>1,257,373</u>
NET POSITION			
Net investment in capital assets	818,092	10,809,380	11,627,472
Unrestricted	73,216	2,851,994	2,925,210
Total net position	<u>891,308</u>	<u>13,661,374</u>	<u>14,552,682</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,150,839</u>	<u>\$ 69,561,896</u>	<u>\$ 70,712,735</u>

See accompanying notes.

Kirkwood Meadows Public Utility District
Statement of Net Position
June 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Unrestricted cash and cash equivalents	\$ 106,104	\$ 4,932,743	\$ 5,038,847
Accounts and other receivables	13,940	594,023	607,963
Property tax receivable	30,597	-	30,597
Materials and supplies	-	194,074	194,074
Prepaid expenses and other assets	27,671	294,875	322,546
Total current assets	<u>178,312</u>	<u>6,015,715</u>	<u>6,194,027</u>
NONCURRENT ASSETS			
Capital assets, net	744,004	58,867,647	59,611,651
Construction work in progress	111,850	4,279,117	4,390,967
Total noncurrent assets	<u>855,854</u>	<u>63,146,764</u>	<u>64,002,618</u>
Total assets	<u>1,034,166</u>	<u>69,162,479</u>	<u>70,196,645</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to OPEB	-	55,087	55,087
Deferred outflows of resources related to pensions	-	655,250	655,250
Total deferred outflows of resources	<u>-</u>	<u>710,337</u>	<u>710,337</u>
Total assets and deferred outflows of resources	<u>\$ 1,034,166</u>	<u>\$ 69,872,816</u>	<u>\$ 70,906,982</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES			
Current portion of long-term debt	\$ -	\$ 3,511,425	\$ 3,511,425
Accounts payable	-	924,208	924,208
Accrued expenses	85,002	13,769	98,771
Deposits	18,683	24,064	42,747
Total current liabilities	<u>103,685</u>	<u>4,473,466</u>	<u>4,577,151</u>
NONCURRENT LIABILITIES			
Long-term debt, net of current portion	-	48,955,839	48,955,839
Net OPEB liability	-	1,101,476	1,101,476
Net pension liability	-	1,375,578	1,375,578
Total noncurrent liabilities	<u>-</u>	<u>51,432,893</u>	<u>51,432,893</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB	-	1,251,298	1,251,298
Deferred inflows of resources related to pensions	-	28,635	28,635
Total deferred inflows of resources	<u>-</u>	<u>1,279,933</u>	<u>1,279,933</u>
NET POSITION			
Net investment in capital assets	855,854	10,679,500	11,535,354
Unrestricted	74,627	2,007,024	2,081,651
Total net position	<u>930,481</u>	<u>12,686,524</u>	<u>13,617,005</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,034,166</u>	<u>\$ 69,872,816</u>	<u>\$ 70,906,982</u>

See accompanying notes.

Kirkwood Meadows Public Utility District
Statement of Activities
Year Ended June 30, 2025

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES						
General government	\$ 2,260,106	\$ -	\$ -	\$ (2,260,106)	\$ -	\$ (2,260,106)
Fire	265,857	76,423	36,076	(153,358)	-	(153,358)
Parks	7,188	-	-	(7,188)	-	(7,188)
Total governmental activities	2,533,151	76,423	36,076	(2,420,652)	-	(2,420,652)
BUSINESS-TYPE ACTIVITIES						
Cable	1,263	11,078	-	-	9,815	9,815
Electric	4,946,137	5,043,923	-	-	97,786	97,786
Employee housing	113,018	63,760	-	-	(49,258)	(49,258)
Propane	1,211,285	1,907,070	-	-	695,785	695,785
Snow removal	591,429	932,676	-	-	341,247	341,247
Solid waste	160,670	397,556	-	-	236,886	236,886
Water	428,187	852,898	-	-	424,711	424,711
Wastewater	1,403,016	1,837,831	-	-	434,815	434,815
Total business-type activities	8,855,005	11,046,792	-	-	2,191,787	2,191,787
Total	\$ 11,388,156	\$ 11,123,215	\$ 36,076	(2,420,652)	2,191,787	(228,865)
GENERAL REVENUES AND EXPENSES						
Investment income				361	134,397	134,758
Property taxes				410,048	613,643	1,023,691
Miscellaneous (expense)				13,966	(7,873)	6,093
				424,375	740,167	1,164,542
TRANSFERS				(82,288)	82,288	-
GENERAL AND ADMINISTRATIVE ALLOCATIONS				2,039,392	(2,039,392)	-
CHANGE IN NET POSITION				(39,173)	974,850	935,677
NET POSITION, beginning of year				930,481	12,686,524	13,617,005
NET POSITION, end of year				\$ 891,308	\$ 13,661,374	\$ 14,552,682

See accompanying notes.

Kirkwood Meadows Public Utility District
Statement of Activities
Year Ended June 30, 2024

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES						
General government	\$ 1,975,874	\$ -	\$ -	\$ (1,975,874)	\$ -	\$ (1,975,874)
Fire	192,458	82,049	-	(110,409)	-	(110,409)
Parks	14,043	-	-	(14,043)	-	(14,043)
Total governmental activities	2,182,375	82,049	-	(2,100,326)	-	(2,100,326)
BUSINESS-TYPE ACTIVITIES						
Cable	281	9,544	-	-	9,263	9,263
Electric	5,194,244	4,999,106	-	-	(195,138)	(195,138)
Employee housing	133,262	43,160	-	-	(90,102)	(90,102)
Propane	1,135,999	1,858,282	-	-	722,283	722,283
Snow removal	460,472	754,322	-	-	293,850	293,850
Solid waste	259,438	402,939	-	-	143,501	143,501
Water	358,641	798,709	-	-	440,068	440,068
Wastewater	1,134,144	1,645,284	-	-	511,140	511,140
Total business-type activities	8,676,481	10,511,346	-	-	1,834,865	1,834,865
Total	\$ 10,858,856	\$ 10,593,395	\$ -	(2,100,326)	1,834,865	(265,461)
GENERAL REVENUES AND EXPENSES						
Investment income				120	68,612	68,732
Property taxes				315,087	713,213	1,028,300
Grant revenue				395,000	-	395,000
Miscellaneous (expense)				3,341	(10,645)	(7,304)
				713,548	771,180	1,484,728
TRANSFERS				-	(14,800)	(14,800)
GENERAL AND ADMINISTRATIVE ALLOCATIONS				1,907,135	(1,907,135)	-
CHANGE IN NET POSITION				520,357	684,110	1,204,467
NET POSITION, beginning of year				410,124	12,002,414	12,412,538
NET POSITION, end of year				\$ 930,481	\$ 12,686,524	\$ 13,617,005

See accompanying notes.

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Fund Financial Statements – Governmental Funds

Kirkwood Meadows Public Utility District
Balance Sheet
June 30, 2025

	General Fund	Total Governmental Funds
ASSETS		
Unrestricted cash and cash equivalents	\$ 218,016	\$ 218,016
Accounts and other receivables, net	5,650	5,650
Property tax accounts receivable	92,193	92,193
Prepaid expenses	16,888	16,888
Total current assets	\$ 332,747	\$ 332,747
LIABILITIES		
Accounts payable	73,434	73,434
Other accrued liabilities	151,504	151,504
Deposits	34,593	34,593
Total current liabilities	259,531	259,531
FUND BALANCES		
Unassigned	73,216	73,216
Total fund balances	73,216	73,216
Total liabilities and fund balances	\$ 332,747	
RECONCILIATION TO STATEMENT OF NET POSITION		
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities of \$1,482,549, net of accumulated depreciation of \$743,298, along with \$78,841 of construction work in progress are not financial resources and, therefore, are not reported in the fund		
		818,092
Net position of governmental activities		\$ 891,308

See accompanying notes.

Kirkwood Meadows Public Utility District
Balance Sheet
June 30, 2024

	General Fund	Total Governmental Funds
ASSETS		
Unrestricted cash and cash equivalents	\$ 106,104	\$ 106,104
Accounts and other receivables, net	13,940	13,940
Property tax accounts receivable	30,597	30,597
Prepaid expenses	27,671	27,671
Total current assets	\$ 178,312	\$ 178,312
LIABILITIES		
Other accrued liabilities	\$ 85,002	\$ 85,002
Deposits	18,683	18,683
Total current liabilities	103,685	103,685
FUND BALANCES		
Unassigned	74,627	74,627
Total fund balances	74,627	74,627
Total liabilities and fund balances	\$ 178,312	
RECONCILIATION TO STATEMENT OF NET POSITION		
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities of \$1,488,364, net of accumulated depreciation of \$744,360, along with \$111,850 of construction work in progress are not financial resources and, therefore, are not reported in the fund		855,854
Net position of governmental activities		\$ 930,481

See accompanying notes.

Kirkwood Meadows Public Utility District
Statements of Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 2025 and 2024

GENERAL FUND	2025	2024
REVENUES		
General revenues	\$ 90,389	\$ 85,390
Investment income	361	120
Grant revenue	36,076	395,000
Property taxes	410,048	315,087
Total revenues	<u>536,874</u>	<u>795,597</u>
EXPENDITURES		
General government	2,260,106	1,975,874
Public protection	265,857	192,458
Culture and recreation	7,188	14,043
Capital outlay	39,202	413,903
Total expenditures	<u>2,572,353</u>	<u>2,596,278</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(2,035,479)</u>	<u>(1,800,681)</u>
OTHER FINANCING SOURCES (USES)		
Transfers	(82,288)	-
General and administrative allocation out	2,343,365	2,175,443
General and administrative allocation in	(227,009)	(205,493)
Total other financing sources, net	<u>2,034,068</u>	<u>1,969,950</u>
NET CHANGE IN FUND BALANCES	(1,411)	169,269
FUND BALANCE, beginning of year	<u>74,627</u>	<u>(94,642)</u>
FUND BALANCE, end of year	<u>\$ 73,216</u>	<u>\$ 74,627</u>

See accompanying notes.

Kirkwood Meadows Public Utility District
Reconciliation of the Statements of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
Years Ended June 30, 2025 and 2024

	2025	2024
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (1,411)	\$ 169,269
<p>Amounts reported for governmental activities in the statement of activities and changes in net position are different because Governmental funds report capital outlays as expenditures. However, in the statement of activities and changes in net position, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets	39,202	413,903
Current-year depreciation expense	(76,964)	(62,815)
	(37,762)	351,088
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (39,173)	\$ 520,357

See accompanying notes.

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Fund Financial Statements – Proprietary Funds

Kirkwood Meadows Public Utility District
Statements of Net Position
June 30, 2025 and 2024

	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Unrestricted cash and cash equivalents	\$ 4,952,264	\$ 4,932,743
Accounts and other receivables	593,840	594,023
Materials and supplies	281,688	194,074
Prepaid expenses	289,938	294,875
Total current assets	6,117,730	6,015,715
NONCURRENT ASSETS		
Capital assets, net	56,451,527	58,867,647
Work in progress	6,386,901	4,279,117
Total noncurrent assets	62,838,428	63,146,764
Total assets	68,956,158	69,162,479
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to OPEB	91,152	55,087
Deferred outflows of resources related to pensions	514,586	655,250
Total deferred outflows of resources	605,738	710,337
Total assets and deferred outflows of resources	\$ 69,561,896	\$ 69,872,816
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 7,837,678	\$ 3,511,425
Accounts payable	175,991	924,208
Accrued expenses	13,687	13,769
Customer deposits	28,183	24,064
Total current liabilities	8,055,539	4,473,466
NONCURRENT LIABILITIES		
Long-term debt, net of current portion	44,191,370	48,955,839
Net OPEB liability	1,036,416	1,101,476
Net pension liability	1,359,824	1,375,578
Total noncurrent liabilities	46,587,610	51,432,893
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	1,245,717	1,251,298
Deferred inflows of resources related to pensions	11,656	28,635
Total deferred inflows of resources	1,257,373	1,279,933
Net investment in capital assets	10,809,380	10,679,500
Unrestricted	2,851,994	2,007,024
Total net position	13,661,374	12,686,524
Total liabilities, deferred inflows of resources, and net position	\$ 69,561,896	\$ 69,872,816

See accompanying notes.

Kirkwood Meadows Public Utility District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	2024
OPERATING REVENUES		
Residential	\$ 1,988,190	\$ 1,952,142
Commercial	2,664,116	2,491,948
Snow removal	932,676	754,322
Rental income	63,760	43,160
Other	471,354	550,313
Base rate	4,926,696	4,719,461
Total operating revenues	<u>11,046,792</u>	<u>10,511,346</u>
OPERATING EXPENSES		
Power, propane, and fuel	1,829,814	1,893,891
Salaries and benefits	1,379,128	1,260,967
Operations and maintenance	1,141,517	1,095,382
Contract services	85,806	114,997
Operating expenses	99,968	94,320
OPEB expense/(credit)	(63,739)	100,464
Pension expense/(credit)	64,965	(36,218)
Depreciation	2,160,572	2,163,302
Amortization	392,531	389,286
General and administrative allocations	2,039,393	1,907,135
Total operating expenses	<u>9,129,955</u>	<u>8,983,526</u>
Operating income	<u>1,916,837</u>	<u>1,527,820</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income and other	126,524	57,967
Property taxes	613,643	713,213
Interest expense	(1,764,442)	(1,600,090)
Transfers	82,288	(14,800)
Total nonoperating expenses, net	<u>(941,987)</u>	<u>(843,710)</u>
CHANGE IN NET POSITION	974,850	684,110
NET POSITION, beginning of year	<u>12,686,524</u>	<u>12,002,414</u>
NET POSITION, end of year	<u>\$ 13,661,374</u>	<u>\$ 12,686,524</u>

See accompanying notes.

Kirkwood Meadows Public Utility District
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 11,376,237	\$ 10,336,541
Payments to suppliers and governmental funds	(6,417,671)	(4,049,713)
Payments to employees	(1,249,727)	(1,260,668)
Net cash from operating activities	3,708,839	5,026,160
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from property taxes and other non-operating revenues and expenses	822,455	756,380
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,309,115)	(4,455,974)
Proceeds from long-term debt	2,410,016	3,554,754
Long-term debt - principal paid	(2,848,232)	(2,131,493)
Interest paid on long-term debt	(1,764,442)	(1,600,090)
Net cash from capital and related financing activities	(4,511,773)	(4,632,803)
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,521	1,149,737
CASH AND CASH EQUIVALENTS, beginning of year	4,932,743	3,783,006
CASH AND CASH EQUIVALENTS, end of year	\$ 4,952,264	\$ 4,932,743
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES		
Operating income	\$ 1,916,837	\$ 1,527,820
Adjustments to reconcile net operating income to net cash from operating activities		
Depreciation and amortization	2,553,103	2,552,588
Pension and OPEB items	65,573	67,480
Changes in assets and liabilities		
Accounts receivable	183	108,856
Materials and supplies	(87,614)	83,072
Prepaid expenses	4,937	(15,219)
Accounts payable	(748,217)	705,638
Customer deposits	4,119	5,818
Accrued expenses	(82)	(9,893)
Net cash from operating activities	\$ 3,708,839	\$ 5,026,160

See accompanying notes.

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Fund Financial Statements – Fiduciary Fund

Kirkwood Meadows Public Utility District
Statements of Fiduciary Net Position - June 30, 2025 and 2024 – Custodial Fund

	2025	2024
STATEMENT OF FIDUCIARY NET POSITION		
Assets		
Cash held by the District	\$ 1,052,696	\$ 1,024,086
Property tax receivable	4,665	4,119
Total assets	1,057,361	1,028,205
Liabilities		
Due to other funds	-	20,291
Restricted liability	1,057,361	1,007,914
Total liabilities	1,057,361	1,028,205
Fiduciary net position	\$ -	\$ -

See accompanying notes.

Kirkwood Meadows Public Utility District
Statements of Changes in Fiduciary Net Position - Years Ended June 30, 2025 and
2024 – Custodial Fund

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	2025	2024
Receipts on Community Facilities District Taxes	\$ 398,937	\$ 408,619
Fund transfers to Community Facilities Districts	(398,937)	(408,619)
CHANGE IN NET POSITION	-	-
FIDUCIARY NET POSITION, beginning of year	-	-
FIDUCIARY NET POSITION, end of year	\$ -	\$ -

See accompanying notes.

Kirkwood Meadows Public Utility District Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of Kirkwood Meadows Public Utility District (the District) are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board (GASB). Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Significant financial accounting and reporting policies for the District are discussed below.

Reporting entity – The District was formed by resolution of the Local Agency Formation Commission (LAFCO) of the County of Alpine on May 22, 1984, as a detachment from El Dorado Irrigation District in the counties of Alpine, Amador, and El Dorado. The District's formation was also pursuant to all the provisions of the Public Utility Code, Division 7, Chapter 2, and all applicable state of California election laws. The District is governed by a five-member board of directors, which is elected by the residents of the District.

The District is currently responsible for the operation of the community's propane, electric, water supply, wastewater collection and treatment facilities, solid waste management, volunteer fire department, park/recreational facilities, and snow removal. The District began providing electricity and propane services on July 22, 2011, as a result of acquiring the existing electric and propane gas systems from Mountain Utilities, LLC.

The District has created KMPUD Public Facilities Corporation, a nonprofit public benefit corporation for the purpose of financing the acquisition and construction of various public facilities, structures, and other public buildings in the District. Although legally separate from the District, the Public Facilities Corporation is a blended component unit, reported as if it were a part of the primary government because it shares substantively the same governing body in a common board of directors. The Public Facilities Corporation had no significant financial transactions in the current fiscal year.

Government-wide financial statements – The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary governmental and business-type activities of the District. Governmental activities are financed primarily through property taxes and charges for services. The government-wide statement of activities reflects the cost of programs and functions reduced by directly associated revenues (charges for services and operating grants) to arrive at the net revenue or expense for each program and function. Net program revenue or expense is then adjusted for general revenues to determine the change in net position for the year. Indirect expenses, such as support services and administration incurred in the general government, and other functions/activities are allocated to programs/functions that they may benefit.

Separate financial statements are provided for the governmental funds and the proprietary funds, as well as the fiduciary fund, even though the fiduciary fund is excluded from the government-wide financial statements.

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

Measurement focus, basis of accounting, and financial statement presentation – The government-wide financial statements are reported on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing and related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

The governmental funds financial statements use a flow of current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included in the balance sheet. Statements of revenues, expenditures, and changes in fund balances of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Revenue is determined to be measurable when the transaction amount is determinable and available when it is collectible within the current fiscal year or 90 days to pay liabilities of the current fiscal year.

The proprietary funds and the fiduciary fund are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the fund statement of net position. The total net position is segregated into net investment in capital assets, restricted, and unrestricted net position.

The fiduciary fund accounts for arrangements with the Kirkwood Meadows Public Utility District's Community Facilities District as more fully described in Note 1 to the financial statements.

Fair value measurement – The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Use of estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

Cash and cash equivalents – Cash and cash equivalents include cash on hand, deposits with banks, and other highly liquid investments with original maturities of three months or less. The deposits in Local Agency Investment Funds (LAIF) are considered to be a cash equivalent as they can be withdrawn on demand. The District maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor, deposits in excess are fully collateralized per Government Code of the State of California section 53630.

Accounts and other receivables – Accounts receivable primarily represent user charges for service, which are recognized as earned. The District discontinues services on delinquent accounts until payment is received; substantially all accounts are collectible. Accordingly, no allowance has been recorded. Receivables are written off when the District determines an account to be uncollectible.

Revenue recognition – Revenue for services provided is recognized as earned on a monthly basis based on rates established by the District's board of directors. The District records revenue billed to its customers when the meters are read at month-end. All revenues not meeting this definition are reported as nonoperating revenues.

Interfund transactions – During the course of operation, transactions occur between individual funds for goods provided or services rendered. Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. All other interfund transfers are reported as interfund allocations and eliminated in the government-wide financial statements.

Property taxes – The District receives property taxes from Alpine, Amador, and El Dorado Counties. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 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 has a policy to allocate property tax to departments as needed. No allowance has been deemed necessary.

Materials and supplies – Materials and supplies are recorded at a weighted-average cost basis.

Capital assets – See Note 3 for asset capitalization, depreciation, and retirement policies.

Compensated absences – With the adoption of GASB Statement No. 101 in fiscal year 2025, the District recognizes a liability for compensated absences when earned and are more likely than not to be used or paid upon separation. The liability is measured using current employee pay rates and includes related salary costs.

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

Income taxes – The District is exempt from federal and state income taxes; consequently, no provision for income taxes is included in the accompanying financial statements for any fund.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

Other post-employment benefits (OPEB) – For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, additions to/deductions from the OPEB fiduciary net position have been determined based on an independent actuarial valuation. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred outflows/inflows – Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows and inflows of resources consist of the District's deferred inflows and outflows related to pension and OPEB plans.

Budgets – The board of directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis. Budgetary comparison schedules have been provided for the governmental fund by department to demonstrate compliance with the budgets.

Net position – Net position comprises the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three categories:

Net investment in capital assets – Consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets offset by any unspent proceeds of these borrowings.

Restricted – Consists of external constraints placed on net position used by creditors, grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Consists of all other funds that are not included in the other categories previously mentioned.

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

Fund balances – As of June 30, 2025 and 2024, fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District did not have any nonspendable balances at June 30, 2025 or 2024.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the District. The board of directors has the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the board of directors. The District did not have any committed balances at June 30, 2025 or 2024.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. This intent can be expressed by the board of directors or through the delegation of this responsibility to the General Manager. The District did not have any assigned balances at June 30, 2025 or 2024.

Unassigned – Consist of all amounts not included in the other classifications previously mentioned.

The District would typically use assigned resources as appropriate opportunities arise but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Note 2 – Cash and Cash Equivalents

The District's cash and cash equivalents consist of the following at June 30:

	Governmental Activities	Business-Type Activities	Total
	2025		
Cash deposits in bank demand accounts	\$ 218,016	\$ 4,940,368	\$ 5,158,384
Deposit in LAIF	-	11,896	11,896
Total cash and cash equivalents	<u>\$ 218,016</u>	<u>\$ 4,952,264</u>	<u>\$ 5,170,280</u>
	2024		
Cash deposits in bank demand accounts	\$ 106,104	\$ 4,334,667	\$ 4,440,771
Deposit in LAIF	-	598,076	598,076
Total cash and cash equivalents	<u>\$ 106,104</u>	<u>\$ 4,932,743</u>	<u>\$ 5,038,847</u>

There were no restricted cash and cash equivalent requirements for fiscal year 2025 and 2024.

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by limiting its deposits to the California Treasurer’s LAIF.

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker’s acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Commercial Paper Record, the State Treasurer’s Investment Fund, and deposits with banks, mutual savings banks, and savings and loan associations as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs.

The District’s has cash deposits with the LAIF, an external investment pool of the state of California. The LAIF is a voluntary program created by statute as an investment alternative for California’s local governments and special districts. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code. The State Treasurer’s Office is audited by the Bureau of State Audits on an annual basis and the resulting opinion is posted to the State Treasurer’s Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All deposits and LAIF claims are audited on a daily basis by the State Controller’s Office, as well as an in-house audit process involving three separate divisions.

Custodial credit risk – Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, the District will not be able to recover the value of its deposits that are in the possession of an outside party. The District does not have an investment policy to address custodial credit risk; however, deposits are held by third-party custodians in the District’s name. The deposits in LAIF are not classified in categories of credit risk. The District’s funds in LAIF are invested in a diversified portfolio (of underlying investments, e.g., U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand; therefore, they are classified as cash equivalents on the statements of net position.

Note 3 – Capital Assets

Capital assets are reported in the applicable financial statements at cost. Costs include labor, materials, and related indirect costs, such as engineering, used during construction. The costs of additions, renewals, and betterments are capitalized. Projects constructed by others and contributed to the District are stated at fair value. Repairs and minor replacements are charged to operating expenses. A capitalization threshold of \$1,000 is used to report capital assets. The cost of property and removal, less salvage, is charged to accumulated depreciation when property is retired. Depreciation is computed on assets placed in service using a straight-line method over their estimated useful lives. The range of estimated useful lives by type of assets is as follows:

Buildings and improvements	10 to 40 years
Infrastructure	20 to 40 years
Machinery and equipment	5 to 15 years
Intangible plant	34 years

Kirkwood Meadows Public Utility District
Notes to the Basic Financial Statements

A summary of the governmental activities capital assets for the years ended June 30 is as follows:

	June 30, 2024	Increases	Decreases	Transfers	June 30, 2025
Capital assets being depreciated					
Fire department	\$ 1,487,234	\$ 38,433	\$ (78,026)	\$ -	\$ 1,447,641
Parks and recreation	1,130	-	-	33,778	34,908
	1,488,364	38,433	(78,026)	33,778	1,482,549
Less accumulated depreciation	(744,360)	(76,964)	78,026	-	(743,298)
Net capital assets being depreciated	744,004	(38,531)	-	33,778	739,251
Construction work in progress	111,850	769	-	(33,778)	78,841
Capital assets, net	<u>\$ 855,854</u>	<u>\$ (37,762)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818,092</u>
	June 30, 2023	Increases	Decreases	Transfers	June 30, 2024
Capital assets being depreciated					
Fire department	\$ 1,061,306	\$ 425,928	\$ -	\$ -	\$ 1,487,234
Parks and recreation	1,130	-	-	-	1,130
	1,062,436	425,928	-	-	1,488,364
Less accumulated depreciation	(681,545)	(62,815)	-	-	(744,360)
Net capital assets being depreciated	380,891	363,113	-	-	744,004
Construction work in progress	123,875	25,651	-	(37,676)	111,850
Capital assets, net	<u>\$ 504,766</u>	<u>\$ 388,764</u>	<u>\$ -</u>	<u>\$ (37,676)</u>	<u>\$ 855,854</u>

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

A summary of the business-type activities capital assets for the years ended June 30 is as follows:

	June 30, 2024	Increases	Decreases	Transfers/ Adjustments	June 30, 2025
Capital assets being depreciated					
Water	\$ 4,714,113	\$ 15,156	\$ (10,898)	-	\$ 4,718,371
Wastewater	14,105,954	15,156	(23,489)	-	14,097,621
Employee housing	1,826,964	-	-	-	1,826,964
Electric	54,996,141	33,771	(17,277)	-	55,012,635
Electric intangible	15,282,345	-	-	-	15,282,345
Propane	1,674,162	14,229	(10,686)	-	1,677,705
Cable	18,068	7,577	-	-	25,645
Snow removal	1,880,774	79,824	(102,057)	-	1,858,541
Solid waste	48,881	1,840	-	-	50,721
	<u>94,547,402</u>	<u>167,553</u>	<u>(164,407)</u>	<u>-</u>	<u>94,550,548</u>
Less accumulated depreciation	<u>(35,679,755)</u>	<u>(2,550,756)</u>	<u>131,490</u>	<u>-</u>	<u>(38,099,021)</u>
Net capital assets being depreciated and amortized	58,867,647	(2,383,203)	(32,917)	-	56,451,527
Construction work in progress	<u>4,279,117</u>	<u>2,107,784</u>	<u>-</u>	<u>-</u>	<u>6,386,901</u>
Capital assets, net	<u>\$ 63,146,764</u>	<u>\$ (275,419)</u>	<u>\$ (32,917)</u>	<u>\$ -</u>	<u>\$ 62,838,428</u>

	June 30, 2023	Increases	Decreases	Transfers/ Adjustments	June 30, 2024
Capital assets being depreciated					
Water	\$ 4,741,213	\$ 43,169	\$ (79,688)	\$ 9,419	\$ 4,714,113
Wastewater	14,201,347	66,345	(390,675)	228,937	14,105,954
Employee housing	1,817,280	13,575	(3,891)	-	1,826,964
Electric	54,932,804	-	(6,229)	69,566	54,996,141
Electric intangible	15,282,345	-	-	-	15,282,345
Propane	1,657,950	6,793	-	9,419	1,674,162
Cable	18,068	-	-	-	18,068
Snow removal	1,832,354	324,959	(276,539)	-	1,880,774
Solid waste	51,412	-	(2,531)	-	48,881
	<u>94,534,773</u>	<u>454,841</u>	<u>(759,553)</u>	<u>317,341</u>	<u>94,547,402</u>
Less accumulated depreciation	<u>(33,881,323)</u>	<u>(2,556,235)</u>	<u>757,803</u>	<u>-</u>	<u>(35,679,755)</u>
Net capital assets being depreciated and amortized	60,653,450	(2,101,394)	(1,750)	317,341	58,867,647
Construction work in progress	<u>596,410</u>	<u>3,963,457</u>	<u>(1,085)</u>	<u>(279,665)</u>	<u>4,279,117</u>
Capital assets, net	<u>\$ 61,249,860</u>	<u>\$ 1,862,063</u>	<u>\$ (2,835)</u>	<u>\$ 37,676</u>	<u>\$ 63,146,764</u>

Plant in service balances presented above include non-depreciable land of \$158,000 as of June 30, 2025 and 2024.

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

Electric intangible plant represents amounts paid by the District to benefit from the assets owned by Pacific Gas & Electric Company (PG&E). During the year ended June 30, 2019, the District transferred certain infrastructure plant to PG&E in conjunction with an ongoing power supply agreement. The District transferred \$8.9 million from electric plant to electric intangible plant. Additionally, the District paid PG&E \$6.4 million in order to transfer the cost of ownership maintenance to PG&E. This amount has been recorded as an asset and the District is amortizing the total over a 34-year period. The District recorded related amortization of \$188,568 during the years ended June 30, 2025 and 2024.

Note 4 – Long-Term Debt

On September 25, 2012, the District obtained a loan guarantee commitment from RUS. Under this commitment, RUS guaranteed a loan of \$50,000,000 from the Federal Financing Bank (FFB). The proceeds of the loan were used by the District to finance projects as described in their loan application, including the initial purchase of the electric utility and the construction of transmission lines providing power to the District from outside suppliers. The District began drawing on RUS funds during 2013 and by the end of the 2015 fiscal year had received and expended all amounts in full. Interest rates on the individual loan draws range from 0.435% to 3.592% with various maturities through 2047.

On June 3, 2014, the District obtained a loan guarantee commitment from RUS. Under this commitment, RUS guaranteed a loan of \$8,000,000 from the FFB. The proceeds of the loan were to be used by the District to finance projects as described in their loan application including the construction of transmission lines that will provide power to the District from outside suppliers. The District began drawing on these funds during 2014 and had received and expended all amounts in full by the end of the 2015 fiscal year. Interest rates on the individual loan draws range from 0.081% to 2.705% with various maturities through 2035.

On June 4, 2018, the District obtained a loan guarantee commitment from RUS. Under this commitment, RUS guaranteed a loan of \$3,765,000 from the FFB. The proceeds of the loan were to be used by the District to finance projects as described in their loan application including system extensions and additions. The District began drawing on these funds during 2019 and had received and expended all amounts in full by the end of the 2019 fiscal year. The interest rate on the loan draw is 2.956% and matures December 2052.

In June 2019, the District obtained a \$172,000 mortgage note through Bank of the West. This note was used to finance the purchase of a condominium for the District and is collateralized by real property. This note bears interest at a rate of 4.60%, with principal and interest payments due monthly, maturing June 2029. The note is secured by the purchased real estate and related rents.

During the fiscal year ended June 30, 2024, the Bank of the West was acquired by BMO.

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

On June 24, 2022, the District obtained a loan guarantee commitment from RUS. Under this commitment, RUS guaranteed an interim loan of \$7,444,000 from CoBank. The proceeds of the loan are to be used by the District to finance projects as described in their loan application including the Waste Water Treatment Plant. At completion of the Waste Water Treatment Plant project, the outstanding balance will be financed by Rural Development or RUS loan. The District began drawing on these funds during 2022. The interest rate on the loan draw is 0.95% and matures November 2025. Subsequent to the fiscal year-end, the District amended its CoBank loan to extend the payment schedule through May 1, 2026. All other terms and conditions of the original agreement remain unchanged.

On February 15, 2024, the District obtained a \$308,845 mortgage note through Five Star Bank. This note was used to finance the purchase of equipment for the District and is collateralized by the purchased equipment. This note bears interest at a rate of 7.75%, with principal and interest payments due monthly, maturing February 2029.

Long-term debt activity for the years ended June 30 is as follows:

	June 30, 2024	Increases	Decreases	June 30, 2025	Due Within One Year
Business-type activities					
RUS construction loans	\$ 48,820,918	\$ -	\$ (2,784,430)	\$ 46,036,488	\$ 2,040,993
BMO	39,557	-	(10,048)	29,509	7,497
CoBank	3,320,909	2,410,016	-	5,730,925	5,730,925
Five Star bank equipment loan	285,880	-	(53,754)	232,126	58,263
Total business-type activities - long-term debt	\$ 52,467,264	\$ 2,410,016	\$ (2,848,232)	\$ 52,029,048	\$ 7,837,678
	June 30, 2023	Increases	Decreases	June 30, 2024	Due Within One Year
Business-type activities					
RUS construction loans	\$ 50,218,217	\$ -	\$ (1,397,299)	\$ 48,820,918	\$ 3,450,390
BMO	155,786	-	(116,229)	\$ 39,557	7,161
CoBank	75,000	3,245,909	-	3,320,909	-
COP loans, series 2013	595,000	-	(595,000)	-	-
Five Star bank equipment loan	-	308,845	(22,965)	285,880	53,874
Unamortized bond premium	7,281	-	(7,281)	-	-
Unamortized bond discount	(4,033)	-	4,033	-	-
Total business-type activities - long-term debt	\$ 51,047,251	\$ 3,554,754	\$ (2,134,741)	\$ 52,467,264	\$ 3,511,425

Kirkwood Meadows Public Utility District Notes to the Basic Financial Statements

As of June 30, 2025, annual debt service requirements of business-type activities to maturity are as follows:

	RUS		BMO		Five Star	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,040,993	\$ 1,348,676	\$ 7,497	\$ 1,323	\$ 58,263	\$ 16,628
2027	2,710,259	1,272,859	7,850	971	63,010	11,881
2028	2,377,547	1,211,767	8,218	8,218	68,128	6,764
2029	2,099,699	1,150,329	5,944	216	42,725	1,446
2030	1,474,781	1,096,627	-	-	-	-
2031 - 2035	9,785,789	4,576,685	-	-	-	-
2036 - 2040	9,013,550	3,212,906	-	-	-	-
2041 - 2045	10,078,038	1,795,715	-	-	-	-
2046 - 2050	6,023,925	349,085	-	-	-	-
2051 - 2052	431,907	17,891	-	-	-	-
Grand total	<u>\$ 46,036,488</u>	<u>\$ 16,032,540</u>	<u>\$ 29,509</u>	<u>\$ 10,728</u>	<u>\$ 232,126</u>	<u>\$ 36,719</u>

Borrowings from RUS are subject to certain financial covenants related to debt service coverage (DSC) and times interest earned ratios (TIER). Management believes they are in compliance with all debt covenants as of June 30, 2025 and 2024.

Note 5 – Pension and OPEB Plans

General Information About the Pension Plans

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

In 2012, the Public Employees’ Pension Reform Act (PEPRA) became law and implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of new member under PEPRA. Employees hired prior to January 1, 2013, and those new employees not meeting the PEPRA definition of new members are considered classic employees.

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

Kirkwood Meadows Public Utility District Notes to the Basic Financial Statements

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

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payment	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.50%	2.00%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	9.671%	6.237%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the 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 year ended June 30, 2025, the contributions recognized as part of pension expense for the Plans were as follows:

Contributions - employer	\$ 166,455
Contributions - employee (paid by employer)	119,005

Pension liabilities, pension expenses, and deferred outflows/inflows of resources related to pensions – As of June 30, the District reported its proportionate share of the net pension liability for the plans as follows:

	Proportionate Share of Net Pension Liability
June 30, 2025	\$ 1,359,824
June 30, 2024	1,375,578

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

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

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

	Classic
Proportion Total Pension Liability - June 30, 2025	0.0272400%
Proportion Fiduciary Net Position - June 30, 2025	0.0270200%
Proportion Total Pension Liability - June 30, 2024	0.0281900%
Proportion Fiduciary Net Position - June 30, 2024	0.0280400%

For the years ended June 30, 2025 and 2024, the District recognized pension (credit) expense of \$107,928 and \$134,023, respectively.

At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	2024
Deferred outflows of resources		
Pension contribution subsequent to measurement date	\$ 225,270	\$ 225,670
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	65,703	46,285
Net difference between projected and actual earnings on plan investments	223,613	383,295
	\$ 514,586	\$ 655,250
Deferred inflows of resources		
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	\$ (7,216)	\$ (17,256)
Net difference between projected and actual earnings on plan investments	(4,440)	(11,379)
	\$ (11,656)	\$ (28,635)

Kirkwood Meadows Public Utility District Notes to the Basic Financial Statements

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as pension expense as follows for the years ended June 30:

2026	\$	76,226
2027		190,023
2028		25,427
2029		(14,016)
		(14,016)
	\$	277,660

Actuarial assumptions – The total pension liabilities in the actuarial valuations were determined using the following actuarial assumptions:

	2025	2024
Valuation date	June 30, 2023	June 30, 2022
Measurement date	June 30, 2024	June 30, 2023
Actuarial cost method	Entry - Age Normal Cost Method	
Actuarial assumptions		
Discount rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll growth	2.75%	
Projected salary increase	Varies by Entry Age and Service	
Investment rate of return	6.80% ⁽²⁾	7.00% ⁽²⁾
Mortality	Derived using CalPERS' Membership Data for all Funds ⁽¹⁾	

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

For more details on this table, please refer to the 2017 experience study report.

⁽²⁾ Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2023, and June 30, 2022, valuations were based on the results of a December 2017 actuarial experience study. Further details of the experience study can be found on the CalPERS website.

Discount rate – The discount rate used in measurement date June 30, 2024, and June 30, 2023, was 6.9%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each Plan, CalPERS stress tested plans 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 plans run out of assets. Therefore, the current 6.90% discount rate used is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

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. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short term (first 10 years) and the long term (11–60 years) using a building-block approach. Using the expected nominal returns for both the short term and long term, the present value of benefits was calculated for each fund. 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. The target allocation shown below was adopted by the CalPERS Board effective on June 1, 2021.

Asset Class	Assumed Asset Allocation	Real Return ^{(1), (2)}
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 corporations	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%
Total	100.00%	

⁽¹⁾ An expected inflation of 2.3% used for this period

⁽²⁾ Figures based on the 2021-22 Asset Liability Management study

Kirkwood Meadows Public Utility District Notes to the Basic Financial Statements

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate –

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

	Years Ended June 30,	
	2025	2024
1% decrease	5.90%	5.90%
Net pension liability	\$ 2,273,309	\$ 2,219,610
Current discount rate	6.90%	6.90%
Net pension liability	\$ 1,359,824	\$ 1,375,578
1% increase	7.90%	7.90%
Net pension asset	\$ 607,890	\$ 680,641

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

General Information About the Other Post-Employment Benefits (OPEB) Plan

Plan description – The District administers a single employer defined benefit healthcare plan (the Retiree Health Plan) administered by the District. The District currently provides health benefits to eligible employees. Effective January 1, 2021, the District transitioned the medical insurance provider from CalPERS Health Insurance to ACWA-JPIA. Employees at age 50 with 5 years' CalPERS service, hired before January 1, 2013, or age 52 and 5 years' service, hired after January 1, 2013, may retire directly from the District and receive a District-paid contribution toward retiree medical benefits. This benefit is equal to \$430 per month.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future.

Kirkwood Meadows Public Utility District Notes to the Basic Financial Statements

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Based on the latest biennial actuarial valuation date, the significant methods and assumptions are as follows:

Actuarial data and assumptions – The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	3.97%
Medical cost trend rate	7.50% grading down to 4.00% through 2075

The discount rate was based on 20-Year Tax-Exempt Municipal Bond Yield, as required by GASB Statement No. 75.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection. Termination rates were based on the Crocker-Sarason T5 table, without adjustment.

OPEB liability – As of June 30, 2025 and 2024, the District's total OPEB liability for retiree healthcare was \$1,036,417 and \$1,101,476, respectively. For the year ended June 30, 2025 and 2024, the annual payroll of active employees covered by the plan was \$1,512,534 and \$1,512,038, respectively.

The following census of membership was used in the actuarial valuation:

Active employees	12
Retired employees	3
	15

Kirkwood Meadows Public Utility District

Notes to the Basic Financial Statements

The following table shows the changes in the District's total OPEB liability for the years ended June 30, 2025 and 2024:

	2025	2024
Total OPEB liability - beginning	\$ 1,101,476	\$ 993,902
Changes recognized for the fiscal year		
Service cost	90,195	101,599
Interest on the total OPEB liability	45,610	40,235
Difference between expected and actual experience	(227,741)	-
Changes of assumptions	47,205	(23,949)
Benefit payments	(20,329)	(10,311)
Net changes	(65,060)	107,574
Total OPEB liability - ending	\$ 1,036,416	\$ 1,101,476

The schedule of changes in the District's total OPEB liability and related ratios is included in the Required Supplementary Information.

Sensitivity analysis – The discount rate used to measure the total OPEB liability is 3.97% for 2025, and 3.86% for 2024. The following table presents the sensitivity of total OPEB liability calculation to a 1% increase and 1% decrease in the discount rate used to measure the total OPEB liability for the years ended June 30, 2025 and 2024:

	2025	2024
1% decrease	2.97%	2.86%
Total OPEB liability	\$ 1,185,965	\$ 1,255,532
Current discount rate	3.97%	3.86%
Total OPEB liability	\$ 1,036,416	\$ 1,101,476
1% increase	4.97%	4.86%
Total OPEB liability	\$ 914,796	\$ 976,159

Kirkwood Meadows Public Utility District
Notes to the Basic Financial Statements

The following table presents the sensitivity of total OPEB liability calculation to a 1% increase and a 1% decrease in the healthcare cost trend rates used to measure the total OPEB liability for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
1% decrease	6.50%	5.00%
Total OPEB liability	\$ 896,228	\$ 947,202
Current healthcare cost trend	7.50%	6.00%
Total OPEB liability	\$ 1,036,416	\$ 1,101,476
1% increase	8.50%	7.00%
Total OPEB liability	\$ 1,212,153	\$ 1,296,205

Deferred outflows of resources related to OPEB – At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2025</u>	<u>2024</u>
Deferred outflows of resources		
Pension contribution subsequent to measurement date	\$ 19,011	\$ 20,329
Changes in assumptions	<u>72,141</u>	<u>34,758</u>
	<u>\$ 91,152</u>	<u>\$ 55,087</u>
Deferred inflows of resources		
Difference between expected and actual experience	\$ (1,000,799)	\$ (1,005,283)
Changes in assumptions	<u>(244,918)</u>	<u>(246,015)</u>
	<u>\$ (1,245,717)</u>	<u>\$ (1,251,298)</u>

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized and recognized as OPEB expense as follows for the years ended June 30:

2026	\$ (216,207)
2027	(216,207)
2028	(223,270)
2029	(185,571)
2030	(158,423)
Thereafter	<u>(173,898)</u>
	<u>\$ (1,173,576)</u>

Kirkwood Meadows Public Utility District Notes to the Basic Financial Statements

Note 6 – 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 carries commercial insurance for risks of loss including property and liability, automobile liability, directors' and officers' liability, and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the current and prior fiscal years. The District self-insures for the risk of loss from workers' compensation claims.

Note 7 – Communities Facilities District

Community Facilities District (CFD) No. 98-1 is a legally constituted governmental activity established under the Mello-Roos Community Facilities Act of 1982 (the Act), as amended. The Act provides an alternative method for financing certain public capital facilities and services. CFD No. 98-1 was established through a special election held in May 1999 whereby the qualified electors approved the Rate and Method of Apportionment of the Special Tax and authorized the issuance of up to \$6,263,552 in bonds.

In October 1999, \$2,450,000 in long-term bonds was issued: the 1999 Series A Bonds. A second series of long-term bonds in the amount of \$3,813,552 was issued in May 2000: the 2000 Special Tax Bonds, Series B. The bond proceeds provided funds for the acquisition and construction of public sewer treatment plan improvements to serve property located within CFD No. 98-1.

The bonds are secured and payable from a pledge of the Special Taxes collected by the Counties and remitted to the District (which are remitted to the Community Facilities District) levied upon certain real property within the CFD. The proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Tax, and from amounts held in certain funds pursuant to the resolution. Neither the faith and credit nor the taxing power of the District, the CFD District, the county, the state of California, or any political subdivision of any of the foregoing is pledged to the payment of the bonds.

The bonds are not a debt of the District, CFD No. 98-1, the county, the state of California, or any political subdivisions, and neither the District, CFD No. 98-1, the county, the state, nor any of its political subdivisions is liable therefore.

Note 8 – Commitments and Contingencies

Power supply contracts – The District has a power purchase contract with Shell Energy North America (Shell) to provide the District's power supply through December 2028. In January 2024 the District entered into monthly wholesale power purchase agreements with Shell to hedge against power price volatility. The District's monthly wholesale power purchase agreements specify various monthly MWh purchases at a fixed price through June 30, 2026.

Legal – The District is involved in various claims arising in the normal course of business. The District does not believe that the ultimate outcome of these matters will have a material adverse impact on its financial position or results of operations.

Kirkwood Meadows Public Utility District Notes to the Basic Financial Statements

Note 9 – Subsequent Events

Condominium Purchase – In August 2025, the District obtained a \$460,000 mortgage note through Five Star Bank. This note was used to finance the purchase of a condominium for District's employee housing and is collateralized by real property and related rental income. This note bears interest at a rate of 5.17%, with principal and interest payments due monthly, maturing August 2035.

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Required Supplementary Information

Kirkwood Meadows Public Utility District
Schedule of Revenues and Expenditures, Budget to Actual – Fire Department
Year Ended June 30, 2025

	Budget Original and Final	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ -	\$ 339,237	\$ 339,237
Annual assessment	65,160	65,082	(78)
Contributions and grants	-	36,076	36,076
Other	2,400	9,749	7,349
Impact fees	-	1,592	1,592
Total revenues	<u>67,560</u>	<u>451,736</u>	<u>384,176</u>
EXPENDITURES			
Salaries and wages	1,669	1,844	175
Employee benefits	801	952	151
Payroll taxes	128	152	24
Fire and accident calls	120,000	105,170	(14,830)
Meetings and training	-	3,656	3,656
Outside services	-	6,219	6,219
Professional fees - other	-	44,559	44,559
Supplies and operating materials	12,000	20,720	8,720
Capital expenditures	-	39,202	39,202
General and administrative allocations	-	186,626	186,626
Operating expenses	11,520	9,963	(1,557)
Total expenditures	<u>146,118</u>	<u>419,063</u>	<u>272,945</u>
Excess of expenditures over revenues	<u>\$ (78,558)</u>	<u>\$ 32,673</u>	<u>\$ 111,231</u>

See report of independent auditors.

Kirkwood Meadows Public Utility District
Schedule of Revenues and Expenditures, Budget to Actual – Fire Department
Year Ended June 30, 2024

	Budget Original and Final	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ -	\$ 272,108	\$ 272,108
Annual assessment	64,800	65,148	348
Contributions and grants	-	395,000	395,000
Other	2,400	7,721	5,321
Impact fees	-	9,180	9,180
Total revenues	<u>67,200</u>	<u>749,157</u>	<u>681,957</u>
EXPENDITURES			
Salaries and wages	1,592	803	(789)
Employee benefits	723	406	(317)
Payroll taxes	122	64	(58)
Fire and accident calls	54,000	55,575	1,575
Meetings and training	-	4,291	4,291
Outside services	-	1,900	1,900
Professional fees - other	8,400	36,413	28,013
Supplies and operating materials	12,000	20,420	8,420
Capital expenditures	-	413,903	413,903
General and administrative allocations	-	175,567	175,567
Operating expenses	3,120	9,771	6,651
Total expenditures	<u>79,957</u>	<u>719,113</u>	<u>639,156</u>
Excess of expenditures over revenues	<u>\$ (12,757)</u>	<u>\$ 30,044</u>	<u>\$ 42,801</u>

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Kirkwood Meadows Public Utility District
Schedule of Revenues and Expenditures, Budget to Actual – Parks Department
Year Ended June 30, 2025

	Budget Original and Final	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ -	\$ 40,522	\$ 40,522
EXPENDITURES			
Salaries and wages	3,397	4,148	751
Employee benefits	1,781	1,396	(385)
Payroll taxes	260	377	117
General and administrative allocations	20,253	22,485	2,232
Total expenditures	25,691	28,406	2,715
Excess of expenditures over revenues	\$ (25,691)	\$ 12,116	\$ 37,807

See report of independent auditors.

Kirkwood Meadows Public Utility District
Schedule of Revenues and Expenditures, Budget to Actual – Parks
Year Ended June 30, 2024

	Budget Original and Final	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ -	\$ 43,969	\$ 43,969
EXPENDITURES			
Salaries and wages	7,600	6,936	(664)
Employee benefits	3,617	5,737	2,120
Payroll taxes	581	1,370	789
Supplies and operating materials	1,100	-	(1,100)
General and administrative allocations	28,084	29,926	1,842
Total expenditures	40,982	43,969	2,987
Excess of expenditures over revenues	\$ (40,982)	\$ -	\$ 40,982

See report of independent auditors.

Kirkwood Meadows Public Utility District
Schedule of the District's Proportional Share of the Net Pension Liability
Year Ended June 30, 2025

As of June 30, 2025
Last 10 Years

	2025	2024	2023	2022	2021	2020
	Combined**	Combined**	Combined**	Combined**	Combined**	Combined**
Proportion of the net pension liability	0.02702%	0.02804%	0.02765%	0.02618%	0.02514%	0.02549%
Proportionate share of the net pension liability	\$ 1,359,824	\$ 1,375,578	\$ 1,246,616	\$ 461,171	\$ 1,033,961	\$ 939,819
Covered - employee payroll	\$ 1,512,534	\$ 1,512,038	\$ 1,390,439	\$ 1,179,935	\$ 1,291,213	\$ 1,142,474
Proportionate share of the net pension liability as a percentage of covered employee payroll	89.90%	90.98%	89.66%	39.08%	80.08%	82.26%
Plan's fiduciary net position	\$ 5,198,993	\$ 4,987,627	\$ 4,637,091	\$ 4,729,624	\$ 3,722,638	\$ 3,563,422
Plan fiduciary net position as a percentage of the total pension liability	79.27%	78.83%	78.81%	90.49%	78.26%	79.13%
	2019	2018	2017	2016		
	Combined**	Combined**	Combined**	Classic	PEPRA	
Proportion of the net pension liability	0.02369%	0.02219%	0.02396%	0.02602%	0.00001%	
Proportionate share of the net pension liability	\$ 852,269	\$ 891,645	\$ 832,171	\$ 713,811	\$ (176)	
Covered - employee payroll	\$ 1,150,895	\$ 1,159,848	\$ 1,229,515	\$ 947,831	\$ 75,200	
Proportionate share of the net pension liability as a percentage of covered employee payroll	74.05%	76.88%	67.68%	75.31%	-0.23%	
Plan's fiduciary net position	\$ 3,108,706	\$ 2,662,427	\$ 2,381,318	\$ 2,120,478	\$ 10,133	
Plan fiduciary net position as a percentage of the total pension liability	78.48%	74.91%	74.10%	74.82%	101.77%	

**Beginning in fiscal year 2017, CalPERS no longer provides proportionate share of net pension liability for each of the Classic and PEPRA plans, but rather, combines them as one.

See report of independent auditors.

Kirkwood Meadows Public Utility District
Schedule of District Contribution
Year Ended June 30, 2025

As of June 30, 2025
Last 10 Years*

	2025		2024		2023		2022	
	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA
Contractually required contributions (actuarially determined)	\$ 105,424	\$ 61,031	\$ 107,992	\$ 57,128	\$ 103,108	\$ 40,785	\$ 110,273	\$ 20,953
Contributions in relation to the actuarially determined contributions	(105,424)	(61,031)	(107,992)	(57,128)	(103,108)	(40,785)	(110,273)	(20,953)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 747,699	\$ 764,835	\$ 768,077	\$ 743,961	\$ 844,457	\$ 545,982	\$ 903,877	\$ 276,058
Contributions as a percentage of covered employee payroll	14.10%	7.98%	14.06%	7.68%	12.21%	7.47%	12.20%	7.59%
	2021		2020		2019		2018	
	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA
Contractually required contributions (actuarially determined)	\$ 109,271	\$ 21,277	\$ 100,619	\$ 18,335	\$ 95,704	\$ 17,013	\$ 103,189	\$ 9,057
Contributions in relation to the actuarially determined contributions	(109,271)	(21,277)	(100,619)	(18,335)	(95,704)	(17,013)	(103,189)	(9,057)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 883,997	\$ 275,179	\$ 880,497	\$ 261,977	\$ 902,140	\$ 248,755	\$ 1,021,207	\$ 138,641
Contributions as a percentage of covered employee payroll	12.36%	7.73%	11.43%	7.00%	10.61%	6.84%	10.10%	6.53%
	2017		2016					
	Classic	PEPRA	Classic	PEPRA				
Contractually required contributions (actuarially determined)	\$ 98,528	\$ 6,243	\$ 189,845	\$ 4,492				
Contributions in relation to the actuarially determined contributions	(98,528)	(6,243)	(189,845)	(4,492)				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -				
Covered employee payroll	\$ 1,135,171	\$ 94,344	\$ 947,831	\$ 75,200				
Contributions as a percentage of covered employee payroll	8.68%	6.62%	20.03%	5.97%				

Methods and assumptions used to determine contribution 2025 rates above

Single and agent employers example	Entry age normal
Amortization method	Level percentage of payroll and direct rate smoothing
Asset valuation method	Market value
Inflation	2.30%
Salary increase	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	6.90%, net of pension plan investment and administrative expenses; including inflation
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study of the period from 2000 to 2019. Preretirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries.

See report of independent auditors.

Kirkwood Meadows Public Utility District
Schedule of Changes in Total Other Post-Employment Benefits (OPEB)
Liability and Related Ratios
Years Ended June 30, 2025 and 2024

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
Total OPEB Liability				
Normal cost	\$ 90,195	\$ 101,599	\$ 104,828	\$ 32,434
Interest	45,610	40,235	52,382	-
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(227,741)	-	(1,201,392)	-
Changes of assumptions	47,205	(23,949)	11,317	-
Benefit payments	(20,329)	(10,311)	(12,785)	(32,434)
Adjustment	-	-	182,029	-
Total OPEB liability - beginning of year	1,101,476	993,902	1,857,523	1,857,523
Total OPEB liability - end of year	<u>\$ 1,036,416</u>	<u>\$ 1,101,476</u>	<u>\$ 993,902</u>	<u>\$ 1,857,523</u>
Covered-employee payroll	\$ 1,512,038	\$ 1,390,439	\$ 1,179,935	\$ 1,142,474
Total OPEB liability as percentage of covered-employee payrolls	69%	79%	84%	163%
	June 30, 2021	June 30, 2020	June 30, 2019	
Total OPEB Liability				
Normal cost	\$ 94,679	\$ 169,616	\$ 170,636	
Interest	51,905	52,836	40,141	
Change of benefit terms	733,745	-	-	
Difference between expected and actual experience	(458,015)	-	-	
Changes of assumptions	(112,085)	83,702	-	
Benefit payments	(32,437)	(32,437)	(27,030)	
Adjustment	-	-	-	
Total OPEB liability - beginning of year	1,579,731	1,306,014	1,122,267	
Total OPEB liability - end of year	<u>\$ 1,857,523</u>	<u>\$ 1,579,731</u>	<u>\$ 1,306,014</u>	
Covered-employee payroll	\$ 1,291,213	\$ 1,171,867	\$ -	
Total OPEB liability as percentage of covered-employee payrolls	144%	135%	0%	

* Fiscal year 2019 was the first year of implementation; therefore, only seven years are shown.

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Supplemental Information

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Governmental Departments

Kirkwood Meadows Public Utility District
Schedule of Detailed Statement of Revenues, Expenditures,
and Changes in Fund Balance – General Fund
Year Ended June 30, 2025

	Fire Department	Parks & Recreation	General Government	Total
REVENUES				
General revenues	\$ 76,423	\$ -	\$ 13,966	\$ 90,389
Investment income	-	-	361	361
Grant revenues	36,076	-	-	36,076
Property taxes	339,237	40,522	30,289	410,048
Total revenues	<u>451,736</u>	<u>40,522</u>	<u>44,616</u>	<u>536,874</u>
EXPENDITURES				
General government	-	-	2,260,106	2,260,106
Public protection	265,857	-	-	265,857
Culture and recreation	-	7,188	-	7,188
Capital outlay	39,202	-	-	39,202
Total expenditures	<u>305,059</u>	<u>7,188</u>	<u>2,260,106</u>	<u>2,572,353</u>
Excess (deficiency) of revenues over expenses	<u>\$ 146,677</u>	<u>\$ 33,334</u>	<u>\$ (2,215,490)</u>	<u>(2,035,479)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out				(82,288)
General and administrative allocation out				2,343,365
General and administrative allocation in				<u>(227,009)</u>
Total other financing sources				<u>2,034,068</u>
NET CHANGE IN FUND BALANCES				(1,411)
FUND BALANCE, beginning of year				<u>74,627</u>
FUND BALANCE, end of year				<u>\$ 73,216</u>

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Kirkwood Meadows Public Utility District
Schedule of Detailed Statement of Revenues, Expenditures,
and Changes in Fund Balance – General Fund
Year Ended June 30, 2024

	Fire Department	Parks & Recreation	General Government	Total
REVENUES				
General revenues	\$ 82,049	\$ -	\$ 3,341	\$ 85,390
Investment income	-	-	120	120
Grant revenues	395,000	-	-	395,000
Property taxes	272,108	43,969	(990)	315,087
Total revenues	<u>749,157</u>	<u>43,969</u>	<u>2,471</u>	<u>795,597</u>
EXPENDITURES				
General government	-	-	1,975,874	1,975,874
Public protection	192,458	-	-	192,458
Culture and recreation	-	14,043	-	14,043
Capital outlay	413,903	-	-	413,903
Total expenditures	<u>606,361</u>	<u>14,043</u>	<u>1,975,874</u>	<u>2,596,278</u>
Excess (deficiency) of revenues over expenses	<u>\$ 142,796</u>	<u>\$ 29,926</u>	<u>\$ (1,973,403)</u>	<u>(1,800,681)</u>
OTHER FINANCING SOURCES (USES)				
General and administrative allocation out				2,175,443
General and administrative allocation in				<u>(205,493)</u>
Total other financing sources				<u>1,969,950</u>
NET CHANGE IN FUND BALANCES				169,269
FUND BALANCE, beginning of year				<u>(94,642)</u>
FUND BALANCE, end of year				<u>\$ 74,627</u>

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Proprietary Funds

Kirkwood Meadows Public Utility District
Schedule of Detailed Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2025

	Cable	Electric	Employee Housing	Propane	Snow Removal	Solid Waste	Water	Waste-water	Total
OPERATING REVENUES									
Residential	\$ -	\$ 464,535	\$ -	\$ 754,489	\$ -	\$ 369,750	\$ 111,257	\$ 288,159	\$ 1,988,190
Commercial	-	1,018,414	-	1,034,558	-	26,336	109,806	475,002	2,664,116
Other	11,078	110,523	63,760	24,945	905,826	1,470	62,354	22,616	1,202,572
Interfund sales	-	197,862	-	37,554	26,850	-	893	2,059	265,218
Base rate	-	3,252,589	-	55,524	-	-	568,588	1,049,995	4,926,696
Total operating revenues	11,078	5,043,923	63,760	1,907,070	932,676	397,556	852,898	1,837,831	11,046,792
OPERATING EXPENSES									
Salaries and benefits	-	243,931	11,428	194,310	307,493	33,299	177,893	410,774	1,379,128
Operations and maintenance	-	387,493	49,240	30,081	95,846	194,245	71,736	312,876	1,141,517
Contract services	-	2,054	-	-	90	948	32,458	50,256	85,806
Operating expenses	-	14,764	-	1,111	26,820	-	20,525	36,748	99,968
OPEB expense (revenue)	-	(34,702)	-	(13,482)	10,963	(21,520)	(281)	(4,717)	(63,739)
Pension expense	-	(4,510)	-	48,003	33,565	(51,758)	16,775	22,890	64,965
Depreciation	1,263	1,553,712	50,727	64,913	95,515	5,456	109,081	279,905	2,160,572
Amortization	-	392,531	-	-	-	-	-	-	392,531
General and administrative allocations	11,243	463,192	-	429,464	254,081	94,437	393,488	393,488	2,039,393
Fuel and purchased power	-	943,465	-	886,349	-	-	-	-	1,829,814
Total operating expenses	12,506	3,961,930	111,395	1,640,749	824,373	255,107	821,675	1,502,220	9,129,955
Operating income (loss)	\$ (1,428)	\$ 1,081,993	\$ (47,635)	\$ 266,321	\$ 108,303	\$ 142,449	\$ 31,223	\$ 335,611	1,916,837
NONOPERATING REVENUES (EXPENSES)									
Investment income and other									126,524
Property taxes									613,643
Interest expense									(1,764,442)
Transfers									82,288
Total nonoperating (expenses)									(941,987)
CHANGE IN NET POSITION									
NET POSITION, beginning of year									12,686,524
NET POSITION, end of year									\$ 13,661,374

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Kirkwood Meadows Public Utility District
Schedule of Detailed Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

	Cable	Electric	Employee Housing	Propane	Snow Removal	Solid Waste	Water	Waste-water	Total
OPERATING REVENUES									
Residential	\$ -	\$ 473,884	\$ -	\$ 717,620	\$ -	\$ 367,276	\$ 116,184	\$ 277,178	\$ 1,952,142
Commercial	-	944,100	-	1,014,458	-	27,935	94,823	410,632	2,491,948
Other	9,544	143,940	43,160	30,453	709,920	7,728	72,396	31,197	1,048,338
Interfund sales	-	211,142	-	41,520	44,402	-	780	1,613	299,457
Base rate	-	3,226,040	-	54,231	-	-	514,526	924,664	4,719,461
Total operating revenues	9,544	4,999,106	43,160	1,858,282	754,322	402,939	798,709	1,645,284	10,511,346
OPERATING EXPENSES									
Salaries and benefits	143	259,699	12,443	160,368	293,661	51,789	142,093	340,771	1,260,967
Operations and maintenance	-	377,105	65,790	35,545	197,533	175,046	40,344	204,019	1,095,382
Contract services	-	1,736	-	448	1,400	-	82,164	29,249	114,997
Operating expenses	-	16,414	-	188	24,395	-	19,075	34,248	94,320
OPEB expense (revenue)	-	24,798	-	20,693	(32,218)	9,893	2,410	74,888	100,464
Pension expense	-	3,430	-	5,203	(120,610)	8,146	(31,358)	98,971	(36,218)
Depreciation	138	1,554,195	51,141	64,288	84,732	5,302	104,389	299,117	2,163,302
Amortization	-	391,239	-	(754)	-	-	(476)	(723)	389,286
General and administrative allocations	19,951	540,505	-	393,031	163,597	91,774	337,168	361,109	1,907,135
Fuel and purchased power	-	1,043,871	-	850,020	-	-	-	-	1,893,891
Total operating expenses	20,232	4,212,992	129,374	1,529,030	612,490	341,950	695,809	1,441,649	8,983,526
Operating income (loss)	\$ (10,688)	\$ 786,114	\$ (86,214)	\$ 329,252	\$ 141,832	\$ 60,989	\$ 102,900	\$ 203,635	1,527,820
NONOPERATING REVENUES (EXPENSES)									
Investment income and other									57,967
Property taxes									713,213
Interest expense									(1,600,090)
Transfers									(14,800)
Total nonoperating (expenses)									(843,710)
CHANGE IN NET POSITION									684,110
NET POSITION, beginning of year									12,002,414
NET POSITION, end of year									\$ 12,686,524

See report of independent auditors.

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

Placeholder

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