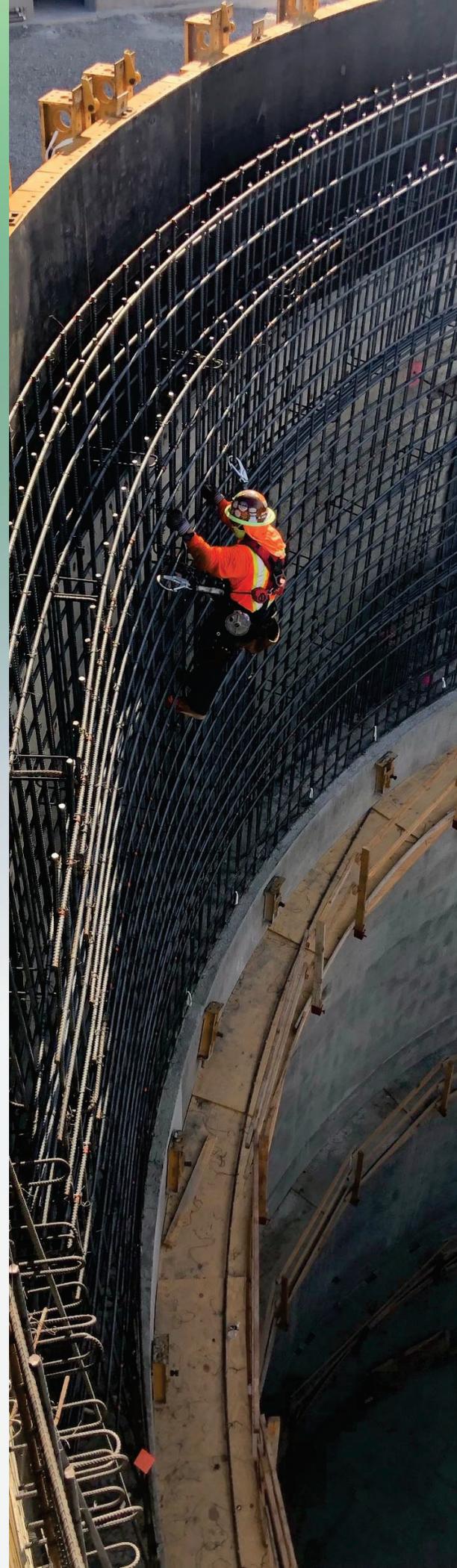


Annual Financial Report

Fiscal Year 2024-25



Silicon Valley Clean Water

Redwood City, California

Annual Financial Report and Independent Auditor's Reports

For the Year Ended June 30, 2025

Prepared by
Finance Department

**Silicon Valley Clean Water
Annual Financial Report and
Independent Auditor’s Reports
For the Year Ended June 30, 2025
Table of Contents**

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Statements of Net Position.....	18
Statements of Revenues, Expenses and Changes in Net Position.....	21
Statements of Cash Flows.....	22
Notes to the Basic Financial Statements	29
Required Supplementary Information (Unaudited):	
Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios	57
Schedules of Contributions – Pension Plans.....	59
Schedule of Changes in Net OPEB Liability and Related Ratios.....	60
Schedules of Contributions – Other Postemployment Benefits Plan.....	62
Supplementary Information:	
Combining Schedule of Net Position.....	64
Combining Schedule of Revenues, Expenses and Changes in Net Position.....	68
Combining Schedule of Cash Flows.....	70
Notes to the Supplementary Information	77
Supplementary Schedule (Unaudited):	
Analysis of Net Position	80

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INDEPENDENT AUDITOR'S REPORT

To the Commission
of Silicon Valley Clean Water
Redwood City, California

Report on Financial Statements

We have audited the accompanying financial statements of Silicon Valley Clean Water ("SVCW"), which comprise the statement of net position as of June 30, 2025, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the basic financial statements, which collectively comprise SVCW's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of SVCW, as of June 30, 2025, and the change in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

Implementation of New GASB Pronouncements

As discussed in Note 2 to the basic financial statements, SVCW implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences* during the year. As discussed in Note 11, the adoption of this standard resulted in the restatement of SVCW's net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

Error Corrections

As discussed in Note 11, SVCW adjusted previously reported amounts as a result of certain error corrections. Our opinion is not modified with respect to this matter.

Prior-Year Summarized Comparative Information

The financial statements of SVCW as of and for the year ended June 30, 2024 were audited by other auditors, whose report, dated September 5, 2024 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented with the basic financial statements herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of Net Pension Liability and Related Ratios, the Schedule of Contributions – CalPERS Pension Plan, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Contributions – Other Post-Employment Benefits Plan as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SVCW's basic financial statements. The Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, and Combining Schedules of Cash Flows, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, and Combining Schedules of Cash Flows, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Supplemental Schedule Section listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Commission
of Silicon Valley Clean Water
Redwood City, California
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025, on our consideration of SVCW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SVCW's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SVCW's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
October 28, 2025

**Silicon Valley Clean Water
Management’s Discussion and Analysis (Unaudited)
June 30, 2025**

Silicon Valley Clean Water (SVCW) has issued its financial statements for the fiscal year ended June 30, 2025 in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). SVCW Management presents the following narrative overview and analysis of the financial activities, with comparative data for the prior fiscal year. The Management’s Discussion and Analysis (MD&A) section is an overview of SVCW’s financial activities and is an integral part of the accompanying Basic Financial Statements. This information should be read in conjunction with the audited financial statements that follow this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

SVCW recognizes revenues and expenses on a full accrual basis; revenues are recognized in the period in which they are earned while expenses are recognized in the period incurred. The basic financial statements are comprised of two components: Financial Statements and Notes to the Financial Statements. The Financial Statements report information about SVCW accounting and use methods similar to those used by private sector companies. These statements offer both short-term and long-term financial information about SVCW activities and include:

- The *Statement of Net Position* presents assets and liabilities, with the difference between the two reported as *net position*. This statement provides information about the nature and amounts of investment in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of SVCW. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position has improved or deteriorated.
- The *Statement of Activities and Changes in Net Position* accounts for revenues and expenses and reflects the results of operations over the course of the fiscal year. This statement indicates the extent to which SVCW recovers its costs through charges.
- The final required financial statement is the *Statement of Cash Flows*, with the primary purpose of illustrating cash receipts and payments made during the reporting period. In addition to cash receipts and payments, this statement displays net changes in cash resulting from operations and investments. It also answers questions about the sources and uses of cash and describes changes in cash balances during the reporting period.

The Notes to the Financial Statements provide information not displayed on the face of the financial statements but essential to a full understanding by readers.

ORGANIZATION AND BUSINESS

SVCW is a joint exercise of powers authority that provides wastewater transmission, treatment, and effluent disposal to the cities of Belmont, Redwood City, and San Carlos, as well as to the West Bay Sanitary District (collectively, the “Members”), all of which are in the northern part of Silicon Valley between the cities of San Francisco and San Jose. SVCW’s wastewater treatment plant is sited in the City of Redwood City and serves more than 225,000 people and businesses located predominantly in San Mateo County, California. SVCW operates in a Bay Area economy with a customer base that includes technology companies like Oracle Corporation, EA Sports, and Meta; it is also home to an expanding biotech industry.

SVCW owns and operates a regional wastewater treatment plant with an average dry weather flow permit capacity of 29 million gallons per day, an approximately nine-mile influent pipeline that conveys wastewater from the Members to SVCW’s treatment plant, two wastewater pump stations, and a 1.25-mile effluent disposal pipeline that discharges treated effluent into the San Francisco Bay. SVCW also produces recycled water for the City of Redwood City.

**Silicon Valley Clean Water
Management’s Discussion and Analysis (Unaudited) (Continued)
June 30, 2025**

SVCW is governed by a four-member Commission consisting of one appointed representative from each Member. Voting is proportional to the Members’ respective ownership interests in SVCW’s wastewater system. A proportionally weighted vote of at least three-fourths of the total Commission votes is required to adopt or amend bylaws, rules, and regulations; to adopt or modify any budget; to approve any capital costs, materials and construction contracts, appropriations, to transfer more than \$50,000; to employ the manager and certain consultants; to sell or dispose of property; or to approve other designated items. Other actions of the Commission must be approved by a majority of total possible votes. Any amendment of the Joint Powers Agreement requires the concurrence of all Members and must also be approved by a 4/5 vote by each Member’s respective governing body.

The Joint Powers Agreement sets forth the allocation of operating and capital costs amongst Members. Operating costs are allocated based on a three-year average of each Member’s annual pro-rata share of total wastewater flow and strength loadings as measured by biological oxygen demand (“BOD”) and suspended solids (“SS”). As a result, the Budget for fiscal year 2024-25 allocated operating and maintenance costs to the Members as follows:

- City of Redwood City 58.24%
- West Bay Sanitary District 20.32%
- City of San Carlos 12.10%
- City of Belmont 9.34%

Capital costs are allocated per Members’ share of capacity owned in various components of the wastewater system as established in the Joint Powers Agreement. All SVCW capital improvement expenditures are allocated as follows:

- City of Redwood City 48.57%
- West Bay Sanitary District 26.84%
- City of San Carlos 15.14%
- City of Belmont 9.45%

The following table shows a history of average daily dry weather wastewater flows conveyed to SVCW from each Member over the past five fiscal years:

<u>Member</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Redwood City	7	7.1	7.8	7.5	7.4
West Bay	2.3	2.5	3.4	3.2	3.1
San Carlos	1.6	1.7	2.6	2	2.0
<u>Belmont</u>	<u>1.3</u>	<u>1.5</u>	<u>1.6</u>	<u>1.4</u>	<u>1.8</u>
Total	12.2	12.8	15.4	14.1	14.3

FINANCIAL ANALYSIS

An important question about SVCW finances is “Is SVCW as a whole better or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about activities to help answer this question. These statements describe the net position and its changes as a measure of SVCW’s financial health. Over time, increases or decreases in net position indicate whether financial health has improved or deteriorated. It is, however, important to keep these indicators in context with other non-financial factors like changes in economic conditions, population growth, climate, zoning, or regulations.

SVCW’s 2024-25 operating revenues and expenses were comparable to the prior fiscal year and the current budget. Noteworthy changes from the prior year included a reduction in debt activities needed to fund ongoing construction, which correlates to the 2024-25 declining cash balance during the fiscal year.

Silicon Valley Clean Water
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2025

Since 2008, SVCW's Capital Improvement Program has been largely funded through long-term borrowings and, to a lesser extent, member agency cash contributions. As of June 30, 2025, outstanding debt principal was \$817.5 million, a slight net increase of \$137.6 thousand after drawing from State Revolving Fund (SRF) loan for the pump station improvements project and paying down SVCW's line of credit.

The SVCW Commission maintains reserve policies to provide for future projects and to protect its fiscal solvency. As of June 30, 2025, cash reserves totaled \$44.5 million and included an Operating Reserve, a Capital Improvement Program Reserve, and a Stage 2 Capacity Reserve. Of this amount, \$9.0 million is restricted as required by SVCW's SRF loan agreements.

Pension costs remain significant as CalPERS incorporates changes in demographic assumptions and SVCW's proportional share of the pooled liability. Changes to these assumptions directly impact employer costs. SVCW's net pension liability slightly decreased in 2024-25 from \$22.3 million to \$22.2 million (Note 8 to the Financial Statements) after the plan's actual earnings improved compared to the expected return on investments. In July 2020, the SVCW Commission established an IRS Section 115 Irrevocable Pension Trust which had a total balance including interest earnings of \$3.4 million as of June 30, 2025. Investments in the Trust will be used by SVCW in future years to mitigate the impact of projected pension contribution increases.

FINANCIAL HIGHLIGHTS

- SVCW net position decreased during 2024-25 by \$2.9 million (2.4%) from the prior year.
- Total assets increased by \$6.4 million (0.7%). As more capital projects entered construction during the fiscal year, the Construction in Progress balance increased \$38.2 million. Cash and investments decreased \$16.1 million due to continued construction. Depreciable capital assets decreased by \$11.4 million as more capital assets were placed into service and depreciated, and approximately \$3.0 million of capital assets were retired.
- Total liabilities decreased \$5.7 million (0.7%) during the fiscal year, primarily due to timing of construction invoice payments in Accounts Payable. SVCW also implemented the newly-required governmental accounting standard for compensated absences as of June 30, 2025, resulting in an \$803.0 thousand increase in total liabilities.
- Total revenues, including cash contributions for capital programs and reserves, increased by \$20.4 million (31.2%) from the previous year. Member contributions rose to provide \$1.5 million more for operating expenses, \$6.8 million more for SRF debt payments, and \$13.6 million in lieu of new debt for capital projects.
- Total expenses ended the fiscal year at \$87.1 million, a \$15.5 million increase (21.7%) compared to the prior year. Approximately \$4.5 million was remitted to Members to return debt coverage reserves, and depreciation increased by \$9.1 million as completed capital projects were placed into service.

NET POSITION

A summary of SVCW's Statement of Net Position is presented in Table 1, which shows net position decreased \$2.9 million (2.4%) from 2023-24. Significant changes included:

- Current and other assets decreased by \$16.8 million (17.2%), as cash was utilized to fund ongoing capital projects.
- Restricted assets decreased by \$3.6 million (22.3%) as SVCW remitted \$4.3 million in debt coverage reserve contribution back to members, partially offset by an increase of \$784.4 thousand in contributions to the Section 115 Irrevocable Pension Trust.
- Capital assets, net of depreciation, decreased by \$11.4 million (1.4%) is primarily due to a \$9.1 million increase in depreciation and \$3.0 million of capital asset retirements.

Silicon Valley Clean Water
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2025

- Total SVCW liabilities decreased by \$5.7 million (0.7%). Accounts Payable decreased \$6.8 million due to the timing of construction invoice payments. This decrease was partially offset by an increase of \$803.0 thousand in compensated absences, resulting from the implementation of governmental accounting standards board (GASB) Statement No. 101.
- Deferred Outflows and Deferred Inflows represent changes in the components of SVCW's pension liability, Other Post-Employment Benefits (OPEB), and deferred loss on defeasance of debt. The most significant change in Deferred Outflows was a total of \$13.5 million to remove unamortized premium cost and deferred losses associated with SVCW's 2021 Refunding Bonds. In addition, CalPERS' investment performance during the 2022-23 measurement period resulted in a \$2.2 million decrease in Deferred Outflows associated with pension liability.

TABLE 1
Condensed Statement of Net Position

	Fiscal Year 2025	Fiscal Year 2024	\$ Higher / (Lower)	% Higher / (Lower)
Current and Other Assets	\$ 81,071,583	\$ 97,857,241	\$ (16,785,658)	(17.2%)
Restricted Assets	12,390,095	15,950,615	(3,560,520)	(22.3%)
Capital Assets	868,059,652	841,300,522	26,759,130	3.2%
Total Assets	961,521,330	955,108,378	6,412,952	0.7%
Deferred Outflows	12,761,243	28,305,446	(15,544,203)	(54.9%)
Total Liabilities	854,147,985	859,864,108	(5,716,123)	(0.7%)
Deferred Inflows	1,029,885	1,499,120	(469,235)	(31.3%)
Net Investment in Capital Assets	53,482,183	89,543,998	(36,061,815)	(40.3%)
Restricted	12,390,095	15,950,615	(3,560,520)	(22.3%)
Unrestricted	53,232,425	16,555,983	36,676,442	221.5%
Total Net Position	\$ 119,104,703	\$ 122,050,596	\$ (2,945,893)	(2.4%)

Table 2 below summarizes construction fund activity. Member contributions were directed to strengthen reserves, fund short-term capital projects, and pay debt service.

As part of continued expenditures on its capital projects, SVCW spent \$57.1 million on capital projects during 2024- 25. Notable expenditures included the Fixed Film Reactor Rehabilitation and Pump Station Improvements. Other project expenditures included Final Effluent Pump Replacement and Biogas Utilization Gas Conditioning System Project.

TABLE 2
Construction Fund Activity

	Capital Improvement Program Reserve	Revenue- Funded Capital Program	Operating Reserve	Stage 2 Capacity Reserve	Capital Improvement Program Construction	Totals
Member Contributions	\$ 3,500,004	\$ 1,499,640	\$ -	\$ 1,615,592	\$ 39,055,776	\$ 45,671,012
Interest Earnings	1,804,342	-	213,384	532,667	2,454,708	5,005,101
Total Revenue	\$ 5,304,346	\$ 1,499,640	\$ 213,384	\$ 2,148,259	\$ 41,510,484	\$ 50,676,113
Cash to Construction	\$ -	\$ (2,099,228)	\$ -	\$ -	\$ (55,038,915)	\$ (57,138,143)

Silicon Valley Clean Water
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2025

While the Statement of Net Position shows the change in financial position from year to year, the Statement of Activities and Changes in Net Position (Table 3 below) addresses the nature and source of the changes. Total revenues increased from 2023-24 by \$20.4 million (31.2%). The most significant increase in total revenues was from Operating Revenues. Total Operating Revenues increased by \$21.5 million (36.8%) as members made cash contributions in lieu of debt and contributions towards newly-due SRF debt service. Total Non-Operating Revenue decreased by \$1.1 million due to less interest earned as cash and investments balances declined.

Total expenses in 2024-25 increased \$15.5 million (21.7%) over the prior year. Notable items included:

- Depreciation expense rose by \$9.1 million (44.1%) as newly-constructed assets were placed into service.
- Operating expenses increased by \$4.5 million (11.8%) due to the remittance of contributions for debt coverage reserves back to members.
- Non-operating expenses increased \$2.0 million (15.0%). This change was largely due to the defeasance of unamortized premium for the 2021 Bonds refunding, which led to an increase of \$3.9 million in total non-operating expense. This increase was partially offset by the reduction of total accrued interest expense associated with the WIFIA loans by \$2.4 million.

TABLE 3
Condensed Statements of Activities and Changes in Net Position

	Fiscal Year 2025	Fiscal Year 2024	\$ Higher / (Lower)	% Higher / (Lower)
Operating Revenues	\$ 79,795,186	\$ 58,323,969	\$ 21,471,217	36.8%
Non-Operating Revenues	5,972,373	7,043,260	(1,070,887)	(15.2%)
Total Revenues	85,767,559	65,367,229	20,400,330	31.2%
Depreciation Expense	29,835,128	20,704,996	9,130,132	44.1%
Operating Expense	42,218,808	37,762,760	4,456,048	11.8%
Non-Operating Expense	15,042,880	13,081,916	1,960,964	15.0%
Total Expenses	87,096,816	71,549,672	15,547,144	21.7%
Changes in Net Position	(1,329,257)	(6,182,443)	4,853,186	(78.5%)
Beginning Net Position	122,050,596	128,233,039	(6,182,443)	(4.8%)
Prior period adjustments	(1,616,636)	-	(1,616,636)	(100.0%)
Beginning Net Position - Adjusted	120,433,960	128,233,039	(7,799,079)	(6.1%)
Ending Net Position	\$ 119,104,703	\$ 122,050,596	\$ (2,945,893)	(2.4%)

Silicon Valley Clean Water
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2025

BUDGETARY HIGHLIGHTS

The SVCW Commission adopts an annual Operating Fund budget that provides for current activities and establishes a short-term spending plan aligned with SVCW activities and financial goals. Budgets are prepared on the accrual basis of accounting. See Supplementary Information - Combining Schedule of Revenues, Expenses and Changes in Net Position for detailed schedule of Operating Fund. Table 4 below compares actual and budgeted expenditures for the Operating Fund during the year ended June 30, 2025.

TABLE 4
Operation Fund Actual vs Budget

	Fiscal Year 2025 Actual	Fiscal Year 2025 Budget	\$ Higher/ (Lower)	% Higher/ (Lower)
Member Contributions	\$ 32,468,376	\$ 32,468,378	\$ (2)	(0.0%)
Source Control Revenue	511,022	87,512	423,510	483.9%
Stormwater Revenue	62,109	106,384	(44,275)	(41.6%)
Other Operating Revenue	563,752	471,029	92,723	19.7%
Non-Operating Revenue	(338,836)	247,500	(586,336)	(236.9%)
Total Revenue	33,266,423	33,380,803	(114,380)	(0.3%)
Operations	14,688,374	13,674,076	1,014,298	7.4%
Maintenance	7,691,854	6,780,746	911,108	13.4%
Laboratory	2,167,491	2,330,054	(162,563)	(7.0%)
Environmental Services	1,194,345	1,200,980	(6,635)	(0.6%)
Engineering	2,469,465	2,295,891	173,574	7.6%
Information Services	1,756,342	2,173,498	(417,156)	(19.2%)
Safety	528,297	486,051	42,246	8.7%
Administration	5,551,867	4,439,508	1,112,359	25.1%
Depreciation	29,835,128	29,835,128	-	-
Total Expenses	65,883,163	63,215,932	2,667,231	4.2%
Net Income/(Loss)	\$ (32,616,740)	\$ (29,835,129)	\$ (2,781,611)	(9.3%)

For total revenue, the increase in Source Control Revenue from leachate deliveries was offset by a decrease in non-operating revenues from the retirements of capital assets. Inclusive of \$29.8 million in depreciation, SVCW reported a net loss in the Operation Fund of \$32.6 million, exceeding budget by \$2.8 million (9.3%).

Total expenses in the Operation Fund were \$2.7 million (4.2%) above budget, which included a year-end net pension liability adjustment of \$1.6 million, as well as higher electricity and equipment repair costs. Noteworthy variances by division include:

- Operations expenses were higher than budget by \$1.0 million (7.4%) due to higher-than-anticipated electricity demand, cogeneration outages, and increased biosolids disposals. Additionally, a year-end pension expense adjustment was recognized for \$578.6 thousand.
- Maintenance expenses were higher than budget by \$911.1 thousand (13.4%) after increased equipment maintenance costs to repair aeration basins, piping and valving systems, and cogeneration engines. Additionally, a year-end pension expense adjustment was recognized for \$298.4 thousand.

Silicon Valley Clean Water
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2025

- Laboratory expenses were \$162.6 thousand (7.0%) less than budget as the division experienced personnel changes and vacancies during the fiscal year.
- Engineering expenses were \$173.6 thousand (7.6%) higher than budget after recognizing a year-end net pension expense adjustment of \$170.6 thousand.
- Information Services expenses were \$417.2 thousand (19.2%) less than budget due to personnel vacancies, decreased equipment maintenance services, and year-end pension expense adjustment.
- Administration expenses were higher than budget by \$1.1 million (25.1%) primarily due to SVCW opting not to draw \$511.8 thousand from the California Employers' Retiree Benefit Trust (CERBT) fund. In addition, there were year-end pension expense adjustment of \$258.9 thousand and compensated absences of \$173.8 thousand.

CAPITAL ASSETS

SVCW has a Long-Range Capital Improvement Program to improve existing facilities, build new facilities, rehabilitate assets, repair or replace infrastructure, preserve assets, enhance safety and security, and maintain performance. Significant investments in infrastructure have included rehabilitation of fixed film reactor, pump station improvements, replacement of final effluent pump, and biogas utilization gas conditioning system. Consistent with the Capital Improvement Program, the Commission approved these and other capital projects to protect public health, the environment, and agency facilities.

Table 5 below provides a summary of SVCW capital assets and shows how, at the end of 2023-24 and 2024-25, Net Property Plant & Equipment (PP&E) was \$804.8 million and \$793.3 million, respectively. Additional information about SVCW's capital acquisitions and construction is presented in Note 5 to the financial statements.

TABLE 5
Capital Assets

	Balance at June 30, 2024	Additions	Retirements	Adjustments & Transfers	Balance at June 30, 2025
Land	\$ 1,282,081	\$ -	\$ -	\$ -	\$ 1,282,081
Buildings & Structures	179,747,051	480,071	-	3,557,431	183,784,553
Pipelines	379,254,610	-	-	10,468,681	389,723,291
Pump Stations	131,163,822	-	(2,285,736)	-	128,878,086
Machines & Equipment	275,510,579	-	(1,299,382)	4,436,271	278,647,468
Total PP&E, Cost	966,958,143	480,071	(3,585,118)	18,462,383	982,315,479
Accum. Depreciation	162,184,959	29,835,128	(3,041,233)	-	188,978,854
Total PP&E, Net	\$ 804,773,184	\$ (29,355,057)	\$ (543,885)	\$ 18,462,383	\$ 793,336,625
Construction in Progress:					
Stage 2 Capacity	\$ 293,462	\$ -	\$ -	\$ -	\$ 293,462
General	36,233,876	56,658,072	-	(18,462,383)	74,429,565
Total CIP	\$ 36,527,338	\$ 56,658,072	\$ -	\$ (18,462,383)	\$ 74,723,027
Total Capital Assets	\$ 841,300,522	\$ 27,303,015	\$ (543,885)	\$ -	\$ 868,059,652

Silicon Valley Clean Water
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2025

LONG-TERM DEBT

Inclusive of SVCW's long-term debt as of June 30, 2025 were \$817.5 million, a \$137.6 thousand increase from the prior year. Components of liabilities included the following:

Wastewater Revenue Bonds and Notes

As of June 30, 2025, SVCW has \$315.0 million (par value) in outstanding Wastewater Revenue Bonds and Notes, the proceeds of which are used to acquire and construct wastewater system improvements. These Bonds and Notes are limited obligations of SVCW, payable solely from and secured solely by revenues pledged under the Indenture which primarily consists of payments made by SVCW Participating Members. Table 6 below compares the total Bonds and Notes outstanding for fiscal years ended June 30, 2024 and 2025.

TABLE 6
Wastewater Revenue Bonds/Notes

Bonds/Notes	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds/Notes Outstanding June 30, 2024	Issued (Redeemed)	Bonds/Notes Outstanding June 30, 2025
2018 Revenue Bond	2018	2049	3.125% - 5.00%	\$ 140,955,000	\$ 126,060,000	\$ (2,880,000)	\$ 123,180,000
2021 Refunding Bond A	2021	2046	0.177% - 2.973%	137,010,000	119,010,000	(5,940,000)	113,070,000
2021 Refunding Bond B	2021	2033	4.00% - 5.00%	6,825,000	5,445,000	(490,000)	4,955,000
2021 Notes, Series B	2022	2026	0.50%	73,840,000	73,840,000	-	73,840,000
Total Wastewater Revenue Bonds/Notes				\$ 358,630,000	\$ 324,355,000	\$ (9,310,000)	\$ 315,045,000

State Water Resources Control Board (SWRCB) Loans

SVCW has financed certain projects by entering into separate sale-repurchase agreements with the SWRCB (See Note 7). Combined, the five SRF Loans had \$200.1 million in outstanding principal as of June 30, 2025. Outstanding principal, together with any accrued interest, will be repaid in annual installments commencing one year after completion of construction.

- In March 2012, SVCW entered into an agreement with the SWRCB for up to \$35.4 million for certain improvements to the wastewater treatment plant. The total outstanding balance as of June 30, 2025 totaled \$20.2 million and the final payment is scheduled for October 31, 2036.
- In February 2016, SVCW entered into an SWRCB agreement for up to \$14.0 million to plan conveyance system improvements. During the fiscal year, SVCW successfully restructured the loan agreement to a more favorable 30-year amortization term with an interest rate of 0.9%, compared to the previous 10-year amortization term with an interest rate of 1.6%. The total outstanding balance as of June 30, 2025 totaled \$13.6 million and the final payment is scheduled for October 15, 2053.
- In August 2021, SVCW entered into an SWRCB agreement for up to \$59.6 million to replace the influent force main with a gravity pipeline under the RESCU program. The total outstanding principal as of June 30, 2025 totaled \$58.7 million and final payment is scheduled for October 2053.
- In August 2021, SVCW entered into an SWRCB agreement for up to \$57.8 million for pump station improvements under the RESCU program. The total outstanding principal including accrued capitalized interest as of June 30, 2025 totaled \$57.0 million and final payment is scheduled for October 2053.
- In August 2021, SVCW entered into an SWRCB agreement for up to \$51.6 million to construct a receiving and lift station (front of plant) under the RESCU program. The total outstanding principal as of June 30, 2025 totaled \$50.6 million and final payment is scheduled for October 2053.

**Silicon Valley Clean Water
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2025**

WIFIA RESCU I (2019 Notes) Loan

In July 2019, SVCW entered a Water Infrastructure Finance and Innovation Act (WIFIA) Loan with the United States Environmental Protection Agency (EPA) for an amount up to \$218,000,000 to finance capital improvements. On October 17, 2024 SVCW used the 2019 WIFIA Loan proceeds to pay off the 2019 Notes in full and fund continued construction of capital projects. As of June 30, 2025, the outstanding balance of this loan was \$223.3 million including capitalized interest that was transferred to principal.

WIFIA RESCU II (2021 Note A) Loan

In August 2021, SVCW entered a new WIFIA Loan with the U.S. EPA for an amount up to \$68,904,163 as additional financing of the RESCU program. The loan proceeds became available on March 1, 2024 and were also used to refund the 2021 Series A Wastewater Notes. As of June 30, 2025, the outstanding balance of the loan was \$70.7 million including capitalized interest that was transferred to principal.

WIFIA WWTP (2021 Note B) Loan

In August 2021, SVCW entered a new WIFIA Loan with the U.S. EPA for an amount up to \$73,840,436, to finance certain wastewater treatment plant improvements. The loan proceeds will become available on March 1, 2026, and will be used to refund the 2021 Series B Wastewater Notes.

**TABLE 7
Direct Borrowing/Notes**

SRF and WIFIA Loans/PG&E	Issue Date	Maturity Date	Interest Rate	Original Issue	Notes Payable Outstanding June 30, 2024	Issued (Redeemed)	Notes Payable Outstanding June 30, 2025
SRF WWTP Phase I	2012	2037	1.80%	\$ 31,549,337	\$ 21,712,022	\$ (1,497,280)	\$ 20,214,742
SRF Conveyance Planning	2016	2054	0.90%	14,000,000	14,000,000	(408,582)	13,591,418
SRF RESCU - Gravity Pipeline	2022	2054	0.90%	60,457,454	60,457,454	(1,764,418)	58,693,036
SRF RESCU - Pump Station	2022	2054	0.90%	58,020,584	34,076,281	(1,012,529)	57,008,055
SRF RESCU - Front of Plant	2022	2054	0.90%	52,107,332	52,107,332	(1,526,673)	50,580,659
WIFIA Loan RESCU I Project	2024	2058	1.41%	228,580,857	220,176,040	3,115,425	223,291,465
WIFIA Loan RESCU II Project	2024	2058	1.94%	73,007,025	69,341,841	1,354,123	70,695,964
PG&E Loan	2025	2032	0.00%	480,071	-	469,857	469,857
Total Notes Payable				\$ 518,202,660	\$ 471,870,970	\$ (1,270,077)	\$ 494,545,196

PG&E Loan

In October 2024, SVCW entered into an on-bill financing loan agreement with Pacific Gas and Electric Company for an amount of \$480,071.43 to fund the energy efficiency lighting renovation project. As of June 30, 2025, the outstanding balance of the loan was \$469.9 thousand.

Line of Credit

In July 2024, SVCW renewed the line of credit agreement with Wells Fargo Bank at an initial amount of \$23.0 million, with an accordion feature that allows an increase up to \$60.0 million. As of June 30, 2025, the outstanding balance on the line of credit was \$0.

More detailed information about SVCW's long-term debt and Notes Payable are presented in Note 7 to the financial statements.

Silicon Valley Clean Water
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The approved Operating Budget for the upcoming fiscal year 2025-26 recommends expenditures based on a prioritization of needs and objectives; it also anticipates external cost pressures and provides a roadmap to meet the needs of the community. The Budget incorporates inflationary pressures, and any savings identified through operational improvements. Personnel costs are relatively unchanged in terms of staffing levels, though adjusted to incorporate an updated Memorandum of Understanding (MOU) with the International Union of Operating Engineers Stationary Local 39, AFL-CIO. The MOU expires on June 30, 2028.

Member Agencies proactively continue to adjust sewer rates to support their allocable share of funding requirements for SVCW's operating costs as well as the Capital Improvement Program.

Table 8 compares next fiscal year's 2025-26 Operating Fund Budget to the fiscal year 2024-25 actual results. Total 2025-26 revenues from Operation Fund are anticipated to increase \$1.4 million (4.3%) as members provide for increased operating costs, mostly the result of labor contract and inflationary pressures. Additionally, for Source Control Revenue and Other Revenues, SVCW predicts the continuation of current stormwater and source control activities.

Planned 2025-26 expenses from the Operation Fund are anticipated to decrease \$1.4 million (2.1%) from the 2024-25 actual expenditures. The 2024-25 actuals included a \$1.6 million pension liability adjustment expense, which was not incorporated in the 2025-26 Budget. Other significant reductions in the new budget include addressing the high costs of chemicals and electricity and reducing purchases of maintenance parts and equipment.

TABLE 8
Operation Fund FY 2025-2026 Budget vs FY 2024-2025 Actual

	FY 2025-2026 Budget	FY 2024-2025 Actual	\$ Increase / (Decrease)	% Increase / (Decrease)
Member Contributions	\$ 33,554,045	\$ 32,468,376	\$ 1,085,669	3.3%
Source Control Revenue	481,315	511,022	(29,707)	(5.8%)
Stormwater Revenue	75,381	62,109	13,272	21.4%
Other Revenues	566,921	563,752	3,169	0.6%
Non-Operating Revenue	12,500	(338,836)	351,336	(103.7%)
Total Revenue	34,690,162	33,266,423	1,423,739	4.3%
Operations	13,984,204	14,688,374	(704,170)	(4.8%)
Maintenance	7,097,337	7,691,854	(594,517)	(7.7%)
Laboratory	2,184,964	2,167,491	17,473	0.8%
Environmental Services	1,520,089	1,194,345	325,744	27.3%
Engineering	2,426,101	2,469,465	(43,364)	(1.8%)
Information Services	1,914,613	1,756,342	158,271	9.0%
Safety	520,315	528,297	(7,982)	(1.5%)
Administration	5,042,539	5,551,867	(509,328)	(9.2%)
Depreciation	29,835,128	29,835,128	(0)	(0.0%)
Total Expenses	64,525,290	65,883,163	(1,357,873)	(2.1%)
Net Income/(Loss)	\$ (29,835,128)	\$ (32,616,740)	\$ 2,781,612	8.5%

**Silicon Valley Clean Water
Management's Discussion and Analysis (Unaudited) (Continued)
June 30, 2025**

CONTACTING SILICON VALLEY CLEAN WATER MANAGEMENT

This financial report is designed to provide SVCW officers, investors, stakeholders, and other interested parties with a general overview of SVCW's financial condition. For questions about this report or to request additional information, please contact the offices of the Manager or the Chief Financial Officer at Silicon Valley Clean Water, (650) 832-6261, 1400 Radio Road, Redwood City, CA, 94065.

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BASIC FINANCIAL STATEMENTS

Silicon Valley Clean Water

Statements of Net Position

June 30, 2025

(With Comparative Totals for June 30, 2024)

	2025	2024
ASSETS		
Current assets:		
Cash and investments	\$ 77,045,658	\$ 93,129,030
Cash restricted for debt service	8,959,692	13,304,610
Cash restricted for pension benefits	3,430,403	2,646,005
Accounts receivable	1,656,788	2,335,650
Interest receivable	439	17,538
Employee notes receivable	12,775	8,887
Inventory	2,280,214	2,300,209
Prepaid items	75,709	65,927
Total current assets	93,461,678	113,807,856
Noncurrent assets:		
Capital assets, depreciable, net	792,054,543	803,491,103
Capital assets, non-depreciable:		
Land	1,282,081	1,282,081
Construction in progress:		
Stage 2	293,462	293,462
General	74,429,566	36,233,876
Capital assets, net	868,059,652	841,300,522
Total noncurrent assets	868,059,652	841,300,522
Total assets	961,521,330	955,108,378
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related deferred outflows of resources	7,365,488	9,558,503
OPEB-related deferred outflows of resources	2,515,982	2,321,502
Deferred loss on refunding	2,879,773	16,425,441
Total deferred outflows of resources	\$ 12,761,243	\$ 28,305,446

Silicon Valley Clean Water
Statements of Net Position (Continued)
June 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 6,433,172	\$ 13,272,318
Accrued payroll and employee benefits	460,951	387,021
Accrued interest payable	4,605,326	4,490,001
Unearned revenue	319,989	399,366
Compensated absences, current portion	1,026,435	1,342,834
Long-term debt, current portion	90,466,376	16,463,670
Total current liabilities	103,312,249	36,355,210
Noncurrent liabilities:		
Compensated absences	1,119,428	-
Long-term debt	726,990,866	800,855,963
Net pension liability	22,161,277	22,261,275
Net OPEB liability	564,165	391,660
Total noncurrent liabilities	750,835,736	823,508,898
Total liabilities	854,147,985	859,864,108
DEFERRED INFLOWS OF RESOURCES		
Pension-related deferred inflows of resources	335,150	813,919
OPEB-related deferred inflows of resources	694,735	685,201
Total deferred inflows of resources	1,029,885	1,499,120
NET POSITION		
Net investment in capital assets	53,482,183	89,543,998
Restricted for:		
Debt service	8,959,692	13,304,610
Pension benefits	3,430,403	2,646,005
Unrestricted	53,232,425	16,555,983
Total net position	\$ 119,104,703	\$ 122,050,596

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Silicon Valley Clean Water
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
OPERATING REVENUES		
Member contributions for services	\$ 32,987,292	\$ 31,362,949
Member contributions for cash reserves	6,615,236	7,176,331
Member contributions for debt service	39,055,776	19,032,441
Member contributions for capital improvements	-	44,345
Source control charges	573,131	290,223
Miscellaneous revenues	563,751	417,680
Total operating revenues	79,795,186	58,323,969
OPERATING EXPENSES		
Operations	15,131,019	14,776,840
Maintenance	7,692,432	7,661,150
Laboratory	2,179,990	2,342,366
Environmental services	1,194,345	1,123,346
Engineering	2,559,328	2,526,955
Information services	1,756,370	2,265,156
Safety	528,297	457,116
Administration	11,177,027	6,609,831
Depreciation	29,835,128	20,704,996
Total operating expenses	72,053,936	58,467,756
Operating income (loss)	7,741,250	(143,787)
NONOPERATING REVENUES (EXPENSES)		
Grants	36,246	183,963
Other revenue (expense)	490,114	442,045
Interest income:		
Operations fund	130,350	74,499
Stage 2 capacity fund	166,046	214,787
Capital improvement reserve fund	939,975	442,069
Operating reserve fund	171,990	132,171
Capital improvement fund	2,328,786	2,996,347
Net increase (decrease) in fair value of investments	1,708,866	2,557,379
Interest expense	(14,933,778)	(17,328,341)
Premium amortization	434,783	4,288,898
Loss on disposal of fixed assets	(543,885)	(42,473)
Total nonoperating revenues (expenses)	(9,070,507)	(6,038,656)
Changes in net position	(1,329,257)	(6,182,443)
Net position, beginning of year	122,050,596	128,233,039
Prior period adjustments (Note 11)	(1,616,636)	-
Net Position, as restated	120,433,960	-
Net position, end of year	\$ 119,104,703	\$ 122,050,596

Silicon Valley Clean Water
Statements of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers for water sales and service	\$ 79,277,784	\$ 57,616,066
Payments to vendors and suppliers for materials and services	(23,857,777)	(13,432,723)
Payments for employee wages, benefits and related costs	(23,743,760)	(21,628,848)
Other revenue	1,136,882	707,903
Net cash provided by operating activities	<u>32,813,129</u>	<u>23,262,398</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from member agencies other than for services	490,114	442,045
Cash received from grants	36,246	183,963
Interest paid on capital debt	(9,768,245)	(16,817,690)
Principal paid on capital debt	(15,964,480)	(319,065,806)
Proceeds from long-term debt	24,424,374	333,945,839
Cash received on sale of capital assets	(543,885)	10,300
Purchases and construction of capital assets	(57,138,143)	(52,122,521)
Net cash (used in) capital and related financing activities	<u>(58,464,019)</u>	<u>(53,423,870)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Noncash equivalent investments	(1,634,863)	17,319,170
Investment income	5,446,013	6,417,252
Net cash provided by (used in) investing activities	<u>3,811,150</u>	<u>23,736,422</u>
Net increase (decrease) in cash and cash equivalents	(21,839,740)	(6,425,050)
Cash and cash equivalents, beginning of year	66,869,255	73,294,305
Cash and cash equivalents, end of year	<u>\$ 45,029,515</u>	<u>\$ 66,869,255</u>
Reconciliation of Cash and Cash Equivalents:		
Cash and investments	89,435,753	109,079,645
Less: investments with original maturities in excess of three months	(44,406,238)	(42,210,390)
Cash and cash equivalents	<u>\$ 45,029,515</u>	<u>\$ 66,869,255</u>

Silicon Valley Clean Water
Statements of Cash Flows (Continued)
For the Year Ended June 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
RECONCILIATION OF OPERATING (LOSS) TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 7,741,250	\$ (143,787)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	29,835,128	20,704,996
Changes in operating assets and liabilities:		
Accounts receivable	678,862	(203,071)
Employee notes receivable	(3,888)	6,801
Inventories	19,995	(292,767)
Prepaid expenses	(9,782)	(17,915)
Net OPEB asset	-	28,336
Pension-related deferred outflows of resources	2,193,015	100,166
OPEB-related deferred outflows of resources	(194,480)	60,842
Accounts payable	(6,839,146)	961,107
Accrued payroll and employee benefits	73,930	111,725
Unearned revenue	(79,377)	95,729
Compensated absences	(205,650)	99,215
Net pension liability	(99,998)	2,028,605
Net OPEB liability	172,505	391,660
Pension-related deferred inflows of resources	(478,769)	(524,199)
OPEB-related deferred inflows of resources	9,534	(145,045)
Net cash provided by operating activities	\$ 32,813,129	\$ 23,262,398
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Unrealized gain (loss) on investments	\$ 1,708,866	\$ 2,557,379
Amortization of bond premium	\$ (434,783)	\$ (4,288,898)

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Silicon Valley Clean Water
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

NOTE	DESCRIPTION	PAGE
1	Reporting Entity	29
2	Summary of Significant Accounting Policies	29
3	Cash, Cash Equivalents, and Investments	34
4	Employee Notes Receivable	37
5	Capital Assets	38
6	Compensated Absences	39
7	Long-Term Debt	39
8	Pension Plans	45
9	Other Postemployment Benefits	49
10	Risk Management	53
11	Prior Period Adjustments	54
12	Commitments and Contingencies	54

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Silicon Valley Clean Water
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

Note 1 – Reporting Entity

Silicon Valley Clean Water (“SVCW”) was founded in 1975 as the successor to the Strategic Consolidation Sewerage Plan, from which SVCW took title to property including sanitary sewerage pumping stations, as well as conveyance and outfall facilities originally constructed by that plan. SVCW now provides wastewater conveyance, treatment, and effluent disposal services for the surrounding communities including the Cities of Belmont, Redwood City, San Carlos and West Bay Sanitary District (“Member Agencies”).

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of SVCW have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All activities of SVCW are accounted for within enterprise funds. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for governmental accounting financial reporting purposes. The more significant of SVCW’s accounting policies are described below:

A. Financial Statements

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of SVCW. The statement of revenues, expenses, and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

B. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The financial statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net assets) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources (acquisition of net assets) that apply to future periods and that, therefore, are not recognized as revenue until that time.

SVCW distinguishes operating revenues and expenses from nonoperating items. Operating revenues in the enterprise funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Budgets and Budgetary Accounting

SVCW annually adopts a one-year budget which provides for the general operations of SVCW. Budgets are prepared on the accrual basis of accounting with the exception of interest expense associated with debt, which is budgeted on a cash basis. Project-length financial plans are adopted for all capital projects.

D. Cash, Cash Equivalents, and Investments

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present an insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk

In addition, other disclosures are specified including the use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

SVCW participates in various investments, including investment of its own cash reserves and in investment pools like California Asset Management Program (CAMP), California Cooperative Liquid Assets Securities System (California CLASS), and those managed by the State of California known as the Local Agency Investment Fund (LAIF). Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in the fair value of investments is recognized as an increase or decrease in investment assets and investment income.

U.S. GAAP establishes a framework for measuring fair value, and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Accounts Receivable

Receivables include amounts due from member assessments, services performed for other agencies. All receivables are current and reported net of an allowance for uncollectible accounts. The allowance for uncollectible accounts was zero as of June 30, 2025.

F. Inventories

Inventories are valued using the first in, first out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

G. Prepaid items

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

H. Capital Assets

Capital assets purchased or acquired with a cost exceeding \$20,000 and an estimated useful life of at least five year are reported at historical cost. Contributed assets are recorded at acquisition value as of the date received. Donated capital assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are reported at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets and is reported as an operating expense.

The ranges of estimated useful lives of capital assets are as follows:

<u>Asset Type</u>	<u>Years</u>
Buildings and Structures	50-70
Pipelines	100
Pump Stations	7-25
Machinery and Equipment	5-10

I. Compensated Absences

SVCW recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation: SVCW’s policy permits employees to accumulate unused vacation up to a maximum of twice an employee’s annual vacation entitlement.

Sick Leave: SVCW’s policy does not offer payment for sick leave at termination or retirement. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Measurement period	July 1, 2023 to June 30, 2024

K. Other Postemployment Benefits (OPEB)

For purposes of measuring the Net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9).

The following timeframes are used for OPEB reporting:

Valuation date	June 30, 2024
Measurement date	June 30, 2024
Measurement period	July 1, 2023 to June 30, 2024

L. Net Position

Net position of SVCW is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowing that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted Net Position – This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of “net investment in capital assets,” or “restricted net position”.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Implementation of New GASB Pronouncements for the Year Ended June 30, 2025

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to SVCW, for the year ended June 30, 2025. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of this Statement resulted in a restatement of the beginning net position as of July 1, 2024, as presented in Note 11.

GASB Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. That objective is achieved by requiring governments to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The statement also requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Implementation of this Statement did not have a significant effect on SVCW's financial statements for the fiscal year ended June 30, 2025.

O. Upcoming Government Accounting Standards Implementations

SVCW is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Application of this statement is effective for SVCW's fiscal year ending June 30, 2026.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Upcoming Government Accounting Standards Implementations (Continued)

GASB Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Application of this statement is effective for SVCW’s fiscal year ending June 30, 2026.

P. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Note 3 – Cash, Cash Equivalents, and Investments

Cash and investments at June 30, 2025 consist of the following:

Cash and Investments	Amount	Investment Rating	Input Level
Cash on hand and deposits:			
Cash on hand	\$ 1,000	n/a	n/a
Deposits with financial institution	202,649	n/a	n/a
Total cash on hand and deposits	203,649		
Investments:			
U.S. Treasuries	25,003,506	AA1	Level 1
U.S. Government Agencies	8,934,832	AA+	Level 1
Asset-Backed Securities/Corporate Bonds	5,554,848	A-/A/A+/AA/AA-/ AAA/NR	Level 1
Municipal Bonds/Notes	1,211,412	AAA/AA/AA+/AA-	Level 1
Supranational	275,120	AA-	Level 1
Money Market Funds	6,766,094	AAAm	Level 2
California Class Investment Pool	9,098,916	AAAm	n/a
California Asset Management Program	5,627,289	AAAm	n/a
Local Agency Investment Fund	26,760,087	Note rated	n/a
Total investments	89,232,104		
Total cash and investments	\$ 89,435,753		

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

A. Demand Deposits

The carrying amounts of SVCW’s demand deposits were \$202,649 at June 30, 2025. Bank balances were \$402,050 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in SVCW’s name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure SVCW’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in SVCW's name.

The market value of pledged securities must equal at least 110% of SVCW 's cash deposits. California law also allows institutions to secure SVCW’s deposits by pledging first trust deed mortgage notes having a value of 150% of SVCW’s total cash deposits. SVCW may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). SVCW, however, has not waived the collateralization requirements.

B. Investments Authorized by the California Government Code and SVCW’s Investment Policy

SVCW's investment guidelines as defined by its written investment policy were approved by the Commission, who also establishes its implementation and direction. Monthly, the Board ratifies the investments that have been made. SVCW’s investment policy follows the California Government Code which authorizes SVCW to invest in the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % of Portfolio	Maximum Investment in Single Issuer (A)
Local Agency Municipal Bonds	5 years	A, A1	30%	5%
U.S. Treasury Obligations	5 years*	None	None	100%
State of California and Other State Obligations	5 years*	A	30%	5%
CA Local Agency Obligations	5 years*	A, A1	30%	5%
U.S. Agency Securities	5 years*	None	None	100%
Commercial Paper (pooled)	270 Days	A1 / P1	15%	None
Commercial Paper (non-pooled)	270 Days	A1 / P1	15%	None
Negotiable Certificates of Deposit	5 years	A, A1	15%	5%
Non-Negotiable Certificates of Deposit	5 years	None	None	None
Medium Term Corporate Notes	5 years	A	30%	30%
Money Market Mutual Funds	N/A	AAA	20%	20%
Collateralized Bank Deposits	5 years	None	50%	100%
Mortgage Pass-Through and Asset-Backed Securities	5 years	AAA	10%	None
County Pooled Investment Funds	N/A	None	None	None
Joint Powers Authority Pool	N/A	Multiple	None	100%
California Local Agency Investment Fund	N/A	None	None	\$75M
Voluntary Investment Program Fund	N/A	None	None	None
Supranational Obligations (B)	5 years	AA	15%	15%
Public Bank Obligations	5 years	None	None	None

(A) 30% maximum % of portfolio is for deposits and certificates of deposit combined.

(B) Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

* Investments with maturities in excess of 5 years authorized during SVCW Commissioner's Meeting on June 17, 2019. Longer-term securities is only for U.S. Treasury, U.S. Agency Securities, and State/Local Agency Obligations and shall have a maximum remaining average life of ten years or less.

* U.S. Treasuries, U.S. Agencies, and State/Local Agency obligations measure maximum maturity as average remaining maturity at time of purchase.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

C. Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

- *Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. To limit loss exposure due to Interest Rate Risk, the investment policy limits the length of maturity of investments. The following is a summary of SVCW's investments by maturity as of June 30, 2025:

Maturity	Amount
0-1 years	\$ 48,539,255
1-2 years	8,605,354
2-3 years	7,348,997
3-5 years	13,830,279
Over 5 years	10,908,219
Total Investments	\$ 89,232,104

- *Credit Risk* - Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To limit loss exposure due to Credit Risk, the investment policy limits the purchase of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service.
- *Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, SVCW's deposits may not be returned to it. Or, in the case of investments, the risk of loss of the investment due to failure, impairment or malfeasance of the third party whose name in which the investment is held and who has physical possession of the instrument. In order to limit loss exposure due to Custodial Credit Risk, the investment policy requires all securities be received and delivered using the standard delivery versus payment (DVP) procedure, and all securities be held by a third-party bank or trust department under the terms of a custody or trustee agreement. None of SVCW's investments were subject to custodial credit risk.
- *Concentration of Credit Risk* - See the table above for SVCW's limitations on the amount that can be invested in any one issuer. As of June 30, 2025, 30% of SVCW's cash was invested in LAIF, 28% in U.S. treasuries, 10% in agencies, 10% in California CLASS, 6% in corporate bonds, 6% in California Asset Management Program (CAMP), 4% in money market accounts, 4% in Section 115 trust account, and 2% in municipal bonds and notes.

D. Local Agency Investment Fund (LAIF)

SVCW is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025, the SVCW had \$26,760,087 invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

E. California Asset Management Program (CAMP)

SVCW is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The total amount invested by all public agencies in CAMP at June 30, 2025 was \$22.3 billion. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of SVCW's position in the pool. At June 30, 2025, the amortized cost approximated is SVCW's cost. At June 30, 2025, SVCW had \$5,627,289 invested in the California Asset Management Program.

F. California CLASS Investment Pool

SVCW is a voluntary participant in California CLASS which is a Joint Powers Authority investment pool providing public agencies the opportunity to invest funds on a cooperative basis in rated pools. At June 30, 2025, this account was valued at \$9,098,916. SVCW received an average yield of 4.34% for the fiscal year ended June 30, 2025 on this investment. SVCW's investment in Cal CLASS is reported at amortized cost.

G. Restricted Cash

SVCW's restricted cash consisted of \$12,390,095 in cash and investments as of June 30, 2025, held by trustees or fiscal agent, \$8,959,692 of which was pledged for the payment or security of bonds and \$3,430,403 of which are restricted for the Section 115 Pension Trust.

Note 4 – Employee Notes Receivable

All full-time and part-time SVCW employees are eligible to obtain an interest-free loan to purchase a computer or certain tools. All requests for loans must be approved by the Department Manager and Human Resources Director. Repayment of these loans is handled through payroll deductions which are amortized over a two-year period. Employees must pay off any outstanding balance of their loans upon ending employment with SVCW. As of June 30, 2025, outstanding balances for notes receivable were \$12,775.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Capital Assets

Summary of changes in capital assets for the year ended June 30, 2025, were as follows:

	Balance July 1, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Capital assets, not being depreciated					
Land	\$ 1,282,081	\$ -	\$ -	\$ -	\$ 1,282,081
Construction in progress					
Stage 2	293,462	-	-	-	293,462
General	36,233,876	56,658,072	-	(18,462,383)	74,429,565
Total capital assets, not being depreciated	37,809,419	56,658,072	-	(18,462,383)	76,005,108
Capital assets, being depreciated/amortized					
Building and structures	179,747,051	480,071	-	3,557,431	183,784,553
Pipelines	379,254,610	-	-	10,468,681	389,723,291
Pump Station	131,163,822	-	(2,285,736)	-	128,878,086
Machinery and equipment	275,510,579	-	(1,299,382)	4,436,271	278,647,468
Total capital assets, being depreciated	965,676,062	480,071	(3,585,118)	18,462,383	981,033,398
Accumulated depreciation/amortization:					
Building and structures	(57,844,471)	(5,971,121)	-	-	(63,815,592)
Pipelines	(21,385,500)	(5,835,059)	-	-	(27,220,559)
Pump Station	(6,393,188)	(4,394,002)	1,759,704	-	(9,027,486)
Machinery and equipment	(76,561,800)	(13,634,946)	1,281,529	-	(88,915,217)
Total accumulated depreciation	(162,184,959)	(29,835,128)	3,041,233	-	(188,978,854)
Total depreciable capital assets, net	803,491,103	(29,355,057)	(543,885)	18,462,383	792,054,544
Total capital assets, net	\$ 841,300,522	\$ 27,303,015	\$ (543,885)	\$ -	\$ 868,059,652

Depreciation expense for depreciable capital assets was \$29,835,128 for the year ended June 30, 2025.

Construction in progress comprised of the following at June 30, 2025:

Project #	Project Name	Total Budgeted	Actual Costs	Unexpended Budget
9242	Fixed Film Reactor Rehabilitation	\$ 48,190,000	\$ 26,481,089	\$ 21,708,911
9501	Pump Station Improvements	20,679,263	17,880,841	2,798,422
9223	Final Effluent Pump Replacement	19,400,000	7,969,190	11,430,810
9600	Buried & Exposed Pipe Repair	17,414,007	176,315	17,237,692
9401	Side Stream Treatment	17,160,000	953,782	16,206,218
9243	PST Thickening Project	15,370,000	209,686	15,160,314
9265	Levee Repair	15,000,000	155,460	14,844,540
9269	Biogas Utilization Gas Conditioning System Project	12,000,000	5,140,223	6,859,777
9245	Digester 2 Cleaning & Rehabilitation	8,200,000	101,113	8,098,887
9257	Food Waste Improvements (includes CalRecycle Grant)	7,730,000	1,263,801	6,466,199
9244	Digester 3 Cleaning & Rehabilitation	5,280,000	551,444	4,728,556
9255	3 Water System Upgrades	5,100,000	382,135	4,717,865
9231	Bioforce Tech Dryer System	4,684,709	4,512,508	172,202
9500	RESCU Administrative Activities	2,562,066	2,270,465	291,601
Various	Other Fund 20 Capital Projects (6 total projects)	2,265,569	1,392,847	872,722
9263	Hypo System Upgrade	2,000,000	89,621	1,910,379
9402	STAR-Strategic Treatment Advanced Roadmap	2,000,000	670,285	1,329,715
6018	Effluent Pipeline and Outfall Reliability Improvements	1,500,000	274,022	1,225,978
9017	Plant #1 Water System Pipe Repair & Upgrade	1,400,000	293,061	1,106,939
Various	Other Fund 14 Capital Projects (10 total projects)	1,240,462	770,711	469,751
9196	Equipment Information Management System	1,187,870	1,521,052	(333,182)
9158	CIP Financial Assistance	1,170,153	981,354	188,799
9247	SHB Electrical Rehabilitation	1,043,530	585,080	458,450
9258	Capital Support for Process Engineering	1,000,000	96,942	903,058
		\$ 213,577,629	\$ 74,723,027	\$ 138,854,603

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Summary of changes in compensated absences for the year ended June 30, 2025, were as follows:

	Balance July 1, 2024, as restated	Increase (Decrease)	Balance June 30, 2025	Due within One Year	Due in More Than One Year
Compensated absences	\$ 2,351,511	\$ (205,648)	\$ 2,145,863	\$ 1,026,435	\$ 1,119,428

Note 7 – Long-Term Debt

A summary of long-term debt for the year ended June 30, 2025, is as follows:

	Final Maturity	Interest Rate	Annual Principal Installments	Original Issue Amounts	Outstanding at June 30, 2025
Public Offering:					
Wastewater Revenue Bonds, Series 2018	2049	3.125% - 5.00%	\$2,245,000 - \$7,680,000	\$140,955,000	\$123,180,000
Wastewater Revenue Refunding Bonds, Series 2021A	2046	0.177% - 2.973%	\$835,000 - \$6,995,000	137,010,000	113,070,000
Wastewater Revenue Refunding Bonds, Series 2021B	2033	4.00% - 5.00%	\$490,000 - \$720,000	6,825,000	4,955,000
Wastewater Revenue Notes, Series 2021B	2026	0.50%	\$73,840,000	73,840,000	73,840,000
Direct Borrowing:					
State Revolving Fund (SRF) Loans:					
Wastewater Treatment Plant	2037	1.80%	\$1,524,232 - \$1,854,712	31,549,337	20,214,742
Conveyance System Improvements	2054	0.90%	\$408,582 - \$529,814	14,000,000	13,591,418
Gravity Pipeline Project	2054	0.90%	\$1,764,418 - \$2,287,944	60,457,454	58,693,036
Pump Station Improvement Project	2054	0.90%	\$1,012,529 - \$2,219,049	58,020,584	57,008,055
Front of Plant Project	2054	0.90%	\$1,526,673 - \$1,971,711	52,107,332	50,580,659
Water Infrastructure Finance and Innovation Act (WIFIA) Loans:					
RESCU I Project	2058	1.41%	\$5,930,156 - \$9,025,881	228,580,857	223,291,465
RESCU II Project	2058	1.94%	\$2,417,439 - \$3,760,816	73,007,025	70,695,964
PG&E Loan	2032	0.00%	\$61,286	480,071	469,857
Total Long-Term Debt				<u>\$876,832,660</u>	<u>\$809,590,196</u>

A summary of changes in the long-term debt for the year ended June 30, 2025, is as follows:

	Balance July 1, 2024, As Restated	Debt Issued	Debt Retired	Balance June 30, 2025	Classification	
					Due Within One Year	Due in More Than One Year
Bonds payable:						
Wastewater Revenue Bonds, Series 2018	\$126,060,000	\$ -	\$ (2,880,000)	\$123,180,000	\$ 3,025,000	\$120,155,000
plus: unamortized bond premium - Series 2018	7,210,136	-	(313,484)	6,896,652	-	6,896,652
Wastewater Revenue Refunding Bonds, Series 2021A	119,010,000	-	(5,940,000)	113,070,000	5,955,000	107,115,000
Wastewater Revenue Refunding Bonds, Series 2021B	5,445,000	-	(490,000)	4,955,000	525,000	4,430,000
plus: unamortized bond premium - Series 2021B	1,091,694	-	(121,300)	970,394	-	970,394
Total bonds payable	<u>258,816,830</u>	<u>-</u>	<u>(9,744,784)</u>	<u>249,072,046</u>	<u>9,505,000</u>	<u>239,567,046</u>
Notes payable:						
Wastewater Revenue Notes, Series 2021B	73,840,000	-	-	73,840,000	73,840,000	-
Total notes payable	<u>73,840,000</u>	<u>-</u>	<u>-</u>	<u>73,840,000</u>	<u>73,840,000</u>	<u>-</u>
Loans payable:						
SRF Loan - Wastewater Treatment Plant	21,712,022	-	(1,497,280)	20,214,742	1,524,232	18,690,510
SRF Loan - Conveyance System Improvements	14,000,000	-	(408,582)	13,591,418	412,260	13,179,158
SRF Loan - Gravity Pipeline Project	60,457,454	-	(1,764,418)	58,693,036	1,780,298	56,912,738
SRF Loan - Front of Plant Project	52,107,332	-	(1,526,673)	50,580,659	1,534,230	49,046,429
SRF Loan - Pump Station Improvement Project	34,076,281	23,944,303	(1,012,529)	57,008,055	1,809,070	55,198,985
WIFIA Loan - RESCU I Project	220,176,040	3,115,425	-	223,291,465	-	223,291,465
WIFIA Loan - RESCU II Project	69,341,841	1,354,123	-	70,695,964	-	70,695,964
PG&E - Energy Efficiency Retrofit Loan	-	480,071	(10,214)	469,857	61,286	408,571
Total loans payable	<u>471,870,970</u>	<u>28,893,922</u>	<u>(6,219,696)</u>	<u>494,545,196</u>	<u>7,121,376</u>	<u>487,423,820</u>
Total	<u><u>\$804,527,800</u></u>	<u><u>\$ 28,893,922</u></u>	<u><u>\$(15,964,480)</u></u>	<u><u>\$817,457,242</u></u>	<u><u>\$ 90,466,376</u></u>	<u><u>\$ 726,990,866</u></u>

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Debt (Continued)

Wastewater Revenue Bonds, Series 2018

On February 8, 2018, SVCW issued \$140,955,000 in Wastewater Revenue Bonds. The Bonds were issued to finance the acquisition and construction of capital improvements to SVCW's wastewater system and pay costs of issuing the Bonds. The 2018 Revenue Bonds mature through August 1, 2048, with installments ranging from \$2,245,000 to \$7,680,000. The interest on the Bonds is payable semi-annually on each February 1 and August 1, and coupons range from 3.125% to 5.00% annually.

The Bonds are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members"). Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues.

The annual debt service requirements on these bonds as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 3,025,000	\$ 4,790,494	\$ 7,815,494
2027	3,185,000	4,635,244	7,820,244
2028	3,345,000	4,471,994	7,816,994
2029	3,515,000	4,300,494	7,815,494
2030	3,695,000	4,120,244	7,815,244
2031-2035	21,205,000	17,893,591	39,098,591
2036-2040	25,485,000	13,610,706	39,095,706
2041-2045	30,600,000	8,491,450	39,091,450
2046-2049	29,125,000	2,156,888	31,281,888
Total	\$ 123,180,000	\$ 64,471,105	\$ 187,651,105

Wastewater Revenue Refunding Bonds, Series 2021AB

On March 2, 2021, SVCW issued 2021 Wastewater Revenue Refunding Bonds in the amount of \$143,835,000 comprised of \$137,010,000 Series A Taxable Bonds and \$6,825,000 Series B Tax-Exempt Bonds. The proceeds from the 2021 Series A Bonds were used to refund the outstanding portion of the 2014 and 2015 Wastewater Revenue Bonds, and to pay the costs of issuance of the Series A Bonds. The proceeds from the 2021 Series B Bonds were used to refund the outstanding loan with the State Water Resources Control Board (SWRCB) for the construction of an administrative and plant control building, and to pay the costs of issuance of the Series B Bonds. The total 2021AB refunding resulted in \$20,090,484 gross debt service (principal and interest) savings over 25 years, and an economic gain of \$14,747,351. The refunding resulted in an accounting deferred loss on refunding of \$3,463,285. The 2021 Revenue Refunding Bonds mature through August 1, 2045, with installments ranging from \$835,000 to \$6,995,000. The interest on the 2021AB Bonds is scheduled to be paid on each February 1 and August 1. Coupons range from 0.88% to 5.00% annually.

The Bonds are limited obligations of SVCW which are payable solely from and secured solely by the revenues pledged under the indenture, consisting primarily of payments made by the City of Redwood, the City of San Carlos, and the West Bay Sanitary District (the "Participating Members").

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Debt (Continued)

Wastewater Revenue Refunding Bonds, Series 2021AB (Continued)

The annual debt service requirements on these bonds as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 6,480,000	\$ 2,659,131	\$ 9,139,131
2027	6,550,000	2,575,532	9,125,532
2028	6,660,000	2,474,809	9,134,809
2029	6,765,000	2,354,744	9,119,744
2030	6,890,000	2,218,575	9,108,575
2031-2035	31,950,000	8,928,016	40,878,016
2036-2040	33,325,000	5,112,659	38,437,659
2041-2045	18,540,000	1,308,598	19,848,598
2046	865,000	12,858	877,858
Total	\$ 118,025,000	\$ 27,644,922	\$ 145,669,922

Waterwater Revenue Notes, Series 2021B

On September 14, 2021, SVCW issued 2021 Wastewater Revenue Bonds in the amount of \$73,840,000 Series B Notes. The proceeds from the 2021 Series B Notes were used to provide interim funding for the 2021 WIFIA WWTP Project, capitalize interest on the Series B Notes through maturity, and pay the costs of issuance of the Series B Notes. SVCW entered into a 2021 WWTP WIFIA Loan Agreement with the United States Environmental Protection Agency. The proceeds from the WWTP WIFIA Loan Agreement are expected to be used to pay the Series B Notes at maturity. The 2021 Revenue Notes mature through March 1, 2026, with a principal payment of \$73,480,000. The interest on the Bonds is payable semi-annually on each March 1 and September 1, and coupon rate of 0.50% annually.

The 2018 Wastewater Revenue Bonds, 2021 Wastewater Refunding Revenue Bonds Series A and B, and 2021 Wastewater Revenue Notes Series B are general obligations of SVCW, payable solely from pledges of wastewater revenues from participating SVCW member agencies. The Bonds and Notes covenants contain events of default that require the revenue of SVCW to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of SVCW to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by SVCW; or if any court or competent jurisdiction shall assume custody or control of SVCW. No such events occurred during the fiscal year ending June 30, 2025.

The annual debt service requirements on these notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 73,840,000	\$ 369,200	\$ 74,209,200
Total	\$ 73,840,000	\$ 369,200	\$ 74,209,200

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Debt (Continued)

State Revolving Fund (SRF) Loans

SVCW has financed multiple projects by entering into five separate agreements with the State Water Resources Control Board (SWRCB). The project funds, together with all accrued interest, are repaid in annual installments commencing one year after the completion of construction. As of June 30, 2025, the total outstanding principal balance for SRF Loans was \$200,087,910.

Events of default on the State Revolving Fund loans include a material adverse change in the condition SVCW, the revenues or the system, litigation related to the system revenues or the project, or failure to make any debt service payment by the due date, which would accelerate repayment of the loans. SVCW can prepay the loans at any time by paying the principal and outstanding accrued interest through the date of prepayment.

The annual debt service requirements on these loans are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 7,060,090	\$ 1,899,602	\$ 8,959,692
2027	7,054,227	1,905,465	8,959,692
2028	7,131,680	1,828,012	8,959,692
2029	7,210,081	1,749,610	8,959,691
2030	7,289,444	1,670,247	8,959,691
2031-2035	37,672,260	7,126,200	44,798,460
2036-2040	34,041,569	5,092,600	39,134,169
2041-2045	31,756,180	3,601,795	35,357,975
2046-2050	33,211,163	2,146,812	35,357,975
2051-2054	27,661,216	625,165	28,286,381
Total	\$ 200,087,910	\$ 27,645,508	\$ 227,733,418

Wastewater Treatment Plant State Revolving Fund Loan

In March 2012, SVCW entered an agreement with the SWRCB for up to \$35,385,953 for certain improvements to the wastewater treatment plant. This loan is due to mature by October 2036. As of June 30, 2025, the total outstanding principal including capitalized interest was \$20,214,742.

Conveyance System Improvements Planning State Revolving Fund Loan

In February 2016, SVCW entered an agreement with the SWRCB for up to \$14,000,000 to plan and design certain improvements to the conveyance system. This planning was completed on August 1, 2019. The SWRCB reimbursed SVCW for project-related expenditures as incurred. As of June 30, 2025, the total outstanding principal including capitalized interest was \$13,591,418.

Gravity Pipeline State Revolving Fund Loan

In July 2021, SVCW executed an Installment Sale Agreement with the SWRCB for up to \$59,605,263 to be used towards construction of its Gravity Pipeline project. The SWRCB reimbursed SVCW for project-related expenditures as incurred. The construction completion date was October 2023 and repayment to the SWRCB is scheduled to begin October 15, 2024 and will end October 15, 2053. As of June 30, 2025, the total outstanding principal including capitalized interest was \$58,693,036.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Debt (Continued)

State Revolving Fund (SRF) Loans (Continued)

Front of Plant State Revolving Fund Loan

In September 2021, SVCW entered an Installment Sale agreement with the SWRCB for up to \$51,631,579 to be used towards construction of its Front of Plant project which includes a receiving lift station, headworks, influent connector pipe, and civil site work. The SWRCB reimbursed SVCW for project-related expenditures as incurred. The construction completion date was October 2023 and repayment to the SWRCB is scheduled to commence October 15, 2024 and will end October 15, 2053. As of June 30, 2025, the total outstanding principal including capitalized interest is \$50,580,658.

Pump Station Improvements State Revolving Fund Loan

In July 2021, SVCW entered an Installment Sale agreement with the SWRCB for up to \$57,763,158 to be used towards construction of its Pump Stations Improvement project. The SWRCB reimburses SVCW for project-related expenditures as incurred. The construction completion date was October 2023 with a final reimbursement date of December 31, 2024. Repayment to the SWRCB was scheduled to commence October 15, 2024 and will end October 15, 2053. As of June 30, 2025, the total outstanding principal including capitalized interest is \$57,008,055.

Water Infrastructure Finance and Innovation Act (WIFIA) Loans

WIFIA Loan 2019 Notes, Regional Environmental Sewer Conveyance Upgrade (RESCU) I Project

In July 2019, SVCW entered into a Water Infrastructure Finance and Innovation Act (WIFIA) loan agreement with the United States Environmental Protection Agency (U.S. EPA) for an amount up to \$218,000,000, which was drawn upon on March 1, 2024. The loan proceeds were utilized to refund the 2019 Series A Wastewater Notes, which was used to finance the acquisition and construction of capital improvements to SVCW's wastewater system. The loan is payable solely from and secured solely by the revenues pledged under the indenture, consisting of payments made by the City of Redwood, the City of San Carlos, the City of Belmont and the West Bay Sanitary District (the "Participating Members"). Principal payment is due annually on March 1. Interest payments are due semi-annually on March 1 and September 1. On November 17, 2020, SVCW and the U.S. EPA re-executed the 2019 WIFIA Loan Agreement in order to reduce the interest rate on its \$218 million WIFIA loan. The interest rate was reduced from 2.40% to 1.41%. As of June 30, 2025, the outstanding balance of the loan is \$223,291,465 including capitalized interest.

WIFIA Loan 2021 Note A, Regional Environmental Sewer Conveyance Upgrade (RESCU) II Project

On August 26, 2021, SVCW entered into a WIFIA loan with the U.S. EPA for an amount up to \$68,904,163 which became available on March 1, 2024. The loan proceeds were utilized to refund the 2021 Series A Wastewater Notes, the proceeds from which were used to finance the construction of SVCW's Regional Environmental Sewer Conveyance Upgrade project. The WIFIA loan is payable solely from and secured solely by revenues pledged under the indenture, consisting of payments made by the City of Redwood, the City of San Carlos, the City of Belmont and the West Bay Sanitary District (the "Participating Members"). Principal payment is due annually on March 1. Interest payments are due semi-annually on March 1 and September 1. As of June 30, 2025, the outstanding principal balance including capitalized interest of the loan is \$70,695,964.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 7 – Long-Term Debt (Continued)

Water Infrastructure Finance and Innovation Act (WIFIA) Loans (Continued)

WIFIA Loan 2021 Note B, Wastewater Treatment Plant Improvements

On August 26, 2021, SVCW entered into a WIFIA loan with the U.S. EPA for an amount up to \$73,840,436 which will become available on March 1, 2026. The loan proceeds will be used to refund the 2021 Series B Wastewater Notes, the proceeds from which were used to finance the construction of wastewater improvement projects. The WIFIA loan is payable solely from and secured solely by revenues pledged under the indenture, consisting of payments made by the City of Redwood, the City of San Carlos, the City of Belmont and the West Bay Sanitary District (the "Participating Members"). Principal payment is due annually on March 1. Interest payments are due semi-annually on March 1 and September 1.

The annual debt service requirements on these loans are as follows:

Year Ending June 30,	Principal	Capitalized Interest	Interest	Total
2026	\$ -	\$ (4,514,026)	\$ -	\$ (4,514,026)
2027	-	(4,585,216)	-	(4,585,216)
2028	5,930,156	-	4,639,326	10,569,482
2029	6,013,772	-	4,555,711	10,569,483
2030	6,098,566	-	4,470,917	10,569,483
2031-2035	34,224,622	-	21,040,232	55,264,854
2036-2040	46,922,858	-	18,011,753	64,934,611
2041-2045	50,688,299	-	14,246,312	64,934,611
2046-2050	54,763,377	-	10,171,235	64,934,612
2051-2055	59,174,233	-	5,760,379	64,934,612
2056-2058	37,771,998	-	1,188,767	38,960,765
Total	\$ 301,587,881	\$ (9,099,242)	\$ 84,084,632	\$ 376,573,271

PG&E – Energy Efficiency Retrofit Loans

On October 2, 2024, SVCW entered into an on-bill financing loan agreement with Pacific Gas and Electric Company in the amount of \$480,071.43 for the energy efficiency lighting renovation project.. Monthly payments due under this agreement are expected to be made from savings in energy costs or other available funds. The loan does not accrue interest.

The annual debt service requirements for the loans were as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 61,286	\$ -	\$ 61,286
2027	61,286	-	61,286
2028	61,286	-	61,286
2029	61,286	-	61,286
2030	61,286	-	61,286
2031-2033	163,427	-	163,427
Total	\$ 469,857	\$ -	\$ 469,857

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Pension Plans

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Agency’s Miscellaneous Employee Pension Plans (the Plans); cost-sharing multiple employers defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Agency 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.

At June 30, 2024, measurement date, the following employees were covered by the benefit terms for the plan:

	Measurement Date
	2024
Active	85
Transferred	18
Separated	28
Retired	105
Total	236

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 year of credited service, equal to one year of full-time employment. Members with five year of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 year of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

	Tier 1	Tier 2	PEPRA
Membership Date	Prior to July 1, 2011	July 1, 2011 - December 31, 2012	On or After January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.00%	7.000%	7.750%
Required employer contribution rates	12.520%	10.150%	7.870%
Final average compensation period	1 year	3 years	3 years

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan 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. SVCW is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2025, SVCW contributed \$3,738,170 into the Plans.

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

As of June 30, 2025 (reporting date), SVCW reported a net pension liability for its proportionate shares of the net pension liability amounting to \$22,161,277.

SVCW's proportionate share of the net pension liability as of June 30, 2024 and 2023 was as follows:

Proportion - June 30, 2023	0.178440%
Proportion - June 30, 2024	0.182740%
Change - Increase/(Decrease)	0.004300%

SVCW’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each 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. SVCW’s proportion of the net pension liability was based on a projection of SVCW’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2025, SVCW recognized pension expense of \$4,786,611. At June 30, 2025, SVCW reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 3,172,362	\$ -
Difference between expected and actual experience	1,916,046	(74,763)
Changes of assumptions	569,591	-
Net difference between projected and actual earnings on pension plan investments	1,275,798	-
Employer contributions in excess/(under) proportionate share of contributions	-	(260,387)
Adjustments due to difference in proportions	431,691	-
Total	\$ 7,365,488	\$ (335,150)

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Pension Plans (Continued)

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

For SVCW’s plans \$3,172,362 was reported as deferred outflows of resources related to pensions resulting from SVCW’s contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,335,708
2027	2,907,254
2028	52,214
2029	(437,200)
2030	-
Thereafter	-
Total	\$ 3,857,976

Actuarial Assumptions

For the measurement period ended June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023 total pension liability determined in the June 30, 2023 actuarial accounting valuation. The June 30, 2024 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90%
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2024 valuation were based on the results of a November 2021 actuarial experience study for the period 2000 to 2019. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

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

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Pension Plans (Continued)

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

Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 considered both short-term and long-term market return expectations. Using historical and forecasted information for all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 ^{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 Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

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

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

The discount rate used to measure the total pension liability was 6.90% for the plan. 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 is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Pension Plans (Continued)

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

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents SVCW’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what SVCW’s proportionate share of the Net Pension Liability/(Asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease - 5.90%		
Net Pension Liability	\$	35,079,941
Current Discount Rate - 6.90%		
Net Pension Liability	\$	22,161,277
1% Increase - 7.90%		
Net Pension Liability	\$	11,527,316

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

SVCW had no outstanding amount of contributions to the pension plan required for the year ending June 30, 2025.

Note 9 – Other Postemployment Benefits

A. General Information about OPEB

Plan Description

SVCW’s Retiree Healthcare Plan (the Plan) is a single employer defined benefit healthcare plan administered by SVCW. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between SVCW, its management employees, and unions representing SVCW employees.

SVCW joined the California Employers’ Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CalPERS, consisting of an aggregation of single-employer plans in the fiscal year 2010-11. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees’ Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Other Postemployment Benefits (Continued)

A. General Information about OPEB (Continued)

Contribution

SVCW’s plan and its contribution requirements are established by SVCW policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2025, SVCW’s contributions totaled \$593,123.

Employees Covered

As of the June 30, 2024 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	85
Inactive employees	52
Total	137

B. Net OPEB Liability

SVCW’s net OPEB liability at June 30, 2025, was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2024, was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent
Amortization Period (years)	16 years
Asset Valuation Method	Market Value
Inflation	2.50%
Payroll Growth	2.75% Plus Merit
Discount Rate	5.75%

The actuarial assumptions used in the June 30, 2024 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for SVCW.

The actuarial assumptions used in the June 30, 2024 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for SVCW.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Other Postemployment Benefits (Continued)

B. Net OPEB Liability (Continued)

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-term Expected Real Rate of Return
All Equities	23.00%	7.250%
All Fixed Income	51.00%	4.250%
Real Estate Investment Trusts	14.00%	7.250%
All Commodities	3.00%	7.250%
Treasury Inflation-Protected Securities (TIPS)	9.00%	3.000%
Total	100.00%	

Discount Rate

At the June 30, 2024 measurement date, the discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, SVCW plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change of Assumptions

Discount rate was updated based on municipal bond rate as of the measurement date. The medical trend, and PEMHCA minimum trend were updated.

C. Change in Net OPEB Liability

Summary of changes in net OPEB liability for the year ended June 30, 2025, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023 (Measurement Date)	\$ 9,721,601	\$ 9,329,941	\$ 391,660
Changes Recognized for the Measurement Period:			
Service cost	237,468	-	237,468
Interest on the total OPEB liability	549,437	568,541	(19,104)
Changes in assumptions	(177,312)	-	(177,312)
Contribution from the employer	-	208,546	(208,546)
Administrative expenses	-	(2,936)	2,936
Experience (Gains)/Losses	337,063	-	337,063
Benefit payments	(573,631)	(573,631)	-
Net changes during July 1, 2023 to June 30, 2024	373,025	200,520	172,505
Balance at June 30, 2024 (Measurement Date)	\$ 10,094,626	\$ 9,530,461	\$ 564,165

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Other Postemployment Benefits (Continued)

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of SVCW, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2024:

Discount Rate		
4.75% (1% Decrease)	5.75% (Current Rate)	6.75% (1% Increase)
\$ 1,775,259	\$ 564,165	\$ (452,092)

The following presents the net OPEB liability of SVCW, as well as what the net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2024:

Trend Rate		
3.00% (1% Decrease)	4.00% (Current Rate)	5.00% (1% Increase)
\$ (619,405)	\$ 564,165	\$ 2,004,847

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

For the year ended June 30, 2025, OPEB expense in the amount of \$579,214 is included in the accompanying statement of activities.

At June 30, 2025, SVCW reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 593,123	\$ -
Differences between expected and actual experience	452,314	(365,659)
Changes in assumptions	922,933	(329,076)
Net difference between projected and actual earnings of OPEB Plan investments	547,612	-
	\$ 2,515,982	\$ (694,735)

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Other Postemployment Benefits (Continued)

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

\$593,123 was reported as deferred outflows of resources related to OPEB resulting from SVCW’s contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	Amount
June 30	
2026	\$ 259,201
2027	613,661
2028	195,942
2029	81,351
2030	40,908
Thereafter	37,061
Total	<u>\$ 1,228,124</u>

Note 10 – Risk Management

SVCW is exposed to various risks of loss including theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. SVCW is a member of the California Sanitation Risk Management Authority (“CSRMA”), a public entity risk pool currently operating as a common risk management and insurance program for 58 member entities. CSRMA’s purpose is to spread adverse effects of losses among the member entities and to purchase excess insurance as a group to reduce costs. CSRMA is governed by a board comprised of one representative from each member agency. The CSRMA board controls the operations of CSRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

The following table summarizes the insurance coverage currently maintained by SVCW:

Type of Coverage (Deductible)	Per Occurrence Limits	Deductible/Retention
Pooled Liability Excess Liability	\$ 10,000,000	None
Property Insurance	1,000,000,000	100,000
Public Entity Pollution Liability	25,000,000	250,000
Cyber Liability	2,000,000	50,000
Public Official Bond	100,000	None
Crime Insurance Policy	5,000,000	2,500
Worker's Compensation Employer's Liability	1,000,000	None
Excess Worker's Compensation Employer's Liability	Statutory Limit	None
Deadly Weapons Response	500,000	None
Boiler & Machinery	100,000,000	Per schedule

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after retrospective rating. CSRMA's audited financial statements may be obtained by writing them at c/o Alliant Insurance Services, 100 Pine Street, 11th Floor, San Francisco, CA 94111.

Silicon Valley Clean Water
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Prior Period Adjustments

The beginning net position at July 1, 2024 was restated as follows:

Net position, as previously reported, at July 1, 2024	\$ 122,050,596
To implement GASB 101 <i>Compensated Absences</i>	<u>(1,008,679)</u>
To correct overstated debt premiums	<u>12,791,833</u>
To correct overstated deferred amount on refunding	<u>(13,399,790)</u>
Net position, as restated	<u><u>\$ 120,433,960</u></u>

Note 12 – Commitments and Contingencies

A. Contracts

SVCW has entered into various contracts for the purchase of material, and construction of facilities. The amounts contracted for are based on the contractor's estimated cost of construction. The total outstanding commitments on these contracts were \$36,132,703 at June 30, 2025.

B. Litigation

SVCW is at risk to be a defendant in various lawsuits which arise in the normal course of business. The final disposition of these legal actions and claims was not determinable. However, in the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or changes in net position of SVCW.

C. Leases

Rent expense was \$174,508 for the months of July 2024 to November 2024, on an annual lease agreement for \$403,165 that expired during the year.

D. Grant Awards

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

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Silicon Valley Clean Water
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Years

Fiscal year ended	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
Plan's proportion of the net pension liability	0.458200%	0.445200%	0.432400%	0.453300%	0.394600%
Plan's proportionate share of the net pension liability	\$ 22,161,277	\$ 22,261,275	\$ 20,232,670	\$ 8,606,933	\$ 16,646,389
Plan's covered payroll	\$ 14,598,993	\$ 13,761,593	\$ 12,784,495	\$ 12,293,195	\$ 11,799,491
Plan's proportionate share of the net pension liability as a percentage of covered payroll	151.80%	161.76%	158.26%	70.01%	141.08%
Plan's fiduciary net position as a percentage of the total pension liability	78.08%	76.21%	76.68%	88.29%	75.10%
Plan's proportionate share of aggregate employer contributions	\$ 2,777,604	\$ 2,677,108	\$ 2,411,890	\$ 2,051,581	\$ 1,916,618
Fiscal year ended	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Plan's proportion of the net pension liability	0.375900%	0.358400%	0.349100%	0.332100%	0.305000%
Plan's proportionate share of the net pension liability	\$ 15,053,146	\$ 13,507,192	\$ 13,762,187	\$ 11,536,951	\$ 8,367,040
Plan's covered payroll	\$ 11,073,314	\$ 11,882,052	\$ 10,137,714	\$ 9,454,067	\$ 9,115,492
Plan's proportionate share of the net pension liability as a percentage of covered payroll	135.94%	113.68%	135.75%	122.03%	91.79%
Plan's fiduciary net position as a percentage of the total pension liability	75.26%	76.53%	77.31%	78.40%	83.30%
Plan's proportionate share of aggregate employer contributions	\$ 1,612,511	\$ 1,470,709	\$ 1,251,217	\$ 1,130,159	\$ 1,033,248

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**Silicon Valley Clean Water
Schedule of Contributions – Pension Plans
Last Ten Years**

Fiscal Year:	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>
Contractually determined contribution (actuarially determined)	\$ 3,172,362	\$ 2,777,604	\$ 2,677,108	\$ 2,411,890	\$ 2,051,581
Contributions in relation to the actuarially determined contributions	(3,172,362)	(2,777,604)	(2,677,108)	(2,411,890)	(2,051,581)
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 15,447,596	\$ 14,598,993	\$ 13,761,593	\$ 12,784,495	\$ 12,293,195
Contributions as a percentage of covered payroll	20.54%	19.03%	19.45%	18.87%	16.69%
Fiscal Year:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Contractually determined contribution (actuarially determined)	\$ 1,916,618	\$ 1,612,511	\$ 1,470,709	\$ 1,251,217	\$ 1,130,159
Contributions in relation to the actuarially determined contributions	(1,916,618)	(1,612,511)	(1,470,709)	(1,251,217)	(1,130,159)
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 11,799,491	\$ 11,073,314	\$ 11,882,052	\$ 10,137,714	\$ 9,454,067
Contributions as a percentage of covered payroll	16.24%	14.56%	12.38%	12.34%	11.95%

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2025:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2025 were derived from the June 30, 2023 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2023 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2023 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.80%
Investment rate of return	6.80% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2000 and 2019.
Mortality	The probabilities of mortality are based on the 2021 experience study report. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

Silicon Valley Clean Water
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Years

Fiscal year ending:	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>
Total OPEB liability				
Service cost	\$ 237,468	\$ 231,112	\$ 242,168	\$ 184,200
Interest	549,437	537,372	544,022	558,593
Differences between expected and actual experience	337,063	2,961	(337,615)	(62,317)
Changes of assumptions	(177,312)	-	-	1,239,004
Benefit payments, including refunds of member contributions	(573,631)	(556,800)	(554,545)	(451,036)
Net change in total OPEB liability	<u>373,025</u>	<u>214,645</u>	<u>(105,970)</u>	<u>1,468,444</u>
Total OPEB liability - beginning	<u>9,721,601</u>	<u>9,506,956</u>	<u>9,612,926</u>	<u>8,144,482</u>
Total OPEB liability - ending (a)	<u>\$ 10,094,626</u>	<u>\$ 9,721,601</u>	<u>\$ 9,506,956</u>	<u>\$ 9,612,926</u>
OPEB fiduciary net position				
Contributions - employer	\$ 208,546	\$ 91,530	\$ 84,612	\$ 342,773
Implicit subsidy - employer	-	116,654	112,991	108,263
Net investment income	568,541	145,942	(1,128,613)	2,377,650
Benefit payments, including refunds of member contributions	(573,631)	(556,800)	(554,545)	(451,036)
Other	-	-	-	-
Administrative expense	(2,936)	(2,677)	(2,778)	(3,273)
Net change in plan fiduciary net position	<u>200,520</u>	<u>(205,351)</u>	<u>(1,488,333)</u>	<u>2,374,377</u>
Plan fiduciary net position - beginning	<u>9,329,941</u>	<u>9,535,292</u>	<u>11,023,625</u>	<u>8,649,248</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,530,461</u>	<u>\$ 9,329,941</u>	<u>\$ 9,535,292</u>	<u>\$ 11,023,625</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 564,165</u>	<u>\$ 391,660</u>	<u>\$ (28,336)</u>	<u>\$ (1,410,699)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	94.41%	95.97%	100.30%	114.68%
Covered-employee payroll	\$ 16,926,095	\$ 15,959,933	\$ 15,155,726	\$ 14,140,636
Plan net OPEB liability as a percentage of covered-employee payroll	59.64%	60.91%	62.73%	67.98%

¹ Information only presented from the implementation year. GASB 75 was implemented as of June 30, 2018.

Silicon Valley Clean Water
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
Last Ten Years

Measurement period, year ending:	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u> ¹
Total OPEB liability				
Service cost	\$ 85,101	\$ 38,457	\$ 37,428	\$ 36,426
Interest	591,376	484,027	473,085	461,630
Differences between expected and actual experience	(329,021)	516,978	-	-
Changes of assumptions	(438,887)	929,611	-	-
Benefit payments, including refunds of member contributions	(421,253)	(391,064)	(341,991)	(328,838)
Net change in total OPEB liability	(512,684)	1,578,009	168,522	169,218
Total OPEB liability - beginning	8,657,166	7,079,157	6,910,635	6,741,417
Total OPEB liability - ending (a)	<u>\$ 8,144,482</u>	<u>\$ 8,657,166</u>	<u>\$ 7,079,157</u>	<u>\$ 6,910,635</u>
OPEB fiduciary net position				
Contributions - employer	\$ 1,016,333	\$ 841,064	\$ 763,957	\$ 748,838
Implicit subsidy - employer	82,920	-	-	-
Net investment income	281,796	444,164	477,679	547,183
Benefit payments, including refunds of member contributions	(421,253)	(391,064)	(341,991)	(328,838)
Other	(1,966)	-	4,017	-
Administrative expense	(3,831)	(1,501)	(11,080)	(4,578)
Net change in plan fiduciary net position	953,999	892,663	892,582	962,605
Plan fiduciary net position - beginning	7,695,249	6,802,586	5,910,004	4,947,399
Plan fiduciary net position - ending (b)	<u>\$ 8,649,248</u>	<u>\$ 7,695,249</u>	<u>\$ 6,802,586</u>	<u>\$ 5,910,004</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ (504,766)</u>	<u>\$ 961,917</u>	<u>\$ 276,571</u>	<u>\$ 1,000,631</u>
Plan fiduciary net position as a percentage of the total OPEB liability	106.20%	88.89%	96.09%	85.52%
Covered-employee payroll	\$ 13,715,063	\$ 13,063,649	\$ 12,259,105	\$ 11,176,980
Plan net OPEB liability as a percentage of covered-employee payroll	59.38%	66.27%	57.75%	61.83%

¹ Information only presented from the implementation year. GASB 75 was implemented as of June 30, 2018.

Silicon Valley Clean Water
Schedule of Contributions – Other Postemployment Benefits Plan
Last Ten Years

Fiscal Year:	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>
Actuarially determined contribution	\$ 511,188	\$ 569,811	\$ 553,839	\$ 545,502	\$ 513,353
Contributions in relation to the actuarially determined contributions	(593,123)	(210,014)	(208,184)	(114,180)	(342,773)
Contribution deficiency (excess)	<u>\$ (81,935)</u>	<u>\$ 359,797</u>	<u>\$ 345,655</u>	<u>\$ 431,322</u>	<u>\$ 170,580</u>
Covered payroll	\$ 16,926,095	\$ 15,959,933	\$ 15,155,726	\$ 14,140,636	\$ 13,715,063
Contributions as a percentage of covered payroll	3.50%	1.32%	1.37%	0.81%	2.50%
Fiscal Year:	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18¹</u>		
Actuarially determined contribution	\$ 502,972	\$ 74,614	\$ 135,456		
Contributions in relation to the actuarially determined contributions	(1,016,333)	(841,064)	(763,957)		
Contribution deficiency (excess)	<u>\$ (513,361)</u>	<u>\$ (766,450)</u>	<u>\$ (628,501)</u>		
Covered payroll	\$ 13,063,649	\$ 12,259,105	\$ 11,176,980		
Contributions as a percentage of covered payroll	7.78%	6.86%	6.84%		

Notes to Schedule

Methods and assumptions used to determine contribution rates for the fiscal year ended June 30, 2025:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2025 were derived from the June 30, 2024 actuarial valuation report.

Actuarial cost method	Entry Age Normal Cost
Amortization method/period	Straight-line over 20 years
Asset valuation method	Level percentage of payroll, closed.
Inflation	2.50%
Salary increases	2.75%
Healthcare trend rate	4.00%
Investment rate of return	5.75%
Retirement age	Hired 2012 and earlier: Rx PA Misc 2% @ 55, min age 50 Hired 2013 and later: Rx PA Misc 2% @ 62, min age 52
Mortality	2017 CalPERS Mortality for Miscellaneous and School Employees.

¹ Information only presented from the implementation year. GASB 75 was implemented as of June 30, 2018.

SUPPLEMENTARY INFORMATION

Silicon Valley Clean Water
Combining Schedule of Net Position
June 30, 2025

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2	Self Insurance
ASSETS					
Current assets:					
Cash and investments	\$ 4,571,756	\$ 21,946,968	\$ -	\$ 8,322,994	\$ -
Cash restricted for debt service	-	8,959,692	-	-	-
Cash restricted for pension benefits	-	-	-	-	-
Accounts receivable	-	-	-	1,158,372	-
Interest receivable	-	-	-	-	-
Employee notes receivable	-	-	-	-	-
Due from other funds	3,226,328	-	-	9,920,044	186,780
Inventory	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total current assets	<u>7,798,084</u>	<u>30,906,660</u>	<u>-</u>	<u>19,401,410</u>	<u>186,780</u>
Noncurrent assets:					
Capital assets, depreciable, net	-	-	-	-	-
Capital assets, non-depreciable:					
Land	-	-	-	-	-
Construction in progress:					
Stage 2	-	-	-	293,462	-
General	-	-	477,249	-	-
Capital assets, net	<u>-</u>	<u>-</u>	<u>477,249</u>	<u>293,462</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>477,249</u>	<u>293,462</u>	<u>-</u>
Total assets	<u>7,798,084</u>	<u>30,906,660</u>	<u>477,249</u>	<u>19,694,872</u>	<u>186,780</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows of resources	-	-	-	-	-
OPEB-related deferred outflows of resources	-	-	-	-	-
Deferred loss on refunding	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

Silicon Valley Clean Water
Combining Schedule of Net Position (Continued)
June 30, 2025

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2	Self Insurance
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 403	\$ 4,445	\$ 34,825	\$ 1,311	\$ -
Accrued payroll and employee benefits	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Due to other funds	-	7,723,372	1,193,309	-	-
Unearned revenue	6,462	31,500	13,696	-	-
Compensated absences, current portion	-	-	-	-	-
Long-term debt, current portion	-	-	-	-	-
Total current liabilities	<u>6,865</u>	<u>7,759,317</u>	<u>1,241,830</u>	<u>1,311</u>	<u>-</u>
Noncurrent liabilities:					
Compensated absences	-	-	-	-	-
Long-term debt	-	-	-	-	-
Net pension liability	-	-	-	-	-
Net OPEB liability	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,865</u>	<u>7,759,317</u>	<u>1,241,830</u>	<u>1,311</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred inflows of resources	-	-	-	-	-
OPEB-related deferred inflows of resources	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	-	-	477,249	293,462	-
Restricted for:					
Debt service	-	8,959,692	-	-	-
Pension benefits	-	-	-	-	-
Unrestricted (deficit)	<u>7,791,219</u>	<u>14,187,651</u>	<u>(1,241,830)</u>	<u>19,400,099</u>	<u>186,780</u>
Total net position	<u>\$ 7,791,219</u>	<u>\$ 23,147,343</u>	<u>\$ (764,581)</u>	<u>\$ 19,693,561</u>	<u>\$ 186,780</u>

(Continued)

Silicon Valley Clean Water
Combining Schedule of Net Position (Continued)
June 30, 2025

	Recycled Water	Capital Improvement Program	Operation	Eliminations	Total
ASSETS					
Current assets:					
Cash and investments	\$ -	\$ 32,861,264	\$ 9,342,676	\$ -	\$ 77,045,658
Cash restricted for debt service	-	-	-	-	8,959,692
Cash restricted for pension benefits	-	-	3,430,403	-	3,430,403
Accounts receivable	118,916	134,000	245,500	-	1,656,788
Interest receivable	-	-	439	-	439
Employee notes receivable	-	-	12,775	-	12,775
Due from other funds	141,790	-	869,615	(14,344,557)	-
Inventory	-	-	2,280,214	-	2,280,214
Prepaid items	-	-	75,709	-	75,709
Total current assets	<u>260,706</u>	<u>32,995,264</u>	<u>16,257,331</u>	<u>(14,344,557)</u>	<u>93,461,678</u>
Noncurrent assets:					
Capital assets, depreciable, net	-	-	792,054,543	-	792,054,543
Capital assets, non-depreciable:					
Land	-	-	1,282,081	-	1,282,081
Construction in progress:					
Stage 2	-	-	-	-	293,462
General	-	73,952,317	-	-	74,429,566
Capital assets, net	<u>-</u>	<u>73,952,317</u>	<u>793,336,624</u>	<u>-</u>	<u>868,059,652</u>
Total noncurrent assets	<u>-</u>	<u>73,952,317</u>	<u>793,336,624</u>	<u>-</u>	<u>868,059,652</u>
Total assets	<u>260,706</u>	<u>106,947,581</u>	<u>809,593,955</u>	<u>(14,344,557)</u>	<u>961,521,330</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related deferred outflows of resources	-	-	7,365,488	-	7,365,488
OPEB-related deferred outflows of resources	-	-	2,515,982	-	2,515,982
Deferred loss on refunding	-	2,879,773	-	-	2,879,773
Total deferred outflows of resources	<u>-</u>	<u>2,879,773</u>	<u>9,881,470</u>	<u>-</u>	<u>12,761,243</u>

(Continued)

Silicon Valley Clean Water
Combining Schedule of Net Position (Continued)
June 30, 2025

	Recycled Water	Capital Improvement Program	Operation	Eliminations	Total
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 31,185	\$ 5,464,586	\$ 896,417	\$ -	\$ 6,433,172
Accrued payroll and employee benefits	-	-	460,951	-	460,951
Accrued interest payable	-	4,605,326	-	-	4,605,326
Due to other funds	-	3,265,395	2,162,481	(14,344,557)	-
Unearned revenue	-	-	268,331	-	319,989
Compensated absences, current portion	-	-	1,026,435	-	1,026,435
Long-term debt, current portion	-	90,405,090	61,286	-	90,466,376
Total current liabilities	<u>31,185</u>	<u>103,740,397</u>	<u>4,875,901</u>	<u>(14,344,557)</u>	<u>103,312,249</u>
Noncurrent liabilities:					
Compensated absences	-	-	1,119,428	-	1,119,428
Long-term debt	-	726,582,295	408,571	-	726,990,866
Net pension liability	-	-	22,161,277	-	22,161,277
Net OPEB liability	-	-	564,165	-	564,165
Total noncurrent liabilities	<u>-</u>	<u>726,582,295</u>	<u>24,253,441</u>	<u>-</u>	<u>750,835,736</u>
Total liabilities	<u>31,185</u>	<u>830,322,692</u>	<u>29,129,342</u>	<u>(14,344,557)</u>	<u>854,147,985</u>
DEFERRED INFLOWS OF RESOURCES					
Pension-related deferred inflows of resources	-	-	335,150	-	335,150
OPEB-related deferred inflows of resources	-	-	694,735	-	694,735
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,029,885</u>	<u>-</u>	<u>1,029,885</u>
NET POSITION					
Net investment in capital assets	-	(740,155,295)	792,866,767	-	53,482,183
Restricted for:					
Debt service	-	-	-	-	8,959,692
Pension benefits	-	-	3,430,403	-	3,430,403
Unrestricted (deficit)	229,521	19,659,957	(6,980,972)	-	53,232,425
Total net position	<u>\$ 229,521</u>	<u>\$ (720,495,338)</u>	<u>\$ 789,316,198</u>	<u>\$ -</u>	<u>\$ 119,104,703</u>

(Concluded)

Silicon Valley Clean Water
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2	Self Insurance
OPERATING REVENUES					
Member contributions for services	\$ -	\$ -	\$ -	\$ -	\$ -
Member contributions for cash reserves	-	3,500,004	1,499,640	1,615,592	-
Member contributions for debt service	-	-	-	-	-
Member contributions for capital improvements	-	-	-	-	-
Source control charges	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-
Total operating revenues	-	3,500,004	1,499,640	1,615,592	-
OPERATING EXPENSES					
Operations	-	-	-	-	-
Maintenance	-	-	-	-	-
Laboratory	-	-	-	-	-
Environmental services	-	-	-	-	-
Engineering	-	-	-	-	-
Information services	-	-	28	-	-
Safety	-	-	-	-	-
Administration	2,364	25,048	-	8,128	-
Depreciation	-	-	-	-	-
Total operating expenses	2,364	25,048	28	8,128	-
Operating income (loss)	(2,364)	3,474,956	1,499,612	1,607,464	-
NONOPERATING REVENUES (EXPENSES)					
Grants	-	-	-	-	-
Other revenue (expense)	-	-	-	-	-
Interest income:					
Operations fund	-	-	-	-	-
Stage 2 capacity fund	-	-	-	166,046	-
Capital improvement reserve fund	-	939,975	-	-	-
Operating reserve fund	171,990	-	-	-	-
Capital improvement fund	-	-	-	-	-
Net increase (decrease) in fair value of investments	41,394	864,367	-	366,621	-
Interest expense	-	-	-	-	-
Premium amortization	-	-	-	-	-
Gain (loss) on disposal of fixed assets	-	-	-	-	-
Total nonoperating revenues (expenses)	213,384	1,804,342	-	532,667	-
Income (loss) before transfers	211,020	5,279,298	1,499,612	2,140,131	-
Transfers in	-	-	-	-	-
Transfers out	-	-	(4,373,044)	-	-
Changes in net position	211,020	5,279,298	(2,873,432)	2,140,131	-
Net position, beginning of year, as restated (Note 11)	7,580,199	17,868,045	2,108,851	17,553,430	186,780
Net position, end of year	\$ 7,791,219	\$ 23,147,343	\$ (764,581)	\$ 19,693,561	\$ 186,780

(Continued)

Silicon Valley Clean Water
Combining Schedule of Revenues, Expenses and Changes in Net Position (Continued)
For the Year Ended June 30, 2025

	Recycled Water	Capital Improvement Program	Operation	Eliminations	Total
OPERATING REVENUES					
Member contributions for services	\$ 518,916	\$ -	\$ 32,468,376	\$ -	\$ 32,987,292
Member contributions for cash reserves	-	-	-	-	6,615,236
Member contributions for debt service	-	39,055,776	-	-	39,055,776
Member contributions for capital improvements	-	-	-	-	-
Source control charges	-	-	573,131	-	573,131
Miscellaneous revenues	-	-	563,751	-	563,751
Total operating revenues	518,916	39,055,776	33,605,258	-	79,795,186
OPERATING EXPENSES					
Operations	442,645	-	14,688,374	-	15,131,019
Maintenance	578	-	7,691,854	-	7,692,432
Laboratory	12,499	-	2,167,491	-	2,179,990
Environmental services	-	-	1,194,345	-	1,194,345
Engineering	-	89,863	2,469,465	-	2,559,328
Information services	-	-	1,756,342	-	1,756,370
Safety	-	-	528,297	-	528,297
Administration	-	5,589,620	5,551,867	-	11,177,027
Depreciation	-	-	29,835,128	-	29,835,128
Total operating expenses	455,722	5,679,483	65,883,163	-	72,053,936
Operating income (loss)	63,194	33,376,293	(32,277,905)	-	7,741,250
NONOPERATING REVENUES (EXPENSES)					
Grants	-	-	36,246	-	36,246
Other revenue (expense)	-	-	490,114	-	490,114
Interest income:					
Operations fund	-	-	130,350	-	130,350
Stage 2 capacity fund	-	-	-	-	166,046
Capital improvement reserve fund	-	-	-	-	939,975
Operating reserve fund	-	-	-	-	171,990
Capital improvement fund	-	2,328,786	-	-	2,328,786
Net increase (decrease) in fair value of investments	-	125,922	310,562	-	1,708,866
Interest expense	-	(14,933,778)	-	-	(14,933,778)
Premium amortization	-	434,783	-	-	434,783
Gain (loss) on disposal of fixed assets	-	-	(543,885)	-	(543,885)
Total nonoperating revenues (expenses)	-	(12,044,287)	423,387	-	(9,070,507)
Income (loss) before transfers	63,194	21,332,006	(31,854,518)	-	(1,329,257)
Transfers in	-	-	18,942,454	(18,942,454)	-
Transfers out	-	(14,569,410)	-	18,942,454	-
Changes in net position	63,194	6,762,596	(12,912,064)	-	(1,329,257)
Net position, beginning of year, as restated (Note 11)	166,327	(727,257,934)	802,228,262	-	120,433,960
Net position, end of year	\$ 229,521	\$ (720,495,338)	\$ 789,316,198	\$ -	\$ 119,104,703

(Concluded)

**Silicon Valley Clean Water
Combining Schedule of Cash Flows
For the Year Ended June 30, 2025**

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2	Self Insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from member agencies	\$ 6,462	\$ 3,503,941	\$ 1,501,526	\$ 1,449,883	\$ -
Payments to vendors and suppliers for materials and services	(2,103)	(22,446)	(150,722)	(390,242)	-
Payments for employee wages, benefits and related costs	-	-	(28,325)	-	-
Other revenue	-	-	-	-	-
Net cash provided by (used in) operating activities	4,359	3,481,495	1,322,479	1,059,641	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash received from member agencies other than for services	-	-	-	-	-
Cash received from grants	-	-	-	-	-
Contribution (to) from other funds	(4,788)	15,777	776,749	(2,389,501)	-
Interest paid on capital debt	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-
Cash received on sale of capital assets	-	-	-	-	-
Purchases and construction of capital assets	-	-	(2,099,228)	-	-
Net cash provided by (used in) capital and related financing activities	(4,788)	15,777	(1,322,479)	(2,389,501)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Noncash equivalent investments	(621,248)	(5,383,364)	-	325,541	-
Investment income	213,384	1,804,342	-	532,667	-
Net cash provided by (used in) investing activities	(407,864)	(3,579,022)	-	858,208	-
Net increase (decrease) in cash and cash equivalents	(408,293)	(81,750)	-	(471,652)	-
Cash and cash equivalents, beginning of year	2,481,979	468,066	-	833,342	-
Cash and cash equivalents, end of year	\$ 2,073,686	\$ 386,316	\$ -	\$ 361,690	\$ -
Reconciliation of Cash and Cash Equivalents:					
Cash and investments	4,571,756	30,906,660	-	8,322,994	-
Less: investments with original maturities in excess of three months	(2,498,070)	(30,520,344)	-	(7,961,304)	-
Cash and cash equivalents	\$ 2,073,686	\$ 386,316	\$ -	\$ 361,690	\$ -

(Continued)

Silicon Valley Clean Water
Combining Schedule of Cash Flows (Continued)
For the Year Ended June 30, 2025

	Operating Reserve	Capital Improvement Program Reserve	Capital Improvements	Construction Stage 2	Self Insurance
RECONCILIATION OF OPERATING (LOSS) TO					
NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (2,364)	\$ 3,474,956	\$ 1,499,612	\$ 1,607,464	\$ -
Adjustments to reconcile operating (loss) to net cash provided by operating activities:					
Depreciation	-	-	-	-	-
Changes in operating assets and liabilities:					
Accounts receivable	-	-	-	(165,709)	-
Employee notes receivable	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Pension-related deferred outflows of resources	-	-	-	-	-
OPEB-related deferred outflows of resources	-	-	-	-	-
Accounts payable	261	2,602	(179,019)	(382,114)	-
Accrued payroll and employee benefits	-	-	-	-	-
Unearned revenue	6,462	3,937	1,886	-	-
Compensated absences	-	-	-	-	-
Net pension liability	-	-	-	-	-
Net OPEB liability	-	-	-	-	-
Pension-related deferred inflows of resources	-	-	-	-	-
OPEB-related deferred inflows of resources	-	-	-	-	-
Net cash provided by operating activities	\$ 4,359	\$ 3,481,495	\$ 1,322,479	\$ 1,059,641	\$ -
NONCASH INVESTING AND FINANCING ACTIVITIES:					
Unrealized gain (loss) on investments	\$ 41,394	\$ 864,367	\$ -	\$ 366,621	\$ -
Noncash transfers of capital assets	\$ -	\$ -	\$ (4,373,044)	\$ -	\$ -
Amortization of bond premium	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

Silicon Valley Clean Water
Combining Schedule of Cash Flows (Continued)
For the Year Ended June 30, 2025

	Recycled Water	Capital Improvement Program	Operation	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from member agencies	\$ 510,533	\$ 39,623,676	\$ 32,681,763	\$ -	\$ 79,277,784
Payments to vendors and suppliers for materials and services	(401,911)	(10,191,393)	(12,698,960)	-	(23,857,777)
Payments for employee wages, benefits and related costs	(41,596)	(1,733,164)	(21,940,675)	-	(23,743,760)
Other revenue	-	-	1,136,882	-	1,136,882
Net cash provided by (used in) operating activities	67,026	27,699,119	(820,990)	-	32,813,129
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash received from member agencies other than for services	-	-	490,114	-	490,114
Cash received from grants	-	-	36,246	-	36,246
Contribution (to) from other funds	(67,026)	(6,038,549)	7,707,338	-	-
Interest paid on capital debt	-	(9,768,245)	-	-	(9,768,245)
Principal paid on capital debt	-	(15,954,266)	(10,214)	-	(15,964,480)
Proceeds from long-term debt	-	23,944,303	480,071	-	24,424,374
Cash received on sale of capital assets	-	-	(543,885)	-	(543,885)
Purchases and construction of capital assets	-	(55,038,915)	-	-	(57,138,143)
Net cash provided by (used in) capital and related financing activities	(67,026)	(62,855,672)	8,159,670	-	(58,464,019)
CASH FLOWS FROM INVESTING ACTIVITIES					
Noncash equivalent investments	-	4,281,790	(237,582)	-	(1,634,863)
Investment income	-	2,454,708	440,912	-	5,446,013
Net cash provided by (used in) investing activities	-	6,736,498	203,330	-	3,811,150
Net increase (decrease) in cash and cash equivalents	-	(28,420,055)	7,542,010	-	(21,839,740)
Cash and cash equivalents, beginning of year	-	61,281,319	1,804,549	-	66,869,255
Cash and cash equivalents, end of year	\$ -	\$ 32,861,264	\$ 9,346,559	\$ -	\$ 45,029,515
Reconciliation of Cash and Cash Equivalents:					
Cash and investments	-	32,861,264	12,773,079	-	89,435,753
Less: investments with original maturities in excess of three months	-	-	(3,426,520)	-	(44,406,238)
Cash and cash equivalents	\$ -	\$ 32,861,264	\$ 9,346,559	\$ -	\$ 45,029,515

(Continued)

Silicon Valley Clean Water
Combining Schedule of Cash Flows (Continued)
For the Year Ended June 30, 2025

	Recycled Water	Capital Improvement Program	Operation	Eliminations	Total
RECONCILIATION OF OPERATING (LOSS) TO					
NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 63,194	\$ 33,376,293	\$ (32,277,905)	\$ -	\$ 7,741,250
Adjustments to reconcile operating (loss) to net cash provided by operating activities:					
Depreciation	-	-	29,835,128	-	29,835,128
Changes in operating assets and liabilities:					
Accounts receivable	(8,383)	675,179	177,775	-	678,862
Employee notes receivable	-	-	(3,888)	-	(3,888)
Inventories	-	-	19,995	-	19,995
Prepaid expenses	-	-	(9,782)	-	(9,782)
Pension-related deferred outflows of resources	-	-	2,193,015	-	2,193,015
OPEB-related deferred outflows of resources	-	-	(194,480)	-	(194,480)
Accounts payable	12,215	(6,245,074)	(48,017)	-	(6,839,146)
Accrued payroll and employee benefits	-	-	73,930	-	73,930
Unearned revenue	-	(107,279)	15,617	-	(79,377)
Compensated absences	-	-	(205,650)	-	(205,650)
Net pension liability	-	-	(99,998)	-	(99,998)
Net OPEB liability	-	-	172,505	-	172,505
Pension-related deferred inflows of resources	-	-	(478,769)	-	(478,769)
OPEB-related deferred inflows of resources	-	-	9,534	-	9,534
Net cash provided by operating activities	\$ 67,026	\$ 27,699,119	\$ (820,990)	\$ -	\$ 32,813,129
NONCASH INVESTING AND FINANCING ACTIVITIES:					
Unrealized gain (loss) on investments	\$ -	\$ 125,922	\$ 310,562	\$ -	\$ 1,708,866
Noncash transfers of capital assets	\$ -	\$ (14,569,410)	\$ 18,942,454	\$ -	\$ -
Amortization of bond premium	\$ -	\$ (434,783)	\$ -	\$ -	\$ (434,783)

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NOTES TO THE SUPPLEMENTARY INFORMATION

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Silicon Valley Clean Water
Notes to the Supplementary Information
For the Year Ended June 30, 2025

Note 1 – Interfund Transactions

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

A. Interfund Due to/from Amounts

Interfund receivables and payables as of June 30, 2025, were as follows:

<u>Fund Description</u>	<u>Due From</u>	<u>Due To</u>
Operations	\$ 869,615	\$ 2,162,481
Capital Improvement Program	-	3,265,395
Recycled Water	141,790	-
Self Insurance	186,780	-
Construction Stage 2	9,920,044	-
Capital Improvements	-	1,193,309
Capital Improvement Program Reserve	-	7,723,372
Operating Reserve	3,226,328	-
Totals	<u>\$ 14,344,557</u>	<u>\$ 14,344,557</u>

B. Interfund Transfers

Interfund transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended and transfers of capital assets upon completion of construction. Interfund transfers for the year ended June 30, 2025, were as follows:

<u>Fund Description</u>	<u>Transfer In</u>	<u>Transfers Out</u>
Operations	\$ 18,942,454	\$ -
Capital Improvement Program	-	14,569,410
Capital Improvements	-	4,373,044
Totals	<u>\$ 18,942,454</u>	<u>\$ 18,942,454</u>

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SUPPLEMENTARY SCHEDULE
(Unaudited)

DRAFT - UNAUDITED

Silicon Valley Clean Water
 Analysis of Net Position
 Supplemental Schedule
 For the Year Ended June 30, 2025

Fund / Location	Belmont	Redwood City	San Carlos	West Bay Sanitary District	Total
Operations (Fund 18)					
Balance at June 30, 2024	\$ 75,828,518	\$ 387,589,878	\$ 118,805,628	\$ 217,515,808	\$ 799,739,833
Member Agency Contributions	3,032,568	18,907,488	3,929,460	6,598,860	32,468,376
Other Miscellaneous Revenue	123,011	589,587	169,168	255,116	1,136,882
Grant Revenue	3,922	18,797	5,393	8,133	36,246
Unrealized Gain / (Loss) on Investments	11	54	16	24	105
Interest Income, Direct	1,318	3,856	764	597	6,534
Interest Income, Allocated	13,397	64,211	18,424	27,784	123,816
Capitalized Projects Transferred from other Funds	1,790,062	9,200,350	2,867,887	5,084,155	18,942,454
Gain / (Loss) on Asset Disposal	(47,763)	(245,488)	(76,522)	(135,658)	(505,432)
Operating & Maintenance Costs	(3,358,756)	(19,352,722)	(4,802,025)	(8,014,794)	(35,528,298)
Depreciation Expenditures	(2,819,420)	(14,490,922)	(4,517,038)	(8,007,748)	(29,835,128)
Beginning Net Position Adj O&M - GASB 101	(67,196)	(345,365)	(107,656)	(190,850)	(711,067)
Beginning Net Position Adj Non O&M - GASB 101	(32,201)	(154,341)	(44,284)	(66,784)	(297,610)
Balance at June 30, 2025	<u>\$ 74,467,470</u>	<u>\$ 381,785,383</u>	<u>\$ 116,249,214</u>	<u>\$ 213,074,643</u>	<u>\$ 785,576,711</u>
Retiree Medical Health Benefits Reserve (Fund 12)					
Balance at June 30, 2024	\$ 60,230	\$ 154,516	\$ 130,439	\$ 67,077	\$ 412,262
Contributions to Fund 12	-	-	-	-	-
Expenditures	(55,381)	(265,441)	(76,162)	(114,857)	(511,842)
Balance at June 30, 2025	<u>\$ 4,849</u>	<u>\$ (110,925)</u>	<u>\$ 54,277</u>	<u>\$ (47,780)</u>	<u>\$ (99,580)</u>
Section 115 Pension Benefits Reserve (Fund 32)					
Balance at June 30, 2024	\$ 342,544	\$ 1,686,389	\$ 419,715	\$ 636,198	\$ 3,084,846
Contributions to Fund 32	48,870	234,231	67,207	101,353	451,661
Unrealized Gain / (Loss) on Investment	3,403	16,308	4,679	7,057	31,447
Interest Income	30,189	144,695	41,517	62,610	279,010
Fees	(854)	(4,095)	(1,175)	(1,772)	(7,897)
Balance at June 30, 2025	<u>\$ 424,151</u>	<u>\$ 2,077,528</u>	<u>\$ 531,943</u>	<u>\$ 805,445</u>	<u>\$ 3,839,067</u>
Capital Improvement Program Reserve (Fund 13)					
Balance at June 30, 2024	\$ 1,688,531	\$ 8,678,490	\$ 2,705,233	\$ 4,795,791	\$ 17,868,045
Member Contributions - Replacement Reserve	330,756	1,699,956	529,896	939,396	3,500,004
Change in Fair Value, Unrealized Gain/(Loss)	81,683	419,823	130,865	231,996	864,367
Fees	(2,367)	(12,165)	(3,792)	(6,722)	(25,046)
Interest Income	88,828	456,546	142,312	252,289	939,975
Balance at June 30, 2025	<u>\$ 2,187,430</u>	<u>\$ 11,242,649</u>	<u>\$ 3,504,514</u>	<u>\$ 6,212,750</u>	<u>\$ 23,147,343</u>
Construction Stage 2 (Fund 15)					
Balance at June 30, 2024	\$ 323,682	\$ 10,705,894	\$ 3,075,516	\$ 3,448,338	\$ 17,553,430
Member Purchases of Capacity	-	1,615,592	-	-	1,615,592
Interest Income	15,691	80,648	25,139	44,567	166,046
Unrealized Gain / (Loss) on Investment	34,646	178,068	55,506	98,401	366,621
Fees	(768)	(3,947)	(1,230)	(2,181)	(8,127)
Capitalized Projects Transferred to Fund 18	-	-	-	-	-
Balance at June 30, 2025	<u>\$ 373,251</u>	<u>\$ 12,576,254</u>	<u>\$ 3,154,931</u>	<u>\$ 3,589,124</u>	<u>\$ 19,693,561</u>

DRAFT - UNAUDITED

Silicon Valley Clean Water
 Analysis of Net Position
 Supplemental Schedule
 For the Year Ended June 30, 2025

Fund / Location	Belmont	Redwood City	San Carlos	West Bay Sanitary District	Total	
Self Insurance (Fund 16)						
Balance at June 30, 2024	\$ 19,639	\$ 75,632	\$ 34,110	\$ 57,399	\$ 186,780	
Expenses / Claims	-	-	-	-	-	
Balance at June 30, 2025	<u>\$ 19,639</u>	<u>\$ 75,632</u>	<u>\$ 34,110</u>	<u>\$ 57,399</u>	<u>\$ 186,780</u>	
Operating & Capital Reserve (Fund 17)						
Balance at June 30, 2024	\$ 849,569	\$ 3,772,119	\$ 976,245	\$ 1,982,266	\$ 7,580,199	
Member Contributions	-	-	-	-	-	
Unrealized Gain / (Loss) on Investment	4,479	21,467	6,159	9,289	41,394	
Fees	(256)	(1,225)	(352)	(530)	(2,363)	
Interest Income	18,609	89,194	25,592	38,595	171,990	
Balance at June 30, 2025	<u>\$ 872,401</u>	<u>\$ 3,881,554</u>	<u>\$ 1,007,645</u>	<u>\$ 2,029,619</u>	<u>\$ 7,791,219</u>	
Revenue-Funded Capital Improvements (Fund 14)						
Balance at June 30, 2024	\$ 257,467	\$ 1,109,634	\$ 80,870	\$ 660,880	\$ 2,108,851	
Member Contributions - Pay go capital projects	141,720	728,376	227,040	402,504	1,499,640	
Miscellaneous Revenue	-	-	-	-	-	
Other Expenses	(3)	(15)	(5)	(8)	(30)	
Capitalized Projects transferred to Fund 18	(413,253)	(2,123,987)	(662,079)	(1,173,725)	(4,373,044)	
Balance at June 30, 2025	<u>\$ (14,068)</u>	<u>\$ (285,991)</u>	<u>\$ (354,173)</u>	<u>\$ (110,348)</u>	<u>\$ (764,581)</u>	
Recycled Water (Fund 19)						
Balance at June 30, 2024	\$ -	\$ 166,328	\$ -	\$ -	\$ 166,327	
RWC Recycled Water O&M Contributions	-	518,916	-	-	518,916	
RWC Recycled Water O&M Expenditures	-	(455,723)	-	-	(455,723)	
Balance at June 30, 2025	<u>\$ -</u>	<u>\$ 229,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,521</u>	
Plant Capital Improvement Program (Fund 20)						
Balance at June 30, 2024	(34,187,549)	(371,392,099)	(119,558,850)	(201,511,479)	\$ (726,649,977)	
Member Contributions	2,493,929	19,913,963	6,263,917	10,383,967	39,055,776	
Unrealized Gain / (Loss) on Investments	11,900	61,160	19,065	33,797	125,922	
Interest on Trustee Reserves	228,606	1,142,822	356,345	601,014	2,328,786	
Capitalized Projects Transferred to Fund 18	(1,376,809)	(7,076,362)	(2,205,809)	(3,910,430)	(14,569,410)	
Interest Expense, Direct	(2,610,910)	(5,402,742)	(1,720,073)	(216,038)	(9,949,763)	
Interest Expense, Allocated	(283,880)	(2,440,417)	(760,502)	(1,353,339)	(4,838,137)	
Amortization of Bond Premium	-	246,347	77,974	110,463	434,783	
Refund of Debt Coverage Reserve	(533,689)	(2,711,173)	(847,790)	(1,496,969)	(5,589,622)	
Other Expenses	(22,278)	(114,500)	(35,691)	(63,273)	(235,742)	
Beginning Net Position Adj - Defeasance	-	(347,271)	(95,499)	(165,186)	(607,957)	
Balance at June 30, 2025	<u>\$ (36,280,681)</u>	<u>\$ (368,120,272)</u>	<u>\$ (118,506,913)</u>	<u>\$ (197,587,472)</u>	<u>\$ (720,495,338)</u>	
TOTAL NET POSITION - June 30, 2025	\$ 42,054,442	\$ 43,351,333	\$ 5,675,548	\$ 28,023,380	\$ 119,104,703	
	CY %	35.31%	36.40%	4.77%	23.53%	100.00%

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