

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
Financial Statements
June 30, 2025 and 2024

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
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 JUNE 30, 2025 AND 2024

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GOULET, SALVIDIO
& ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Cherry Valley and Rochdale Water District
Leicester, Massachusetts 01524

Opinion

We have audited the accompanying financial statements of Cherry Valley and Rochdale Water District (the “District”) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cherry Valley and Rochdale Water District, as of June 30, 2025 and 2024, and the changes in financial position and cash flows 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. 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 Cherry Valley and Rochdale Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Cherry Valley and Rochdale Water District’s ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 and in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 Cherry Valley and Rochdale Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cherry Valley and Rochdale Water District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages four through six, Net Pension Liability, Net Other Postemployment Benefit Liability, and Schedule of Revenues and Expenditures – Budget to Actual Information presented on pages 34 to 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Goulet, Salvidio & Associates, P.C.

Goulet, Salvidio & Associates, P.C.

Worcester, Massachusetts
November 20, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Within this section of the Cherry Valley and Rochdale Water District’s annual financial report, management provides narrative discussion and analysis of the financial activities of the Cherry Valley and Rochdale Water District for the years ended June 30, 2025 and 2024. The District’s performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements:

The basic financial statements include (1) the statements of net position (2) the statements of revenues, expenses and change in net position (3) the cash flow statements and (4) notes to the financial statements.

The Statements of Net Position is designed to indicate our financial position as of a specific point in time. As of June 30, 2025, our net position totaled \$4,115,256, a decrease of \$180,129 or 4.19% from 2024.

The Statements of Revenues, Expenses and Changes in Net Position summarize our operating results and reveal how much of a profit or loss was earned for the year. As discussed on the following page, our net loss and net income for the years ending June 30, 2025 and 2024 was (\$180,129) and \$225,451, respectively.

The Statements of Cash Flows provide information about the cash receipt and cash payments during the accounting period. They also provide information about the operating activities, investing activities and financing activities for the same period.

Summary of Net Position

	2025	2024
Current Assets	\$ 1,632,017	\$ 1,822,685
Noncurrent Assets	4,817,416	4,850,587
Total Assets	6,449,433	6,673,272
Deferred Outflows of Resources	299,185	194,357
Total Assts and Deferred Outflows of Resources	\$ 6,748,618	\$ 6,867,629
Current Liabilities	\$ 82,654	\$ 43,389
Noncurrent Liabilities	1,287,653	1,211,766
Total Liabilities	1,370,307	1,255,155
Deferred Inflows of Resources	1,263,055	1,317,089
Net Position:		
Net Investment in Capital Assets	3,114,163	3,135,068
Restricted	211,065	262,568
Unrestricted Net Position	790,028	897,749
Total Net Position	4,115,256	4,295,385
Total Liabilities, Deferred of Resources and Net Position	\$ 6,748,618	\$ 6,867,629

Summary of Changes in Net Position

	2025	2024
Operating Revenues	\$ 1,381,191	\$ 1,318,034
Operating Expenses	1,662,915	1,202,298
Operating Income (Loss)	(281,724)	115,736
Nonoperating Revenues (Expenses)	101,595	109,715
Net Income (Loss)	(180,129)	225,451
Net Position, January 1	4,295,385	4,069,934
Net Position, December 31	\$ 4,115,256	\$ 4,295,385

Financial Highlights:

Cherry Valley and Rochdale Water District is a political subdivision of the Commonwealth of Massachusetts. The District provides water service to a specific geographical area for the Town of Leicester and Oxford. Cherry Valley and Rochdale Water District works as a separate governmental unit, with its own Board of Water Commissioners, policies, and budget serving the needs and providing value to its ratepayers.

Budgetary Highlights:

The final budget did not change from the original budget. Expenditures overall were under budget by \$155,676 due primarily to consulting services, repairs and maintenance, and technology being under budget.

Significant Balances and Transactions:

Cash and Cash Equivalents

The District maintains operating cash in five bank accounts that are monitored by the District’s Treasurer. The balances in these accounts are sufficient to cover the District’s current liabilities.

Capital Assets

Cherry Valley and Rochdale Water District’s investment in capital assets as of June 30, 2025 and 2024 amount to \$3,421,697 and \$3,469,873, respectively, (net of depreciation). This investment in capital assets includes land, buildings, improvements to land and buildings, machinery and equipment, vehicles and water and sewer lines.

Debt Administration

As of June 30, 2025 and 2024, Cherry Valley and Rochdale Water District had a total debt outstanding of \$307,534 and \$334,805, respectively. The debt consists of a bond anticipation note and is backed by the full faith and credit of the District.

Operational Update:

Through the course of fiscal year 2025 and 2024 the staff worked and managed projects in the District.

Operational Update (continued)

Sargent Street Water line: This was a project to improve redundancy from the Districts connection with the City of Worcester. District ratepayers approved this free cash expenditure for \$330,000. The project was completed October of 2024 with final paving.

Lead Service Line Inventory: This project was mandated to all water systems for the EPA and enforced through MassDEP as an initiative to locate and remove lead service lines in water systems. CVRWD originally approved \$110,000 from Free Cash for this project but was successful in having the entire project funded through MassDEP grant. The project is still ongoing.

Swamp Leak: In October 2024, on call staff for the District were alerted of an issue in the Rochdale portion of the system through the water alarm system. A large leak was located on the transmission main located in the swamp off of Peter Salem Rd. Crews worked around the clock for a week to not only access and fix the leak but also maintain water system pressure and availability through alternative sources. The District filed an application with the USDA for Emergency Funding relief but as of June 30, 2025, the application has not been reviewed.

Kettle Brook Leak: In January 2025, staff were alerted to a water main break on the water main over the Kettle Brook on Main St. in Cherry Valley. Crews found that a car had driven off the roadway and struck an exposed water main going over the river. Prior to this event, staff was working with Consulting Engineers to design an upgrade to this section of the main to eliminate it from being located above the brook.

Pleasant & Stafford St Water Line Improvement Design: This project was funded through a grant of \$130,000 from the Massachusetts Rural Development. The intent of the project was to design the upgrade and replacement of portions of water mains on Pleasant St (between Rt 56. and the Greenville water tank). Additionally, the water main on Stafford St. from Rt.56 to Pleasant St was also redesigned with upgrades. This work will improve fire flows throughout the area of Rochdale. As of June 30, 2025, the project is still ongoing.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
 STATEMENTS OF NET POSITION
 JUNE 30, 2025 AND 2024

OPERATING FUND

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2025	2024
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 1,204,029	\$ 1,492,311
Investments	266,455	255,868
Accounts Receivable	72,736	29,757
Tax Titles Receivable	29,007	22,676
Other Receivables	30,335	632
Lease Receivable, Current Portion	9,241	8,885
Prepaid Expenses	20,214	12,556
Total Current Assets	1,632,017	1,822,685
 NONCURRENT ASSETS:		
Lease Receivable, Net of Current Portion	1,357,377	1,350,672
Stabilization Funds	38,342	30,042
Capital Assets, Net of Accumulated Depreciation	3,421,697	3,469,873
Total Noncurrent Assets	4,817,416	4,850,587
TOTAL ASSETS	6,449,433	6,673,272
 DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows Related to OPEB	93,909	0
Deferred Outflows Related to Pension	205,276	194,357
Total Deferred Inflows of Resources	299,185	194,357
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,748,618	\$ 6,867,629

See Accompanying Notes to the Financial Statements

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

OPERATING FUND

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2025	2024
CURRENT LIABILITIES:		
Accounts Payable	\$ 40,421	\$ 779
Accrued Expenses	14,369	15,339
Bond Payable, Current Portion	27,864	27,271
Total Current Liabilities	82,654	43,389
 NONCURRENT LIABILITIES:		
Net Pension Liability	879,756	835,848
Net OPEB Liability	128,227	68,384
Bond Loan Payable, Net of Current Portion	279,670	307,534
Total Noncurrent Liabilities	1,287,653	1,211,766
TOTAL LIABILITIES	1,370,307	1,255,155
 DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows Related to OPEB	2,964	0
Deferred Inflows Related to Pension	78,875	106,118
Deferred Inflows Related to Lease Receivables	1,181,216	1,210,971
Total Deferred Inflows of Resources	1,263,055	1,317,089
 NET POSITION:		
Net Investment in Capital Assets, Net of Related Debt	3,114,163	3,135,068
Restricted	211,065	262,568
Unrestricted	790,028	897,749
Total Net Position	4,115,256	4,295,385
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	 \$ 6,748,618	 \$ 6,867,629

See Accompanying Notes to the Financial Statements

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

OPERATING FUND

	2025	2024
REVENUES:		
Water Usage	\$ 1,287,090	\$ 1,293,560
Repairs and Connections	41,913	4,500
Penalties	16,560	13,165
Other Charges	35,628	6,809
Total Revenues	1,381,191	1,318,034
EXPENSES:		
Accounting	20,095	15,000
Chemical Supplies	3,126	2,600
City of Worcester - Water Purchase	339,574	272,641
Consulting Services	39,412	7,303
Continuing Education	7,915	3,653
DEP Assessment	574	560
Depreciation Expense	168,346	164,014
Inspections	8,695	10,104
Electricity	25,645	30,662
Field Supplies	6,033	5,505
Utilities Heat	1,479	1,063
Insurance	113,090	125,645
Lab Work	16,075	18,484
Legal Fees	432	707
Meters	42,109	34,751
Miscellaneous	891	3,542
Motor Vehicle	16,124	10,392
Office Expense	14,540	12,485
Officer's Salary	5,327	6,373
Other Postemployment Benefits Expense	27,181	19,971
Payroll	309,544	291,234
Pipe Supplies	10,622	14,984
Worcester Regional Retirement	89,475	83,261
Postage	6,497	6,024
Property Tax	6,295	5,960
Repairs & Maintenance	299,346	7,321
Service Agreements	9,704	12,145
Small Tools	351	2,635
Subcontractors	51,682	11,105
Technology	20,542	19,507
Telephone	2,194	2,667
Total Expenses	1,662,915	1,202,298
OPERATING INCOME	(281,724)	115,736
NON-OPERATING REVENUE (EXPENSES):		
Grant Income	163,017	45,235
Grant Expense	(163,016)	(45,235)
Net Investment Income	78,286	86,645
Lease Income	29,754	29,754
Interest Expense	(6,446)	(6,684)
Total Non-Operating Revenue (Expenses)	101,595	109,715
CHANGE IN NET POSITION	(180,129)	225,451
NET POSITION AT BEGINNING OF YEAR	4,295,385	4,069,934
NET POSITION AT END OF YEAR	\$ 4,115,256	\$ 4,295,385

See Accompanying Notes to the Financial Statements

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

OPERATING FUND

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,302,607	\$ 1,328,836
Cash Paid to Vendors	(1,059,805)	(579,441)
Cash Paid for Employee Benefits	(110,910)	(194,965)
Cash Paid to Employees	(314,871)	(297,607)
Net Cash Provided (Used) by Operating Activities	(182,979)	256,823
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of Capital Assets	(120,170)	(246,782)
Grant Income	163,017	44,603
Grant Expense	(163,016)	(45,235)
Lease Income	41,964	41,267
Repayment of Bond Payable	(27,271)	(26,692)
Payment of Bond Interest Expense	(9,771)	(7,230)
Net Cash Used by Capital and Related Financing	(115,247)	(240,069)
CASHFLOWS FROM INVESTING ACTIVITIES:		
Interest Income	18,039	32,005
Net Transfers to Stabilization Fund	(8,095)	(30,000)
Purchase of Investments	0	(250,000)
Net Cash Provided (Used) by Investing Activities	9,944	(247,995)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(288,282)	(231,241)
CASH AND CASH EQUIVALENTS - JULY 1	1,492,311	1,723,552
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 1,204,029	\$ 1,492,311
Reconciliation of Changes in Net Position to		
Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (281,724)	\$ 115,736
Adjustments to Reconcile Operating Income to Net Cash Provided by		
Operating Activities:		
Depreciation Expense	168,346	164,014
Pension Expense	89,475	83,261
OPEB Expense	27,181	19,971
(Increase) Decrease in:		
Accounts Receivable	(72,253)	3,322
Tax Title Receivables	(6,331)	7,480
Prepaid Expenses	(7,658)	4,217
Increase (Decrease) in:		
Accounts Payable	39,642	(41,470)
Accrued Expenses	2,355	(13,943)
Net Other Postemployment Benefit Liability	(58,283)	(4,348)
Deferred Outflows Related to Pension	(83,729)	(81,417)
Net Cash Provided (Used) by Operating Activities	\$ (182,979)	\$ 256,823

See Accompanying Notes to the Financial Statements

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

OPEB TRUST FUND

ASSETS

Cash and Cash Equivalents	\$	162
Investments		57,304
		57,466
		57,466

NET POSITION

FIDUCIARY NET POSITION - Restricted	\$	57,466
		57,466

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2025

OPEB TRUST FUND

Contributions	\$	53,761
Net Investment Income		3,705
		57,466
CHANGE IN FIDUCIARY NET POSITION		57,466
FIDUCIARY NET POSITION - JULY 1		0
FIDUCIARY NET POSITION - JUNE 30		57,466

See Accompanying Notes to the Financial Statements

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Cherry Valley and Rochdale Water District (the “District”), is a Massachusetts municipal corporation formed for the purpose of planning, designing, constructing and operating a public water system for the Cherry Valley and Rochdale area within the Towns of Leicester and Oxford in the Commonwealth of Massachusetts. The District is governed by a Board of Water Commissioners, who are residents of the District elected triennially by the constituents of the District as part of the Town elections.

The District is not financially accountable for any other organizations, nor is the District a component unit of any other primary governmental entity. The District began operations in April 1910.

Basis of Accounting and Financial Statement Presentation

The accounting and reporting policies of the District relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The District uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Financial Reporting Entity

The District’s basic financial statements include the accounts of the District operations. The criteria for including organizations as component units within the District’s reporting entity, as set forth in Section 2100 of GASB’s Codification of Government Accounting and Financial Reporting Standards, include whether:

- The Organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization’s board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District

Based on the aforementioned criteria, the Cherry Valley and Rochdale Water District has no component units.

Accounts Receivable

Receivables consist of amounts due from residents and business entities for charges for usage, repairs and other. All receivables are evaluated for collectability and an allowance for uncollectible is recorded if deemed necessary. No allowance has been recorded as of June 30, 2025 and 2024.

The District’s policy on collections is to consider any receivable past due if payments have not been received by the 15th of the month. Late payment fee of \$5 is charged on all accounts when a payment has not been received. If payment is not received by the 15th of the next month a second \$5 late payment fee is applied to the customer’s account and their bill is stamped past due. If the account reaches 90 days overdue, the District notifies the customer in writing that the water will be shut off at a certain date if the bill is not paid or the customer has not set up a payment plan. For water services to be reinstated, the customer must either pay their past due amount in full as well as a termination fee of \$25 or sign a payment plan with an agreed amount for a down payment. The District will not terminate services between December 1st and March 15th.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Operating Revenues and Expenses

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District’s principal ongoing operations. The principal operating revenue of the District is usage fees for water services. Operating expenses for the District include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Investments

Cash of all funds, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investments of those monies is allocated based upon relative equity at month end.

An individual fund’s pooled cash and cash investments are available upon demand and are considered to be “cash equivalents” when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less is also considered being ‘cash equivalents’.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Inventory of Supplies

Supplies are considered to be expenditures at the time of purchase.

Capital Assets

Capital assets, which include buildings and improvements, dams, machinery and equipment, land and reservoirs, easements, software and infrastructure assets, are reported in the government wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at the fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, District and equipment.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Assets	Estimated Lives
Machinery and Equipment	5-10 years
Building	40 years
Water and Sewer System	50 years

Taxes

The Cherry Valley and Rochdale Water District is exempt from federal income taxes.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgetary Information

The Board of Commissioners annually determines the amount to be raised (after deduction the amount of anticipated revenues from other sources, including surplus revenue, if any) to maintain and operate the District during the next fiscal year. A copy of the adopted budget is submitted to the Commonwealth of Massachusetts' Department of Revenue. If a need arises, the District will convene a special district meeting to act on the recommendations of the Board of Commissioners for additional appropriations.

The annual budget is adopted by the general fund in conformity with the guidelines described above. The Original fiscal years 2025 and 2024 approved budget for the general fund was \$1,313,531 and \$1,242,026, respectively, in appropriations and carryforwards.

The Schedule of Revenues and Expenditures – Budget to Actual – presents comparison of budgetary data to actual results. The District utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and continuing appropriations, which are adjusted to the actual results for comparison. Deficits, if any, are raised in the subsequent year's budget process.

Compensated Absences

Vacation pay is earned by employees in accordance with the policies covering the particular employee stated in the employee handbook.

Employees who have completed their introductory period are allowed 8 (eight) sick/personal days per fiscal year. Unused sick days cannot be converted to cash, nor can they be carried over into the following year. At the end of employment, employees will be paid for earned but unused sick/personal days.

The Superintendent is the only employee eligible to carryover time off. They are allowed to accrue up to 30 days of unused vacation and 5 days of unused personal time as stated in their contract.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to the future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has reported deferred outflows of resources related to pension.

In addition to liabilities the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a consumption of net assets that applies to the future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has reported deferred inflows of resources related to pensions.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Use of Estimates

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

NOTE 2 - DEPOSIT AND INVESTMENTS:

State and local statutes place certain limitations on the nature of deposits and investments available to the District. Deposits (excluding demand deposits, term deposits and certificate of deposits) in any one financial institution may not exceed certain levels without collateralization or insurance protection by the financial institutions involved.

Custodial Credit Risk – Deposits

The District maintains its cash accounts at a bank located in Central Massachusetts. The total cash balances are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and in an insured cash sweep account for the remaining coverage above FDIC limit. As of June 30, 2025 and 2024, the District had no exposed funds.

The District has deposits in the Massachusetts Municipal Depository Trust (MMDT), an investment pool established by the State of Massachusetts Treasurer. This investment pool is uninsured and uncollateralized, therefore funds held with this institution are exposed to custodial credit risk. As of June 30, 2025 and 2024, the District's balance with MMDT amounted to \$103,810 and \$98,922, respectively.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk of investments.

Interest Rate Risk of Debt Securities – Investments

Interest Rate risk of debt securities for investments is the risk that changes in interest rates of debt securities will adversely affect the fair value of the investment. The District does not have a policy for the interest rate risk of debt securities.

Credit Risk of Debt Securities - Investments

Credit Risk of debt securities for investments in the risk that an issuer or other counterparty to a debt security will not fulfill its obligation. The District does not have a policy for credit risk of debt securities.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - DEPOSIT AND INVESTMENTS (Continued):

Investments

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- U.S. Government Securities:
Valued at closing price as reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although District management believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table on the following page sets forth, by level within the fair value hierarchy, the District's investments in the at fair value as of June 30, 2025 and 2024. As of June 30, 2025 and 2024, the District did not have any investments that were measured using Level 2 or Level 3 inputs.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 - DEPOSIT AND INVESTMENTS (Continued):

Investments (continued)

Description	June 30, 2025 Quoted Prices in Active Markets for Identical Assets (All Level 1)	June 30, 2024 Quoted Prices in Active Markets for Identical Assets (All Level 1)
<u>FMV Investments:</u>		
US Government Securities	\$ 265,720	\$ 254,541
<u>Other Securities:</u>		
Money Market	735	1,327
Total	\$ 266,455	\$ 255,868

As of June 30, 2025 and 2024, there were no investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represented 5% or more of the total investments.

NOTE 3 - RELATED PARTY

The District signed a service agreement with Cherry Valley Sewer District (“CVSD”) on July 1, 2015 to manage the physical and administrative operations for an annual fixed fee paid quarterly. On December 10, 2018, the service agreement was amended to add mutual indemnity and certificate of liability to the initial agreement. At the end of each year, an analysis of actual shared expense is done and could result in a refund to the District or a balance due. In addition to the service agreement, the District also bills customers on behalf of CVSD and remits that money to CVSD. As of June 30, 2025 and 2024, the total reimbursed costs from CVSD amounted to \$156,546 and \$154,673, respectively. As of June 30, 2025 and 2024, the amount due to CVSD was \$8,842 and \$5,788, respectively, of which \$6,886 and \$1,663 was a refund of reimbursed costs per the service agreement and \$1,956 and \$4,125 was for customer billings, respectively.

NOTE 4 - NET INVESTMENT IN CAPITAL ASSETS:

	2025	2024
Cost of Capital Assets Acquired	\$ 6,965,761	\$ 6,845,591
Less: Accumulated Depreciation	(3,544,064)	(3,375,718)
Less: Outstanding Debt Related to Capital Assets	(307,534)	(334,805)
Net Investment in Capital Assets	\$ 3,114,163	\$ 3,135,068

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 - CAPITAL ASSETS:

Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets Not Being Depreciated:				
Land	\$ 108,016	\$ 0	\$ 0	\$ 108,016
Construction in progress	<u>251,683</u>	<u>104,547</u>	<u>(311,723)</u>	<u>44,507</u>
 Total Capital Assets Not Being Depreciated	 <u>359,699</u>	 <u>104,547</u>	 <u>(311,723)</u>	 <u>152,523</u>
 Capital Assets Being Depreciated:				
Buildings	5,182,156	311,723	0	5,493,879
Machinery & Equipment	827,277	15,623	0	842,900
Vehicles	101,713	0	0	101,713
Interconnection	<u>374,746</u>	<u>0</u>	<u>0</u>	<u>374,746</u>
 Total Capital Assets Being Depreciated	 <u>6,485,892</u>	 <u>327,346</u>	 <u>0</u>	 <u>6,813,238</u>
 Less Accumulated Depreciation for:				
Buildings	(2,727,748)	(124,019)	0	(2,851,767)
Machinery & Equipment	(507,988)	(17,549)	0	(525,537)
Vehicles	(54,818)	(11,788)	0	(66,606)
Interconnection	<u>(85,164)</u>	<u>(14,990)</u>	<u>0</u>	<u>(100,154)</u>
 Total Accumulated Depreciation	 <u>(3,375,718)</u>	 <u>(168,346)</u>	 <u>0</u>	 <u>(3,544,064)</u>
 Capital Assets Being Depreciated, Net	 <u>3,110,174</u>	 <u>159,000</u>	 <u>0</u>	 <u>3,269,174</u>
 Utility District Assets, Net	 <u>\$ 3,469,873</u>	 <u>\$ 263,547</u>	 <u>\$ (311,723)</u>	 <u>\$ 3,421,697</u>

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 - CAPITAL ASSETS (Continued):

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets Not Being Depreciated:				
Land	\$ 108,016	\$ 0	\$ 0	\$ 108,016
Construction in progress	<u>16,000</u>	<u>235,683</u>	<u>0</u>	<u>251,683</u>
Total Capital Assets Not Being Depreciated	<u>124,016</u>	<u>235,683</u>	<u>0</u>	<u>359,699</u>
Capital Assets Being Depreciated:				
Buildings	5,182,156	0	0	5,182,156
Machinery & Equipment	816,177	11,100	0	827,277
Vehicles	101,713	0	0	101,713
Interconnection	<u>374,746</u>	<u>0</u>	<u>0</u>	<u>374,746</u>
Total Capital Assets Being Depreciated	<u>6,474,792</u>	<u>11,100</u>	<u>0</u>	<u>6,485,892</u>
Less Accumulated Depreciation for:				
Buildings	(2,608,274)	(119,474)	0	(2,727,748)
Machinery & Equipment	(490,396)	(17,592)	0	(507,988)
Vehicles	(42,860)	(11,958)	0	(54,818)
Interconnection	<u>(70,174)</u>	<u>(14,990)</u>	<u>0</u>	<u>(85,164)</u>
Total Accumulated Depreciation	<u>(3,211,704)</u>	<u>(164,014)</u>	<u>0</u>	<u>(3,375,718)</u>
Capital Assets Being Depreciated, Net	<u>3,263,088</u>	<u>(152,914)</u>	<u>0</u>	<u>3,110,174</u>
Utility District Assets, Net	<u>\$ 3,387,104</u>	<u>\$ 82,769</u>	<u>\$ 0</u>	<u>\$ 3,469,873</u>

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 - BOND PAYABLE:

Details related to the outstanding indebtedness as of June 30, 2025, and the debt service requirements are as follows:

<u>Purpose of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Outstanding as of June 30, 2025</u>	<u>Outstanding as of June 30, 2024</u>
2016 Massachusetts Clean Water Trust, Pool Swap	2035	2%	\$ <u>307,534</u>	\$ <u>334,805</u>

The annual aggregate maturities are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For Years Ending June 30,	2026	\$ 27,864	\$ 6,151	\$ 34,015
	2027	28,470	5,593	34,063
	2028	29,088	5,024	34,112
	2029	29,721	4,442	34,163
	2030	30,366	3,848	34,214
	2031-2035	<u>162,025</u>	<u>9,860</u>	<u>171,885</u>
Total		307,534	<u>\$ 34,918</u>	<u>\$ 342,452</u>
Less: Current Maturities		<u>(27,864)</u>		
Total Long-Term Bond Payable				<u>\$ 279,670</u>

NOTE 7 - LEASES:

The District has entered into various leasing arrangement types where the District is the lessor. The District has applied a threshold based on the minimum net present value (NPV) of receipts for lessor arrangements. The NPV calculation is determined by the total receipts over the noncancelable lease term and an interest rate that is stated within the lease contract, or when an interest rate is not stated, the District's incremental borrowing rate as determined by an independent third party. The incremental borrowing rate is applied based on the noncancelable lease term at the commencement of the lease term.

The District has various lease arrangements for real property including a construction and operation of a wireless communication facility (Tower Cell) and a solar-powered electric generation facility (Solar Panel).

The Tower Cell lease is at 25 West Street, Leicester Massachusetts. The initial lease term commenced on June 30, 2012 and expires on February 7, 2025. The lease agreement provides for eleven automatic additional consecutive five-year renewal terms beginning February 8, 2025 through February 7, 2080, for a specific monthly payment plus a 3% increase each year.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 - LEASES (Continued):

The Solar Panel lease is at 148 Henshaw Street, Leicester, Massachusetts. The initial lease term commenced on November 13, 2017 and expires on November 13, 2042.

The following table reflects the total amount of inflows of resources reflected in the statements of Revenues, Expenses and Changes in Net Position by revenue line:

	<u>2025</u>	<u>2024</u>
Tower Cell Lease:		
Lease Revenue	\$ 17,931	\$ 17,931
Interest Revenue	39,910	39,349
Solar Panel Lease:		
Lease Revenue	11,824	11,824
Interest Revenue	<u>9,115</u>	<u>9,456</u>
Total	<u>\$ 78,780</u>	<u>\$ 78,560</u>

As of June 30, 2025, future lease receivable principal and interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ (6,543)	\$ 49,181	\$ 42,638
2027	(5,984)	49,361	43,377
2028	(5,381)	49,519	44,138
2029	(4,731)	49,653	44,922
2030	(4,033)	49,763	45,730
2031-2035	(7,795)	249,434	241,639
2036-2040	18,577	247,214	265,791
2041-2045	(1,677)	241,467	239,790
2046-2050	(7,091)	243,339	236,248
2051-2055	32,521	241,355	273,876
2056-2060	86,223	231,275	317,498
2061-2065	157,742	210,324	368,066
2066-2070	251,687	175,003	426,690
2071-2075	373,735	120,915	494,650
2076-2080	<u>489,368</u>	<u>42,743</u>	<u>532,111</u>
Total	1,366,618	<u>\$ 2,250,546</u>	<u>\$ 3,617,164</u>
Less: Current Receivable	<u>(9,241)</u>		
Total Non-Current Receivable	<u>\$ 1,357,377</u>		

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 - NET PENSION LIABILITY:

Plan Description

The Water District, is a member of the Worcester Regional Retirement System which, in turn, is a member of the Massachusetts Contributory Retirement System which is governed by M.G.L. c.32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees. The plan is a cost-sharing multiple-employer contributory defined benefit plan for all county employees and employees of participating towns and districts except those employees who are covered by teachers' retirement board.

The District's separately issued financial statements can be obtained by contacting Worcester Regional Retirement System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

Benefits Provided

The System provides retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of member's highest three-year average annual rate of regular compensation. For members who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are three classes of membership in the retirement system: Group 1, Group 2, and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service if hired after 1978 and if classified in group 1 or 2.

A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in Group 1, 55 years of age with 10 years of service if in Group 2, and 55 years of age if classified in group 4 or hired prior to 1978. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions normal retirement is at age 55).

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors: including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification.

Employees who resign from state service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total contributions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 - NET PENSION LIABILITY (Continued):

Benefits Provided (continued)

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

Active members are required to contribute at rates from 5-9% of their gross regular compensation. The percentage rate is keyed to the date upon which an employee's membership commences. Members hired after 1978 contribute an additional 2% of annual pay above \$30,000. The District is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the member units based on the actuarial study. The actuarially determined District contribution is an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance the unfunded liability. The District's required contribution to the System for the years ended June 30, 2025 and 2024 was \$81,417 and \$71,406, respectively, which was paid during fiscal years 2024 and 2023, respectively.

Pension Liabilities

As of June 30, 2025 and 2024, the District reported a liability of \$879,756 and \$835,848, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 and 2022, respectively.

The District's portion of the net pension liability was based on a projection of the Districts long term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Pension Expense

For the years ended June 30, 2025 and 2024, the District recognized a pension expense of \$89,475 and \$83,261, respectively. For the years ended June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension shown below:

	2025	2024
<u>Deferred Outflows of Resources Related to Pension</u>		
Difference between expected and actual experience	\$ 38,512	\$ 6,685
Net difference between projected and actual earnings on Pension plan investments	17,234	33,334
Changes of assumptions	32,975	50,378
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,825	22,543
Contributions made subsequent to the measurement date	83,730	81,417
Total	\$ 205,276	\$ 194,357

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025 AND 2024

NOTE 8 - NET PENSION LIABILITY (Continued):

	2025	2024
<u>Pension Expense (continued)</u>		
<u>Deferred Inflows of Resources Related to Pension</u>		
Differences between expected and actual experience	\$ 11,312	\$ 17,548
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,563	88,570
Total	\$ 78,875	\$ 106,118

Of the total amount reported as deferred outflows of resources related to pension, \$83,730 resulting from District contributions paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of net pension liability for the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the District's pension expense shown in the table below:

Years Ended June 30:

2026	\$ 13,958
2027	27,554
2028	(8,103)
2029	3,232
2030	6,030
Total	\$ 42,671

Actuarial Assumptions

The total pension liability as of June 30, 2025 was determined by an actuarial valuation as of January 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	January 1, 2024
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.5% per year
Projected Salary Increases	Group 1: 6.00% - 4.25%, based on service Group 4: 7.00% - 4.75%, based on service
Cost of Living Allowance	Assumed to be 3% of the first \$16,000 of the annual retirement allowance.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025 AND 2024

NOTE 8 - NET PENSION LIABILITY (Continued):

Actuarial Assumptions (continued)
 Amortization Method

Unfunded Actuarial Accrued Liability (UAAL):
 Increasing dollar amount at 4% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2036. The annual increase in appropriation is further limited to 9.95%.

Early Retirement Incentive Programs (ERI) for 2002 and 2003:
 Increasing dollar amount at 4.5% to reduce the 2002 and 2003 ERI Actuarial Accrued Liability to zero on or before June 30, 2028.

Asset Valuation Method

The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of:

- a. 80% of gains and losses of the prior year,
- b. 60% of gains and losses of the second prior year,
- c. 40% of gains and losses of the third prior year, and
- d. 20% of gains and losses of the fourth prior year

Rates of Retirement

Varies based upon age for general employees, police and fire employees.

Mortality Rates:

Healthy Retirees

RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021.

Disabled Retirees

RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2021.

Investment Rate of Return

7.125%, net of pension plan investment expense, including inflation

Investment Policy

The Plan's asset allocation policies are established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the Plan. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major category 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. Best estimates of arithmetic real rates of return for each major asset class included in the pensions plan's target asset allocation as of the measured date of December 31, 2024 are summarized in the table on the following page.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 - NET PENSION LIABILITY (Continued):

Investment Policy (continued)

Asset Class	Target Allocation	Expected Rate of Return
Global Equity	36%	4.61%
Core Fixed Income	15%	2.60%
Value-Added Fixed Income	9%	5.30%
Private Equity	16%	7.80%
Real Estate	10%	4.10%
Timber	4%	4.10%
Portfolio Completion Strategies	10%	4.10%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.125% as of the measured dates of December 31, 2024 and 2023, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made in accordance with Sections 22D and 22F of Chapter 32 of the Massachusetts General Laws. Based on those assumptions, the pension plan’s fiduciary Net Position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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

The following presents the net pension liability calculated using the discount rate of 7.125%, as well as what the net pension liability would be if it were calculated using a discount rate 1-percentage point lower (6.125%) or 1-percentage point higher (8.125%) than the current rate.

	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
Proportionate share of the Net Pension Liability	\$ 1,092,339	\$ 879,756	\$ 700,244

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Worcester Regional Retirement System financial report.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS TRUST FUND:

The Other Postemployment Benefits Liability Trust Fund was established by vote of the Board of Water Commissioners at the Annual Meeting held May 16, 2024. The Board voted to accept the provisions of MGL Chapter 32B, Section 20 which establishes a separate Fund and a funding schedule for the Fund.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

The schedule and any future updates shall be designed, consistent with standards issued by the Government Accounting Standards Boards, to reduce the unfunded actuarial liability of health care and other postemployment benefits to zero as of an actuarially acceptable period of years and to meet the normal cost of all future benefits for which the government unit is obligated. The Fund is held under the custodianship of Bartholomew & Company. The balance in the Trust as of June 30, 2025 was \$57,466.

The Trust implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, which provides a definition of fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used as of June 30, 2025.

- Mutual Funds:
Valued at closing price as reported on the active market on which the individual funds are traded.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District’s management believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following sets forth, by level within the fair value hierarchy, the District’s investments at fair value as of June 30, 2025. As of June 30, 2025, the District did not have any investments that were measured using Level 2 or Level 3 inputs.

	June 30, 2025 Quoted Prices in Active Markets for Identical Assets (All Level 1)
<u>FMV Investments:</u>	
Mutual Funds	\$ 57,304
 <u>Other Securities:</u>	
Money Market	162
Total	\$ 57,466

As of June 30, 2025, there were no investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represented 5% or more of total investments.

Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting plan liabilities and OPEB expenses.

Plan Administration

Cherry Valley and Rochdale Water District administers the retiree health care benefits program-a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

Plan Membership

At the measurement date of June 30, 2025, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	5
Active plan members	3
Total Number of Participants	8

Benefits Provided

The District provides health care and life insurance benefits for retirees and their dependents. Benefits are provided through Blue Cross Blue Shield (BCBS) of MA and the full cost of benefits is shared between the District and retirees.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025 AND 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

Contributions

The District does not currently have a formal funding policy.

Investment Policy

The OPEB plan's investment policy in regard to the allocation of invested assets is established by the Cherry Valley and Rochdale Water District (CVRWD). It is the policy of CVRWD that all funds fall under the control of the District's Treasurer. The Treasurer may choose to invest in various instruments to achieve diversification of the portfolio. The CVRWD investment policy discourages the use of cash equivalents which are to be limited to no more than 5% of the portfolio value.

Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the OPEB plan investments to the ending fair value of OPEB plan investments.

Net OPEB Liability of the Plan

The components of the net OPEB liability, for the measured date of June 30, 2025, was as follows:

	<u>2025</u>
Total OPEB Liability	\$ 185,693
Fiduciary Net Position	<u>(57,466)</u>
Net OPEB Liability	<u>\$ 128,227</u>

Fiduciary net position as a percentage of the total OPEB liability was 30.95% as of June 30, 2025.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following assumptions, applied to all periods included in the measurement:

Asset-Valuation Method	Market value of assets as of the measurement date, June 30, 2025.
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.5% as of June 30, 2025 and for future periods
Investment rate of return	6.36% net of OPEB plan investment expense, including inflation.
Salary Increases	3.0% annually.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

Actuarial Assumptions (continued)

Healthcare Cost Trend Rate	Assumed medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, which includes an assumed 4.96% increase in fiscal year 2025 and an ultimate rate of 3.63% in fiscal year 2060.
Municipal Bond Rate	4.81% as of June 30, 2025 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIGH)
Pre-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward 1 year for females.
Post-Retirement Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females.
Disabled Mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for males and 2 years for females.

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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity – Large Cap	38.50%	4.52%
Domestic Equity – Small/Mid Cap	1.75%	5.06%
International Equity – Developed Market	18.00%	5.08%
International Equity – Emerging Market	7.00%	5.80%
Domestic Fixed Income	26.25%	2.44%
International Fixed Income	4.50%	2.13%
Alternatives	3.75%	6.09%
Real Estate	0.00%	3.73%
Cash	0.25%	0.00%
Total	100.00%	

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025 AND 2024

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS TRUST FUND (Continued):

Discount Rate

The discount rate used to measure the total OPEB liability was 5.76% as of June 30, 2025 and 3.75% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from the District will be made in accordance with the Plan’s funding policy. Based on these assumptions, the OPEB Plan’s Fiduciary Net Position is projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets is applied to the projected benefits payments which the Fiduciary Net Position is expected to be sufficient to cover and the Municipal Bond Rate is applied thereafter.

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

The following presents the net OPEB liability for the District calculated using the discount rate of 5.76%, as well as what the net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (4.76%) or 1-percentage point higher (6.76%) than the current rate:

	1% Decrease (4.76%)	Current Discount Rate (5.76%)	1% Increase (6.76%)
Net OPEB Liability	\$ 162,787	\$ 128,227	\$ 100,542

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability calculated using current healthcare cost trend rates as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (3.96%) or 1-percentage point higher (5.96%) than the current healthcare cost trend rates:

	1% Decrease 3.96% Year 1 Decreasing to 2.63%	Current Healthcare Cost Trend Rates 4.96% Year 1 Decreasing to 3.63%	1% Increase 5.96% Year 1 Decreasing to 4.63%
Net OPEB Liability	\$ 96,288	\$ 128,227	\$ 170,183

NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY:

The Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, provides an actuarial cost method and discount rate as well as disclosures and methodologies for reporting employer liabilities and OPEB expenses.

Plan Description

The District administers a single-employer defined benefit healthcare plan (the OPEB Plan”). The OPEB Plan provides health benefits (other postemployment benefits) to current and future retirees.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued):

Contributions

The contribution requirements of the OPEB Plan members and District are established and may be amended by the District. Retirees contribute 50% of the monthly insurance premiums which the remainder of the monthly premiums and administrative costs are paid by the District. The District currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis. For the years ending on, and the measurement date of, June 30, 2025 and 2024, total premiums plus implicit costs for the retiree medical program were \$58,283 and \$4,348, respectively.

OPEB Liabilities

As of June 30, 2025 and 2024, the District reported a liability of \$128,277 and \$68,384, respectively, for its net OPEB liability. The net OPEB liability was measured as of June 30, 2025 and 2024 and was determined by actuarial valuation as of July 1, 2024 for June 30, 2025 and an alternative measurement method as of June 30, 2024.

OPEB Expense

For the years ended June 30, 2025 and 2024, the District recognized OPEB expense of \$27,181 and \$19,971, respectively. As of June 30, 2025 and 2024, the District reported deferred inflows and outflows of resources related to OPEB from the following sources:

<u>Deferred Outflows of Resources Related to OPEB</u>	<u>2025</u>
Differences between expected and actual experience	\$ 66,198
Changes of Assumptions	<u>27,711</u>
Total Deferred Outflows of Resources Related to OPEB	<u>\$ 93,909</u>
 <u>Deferred Inflows of Resources Related to OPEB</u>	
Net difference between projected and actual earnings on OPEB plan investments	<u>\$ 2,964</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as shown on below:

<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
Year Ended June 30:			Year Ended June 30:		
	2026	\$ 15,650		2026	\$ 741
	2027	15,650		2027	741
	2028	15,650		2028	741
	2029	15,650		2029	741
	2030	15,650		2030	0
	2031	<u>15,659</u>		2031	<u>0</u>
Total		<u>\$ 93,909</u>	Total		<u>\$ 2,964</u>

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 - NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued):

OPEB Expense (continued)

GASB 75 requires the disclosure of actuarial assumptions, the discount rate, plan membership, and sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. Refer to the previous note "Other Postemployment Benefit Trust Fund" for these disclosures.

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

As of June 30, 2025 and 2024, the District did not have any pending or potential nondisclosed liabilities that management believe would have a material effect on the financial statements.

NOTE 12 - EXTRAORDINARY ITEM:

During 2025, the District discovered a major leak in a water transmission line running through a swamp in Rochdale. In order to bring the system back online, the District had to make extraordinary repairs, including building a temporary road in order to access the broken pipe. The total cost relating to this unusual type of repair was \$267,373 and was included with the repairs and maintenance on the statements of revenue, expenses and changes in net position. It was voted to appropriate surplus funds to pay for the required repairs.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY

OPERATING FUND

For the Year Ending June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial Valuation Date	1/1/2024	1/1/2022	1/1/2022	1/1/2020	1/1/2020	1/1/2018	1/1/2018	1/1/2016	1/1/2016	1/1/2014
Measurement Date	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Schedule of the District's Proportionate Share of the Net Pension Liability (NPL):										
District's Portion of the NPL	0.0828%	0.0798%	0.0901%	0.0884%	0.0907%	0.0884%	0.0828%	0.0804%	0.0827%	0.0813%
District's Proportionate Share of the NPL	\$ 879,756	\$ 835,848	\$ 926,507	\$ 743,955	\$ 805,343	\$ 787,022	\$ 750,726	\$ 655,493	\$ 692,580	\$ 577,221
District's Covered Payroll	\$ 377,658	\$ 358,150	\$ 345,769	\$ 323,739	\$ 284,492	\$ 332,372	\$ 190,610	\$ 274,647	\$ 314,652	\$ 281,253
NPL as a Percentage of Covered Payroll	232.95%	233.38%	268.00%	229.80%	283.08%	236.79%	393.90%	238.67%	220.11%	205.23%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	52.70%	50.40%	48.20%	56.20%	50.29%	47.40%	43.10%	46.40%	42.00%	44.52%
Schedule of Contributions:										
Actuarially Determined Contributions	\$ 81,417	\$ 71,406	\$ 73,262	\$ 65,335	\$ 60,980	\$ 53,835	\$ 46,094	\$ 40,675	\$ 40,165	\$ 36,583
Less: Contributions in Relation to the Actuarially Determined Contribution	(81,417)	(71,406)	(73,262)	(65,335)	(60,980)	(53,835)	(46,094)	(40,675)	(40,165)	(36,583)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's Covered Payroll	\$ 377,658	\$ 358,150	\$ 345,769	\$ 323,739	\$ 284,492	\$ 332,372	\$ 190,610	\$ 274,647	\$ 314,652	\$ 281,253
Contributions as a Percentage of the District's Covered Payroll	21.56%	19.94%	21.20%	20.20%	21.43%	16.20%	24.18%	14.81%	12.76%	13.01%

See Independent Auditors' Report

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY

OPERATING AND OPEB TRUST FUND

	2025	2024	2023
Total OPEB Liability:			
Service Cost	\$ 9,438	\$ 9,075	\$ 9,434
Interest	2,834	1,979	1,899
Change in Assumptions	32,329	0	0
Differences between Expected and Actual Experience	77,230	8,917	(7,301)
Benefit Payments	(4,522)	(4,348)	(4,032)
Net Change in Total OPEB Liability	117,309	15,623	0
Total OPEB Liability - Beginning	68,384	52,761	52,761
Total OPEB Liability - Ending	\$ 185,693	\$ 68,384	\$ 52,761
Plan Fiduciary Net Position:			
Contributions-Employer	\$ 58,283	\$ 4,348	\$ 4,032
Net Investment Income	3,705	0	0
Benefit Payments	(4,522)	(4,348)	(4,032)
Net Change in Plan Fiduciary Net Position	57,466	0	0
Plan Fiduciary Net Position - Beginning	0	0	0
Plan Fiduciary Net Position - Ending	\$ 57,466	\$ 0	\$ 0
Net OPEB Liability - Ending	\$ 128,227	\$ 68,384	\$ 52,761

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, OPEB plans should present information for those years for which information is available.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF NET OPEB LIABILITY, EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS

OPERATING AND OPEB TRUST FUND

	2025	2024	2023
Schedules of Net OPEB Liability:			
Total OPEB Liability	\$ 185,693	\$ 68,384	\$ 52,761
Plan Fiduciary Net Position	57,466	0	0
Net OPEB Liability	<u>\$ 128,227</u>	<u>\$ 68,384</u>	<u>\$ 52,761</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	30.95%	0.00%	0.00%
Covered Payroll	\$ 405,567	\$ 407,571	\$ 356,711
Net OPEB Liability as a Percentage of Covered Payroll	31.62%	16.78%	14.79%
Schedules of Employer Contributions:			
Actuarially Determined Contributions	\$ 15,548	\$ 19,917	\$ 4,032
Contributions in relation to the actuarially determined contribution	(58,283)	(4,348)	(4,032)
Contribution Deficiency (Excess)	<u>\$ (42,735)</u>	<u>\$ 15,569</u>	<u>\$ 0</u>
Covered Payroll	\$ 405,567	\$ 407,571	\$ 356,711
Contributions as a percentage of covered payroll	14.37%	1.07%	1.13%
Schedules of Investment Returns:			
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.55%	N/A	N/A

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, OPEB plans should present information for those years for which information is available.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY AND NET OTHER POSTEMPLOYMENT BENEFITS
LIABILITY

NOTE A - NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY:

Changes in Assumptions

The discount rate was increased from 3.75% as of the measured date of June 30, 2024 to 5.76% as of the measured date of June 30, 2025.

Based on recommendations by the Public Employee Retirement Administration Commission (PERAC), the mortality table has been updated to the RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females.

Based on ongoing actuarial research, assumptions for future increases in healthcare costs have been modified using the Gretzen model to reflect higher costs in the near-term.

NOTE B - NET PENSION LIABILITY

All Actuarial Assumptions and Methods used in the provided disclosures are the same as the last measurement date.

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variances Positive (Negative)
OPERATING REVENUES:				
Water Usage	\$ 1,198,531	\$ 1,198,531	\$ 1,287,090	\$ 88,559
Repairs and Connections	0	0	41,913	41,913
Penalties	0	0	16,560	16,560
Other Charges	0	0	35,628	35,628
Total Revenues	1,198,531	1,198,531	1,381,191	182,660
EXPENDITURES:				
Accounting	20,100	20,100	20,095	5
Chemical Supplies	6,669	3,127	3,126	1
City of Worcester - Water Purchase	280,000	339,574	339,574	0
Consulting Services	65,000	84,701	39,412	45,289
Continuing Education	8,000	8,000	7,915	85
DEP Assessment - SDWA	650	650	574	76
Inspections	12,000	8,695	8,695	0
Electricity	59,319	34,319	25,645	8,674
Field Supplies	8,050	8,050	6,033	2,017
Utilities Heat	3,080	3,080	1,479	1,601
Insurance	134,485	134,485	113,090	21,395
Lab Work	22,843	17,843	16,075	1,768
Legal Fees	9,000	1,000	432	568
Meters	43,100	43,876	42,109	1,767
Miscellaneous	500	500	891	(391)
Motor Vehicle	12,600	16,600	16,124	476
Office Expense	16,450	16,450	14,540	1,910
Officer's Salary	6,400	6,400	5,327	1,073
OPEB Trust Funding	53,761	53,761	53,761	0
Payroll	323,418	323,418	309,544	13,874
Pipe Supplies	20,000	15,891	10,622	5,269
Postage	7,560	7,560	6,497	1,063
Property Tax	4,500	2,318	6,295	(3,977)
Repairs & Maintenance	318,500	322,538	299,346	23,192
Worcester Regional Retirement	81,417	81,417	83,730	(2,313)
Service Agreements	15,690	10,690	9,704	986
Small Tools	3,515	2,006	351	1,655
Subcontractors	44,500	51,682	51,682	0
Technology	58,900	54,900	20,542	34,358
Telephone	3,815	3,815	2,194	1,621
Debt Services	34,470	34,470	37,042	(2,572)
Capital Outlays	70,000	70,000	120,170	(50,170)
Reserve	80,000	46,376	0	46,376
Total Expenditures	1,828,292	1,828,292	1,672,616	155,676
Excess (deficiency) of revenue over expenditures	\$ (629,761)	\$ (629,761)	\$ (291,425)	\$ 338,336
OTHER FINANCING SOURCES (USES)				
Free Cash Appropriations:				
Operating Budget	115,000	115,000	115,000	0
Rate Stabilization	30,000	30,000	21,905	8,095
Technology	31,000	31,000	8,588	22,412
Kettlebrook Engineer	50,000	50,000	44,507	5,493
Financial Planning Forecast	50,000	50,000	33,984	16,016
Swamp Leak	300,000	300,000	267,373	32,627
OPEB Trust Funding	53,761	53,761	53,761	0
Carryover Appropriations:				
Sargent Street Water Line	0	0	60,040	(60,040)
Total Other Financing Sources	629,761	629,761	605,158	24,603
Net Change in Fund Balance	0	0	313,733	313,733
Budgetary Fund Balance beginning of year	1,946,170	1,946,170	1,946,170	0
Budgetary Fund Balance end of year	\$ 1,946,170	\$ 1,946,170	\$ 2,259,903	\$ 313,733

See Independent Auditors' Report

CHERRY VALLEY AND ROCHDALE WATER DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES:

Budgetary Basis of Accounting:

The District’s annual budget is prepared on a basis other than GAAP. The “actual” results column of the schedule of revenues and expenditures is presented on a “budgetary basis” to provide a meaningful comparison with the budget.

The following reconciliations summarize the differences between budgetary and GAAP – Basis accounting principles for the years ended June 30, 2025:

	<u>Revenues</u>	<u>Expenditures</u>
Per Statement of Revenues, Expenses and Changes In Net Position	\$ 1,381,191	\$ 1,662,915
Adjustments:		
Eliminate: Depreciation	0	(168,346)
Eliminate: Other Postemployment Benefits	0	(27,181)
Eliminate: Pension Expense	0	(5,745)
Add: OPEB Trust Funding	0	53,761
Add: Bond Interest Expense	0	9,771
Add: Debt Retirement	0	27,271
Add: Capital Improvements	0	120,170
Per Schedule	\$ 1,381,191	\$ 1,672,616