

**YORBA LINDA WATER DISTRICT
PLACENTIA, CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

**Prepared by
Yorba Linda Water District Finance Department**

**Delia Lugo, Finance Manager
Kelly McCann, Senior Accountant
Maria Trujillo, Accountant
Maggie Powell, Accounting Assistant II
Keri Hollon, Accounting Assistant II**



**WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING**

THIS PAGE INTENTIONALLY LEFT BLANK

**YORBA LINDA WATER DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INTRODUCTORY SECTION

TRANSMITTAL LETTER	i
BOARD OF DIRECTORS AND EXECUTIVE STAFF	ix
ORGANIZATIONAL CHART	x
DISTRICT BOUNDARIES	xi
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	xii

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION)	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	13
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	15
STATEMENT OF CASH FLOWS	16
NOTES TO BASIC FINANCIAL STATEMENTS	18

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	50
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS	51
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS	52
SCHEDULE OF CONTRIBUTIONS – OPEB	53

SUPPLEMENTARY INFORMATION SECTION

COMBINING SCHEDULE OF NET POSITION	54
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	56

**YORBA LINDA WATER DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

COMBINING SCHEDULE OF CASH FLOWS	57
SCHEDULE OF OPERATING EXPENSES BY COST CENTER AND NATURE OF EXPENSES FOR WATER AND SEWER	59
SCHEDULE OF CAPITAL ASSETS	60
STATISTICAL SECTION	
DESCRIPTION OF STATISTICAL SECTION	
FINANCIAL TREND	
CHANGES IN NET POSITION	61
REVENUE CAPACITY	
NUMBER OF CONNECTIONS	63
TEN LARGEST CUSTOMERS	64
DEBT CAPACITY	
RATIO OF OUTSTANDING DEBT	65
DEBT COVERAGE	66
DEMOGRAPHIC AND ECONOMIC INFORMATION	
DEMOGRAPHICS	67
TEN LARGEST EMPLOYERS	68
OPERATING INFORMATION	
NUMBER OF EMPLOYEES	69
OPERATING AND CAPACITY INDICATORS	70

INTRODUCTORY SECTION



Yorba Linda Water District

Serving the Community Since 1909

October 1, 2021

To the Board of Directors and Customers of Yorba Linda Water District,

Introduction

The Yorba Linda Water District (“District”) is pleased to present its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2021. This report was prepared pursuant to the guidelines set forth by the Governmental Accounting Standards Board (GASB).

District staff prepared this financial report in conjunction with an unmodified opinion issued by the independent audit firm CliftonLarsonAllen LLP. The independent auditor’s report is located at the front of the financial section of this document. Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the District has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal control should not outweigh its benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. Management asserts that to the best of its knowledge and belief, this financial report is complete and reliable in all material aspects.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. This was the 11th consecutive year the District has received this recognition. To be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The District believes that its current CAFR continues to meet the Certificate of Achievement Program requirements and will be submitting it to the GFOA to determine its eligibility for certificate again this year. The District has been included in GFOA’s recent internet posting and recognized among government entities, on a national level, as GFOA “Triple Crown Winners.” To receive

PO Box 309, Yorba Linda CA 92885 714-701-3000 www.ylwd.com

Phillip D. Hawkins
President

J. Wayne Miller, PhD
Vice President

Brooke Jones
Director

Trudi Kew DesRoches
Director

Tom Lindsey
Director

this recognition, governments would have to have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Financial Reporting Award, and the Distinguished Budget Presentation Award for a single represented fiscal year.

District Structure and Leadership

The Yorba Linda Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District has provided water and/or sewer services to all residents and businesses in of the City of Yorba Linda, and portions of Placentia, Brea, Anaheim, and unincorporated Orange County since 1959, the year it was formed to take over the assets and water service responsibilities of the Yorba Linda Water Company, a mutual water company formed in 1909. The District is governed by a five-member Board of Directors, elected at large from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employed a full-time staff of 77 employees. The District's Board of Directors meets monthly. Meetings are publicly noticed and citizens are encouraged to attend virtually or in person.

Mission/Vision Statement and Major Initiatives

The activities of the Board and District staff are driven by its Mission Statement: "Yorba Linda Water District will provide reliable water and sewer services to protect public health and the environment with financial integrity and superior customer service," and its Vision Statement: "Yorba Linda Water District will accomplish its mission to improve the quality of life for those we serve by: embracing proven technology; improving customer satisfaction; providing efficient and responsive operations; ensuring reliable infrastructure." The Mission and Vision Statements dictate the following six core values of the District.

1. **Integrity** – We demonstrate integrity every day by practicing the highest ethical standards and by ensuring that our actions follow our words.
2. **Accountability** – We acknowledge that both the Board and the staff of the District are accountable to the public that we serve, as well as to each other.
3. **Responsibility** – We take full responsibility for our actions. We maintain a commitment of courtesy, assessment and resolution with all customer concerns.
4. **Transparency** – We listen to our customers and communicate openly about our policies, processes, and plans for the future.
5. **Teamwork** – We work together by sharing information and resources to achieve common goals.

6. **Respect** – We ensure every voice, of the District, is treated with dignity and civility; differences are valued and individual abilities and contributions are recognized.

District Services

The District's service area is known for having larger than average residential lots and a network of horse trails. The City of Yorba Linda's median household income is approximately 44% greater than the overall median income for Orange County.

The District's service area borders Chino Hills State Park to the north and east and the Santa Ana River to the south, encompassing the cities of Yorba Linda, portions of Placentia, Brea, Anaheim and unincorporated Orange County. The complex system of pipes, valves, pressure control stations, pump stations, fire suppression hydrants/heli-hydrants, and reservoirs are strategically located throughout the service area to provide reliable, high quality drinking water to the customers, provide firefighting resources, and transport wastewater away to the Orange County Sanitation District's (OCSD) treatment plants.

The District provides water, sewer or a combination of both services to residents and businesses within its service area, which includes approximately 14,475 acres of land, comprising 22.6 square miles. The District serves a population of approximately 81,000 and currently provides water service through approximately 25,420 residential, commercial, and light industrial connections. Residential customers make up approximately 93% of the District's customer base and consume approximately 75% of the water provided annually by the District.

As a Special District, the Board, as part of the annual budget development process, approves rates and charges to ensure the cost of service and debt service obligations are met and to allow for the effective planning of future capital improvements. In fiscal year 2020-21, the commodity rate was retained at \$2.80/unit for July 2020 through January 2021, and adjusted to \$2.86/ unit effective February 1, 2021. The monthly service charges as of July 1, 2020, were set at follows: 5/8" and 3/4" meters at \$22.26, 1" meters at \$37.18, 1 1/2" meters at \$74.14, 2" meters at \$118.67, 3" meters at \$259.84, 4" meters at \$467.59 and 6" meters at \$1,039.15. As of February 1, 2021, the District assessed active water customer accounts a Board of Director approved interim PFAS Impact Fee, which is relative to the account's meter sized. This fee is to offset the increased operating costs of using 100% imported water to meet system demand during the construction of the PFAS water treatment plant, which is scheduled to be completed and operational by November 2021. At an average of 18 units of water per month (approximately 13,500 gallons), a typical 1" metered YLWD residential classed customer would pay about \$94.32 for their monthly water in FY21.

YLWD also provided wastewater service to approximately 25,107 customer connections in FY21, at a charge of \$8.10 per month for traditional single-family residential customers and \$7.62 per month for multi-family residential customers. For commercial customers, it is \$8.10 per month plus a \$0.52 per unit charge, based on water

consumption above 7 units. These rates are the result of a Cost of Service analysis via the FY16 Water and Sewer Rate Update Report.

The District's water supplies come from two sources: local groundwater and imported water. For FY21, approximately 52.5% came from groundwater basins managed by Orange County Water District (OCWD). OCWD sets a maximum percentage of water that can be pumped from the ground, the Basin Production Percentage (BPP). The remaining 47.5% was purchased through the Municipal Water District of Orange County (MWDOC). MWDOC, in turn, purchases water from the Metropolitan Water District of Southern California (Metropolitan) who receives its water supply through the Metropolitan-owned Colorado River Aqueduct and the State of California-owned State Water Project (Northern California source). The cost of imported water to the retail agencies, such as the District, is approximately double the cost of pumping groundwater from local groundwater basins. Imported water is treated at Metropolitan's Robert B. Diemer Treatment Plant, located on Valley View and Diemer Road in Yorba Linda. The District's current system capacity can store approximately 57 million gallons of water in its reservoirs and produce 45 million gallons per day through its wells and imported water connections.

With the completion of the new Fairmont Booster Pump Station in 2019, the District increased its resiliency and redundancy and has the capability to serve 100% groundwater or 100% imported water in response to customer demand. As discussed below, the District's new PFAS water treatment plant, to be completed in November 2021, will allow the District to resume maximum groundwater production in FY22.

Other infrastructure enhancements completed in FY 21 include the Elk Mountain Booster Pump station's new 500 kw natural gas backup generator to ensure reliability during wildland fires or Southern California Edison shutoffs; the Marc Marcantonio Heli-Hydrant at Santiago Reservoir which greatly enhances the District's resilience to wildland fires; and numerous technology and security improvements to shield the district from risks and losses that could otherwise affect this District's financial stability.

Economic Condition and Outlook

The District's administrative offices are located in the City of Placentia in Orange County. The economic condition for the District's service area has experienced some challenges since March 2020 with the onset of the COVID-19 pandemic. Local restaurants, educational, fitness and religious facilities, as well as local entertainment and recreation venues were required to temporarily cease their operations in response to federal, state, and local government mandates in efforts to promote public health and safety and mitigate the risk of spreading the COVID-19 virus. The economic effects of the pandemic continued to ripple through the District's service area throughout FY21.

In complying with Governor Newsom's Executive Order (EO) N-42-20 of April 2, 2020, the District suspended assessing late fees and disconnection/shutting off water service of customer connections for nonpayment (Health and Safety Code: Section 116902, Subdivision (c)). Though the EO restricted water shutoffs due to nonpayment, the

obligation of water customers to pay for water service was neither eliminated nor reduced. The Governor's EO remained in effect for the entirety of FY21.

As a Special District having rate setting authority, the District's risk of/exposure to revenue loss, during the effective period of the EO, is minimal and immaterial. The District's revenue is generated through rates approved by the Board of Directors in accordance with California's Proposition 218. District revenue is not dependent on voter approved tax assessments. It is the intent of the Board of Directors that the costs of providing water and sewer service to the general public is recovered through approved rates and charges. To that end, on June 8, 2021 the Board of Directors approved a new 5-year rate structure that does the following: (1) The "commodity" rate, comprised of the actual cost of the water (including energy, treatment, distribution, and the costs of the actual water itself), floats freely from the District's fixed costs. This insulates the District's finances from fluctuations in water demand and state-imposed conservation mandates. (2) The District's fixed expenses are collected by way of a monthly fixed meter charge thereby ensuring a consistent revenue stream that is unaffected by changes in demand or government mandates. (3) Annual debt service obligations, including the principal and interest for debt used to finance long-term, intergenerational capital projects, is collected by way of a Capital Finance Charge on the annual property tax bill for each taxable parcel within the District's service area and by annual billing for those public institutions who do not pay property tax. This fully secures all District debt.

California's water supply continues to be a concern due to environmental and regulatory restrictions that threaten the State's ability to provide storage, preserve water supply, and maintain a conveyance system through the Sacramento-San Joaquin Delta, all of which lead to increasing supply costs. While Southern California, through Metropolitan, has invested heavily in local storage to shield against drought events, the areas of California outside of the Metropolitan service area have failed to make similar investments in storage that could have some impact on local water supply at some point in the future.

Among the growing portfolio of mandates with which the District must comply are treatment requirements for emerging types of contaminants that, due to advances in technology, can now be detected in minute quantities (i.e., parts per trillion). On August 23, 2019, the State's Division of Drinking Water released new response and notification levels for Per- and Polyfluoroalkyl Substances (PFAS) for all water retailers. As directed by the State, all water retailers are to monitor their water resources for the PFAS chemicals. Through the monitoring process, it was determined that the District's groundwater water supply exceeded the response levels. Based on these results, the District proactively stopped producing groundwater pending the completion of a treatment system to remove the PFAS substances. As such, beginning in early to mid-2020 through the end of FY 21, the District has been importing one hundred percent (100%) of its water supply from Metropolitan nearly doubling the District's purchase costs. In FY21, the District was able to budget for the additional expense and even imposed a Board approved interim PFAS Impact Fee on monthly water bills from February 1, 2021 through June 30, 2021 to help offset the additional cost of imported water expense. The use of imported water for the months of February – June of FY21 resulted in water purchasing increasing by approximately \$2.6 million.

To permanently address the PFAS problem, on April 28, 2020 the District entered into the PFAS Treatment Facilities and Program Agreement among the Orange County Water District (OCWD), Yorba Linda Water District, and other Groundwater Producers. Per that agreement, OCWD provided the funding (approximately \$22 million) to design and construct a water treatment plant that will allow the District to resume groundwater pumping upon completion. Completion of the water treatment plant is expected by November 2021, whereupon, the District will gradually reintroduce groundwater as a water supply source. Once the treatment facility is fully operational, at least 77% of the District's water supply may be pumped from the groundwater basin with the remaining 23% imported through Metropolitan. This change in water supply will have a significant positive effect on the District's fiscal health resuming in the FY23 budget.

Future Years

The District continues to update its Asset Management Plan and develop a detailed 5-year Capital Improvement Program. Priority projects will include energy/power redundancy as well as capacity and reliability upgrades throughout the water and sewer systems. Due to wildfires and Southern California Edison's Public Safety Power Shutoffs, the District will strategically install natural gas backup generators at critical facilities.

Rules, regulations and mandates concerning water use efficiency are ever-evolving in California. As such, the District will continue to update its plans/policies/ procedures to address new developments in this arena. With the District's commodity rate floating separately from the rate that covers the District's fixed costs, no significant financial impact to District's financial strength is anticipated. The rate structure and financial plan adopted for FY22 thru FY26 provides for the establishment of adequate reserve balances, complies with debt coverage covenants, fully funds annual operation and maintenance costs, and ensures sufficient funding for future capital projects and scheduled refurbishment and replacement needs.

The adopted FY22 budget is predicated upon the assumption that customer water demand will decrease from that of FY21 due to the Governor's request for a state-wide voluntary reduction in water consumption of at least 15%, in addition to permanent landscaping changes, water use efficiency awareness, and a growing culture of drought sensitivity. In addition, the uncertainty as to the duration of the Governor's Executive Order N-42-20 and other economic impacts of the COVID-19 pandemic, together with, new, existing and future State mandates were all considered in preparation of the FY22 budget.

Long-term Financial Planning and Policies

The District perpetually maintains a five-year Financial Forecast to identify and focus on current and projected economic conditions. The purpose of the forecast is to identify the District's ability over the next five years to continue current services, maintain existing assets and fund new initiatives or acquire new capital assets.

The Board of Directors also annually reviews and adopts a five-year forecast of Capital Improvement Projects. These investments reflect the Board of Directors' commitment to maintain and improve the District's critical infrastructure and facilities, in order to seamlessly provide its customers with safe, reliable, and cost-effective water and sewer service.

The District's Debt Management Policy has a significant impact on the District's water rates set by the Board of Directors on an annual basis. The Policy directs that the District's annual rates and charges shall be set to maintain an annual debt coverage ratio of at least 225%, and to retain a AA rating or better from bond rating agencies. These policies are measured by the District's reportable net position for each fiscal year end.

In furtherance of the District's desire to prefund Net Pension and Other Post Employment Benefit (OPEB) obligations to the extent possible or reasonable, the District established a Public Agencies Post-Employment Trust made available by PARS. In support of this, the District employs its Pension Rate Stabilization Program (PRSP) and Other Post-Employment Benefits (OPEB) Funding Policy that addresses the methodology and process for funding current and future contractual obligations to provide pension and retiree medical benefits as set forth in the District's personnel rules and regulations. The policy also establishes procedures that are formulated in compliance with the requirements of Section 115 of the Internal Revenue Code for a prudent and systematic investment in support of the District's goals. As part of the budgeting process, the Board of Directors reviews these policies annually and determines the level of funding into these programs to reduce the District's unfunded legacy obligations. The District anticipates funding at least 90% of the unfunded pension obligation by FY27 and the OPEB obligations by FY22.

As discussed elsewhere herein, the District's new water and sewer rate structure (commencing at the beginning of FY 22) provides a number of other advantages to incrementally improving the District's financial strength. One of the goals established through the new rate is to build a reserve account with a balance equal to the costs of one year's water purchases from Metropolitan. Should the District be faced with another mandate that results in the cessation of groundwater pumping, this reserve fund will offset the increased cost of purchases from Metropolitan without affecting the District's operating budget.

Water and Sewer Rates

As discussed above, the Board of Directors approved a 5-year rate structure with an effective starting date of July 1, 2021. This rate structure was approved in compliance with Proposition 218 that requires a lengthy public notice and public hearing process. Of the 29,149 parcels within the District service area that were eligible to protest, only 413 (1.4%) protests were received by the public hearing date of June 8, 2021.

The new rate structure fundamentally changes and fortifies the District's financial outlook into the future. Much needed stability and resilience against fluctuations in demand

have been achieved and the District now has a predictable and sustainable path forward.

Technological Advancements in Progress

The District continues to use advancements in technology to improve all aspects of its operations and customer interface on a regular and ongoing basis. Among the many improvements are the implementation of a cloud-based security software platform, updated wireless infrastructure with a cloud-based wireless solution, the reconfiguration of the Network with VLANS, enhanced connection speed between hosts and storage to alleviate bottlenecks of traffic through the main switch, virtualized the fileserver, and updated to a 2019 windows. Improved telecommunications among our offsite facilities and ongoing upgrades to computer hardware round out the District's commitment to keeping its technology current.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

During the course of the fiscal year and in response to mandated restrictions in relation to the COVID-19 pandemic, the District's office was staffed every day to meet all customer needs and to ensure adherence to all protocols and controls in place.

Budgetary Control

The Board of Directors adopts an operating and capital budget on an annual basis with a mid-year review. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and financial statement presentation.

Cash and Investment Management

The District's Investment Policy is reaffirmed annually by the Board of Directors. The policy sets forth, in order of priority, the District's objectives when investing, reinvesting, purchasing, acquiring, selling and managing public funds are as follows:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments made by the District are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required to prevent any potential loss on any individual security or depository from exceeding the income generated from the remainder of the portfolio.
2. **Liquidity:** The investment portfolio is to remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated.
3. **Yield:** The investment portfolio is designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of CliftonLarsonAllen LLP has conducted the audit of the District's financial statements. Their unmodified (clean) Independent Auditor's Report appears in the Financial Section.

Other References

More information is contained in the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

Acknowledgements

Preparation of this report was accomplished with the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in planning and implementation of the Yorba Linda Water District's fiscal policies.

Respectfully submitted,



Brett R. Barbre
General Manager



Delia Lugo
Finance Manager

**YORBA LINDA WATER DISTRICT
BOARD OF DIRECTORS AND
EXECUTIVE STAFF YEAR ENDED
DECEMBER 31, 2021**



Phil Hawkins, President



J. Wayne Miller, Vice-President



Brooke Jones, Director



Trudi DesRoches, Director



Tom Lindsey, Director



Brett R. Barbre, General Manager



Douglass Davert, Asst. General
Manager



Rosanne Weston
Engineering Manager



John DeCriscio
Operations Manager



Gina Knight
HR/Risk Manager



Delia Lugo
Finance Manager

5 BOARD OF DIRECTORS
79 FULL TIME AUTHORIZED POSITIONS



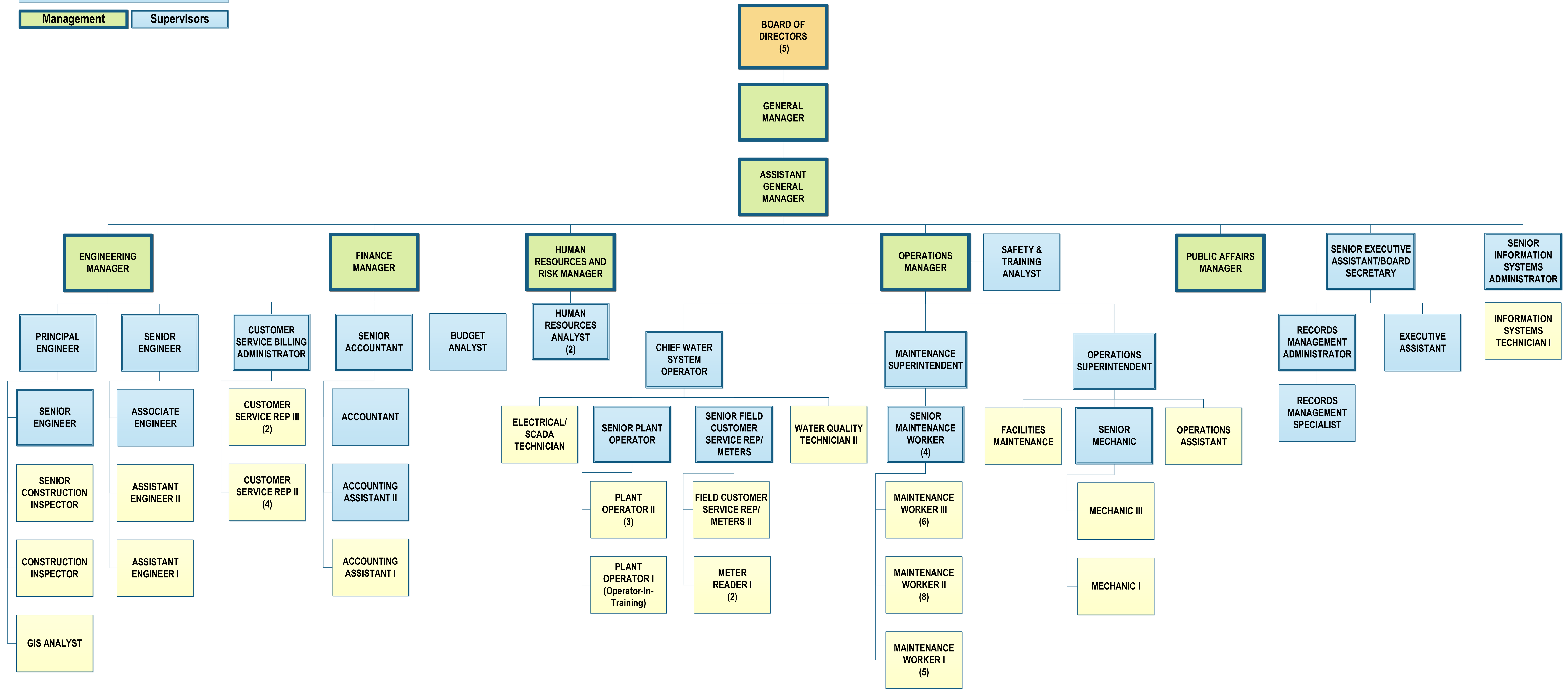
Yorba Linda Water District

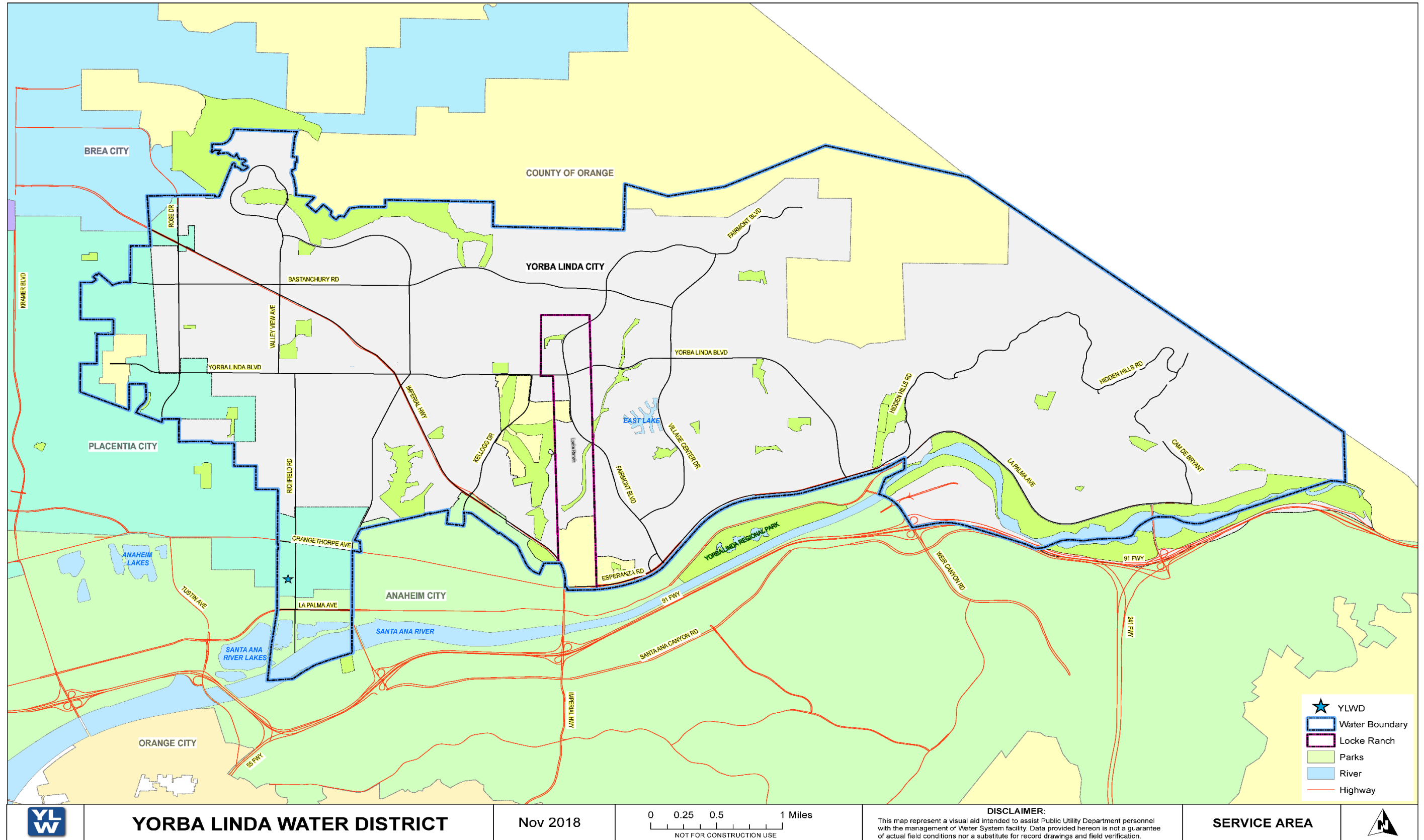
Organizational Chart

BARGAINING UNIT

UNREPRESENTED EMPLOYEES

Management Supervisors







Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Yorba Linda Water District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Yorba Linda Water District
Placentia, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Yorba Linda Water District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Summarized Prior-Year Comparative Information

The District's basic financial statements for the year ended June 30, 2020 were audited by White Nelson Diehl Evans LLP, whose practice became part of CliftonLarsonAllen LLP as of November 1, 2020, and whose report dated October 1, 2020, expressed an unmodified opinion on the respective financial statements of Yorba Linda Water District from which the prior year summarized financial information was derived. The report of White Nelson Diehl Evans LLP, dated October 1, 2020, stated that the combining schedules, the schedules of operating expenses by cost center and nature of expenses for water and sewer, and the schedules of capital assets (supplementary information) for the year ended June 30, 2020 was subjected to the auditing procedures applied in the audit of the June 30, 2020 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those 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 and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

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 the net pension liability, the schedule of contributions – defined benefit pension plans, the schedule of changes in the net other postemployment benefit (OPEB) liability and related ratios, and the schedule of contributions – OPEB, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

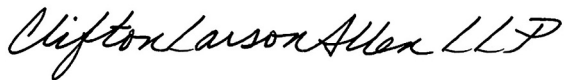
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplementary information consisting of the combining schedules, the schedules of operating expenses by cost center and nature of expenses for water and sewer, the schedules of capital assets, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules, the schedules of operating expenses by cost center and nature of expenses for water and sewer, and the schedules of capital assets as of and for the year ended June 30, 2021, are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 schedules, the schedules of operating expenses by cost center and nature of expenses for water and sewer, and the schedules of capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
September 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

YORBA LINDA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

The Yorba Linda Water District ("District") financial statements are prepared in conformity with Generally Accepted Accounting Principles ("GAAP") and include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Readers should evaluate the financial statements with the accompanying Notes to Financial Statements. The Notes to Financial Statements are an integral part of the financial statements and provide useful explanations and detailed information on the presented financial statements. The Management's Discussion and Analysis ("MD&A") precedes the financial statements, and its purpose is to provide an overall analysis of the District's financial position and results of operations for the fiscal year ended June 30, 2021, in comparison to the fiscal year ending June 30, 2020.

Financial Highlights

FY 2021

- The District's net position decreased by \$186,064 or a 0.11% decrease in net position.
- During the year, the District's revenues were \$42.8 million, an increase of 8.2%.
- During the year, the District's expenses were \$45.1 million, an increase of 7.8%.
- The District had net decrease to capital assets of \$2.9 million.

FY 2020

- The District's net position decreased by \$1,156,051, or a 0.70% decrease in net position.
- During the year, the District's revenues were \$39.6 million, an increase of 6.8%.
- During the year, the District's expenses were \$41.8 million, an increase of 10.84%.
- The District had net decrease to capital assets of \$3.6 million.

Required Financial Statements

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

The District's statements consist of two funds; the Water Fund and the Sewer Fund. The District's records are maintained on an enterprise basis, as it is the intent of the Board of Directors that the costs of providing water and sewer to the customer of the District are financed primarily through user charges.

YORBA LINDA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

The *Statement of Net Position* states the financial position of the District at June 30, 2021. This statement includes five components: District assets plus deferred outflow of resources, less liabilities and deferred inflows of resources, with the remaining difference between those items being reported as the net position. It provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. *The Statement of Revenues, Expenses and Changes in Net Position* accounts for the annual results of operations. This statement shows the current year's revenues, expenses, capital contributions, and also calculates the overall change in net position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement may be used to evaluate profitability/sustainability/lucrative-ness and credit worthiness. These two statements are shown using the accrual basis of accounting. This means revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments.

The final required financial statement is the *Statement of Cash Flows*, which provides information about changes in cash and cash equivalents during the reported fiscal year. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

The following condensed schedules contain summary financial information extracted from the basic financial statements and are meant to assist readers in evaluating the District's overall financial position and results of operations. These two statements report *the District's net position and changes in them*. One can think of the District's net position as a way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to take into consideration other factors such as changes in economic conditions, conservation mandates, population growth, weather patterns, zoning, response to unanticipated events, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 30 through 61.

YORBA LINDA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

Statement of Net Position

Statement of Net Position for the year ended June 30, 2021 is as follows:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets:			
Current assets	\$ 46,394,074	\$ 44,493,315	\$ 1,900,759
Restricted assets	1,701,501	2,026,031	(324,530)
Capital assets, net			
Not depreciable	3,053,018	3,656,485	(603,467)
Depreciable, net of accumulated depreciation	181,343,374	183,657,558	(2,314,184)
Total assets	<u>232,491,967</u>	<u>233,833,389</u>	<u>(1,341,422)</u>
Deferred Outflows of Resources:	<u>3,059,788</u>	<u>3,090,184</u>	<u>(30,396)</u>
Liabilities:			
Liabilities payable from unrestricted current assets	9,813,136	9,382,131	431,005
Non-current liabilities	61,148,581	62,374,835	(1,226,254)
Total liabilities	<u>70,961,717</u>	<u>71,756,966</u>	<u>(795,249)</u>
Deferred Inflows of Resources:	<u>495,487</u>	<u>885,992</u>	<u>(390,505)</u>
Net position:			
Net investment in capital assets	146,951,549	148,308,815	(1,357,266)
Restricted	1,807,363	2,131,773	(324,410)
Unrestricted	15,335,639	13,840,027	1,495,612
Total net position	<u>\$ 164,094,551</u>	<u>\$ 164,280,615</u>	<u>\$ (186,064)</u>

YORBA LINDA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

Statement of Net Position for the year ended June 30, 2020 is as follows:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Assets:			
Current assets	\$ 44,493,315	\$ 40,622,393	\$ 3,870,922
Restricted assets	2,026,031	1,960,797	65,234
Capital assets, net			
Not depreciable	3,656,485	2,730,749	925,736
Depreciable, net of accumulated depreciation	183,657,558	188,179,826	(4,522,268)
Total assets	<u>233,833,389</u>	<u>233,493,765</u>	<u>339,624</u>
Deferred Outflows of Resources:	<u>3,090,184</u>	<u>3,148,735</u>	<u>(58,551)</u>
Liabilities:			
Liabilities payable from unrestricted current assets	9,382,131	8,163,093	1,219,038
Non-current liabilities	62,374,835	62,470,561	(95,726)
Total liabilities	<u>71,756,966</u>	<u>70,633,654</u>	<u>1,123,312</u>
Deferred Inflows of Resources:	<u>885,992</u>	<u>572,180</u>	<u>313,812</u>
Net position:			
Net investment in capital assets	148,308,815	152,297,398	(3,988,583)
Restricted	2,131,773	2,063,965	67,808
Unrestricted	13,840,027	11,075,303	2,764,724
Total net position	<u>\$ 164,280,615</u>	<u>\$ 165,436,666</u>	<u>\$ (1,156,051)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$164.1 million and \$164.3 million as of June 30, 2021 and 2020, respectively.

By far the largest portion of the District's net position (89.6% and 90.3% as of June 30, 2021 and 2020, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

For the year ended June 30, 2021, the District showed a positive balance in its unrestricted net position of \$15.3 million, which indicates that there are reserves to be utilized in future years and is an increase from the stated unrestricted balance of \$13.5 million for the year ended June 30, 2020.

YORBA LINDA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

Statement of Revenues, Expenses and Changes in Net Position

Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2021 is as follows:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Operating revenues:			
Water sales	\$ 35,539,146	\$ 32,192,312	\$ 3,346,834
Sewer revenue	2,743,000	2,731,285	11,715
Other operating revenue	968,455	896,107	72,348
Total operating revenues	<u>39,250,601</u>	<u>35,819,704</u>	<u>3,430,897</u>
Non-operating revenues:			
Investment income	246,942	694,705	(447,763)
Property taxes	2,072,582	1,961,002	111,580
Other non-operating income	1,249,200	1,104,622	144,578
Total non-operating revenue	<u>3,568,724</u>	<u>3,760,329</u>	<u>(191,605)</u>
Total revenues	<u>42,819,325</u>	<u>39,580,033</u>	<u>3,239,292</u>
Expenses:			
Operating expenses:			
Variable costs	18,638,471	16,916,388	1,722,083
Personnel services	10,947,895	10,890,404	57,491
Supplies and services	5,459,423	4,754,718	704,705
Depreciation	7,858,355	7,757,139	101,216
Total operating expenses	<u>42,904,144</u>	<u>40,318,649</u>	<u>2,585,495</u>
Non-operating expenses:			
Interest expense	1,293,830	1,309,883	(16,053)
Other non-operating expense	859,403	137,569	721,834
Total non-operating expenses	<u>2,153,233</u>	<u>1,447,452</u>	<u>705,781</u>
Total expenses	<u>45,057,377</u>	<u>41,766,101</u>	<u>3,291,276</u>
Net income(loss) before capital contributions and special items	(2,238,052)	(2,186,068)	(51,984)
Capital contributions	<u>2,051,988</u>	<u>1,030,017</u>	<u>1,021,971</u>
Change in net position	(186,064)	(1,156,051)	969,987
Net position, beginning of year	<u>164,280,615</u>	<u>165,436,666</u>	<u>(1,156,051)</u>
Net position, end of year	<u>\$ 164,094,551</u>	<u>\$ 164,280,615</u>	<u>\$ (186,064)</u>

YORBA LINDA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2020 is as follows:

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Operating revenues:			
Water sales	\$ 32,192,312	\$ 29,819,532	\$ 2,372,780
Sewer revenue	2,731,285	2,528,020	203,265
Other operating revenue	896,107	1,014,691	(118,584)
Total operating revenues	<u>35,819,704</u>	<u>33,362,243</u>	<u>2,457,461</u>
Non-operating revenues:			
Investment income	694,705	819,522	(124,817)
Property taxes	1,961,002	1,874,688	86,314
Other non-operating income	1,104,622	1,014,495	90,127
Total non-operating revenue	<u>3,760,329</u>	<u>3,708,705</u>	<u>51,624</u>
Total revenues	<u>39,580,033</u>	<u>37,070,948</u>	<u>2,509,085</u>
Expenses:			
Operating expenses:			
Variable costs	16,916,388	13,327,860	3,588,528
Personnel services	10,890,404	9,538,167	1,352,237
Supplies and services	4,754,718	4,592,521	162,197
Depreciation	7,757,139	7,322,753	434,386
Total operating expenses	<u>40,318,649</u>	<u>34,781,301</u>	<u>5,537,348</u>
Non-operating expenses:			
Interest expense	1,309,883	1,350,616	(40,733)
Other non-operating expense	137,569	1,550,378	(1,412,809)
Total non-operating expenses	<u>1,447,452</u>	<u>2,900,994</u>	<u>(1,453,542)</u>
Total expenses	<u>41,766,101</u>	<u>37,682,295</u>	<u>4,083,806</u>
Net income(loss) before capital contributions and special items	<u>(2,186,068)</u>	<u>(611,347)</u>	<u>(1,574,721)</u>
Capital contributions	<u>1,030,017</u>	<u>171,144</u>	<u>858,873</u>
Change in net position	<u>(1,156,051)</u>	<u>(440,203)</u>	<u>(715,848)</u>
Net position, beginning of year	<u>165,436,666</u>	<u>165,876,869</u>	<u>(440,203)</u>
Net position, end of year	<u>\$ 164,280,615</u>	<u>\$ 165,436,666</u>	<u>\$ (1,156,051)</u>

The statement of revenues, expenses and changes of net position shows how the District's net position changed during the fiscal years. In the case of the District, net position decreased by approximately \$186,000 and decreased by \$1.15 million for the fiscal years ended June 30, 2021 and 2020, respectively.

YORBA LINDA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

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

In 2021, the District's total revenues increased by \$3.2 million, primarily due to a net increase in water sales of \$3.3 million resulting from increased water usage and Board of Director approved rate adjustments, which includes the addition of the approved PFAS Impact Fee that has been in effect as of February 1, 2021. Total expenses increased by \$3.3 million primarily due to a net result of an increase in variable water costs of \$1.7, an increase in supplies and services costs of \$700,000 and an increase in other non-operating expenses of \$721,000.

In 2020, the District's total revenues increased by \$2.5 million, primarily due to a net increase in water sales of \$2.4 million resulting from increased water usage and Board of Director rate adjustments. Total expense increased by \$4.1 million primarily due to a net result of an increase in variable water costs of \$3.6, an increase in personnel costs of \$1.4 million and a decrease in other non-operating expenses of \$1.4 million.

Capital Assets

Changes in capital asset amounts for 2021 were as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2021</u>
Capital assets:				
Capital assets, not being depreciated	\$ 3,656,485	\$ 5,817,128	\$ (6,420,595)	\$ 3,053,018
Capital assets, being depreciated	300,247,745	6,422,226	(3,394,655)	303,275,316
Less accumulated depreciation	<u>(116,590,187)</u>	<u>(7,858,355)</u>	<u>2,516,600</u>	<u>(121,931,942)</u>
Total capital assets, net	\$ <u>187,314,043</u>	\$ <u>4,380,999</u>	\$ <u>(7,298,650)</u>	\$ <u>184,396,392</u>

Changes in capital asset amounts for 2020 were as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2020</u>
Capital assets:				
Capital assets, not being depreciated	\$ 2,730,749	\$ 4,106,457	\$ (3,180,721)	\$ 3,656,485
Capital assets, being depreciated	297,012,874	3,234,871	-	300,247,745
Less accumulated depreciation	<u>(108,833,048)</u>	<u>(7,757,139)</u>	<u>-</u>	<u>(116,590,187)</u>
Total capital assets, net	\$ <u>190,910,575</u>	\$ <u>(415,811)</u>	\$ <u>(3,180,721)</u>	\$ <u>187,314,043</u>

At the end of fiscal year 2021 and 2020, the District's investment in capital assets amounted to \$184.4 million and \$187.3 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, vehicles and construction-in-process, etc. Major capital asset projects in fiscal year 2021 included the Marc Marcantonio Heli-hydrant at Santiago Reservoir, a 500 kw natural gas generator at Elk Mountain BPS, major water and sewer line improvements, meter replacements, and the purchase of various district vehicles and equipment.

YORBA LINDA WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

Where fiscal year 2020 included the Highland Pressure Reducing Station refurbishment, meter replacements, sewer line improvements and the purchase of various district vehicles and equipment.

Additional information regarding capital assets is included in Note 4 of the Notes to Basic Financial Statements.

Long-Term Liabilities

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>
2012A Refunding Revenue Bond	\$ 6,310,000	\$		\$	(335,000)	\$	5,975,000
2017A Revenue Bonds	26,700,000				(895,000)		25,805,000
Subtotal	<u>33,010,000</u>		-		<u>(1,230,000)</u>		<u>31,780,000</u>
Add (Less):							
2012A Premium	624,107				(47,703)		576,404
2017A Premium	3,800,996				(208,274)		3,592,722
Total Revenue Bonds	<u>37,435,103</u>		-		<u>(1,485,977)</u>		<u>35,949,126</u>
Revolving Line of Credit	1,443,751		-				1,443,751
Compensated Balances	<u>1,699,368</u>		<u>955,098</u>		<u>(794,327)</u>		<u>1,860,139</u>
Total Long-Term Debt	\$ <u>40,578,222</u>	\$	<u>955,098</u>	\$	<u>(2,280,304)</u>	\$	<u>39,253,016</u>

Changes in long-term debt amounts for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>
2012A Refunding Revenue Bond	\$ 6,625,000	\$	-	\$	(315,000)	\$	6,310,000
2017A Revenue Bonds	27,560,000		-		(860,000)		26,700,000
Subtotal	<u>34,185,000</u>		-		<u>(1,175,000)</u>		<u>33,010,000</u>
Add (Less):							
2012A Premium	671,810		-		(47,703)		624,107
2017A Premium	4,009,270		-		(208,274)		3,800,996
Total Revenue Bonds	<u>38,866,080</u>		-		<u>(1,430,977)</u>		<u>37,435,103</u>
Revolving Line of Credit	-		1,443,751		-		1,443,751
Compensated Balances	<u>1,561,861</u>		<u>758,855</u>		<u>(621,348)</u>		<u>1,699,368</u>
Total Long-Term Debt	\$ <u>40,427,941</u>	\$	<u>2,202,606</u>	\$	<u>(2,052,325)</u>	\$	<u>40,578,222</u>

In fiscal year 2021, long-term debt decreased by 1.2 million due to the principal payments on the 2012A and 2017A Revenue Bonds. Compared to fiscal year 2020, where long-term debt decreased by \$1.18 million due to the principal payments on the 2012A and 2017A Revenue Bonds.

Additional information regarding long-term liabilities can be found in note 5 in Notes to Basic Financial Statements.

YORBA LINDA WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District at 1717 E. Miraloma Avenue, Placentia, California 92807 or the Finance Department at (714) 701-3040.

BASIC FINANCIAL STATEMENTS

YORBA LINDA WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
CURRENT ASSETS		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 38,489,524	\$ 34,780,016
Investments	2,181,492	4,232,940
Accounts Receivable - Water and Sewer Services	5,106,612	4,733,310
Accounts Receivable - Property Taxes	26,788	27,139
Accrued Interest Receivable	31,943	115,399
Prepaid Expenses and Deposits	292,809	272,863
Inventory	264,906	331,648
Total Unrestricted Assets	46,394,074	44,493,315
Restricted Assets:		
Cash and Investments Held by Fiscal Agent	-	43
Cash and Investments - Pension Trust	961,169	1,417,430
Cash and Investments - OPEB Trust	740,332	608,558
Total Restricted Assets	1,701,501	2,026,031
Total Current Assets	48,095,575	46,519,346
NONCURRENT ASSETS		
Capital Assets:		
Not Depreciable	3,053,018	3,656,485
Depreciable, Net of Accumulated Depreciation	181,343,374	183,657,558
Total Noncurrent Assets	184,396,392	187,314,043
Total Assets	232,491,967	233,833,389
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts from Pension Plans	2,142,350	2,224,306
Deferred Amounts from OPEB	594,377	539,981
Deferred Loss on Refunding	301,066	325,897
Total Deferred Outflows of Resources	3,037,793	3,090,184

See accompanying Notes to Basic Financial Statements.

YORBA LINDA WATER DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
CURRENT LIABILITIES		
Payable from Unrestricted Current Assets:		
Accounts Payable	\$ 6,191,316	\$ 5,819,844
Accrued Expenses	300,205	250,170
Compensated Absences Payable - Current Portion	465,035	424,842
Customer and Construction Deposits	1,125,625	1,104,622
Unearned Revenue	73,378	170,539
Accrued Interest Payable	367,577	382,114
Certificates of Participation - Current Portion	1,290,000	1,230,000
Total Payable from Unrestricted Current Assets	9,813,136	9,382,131
Total Current Liabilities	9,813,136	9,382,131
LONG-TERM LIABILITIES (Less Current Portion)		
Unearned Annexation Revenue	12,122,841	12,617,886
Compensated Absences	1,395,104	1,274,526
Revolving Credit	1,443,751	1,443,751
Certificates of Participation	34,659,126	36,205,103
Net Pension Liability	10,323,992	9,372,305
Net OPEB Liability	1,203,767	1,461,264
Total Long-Term Liabilities (Less Current Portion)	61,148,581	62,374,835
Total Liabilities	70,961,717	71,756,966
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts from Pension Plans	80,778	418,786
Deferred Amounts from OPEB	304,828	374,225
Deferred Gain on Refunding	87,886	92,981
Total Deferred Inflows of Resources	473,492	885,992
NET POSITION		
Net Investment in Capital Assets	146,951,549	148,308,815
Restricted:		
Water Conservation	105,862	105,785
Pension Benefits	961,169	1,417,430
Other Postemployment Benefits	740,332	608,558
Unrestricted	15,335,639	13,840,027
Total Net Position	\$ 164,094,551	\$ 164,280,615

See accompanying Notes to Basic Financial Statements.

YORBA LINDA WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	2021	2020
OPERATING REVENUES		
Water Sales	\$ 35,539,146	\$ 32,192,312
Sewer Revenues	2,743,000	2,731,285
Other Operating Revenues	968,455	896,107
Total Operating Revenues	39,250,601	35,819,704
 OPERATING EXPENSES		
Variable Water Costs	18,638,471	16,916,388
Personnel Services	10,947,895	10,890,404
Supplies and Services	5,459,423	4,754,718
Depreciation	7,858,355	7,757,139
Total Operating Expenses	42,904,144	40,318,649
 OPERATING LOSS	(3,653,543)	(4,498,945)
 NONOPERATING REVENUES (EXPENSES)		
Property Taxes	2,072,582	1,961,002
Investment Income	246,942	694,705
Interest Expense	(1,293,830)	(1,309,883)
Other Nonoperating Revenues	1,249,200	1,104,622
Other Nonoperating Expenses	(859,403)	(137,569)
Total Nonoperating Revenues (Expenses)	1,415,491	2,312,877
 NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(2,238,052)	(2,186,068)
 CAPITAL CONTRIBUTIONS	2,051,988	1,030,017
 CHANGES IN NET POSITION	(186,064)	(1,156,051)
Net Position - Beginning Of Year	164,280,615	165,436,666
 NET POSITION - END OF YEAR	\$ 164,094,551	\$ 164,280,615

See accompanying Notes to Basic Financial Statements.

YORBA LINDA WATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 38,861,393	\$ 34,919,584
Cash Payments to Employees for Salaries and Wages	(10,422,743)	(10,014,372)
Cash Payments to Suppliers of Goods and Services	(23,642,716)	(20,552,356)
Other Revenues	546,728	191,055
Other Expenses	(50,086)	(137,569)
Net Cash Provided by Operating Activities	<u>5,292,576</u>	<u>4,406,342</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Property Taxes and Assessments	<u>2,071,688</u>	<u>1,954,595</u>
Net Cash Provided by Noncapital Financing Activities	2,071,688	1,954,595
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from (Payments for) Annexation Fees and Capital Contributions	20,752	(36,917)
Acquisition and Construction of Capital Assets	(3,788,795)	(3,147,401)
Proceeds from Revolving Credit	-	1,443,751
Principal Paid on Long-Term Liabilities	(1,230,000)	(1,175,000)
Interest and Commitment Fees Paid on Long-Term Liabilities	(1,544,607)	(1,557,873)
Net Cash Used by Capital and Related Financing Activities	<u>(6,473,914)</u>	<u>(4,473,440)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	9,043,760	30,590,107
Purchase of Investments	(6,555,000)	(27,360,367)
Interest and Investment Earnings	<u>330,398</u>	<u>684,392</u>
Net Cash Provided by Investing Activities	<u>2,819,158</u>	<u>3,914,132</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,709,508	5,801,629
Cash and Cash Equivalents - Beginning of Year	<u>34,780,016</u>	<u>28,978,387</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 38,489,524</u></u>	<u><u>\$ 34,780,016</u></u>

See accompanying Notes to Basic Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

YORBA LINDA WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (3,653,543)	\$ (4,498,945)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	7,858,355	7,757,139
Other Revenues	546,728	191,055
Other Expenses	(50,086)	(137,569)
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable	(373,302)	(896,102)
Prepaid Expenses and Deposits	(19,946)	15,201
Inventory	66,742	(48,125)
Deferred Outflows of Resources from Pension Plans	81,956	111,022
Deferred Outflows of Resources from OPEB	(76,391)	(77,301)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts Payable and Accrued Expenses	371,472	626,648
Accrued Expenses	50,035	47,483
Accrued Compensated Absences	160,773	137,506
Customer and Construction Deposits	21,003	521,008
Net Pension Liability	951,687	923,191
Net OPEB Liability	(257,497)	(584,776)
Deferred Inflows of Resources from Pension Plans	(338,008)	(11,721)
Deferred Inflows of Resources from OPEB	(47,402)	330,628
Total Adjustments	<u>8,946,119</u>	<u>8,905,287</u>
Net Cash Provided by Operating Activities	<u>\$ 5,292,576</u>	<u>\$ 4,406,342</u>
 NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES		
Amortization Related to Long-Term Debt	<u>\$ 255,977</u>	<u>\$ 255,977</u>
Capital Contributions	<u>\$ 2,029,964</u>	<u>\$ 1,030,017</u>

See accompanying Notes to Basic Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO BASIC FINANCIAL STATEMENTS

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description of the Reporting Entity

The Yorba Linda Water District (the District) is an independent special district established in 1959, which operates under the authority of Division 12 of the California Water Code for the purpose of providing water and sewer services to properties within the District. The District is governed by a five member Board of Directors elected by the voters in the area to four-year terms. The District provides two services that include water and sewer. Water is provided to the entire service area. Sewer is provided to most of the service areas. The District's service area includes Yorba Linda, portions of Placentia, Anaheim, and Brea, and areas of unincorporated Orange County. The District provides water and sewer services to approximately 81,000 residents.

The financial statements present the District (the primary government), the Yorba Linda Water District Public Financing Corporation (the Corporation), and the Yorba Linda Water District Financing Authority (the Authority). The Corporation and the Authority meet the definition of a component unit and are presented on a blended basis, as if they are part of the primary government. Although they are legally separate entities, the governing board of the Corporation and the Authority are composed of the same membership as the District's Board of Directors. The District may impose its will on the Corporation and the Authority, including the ability to appoint, hire, reassign, or dismiss management. There is also a financial benefit/burden relationship between the District and the Corporation and the Authority.

The Corporation, a California nonprofit public benefit corporation, was formed in July 2003 for the purpose of providing assistance to the District and other public agencies in the state of California, of which the District is a member or is otherwise engaged in the financing, refinancing, acquiring, constructing, and rehabilitating of facilities, land, and equipment; the sale or leasing of facilities, land, and equipment for the use, benefit, and enjoyment of the public served by such agencies; and any other purpose incidental thereto. There are no separate financial statements for the Corporation.

The Authority, a public agency, was organized pursuant to a Joint Exercise of Powers Agreement (the JPA Agreement) between the District and the California Municipal Finance Authority (CMFA), dated April 11, 2017. The Authority is statutorily authorized by Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code and is empowered under the JPA Agreement to issue its bonds for, among other things, the purposes of the plan of financing described herein. Separate basic financial statements prepared for the Authority may be obtained from the Yorba Linda Water District, 1717 East Miraloma Avenue, Placentia, CA 92870.

B. Basic Financial Statements

The basic financial statements are composed of the statement of net position, the statement of revenues, expenses, and changes in net position, the statement of cash flows, and the notes to the basic financial statements.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation

The accounts of the District are that of an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under 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.

E. Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

F. Investments and Investment Policy

The District has adopted an investment policy directing the District's General Manager or Finance Manager to invest, reinvest, sell, or exchange securities.

Investments are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management evaluates all accounts receivable and, if it is determined that they are uncollectible, they are written off as a bad debt expense. A charge of \$15,906 was made to bad debt expense for the year ended June 30, 2021. Management has evaluated the remaining accounts receivable and has determined that they are collectible.

H. Prepaid Expenses

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

I. Inventory

Inventory consists primarily of materials and supplies used in the construction and maintenance of the water and sewer systems and are stated at cost using the average-cost method on a first-in, first-out basis.

J. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000 with an expected useful life of greater than one year. Contributed assets are recorded at acquisition value at the date of acquisition. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

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

Source of Supply	30 to 75 Years
Pumping Plant	20 to 40 Years
Water Treatment Plant	12 to 40 Years
Sewer Plant	5 to 60 Years
Transmission and Distribution Plant	10 to 40 Years
General Plant	3 to 40 Years

YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to loss on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to pensions and OPEB for employer contributions made after the measurement date of the net pension liability and the net OPEB liability.
- Deferred outflows related to pensions for differences between actual and expected experiences and changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred outflows from OPEB resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with retiree health benefits through the plan.
- Deferred outflows related to pension and OPEB resulting from the difference in projected and actual earnings on investments of the OPEB plans' fiduciary net position. These amounts are amortized over five years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflow related to gain on refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows related to OPEB for differences between actual and expected experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pension and retiree health benefits through the respective plans.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

- Deferred inflows related to pensions for differences between changes of assumptions and changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

L. Customer Deposits

Customer deposits may be collected at the time water service is initiated. Deposits may be applied to customer accounts or refunded at the time an account is closed.

M. Construction Advances, Deposits, and Bonding Deposits

Construction deposits are collected by the District to cover the cost of construction projects within the District. Funds in excess of project costs are refunded to the customer.

The District's policy is to maintain certain bonding requirements for water and sewer construction projects performed within District boundaries to ensure the proper completion of the project. Deposited amounts are refunded upon final approval of the project.

N. Unearned Revenue

Unearned revenue consists of developer payments that are recognized as revenue as water consumption of the area occurs and customer refunds that have not been cashed.

O. Unearned Annexation Revenue

The District collects a fee from newly annexed developments for all residential and commercial properties. This fee is in lieu of the District's share of 40 years of the 1% property tax revenue that the District no longer receives post-Proposition 13. The fee is a present worth value required to generate a 40-year revenue stream equivalent to the lost property tax revenue.

The fee is calculated based on the fair market value estimate of the improved property at the time the fee is collected and is based on the current rate of return on the District's investments. The deposit balance accrues interest and provides a source of operational revenue for the District and is amortized on a straight-line basis over 40 years. This unearned revenue source may be used for capital facilities in the future if approved by the Board of Directors.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position

In the statement of net position, net position is classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt and capital related payables that are attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. Amounts reported in restricted net position for the year ended June 30, 2021 represent the following:

- Amount of \$105,862 which is the balance remaining of administrative penalty fees collected by the District that must be used for capital improvement projects that are related to conservation efforts, water use efficiency improvements, water conservation education, and regulatory compliance.
- Amount of \$961,169 represents funds held in a trust with PARS that is restricted for future contributions to pension plans and \$740,332 represents funds held in a trust with PARS that is restricted for future contributions to an OPEB plan.

Unrestricted Net Position

This amount is all net position that does not meet the definition of net investment in capital assets or restricted net position.

Q. Net Position Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's practice to consider restricted – net position to have been depleted before unrestricted - net position is applied.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Operating Revenues and Expenses

Operating revenues, such as charges for services (water sales and sewer service charges), result from exchange transactions associated with the principal activity of the District. Nonoperating revenues, such as property taxes, assessments, and investment income, result from nonexchange transactions or ancillary activities in which the District receives value without directly giving equal value in exchange.

Operating expenses include the costs of providing water, sewer, and related services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

S. Property Taxes and Assessments

The Orange County Assessor's Office assesses all real and personal property within Orange County each year. The Orange County Tax Collector's Office bills and collects the District's share of property taxes and assessments. The Orange County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local governments.

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

Lien Date	January 1
Levy Date	July 1
Due Dates	First Installment – November 1 Second Installment – March 1
Collection Dates	First Installment – December 10 Second Installment – April 10

T. Water and Sewer Sales

The District recognizes water and sewer service charges based on cycle billings rendered to the customers each month.

U. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners or real estate developers desiring services that require capital expenditures or capacity commitment.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Pensions

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

W. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the District's OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

X. Budgetary Policies

The District adopts annual nonappropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Y. Use of Estimates

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Accordingly, actual results could differ from the estimates.

Z. Prior Year Data and Reclassifications

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's prior-year financial statements from which this selected financial data was derived. Certain amounts in the June 30, 2020 balances have been reclassified for comparative purposes to conform to the presentation of the June 30, 2021 financial statements. There was no change in reported net income or net position related to these reclassifications.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30 are reported in the accompanying statement of net position as follows:

	2021
Unrestricted Current Assets:	
Cash and Cash Equivalents	\$ 38,489,524
Investments	2,181,492
Restricted Assets:	
Cash and Investments - Pension Trust	961,169
Cash and Investments - OPEB Trust	740,332
Total Cash and Investments	\$ 42,372,517

Cash and investments as of June 30 consisted of the following:

	2021
Cash on Hand	\$ 1,250
Deposits with Financial Institutions	594,344
Investments	41,776,923
Total Cash and Investments	\$ 42,372,517

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

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

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy. This table does not address investments of the employer contributions to the other post-employment benefit trust that are governed by the trust agreement or the investments of funds within the pension and other postemployment benefit (OPEB) trusts that are governed by the agreement between the District and the trustees, rather than the general provisions of the California Government Code or the District's Investment Policy.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the District's Investment Policy (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Credit Rating
Bank or Savings and Loans	5 Years	None	None	FDIC
Negotiable Certificates of Deposit	5 Years	30%	None	A and FDIC Collateralized
Local Agency Investment Fund	N/A	None	None	None
Orange County Commingled Investment Pool	N/A	None	None	N/A
California Asset Management Program	N/A	(1)	None	N/A
United States Treasury Bills, Notes, and Bonds	5 Years	None	None	N/A
United States Government-Sponsored				
Agency Securities	5 Years	None	None	N/A
Corporate Bonds	5 Years	30%	None	A
Banker's Acceptance	180 Days	10%	5%	A-1
Commercial Paper	270 Days	25%	5%	A-1
CalTRUST Investment Pool	N/A	None	None	N/A
Money Market Mutual Funds	N/A	20%	10%	N/A

(1) Limited to bond proceeds held by the District.
N/A Not applicable

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by the provisions of debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. Investments authorized for funds held by bond trustees include, U.S. Treasury Bills, Notes and Bonds, U.S. Treasury Obligations, Resolution Funding Corp (REFCORP), Prefunded Municipal Bonds, U.S. Government-Sponsored Agency Securities, Commercial Paper, Money Market Mutual Funds, Certificates of Deposits, Guaranteed Investment Contracts, Banker's Acceptance, Repurchase Agreements, and Local Agency Investment Funds.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following tables that show the distribution of the District's investments by maturity as of June 30, 2021.

Investment Type	Remaining Maturity (in Months)					Total
	12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	48 to 60 Months	
Local Agency Investment Fund	\$ 35,768,815	\$ -	\$ -	\$ -	\$ -	\$ 35,768,815
Negotiable Certificates of Deposits	2,181,492	-	-	-	-	2,181,492
Money Market Mutual Funds	2,125,115	-	-	-	-	2,125,115
Restricted:						
Pension Trust - PARS Pooled Trust	961,169	-	-	-	-	961,169
OPEB Trust - PARS Pooled Trust	740,332	-	-	-	-	740,332
Total	\$ 41,776,923	\$ -	\$ -	\$ -	\$ -	\$ 41,776,923

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code with the exception of banker's acceptances, commercial paper, and money market funds, which are limited to an investment in any one issuer of 5%, 5%, and 10%, respectively. The District has no investments that exceed these limits.

Custodial Credit Risk

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

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Local Agency Investment Fund (LAIF)).

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

Investment in State Investment Pool

The District is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

Cash and Investments – Other Postemployment Benefit (OPEB) and Pension Trust

Restricted assets are financial resources generated for a specific purpose, such as OPEB and pension benefits. These assets are for the benefit of a specific purpose and, as such, are legally or contractually restricted by an external third-party agreement. The District's restricted assets consisted of a trust account with the Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's OPEB health plan and pension plan. The OPEB and pension trusts funds' specific cash and investments are listed as restricted cash and investments on the schedule of net position and are managed by a third-party portfolio manager under guidelines approved by the District. The District-approved guidelines are as follows:

Risk Tolerance Moderate

Risk Management The portfolio is constructed to control through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process help to drive return potential while reducing portfolio risk.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

**Cash and Investments – Other Postemployment Benefit (OPEB) and Pension Trust
(Continued)**

Investment Objective To provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.

Strategic Ranges 0% - 20% Cash
 40% - 60% Fixed Income
 40% - 60% Equity

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

Negotiable certificates of deposit and United States Government - Sponsored Agency securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The District has the following recurring fair value measurements as of June 30:

June 30, 2021	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Negotiable Certificates of Deposit	\$ -	\$ 2,181,492	\$ -	\$ 2,181,492
Total Leveled Investments	<u>\$ -</u>	<u>\$ 2,181,492</u>	<u>\$ -</u>	<u>2,181,492</u>
Local Agency Investment Fund*				35,768,815
Money Market Mutual Funds*				2,125,115
Restricted:				
Pension Trust - PARS Pooled Trust*				961,169
OPEB Trust - PARS Pooled Trust*				740,332
Total Investments				<u>\$ 41,776,923</u>

* Not subject to fair value measurement hierarchy.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 RESTRICTED ASSETS

Restricted assets are provided by and are to be used for the following uses as of June 30:

<u>Source</u>	<u>Use</u>	<u>2021</u>
Pension Trust - PARS Pooled Trust	Payment of Pension Benefits	\$ 740,332
OPEB Trust - PARS Pooled Trust	Payment of OPEB Benefits	961,169
Total Restricted Assets		<u>\$ 1,701,501</u>

NOTE 4 CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2021 were as follows:

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance at June 30, 2021</u>
Capital Assets, Not Depreciated:				
Land, Mineral, and Water Rights	\$ 287,419	\$ -	\$ -	\$ 287,419
Construction in Progress	3,369,066	5,817,128	(6,420,595)	2,765,599
Total Capital Assets, Not Depreciated	3,656,485	5,817,128	(6,420,595)	3,053,018
Capital Assets, Being Depreciated:				
Source of Supply	6,348,997	-	(832,689)	5,516,308
Pumping Plant	28,437,555	113,824	(89,715)	28,461,664
Water Treatment Plant	3,507,669	-	(2,124,124)	1,383,545
Transmission and Distribution Plant	238,951,536	5,226,363	(149,739)	244,028,160
General Plant	23,001,988	1,082,039	(198,388)	23,885,639
Total Capital Assets, Being Depreciated	300,247,745	6,422,226	(3,394,655)	303,275,316
Less Accumulated Depreciation for:				
Source of Supply	(3,184,132)	(171,233)	549,273	(2,806,092)
Pumping Plant	(10,234,924)	(1,180,895)	30,973	(11,384,846)
Water Treatment Plant	(2,539,242)	(186,091)	1,666,469	(1,058,864)
Transmission and Distribution Plant	(87,712,738)	(5,361,130)	111,956	(92,961,912)
General Plant	(12,919,151)	(959,006)	157,929	(13,720,228)
Total Accumulated Depreciation	<u>(116,590,187)</u>	<u>(7,858,355)</u>	<u>2,516,600</u>	<u>(121,931,942)</u>
Total Capital Assets, Being Depreciated, Net	<u>183,657,558</u>	<u>(1,436,129)</u>	<u>(878,055)</u>	<u>181,343,374</u>
Total Capital Assets, Net	<u>\$ 187,314,043</u>	<u>\$ 4,380,999</u>	<u>\$ (7,298,650)</u>	<u>\$ 184,396,392</u>

Depreciation expense for the depreciable capital assets was \$7,858,355 for the fiscal year-ended June 30, 2021.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Certificates of Participation:					
2012A Revenue Refunding					
Certificates of Participation	\$ 6,310,000	\$ -	\$ (335,000)	\$ 5,975,000	\$ 345,000
2017A Revenue Bonds	26,700,000	-	(895,000)	25,805,000	945,000
Subtotal	33,010,000	-	(1,230,000)	31,780,000	1,290,000
Add (Less):					
2012A Premium	624,107	-	(47,703)	576,404	-
2017A Premium	3,800,996	-	(208,274)	3,592,722	-
Total Certificates of Participation	37,435,103	-	(1,485,977)	35,949,126	1,290,000
Revolving Credit - Direct Placement	1,443,751	-	-	1,443,751	-
Compensated Balances	1,699,368	955,098	(794,327)	1,860,139	465,035
Total	<u>\$ 40,578,222</u>	<u>\$ 955,098</u>	<u>\$ (2,280,304)</u>	<u>\$ 39,253,016</u>	<u>\$ 1,755,035</u>

2012A Revenue Refunding Certificates of Participation

In September 2012, the Corporation issued \$8,330,000 of Revenue Refunding Certificates of Participation, Series 2012A (the 2012A Certificates). The 2012A Certificates were issued to provide funds (1) to advance refund all of the currently outstanding District Certificates of Participation Series 2003 (the 2003 Certificates) and (2) to pay costs of issuance of the 2012A Bonds.

The 2012A Certificates bear interest ranging from 2% to 5%, payable semiannually on April 1 and October 1. There is no reserve requirement for the 2012A Certificates.

The 2012A Certificates are obligations of the Corporation payable solely from payments received from the District pursuant to the Installment Purchase Agreement by and between the District and the Corporation. The Installment Purchase Agreement requires the District to fix, prescribe, and collect rates and charges for the water service that will be at least sufficient to yield during each fiscal year net revenues equal to 110% of the debt service for such fiscal year. For fiscal year 2021, the net revenues are equal to 240% of the debt service.

The 2012A Certificates are subject to federal arbitrage regulations and have no amounts due.

At June 30, 2021, the 2012A Certificates' outstanding balance was \$5,975,000.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

2012A Revenue Refunding Certificates of Participation (Continued)

The annual debt service requirements for the 2012A Certificates outstanding at June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	2012A		Total
	Principal	Interest	
2022	\$ 345,000	\$ 241,250	\$ 586,250
2023	360,000	225,388	585,388
2024	375,000	208,213	583,213
2025	395,000	188,653	583,653
2026	415,000	168,413	583,413
2027 - 2031	2,410,000	512,515	2,922,515
2032 - 2034	1,675,000	82,120	1,757,120
Total	<u>\$ 5,975,000</u>	<u>\$ 1,626,552</u>	<u>\$ 7,601,552</u>

2017A Revenue Bonds

In May 2017, the Authority issued \$29,335,000 of Revenue Bonds, Series 2017A (the 2017A Bonds). The 2017A Bonds were issued to provide funds (1) to finance the acquisition and construction of certain improvements to the District's water system, (2) to advance refund all of the currently outstanding District Revenue Certificates of Participation Series 2008, and (3) to pay costs of issuance of the 2017A Bonds.

At June 30, 2021, the 2017A Bonds' outstanding balance was \$25,805,000.

The 2017A Bonds bear interest at rates ranging from 3% to 5%, payable semiannually on April 1 and October 1. There is no reserve requirement for the 2017A Bonds.

The 2017A Bonds are obligations of the Authority payable solely from payments received from the District pursuant to the Installment Purchase Agreement by and between the District and the Authority. The Installment Purchase Agreement requires the District to fix, prescribe, and collect rates and charges for the water service that will be at least sufficient to yield during each fiscal year net revenues equal to 125% of the debt service for such fiscal year. For fiscal year 2021, the net revenues are equal to 240% of the debt service.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

2017A Revenue Bonds Continued)

The 2017A Bonds are subject to federal arbitrage regulations and have no amounts due.

The annual debt service requirements for the 2017A Bonds outstanding at June 30, 2021, are as follows:

Year Ending June 30,	2017A		Total
	Principal	Interest	
2022	\$ 945,000	\$ 1,197,669	\$ 2,142,669
2023	990,000	1,149,294	2,139,294
2024	1,045,000	1,098,419	2,143,419
2025	1,095,000	1,044,919	2,139,919
2026	1,145,000	988,319	2,133,319
2027 - 2031	6,605,000	4,047,370	10,652,370
2032 - 2036	8,095,000	2,500,022	10,595,022
2037 - 2039	5,885,000	448,175	6,333,175
Total	<u>\$ 25,805,000</u>	<u>\$ 12,474,187</u>	<u>\$ 38,279,187</u>

Revolving Credit Agreement

On May 12, 2020, the District entered into a Revolving Credit Agreement (Agreement) with Bank of America. Under the Agreement, the District can borrow a maximum aggregate amount of \$20,000,000 on any business day from May 12, 2020 to the earlier of (a) May 12, 2023 and (b) the date the Revolving Commitment is reduced to zero (availability period). The proceeds of the Revolving Loans will be utilized to pay for capital projects of the Water System. The District can elect that any Revolving Loan be either a Fixed Rate Revolving Loan or a Floating Rate Revolving Loan. A Fixed Rate Revolving Loan will bear interest at the fixed rate, which is equal to the sum of (i) the product of 80% and the LIBOR rate for the applicable interest period and (ii) the Applicable Margin. A Floating Rate Revolving Loan will bear interest at the floating rate, which is a variable rate of interest equal to the sum of (i) the product of 80% and the LIBOR Rate (Floating) and (ii) the Applicable Margin.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Revolving Credit Agreement (Continued)

The Applicable Margin means a rate per annum associated with the level corresponding to the lowest long-term unenhanced debt rating assigned by any Moody's, Fitch, or S&P to any Senior Indebtedness, as specified below:

Level	Moody's Rating	S & P Rating	Fitch Rating	Applicable Margin
Level 1	Aa3 or above	AA- or above	AA- or above	0.41%
Level 2	A1	A+	A+	0.56%
Level 3	A2	A	A2	0.61%
Level 4	A3	A1	A3	0.66%
Level 5	Baa1	BBB+	BBB+	0.81%
Level 6	Baa2	BBB	BBB	0.96%
Level 7	Baa3 or below	BBB- or below	BBB- or below	Default Rate*

*Default Rate means, for any day, a rate of interest per annum equal to the greater of (i) the Prime Rate in effect on such day plus 5%, (ii) the Federal Funds Rate in effect on such day plus 6%, (iii) 10%, and (iv) LIBOR Rate (Floating) plus 6%; provided that in no event shall the Default Rate exceed the Maximum Interest Rate then in effect (the maximum rate permitted by law).

If one of the rating agencies' rating is at a different level than the rating of another rating agency, the Applicable Margin is based upon the level in which the lowest rating appears.

Commitment Fees accrue during the entire availability period (May 12, 2020 to May 12, 2023) and are calculated monthly, in arrears. Commitment Fees are equal to the product of (i) the Commitment Fee Rate and (ii) the actual daily amount by which the Revolving Commitment exceeds the Outstanding Amount of Revolving Loans.

The Commitment Fee Rate is a rate per annum associated with the Level corresponding to the lowest long-term unenhanced debt rating assigned by any Moody's, Fitch, or S&P to any Senior Indebtedness, as specified below:

Level	Moody's Rating	S & P Rating	Fitch Rating	Commitment Fee Rate if Available Commitment ≤ 60% Utilized	Commitment Fee Rate if Available Commitment > 60% Utilized
Level 1	Aa3 or above	AA- or above	AA- or above	0.20%	0.00%
Level 2	A1	A+	A+	0.35%	0.00%
Level 3	A2	A	A2	0.40%	0.00%
Level 4	A3	A1	A3	0.45%	0.00%
Level 5	Baa1	BBB+	BBB+	0.60%	0.00%
Level 6	Baa2	BBB	BBB	0.75%	0.00%
Level 7	Baa3 or below	BBB- or below	BBB- or below	Default Rate	Default Rate

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Revolving Credit Agreement (Continued)

The aggregate principal amount of the Revolving Loans outstanding is due on May 12, 2023. Interest and Commitment Fees on each Revolving Loan are due and payable in arrears on the first business day of each month, commencing on June 1, 2020.

The District must fix and prescribe rates and charges for water service that are sufficient to yield net revenues after payment of debt service of 110%. The District is in compliance with this requirement.

As of June 30, 2021, the District's Outstanding Revolving Loans amount to \$1,443,751 and are due on May 12, 2023. These loans were fixed rate loans with an interest rate at June 30, 2021 of .487%. At June 30, 2021, interest expense was \$7,026, and commitment fees incurred at June 30, 2021 are \$37,631.

Estimated future debt service payments, utilizing the fixed rates in effect as of June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 7,026	\$ 7,026
2023	1,443,751	7,026	1,450,777
Total	<u>\$ 1,443,751</u>	<u>\$ 14,052</u>	<u>\$ 1,457,803</u>

Compensated Absences

Compensated absences are composed of unpaid vacation leave, sick leave, and compensating time off, which are accrued as earned.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

A. General Information about the OPEB Plan

Plan Description

The District, through an agent multiple-employer defined benefit plan, provides post-employment health-care benefits to retirees managed through California Employers' Retiree Benefit Trust (CERBT). Specifically, the District provides health (medical, dental, and vision) insurance for its retired employees and directors, their dependent spouses (if married and covered on the District's plan at time of retirement), or survivors in accordance with Board of Director resolutions. Medical coverage is provided for retired employees who are age 50 or over and who have a minimum of five years of service with the District. Only employees hired prior to December 8, 2011, qualify for these benefits. The District pays 100% of the premium for the retiree and two-thirds of the premium amount for eligible dependents accrued at a rate of one year for every three years of service. Two-thirds of the premium amount of medical coverage is provided for the surviving spouse of retired employees for the remaining vested period. The plan does not provide a publicly available financial report.

Employees Covered

As of the June 30, 2020 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	15
Active Employees	38
Total	53

Contributions

Benefit provisions and contribution requirements are established by District policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the measurement period end June 30, 2020, the District made a contribution of \$272,075 to the OPEB trust, made payments totaling \$192,348 for retiree health-care insurance benefits, and the implied subsidy was \$26,514, resulting in payments of \$490,937.

B. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-age normal cost method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Projected Salary Increase	2.75% per year
Expected Long-Term Investment Rate of Return	6.50%
Health-care Cost Trend Rates	4.00% per year
Mortality, Preretirement Turnover	Derived from 2017 CalPERS OPEB assumptions model for "public agency miscellaneous"

The actuarial assumptions used in the June 30, 2019 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

The long-term expected rate of return 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. The asset class percentages were taken from the current composition of the CERBT trust, and the expected yields were taken from a CalPERS publication for the Pension Fund. 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 OPEB plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Strategic Allocation	Long-Term Expected Real Rate of Return
Global Equity	59.00%	5.25%
Fixed Income	25.00%	0.99%
Treasury Securities	5.00%	0.45%
Real Estate Trusts	8.00%	4.50%
Commodities	3.00%	3.90%
Total	100.00%	

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

B. Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the retiree's benefits. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019 (Measurement Date)	\$ 3,521,739	\$ 2,060,475	\$ 1,461,264
Changes in the Year:			
Service Cost	69,415	-	69,415
Interest on the Total OPEB Liability	221,800	-	221,800
Contribution - Employer	-	490,937	(490,937)
Net Investment Income	-	58,823	(58,823)
Administrative Expenses	-	(1,048)	1,048
Benefit Payments	(218,862)	(218,862)	-
Net Changes	<u>72,353</u>	<u>329,850</u>	<u>(257,497)</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 3,594,092</u>	<u>\$ 2,390,325</u>	<u>\$ 1,203,767</u>

Change of Benefit Terms

There was no change of benefit terms.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of the District, as well as what the District's 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 discount rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability (Asset)	\$ 1,552,622	\$ 1,203,767	\$ 898,854

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

The following presents the net OPEB liability of the District, as well as what the District's 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 health-care cost trend rates:

	1% Decrease (3.00%)	Current Health Care Cost Trend Rates (4.00%)	1% Increase (5.00%)
Net OPEB Liability (Asset)	\$ 849,748	\$ 1,203,767	\$ 1,614,306

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$130,606. At June 30, 2021, the District 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
OPEB Contributions Subsequent to Measurement Date	\$ 511,896	\$ -
Differences Between Actual and Expected Experience	-	(304,828)
Changes in Assumptions	44,417	-
Net Difference Between Projected and Actual Earnings	38,064	-
Total	<u>\$ 594,377</u>	<u>\$ (304,828)</u>

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

The amount of \$511,896 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2022	\$ (27,758)
2023	(16,519)
2024	(14,051)
2025	(12,112)
2026	(27,126)
Thereafter	(124,781)

E. Additional Funding of the OPEB Plan

In November 2017, the District approved the creation of an OPEB defined benefit plan trust with PARS (OPEB Trust). The PARS trust is legally restricted to providing benefits for members of the OPEB defined benefit plan. However, in accordance with GASB 75, the asset balance is not included in the calculation of the net OPEB liability above.

The District made no contributions to the OPEB Trust in the fiscal year ended June 30, 2021. Investment earnings of \$135,721, administrative expenses of \$3,947, and no distributions (benefit payments) resulted in an asset balance of \$740,332 as of June 30, 2021.

NOTE 7 PENSION PLANS

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans (Plans), which are cost-sharing multiple-employer defined benefit pension plans administered by CalPERS. Benefit provisions under these plans are established by state statute and District 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.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2020, are summarized as follows:

	Miscellaneous		
	Tier I Prior to December 22, 2011	Tier II On or After December 22, 2011	Tier III - PEPRA On or After January 1, 2013
Hire Date	December 22, 2011	December 22, 2011	January 1, 2013
Benefit Formula	2% @ 55	2% @ 60	2% @ 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50 - 63	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible			
Compensation	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	7%	7%	6.25%
Required Employer Contribution Rates:			
Normal Cost Rate	10.221%	8.563%	6.985%
Payment of Unfunded Liability	\$ 531,075	\$ 3,143	\$ 3,656

Contributions

Section 20814(c) of CalPERS 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. The total plan contributions are determined through CalPERS's annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by pension plan terms as plan member contribution requirements are classified as plan member contributions.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 10,323,992</u>

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2020, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plans as of the measurement dates June 30, 2019 and 2020, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2019	0.23404%
Proportion - June 30, 2020	0.24476%
Change - Increase (Decrease)	0.01072%

For the year ended June 30, 2021, the District recognized pension expense of \$1,977,426. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,281,792	\$ -
Differences Between Actual and Expected Experience	532,026	-
Changes in Assumptions	-	(73,635)
Changes in Employer's Proportion and Differences Between the Employer'S Contributions and the Employer's Proportionate Share of Contributions	21,844	(7,143)
Net Differences Between Projected and Actual Earnings on Plan Investments	306,688	-
Total	<u>\$ 2,142,350</u>	<u>\$ (80,778)</u>

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

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

An amount of \$1,281,792 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 126,579
2023	280,245
2024	225,860
2025	147,096
2026	-
Thereafter	-

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement period the total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Postretirement Benefit Increase	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Postretirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

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

Long-Term Expected Rate of Return

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 took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, fixed income is included in Global Debt Securities; liquidity is included in short-term investments; inflation assets are included in both Global Equity Securities, and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability (Asset)	\$ 16,127,633	\$ 10,323,992	\$ 5,528,626

Pension Plans Fiduciary Net Position

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

C. Payable to the Pension Plans

At June 30, 2021, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2021.

D. Additional Funding of the Pension Plan

In November 2017, the District approved the creation of a CalPERS defined benefit pension plan trust with PARS (Pension Trust). The PARS trust is legally restricted to providing benefits for members of the defined benefit pension plan. However, in accordance with GASB 68, the asset balance is not included in the calculation of the net pension liability above.

The District made no contributions to the Pension Trust in the fiscal year ended June 30, 2021. Investment earnings of \$180,732, administrative expenses of \$5,602, and distributions (benefit payments) of \$631,391 resulted in an asset balance of \$961,169 as of June 30, 2021.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFERRED COMPENSATION PROGRAM

For the benefit of its employees, the District participates in a 457(b) Deferred Compensation Program in accordance with Section 457(b) of the Internal Revenue Code. The purpose of this Program is to provide deferred compensation for public employees that elect to participated in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. The District matches dollar for dollar not to exceed 2% base salary earned per payroll period of an employee's base salary or the employee's actual amount of deferred compensation per pay period, whichever amount is lesser for employees who are regularly scheduled to work in excess of 30 hours per week. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors and, therefore, are excluded from these financial statements. Fair value of the Program assets held in trust at June 30, 2021 was \$6,596,977. For the year ended June 30, 2021, the District contributed \$107,812 to the 457(b) program.

NOTE 9 NET INVESTMENT IN CAPITAL ASSETS

The balance of net investment in capital assets consisted of the following as of June 30:

	2021
Capital Assets, Net of Accumulated Depreciation	\$ 184,396,392
Certificates of Participation - Current	(1,290,000)
Certificates of Participation - Long Term	(34,659,126)
Revolving Credit	(1,443,751)
Deferred Amount on Refunding	213,180
Retentions Payable	(13,314)
Capital Related Payables	(251,832)
Net Investment in Capital Assets	\$ 146,951,549

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, and theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. In an effort to manage its risk exposure, the District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (the Insurance Authority).

The Insurance Authority is a risk-pooling self-insurance authority created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RISK MANAGEMENT (CONTINUED)

At June 30, 2021, as a member of the Insurance Authority, the District participated in the insurance programs as follows:

- General, auto liability, and public officials' and employee's error and omissions: Total risk financing self-insurance limits of \$5,000,000, combined single limit at \$55,000,000 per occurrence. The Insurance Authority purchases additional excess coverage layers of \$55 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.
- Employee dishonesty coverage of up to \$100,000 per loss, includes public employee dishonesty, forgery or alteration, and theft, disappearance, and destruction coverages, subject to a \$1,000 deductible per occurrence.
- Property loss is paid at the replacement cost for property on file if replaced within two years after the loss, otherwise paid on an actual cash value basis. The Insurance Authority is self-insured for the first \$100,000 and purchases excess coverage of up to \$500 million limited to insurable value (\$58,397,512), subject to a \$1,000 deductible, except for a \$500 deductible on vehicles.
- Boiler and machinery coverage for the replacement cost of up to \$100 million per occurrence limited to insurable value, subject to various deductibles depending on the type of equipment.
- Crime coverage of up to \$1,000,000 per loss subject to a \$1,000 deductible.
- Workers' compensation insurance of up to California statutory limits for all work-related injuries/illnesses covered by California law. The Insurance Authority is self-insured to \$2,000,000 and has purchased excess insurance to the statutory limit.
- Cyber security coverage is \$5,000,000 per occurrence and \$5,000,000 in aggregate with a varying deductible per occurrence limited to the insurable value.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years, and there were no reductions in the District's insurance coverage during the years ended 2021, 2020, and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported. There were no claims payable as of June 30, 2021, 2020, and 2019.

**YORBA LINDA WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 COMMITMENTS AND CONTINGENCIES

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and advances for construction. The District has committed to \$600,919 of open construction contracts as of June 30, 2021. Construction contracts include the following:

June 30, 2021	Total Approved Contract	Construction Costs to Date	Balance to Complete
Hidden Hills BPS Upgrades	\$ 104,480	\$ 93,212	\$ 11,268
Timber Ridge BPS Rehabilitation	494,600	184,331	310,269
BNSF Waterline Crossings Relocation	234,488	42,390	192,098
Well 22	162,133	94,849	67,284
Camino de Bryant Heli-Hydrant	75,000	55,000	20,000
Total	\$ 1,070,701	\$ 469,782	\$ 600,919

Litigation

The District is a defendant in certain legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the District's financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

**YORBA LINDA WATER DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEN FISCAL YEARS ENDED JUNE 30***

Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plans' Proportion of the Net Pension Liability	0.24476%	0.09146%	0.08768%	0.08647%	0.08368%	0.07706%	0.08184%
Plans' Proportionate Share of the Net Pension Liability	\$ 10,323,992	\$ 9,372,305	\$ 8,449,114	\$ 8,575,054	\$ 7,240,999	\$ 5,289,322	\$ 5,092,626
Plans' Covered Payroll	\$ 6,605,148	\$ 6,673,227	\$ 6,561,629	\$ 6,116,587	\$ 5,899,338	\$ 5,564,327	\$ 5,054,265
Plans' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	156.30%	140.45%	128.77%	140.19%	122.74%	95.06%	100.76%
Plans' Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.33%	75.26%	75.26%	73.31%	74.06%	83.35%	83.03%

NOTES TO SCHEDULE

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

Inflation was reduced from 2.75% to 2.50%.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

**YORBA LINDA WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS
TEN FISCAL YEARS ENDED JUNE 30***

Fiscal Year-End	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution (Actuarially Determined)	\$ 1,281,792	\$ 1,110,885	\$ 981,952	\$ 850,393	\$ 755,544	\$ 674,827	\$ 587,176
Contributions in Relation to the Actuarially Determined Contributions	(1,281,792)	(1,110,885)	(981,952)	(850,393)	(755,544)	(674,827)	(587,176)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 6,932,628	\$ 6,605,148	\$ 6,673,227	\$ 6,561,629	\$ 6,116,587	\$ 5,899,338	\$ 5,564,327
Contributions as a Percentage of Covered Payroll	18.49%	16.82%	14.71%	12.96%	12.35%	11.44%	10.55%

NOTES TO SCHEDULE

Valuation Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
----------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

Methods and Assumptions Used to

Determine Contribution Rates:

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

**YORBA LINDA WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
TEN FISCAL YEARS ENDED JUNE 30***

Fiscal Year-End	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Measurement Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:				
Service Cost	\$ 69,415	\$ 75,308	\$ 73,292	\$ 71,330
Interest on Total OPEB Liability	221,800	235,589	228,072	219,305
Differences Between Actual and Expected Experience	-	(368,334)	-	-
Changes of Assumptions	-	53,671	-	-
Benefit Payments	<u>(218,862)</u>	<u>(197,887)</u>	<u>(173,539)</u>	<u>(137,979)</u>
Net Change in Total OPEB Liability	72,353	(201,653)	127,825	152,656
Total OPEB Liability - Beginning of Year	<u>3,521,739</u>	<u>3,723,392</u>	<u>3,595,567</u>	<u>3,442,911</u>
Total OPEB Liability - End of Year (a)	<u>3,594,092</u>	<u>3,521,739</u>	<u>3,723,392</u>	<u>3,595,567</u>
Plan Fiduciary Net Position:				
Contributions - Employer	490,937	462,680	431,245	355,672
Net Investment Income	58,823	118,711	98,256	121,311
Administrative Expenses	(1,048)	(381)	(762)	(606)
Benefit Payments	<u>(218,862)</u>	<u>(197,887)</u>	<u>(173,539)</u>	<u>(137,979)</u>
Net Change in Plan Fiduciary Net Position	329,850	383,123	355,200	338,398
Plan Fiduciary Net Position - Beginning of Year	<u>2,060,475</u>	<u>1,677,352</u>	<u>1,322,152</u>	<u>983,754</u>
Plan Fiduciary Net Position - End of Year (b)	<u>2,390,325</u>	<u>2,060,475</u>	<u>1,677,352</u>	<u>1,322,152</u>
Net OPEB Liability (Asset) - Ending (a)-(b)	<u>\$ 1,203,767</u>	<u>\$ 1,461,264</u>	<u>\$ 2,046,040</u>	<u>\$ 2,273,415</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	66.51%	58.51%	45.05%	36.77%
Covered-Employee Payroll	\$ 3,679,078	\$ 4,419,954	\$ 4,690,421	\$ 4,490,485
Net OPEB Liability (Asset) as Percentage of Covered-Employee Payroll	32.72%	33.06%	43.62%	50.63%

NOTES TO SCHEDULE

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From measurement date June 30, 2017 to June 30, 2018: None.

From measurement date June 30, 2018 to June 30, 2019:

The probabilities of retirement, termination and mortality have been changed from the 2014 CalPERS OPEB assumptions model to the 2017 CalPERS OPEB assumptions model.

From measurement date June 30, 2019 to June 30, 2020: None.

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

**YORBA LINDA WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
TEN FISCAL YEARS ENDED JUNE 30***

Fiscal Year-End	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially Determined Contribution	\$ 511,896	\$ 490,937	\$ 462,680	\$ 431,245
Contributions in Relation to the Actuarially Determined Contributions	<u>(511,896)</u>	<u>(490,937)</u>	<u>(462,680)</u>	<u>(431,245)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	<u>\$ 3,384,450</u>	<u>\$ 3,679,078</u>	<u>\$ 4,419,954</u>	<u>\$ 4,690,421</u>
 Contributions as a Percentage of Covered-Employee Payroll	 15.12%	 13.34%	 10.47%	 9.19%

NOTES TO SCHEDULE

Valuation Date	6/30/2019	6/30/2019	6/30/2017	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:				
Single and Agent Employers	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Inflation	2.75%	2.75%	2.75%	2.75%
Salary Increases	3.25%	3.25%	3.25%	3.25%
Discount Rate of Return	6.75%	6.75%	6.75%	6.75%
Mortality, Retirement, Turnover	(3)	(3)	(2)	(2)

(1) Level percentage of payroll, closed

(2) 2014 CalPERS OPEB Assumptions Model

(3) 2017 CalPERS OPEB Assumptions Model

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION SECTION

YORBA LINDA WATER DISTRICT
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>June 30, 2020</u>
CURRENT ASSETS				
Unrestricted Assets:				
Cash and Cash Equivalents	\$ 32,269,785	\$ 6,219,739	\$ 38,489,524	\$ 34,780,016
Investments	646,958	1,534,534	2,181,492	4,232,940
Accounts Receivable - Water and Sewer Services	4,799,468	307,144	5,106,612	4,733,310
Accounts Receivable - Property Taxes	25,477	1,311	26,788	27,139
Accrued Interest Receivable	26,060	5,883	31,943	115,399
Prepaid Expenses and Deposits	292,809	-	292,809	272,863
Inventory	264,906	-	264,906	331,648
Total Unrestricted Assets	<u>38,325,463</u>	<u>8,068,611</u>	<u>46,394,074</u>	<u>44,493,315</u>
Restricted Assets:				
Cash and Investments - Pension Trust	866,016	95,153	961,169	1,417,430
Cash and Investments - OPEB Trust	667,041	73,291	740,332	608,558
Total Restricted Assets	<u>1,533,057</u>	<u>168,444</u>	<u>1,701,501</u>	<u>2,026,031</u>
Total Current Assets	39,858,520	8,237,055	48,095,575	46,519,346
NONCURRENT ASSETS				
Capital Assets:				
Not Depreciable	2,670,323	382,695	3,053,018	3,656,485
Depreciable, Net of Accumulated Depreciation	143,675,722	37,667,652	181,343,374	183,657,558
Total Noncurrent Assets	<u>146,346,045</u>	<u>38,050,347</u>	<u>184,396,392</u>	<u>187,314,043</u>
Total Assets	186,204,565	46,287,402	232,491,967	233,833,389
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts from Pension Plans	1,896,475	245,875	2,142,350	2,224,306
Deferred Amounts from OPEB	523,626	70,751	594,377	539,981
Deferred Loss on Refunding	301,066	-	301,066	325,897
Total Deferred Outflows of Resources	<u>2,721,167</u>	<u>316,626</u>	<u>3,037,793</u>	<u>3,090,184</u>

YORBA LINDA WATER DISTRICT
COMBINING SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	Water	Sewer	Total	June 30, 2020
CURRENT LIABILITIES				
Payable from Unrestricted Current Assets:				
Accounts Payable	\$ 4,887,835	\$ 1,303,481	\$ 6,191,316	\$ 5,819,844
Accrued Expenses	300,205	-	300,205	250,170
Compensated Absences Payable -				
Current Portion	465,035	-	465,035	424,842
Customer and Construction Deposits	823,595	302,030	1,125,625	1,104,622
Unearned Revenue	73,378	-	73,378	170,539
Accrued Interest Payable	367,577	-	367,577	382,114
Certificates of Participation -				
Current Portion	1,290,000	-	1,290,000	1,230,000
Total Payable from				
Unrestricted Current Assets	<u>8,207,625</u>	<u>1,605,511</u>	<u>9,813,136</u>	<u>9,382,131</u>
Total Current Liabilities	8,207,625	1,605,511	9,813,136	9,382,131
LONG-TERM LIABILITIES				
(LESS CURRENT PORTION)				
Unearned Annexation Revenue	12,122,841	-	12,122,841	12,617,886
Compensated Absences	1,395,104	-	1,395,104	1,274,526
Revolving Credit	1,443,751	-	1,443,751	1,443,751
Certificates of Participation	34,659,126	-	34,659,126	36,205,103
Net Pension Liability	9,139,103	1,184,889	10,323,992	9,372,305
Net OPEB Liability	1,065,610	138,157	1,203,767	1,461,264
Total Long-Term Liabilities				
(Less Current Portion)	<u>59,825,535</u>	<u>1,323,046</u>	<u>61,148,581</u>	<u>62,374,835</u>
Total Liabilities	68,033,160	2,928,557	70,961,717	71,756,966
DEFERRED INFLOWS OF RESOURCES				
Deferred Amounts from Pension Plans	71,505	9,273	80,778	418,786
Deferred Amounts from OPEB	267,317	37,511	304,828	374,225
Deferred Gain on Refunding	87,886	-	87,886	92,981
Total Deferred Inflows of Resources	<u>426,708</u>	<u>46,784</u>	<u>473,492</u>	<u>885,992</u>
NET POSITION				
Net Investment in Capital Assets	108,912,122	38,039,427	146,951,549	148,308,815
Restricted:				
Water Conservation	105,862	-	105,862	105,785
Pension Benefits	866,016	95,153	961,169	1,417,430
Other Postemployment Benefits	667,041	73,291	740,332	608,558
Unrestricted	<u>9,914,823</u>	<u>5,420,816</u>	<u>15,335,639</u>	<u>13,840,027</u>
Total Net Position	<u>\$ 120,465,864</u>	<u>\$ 43,628,687</u>	<u>\$ 164,094,551</u>	<u>\$ 164,280,615</u>

YORBA LINDA WATER DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	Water	Sewer	Total	June 30, 2020
OPERATING REVENUES				
Water Sales	\$ 35,539,146	\$ -	\$ 35,539,146	\$ 32,192,312
Sewer Revenues	-	2,743,000	2,743,000	2,731,285
Other Operating Revenues	835,174	133,281	968,455	896,107
Total Operating Revenues	<u>36,374,320</u>	<u>2,876,281</u>	<u>39,250,601</u>	<u>35,819,704</u>
OPERATING EXPENSES				
Variable Water Costs	18,638,471	-	18,638,471	16,916,388
Personnel Services	9,389,188	1,558,707	10,947,895	10,890,404
Supplies and Services	4,465,134	994,289	5,459,423	4,754,718
Depreciation	6,380,976	1,477,379	7,858,355	7,757,139
Total Operating Expenses	<u>38,873,769</u>	<u>4,030,375</u>	<u>42,904,144</u>	<u>40,318,649</u>
OPERATING LOSS	(2,499,449)	(1,154,094)	(3,653,543)	(4,498,945)
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	2,072,582	-	2,072,582	1,961,002
Investment Income	192,022	54,920	246,942	694,705
Interest Expense	(1,293,830)	-	(1,293,830)	(1,309,883)
Other Nonoperating Revenues	1,182,886	66,314	1,249,200	1,104,622
Other Nonoperating Expenses	(843,373)	(16,030)	(859,403)	(137,569)
Total Nonoperating Revenues (Expenses)	<u>1,310,287</u>	<u>105,204</u>	<u>1,415,491</u>	<u>2,312,877</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,189,162)	(1,048,890)	(2,238,052)	(2,186,068)
Capital Contributions	<u>1,297,379</u>	<u>754,609</u>	<u>2,051,988</u>	<u>1,030,017</u>
CHANGES IN NET POSITION	108,217	(294,281)	(186,064)	(1,156,051)
Net Position - Beginning of Year	<u>120,357,647</u>	<u>43,922,968</u>	<u>164,280,615</u>	<u>165,436,666</u>
NET POSITION - END OF YEAR	<u>\$ 120,465,864</u>	<u>\$ 43,628,687</u>	<u>\$ 164,094,551</u>	<u>\$ 164,280,615</u>

**YORBA LINDA WATER DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>June 30, 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 36,005,194	\$ 2,856,199	\$ 38,861,393	\$ 34,919,584
Cash Payments to Employees for Salaries and Wages	(8,900,105)	(1,522,638)	(10,422,743)	(10,014,372)
Cash Payments to Suppliers of Goods and Services	(23,573,050)	(69,666)	(23,642,716)	(20,552,356)
Other Revenues	479,458	67,270	546,728	191,055
Other Expenses	(34,056)	(16,030)	(50,086)	(137,569)
Net Cash Provided by Operating Activities	3,977,441	1,315,135	5,292,576	4,406,342
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from Property Taxes and Assessments	2,071,688	-	2,071,688	1,954,595
Net Cash Provided by Noncapital Financing Activities	2,071,688	-	2,071,688	1,954,595
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from (Payments for) Annexation Fees and Capital Contributions	11,412	9,340	20,752	(36,917)
Acquisition and Construction of Capital Assets	(3,526,611)	(262,184)	(3,788,795)	(3,147,401)
Proceeds from Revolving Credit	-	-	-	1,443,751
Proceeds from Sales of Capital Assets	68,736	-	68,736	-
Principal Paid on Long-Term Liabilities	(1,230,000)	-	(1,230,000)	(1,175,000)
Interest and Commitment Fees Paid on Long-Term Liabilities	(1,544,607)	-	(1,544,607)	(1,557,873)
Net Cash Used in Capital and Related Financing Activities	(6,221,070)	(252,844)	(6,473,914)	(4,473,440)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	8,892,409	151,351	9,043,760	30,590,107
Purchases of Investments	(6,555,000)	-	(6,555,000)	(27,360,367)
Interest and Investment Earnings	265,426	64,972	330,398	684,392
Net Cash Provided by Investing Activities	2,602,835	216,323	2,819,158	3,914,132
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,430,894	1,278,614	3,709,508	5,801,629
Cash and Cash Equivalents - Beginning of Year	29,838,891	4,941,125	34,780,016	28,978,387
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 32,269,785</u>	<u>\$ 6,219,739</u>	<u>\$ 38,489,524</u>	<u>\$ 34,780,016</u>

YORBA LINDA WATER DISTRICT
COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>June 30, 2020</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Loss	\$ (2,499,449)	\$ (1,154,094)	\$ (3,653,543)	\$ (4,498,945)
Adjustments to Reconcile Loss to Net Cash Provided by Operating Activities:				
Depreciation	6,380,976	1,477,379	7,858,355	7,757,139
Other Revenues	479,458	67,270	546,728	191,055
Other Expenses	(34,056)	(16,030)	(50,086)	(137,569)
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts Receivable - Water and Sewer Services	(356,656)	(16,646)	(373,302)	(896,102)
Prepaid Expenses and Deposits	(19,946)	-	(19,946)	(48,125)
Inventory	66,742	-	66,742	15,201
Deferred Outflows of Resources from Pension Plans	72,550	9,406	81,956	111,022
Deferred Outflows of Resources from OPEB	(67,614)	(8,777)	(76,391)	(77,301)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts Payable	(524,630)	896,102	371,472	626,648
Accrued Expenses	50,035	-	50,035	47,483
Accrued Compensated Absences	160,773	-	160,773	137,506
Customer and Construction Deposits	(4,082)	25,085	21,003	521,008
Net Pension Liability	842,461	109,226	951,687	923,191
Net OPEB Liability	(227,944)	(29,553)	(257,497)	(584,776)
Deferred Inflows of Resources from Pension Plans	(299,215)	(38,793)	(338,008)	(11,721)
Deferred Inflows of Resources from OPEB	(41,962)	(5,440)	(47,402)	330,628
Total Adjustments	<u>6,476,890</u>	<u>2,469,229</u>	<u>8,946,119</u>	<u>8,905,287</u>
Net Cash Provided by Operating Activities	<u>\$ 3,977,441</u>	<u>\$ 1,315,135</u>	<u>\$ 5,292,576</u>	<u>\$ 4,406,342</u>
CASH AND CASH EQUIVALENTS - FINANCIAL STATEMENT CLASSIFICATION	<u>\$ 32,269,785</u>	<u>\$ 6,219,739</u>	<u>\$ 38,489,524</u>	<u>\$ 34,780,016</u>
NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES				
Amortization Related to Long-Term Debt	<u>\$ 255,977</u>	<u>\$ -</u>	<u>\$ 255,977</u>	<u>\$ 255,977</u>
Capital Contributions	<u>\$ 1,297,379</u>	<u>\$ 732,585</u>	<u>\$ 2,029,964</u>	<u>\$ 1,030,017</u>

YORBA LINDA WATER DISTRICT
COMBINING SCHEDULE OF OPERATING EXPENSES BY COST CENTER AND
NATURE OF EXPENSES FOR WATER AND SEWER
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)

OPERATING EXPENSES	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>June 30, 2020</u>
Variable Water Costs:				
Imported Water	\$ 10,573,060	\$ -	\$ 10,573,060	\$ 9,622,547
OCWD Replenishment Assessment	5,742,550	-	5,742,550	5,209,220
MWD Connection Charge	781,267	-	781,267	683,917
Fuel and Power/Pumping	<u>1,541,594</u>	<u>-</u>	<u>1,541,594</u>	<u>1,400,704</u>
Total Variable Water Costs	18,638,471	-	18,638,471	16,916,388
Personnel Services:				
Unit Salaries	6,137,009	1,021,890	7,158,899	6,834,922
Fringe Benefits	3,196,326	528,019	3,724,345	3,999,982
Director's Fees	<u>55,853</u>	<u>8,798</u>	<u>64,651</u>	<u>55,500</u>
Total Personnel Services	9,389,188	1,558,707	10,947,895	10,890,404
Supplies and Services:				
Communications	140,163	24,504	164,667	185,078
Contractual Services	622,026	93,686	715,712	426,552
Data Processing	276,044	35,823	311,867	240,226
District Activities	20,563	3,469	24,032	37,379
Dues and Memberships	75,108	12,701	87,809	93,953
Fees and Permits	325,912	36,137	362,049	330,119
Insurance	233,605	41,370	274,975	309,585
Maintenance	552,277	248,598	800,875	643,360
Materials	663,581	55,921	719,502	502,744
Noncapital Equipment	172,829	25,017	197,846	165,388
Office Expense	33,928	5,830	39,758	41,205
Professional Services	719,309	306,437	1,025,746	1,046,488
Training	30,102	5,756	35,858	40,307
Travel and Conferences	8,326	1,921	10,247	55,190
Uncollectible Accounts	12,470	3,436	15,906	4,018
Utilities	170,957	32,006	202,963	209,143
Vehicle Expense	<u>407,934</u>	<u>61,677</u>	<u>469,611</u>	<u>423,983</u>
Total Supplies and Services	4,465,134	994,289	5,459,423	4,754,718
Depreciation	<u>6,380,976</u>	<u>1,477,379</u>	<u>7,858,355</u>	<u>7,757,139</u>
Total Operating Expenses	<u>\$ 38,873,769</u>	<u>\$ 4,030,375</u>	<u>\$ 42,904,144</u>	<u>\$ 40,318,649</u>

YORBA LINDA WATER DISTRICT
COMBINING SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	Water	Sewer	Total	June 30, 2020
Land, Mineral, and Water Rights:				
Land	\$ 78,558	\$ -	\$ 78,558	\$ 78,558
Water Rights	86,300	-	86,300	86,300
Mineral Rights	63,650	-	63,650	63,650
Land Rights and Easements	385	58,526	58,911	58,911
Total Land, Mineral, and Water Rights	228,893	58,526	287,419	287,419
Source Of Supply:				
Wells	4,951,940	-	4,951,940	5,784,629
MWD Connection	564,368	-	564,368	564,368
Total Source of Supply	5,516,308	-	5,516,308	6,348,997
Pumping Plant:				
Structures and Improvements	15,846,872	-	15,846,872	15,733,048
Equipment	12,293,314	321,478	12,614,792	12,704,507
Total Pumping Plant	28,140,186	321,478	28,461,664	28,437,555
Water Treatment Plant:				
Structures and Improvements	807,628	-	807,628	1,302,812
Equipment	575,917	-	575,917	2,204,857
Total Water Treatment Plant	1,383,545	-	1,383,545	3,507,669
Transmission and Distribution Plant:				
Mains	86,176,031	53,267,904	139,443,935	136,721,972
Reservoirs and Tanks	61,836,660	-	61,836,660	61,843,958
Service and Meter Installation	7,713,526	3,549,968	11,263,494	10,855,399
Fire Hydrants	8,027,865	-	8,027,865	7,755,290
Meters	12,074,613	-	12,074,613	10,478,413
Fire Mains	752,880	-	752,880	745,360
Structures and Improvements	5,033,339	-	5,033,339	4,938,691
Control System	5,561,889	33,485	5,595,374	5,612,453
Total Transmission and Distribution Plant	187,176,803	56,851,357	244,028,160	238,951,536
General Plant:				
Structures and Improvements	13,447,703	-	13,447,703	13,414,159
Transportation Equipment	2,858,231	1,700,445	4,558,676	4,250,831
Power Operated Equipment	1,113,544	-	1,113,544	601,673
Communication Equipment	721,032	-	721,032	721,032
Computer Equipment	2,506,362	238,071	2,744,433	2,714,042
Office Furniture	1,126,266	-	1,126,266	1,126,266
Tools, Shop, and Garage Equipment	113,744	-	113,744	113,744
Store Equipment	60,241	-	60,241	60,241
Total General Plant	21,947,123	1,938,516	23,885,639	23,001,988
Construction in Progress	2,441,430	324,169	2,765,599	3,369,066
Accumulated Depreciation	(100,488,243)	(21,443,699)	(121,931,942)	(116,590,187)
Total Capital Assets	<u>\$ 146,346,045</u>	<u>\$ 38,050,347</u>	<u>\$ 184,396,392</u>	<u>\$ 187,314,043</u>

STATISTICAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

**YORBA LINDA WATER DISTRICT
DESCRIPTION OF STATISTICAL SECTION
JUNE 30, 2021**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and the note disclosures say about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, water sales.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

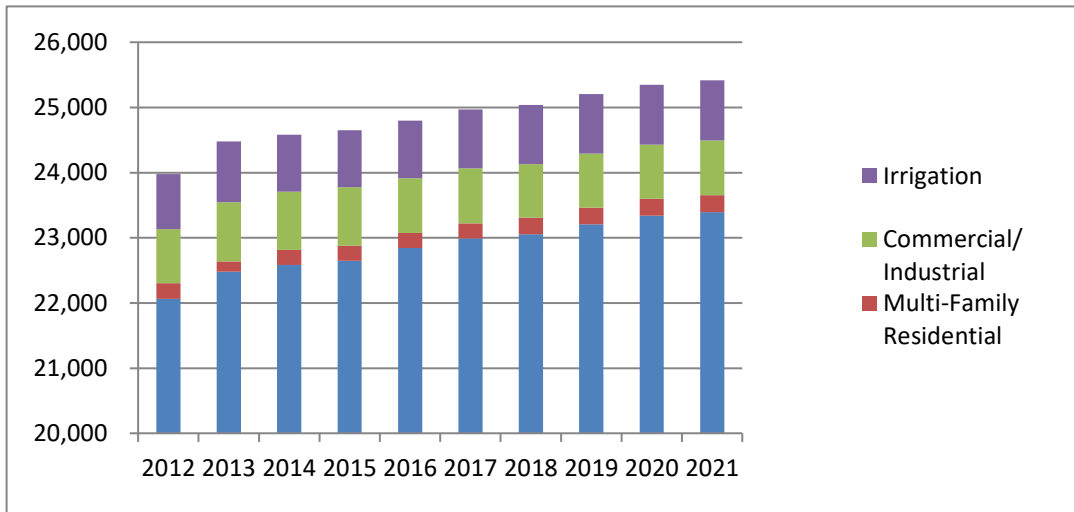
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**YORBA LINDA WATER DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Changes in Net Position:										
Operating Revenues										
Water Sales	\$ 35,539,146	\$ 32,192,312	\$ 29,819,532	\$ 32,082,152	\$ 29,326,565	\$ 27,820,638	\$ 26,446,618	\$ 28,376,082	\$ 26,369,940	\$ 24,998,673
Sewer Revenues	2,743,000	2,731,285	2,528,020	2,330,809	2,099,947	1,849,114	1,775,676	1,762,816	1,762,039	1,785,804
Other Operating Revenues	968,455	896,107	1,014,691	831,733	1,033,608	2,665,835	1,461,106	1,047,625	723,577	848,238
Operating Expenses										
Variable Water Costs	18,638,471	16,916,388	13,327,860	15,028,131	12,710,857	10,470,181	12,733,762	14,673,144	13,509,336	12,275,853
Personnel Services	10,947,895	10,890,404	9,538,167	9,874,212	8,913,639	8,096,853	7,778,763	7,529,481	7,225,729	6,979,088
Supplies and Services	5,459,423	4,754,719	4,592,521	4,298,863	4,504,054	4,355,033	3,806,900	3,849,183	4,222,398	3,811,125
Depreciation	7,858,355	7,757,139	7,322,753	7,465,977	7,147,369	7,546,407	7,432,586	7,315,084	6,884,213	6,595,720
Operating Income/(Loss)	<u>(3,653,543)</u>	<u>(4,498,945)</u>	<u>(1,419,058)</u>	<u>(1,422,489)</u>	<u>(815,799)</u>	<u>1,867,113</u>	<u>(2,068,611)</u>	<u>(2,180,369)</u>	<u>(2,986,120)</u>	<u>(2,029,071)</u>
Nonoperating Revenues (Expenses)										
Property Taxes	2,072,582	1,961,002	1,874,688	1,749,957	1,687,384	1,615,454	1,496,489	1,394,722	1,340,916	1,273,855
Investment Income	246,942	694,705	819,522	518,600	377,205	288,817	187,316	145,048	137,569	277,137
Interest Expense	(1,293,830)	(1,309,883)	(1,350,616)	(1,106,515)	(1,552,896)	(1,671,539)	(1,683,039)	(1,715,429)	(1,781,416)	(1,626,190)
Bond Issuance Costs	-	-	-	-	-	-	-	-	(192,410)	-
Other Nonoperating Revenues	1,249,200	1,104,622	1,014,495	413,465	645,562	872,420	744,572	1,325,685	588,854	805,654
Other Nonoperating Expenses	<u>(859,403)</u>	<u>(137,569)</u>	<u>(1,550,378)</u>	<u>(89,021)</u>	<u>(403,597)</u>	<u>(7,273)</u>	<u>(116,528)</u>	<u>(47,948)</u>	<u>(35,954)</u>	<u>(108,984)</u>
Total Nonoperating Revenues (Expenses)	<u>1,415,491</u>	<u>2,312,877</u>	<u>807,711</u>	<u>1,486,486</u>	<u>753,658</u>	<u>1,097,879</u>	<u>628,810</u>	<u>1,102,078</u>	<u>57,559</u>	<u>621,472</u>
Net Income (Loss) Before Capital Contributions	<u>(2,238,052)</u>	<u>(2,186,068)</u>	<u>(611,347)</u>	<u>63,997</u>	<u>(62,141)</u>	<u>2,964,992</u>	<u>(1,439,801)</u>	<u>(1,078,291)</u>	<u>(2,928,561)</u>	<u>(1,407,599)</u>
Capital Contributions	2,051,988	1,030,017	171,144	3,554,123	2,665,462	788,445	705,848	2,128,579	1,174,673	17,214,138
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>(5,000,000)</u>
Changes in Net Position	<u>\$ (186,064)</u>	<u>\$ (1,156,051)</u>	<u>\$ (440,203)</u>	<u>\$ 1,412,273</u>	<u>\$ 2,603,321</u>	<u>\$ 3,753,437</u>	<u>\$ (733,953)</u>	<u>\$ 6,050,288</u>	<u>\$ (1,753,888)</u>	<u>\$ 10,806,539</u>
Net Position by Component:										
Net investment in Capital Assets	146,951,549	148,308,815	152,297,398	154,271,627	\$ 154,273,025	\$ 153,776,247	\$ 157,092,210	\$ 161,159,541	\$ 161,494,158	\$ 161,672,565
Restricted	1,807,363	2,131,773	2,063,965	352,063	1,222,452	1,572,527	189,314	-	-	9,598,420
Unrestricted	<u>15,335,639</u>	<u>13,840,027</u>	<u>11,075,303</u>	<u>11,253,179</u>	<u>8,969,119</u>	<u>9,027,328</u>	<u>3,341,141</u>	<u>6,617,328</u>	<u>232,423</u>	<u>(6,228,771)</u>
Total Net Assets	<u>\$ 164,094,551</u>	<u>\$ 164,280,615</u>	<u>\$ 165,436,666</u>	<u>\$ 165,876,869</u>	<u>\$ 164,464,596</u>	<u>\$ 164,376,102</u>	<u>\$ 160,622,665</u>	<u>\$ 167,776,869</u>	<u>\$ 161,726,581</u>	<u>\$ 165,042,214</u>

**YORBA LINDA WATER DISTRICT
NUMBER OF CONNECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Single Family Residential</u>	<u>Multi-Family Residential</u>	<u>Commercial/Industrial</u>	<u>Irrigation</u>	<u>Direct Rate (Billing Unit)</u>	
2012	22,064	240	829	846	2.52	
2013	22,480	158	908	933	2.52	
2014	22,586	230	892	876	2.64	
2015	22,649	230	898	876	2.70	
2016	22,845	229	842	884	2.70	
2017	22,991	232	845	902	2.70	
2018	23,055	256	821	908	2.70	<u>Total</u>
2019	23,207	256	829	914	2.80	
2020	23,340	258	831	921	2.80	
2021	23,392	263	838	924	2.86	25,417
					SFR %	92.03%



**YORBA LINDA WATER DISTRICT
TEN LARGEST CUSTOMERS
CURRENT AND FIVE YEARS AGO**

FY21

	Customer Name	Business Type	Annual Revenues #	% of Actual Revenues *
1	City of Yorba Linda	Government	\$ 2,409,028	6.13%
2	Placentia Yorba Linda USD	Government	402,826	1.03%
3	Fairmont Hill Community Assoc	Homeowner's Assoc.	158,754	0.40%
4	The Hills at Yorba Linda	Homeowner's Assoc.	151,995	0.39%
5	Yorba Linda Villages	Homeowner's Assoc.	142,207	0.36%
6	RRE Yorba Linda Holdings, LLC	Manufacturer	130,948	0.33%
7	Beverage Visions, LLC	Manufacturer	105,523	0.27%
8	Amalfi Hills Community Assoc	Homeowner's Assoc.	90,258	0.23%
9	Woodgate Condominium	Homeowner's Assoc.	75,794	0.19%
10	Placentia Linda Hospital	Hospital	73,618	0.19%
	TOTAL		\$ 3,740,952	9.52%

FY17

	Customer Name	Business Type	Annual Revenues #	% of Actual Revenues *
1	City of Yorba Linda	Government	\$ 2,169,121	6.95%
2	Placentia Yorba Linda USD	Government	353,955	1.13%
3	The Hills at Yorba Linda	Homeowner's Assoc.	158,373	0.51%
4	Yorba Linda Villages	Homeowner's Assoc.	126,346	0.40%
5	RRE Yorba Linda	Homeowner's Assoc.	117,081	0.38%
6	Aseptic Technology	Manufacturing	114,540	0.37%
7	Fairmont Hill Community Assoc.	Homeowner's Assoc.	91,788	0.29%
8	Woodgate Condominiums	Homeowner's Assoc.	80,358	0.26%
9	Lake Park Mobile Home Community	Homeowner's Assoc.	70,313	0.23%
10	Cartel Electronics	Manufacturing	58,386	0.19%
	TOTAL		\$ 3,340,261	10.71%

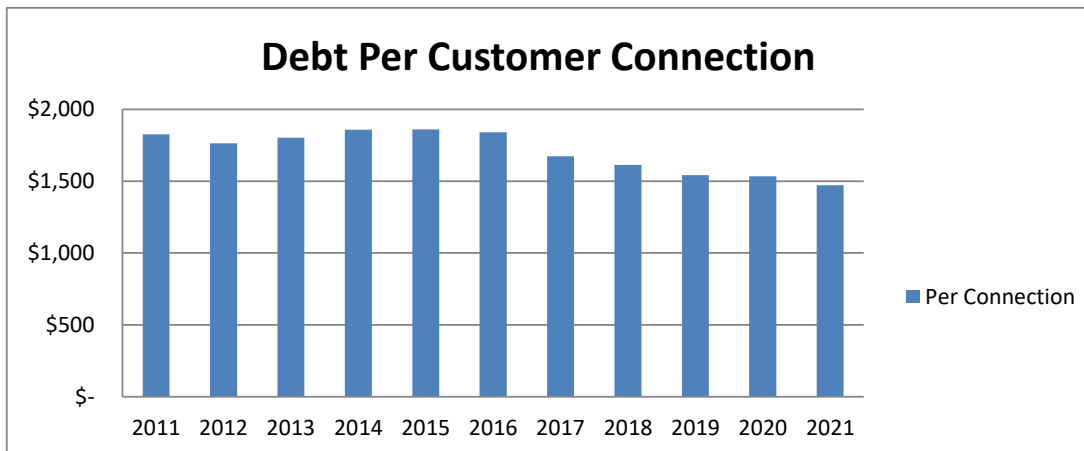
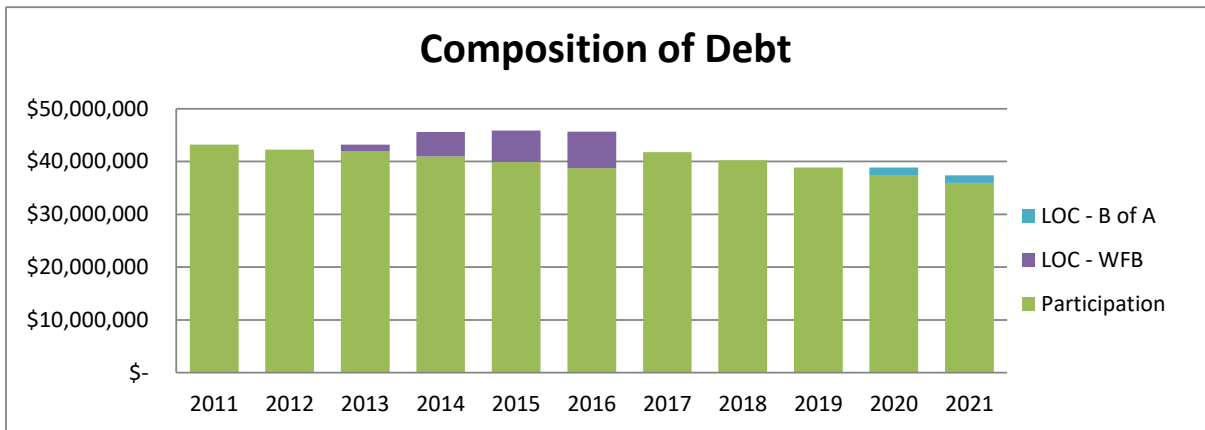
Notes:

Annual Revenues represents the listed customer's annual total billing for water and sewer services (including Base Service Charge)

* Total "actual revenues" represents revenue generated from customer billings (water and sewer related)

**YORBA LINDA WATER DISTRICT
RATIO OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS**

Fiscal Year	Bank of America Line of Credit LOC - B of A	Well Fargo Line of Credit LOC - WFB	Certificates of Participation	Total			As a Share of Personal Income
				Debt	Per Connection	Per Capita	
2011			\$ 43,189,117	\$ 43,189,117	\$ 1,827	\$ 604	1.44%
2012			\$ 42,278,129	\$ 42,278,129	\$ 1,764	\$ 575	1.32%
2013		\$ 1,171,131	\$ 42,009,722	\$ 43,180,853	\$ 1,802	\$ 577	1.28%
2014		\$ 4,642,656	\$ 40,970,599	\$ 45,613,255	\$ 1,858	\$ 616	1.32%
2015		\$ 5,994,099	\$ 39,886,475	\$ 45,880,574	\$ 1,861	\$ 613	1.33%
2016		\$ 6,883,720	\$ 38,767,354	\$ 45,651,074	\$ 1,841	\$ 581	1.26%
2017		-	\$ 41,758,033	\$ 41,758,033	\$ 1,672	\$ 527	1.14%
2018		-	\$ 40,262,056	\$ 40,262,056	\$ 1,612	\$ 506	1.10%
2019		-	\$ 38,866,080	\$ 38,866,080	\$ 1,542	\$ 482	1.07%
2020	\$ 1,443,751	-	\$ 37,435,103	\$ 38,878,854	\$ 1,534	\$ 485	1.08%
2021	\$ 1,443,751	-	\$ 35,949,126	\$ 37,392,877	\$ 1,471	\$ 467	1.04%



Source: YLWD Audited Financial Statements

**YORBA LINDA WATER DISTRICT
DEBT COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Revenues	Expenses	Net Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2012	27,818	21,950	5,868	890	1,915	2,805	2.09
2013	21,092	17,322	3,770	925	1,150	2,075	1.82
2014	31,118	24,901	6,217	965	1,747	2,712	2.29
2015	29,685	23,219	6,466	1,010	1,728	2,738	2.36
2016	32,557	21,603	10,954	1,045	1,679	2,724	4.02
2017	32,734	25,112	7,622	1,080	1,637	2,717	2.81
2018	35,022	27,844	7,178	1,240	1,509	2,749	2.61
2019	34,301	26,037	8,264	1,140	1,598	2,738	3.02
2020	36,605	31,167	5,438	1,175	1,552	2,727	1.99
2021	39,833	33,562	6,271	1,230	1,499	2,729	2.30

NOTE: Expenses exclude depreciation and debt service expenses.

**YORBA LINDA WATER DISTRICT
DEMOGRAPHICS
LAST TEN FISCAL YEARS**

YLWD

<u>Year</u>	<u>Population *</u>	<u>City of YL Population</u>	<u>Personal Income</u>	<u>Personal Income per Capita</u>
2012	73,498	72,706	\$ 3,192,753,120	\$ 43,440
2013	74,861	65,777	\$ 3,374,570,547	\$ 45,078
2014	73,990	67,069	\$ 3,461,036,956	\$ 46,777
2015	74,787	67,826	\$ 3,451,134,500	\$ 46,146
2016	78,539	67,637	\$ 3,624,303,533	\$ 46,147
2017	79,170	67,890	\$ 3,654,487,200	\$ 46,160
2018	79,565	68,229	\$ 3,672,735,413	\$ 46,160
2019	80,606	69,121	\$ 3,633,462,895	\$ 45,077
2020	80,122	68,706	\$ 3,611,647,715	\$ 45,077
2021	80,056	68,650	\$ 3,608,703,980	\$ 45,077

County of Orange

<u>Year</u>	<u>Population</u>	<u>Unemployment Rate</u>	<u>Personal Income</u>	<u>Personal Income per Capita</u>
2012 [^]	3,182,171	7.9%	\$ 160,637,055	\$ 50,480
2013 [^]	3,055,792	8.5%	\$ 160,072,905	\$ 52,383
2014	3,081,804	6.2%	\$ 168,966,068	\$ 54,827
2015	3,113,991	5.4%	\$ 177,412,900	\$ 56,973
2016	3,132,681	4.6%	\$ 169,792,810	\$ 54,200
2017	3,194,024	3.7%	\$ 172,509,495	\$ 54,010
2018	3,221,103	3.3%	\$ 174,062,080	\$ 54,038
2019	3,222,498	2.2%	\$ 175,628,639	\$ 54,501
2020	3,228,519	3.0%	\$ 177,209,297	\$ 54,889
2021	3,194,332	12.3%	\$ 178,804,181	\$ 55,975

NOTE: [^] No personal income data available for County of Orange, used State of California data.

[#] No population data available for County of Orange, used State of California data.

Sources: City of Yorba Linda CAFR
 County of Orange CAFR
 State of California, Employment Development Department
 State of California, Department of Finance

**YORBA LINDA WATER DISTRICT
TEN LARGEST EMPLOYERS
CURRENT AND NINE YEARS AGO**

Employer ^	2021*		2010	
	Employees	% of Total Labor Force	Employees	% of Total Labor Force
Placentia Linda Hospital	438	0.025 %	441	0.023 %
Vyair Medical, Inc. (CareFusion)	351	0.020 %	389	0.020 %
Nobel Biocare USA, Inc.	327	0.019 %	328	0.017 %
Costco Wholesale Corp.	310	0.018 %	276	0.014 %
City of Yorba Linda	233	0.013 %	194	0.010 %
Emeritus/Brookdale at Yorba Linda	170	0.010 %	126	0.006 %
Office Solution	167	0.010 %	92	0.005 %
Sprouts Farmers Market	163	0.009 %	110	0.006 %
Tokyo Central	117	0.007 %	-	0.000 %
Von's	101	0.006 %	165	0.009 %
Kohl's	89	0.005 %	158	0.008 %
Total	2,466	0.141 %	2,279	0.118 %

NOTES: * Most current available data

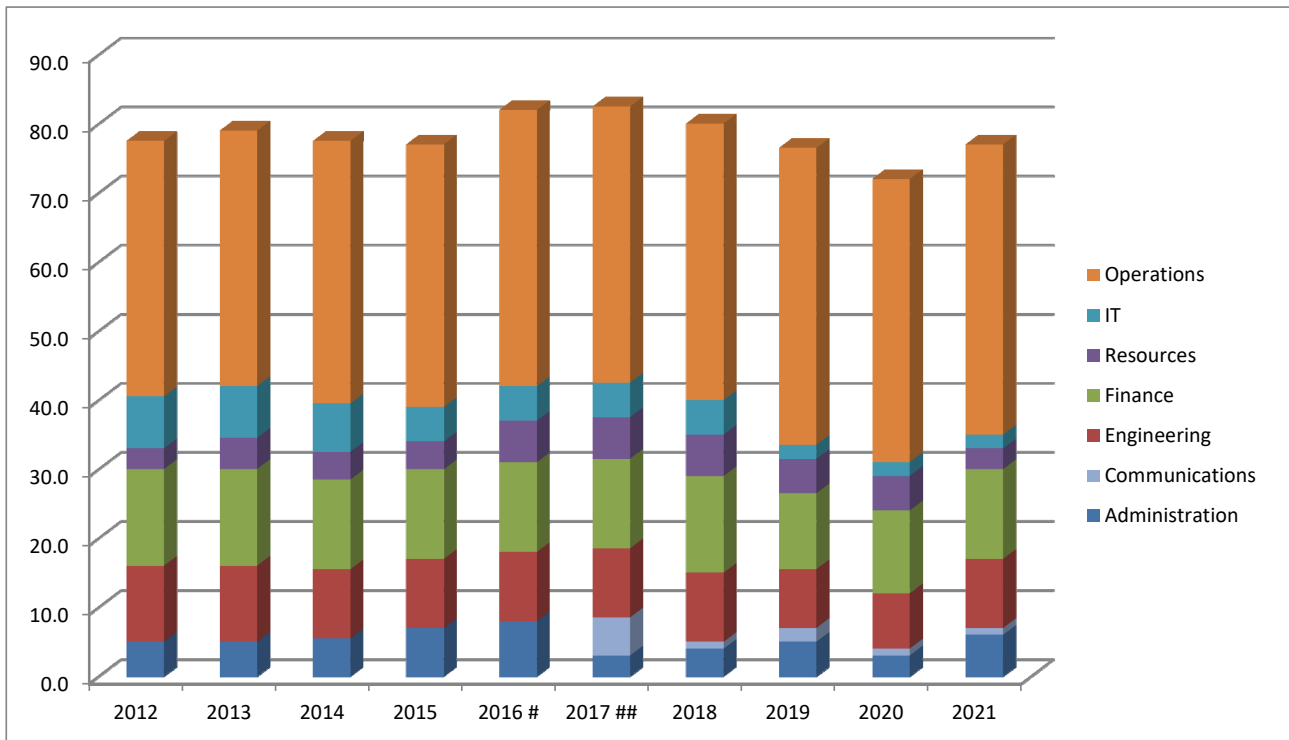
^ The Placentia- Yorba Linda Unified School District has 2,500 employees and serves the entire communities of Yorba Linda and Placentia, and also serves parts of the Cities of Brea, Anaheim and Fullerton. YLUSD cannot provide the number of employees working within the boundaries of Yorba Linda.

YORBA LINDA WATER DISTRICT NUMBER OF EMPLOYEES LAST TEN FISCAL YEARS

Yorba Linda Water District Number of Employees Last Ten Fiscal Years

Full Time Equivalent Employees by Department *

Fiscal Year	Department							Total
	Administration	Communications	Engineering	Finance	Human Resources	IT	Operations	
2012	5.0		11.0	14.0	3.0	7.5	37.0	77.5
2013	5.0		11.0	14.0	4.5	7.5	37.0	79.0
2014	5.5		10.0	13.0	4.0	7.0	38.0	77.5
2015	7.0		10.0	13.0	4.0	5.0	38.0	77.0
2016 [#]	8.0		10.0	13.0	6.0	5.0	40.0	82.0
2017 ^{##}	3.0	5.5	10.0	13.0	6.0	5.0	40.0	82.5
2018	4.0	1.0	10.0	14.0	6.0	5.0	40.0	80.0
2019	5.0	2.0	8.5	11.0	5.0	2.0	43.0	76.5
2020	3.0	1.0	8.0	12.0	5.0	2.0	41.0	72.0
2021	6.0	1.0	10.0	13.0	3.0	2.0	42.0	77.0



NOTE: * Number of employees in each department are authorized and funded positions.
[#] Includes 3FTE temporary positions in relation to the SWRCB Emergency Mandate
^{##} Includes 2 Limited-term FT and 1 Limited-term PT positions in relation to the SWRCB Emergency Mandate

Source: YLWD Human Resources Department

**YORBA LINDA WATER DISTRICT
OPERATING AND CAPACITY INDICATORS
LAST TEN FISCAL YEARS***

Fiscal Year	Miles of Water Mains Installed*	Yearly Water Production (MG)	Average Production (MGD)	Number of Field Service Calls
2012	2.02	6,780	18.6	1,693
2013	1.10	7,099	18.6	1,561
2014	0.77	7,329	20.1	1,579
2015	1.53	6,447	17.7	1,247
2016	2.86	4,408	12.1	1,873
2017	1.15	5,827	16.0	1,782
2018	1.50	6,601	18.1	1,681
2019	0.97	5,858	16.0	1,651
2020	0.42	6,281	17.2	1,693
2021	0.29	6,732	18.4	1,764

Fiscal Year	Number of Booster Pumps	Capacity by Booster Pump (GPM)	Number of Reservoirs	Capacity by Reservoir (MG)
2012	12	46,525	14	57
2013	12	46,525	14	57
2014	12	46,525	14	57
2015	12	52,025	14	57
2016	12	52,025	14	57
2017	12	52,025	14	57
2018	12	52,025	14	57
2019	12	56,125	14	57
2020	12	56,125	14	57
2021	12	56,125	14	57

MG - Millions of Gallons

MGD - Millions of Gallons per Day

GPM - Gallon per Minute

NOTE: *Miles of Water Main Estimated

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

