

# ORANGE COUNTY WATER DISTRICT

FOUNTAIN VALLEY, CALIFORNIA



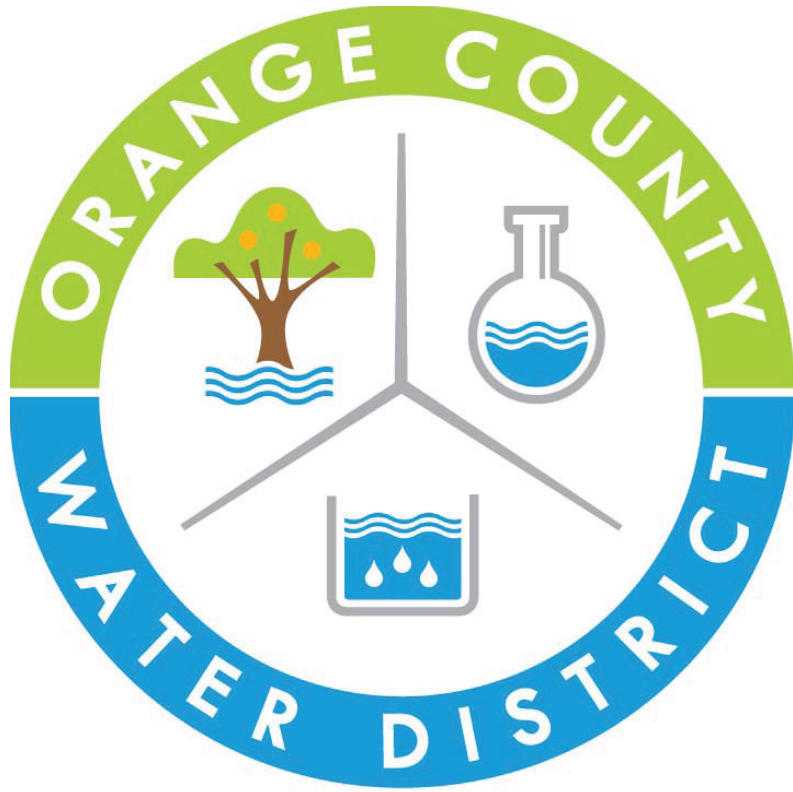
## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended June 30, 2024 and 2023

ORANGE COUNTY WATER DISTRICT  
FOUNTAIN VALLEY, CALIFORNIA

Annual Comprehensive Financial Report  
With Report on Audit By  
Independent Certified Public Accountants

For the Years Ended June 30, 2024 and June 30, 2023



**SINCE 1933**

ORANGE COUNTY WATER DISTRICT  
FOUNTAIN VALLEY, CALIFORNIA

Annual Comprehensive Financial Report  
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For the Years Ended June 30, 2024 and June 30, 2023

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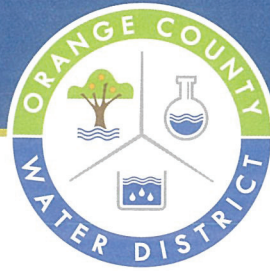
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## INTRODUCTORY SECTION

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*LETTER OF TRANSMITTAL*

October 17, 2024

To the Board of Directors and the customers of the Orange County Water District:

We are pleased to submit the Annual Comprehensive Financial Report of the Orange County Water District (District or OCWD) for the fiscal year ended June 30, 2024. District staff worked collectively and followed guidelines set forth by the Governmental Accounting Standards Board to prepare this report. This document, which contains a complete set of basic financial statements, is presented in conformity with generally accepted accounting principles (GAAP) and audited by Lance, Soll & Lunghard, LLP (LSL), a firm of licensed certified public accountants, in accordance with generally accepted auditing standards. State law requires that all special-purpose local governments publish these basic financial statements within six months of the close of the agency's fiscal year.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, the District has established a comprehensive framework of internal controls. The District's internal controls are designed to provide appropriate assurance that the basic financial statements will be free from material misstatements.

The goal of the independent audit was to provide reasonable assurance and not absolute assurance that the basic financial statements of the District for the fiscal year ended June 30, 2024, were free of material misstatement. The independent audit involved examining the District's records on a test basis, disclosures in the basic financial statements, assessing the accounting principles used, estimates made by management, and evaluating the overall financial statement presentation. The independent auditors rendered an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2024, are presented fairly in conformity with GAAP.

The Management Discussion and Analysis (MD&A), which follows the Independent Auditor's Report, provides an overview and analysis of the basic financial statements, and should be read in conjunction with the financial statements.



## *AGENCY PROFILE*

The District was formed in 1933 by a special act of the California State Legislature to protect Orange County's rights to water in the Santa Ana River. The District's primary responsibility is managing the vast groundwater basin under northern and central Orange County that supplies water to 19 cities and water districts (Producers), serving more than 2.5 million Orange County residents. The District gives highest priority to the protection, safety, and enhancement of groundwater.

A ten-member Board of Directors (Board), seven of whom are publicly elected by division within the District service area, govern the District. The other three Directors are appointed by their representative city councils of Anaheim, Fullerton, and Santa Ana. The District currently has 226.5 full time equivalent employees overseeing day-to-day activities at the direction of the General Manager.

The District Act provides for local financing of the District's operations by a combination of ad valorem taxes and water replenishment assessments. It empowers the District to levy and collect a replenishment assessment (RA) and an additional replenishment assessment (ARA) on water extracted from the groundwater basin. These monies are used to purchase supplemental water for groundwater recharge, to construct, operate and maintain water production facilities, and to acquire water rights and spreading facilities to replenish and protect the groundwater supply of the District and for administrative purposes.

The Board also sets an annual basin equity assessment (BEA) that generally represents the difference between the cost of pumping groundwater and purchasing supplemental water. Producers annually pay the BEA on each acre-foot pumped in excess of the basin production percentage (BPP) established by the Board.

The District primarily recharges the groundwater basin with Santa Ana River (SAR) flows, Groundwater Replenishment System (GWRS) water, and untreated water purchased from the Metropolitan Water District (MWD) of Southern California. The Santa Ana River flows valued at approximately \$180 million a year are essentially free to the District, less the expense to capture and percolate the water, resulting in groundwater that costs about half of the cost of MWD water imported from Northern California and the Colorado River. The Santa Ana River flows, Groundwater Replenishment System water, and untreated MWD water are percolated into deep groundwater aquifers through spreading basins in Anaheim and Orange. By naturally filtering the SAR flows and MWD untreated water through the ground, the District saves ratepayers millions of dollars each year in water treatment costs.

The groundwater basin provides about 85% of all water used within the District's service area. With one of the most sophisticated groundwater protection programs in the country, the District uses more than 733 (owned and non-owned) wells providing more than 1,331 sampling points from which the District takes more than 18,743 water samples and conducts approximately 405,832 laboratory analyses every year.

The District's monitoring program looks for more than 583 possible contaminants, which is more than the 161 target contaminants required by health agencies.

The District currently holds rights to all Santa Ana River flows reaching Prado Dam in Riverside County (the dam is owned by the U.S. Army Corps of Engineers for flood prevention). The District owns 2,150 acres behind the dam that is used for water conservation, water quality improvement and environmental enhancement. The District saves approximately \$37.39 million a year by collecting storm water behind Prado Dam, which is recharged into the basin instead of being lost to the ocean.

The District operates the world's largest wastewater purification facility of its kind, called the Groundwater Replenishment System (GWRS). The GWRS takes highly treated sewer water destined for the ocean, purifies it to near-distilled quality, and puts it back into the groundwater basin and the District's seawater intrusion barrier. The GWRS, a joint project of the District and the Orange County Sanitation District (OCSD), produces high-quality water for approximately half of the cost of MWD water, and uses less energy than is required to import water from Northern California and the Colorado River.

Additional efforts to increase local water supplies include expanding the capacity of the existing percolation facilities, treating poor quality water to make it useable, studying methods to extend the life of water treatment filtration membranes, improving advanced purification technologies, and studying the quality of Santa Ana River water and other water-related issues. Other District activities focus on expanding the Prado wetlands, groundwater treatment at wellheads, computer modeling of the groundwater basin and conservation of endangered or threatened species.

The District continues to adopt strategies to ensure that sufficient water supplies will be available in the future to replenish, protect and maximize the use of the groundwater basin. Ensuring water quality continues to be a top priority for the District; extra effort is extended in the area of monitoring water quality and improving coastal conditions, along with sound financial choices to minimize the costs of projects. Those extra efforts are summarized in the items listed below:

### *Maintaining and Improving Water Quality*

Drinking water in California is among the most highly regulated and safest in the world. Operating for more than sixteen years now, the GWRS brings Orange County's water quality to a higher level. The District conducts monitoring programs on behalf of the local water retailers to meet monitoring requirements implemented by the California Department of Health Services and the U.S. Environmental Protection Agency.

The District also implements additional monitoring programs for groundwater management. These programs are designed to give the District a warning of potential problems so corrective action can be taken to protect northern and central Orange County's water supply before there is a problem.

The District's organic and inorganic laboratory provides real value to local water retailers by testing all groundwater to ensure public health. The District has always maintained a proactive policy toward maintaining water quality.

### *Improving Coastal Conditions*

Production from the basin requires coastal mitigation measures. The District has implemented various capital projects to improve coastal conditions. The District's two main objectives are to ensure high quality coastal groundwater supplies and to protect the coastal aquifer subunits from seawater intrusion through expansion of the seawater barrier.

### *Using the Safest and Most Cost-Effective Financing Option*

The District has traditionally and successfully used long-term debt financing in the form of Certificates of Participation, Revenue refunding bonds, and low-cost State and Federal loans to pay for capital projects that have increased water production, removed pockets of contamination, increased producer pumping capacity, increased the capture of Santa Ana River flows, and prevented seawater intrusion. The District is always seeking ways to minimize capital project costs. The District was successful in securing a low-rate Water Infrastructure Finance and Innovation Act (WIFIA) loan for the partial funding of the GWRS Final Expansion project and State Revolving Fund (SRF) loan for the balance of the project and a WIFIA loan for the partial funding of the per- and polyfluoroalkyl substances (PFAS) Treatment Facilities project.

### ***ECONOMIC CONDITION AND OUTLOOK***

The District's service boundary covers virtually the entire northern half of Orange County. About 2.5 million Orange County residents rely on the groundwater basin for about 85% of their water needs. Orange County is one of the major metropolitan areas in California and the nation representing the third most populous county in the state, and fifth in the nation. Population growth is approximately 0.5% annually.

Orange County's economic growth is expected to slow but will remain above the national average. The growth of inflation was up 0.1% over the past month and up 2.9% from a year ago. Local, statewide, and national unemployment has gone up compared to last year. The local unemployment rate in June 2024 was 4.0% versus 5.2% for California and 4.1% for the nation. The California State Budget has passed. Although the precise implications of the state budget are unclear at this time, the District is expecting no cuts in the ad valorem property tax revenues for the upcoming fiscal year (FY) 2024-25.

During the water year 2023-24, the District replenished 336,400 acre-feet (af) of water. This includes 199,402 af of Santa Ana River flows, 106,600 af of GWRS water, and of 2,160 af of imported water. Other water sources include natural replenishment from rainfall that provided an additional 28,300 af of water.

Groundwater use in Orange County in water year 2023-24 was approximately 280,877 af or 91.5 billion gallons during the water year. Groundwater met 84.1% of the water demand within District boundaries. There are challenges ahead in meeting future water demand, but with continued investment in cost-effective capital improvement projects, the District is confident that the groundwater basin can stay ahead of demand and continue to provide a reliable, high-quality water supply.

## ***MAJOR INITIATIVES FOR THE FUTURE***

### ***The District is Planning the Following Projects for Fiscal Year 2024-2025:***

The District's combined projects will provide regional, statewide and national benefits. All these projects are an effective response to meeting the federal mandate to decrease California's dependency on imported waters from the Colorado River and the Sacramento-San Joaquin River Delta (the "Delta"). The current method of moving water through the Delta to the pumps of the California State Water Project is in jeopardy due to recent environmental rulings. OCWD's projects help to diminish the region's reliance on uncertain imported water supplies.

### ***PFAS Treatment Systems***

This project provides the design and construction of PFAS (per- and polyfluoroalkyl substances) treatment systems to eleven impacted Producers to remove PFAS from the water prior to serving to customers. Twenty-five PFAS treatment systems have already been constructed and are in operation. Construction activities for nine treatment systems and design work for twenty treatment systems is currently underway. Design and construction of PFAS treatment systems will continue over the next few years.

### ***Santiago Floating Pump Station***

The Santiago Basin Floating Pump Station controls will be modified with new pump drives and new piping to accommodate pumping in Santiago above 240' MSL. Conduits and floats will be repaired. Wires to pumps will be replaced and new wire anchors installed to prevent wire slumping in the conduits during low-water conditions. Design of the repairs and modifications has been completed. The first phase of construction has started which includes accessing, inspecting and testing the wiring and conduits and replacement as needed to get one of the pumps operational. Replacement of pump electrical drives and new wiring for the second pump will occur in the spring of 2025.

### ***Water Education and Outreach Programs***

The District is dedicated to the creation, promotion, and management of water education and outreach programs for the communities it serves and beyond. The goal of these programs is to educate the public about where our water comes from, highlight OCWD's groundwater management and water supply initiatives, and discuss the importance of this precious resource. OCWD has continued to build upon the success of its virtual and in-person programs, offering the flexibility of both options so people and organizations can participate at their convenience and in the method they prefer.

### ***The components that comprise OCWD's water education and outreach programs are:***

#### ***Children's Water Education Festival***

In March 2024, OCWD celebrated the 27<sup>th</sup> anniversary of the Children's Water Education Festival – the nation's largest event of its kind – facilitating water education and stewardship presentations to third, fourth and fifth graders throughout Orange County. More than 5,100 students attended this year's event. Forty-eight organizations participated in the 2024 Festival, offering 60 educational and interactive presentations to students, including nine from OCWD

staff. Since its inception in 1997, more than 152,000 students have experienced this award-winning water education program.

### ***Middle & High School Program (formerly Next Generation Water Leaders)***

In response to feedback from teachers and schools regarding the Next Generation Water Leaders virtual program, and the desire to return to in-person field trips, OCWD has begun redesigning the educational program for this age group. The Next Generation Water Leaders Program was not made available during the 2023-2024 school year. While designing the program to be launched in the fall of 2024, OCWD welcomed back middle and high school students for in-person tours of the Groundwater Replenishment System during the 2023-2024 school year. 17 schools toured the Groundwater Replenishment System, reaching 672 students and their teachers.

### ***Prado Wetlands Traveling Scientist Program***

During the 2023-2024 school year, Inside the Outdoors (ITO), administered by the Orange County Department of Education, developed and piloted a new Traveling Scientist program for third grade. This new one-hour, Next Generation Science Standards-aligned program brings the *Prado Constructed Wetlands* Virtual Field Trip to life for students as they explore a traveling nature center.

As part of the program, students take on the role of an OCWD environmental scientist and use their five senses to explore how the Prado Constructed Wetlands help enhance water quality and reliability for Orange County, as well as provide a healthy habitat for the Least Bell's Vireo. Various investigations are conducted designed to resemble a nature center, allowing students to learn more about the abiotic conditions, animals, and plants that inhabit the wetlands.

Inside the Outdoors piloted the program during the 2023-2024 school year at 27 Orange County schools, reaching 903 students.

### ***O.C. Water Summit***

Since 2008, the annual O.C. Water Summit has brought together individuals, business, community, and civic leaders to hear discussions about local water supply and water reliability challenges. The premier regional water event educates elected officials, water industry professionals and the public on what measures are in place to address these issues as well as possible solutions to future challenges. OCWD staff worked with presenters and sponsors to host the Summit on October 13, 2023, where approximately 350 people attended. The 2023 Summit featured three sessions and 29 sponsors. District staff is actively planning the next Summit on September 27, 2024.

### ***Water Advisory Committee of Orange County***

The Water Advisory Committee of Orange County (WACO) was formed in 1983 to facilitate the discussion of current and emerging water issues among Orange County policymakers and water professionals. Monthly meetings are typically held on the first Friday of each month and provide attendees with an opportunity for professional networking and to receive informative presentations from water industry professionals, academics, economists, engineers, political officials, and others about key water issues affecting Orange County.

## ***OCWD.com***

As a public agency, the District's website includes extensive documents, forms for tour reservations and public records requests, audio clips of meetings, educational materials, and information that addresses how OCWD performs its duties. The website contains information that reflects OCWD's core values of transparency, sound planning, investment and financial management, high-quality water, environmental stewardship, and securing a highly reliable water supply. Over the last year, the website was updated with new design elements based on best practices. Webpages were frequently updated to address priority programs and water issues such as PFAS and the Groundwater Replenishment System.

## ***Social Media***

The District manages a robust social media program utilizing Facebook, X, LinkedIn, Instagram, Threads, TikTok, and YouTube to further promote OCWD's projects, programs, and mission. The combined social media platforms engage more than 18,000 followers who learn about the District and local water supply. OCWD staff shares information on its platforms multiple times per week to ensure a consistent and frequent flow of communication.

## ***Hydrospectives Newsletter***

The monthly Hydrospectives newsletter provides the latest information about water quality and reliability, water reuse and supply, the watershed, and groundwater management to nearly 3,500 subscribers. Each month the newsletter directs subscribers to various OCWD links.

## ***Speakers Bureau***

Through its active speaker's bureau program, OCWD receives requests for representatives to go out to the community and speak to numerous organizations and schools, as well as at local, national, and international conferences. In FY 2023-24, staff and board members gave approximately 95 virtual and in-person presentations to community organizations, city councils and conferences.

## ***Facility Tours***

As a leader in water reuse and groundwater management, OCWD provides on-site and virtual tours and briefings for visitors from local colleges, water agencies, the surrounding community, and international organizations. More than 135 onsite and virtual tours were given to OCWD visitors during FY 2023-24, hosting more than 2,541 guests. Additionally, for those unable to attend a scheduled virtual or in-person tour, OCWD's on-demand tour videos are available to view on the District's YouTube channel. To date, nearly 15,000 views have been garnered for the on-demand tour videos.

## ***Water Webinars***

OCWD has continued to build upon the success of its webinar program, first launched in May 2020, to bring water education to a broad range of stakeholders including a global audience. The District's Water Webinar series features emerging and newsworthy topics related to various aspects of water management and highlights important OCWD programs and projects that impact local water supply. Four webinars were completed in FY 2023-24. To date, OCWD has produced 32 live webinars, which have garnered approximately 19,000 views.

### ***Media Outreach***

Through its comprehensive programs spanning groundwater management, water quality, water recycling, research and development, and much more, OCWD continues to be recognized positively as a local, regional, statewide, national, and international water leader. OCWD actively writes and distributes press releases, participates in media interviews, and has been featured in thousands of print and broadcast stories such as *Orange County Register*, *Los Angeles Times*, *CBS News*, *CalMatters*, *The Epoch Times*, *ABC7*, *The Associated Press*, *The Washington Post*, *KPCC*, *MSN*, and many more. In FY 2023-24, media stories that featured OCWD had a combined reach of over 2.6 billion.

### ***Legislative Outreach***

OCWD, with the assistance of experienced consultants, maintains an active presence in the government arena to forge and maintain long-term, positive and proactive relationships with legislative offices to expand water reuse, advocate for the development of new water supplies, expand the use of new technologies, increase stormwater capture, among other topics. Decisions and actions are guided by two documents: 2023-24 Legislative Policies and State and Federal Legislative Goals and Strategy.

### ***Awards & Accomplishments***

OCWD is recognized globally for its leadership and innovation on water quality, water supply and reliability, groundwater management, the environment, and sound financial management. Its work has been recognized by local and international organizations and the District has received numerous awards over the years.

The following list of awards is representative of the acclaim and recognition bestowed on the District in FY 2023-24.

- Best in Show Award | GWRS Final Completion Dedication | California Association of Public Information Officials
- EPIC Award | GWRS Final Completion Dedication | California Association of Public Information Officials
- Beacon Award, Honorable Mention | OCWD & OC San for its partnership on the GWRS | Institute for Local Government
- Innovative Project of the Year | OCWD & OC San for GWRS Final Expansion | California Special Districts Association
- Outstanding Capital Project Award | GWRS Final Expansion | California Association of Sanitation Agencies
- Utility of the Future Today | OCWD | Water Environment Federation, National Association of Clean Water Agencies, the Water Research Foundation, WateReuse Association, and the U.S. Water Alliance
- Project Excellence | OCWD & GWRS Final Expansion | Water Environment Federation
- Harriett M. Wieder Water Leadership Award | General Manager Mike Markus | Southern California Water Coalition
- Recycled Water Agency of the Year, Large | OCWD & OC San for GWRS Final Expansion | WateReuse California
- Lifetime Achievement Award | General Manager Mike Markus | WateReuse California

- Operator of the Year | Derrick Mansell, GWRS operations manager | Southwest Membrane Operator Association
- Plant of the Year | GWRS | Southwest Membrane Operator Association
- U.S. Water Prize, Outstanding Public Sector Organization | OCWD & OC San | U.S. Water Alliance
- Water Project of the Year Pubby Award | GWRS | American Infrastructure Magazine
- Outstanding Groundwater Supply Project | GWRS | National Ground Water Association

A complete list of awards dating back to 2003 can be found on the District's [awards webpage](#).

## ***RELEVANT FINANCIAL POLICIES***

### ***Internal Control Structure***

District management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

### ***Accounting and Budgetary Policies***

The District maintains its accounting records on an accrual basis. A great deal of consideration is given to the adequacy of internal accounting controls in developing and evaluating the District's accounting system. Internal accounting controls are designed to provide reasonable assurance regarding: (1) the safeguarding of District assets against theft or unauthorized use and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets.

The District's Board of Directors approves operating and capital budgets annually and allocates required funding accordingly prior to June 30 each fiscal year. The budget includes proposed expenses by department (function) and the means of financing them. Budgetary controls and evaluation are affected by comparisons of actual revenue and expenses with planned revenues and expenses for the period. The Board approves total budgeted appropriations and any amendments to the appropriations throughout the year. The District has adopted a Uniform Purchasing Policy that identifies agreed-upon purchasing standards.

### ***Debt Management***

The District's debt mainly consists of Certificates of Participation (COP), Refunding Revenue Bond (RRB), state loans, WIFIA loans, and commercial paper. The District has executed 18 issuances since 1989. Only four COP and RRB issuances are outstanding (2003A, 2017A&B, 2019A&B, C&D and 2021A) as of June 30, 2024. Other issuances are either advanced refunded, defeased, or refinanced with the help of the state loans and Refunding Revenue Bonds.



During FY 2023-24, the District has drawn \$18.5 million from the WIFIA loan agreement with the Environmental Protection Agency (EPA) for the construction of the final expansion of the GWRS project.

During FY 2022-23, the District has drawn down \$1.72 million from the State Water Resource Control Board loans and \$115.36 million from the WIFIA loan agreement with the Environmental Protection Agency (EPA) for the construction of the final expansion of the GWRS project.

During FY 2021-22, the District issued \$94.42 million of 2021A debt to partially support the PFAS project. The District entered into a low rate WIFIA loan agreement with the Environmental Protection Agency (EPA) for the partial funding of the PFAS project, which was used to retire the 2021A debt.

During FY 2020-21, the District entered into \$181.2 million construction installment sale agreements with the State Water Board. As of the year end June 30, 2022, the District has drawn \$124.3 million funds against these agreements. These construction loan agreements will fund part of the final expansion of the GWRS project.

During FY 2019-20, the District issued \$158.2 million of 2019C&D debt to refinance 2013A refunding revenue bonds and GWRSIE state loan debt that resulted in significant debt service savings.

During FY 2018-19, the District issued \$141.505 million of 2019A&B debt to partially support the final expansion of the GWRS project and partially refunded \$7.8 million of 2017B Certificate of Participation debt that resulted in debt service savings. The District entered into low rate WIFIA loan agreement with the Environmental Protection Agency (EPA) for the partial funding of the GWRS Final Expansion project.

During FY 2016-17, the District advance refunded \$125.985 million of 2009A Certificate of Participation debt with series 2017 A&B debt that resulted in approximately twenty million dollars in debt service savings.

During FY 2014-15, the District cash defeased \$26.8 million of 2005B Certificate of Participation debt. This resulted in a reduction of senior debt service by an average of \$3.4 million per year between FY 2015-16 and FY 2024-25 and reduced the FY 2015-16 Replenishment Assessment (RA) by \$10 per acre-foot.

During fiscal year 2013-14, the District used \$28.4 million of commercial paper debt to purchase land for the creation of La Palma basin. The District has \$12.9 million tax-exempt commercial paper debt currently outstanding from this purchase.

The District has a letter of credit and reimbursement agreement supporting a commercial paper program with Sumitomo Mitsui Banking Corporation. The District has a credit capacity of \$70.0 million less \$12.9 million outstanding commercial paper debt to meet its future financing needs through the commercial paper program. For FY 2024-25, the District has budgeted \$8.4 million of principal payment of commercial paper debt.

The District's rated debt obligations have received an AAA rating from Fitch Ratings and Standard & Poor's and an Aa1 rating from Moody's based on the District's long-term credit

quality. The ratings mean the District is one of the highest rated water agencies in the State of California. Maintaining a high rating saves the District and local water ratepayers millions of dollars by allowing the District to borrow money more easily and at lower rates.

The high ratings reflect great confidence in the District's general and fiscal management and its leadership in the water industry. It bears truth to the District's competitive replenishment assessment rates, particularly in comparison to alternative water supply options, strong debt service coverage, and the District's ability to address Southern California's long-term water supply problems with new water projects like the GWRS.

### ***OTHER INFORMATION***

Independent Audit: The District's policy, as well as sound financial practice, requires an annual audit of financial records and transactions of all operations of the District by independent certified public accountants selected by the Board of Directors. The accounting firm of LSL CPAs was selected to perform the (FY 2023-24) audit. The auditor's opinion is included in this report.

Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Orange County Water District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2023. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe our current ACFR continues to meet the Certificate of Achievement requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate of achievement.

The preparation of a comprehensive annual financial report on a timely basis is a large task, made possible only by the combined efforts of many staff members. Employees of the Finance Department deserve special recognition. Without their efforts, the completion of this report would not have been possible.

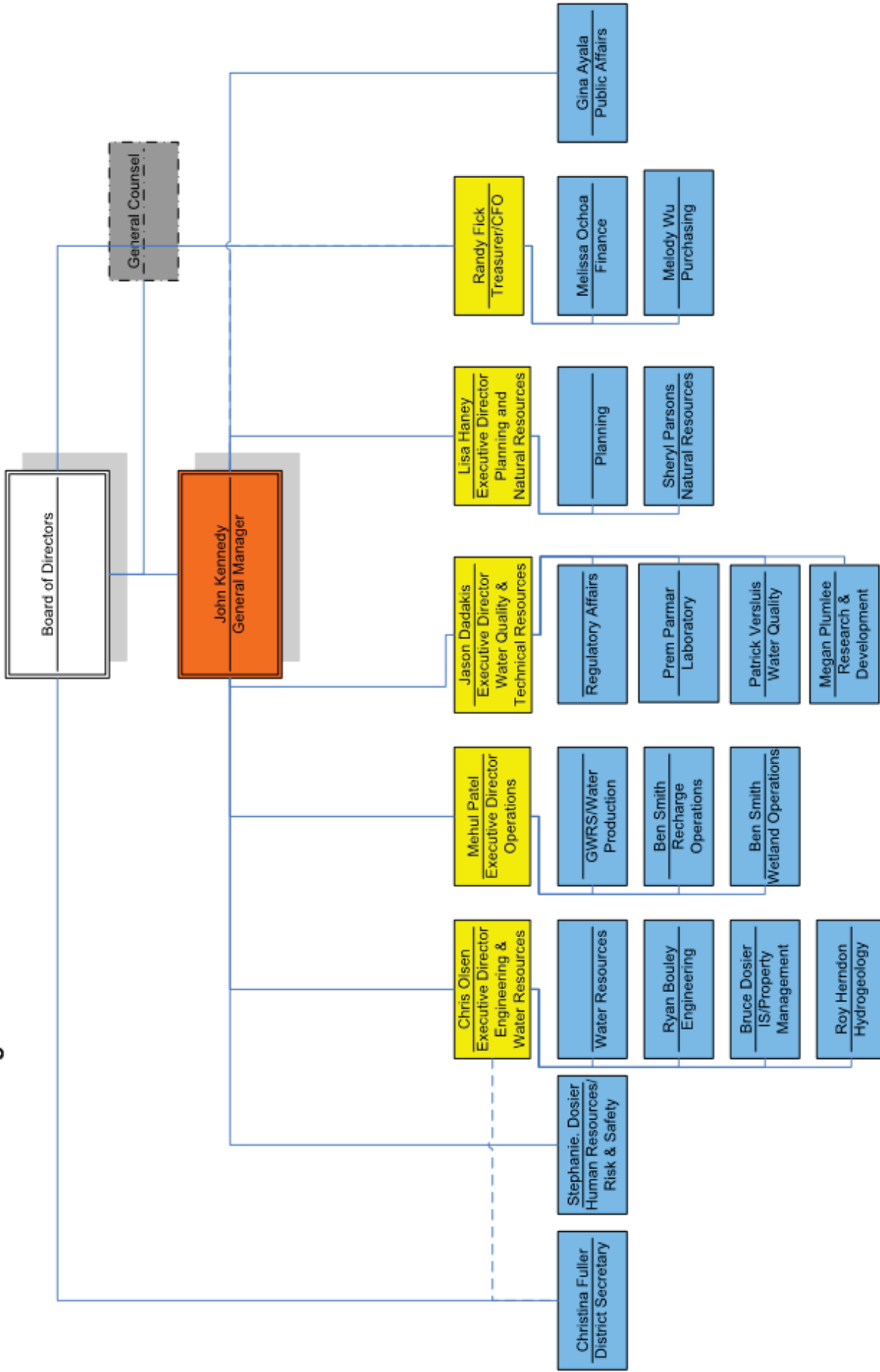
We would also like to thank and recognize the members of the Board of Directors and especially the Administration and Finance Committee members for their continued support in the planning and implementation of the District's fiscal policies.

Respectfully submitted,

  
\_\_\_\_\_  
John Kennedy  
General Manager

  
\_\_\_\_\_  
Randy Fick  
Chief Financial Officer/Treasurer

# OCWD Organizational Structure





**Orange County Water District  
Annual Comprehensive Financial Report  
Fiscal Year 2023-24**

**Board of Directors**

Dina Nguyen, Esq., Division 1

Denis Bilodeau, P.E., 1<sup>st</sup> Vice President, Division 2

Roger Yoh, P.E., Division 3

Van Tran, Esq., 2<sup>nd</sup> Vice President, Division 4

Stephen Sheldon, Division 5

Cathy Green, President, Division 6

Erik K. Weigand, Division 7

Valerie Amezcua, Division 8

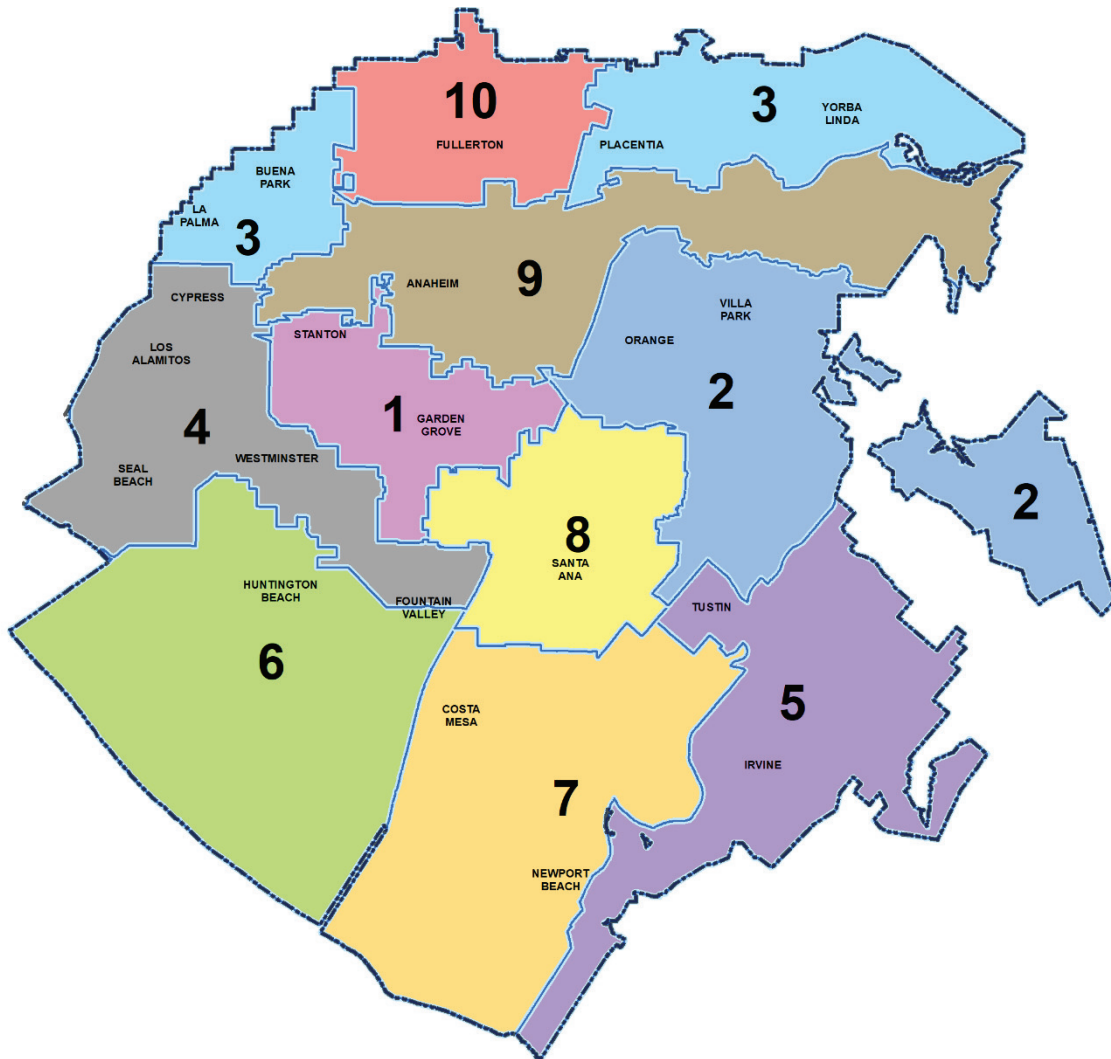
Natalie Meeks, Division 9

Bruce Whitaker, Division 10



John C. Kennedy, P.E.  
General Manager

# ORANGE COUNTY WATER DISTRICT



## DISTRICT VITAL STATISTICS

Date of Enactment: 1933  
 Form of Government: Special District of the State of California  
 Area (square miles): 381  
 Employees (full-time): 226.5

### Major Groundwater Producing Agencies:

- |                                   |                            |
|-----------------------------------|----------------------------|
| Anaheim, City of                  | Mesa Water District        |
| Buena Park, City of               | Newport Beach, City of     |
| East Orange County Water District | Orange, City of            |
| Fountain Valley, City of          | Santa Ana, City of         |
| Fullerton, City of                | Seal Beach, City of        |
| Garden Grove, City of             | Serrano Water District     |
| Golden State Water Company        | Tustin, City of            |
| Huntington Beach, City of         | Westminster, City of       |
| Irvine Ranch Water District       | Yorba Linda Water District |
| La Palma, City of                 |                            |



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Orange County Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morrill*

Executive Director/CEO

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FINANCIAL SECTION

Independent Auditors' Report



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Orange County Water District  
Fountain Valley, California

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the Orange County Water District, (the "District"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2024 and 2023, and the respective changes in financial position, and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards and the State Controller's Minimum Audit Standards for California Special Districts* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher



To the Board of Directors  
Orange County Water District  
Fountain Valley, California

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards and the State Controller's Minimum Audit Standards for California Special Districts*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required other postemployment benefits schedules, as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



To the Board of Directors  
Orange County Water District  
Fountain Valley, California

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2024, 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 District's internal control over financial reporting and compliance.

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Brea, California  
October 17, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for the Years Ended June 30, 2024 and June 30, 2023

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**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

The following summary analysis is a brief discussion of the Orange County Water District's (District) performance that provides an overview of the District's financial activities for the year ended June 30, 2024. This section should be read in conjunction with the basic financial statements and the notes to the financial statements, which follows this analysis.

**Financial Highlights**

- Total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$529.59 million (net position), representing \$200.29 million in net investment in capital assets, \$1,204 restricted for debt service, \$2.16 million restricted for custodial costs and \$327.15 million unrestricted for operations. Net position increased \$56.91 million or 12.04%, in 2024 over the prior year.
- In 2024, total operating revenues increased 25.06%, or \$36.25 million, from the prior year, primarily due to a \$38.25 million increase in revenues for replenishment assessments, offset with a \$2.20 million decrease in basin equity assessments and a \$0.20 million increase in reclaimed water revenues. The Board approved the replenishment assessment rate of \$624 per acre-foot and pumping increased 14.68% from 244,930 acre-feet to 280,877 acre-feet due to increased water demands.
- Total operating expenses decreased \$11.86 million or 7.64% in 2024 due to the net effect of a \$19.58 million decrease in water purchases, an increase in water production of \$3.79 million, and a \$1.34 million increase in PFAS treatment systems operations and maintenance expenses. The District did not purchase untreated imported water from the Metropolitan Water District in 2024, since the basin were in good condition with high water storage levels.
- The District's non-operating revenues, net of expenses increased \$11.36 million, or 35.28%, from prior year due to an increase in investment income of \$2.75 million and a \$6.78 million increase in the market-to-market adjustment of the District's investments in 2024.
- Total short-term debt is \$12.9 million in 2024, as compared to \$27.4 million in the prior year. The decrease of \$14.5 million or 52.92% is due to a voluntary principal payment.
- Total long-term debt is \$819.44 million in 2024, as compared to \$842.43 million in the prior year. The decrease of \$22.98 million or 2.73% is primarily due to scheduled principal payments.



**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

**Overview of the Financial Statements**

The District operates as a utility enterprise and presents its basic financial statements using the full accrual basis of accounting. The basic financial statements of the District consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position includes all District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing the 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 provide information on the District's operations and can be used to determine whether the District has recovered its costs through its rates and other charges. This statement can also be used to determine the District credit worthiness and profitability.

The Statement of Cash Flows provides information regarding the District's cash receipts and cash payments and changes in cash resulting from operations, non-capital financing, capital and related financing, and investment activities and provides information on the sources and uses of the District's cash.

Notes to the basic financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 27 to 65 of this report.

Other information includes *required supplementary information* concerning the District's progress in funding its obligations to provide Other Post-Employment Benefits to its employees. Required supplementary information can be found on pages 68 to 69 of this report.

**Financial Analysis of the District**

The following Condensed Statements of Net Position and Condensed Statements of Revenues, Expenses and Changes in Net Position provide summary financial information which was extracted from the basic financial statements to assist readers in evaluating the District's overall financial position and results of operations as described in this analysis.

Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, other external factors should be considered in this analysis such as changes in economic conditions, new or changed government legislation or accounting standards, population growth, and zoning.

**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

**Financial Position Summary**

Table 1 - Condensed Statements of Net Position					
	Fiscal Year 2024	Fiscal Year 2023	\$ Change	Fiscal Year 2022	\$ Change
<b>Assets:</b>					
Current assets	\$ 389,772,648	\$ 392,000,104	\$ (2,227,456)	\$ 494,793,774	\$ (102,793,670)
Capital assets	1,025,079,158	999,829,618	25,249,540	967,326,441	32,503,177
Other non-current assets	16,130,956	17,574,703	(1,443,747)	22,238,514	(4,663,811)
<b>Total assets</b>	<b>1,430,982,762</b>	<b>1,409,404,425</b>	<b>21,578,337</b>	<b>1,484,358,729</b>	<b>(74,954,304)</b>
<b>Deferred outflows of resources</b>	<b>15,831,572</b>	<b>18,027,650</b>	<b>(2,196,078)</b>	<b>20,803,178</b>	<b>(2,775,528)</b>
<b>Liabilities:</b>					
Current liabilities	179,437,218	111,912,375	67,524,843	141,298,066	(29,385,691)
Long-term debt	706,424,125	807,033,007	(100,608,882)	812,978,152	(5,945,145)
Other long-term liabilities	10,612,306	12,849,648	(2,237,342)	15,863,318	(3,013,670)
<b>Total liabilities</b>	<b>896,473,649</b>	<b>931,795,030</b>	<b>(35,321,381)</b>	<b>970,139,536</b>	<b>(38,344,506)</b>
<b>Deferred inflows of resources</b>	<b>20,746,974</b>	<b>22,961,577</b>	<b>(2,214,603)</b>	<b>29,300,800</b>	<b>(6,339,223)</b>
<b>Net position:</b>					
Net investment in capital assets	200,286,418	151,262,495	49,023,923	192,992,630	(41,730,135)
Restricted for construction of capital assets	-	2,894,945	(2,894,945)	75,757,045	(72,862,100)
Restricted for debt service	1,204	14,435	(13,231)	234	14,201
Restricted for custodial costs	2,157,788	1,974,922	182,866	9,238,327	(7,263,405)
Unrestricted	327,148,301	316,528,671	10,619,630	227,733,335	88,795,336
<b>Total net position</b>	<b>\$ 529,593,711</b>	<b>\$ 472,675,468</b>	<b>\$ 56,918,243</b>	<b>\$ 505,721,571</b>	<b>\$ (33,046,103)</b>

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, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$529.59 million on June 30, 2024, compared with \$472.68 million on June 30, 2023. The District's net position increased by \$56.91 million for the year.

A portion of the District's net position (37.64% and 32.00% as of June 30, 2024, and 2023, respectively) reflects the District's net investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that are still outstanding. The District uses the capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of the fiscal year 2024, the District reflects a balance of \$1,204 restricted for debt service payments.

An additional portion of the District's net position of \$2.16 million and \$1.97 million as of June 30, 2024, and 2023, respectively, are for custodial costs, which represent resources that are subject to external restrictions on how they may be used.

At the end of fiscal years 2024 and 2023, the District reflects a positive balance in its unrestricted net position of \$327.15 million and \$316.53 million, respectively, which may be utilized in future years.

**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

**Activities and Changes in Net Position**

Table 2 - Condensed Statements of Revenues, Expenses and Changes in Net Position					
	Fiscal Year 2024	Fiscal Year 2023	\$ Change	Fiscal Year 2022	\$ Change
Operating revenues	\$ 180,903,570	\$ 144,651,494	\$ 36,252,076	\$ 138,402,212	\$ 6,249,282
Operating expenses	143,437,543	155,295,626	(11,858,083)	141,847,855	13,447,771
<b>Operating income(loss)</b>	<b>37,466,027</b>	<b>(10,644,132)</b>	<b>48,110,159</b>	<b>(3,445,643)</b>	<b>(7,198,489)</b>
Non-operating revenues, net of expenses	43,559,431	32,198,800	11,360,631	15,063,530	17,135,270
Net income before capital contributions	81,025,458	21,554,668	59,470,790	11,617,887	9,936,781
Capital contributions from other parties	534,200	641,683	(107,483)	11,063,991	(10,422,308)
Capital contributions to other parties	(24,641,415)	(55,381,034)	30,739,619	-	(55,381,034)
<b>Changes in net position</b>	<b>56,918,243</b>	<b>(33,184,683)</b>	<b>90,102,926</b>	<b>22,681,878</b>	<b>(55,866,561)</b>
Net position, beginning of year	472,675,468	505,721,571	(33,046,103)	482,739,443	22,982,128
Prior period adjustment	-	138,580	(138,580)	300,250	(161,670)
Net position, beginning of year restated	472,675,468	505,860,151	(33,184,683)	483,039,693	22,820,458
<b>Net position, end of year</b>	<b>\$ 529,593,711</b>	<b>\$ 472,675,468</b>	<b>\$ 56,918,243</b>	<b>\$ 505,721,571</b>	<b>\$ (33,046,103)</b>

The statements of revenues, expenses, and changes in net position indicate how the District's net position changed during the fiscal year. The current year changes are noted below.

Total operating revenues increased \$36.25 million or 25.06% from the prior year due to the following:

- Replenishment assessments increased \$38.25 million. Total pumping increased 14.68% from 244,930 acre-feet to 280,877 acre-feet and the Board approved replenishment assessment rate increased from \$558 to \$624 per acre-foot. The increase in groundwater pumping is primarily due various producers were given a lower BEA rate to incentivize groundwater pumping this year and more PFAS treatment systems coming online in 2024.
- Basin Equity Assessments (BEA) apply to groundwater pumping in excess of the Basin Production Percentage (BPP), which is set and approved by the Board. Basin Equity Assessments decreased by \$2.20 million due to less pumping above the BPP.
- Reclaimed water revenues decreased \$0.20 million from the prior year due to decreased demand for recycled water due to wet weather.

Total operating expenses decreased 7.64% or \$11.86 million from prior year due to the following:

- Water purchases decreased by \$19.58 million, due to the basin being in good condition with high water storage levels. The District did not purchase untreated imported Metropolitan Water this fiscal year.
- Water production expenses increased by \$3.79 million, which is the result of increased usage of electrical power and chemicals used by the Groundwater Replenishment System. For the year ending June 30, 2024, the Groundwater Replenishment System production increased from 101,950 acre-feet to 106,620 acre-feet of water.
- General and administrative expenses decreased by \$0.046 million for daily administration of the District.

**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

The District's non-operating revenues, net of expenses, increased \$11.36 million or 35.28%, which is primarily due to a \$6.78 million increase in market-to-market adjustments in the District's investments and a \$2.75 million increase in investment income.

In 2024, the District's capital contributions from other parties decreased by \$0.11 million from the prior year and capital contributions to other parties decreased by \$30.74 million for PFAS treatment facilities.

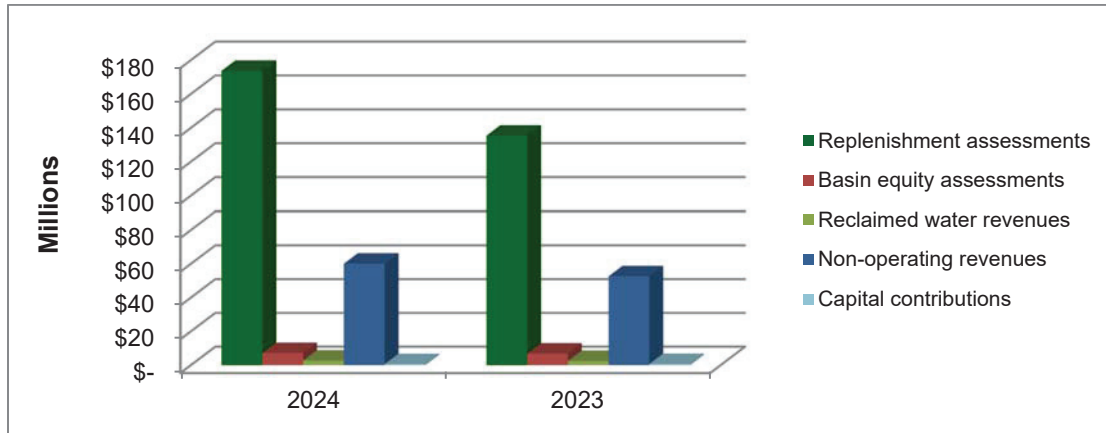
**Revenues**

<b>Table 3 - Total Revenues</b>					
	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>	<b>\$ Change</b>	<b>Fiscal Year 2022</b>	<b>\$ Change</b>
<b>Operating revenues:</b>					
Replenishment assessments	\$ 173,617,162	\$ 135,370,694	\$ 38,246,468	\$ 129,244,848	\$ 6,125,846
Basin equity assessments	4,649,500	6,851,209	(2,201,709)	6,136,462	714,747
Reclaimed water revenues	2,636,908	2,429,591	207,317	3,020,902	(591,311)
<b>Total operating revenues</b>	<b>180,903,570</b>	<b>144,651,494</b>	<b>36,252,076</b>	<b>138,402,212</b>	<b>6,249,282</b>
<b>Non-operating revenues:</b>					
Property taxes	37,701,909	35,807,406	1,894,503	33,535,212	2,272,194
Investment income	10,537,047	7,782,227	2,754,820	1,026,960	6,755,267
Net increase in fair market value of investments	5,434,793	-	5,434,793	-	-
Rental income, net of expenses	1,821,857	1,729,446	92,411	1,642,856	86,590
Legal settlements, net of expenses	-	2,939,851	(2,939,851)	713,765	2,226,086
Other non-operating revenues	3,886,734	3,659,100	227,634	3,560,332	98,768
Operating grants	344,521	716,741	(372,220)	1,242,800	(526,059)
Gain on sale of capital assets	324,572	-	324,572	-	-
<b>Total non-operating revenues</b>	<b>60,051,433</b>	<b>52,634,771</b>	<b>7,416,662</b>	<b>41,721,925</b>	<b>10,912,846</b>
Capital contributions from other parties	534,200	641,683	(107,483)	11,063,991	(10,422,308)
<b>Total revenues</b>	<b>\$ 241,489,203</b>	<b>\$ 197,927,948</b>	<b>\$ 43,561,255</b>	<b>\$ 191,188,128</b>	<b>\$ 6,739,820</b>

In 2024, the District's total revenues increased by \$43.56 million or 22.01%, primarily due to a \$38.25 million increase in replenishment assessments, a \$2.20 million decrease in basin equity assessments, a \$0.21 million increase in reclaimed water revenues, a \$7.42 million increase in non-operating revenues, and a \$0.11 million decrease in capital contributions.

**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

**Total Revenues  
(Fiscal Year 2024 and 2023)**



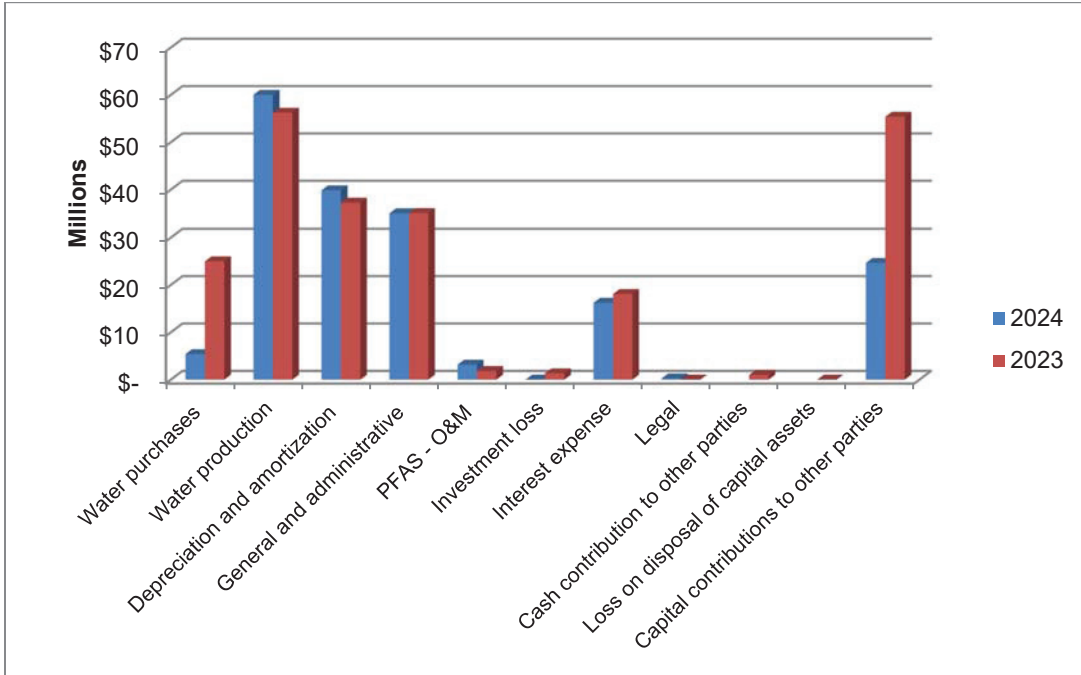
**Expenses**

Table 4 - Total Expenses					
	Fiscal Year 2024	Fiscal Year 2023	\$ Change	Fiscal Year 2022	\$ Change
Operating expenses:					
Water purchases	\$ 5,398,965	\$ 24,975,628	\$ (19,576,663)	\$ 26,478,304	\$ (1,502,676)
Water production	60,020,715	56,223,843	3,796,872	45,687,660	10,536,183
Depreciation and amortization	39,852,607	37,228,667	2,623,940	36,374,752	853,915
General and administrative	35,001,257	35,047,648	(46,391)	33,118,167	1,929,481
PFAS - operations and maintenance	3,163,999	1,819,840	1,344,159	188,972	1,630,868
<b>Total operating expenses</b>	<b>143,437,543</b>	<b>155,295,626</b>	<b>(11,858,083)</b>	<b>141,847,855</b>	<b>13,447,771</b>
Non-operating expenses:					
Net decrease in fair market value of investments	-	1,344,265	(1,344,265)	9,622,761	(8,278,496)
Interest expense	16,229,395	18,089,978	(1,860,583)	15,985,087	2,104,891
Legal settlements, net of expenses	262,607	-	-	-	-
Cash contribution to City of Santa Ana	-	1,000,000	(1,000,000)	-	1,000,000
Loss on disposal of capital assets	-	1,728	(1,728)	1,050,547	(1,048,819)
<b>Total non-operating expenses</b>	<b>16,492,002</b>	<b>20,435,971</b>	<b>(3,943,969)</b>	<b>26,658,395</b>	<b>(6,222,424)</b>
Capital contributions to other parties	24,641,415	55,381,034	(30,739,619)	-	55,381,034
<b>Total expenses</b>	<b>\$ 184,570,960</b>	<b>\$ 231,112,631</b>	<b>\$ (46,541,671)</b>	<b>\$ 168,506,250</b>	<b>\$ 62,606,381</b>

In 2024, the District's total expenses decreased by \$46.54 million or 20.14%, mainly due to the net effect of a decrease in water purchases of \$19.58, an increase in water production of \$3.80 million and a \$30.74 million decrease in capital contributions to other parties.

**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

**Total Expenses  
(Fiscal Year 2024 and 2023)**



**Capital Assets**

As of the fiscal year ended June 30, 2024, the District had invested \$1,729.39 million in capital assets, including land, water rights, structures and improvements, infrastructure, equipment, construction in progress, leased equipment, and subscription-based assets. Capital additions, net of transfers and retirements totaled \$65.10 million and \$69.23 million were made during the fiscal years ended June 30, 2024, and 2023, respectively.

In 2024, net capital assets increased by \$25.25 million or 2.53%, primarily due to the construction of the Groundwater Replenishment System Final Expansion project and the construction of the PFAS Treatment Facilities. The main reasons for these capital additions were construction in progress, equipment, structure, and infrastructure improvements on various water basin/water recycling projects in the fiscal year ended 2024.

The District added \$52,706 in the subscription-based assets, in accordance with GASB Statement No. 96.

Net capital assets retired were \$7.51 million and \$10,010 during the fiscal years ended June 30, 2024, and 2023, respectively.

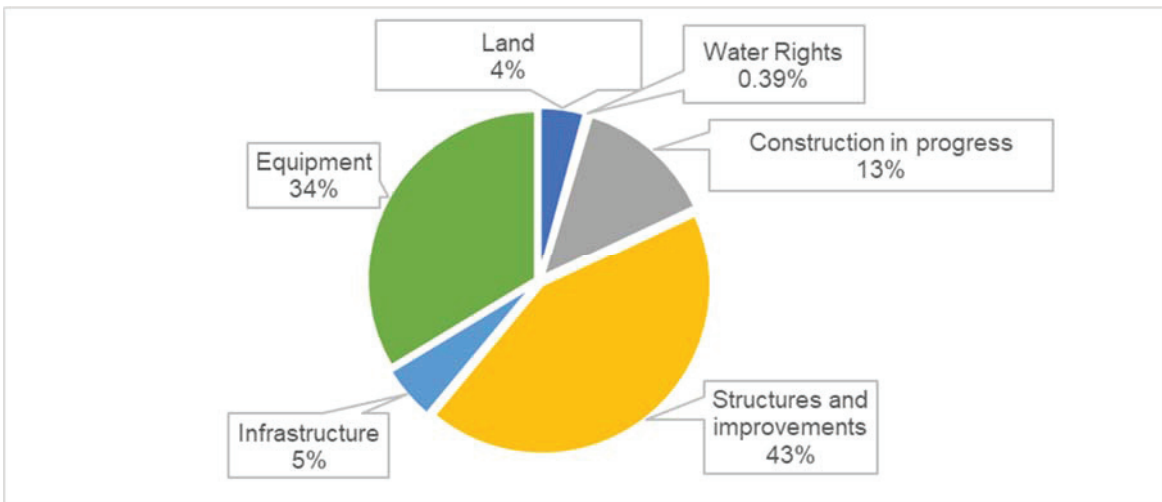
**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

The following is a summary of the capital assets on June 30, 2024, and June 30, 2023:

<b>Table 5 - Capital Assets</b>					
	<b>Fiscal Year</b>				
	<b>Fiscal Year 2024</b>	<b>2023</b>	<b>\$ Change</b>	<b>Fiscal Year 2022</b>	<b>\$ Change</b>
Land	\$ 74,146,171	\$ 74,146,171	\$ -	\$ 74,146,171	\$ -
Water Rights	6,823,570	6,823,570	-	6,823,570	-
Construction in progress	231,162,014	177,194,655	53,967,359	371,083,459	(193,888,804)
Structures and improvements	743,496,131	742,711,001	785,130	737,574,183	5,136,818
Infrastructure	92,064,968	92,064,968	-	92,064,968	-
Equipment	581,208,873	578,233,642	2,975,231	320,247,855	257,985,787
Right-to-use lease equipment	20,413	76,688	(56,275)	20,413	56,275
Subscription based assets	464,025	541,631	(77,606)	-	541,631
Subtotal	1,729,386,165	1,671,792,326	57,593,839	1,601,960,619	69,831,707
Less: accumulated depreciation/amortization	(704,307,007)	(671,962,708)	(32,344,299)	(634,634,178)	(37,328,530)
<b>Total capital assets, net</b>	<b>\$ 1,025,079,158</b>	<b>\$ 999,829,618</b>	<b>\$ 25,249,540</b>	<b>\$ 967,326,441</b>	<b>\$ 32,503,177</b>

Additional information can be found in Note 4 for Capital Assets of the notes to financial statements.

**Capital Assets**



**Debt Administration**

On June 30, 2024, the District had \$12.9 million of commercial paper short-term debt outstanding. This amount represents a decrease of \$14.5 million in a voluntary principal payment made during the year 2024.

On June 30, 2024, the District had \$819.44 million in long-term debt outstanding compared to \$842.43 million at the fiscal year ended June 30, 2023. It includes loans from the State of California, USEPA WIFIA loan, revenue refunding bonds, and installment purchase agreements associated with certificates of participation. This amount represents a net decrease of \$22.98 million or 2.73% from the prior year, primarily due to the construction of the Groundwater Replenishment System Final Expansion project, which consists of \$18.49 million increase in WIFIA loan proceeds reduced by \$26.38 million for principal payments in certificates of participation and \$9.0 million of principal payments to the State Water Resource Control Board during the fiscal year.

**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

The following is a summary of total debt on June 30, 2024 and June 30, 2023, respectively:

<b>Table 6 - Short-Term Debt</b>					
	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>	<b>\$ Change</b>	<b>Fiscal Year 2022</b>	<b>\$ Change</b>
Commercial paper	12,900,000	27,400,000	(14,500,000)	33,476,000	(6,076,000)

<b>Table 7 - Long-Term Debt</b>					
	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>	<b>\$ Change</b>	<b>Fiscal Year 2022</b>	<b>\$ Change</b>
Certificates-of-Participation	\$ 232,504,235	\$ 257,021,531	\$ (24,517,296)	\$ 376,168,826	\$ (119,147,295)
Revenue refunding bonds	265,029,646	273,201,785	(8,172,139)	281,163,924	(7,962,139)
State of California loans	188,058,912	196,845,121	(8,786,209)	203,966,837	(7,121,716)
WIFIA loan	133,851,077	115,357,848	18,493,229	-	115,357,848
<b>Total</b>	<b>\$ 819,443,870</b>	<b>\$ 842,428,602</b>	<b>\$ (22,984,732)</b>	<b>\$ 861,299,587</b>	<b>\$ (18,870,985)</b>

The District's rated debt obligations have received the following ratings from the three major credit rating agencies:

- Fitch Ratings: AAA
- Moody's: Aa1
- Standard & Poor's: AAA

Additional information can be found in Note 8 for Long-Term Debt and Note 9 for Short-Term debt of the notes to financial statements.

**Next Year's Budget and Rates**

The Board of Directors approved the budget for the fiscal year 2024-25. The budget included \$105.2 million for operations, \$5.4 million for PFAS O&M expenditure, \$59.4 million for capital projects, \$0.9 million for new equipment, \$6.0 million for water purchases, \$46.5 million for debt service, \$0.6 million for retiree health expenditures and \$23.6 million for Replacement and Refurbishment (R&R) fund expenditure.

The Board approved a Replenishment Assessment rate of \$688 per acre-foot or a 10.2% increase and the basin production percentage remain at 85%.

A multi-year construction-in-progress (CIP) budget of \$59.38 million projected in FY2024-25 was adopted. These CIP projects will be funded through long-term debt, grants, and the District will be funding \$54.38 million pay-as-you-go from the general fund.



**ORANGE COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Years Ended June 30, 2024 and 2023**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance department, at the Orange County Water District, 18700 Ward Street, Fountain Valley, California, 92708.

BASIC FINANCIAL STATEMENTS

Statement of Net Position  
Statement of Revenues, Expense, and Changes in Net Position  
Statement of Cash Flows  
Notes to Basic Financial Statements

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# ORANGE COUNTY WATER DISTRICT

## Statement of Net Position

June 30, 2024 and June 30, 2023

	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Unrestricted assets:		
Cash and cash equivalents	\$ 53,730,536	\$ 61,245,251
Investments	228,832,422	228,281,053
Accounts Receivable	88,309,768	72,663,787
Accrued interest receivable	2,499,566	1,404,759
Inventory	5,357,115	4,819,812
Prepaid Expenses	1,727,203	810,495
Grants receivables	1,248,659	1,405,582
Current portion of notes receivable	305,640	305,640
Lease Receivable, Current	1,517,316	1,378,042
Total unrestricted assets	<u>383,528,225</u>	<u>372,314,421</u>
Restricted assets:		
Cash and Cash Equivalents	1,845,270	2,094,523
Cash with fiscal agent	2,728,316	16,016,885
Custodial escrow retention	1,670,837	1,574,275
Total restricted assets	<u>6,244,423</u>	<u>19,685,683</u>
<b>Total current assets</b>	<u>389,772,648</u>	<u>392,000,104</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets:		
Capital Assets, not depreciated	312,131,755	258,164,396
Capital Assets, Net	712,947,403	741,665,222
Total capital assets	<u>1,025,079,158</u>	<u>999,829,618</u>
Other noncurrent assets:		
Loans and Notes Receivable, less current portion	3,973,324	4,278,964
Leases Receivable, Noncurrent	12,157,632	13,295,739
Total noncurrent assets	<u>1,041,210,114</u>	<u>1,017,404,321</u>
<b>Total assets</b>	<u>1,430,982,762</u>	<u>1,409,404,425</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows - Deferred on Refunding	7,283,533	7,706,668
Deferred Outflows - OPEB Related	4,589,508	4,818,115
Deferred Outflows - Interest Rate Swap	3,958,531	5,502,867
<b>Total deferred outflows of resources</b>	<u>15,831,572</u>	<u>18,027,650</u>
<b>CURRENT LIABILITIES</b>		
Payable from unrestricted current assets:		
Accounts payable and accrued expenses	40,810,245	37,632,998
Accrued Interest	7,726,984	6,413,670
Grants payable	2,577,462	2,577,462
Deposits	100	82,829
Retainage Payable	206,648	120,022
Accrued Employee Benefits	462,691	557,136
Short-term commercial paper	12,900,000	27,400,000
Leases Liabilities, Current	4,128	17,280
SBITA Lease Liabilities - Current	58,378	143,425
Current portion of long-term debt	113,019,745	35,393,278
Total payable from unrestricted current assets	<u>177,766,381</u>	<u>110,338,100</u>
Payable from restricted assets:		
Retainage Payable	1,670,837	1,574,275
Total payable from restricted assets	<u>1,670,837</u>	<u>1,574,275</u>
<b>Total current liabilities</b>	<u>179,437,218</u>	<u>111,912,375</u>

# ORANGE COUNTY WATER DISTRICT

## Statement of Net Position

June 30, 2024 and June 30, 2023

	<u>2024</u>	<u>2023</u>
<b>NONCURRENT LIABILITIES:</b>		
Long-term debt:		
Certificates of participation	232,504,235	257,021,531
Revenue refunding bonds	265,029,646	273,201,785
State of California loans payable	188,058,912	196,845,121
WIFIA loan	133,851,077	115,357,848
Subtotal	<u>819,443,870</u>	<u>842,426,285</u>
Less: current portion above	113,019,745	35,393,278
Total long-term debt	<u>706,424,125</u>	<u>807,033,007</u>
Other noncurrent liabilities:		
Net Other Post Employment Benefits (OPEB) Liability	406,472	920,921
Accrued Employee-Related Liabilities	6,231,664	6,376,661
Derivatives or Other Instrument	3,958,531	5,502,867
Leases Liabilities, Noncurrent	-	4,152
SBITA Lease Liabilities - Non-Current	15,639	45,047
Total other noncurrent liabilities:	<u>10,612,306</u>	<u>12,849,648</u>
Total noncurrent liabilities	<u>717,036,431</u>	<u>819,882,655</u>
<b>Total liabilities</b>	<b><u>896,473,649</u></b>	<b><u>931,795,030</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows - Deferred on Refunding	505,089	560,190
Deferred Inflows - OPEB Related	7,260,955	8,335,517
Deferred Inflows - Leases	12,980,930	14,065,870
<b>Total deferred inflows of resources</b>	<b><u>20,746,974</u></b>	<b><u>22,961,577</u></b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	200,286,418	151,262,495
Restricted for the construction of capital assets	-	2,894,945
Restricted for debt service	1,204	14,435
Restricted for custodial costs	2,157,788	1,974,922
Net Position, Unrestricted	<u>327,148,301</u>	<u>316,528,671</u>
<b>Total net position</b>	<b><u>\$ 529,593,711</u></b>	<b><u>\$ 472,675,468</u></b>

**ORANGE COUNTY WATER DISTRICT**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2024 and June 30, 2023**

	<b>2024</b>	<b>2023</b>
<b>OPERATING REVENUES</b>		
Replenishment assessments	\$ 173,617,162	\$ 135,370,694
Basin equity assessment	4,649,500	6,851,209
Reclaimed water revenue	2,636,908	2,429,591
<b>Total operating revenues</b>	<b>180,903,570</b>	<b>144,651,494</b>
<b>OPERATING EXPENSES</b>		
Water Purchases	5,398,965	24,975,628
Water Production	60,020,715	56,223,843
Depreciation and amortization	39,852,607	37,228,667
General and administrative	35,001,257	35,047,648
PFAS - operations and maintenance	3,163,999	1,819,840
<b>Total operating expenses</b>	<b>143,437,543</b>	<b>155,295,626</b>
<b>Operating income (loss)</b>	<b>37,466,027</b>	<b>(10,644,132)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Property Taxes	37,701,909	35,807,406
Investment income	10,537,047	7,782,227
Net increase (decrease) in investment fair value	5,434,793	(1,344,265)
Rental income, net of expenses	1,821,857	1,729,446
Legal settlements (expenses)	(262,607)	2,939,851
Other nonoperating revenues, net of expenses	3,886,734	3,659,100
Operating grants	344,521	716,741
Interest expense	(16,229,395)	(18,089,978)
Cash contribution to the City of Santa Ana	-	(1,000,000)
Gains (losses) on sale of capital asset	324,572	(1,728)
<b>Total nonoperating revenues (expenses)</b>	<b>43,559,431</b>	<b>32,198,800</b>
<b>Income (loss) before capital contributions</b>	<b>81,025,458</b>	<b>21,554,668</b>
Capital contributions from other parties	534,200	641,683
Capital contributions to other parties	(24,641,415)	(55,381,034)
<b>Change in net position</b>	<b>56,918,243</b>	<b>(33,184,683)</b>
Net position-beginning, as restated	472,675,468	505,860,151
<b>Net position-ending</b>	<b>\$ 529,593,711</b>	<b>\$ 472,675,468</b>

**ORANGE COUNTY WATER DISTRICT**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2024 and June 30, 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 169,328,788	\$ 158,773,717
Payments to suppliers and service providers	(78,546,744)	(103,439,431)
Payments to employees for salaries and benefits	(24,814,343)	(29,100,267)
Rental income, net of expenses	1,821,857	1,729,446
Legal settlements (expenses)	(262,607)	2,939,851
Payments received from operating grants	501,444	1,989,886
<b>Net cash provided by (used for) operating activities</b>	<b>68,028,395</b>	<b>32,893,202</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received from property taxes	37,701,909	35,807,406
Cash contributions to other agencies	-	(1,000,000)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>37,701,909</b>	<b>34,807,406</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions	534,200	641,683
Acquisition and construction of capital assets	(89,639,049)	(124,624,845)
Proceeds from sale of assets	324,572	2,446
Principal paid on long-term debt	(15,203,275)	(14,842,437)
Refunding on long-term debt	(20,190,000)	(114,810,000)
Proceeds from loans payable	18,493,229	117,083,569
Principal paid on commercial paper	(14,500,000)	(6,076,000)
Interest paid on long-term debt	(19,254,757)	(22,503,071)
Payments on lease and subscription-related payables	(184,465)	(154,949)
Proceeds from lease receivables	1,484,627	1,259,949
Repayments from notes receivables	305,640	305,640
Other capital related activities	1,461,949	(2,627,007)
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(136,367,329)</b>	<b>(166,345,022)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment purchases	(551,369)	(32,050,616)
Interest on investments	10,232,419	6,760,221
<b>Net cash provided by (used for) investing activities</b>	<b>9,681,050</b>	<b>(25,290,395)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(20,955,975)</b>	<b>(123,934,809)</b>
Cash and cash equivalents-beginning	80,930,934	204,865,743
<b>Cash and cash equivalents-ending</b>	<b>\$ 59,974,959</b>	<b>\$ 80,930,934</b>

**ORANGE COUNTY WATER DISTRICT**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2024 and June 30, 2023**

	<u>2024</u>	<u>2023</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and cash equivalents	\$ 53,730,536	\$ 61,245,251
Restricted cash and cash equivalent	1,845,270	2,094,523
Cash with fiscal agent	2,728,316	16,016,885
Custodial escrow retention	1,670,837	1,574,275
Total cash and cash equivalents	<u>\$ 59,974,959</u>	<u>\$ 80,930,934</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	<u>\$ 37,466,027</u>	<u>\$ (10,644,132)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation/amortization expense	39,852,607	37,228,667
Other nonoperating revenues	4,071,199	2,554,100
Operating grants	501,444	1,989,886
Rental income, net of expenses	1,821,857	1,729,446
Legal settlements, net of expenses	(262,607)	2,939,851
(Increase) decrease in accounts receivable	(15,645,981)	11,854,644
(Increase) decrease in inventories	(537,303)	152,570
(Increase) decrease in prepaid items	(916,708)	46,880
Increase (decrease) in deferred outflow of resources deferred amounts from OPEB	228,607	(1,784,544)
Increase (decrease) in other post-employment benefits (OPEB) asset	-	4,213,841
Increase (decrease) in accounts payable	3,281,991	(5,119,301)
Increase (decrease) in accrued liabilities	(104,744)	-
Increase (decrease) in retentions payable	183,188	(7,339,851)
Increase (decrease) in deposits payable	(82,729)	(88,635)
Increase (decrease) in compensated absences	(239,442)	59,452
Increase (decrease) in deferred inflows of resources deferred amounts from OPEB	(1,074,562)	(4,899,672)
Increase (decrease) in net OPEB liability	(514,449)	-
Total adjustments	<u>30,562,368</u>	<u>43,537,334</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 68,028,395</u>	<u>\$ 32,893,202</u>
<b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES</b>		
Amortization on bond discount/(premium) and deferred and deferred amounts on refunding	\$ (6,326,477)	\$ (18,461,643)
Net increase (decrease) in the fair value of investments	(5,434,793)	9,622,761
Gain/Loss on disposal of capital assets	-	(1,728)
Capital contributions to other agencies	(24,641,415)	(55,381,034)
Capital contributions from other agencies	534,200	641,683
Addition to subscriptions	52,706	-



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NOTES TO BASIC FINANCIAL STATEMENTS

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**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Description of the District**

The Orange County Water District (the District) was formed by a special act of the California State Legislature in 1933. The District was formed because of the heavy overdraft of the Orange County groundwater supply and excessive diversion of the Santa Ana River by users upstream from the County of Orange. The major functions of the District are the management of the Orange County groundwater basin, the conservation of the basin groundwater and the protection of Orange County's water rights in the natural flows of the Santa Ana River. The legal boundaries of the District lie wholly within the County of Orange, California. Administration and operation of the District is conducted through a Board of Directors representing ten divisions, with seven being duly elected at large and three appointed.

The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District.

The District's reporting entity includes the Orange County Water District Public Facilities Corporation (the Public Facilities Corporation). Although the District and the Public Facilities Corporation are legally separate entities, the District's Board of Directors is financially responsible for the Public Facilities Corporation and, therefore, the accompanying financial statements include the accounts and records of the Public Facilities Corporation using the blending method a required by accounting principles generally accepted in the United States of America. There are no separate financial statements for the Public Facilities Corporation.

**B. Basic Financial Statements**

The basic financial statements are comprised 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.

**C. Measurement Focus and Basis of Accounting**

Proprietary Fund

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 proprietary fund financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic resources 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.

Enterprise Fund

An enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to producers for replenishment assessments, basin equity assessments, and water sales. Operating expenses for the District include water purchases, water production, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues consist of property taxes, rental income, investment income, and other miscellaneous revenues.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Net Position**

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

- Net Investment in Capital Assets – This amount is the District’s net investment in its various capital assets and includes capital assets net of accumulated depreciation/amortization and capital-related deferred outflows of resources and reduced by capital-related borrowings, payables, and deferred inflows of resources.
- Restricted – These amounts are restricted for custodial costs due to third parties, debt service, and construction of capital assets.
- Unrestricted – This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted.”

**E. Net Position Flow Assumption**

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 District’s financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted net position to have been depleted before unrestricted – net position is applied.

**F. Property Taxes and Assessments**

Property taxes and assessments are billed by the County of Orange to property owners. The amount apportioned to the District each year is based upon the District’s tax receipts for the three year period ended June 30, 1978, in relation to total County tax receipts and is adjusted annually for area growth. The District’s property tax calendar for the fiscal year ended June 30, 2024, were as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - December 10 Second Installment - April 10

The County collects the taxes from the property owners and remits the funds to the District periodically during the year.

**G. Inventory**

Inventory consists primarily of supplies and parts and is valued at weighted-average cost under the consumption method.

**H. Investments**

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Capital Assets**

Capital assets purchased or acquired are reported at historical cost. Contributed assets are reported at the acquisition value as of the date received. During the fiscal years ended June 30, 2024 and June 30, 2023, the District received capital contributions of \$534,200 and \$641,683 respectively. Capital outlays that cost \$5,000 or more and that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation/amortization is calculated on the straight-line method over the following estimated useful lives:

Structures and improvements	3 to 50 years
Infrastructure	3 to 75 years
Equipment	3 to 30 years

**J. 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has four items that qualify for reporting in this category. The first item is the deferred charge on refunding. A deferred charge 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. The second item is related to the derivative instruments' interest rate swap agreements reported at fair value. The third item is related to the OPEB equal to the employer's contributions made after the measurement date of the net OPEB liability. The fourth item is related to the OPEB resulting from the difference in projected and actual earnings on plan investments of the OPEB plan's fiduciary net position. This amount is 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Two items are related to the OPEB equal to the differences between actual and expected experience and changes in assumptions. These amounts are amortized over the expected remaining service lives of all employees that are provided with retiree health care benefits through the plan. The third item is related to the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

**K. Classification of Liabilities**

Certain liabilities which are currently payable have been classified as "payable from restricted assets" because they will be funded from restricted assets.

**L. Compensated Absences**

Vested or accumulated vacation and sick leave are expensed as benefits accrue to employees.

**M. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. 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 has 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.

**O. 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.

**P. Leases**

Lessee: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The District is a lessor for noncancellable leases of land. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Q. Subscription-Based Information Technology Arrangements**

The District is a subscriber for a noncancellable subscription of information technology services. The District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the financial statements. The District recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.



**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 2: CASH AND INVESTMENTS**

Cash and investments held by the District were comprised of the following at June 30, 2024 and June 30, 2023:

Financial Statements Classifications	2024	2023
Current:		
Cash and cash equivalents	\$ 53,730,536	\$ 61,245,251
Investments:		
U.S. Government Sponsored Agency Securities	228,832,422	228,281,053
Restricted:		
Cash and Cash Equivalents	1,845,270	2,094,523
Cash with fiscal agent	2,728,316	16,016,885
Custodial Escrow Retention	1,670,837	1,574,275
Total Cash and Investments	<u>\$ 288,807,381</u>	<u>\$ 309,211,987</u>

Cash and investments as of June 30, 2024 and June 30, 2023 consisted of the following:

	2024	2023
Cash on Hand	\$ 2,700	\$ 2,700
Deposits with Financial Institutions	2,194,797	12,172,719
Investments	283,881,568	281,019,683
Cash with fiscal agent	2,728,316	16,016,885
Total Cash and Investments	<u>\$ 288,807,381</u>	<u>\$ 309,211,987</u>

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.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

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.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Maximum Investments in One Issuer
United States Treasury Obligation	5 years	No limitation	No limitation
United States Government			
Sponsored Agency Securities	5 years	No limitation	No limitation
Banker's Acceptances	180 days	15%	5%
Commercial paper	180 days	15%	5%
Collateralized Certificates of Deposit	5 years	15%	No limitation
Negotiable Certificates of Deposit	5 years	15%	No limitation
Fully Insured Deposits	5 years	15%	No limitation
Repurchase Agreements	30 days	10%	No limitation
Medium Term Notes	5 years	15%	5%
Mutual Funds	N/A	15%	10%
Asset-Backed Securities	5 years	15%	No limitation
Local Agency Investment Fund	N/A	No limitation	\$75 Million
Orange County Treasurer's Pool	N/A	No limitation	\$20 Million
High Grade State Municipal Bonds	N/A	15%	5%

N/A - Not Applicable

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 are provided by the following tables that show the distribution of the District's investments by maturity as of June 30, 2024 and June 30, 2023.

June 30, 2024

Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
United States Government Sponsored				
Agency Securities	\$ 192,144,204	\$ 87,631,260	\$ 88,757,704	\$ 15,755,240
United States Treasury Notes	31,454,094	31,454,094	-	-
Local Agency Investment Fund	35,388,143	35,388,143	-	-
Orange County Treasurer's Pool	19,661,003	19,661,003	-	-
Raymond James - Enhanced Savings Program	5,234,124	5,234,124	-	-
Total	\$ 283,881,568	\$ 179,368,624	\$ 88,757,704	\$ 15,755,240

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

June 30, 2023

Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
United States Government Sponsored				
Agency Securities	\$ 125,003,194	\$ 19,434,074	\$ 4,692,750	\$ 100,876,370
United States Treasury Notes	103,277,862	103,277,862	-	-
Local Agency Investment Fund	33,360,070	33,360,070	-	-
Orange County Treasurer's Pool	19,378,557	19,378,557	-	-
<b>Total</b>	<b>\$ 281,019,683</b>	<b>\$ 175,450,563</b>	<b>\$ 4,692,750</b>	<b>\$ 100,876,370</b>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following tables are the Standard and Poor's credit ratings for the District's investments as of June 30, 2024 and June 30, 2023.

June 30, 2024

Investment Type	Total	Minimum Legal Rating	AAA	Exempt or Not Rated
United States Government Sponsored				
Agency Securities	\$ 192,144,204	N/A	\$ -	\$ 192,144,204
United States Treasury Notes	31,454,094	N/A	-	31,454,094
Local Agency Investment Fund	35,388,143	N/A	-	35,388,143
Orange County Treasurer's Pool	19,661,003	N/A	19,661,003	-
Raymond James - Enhanced Savings Program	5,234,124	Not Rated	-	5,234,124
<b>Total</b>	<b>\$ 283,881,568</b>		<b>\$ 19,661,003</b>	<b>\$ 264,220,565</b>

June 30, 2023

Investment Type	Total	Minimum Legal Rating	AAA	Exempt or Not Rated
United States Government Sponsored				
Agency Securities	\$ 125,003,194	N/A	\$ -	\$ 125,003,194
United States Treasury Notes	103,277,862	N/A	-	103,277,862
Local Agency Investment Fund	33,360,070	N/A	-	33,360,070
Orange County Treasurer's Pool	19,378,557	N/A	19,378,557	-
<b>Total</b>	<b>\$ 281,019,683</b>		<b>\$ 19,378,557</b>	<b>\$ 261,641,126</b>

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of total District investments as of June 30, 2024 and June 30, 2023, are as follows:

<u>June 30, 2024</u>			
<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Investments</u>
United States Treasury	United States Treasury Notes	\$ 31,454,094	11.08%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	189,036,754	66.59%
<u>June 30, 2023</u>			
<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Investments</u>
United States Treasury	United States Treasury Notes	\$ 103,277,862	36.75%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	115,126,254	40.97%

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 Local Agency Investment Fund (LAIF) and Orange County Pooled Investment Fund).

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.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

As of June 30, 2024 and June 30, 2023, 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 and County 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 District is also a voluntary participant in the Orange County Treasurer's Pool (OCTP) that is a pooled investment fund program governed by the Orange County Board of Supervisors, and is administered by the Orange County Treasurer and Tax Collector. Investments in OCTP and LAIF are highly liquid as deposits and withdrawals can be made at any time without penalty. The fair value of the District's investment in these pools are reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF and OCPIF for each respective portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCTP, which are recorded on an amortized cost basis.

Fair Value Measurements

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

Deposits and securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. United States Government Sponsored Agency Securities and United States Treasury Notes 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, 2024 and June 30, 2023:

June 30, 2024

Investment Type	Total	Quoted Prices Level 1	Observable Inputs Level 2
United States Government Sponsored Agency Securities	\$ 192,144,204	\$ -	\$ 192,144,204
United States Treasury Notes	31,454,094	31,398,571	55,523
Total Levelled Investments	223,598,298	\$ 31,398,571	\$ 192,199,727
Local Agency Investment Fund*	35,388,143		
Orange County Treasurer's Pool*	19,661,003		
Raymond James - Enhanced Savings Program	5,234,124		
	\$ 283,881,568		

\*Not subject to fair value measurement hierarchy.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

June 30, 2023

Investment Type	Total	Quoted Prices Level 1	Observable Inputs Level 2
United States Government Sponsored Agency Securities	\$ 125,003,194	\$ -	\$ 125,003,194
United States Treasury Notes	103,277,862	103,220,654	57,208
Total Levelled Investments	228,281,056	<u>\$ 103,220,654</u>	<u>\$ 125,060,402</u>
Local Agency Investment Fund*	33,360,070		
Orange County Treasurer's Pool*	19,378,557		
	<u>\$ 281,019,683</u>		

\*Not subject to fair value measurement hierarchy.

**NOTE 3: RESTRICTED ASSETS**

Restricted assets were provided by, and are to be used for, the following at June 30, 2024:

Funding Source	Use	Amount
Certificates of Participation:		
Proceeds and Interest Earned	Construction of PFAS Projects	\$ 4,086,636
Custodial Receipts	Custodial Costs	2,157,787
		<u>\$ 6,244,423</u>

Restricted assets were provided by, and are to be used for, the following at June 30, 2023:

Funding Source	Use	Amount
Certificates of Participation:		
Proceeds and Interest Earned	Construction of GWRSFE and PFAS Projects	\$ 17,710,761
Custodial Receipts	Custodial Costs	1,974,922
		<u>\$ 19,685,683</u>

When both restricted and unrestricted resources are available for capital projects, the District's policy is to use restricted resources first and then use unrestricted resources, as necessary.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 4: CAPITAL ASSETS**

A summary of the changes in capital assets for the fiscal year ended June 30, 2024, were as follows:

	Balance June 30, 2023	Additions	Deletions*	Transfers	Balance June 30, 2024
Capital assets, not being depreciated/amortized					
Land	\$ 74,146,171	\$ -	\$ -	\$ -	\$ 74,146,171
Water rights	6,823,570	-	-	-	6,823,570
Construction-in-progress	177,194,655	89,639,049	(24,589,609)	(11,082,081)	231,162,014
Total capital assets, not being depreciated/amortized	<u>258,164,396</u>	<u>89,639,049</u>	<u>(24,589,609)</u>	<u>(11,082,081)</u>	<u>312,131,755</u>
Capital assets, being depreciated/amortized					
Structures and improvements	742,711,001	-	-	785,130	743,496,131
Infrastructure	92,064,968	-	-	-	92,064,968
Equipment	578,233,642	-	(7,321,720)	10,296,951	581,208,873
Lease assets	76,688	-	(56,275)	-	20,413
Subscription assets	541,631	52,706	(130,312)	-	464,025
Total capital assets, being depreciated/amortized	<u>1,413,627,930</u>	<u>52,706</u>	<u>(7,508,307)</u>	<u>11,082,081</u>	<u>1,417,254,410</u>
Less accumulated depreciation/amortization					
Structures and improvements	(444,706,145)	(13,677,278)	-	-	(458,383,423)
Infrastructure	(29,983,261)	(2,859,125)	-	-	(32,842,386)
Equipment	(196,953,558)	(23,100,652)	7,321,720	-	(212,732,490)
Lease assets	(54,229)	(18,331)	56,275	-	(16,285)
Subscription assets	(265,514)	(197,221)	130,312	-	(332,423)
Total accumulated depreciation/amortization	<u>(671,962,708)</u>	<u>(39,852,607)</u>	<u>7,508,307</u>	<u>-</u>	<u>(704,307,007)</u>
Total capital assets, being depreciated/amortized, net	<u>741,665,222</u>	<u>(39,799,901)</u>	<u>-</u>	<u>11,082,081</u>	<u>712,947,403</u>
Total capital assets	<u>\$ 999,829,618</u>	<u>\$ 49,839,148</u>	<u>\$ (24,589,609)</u>	<u>\$ -</u>	<u>\$ 1,025,079,158</u>

\*Deletion to construction-in-progress this year is related to a capital contribution to other agencies.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 4: CAPITAL ASSETS (CONTINUED)**

A summary of the changes in capital assets for the fiscal year ended June 30, 2023, were as follows:

	Balance June 30, 2022	Additions	Deletions*	Transfers	Balance June 30, 2023
Capital assets, not being depreciated/amortized					
Land	\$ 74,146,171	\$ -	\$ -	\$ -	\$ 74,146,171
Water rights	6,823,570	-	-	-	6,823,570
Construction-in-progress	371,083,459	124,624,845	(55,381,034)	(263,132,615)	177,194,655
Total capital assets, not being depreciated/amortized	<u>452,053,200</u>	<u>124,624,845</u>	<u>(55,381,034)</u>	<u>(263,132,615)</u>	<u>258,164,396</u>
Capital assets, being depreciated/amortized					
Structures and improvements	737,574,183	-	-	5,136,818	742,711,001
Infrastructure	92,064,968	-	-	-	92,064,968
Equipment	320,247,855	-	(10,010)	257,995,797	578,233,642
Lease assets	76,688	-	-	-	76,688
Subscription assets	541,631	-	-	-	541,631
Total capital assets, being depreciated/amortized	<u>1,150,505,325</u>	<u>-</u>	<u>(10,010)</u>	<u>263,132,615</u>	<u>1,413,627,930</u>
Less accumulated depreciation/amortization					
Structures and improvements	(431,172,825)	(13,533,320)	-	-	(444,706,145)
Infrastructure	(27,047,323)	(2,935,938)	-	-	(29,983,261)
Equipment	(176,405,911)	(20,553,481)	5,839	-	(196,953,559)
Lease assets	(35,778)	(18,451)	-	-	(54,229)
Subscription assets	(78,037)	(187,477)	-	-	(265,514)
Total accumulated depreciation/amortization	<u>(634,739,874)</u>	<u>(37,228,667)</u>	<u>5,839</u>	<u>-</u>	<u>(671,962,708)</u>
Total capital assets, being depreciated/amortized, net	<u>515,765,451</u>	<u>(37,228,667)</u>	<u>(4,171)</u>	<u>263,132,615</u>	<u>741,665,222</u>
Total capital assets	<u>\$ 967,818,651</u>	<u>\$ 87,396,178</u>	<u>\$ (55,385,205)</u>	<u>\$ -</u>	<u>\$ 999,829,618</u>

\*Deletion to construction-in-progress this year is related to a capital contribution to other agencies.

**NOTE 5: LEASES**

Leases Payable

June 30, 2024	Balance as of June 30, 2023	Additions	Deletions	Balance as of June 30, 2024	Due within one year
Lease liability					
Copier Lease	\$ 13,199	\$ -	\$ 13,199	\$ -	\$ -
Postage Machine	8,233	-	4,105	4,128	4,128
Total lease liability	<u>\$ 21,432</u>	<u>\$ -</u>	<u>\$ 17,304</u>	<u>\$ 4,128</u>	<u>\$ 4,128</u>



**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 5: LEASES (CONTINUED)**

June 30, 2023					
Lease liability	Balance as of June 30, 2022	Additions	Deletions	Balance as of June 30, 2023	Due within one year
Copier Lease	\$ 27,536	\$ -	\$ 14,337	\$ 13,199	\$ 13,199
Postage Machine	12,314	-	4,081	8,233	4,081
Total lease liability	<u>\$ 39,850</u>	<u>\$ -</u>	<u>\$ 18,418</u>	<u>\$ 21,432</u>	<u>\$ 17,280</u>

As of June 30, 2024, the District had 2 active leases. The leases have payments that range from \$4,142 to \$13,228 and interest rates that range from 0.450% to 0.585%. As of June 30, 2024, the total combined value of the lease liability is \$4,128, the total combined value of the short-term lease liability is \$4,128. The combined value of the lease asset, as of June 30, 2024 of \$20,413 with accumulated amortization of \$16,285.

As of June 30, 2023, the District had 2 active leases. The leases have payments that range from \$4,142 to \$13,228 and interest rates that range from 0.450% to 0.585%. As of June 30, 2023, the total combined value of the lease liability is \$17,280, the total combined value of the short-term lease liability is \$21,432. The combined value of the lease asset, as of June 30, 2024 of \$76,688 with accumulated amortization of \$54,229.

Payment requirements on the leases subsequent of June 30, 2024, are follows:

June 30, 2024			
Fiscal Year	Principal	Interest	Total
2025	\$ 4,128	\$ 13	\$ 4,141
Total	<u>\$ 4,128</u>	<u>\$ 13</u>	<u>\$ 4,141</u>

Payment requirements on the leases subsequent of June 30, 2023, are follows:

June 30, 2023			
Fiscal Year	Principal	Interest	Total
2024	\$ 17,280	\$ 67	\$ 17,347
2025	4,152	13	4,165
Total	<u>\$ 21,432</u>	<u>\$ 80</u>	<u>\$ 21,512</u>

Deferred Inflows Related to Leases

June 30, 2024				
	Balance as of June 30, 2023	Additions	Reductions	Balance as of June 30, 2024
Deferred Inflow of related to leases	<u>\$ 14,065,870</u>	<u>\$ 485,794</u>	<u>\$ 1,570,734</u>	<u>\$ 12,980,930</u>

June 30, 2023				
	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023
Deferred Inflow of related to leases	<u>\$ 15,450,320</u>	<u>\$ 186,435</u>	<u>\$ 1,570,885</u>	<u>\$ 14,065,870</u>

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 5: LEASES (CONTINUED)**

Leases Receivable

<u>June 30, 2024</u>					
	Balance as of	Additions	Reductions	Balance as of	Due within
Leases Receivable	June 30, 2023			June 30, 2024	one year
Land Leases Receivable	<u>\$ 14,673,781</u>	<u>\$ 485,794</u>	<u>\$ 1,484,627</u>	<u>\$ 13,674,948</u>	<u>\$ 1,517,316</u>
<u>June 30, 2023</u>					
	Balance as of	Additions	Reductions	Balance as of	Due within
Leases Receivable	June 30, 2022			June 30, 2023	one year
Land Leases Receivable	<u>\$ 15,933,730</u>	<u>\$ -</u>	<u>\$ 1,259,949</u>	<u>\$ 14,673,781</u>	<u>\$ 1,378,042</u>

As of June 30, 2024, the District had 13 active leases. The leases have receipts that range from \$2,490 to \$928,157 and interest rates that range from 0.8060% to 3.7740%. As of June 30, 2024, the total combined value of the lease receivable is \$13,674,948, the total combined value of the short-term lease receivable is \$1,517,317, and the combined value of the deferred inflow of resources is \$12,980,930. The leases had \$0 of Variable Receipts and \$145,498 of Other Receipts, not included in the Lease Receivable, within the Fiscal Year.

As of June 30, 2023, the District had 13 active leases. The leases have receipts that range from \$2,490 to \$928,157 and interest rates that range from 0.8060% to 3.7740%. As of June 30, 2023, the total combined value of the lease receivable is \$14,673,781, the total combined value of the short-term lease receivable is \$1,378,042, and the combined value of the deferred inflow of resources is \$14,065,870.

Total Leases Receivable at June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,517,316	\$ 196,675	\$ 1,713,991
2026	1,343,640	175,702	1,519,342
2027	1,284,626	156,843	1,441,469
2028	1,250,843	140,922	1,391,765
2029	1,261,791	125,039	1,386,830
2030 - 2034	3,978,048	412,565	4,390,613
2035 - 2039	1,205,216	252,239	1,457,455
2040 - 2044	1,069,487	135,296	1,204,783
2045 - 2049	648,141	32,683	680,824
2050 - 2054	31,008	10,809	41,817
2055 - 2059	39,237	7,258	46,495
2060 - 2064	40,765	2,785	43,550
2065 - 2067	4,830	151	4,981
Total	<u>\$ 13,674,948</u>	<u>\$ 1,648,967</u>	<u>\$ 15,323,915</u>

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 5: LEASES (CONTINUED)**

Total Leases Receivable at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,378,042	\$ 203,831	\$ 1,581,873
2025	1,290,708	187,670	1,478,378
2026	1,222,111	172,210	1,394,321
2027	1,253,557	156,657	1,410,214
2028	1,250,843	140,922	1,391,765
2029 - 2033	5,013,222	473,053	5,486,275
2034 - 2038	1,180,835	276,071	1,456,906
2039 - 2043	1,104,756	157,665	1,262,421
2044 - 2048	858,527	48,516	907,043
2049 - 2053	29,539	11,423	40,962
2054 - 2058	37,467	8,037	45,504
2059 - 2063	47,006	3,762	50,768
2064 - 2067	7,168	300	7,468
Total	<u>\$ 14,673,781</u>	<u>\$ 1,840,117</u>	<u>\$ 16,513,898</u>

**NOTE 6: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

June 30, 2024

Subscription liability	Balance as of June 30, 2023	Additions	Reductions	Balance as of June 30, 2024	Due within one year
Caltrio - Software	\$ 24,447	\$ -	\$ 24,447	\$ -	\$ -
Debtbook - Software	-	41,470	12,500	28,970	13,331
Geographic Information System Software	49,083	-	49,083	-	-
Insight Public Sector	-	11,236	11,236	-	-
KnowBe4 - Software	9,990	-	-	9,990	9,990
Oracle - Software	104,952	-	69,895	35,057	35,057
Total Software Subscription Assets	<u>\$ 188,472</u>	<u>\$ 52,706</u>	<u>\$ 167,161</u>	<u>\$ 74,017</u>	<u>\$ 58,378</u>

June 30, 2023

Subscription Liability	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023	Due within one year
Caltrio - Software	\$ 43,192	\$ -	\$ 18,745	\$ 24,447	\$ 24,447
Geographic Information System Software	97,266	-	48,183	49,083	49,083
KnowBe4 - Software	9,990	-	-	9,990	-
Oracle - Software	174,555	-	69,603	104,952	69,895
Total Software Subscription Assets	<u>\$ 325,003</u>	<u>\$ -</u>	<u>\$ 136,531</u>	<u>\$ 188,472</u>	<u>\$ 143,425</u>

As of June 30, 2024, the District had 6 active subscriptions. The subscriptions have payments that range from \$0 to \$70,223 and interest rates that range from 0.3960% to 2.8480%. As of June 30, 2024, the total combined value of the subscription liability is \$74,017. The combined value of the right to use asset, as of June 30, 2024 of \$464,025 with accumulated amortization of \$332,423 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 6: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)**

As of June 30, 2023, the District had 4 active subscriptions. The subscriptions have payments that range from \$0 to \$70,223 and interest rates that range from 0.3960% to 2.8480%. As of June 30, 2023, the total combined value of the subscription liability is \$188,472. The combined value of the right to use asset, as of June 30, 2023 of \$541,631 with accumulated amortization of \$265,514 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

Principal and Interest Requirements to Maturity

<u>2024</u>			
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 58,378	\$ 842	\$ 59,220
2026	15,639	361	16,000
Total	<u>\$ 74,017</u>	<u>\$ 1,203</u>	<u>\$ 75,220</u>

<u>2023</u>			
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 143,425	\$ 1,679	\$ 145,103
2025	45,047	173	45,220
Total	<u>\$ 188,472</u>	<u>\$ 1,852</u>	<u>\$ 190,323</u>

**NOTE 7: NOTES RECEIVABLE**

In February 2018, the District entered into an agreement to provide the City of Buena Park a 0% interest loan of up to \$6,000,000 to construct the Rosecrans Booster Pump Station that will allow the City to increase groundwater utilization and give the City the ability to meet its water demands by pumping groundwater. The principal balance shall be repaid over 20 years in 20 equal installments commencing June 30, 2019. As of June 30, 2024, \$6,000,000 has been paid to the City for this loan. Notes receivable consist of the following at June 30, 2024 and June 30, 2023:

	<u>2024</u>	<u>2023</u>
Balances at June 30	\$ 4,584,604	\$ 4,890,244
Less Payments Received	<u>(305,640)</u>	<u>(305,640)</u>
Subtotal	4,278,964	4,584,604
Less Current Portion	<u>(305,640)</u>	<u>(305,640)</u>
Total Noncurrent Notes Receivable	<u>\$ 3,973,324</u>	<u>\$ 4,278,964</u>

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 7: NOTES RECEIVABLE (CONTINUED)**

Payment requirements on the notes receivable subsequent to June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 305,640	\$ -	\$ 305,640
2026	305,640	-	305,640
2027	305,640	-	305,640
2028	305,640	-	305,640
Thereafter	3,056,404	-	3,056,404
Total	<u>\$ 4,278,964</u>	<u>\$ -</u>	<u>\$4,278,964</u>

Payment requirements on the notes receivable subsequent to June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 305,640	\$ -	\$ 305,640
2025	305,640	-	305,640
2026	305,640	-	305,640
2027	305,640	-	305,640
2028	305,640	-	305,640
Thereafter	3,056,404	-	3,056,404
Total	<u>\$ 4,584,604</u>	<u>\$ -</u>	<u>\$4,584,604</u>

**NOTE 8: LONG TERM DEBT**

Certificates of Participation and Refunding Revenue Bonds - Other Debt

2003A Certificates of Participation

In June 2003, the Public Facilities Corporation issued \$129,815,000 of Certificates of Participation, Series A, to assist the District in refunding the remaining portion of the 1993 Fixed Rate Revenue Certificates of Participation and to finance the cost of certain capital improvements. The certificates are obligations of the Public Facilities Corporation payable solely from payments received from the District pursuant to the Installment Purchase Agreement by and between the District and the Public Facilities Corporation.

The District has a letter of credit to support these certificates in the amount of \$131,900,000. The District is contingently liable for any amounts outstanding if drawn upon by third parties. As of June 30, 2024, there were no amounts outstanding on the letter of credit.

The 2003 Series A Certificates of Participation are due in annual installments of \$13,755,000 to \$18,535,000 from August 2035 to August 2042 with interest at an adjustable rate calculated weekly and payable monthly. The 2003A Certificates of Participation outstanding totaled \$129,815,000 as of June 30, 2024 and 2023. The interest rate at June 30, 2024, was 2.95%.

2017A&B Refunding Revenue Bonds

In February 2017, the District issued \$115,000,000 of 2017A&B Refunding Revenue Bonds to defease the remaining \$125,985,000 of 2009A Certificates of Participation.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 8: LONG TERM DEBT (CONTINUED)**

The 2017A & B Refunding Revenue Bonds consist of \$89,735,000 nontaxable and \$17,580,000 taxable (\$25,265,000 original amount less \$7,685,000 defeased by the 2019B Bonds), respectively, of serial bonds. The bonds accrue interest at rates between 0.82% and 5.00%, payable semiannually on August 15 and February 15, commencing August 15, 2017, and maturing on August 15, 2041, in amounts ranging from \$385,000 to \$17,845,000.

The 2017A & B Refunding Revenue Bonds outstanding totaled \$103,735,000 and \$104,195,000 as of June 30, 2024 and 2023, respectively.

2019A Interim Obligations and 2019B Certificates of Participation

In June 2019, the District issued \$135,000,000 of 2019A Interim Obligation Revenue Bonds and \$6,505,000 of 2019B Certificates of Participation.

The 2019A Interim Obligations were issued to finance the GWRS Final Expansion Project, which will expand the Groundwater Replenishment System (recycled water facility) by 31,000 acre-feet. In July 2018, the District entered into the WIFIA Loan to provide financing for the GWRS Final Expansion Project and can draw up to \$135,000,000. Upon substantial completion of the GWRS Final Expansion Project, the District currently expects to draw on the WIFIA Loan to repay the 2019A Interim Obligations at or prior to maturity. If the WIFIA Loan proceeds are not received by the District at or prior to the maturity date of the 2019A Interim Obligations, the District would have to issue and sell refunding obligations prior to the maturity of the 2019A Interim Obligations to pay all or a portion of the 2019A Interim Obligations.

The 2019B Interim Obligations, including an original premium of \$1,813,394, were issued to refund \$7,685,000 of the 2017B Refunding Revenue Bonds. The 2019B interim obligations outstanding totaled \$5,935,000 and \$6,085,000, as of June 30, 2024 and 2023, respectively.

The 2019A Certificates of Participation accrue interest at a rate of 2%, payable semiannually on August 15 and February 15, commencing February 15, 2020 and maturing on August 15, 2023, with a principal balance of \$20,190,000 due on the maturity date. In February 2023, the District drew down on the WIFIA loan \$114,810,000 and refunded a portion of the 2019A interim obligations. The 2019B Certificates of Participation accrue interest at rates between 4% and 5%, payable semiannually on August 15 and February 15, commencing February 15, 2020 and maturing on August 15, 2031, in amounts ranging from \$125,000 to \$2,690,000. The 2019A Certificate of Participation outstanding totaled \$0 and \$20,190,000, as of June 30, 2024 and 2023, respectively.

2019C&D Refunding Revenue Bonds

In December 2019, the District issued \$99,065,000 of 2019C Refunding Revenue Bonds and \$59,135,000 of 2019D Refunding Revenue Bonds.

The 2019C Refunding Revenue Bonds, including an original premium of \$23,047,727, were issued to refund the GWRS Initial Expansion loan with the State Water Resources Control Board. The issuance proceeds were paid to the State Water Resources Control Board and, as a result, the loan is considered to be fully repaid and the related liability has been removed from the District's financial statements. The 2019C current refunding of GWRS Initial Expansion loan did not result in a difference between the reacquisition price and the net carrying amount.

The 2019D Refunding Revenue Bonds were issued to refund the 2013A Refunding Revenue Bonds.

The 2019C Refunding Revenue Bonds accrue interest at rates between 4% and 5%, payable semiannually on August 15 and February 15, commencing August 15, 2020 and maturing on August 15, 2035. The 2019D Refunding Revenue Bonds accrue interest at rates between 1.718% and 2.861%, payable semiannually on August 15 and February 15, commencing August 15, 2020 and maturing on August 15, 2033, in amounts ranging from \$420,000 to \$13,605,000. The 2019C&D Certificates of Participation outstanding totaled \$138,400,000 and \$143,985,000 as of June 30, 2024 and 2023, respectively.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 8: LONG TERM DEBT (CONTINUED)**

2021A Certificates of Participation

In October 2021, the Public Facilities Corporation issued \$94,420,000 of Certificates of Participation, Series A, to assist the District in acquisition of certain groundwater treatment facilities and pay capitalized interest with respect to the 2021 WIFIA Loan obligation. The certificates are interim obligations of the Public Facilities Corporation payable solely from payments received from the District on August 15, 2024. The 2021 COP outstanding totaled \$94,420,000 as of June 30, 2024 and 2023.

The District is expected to pay the interim obligations upon substantial completion of the project. At this time the District expects to draw on the 2021 WIFIA Loan to repay the interim obligations. Interest on the obligations is payable semi-annually at 4%.

Covenants and Reserve Requirements

The 2003A, 2017A&B, 2019B, 2019C&D, and 2021A Installment Purchase Agreements require the District to prescribe, assess, and collect replenishment assessments and additional replenishment assessments which, together with other revenues of the District, are reasonably expected to be at least sufficient to yield net revenues during such fiscal year equal to 125% of debt service payable in such fiscal year. The District's ratio of net revenues to debt service for the fiscal year ended June 30, 2024 and 2023 was 177% and 246%, respectively.

Other Defeased Certificates of Participation

In prior years, the District defeased certain certificates of participation, including the 1999A, 2003B, 2005B, and 2013A Certificates, by placing the proceeds of the new bonds or cash with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024 and 2023, \$51,465,000 and \$110,180,000 of bonds outstanding to be paid by the escrow agent, respectively, are considered defeased.

Summary of Changes

The following is a summary of the changes in Certificates of Participation and Refunding Revenue Bonds for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Certificates of Participation (COP) and Refunding Revenue Bonds:					
2003A COP	\$ 129,815,000	\$ -	\$ -	\$ 129,815,000	\$ -
2017AB Refunding Revenue Bonds	104,195,000	-	(460,000)	103,735,000	485,000
2019AB COP	26,275,000	-	(20,340,000)	5,935,000	160,000
2019CD Refunding Revenue Bonds	143,985,000	-	(5,585,000)	138,400,000	5,850,000
2021A COP	94,420,000	-	-	94,420,000	94,420,000
	<u>498,690,000</u>	<u>-</u>	<u>(26,385,000)</u>	<u>472,305,000</u>	<u>\$ 100,915,000</u>
Add:					
Unamortized (Discount) Premium	31,533,316		(6,304,435)	25,228,881	
Total Long-Term Liabilities	<u>\$ 530,223,316</u>	<u>\$ -</u>	<u>\$ (32,689,435)</u>	<u>\$ 497,533,881</u>	

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 8: LONG TERM DEBT (CONTINUED)**

Summary of Changes

The following is a summary of the changes in Certificates of Participation and Refunding Revenue Bonds for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One year
Certificates of Participation (COP) and Refunding Revenue Bonds:					
2003A COP	\$ 129,815,000	\$ -	\$ -	\$ 129,815,000	\$ -
2017AB Refunding Revenue Bonds	104,700,000	-	(505,000)	104,195,000	460,000
2019AB COP	141,245,000	-	(114,970,000)	26,275,000	20,340,000
2019CD Refunding Revenue Bonds	149,315,000	-	(5,330,000)	143,985,000	5,585,000
2021A COP	94,420,000	-	-	94,420,000	-
	<u>619,495,000</u>	<u>-</u>	<u>(120,805,000)</u>	<u>498,690,000</u>	<u>\$ 26,385,000</u>
Add:					
Unamortized (Discount) Premium	37,837,750		(6,304,434)	31,533,316	
Total Long-Term Liabilities	<u>\$ 657,332,750</u>	<u>\$ -</u>	<u>\$ (127,109,434)</u>	<u>\$ 530,223,316</u>	

Aggregate maturities of the Certificates of Participation, Refunding Revenue Bonds, and interest payments (using 2.95% on the 2003A variable rate debt) subsequent to June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2025	\$ 100,915,000	\$ 17,538,444	\$ 118,453,444
2026	9,785,000	13,420,079	23,205,079
2027	10,175,000	13,028,121	23,203,121
2028	11,555,000	12,589,565	24,144,565
2029	20,045,000	11,858,440	31,903,440
2030-2034	107,175,000	46,468,494	153,643,494
2035-2039	114,600,000	25,094,453	139,694,453
2040-2043	98,055,000	7,238,438	105,293,438
Total	<u>\$ 472,305,000</u>	<u>\$ 147,236,034</u>	<u>\$ 619,541,034</u>

Aggregate maturities of the Certificates of Participation, Refunding Revenue Bonds, and interest payments (using 2.85% on the 2003A variable rate debt) subsequent to June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2024	\$ 26,385,000	\$ 18,035,167	\$ 44,420,167
2025	100,915,000	17,538,444	118,453,444
2026	9,785,000	13,420,079	23,205,079
2027	10,175,000	13,028,121	23,203,121
2028	11,555,000	12,589,565	24,144,565
2029-2033	103,945,000	50,793,370	154,738,370
2034-2038	116,805,000	28,951,307	145,756,307
2039-2043	119,125,000	10,915,148	130,040,148
Total	<u>\$ 498,690,000</u>	<u>\$ 165,271,201</u>	<u>\$ 663,961,201</u>



**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 8: LONG TERM DEBT (CONTINUED)**

Federal and State of California Loans Payable - Direct Borrowing

Groundwater Replenishment System

In May 2006, the District entered into an agreement with the State Water Resources Control Board for the construction of the Groundwater Replenishment System (GWRS) project. The District may borrow up to \$8,659,470 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$7,216,196 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2024. The outstanding balance totaled \$0 and \$471,615 as of June 30, 2024 and 2023, respectively.

GWRS Barrier Facilities

In May 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the new injection wells. The District may borrow up to \$4,491,018 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$3,479,837 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2026. The outstanding balance totaled \$427,342 and \$365,056 as of June 30, 2024 and 2023, respectively.

GWRS Pipeline Unit 1

In May 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the first portion of the GWRS pipeline. The District may borrow up to \$5,310,891 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$4,425,725 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2026. The outstanding balance totaled \$543,466 and \$807,604 as of June 30, 2024 and 2023, respectively.

GWRS Pipeline Unit 2

In May 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the second portion of the GWRS pipeline. The District may borrow up to \$3,452,552 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$2,877,115 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2026. The outstanding balance totaled \$353,251 and \$524,916 as of June 30, 2024 and 2023, respectively.

GWRS Pipeline Unit 3

In May 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the third portion of the GWRS pipeline. The District may borrow up to \$4,137,559 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$3,429,338 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2026. The outstanding balance totaled \$399,665 and \$593,720 as of June 30, 2024 and 2023, respectively.

GWRS Advanced Water Treatment Facility

In June 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the new advanced wastewater treatment facility for the District's GWRS. The District may borrow up to \$136,802,193 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$114,000,776 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2028. The outstanding balance totaled \$26,170,138 and \$32,425,579 as of June 30, 2024 and 2023, respectively.

Fletcher Basin

In November 2013, the District entered into an agreement with the State Water Resources Control Board for the construction of the Fletcher Basin Improvement project. The District may borrow up to \$2,879,342 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$14,386,762 under the loan contract. The loan has an interest rate of 1.9% with a repayment period of 20 years after project completion. The outstanding balance totaled \$1,869,194 and \$2,006,733 as of June 30, 2024 and 2023, respectively.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 8: LONG TERM DEBT (CONTINUED)**

Alamitos Barrier

In November 2013, the District entered into an agreement with the State Water Resources Control Board for expansion of the Alamitos Seawater Intrusion Barrier. The District may borrow up to \$14,485,000 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$14,386,762 under the loan contract. The loan has an interest rate of 1.9% with a repayment period of 20 years after project completion. The outstanding balance totaled \$11,304,985 and \$11,951,160 as of June 30, 2024 and 2023, respectively.

La Palma Basin

In February 2016, the District entered into an agreement with the State Water Resources Control Board for construction of a groundwater recharge basin. The District may borrow up to \$8,570,970 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$5,446,635 under the loan contract. The loan has an interest rate of 1.0% with a repayment period of 30 years after project completion. The outstanding balance totaled \$4,321,650 and \$4,488,037 as of June 30, 2024 and 2023 respectively.

Mid-Basin Centennial Park Injection

In November 2017, the District entered into an agreement with the State Water Resources Control Board for construction of four injection wells and one nested monitoring well in Centennial Park. The District may borrow up to \$18,394,813 or the eligible costs of the project, whichever is less. At June 30, 2024, the State Water Resources Control Board had disbursed \$18,394,813 under the loan contract. The loan has an interest rate of 1.8% with a repayment period of 30 years after project completion. The outstanding balance totaled \$16,473,136 and \$16,966,682 as of June 30, 2024 and 2023, respectively.

WIFIA Loan Agreements

On August 6, 2020, the District re-executed the WIFIA Loan agreement with the United States Environmental Protection Agency (US EPA) to provide financing for the GWRS Final Expansion Project and can draw up to \$135,000,000. Upon substantial completion of the GWRS Final Expansion Project, the District currently expect to draw on the WIFIA Loan to repay the 2019A Interim Obligations prior to maturity. Upon completion of the project, principal and interest payments will commence. The loan requires net revenue equal to at least 125% of debt service payable in such fiscal year. As of June 30, 2024 and 2023, total loan proceeds received were \$133,851,077 and \$115,357,848, respectively.

On August 18, 2021, the District executed the WIFIA loan agreement with the United States Environmental Protection Agency (US EPA) to provide financing for the PFAS Treatment facilities project and can draw up to \$130,647,383. Upon substantial completion of the PFAS Treatment Facilities Project, the District currently expect to draw on the WIFIA loan to pay the 2021A interim obligation prior to maturity. Upon completion of the project, principal and interest payments will commence. The loan requires net revenue equal to at least 125% of debt service payable in such fiscal year. As of June 30, 2024 and 2023, no loan proceeds have been drawn down.

GWRS Final Expansion

The District has entered into two agreements with the State Water Resources Control Board for construction of the final expansion of the GWRS project. The District may borrow up to \$186,207,421 or the eligible costs of the project, whichever is less. The loan has an interest rate of 1.4%. The outstanding balance totaled \$126,196,086 and \$125,974,019 as of June 30, 2024 and 2023, respectively.

Covenants and Reserve Requirements

The Groundwater Replenishment System, GWRS Barrier Facilities, GWRS Pipeline Unit 1, GWRS Pipeline Unit 2, GWRS Pipeline Unit 3, and GWRS Advanced Water Treatment Facility loans payable require the District to prescribe, assess, and collect replenishment assessments and additional replenishment assessments which, together with other revenues of the District, are reasonably expected to be at least sufficient to yield net revenues during such fiscal year equal to 110% of debt service payable in such fiscal year.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 8: LONG TERM DEBT (CONTINUED)**

The Fletcher Basin, Alamitos Barrier, La Palma Basin, and Mid-Basin Centennial Park Injection loans payable require the District to prescribe, assess, and collect replenishment assessments and additional replenishment assessments which, together with other revenues of the District, are reasonably expected to be at least sufficient to yield net revenues during such fiscal year equal to 125% of debt service payable in such fiscal year.

The District's ratio of net revenues to debt service for the fiscal year ended June 30, 2024 and 2023 was 660% and 246%, respectively.

The Fletcher Basin, Alamitos Barrier, La Palma Basin, and Mid-Basin Centennial Park Injection loans payable require the District to have a reserve of one year's debt service. The District's reserve of \$2,037,351 as of June 30, 2024 and 2023, that is included in statement of net position as Cash and Cash Equivalents and Investments, meets this requirement.

Summary of Changes

The following is a summary of the changes in loans payable to the US EPA and state of California for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Repayments	Balance June 30, 2024	Due Within One Year
GWRS	\$ 471,615	\$ -	\$ (471,615)	\$ -	\$ -
GWRS Barrier Facilities	635,056	-	(207,714)	427,342	211,660
GWRS Pipeline Unit 1	807,604	-	(264,138)	543,466	269,169
GWRS Pipeline Unit 2	524,916	-	(171,665)	353,251	174,951
GWRS Pipeline Unit 3	593,720	-	(194,055)	399,665	197,882
GWRS Advanced Water Treatment Facility	32,425,579	-	(6,255,441)	26,170,138	6,368,226
Fletcher Basin	2,006,733	-	(137,539)	1,869,194	140,152
Alamitos Barrier	11,951,160	-	(646,175)	11,304,985	658,453
La Palma Basin	4,488,037	-	(166,387)	4,321,650	168,051
Mid-Basin Injection	16,966,682	-	(493,546)	16,473,136	502,430
GWRS FE1	60,908,388	113,579	-	61,021,967	1,650,725
GWRS FE2	65,065,631	108,487	-	65,174,118	1,763,046
WIFIA loan GWRSFE	115,357,848	18,493,229	-	133,851,077	-
Total	<u>\$ 312,202,969</u>	<u>\$ 18,715,295</u>	<u>\$ (9,008,275)</u>	<u>\$ 321,909,989</u>	<u>\$ 12,104,745</u>

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 8: LONG TERM DEBT (CONTINUED)**

Summary of Changes

The following is a summary of the changes in loans payable to the US EPA and state of California for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Repayments	Balance June 30, 2023	Due Within One Year
GWRS	\$ 933,951	\$ -	\$ (462,336)	\$ 471,615	\$ 471,615
GWRS Barrier Facilities	838,897	-	(203,841)	635,056	207,714
GWRS Pipeline Unit 1	1,066,806	-	(259,202)	807,604	264,139
GWRS Pipeline Unit 2	693,357	-	(168,441)	524,916	171,665
GWRS Pipeline Unit 3	784,024	-	(190,304)	593,720	194,056
GWRS Advanced Water Treatment Facility	38,570,232	-	(6,144,653)	32,425,579	6,255,442
Fletcher Basin	2,141,707	-	(134,974)	2,006,733	137,539
Alamitos Barrier	12,585,287	-	(634,127)	11,951,160	646,175
La Palma Basin	4,652,777	-	(164,740)	4,488,037	166,387
Mid-Basin Injection	17,451,501	-	(484,819)	16,966,682	493,546
GWRS FE1	60,071,560	836,828	-	60,908,388	-
GWRS FE2	64,176,738	888,893	-	65,065,631	-
WIFIA loan GWRSFE	-	115,357,848	-	115,357,848	-
Total	<u>\$ 203,966,837</u>	<u>\$ 117,083,569</u>	<u>\$ (8,847,437)</u>	<u>\$ 312,202,969</u>	<u>\$ 9,008,278</u>

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 8: LONG TERM DEBT (CONTINUED)**

Debt service requirements on the loans payable to the US EPA and state of California subsequent to June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 12,104,745	\$ 3,557,774	\$ 15,662,519
2026	12,309,652	4,057,767	16,367,419
2027	7,993,656	3,987,107	11,980,763
2028	15,723,853	3,537,679	19,261,532
2029	9,000,312	3,421,146	12,421,458
2030-2034	46,806,441	15,300,849	62,107,290
2035-2039	49,433,107	12,147,184	61,580,291
2040-2044	47,858,039	9,004,682	56,862,721
2045-2049	50,520,727	5,919,459	56,440,186
2050-2054	49,856,414	2,754,185	52,610,599
2055-2057	20,303,043	424,215	20,727,258
Total	<u>\$ 321,909,989</u>	<u>\$ 64,112,047</u>	<u>\$ 386,022,036</u>

Debt service requirements on the loans payable to the US EPA and state of California subsequent to June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2024	\$ 9,008,278	\$ 1,258,781	\$ 10,267,059
2025	9,820,039	1,680,908	11,500,947
2026	12,267,054	2,663,833	14,930,887
2027	14,761,147	3,760,883	18,522,030
2028	15,232,543	3,289,487	18,522,030
2029-2033	43,668,519	14,741,263	58,409,782
2034-2038	46,306,459	11,751,991	58,058,450
2039-2043	45,327,965	8,710,497	54,038,462
2044-2048	47,166,689	5,787,258	52,953,947
2049-2053	46,952,864	2,759,175	49,712,039
2054-2057	21,691,412	317,192	22,008,604
Total	<u>\$ 312,202,969</u>	<u>\$ 56,721,268</u>	<u>\$ 368,924,237</u>

**NOTE 9: SHORT TERM DEBT**

Commercial Paper - Other Debt

The Public Facilities Corporation issued commercial paper from which the proceeds were used to provide capital funds for the District to purchase land and for water purchases. The commercial paper has a maximum maturity of 270 days. The District issues, annually, Tax and Revenue Anticipation Notes (TRANs), which are additionally secured by revenue to service the commercial paper. On July 1, 2022, the District issued 2022-2023 TRANs amounting to \$130.425 million to the Public Facilities Corporation, \$21 million of this TRAN is taxable and \$109.425 million tax exempt. The outstanding balance for the commercial paper totaled \$12,900,000 and \$27,400,000 as of June 30, 2024 and 2023, respectively.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 9: SHORT TERM DEBT (CONTINUED)**

The District has a letter of credit and reimbursement agreement in the amount of \$76,300,000 supporting the commercial paper program with Sumitomo Mitsui Banking Corporation. The District is contingently liable for any amounts outstanding if drawn upon by third parties. As of June 30, 2024 and 2023, there were no amounts outstanding on the letter of credit.

The following is a summary of the changes in commercial paper for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Repayments	Balance June 30, 2024	Due Within One Year
Commercial Paper - Taxable	\$ 14,500,000	\$ -	\$ (14,500,000)	\$ -	\$ -
Commercial Paper - Tax Exempt	12,900,000	-	-	12,900,000	12,900,000
Total	<u>\$ 27,400,000</u>	<u>\$ -</u>	<u>\$ (14,500,000)</u>	<u>\$ 12,900,000</u>	<u>\$ 12,900,000</u>

The following is a summary of the changes in commercial paper for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Repayments	Balance June 30, 2023	Due Within One Year
Commercial Paper - Taxable	\$ 20,563,000	\$ -	\$ (6,063,000)	\$ 14,500,000	\$ 14,500,000
Commercial Paper - Tax Exempt	12,913,000	-	(13,000)	12,900,000	12,900,000
Total	<u>\$ 33,476,000</u>	<u>\$ -</u>	<u>\$ (6,076,000)</u>	<u>\$ 27,400,000</u>	<u>\$ 27,400,000</u>

**NOTE 10: COMPENSATED ABSENCES**

The following is a summary of the changes in compensated absences for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Compensated Absences	\$ 6,933,797	\$ 3,391,716	\$ 3,631,158	\$ 6,694,355	\$ 462,691

The following is a summary of the changes in compensated absences for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Compensated Absences	\$ 6,874,345	\$ 3,552,968	\$ 3,493,516	\$ 6,933,797	\$ 557,136

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 11: DERIVATIVE INSTRUMENTS – INTEREST RATE SWAP AGREEMENTS**

Objective

The District executed two interest rate swap agreements on February 5, 2007 (the swaps) with swap provider Citibank, N.A. (counterparty), which were subsequently amended and restated as of April 1, 2008, to hedge debt service cost on a portion of the District's 2003A Adjustable Rate Refunding Certificates of Participation by achieving a synthetic fixed rate.

Details on the SWAP Agreements

Notional Amount	Fixed Rate	Original/ Refunding COP Issue	Termination Date	Initial Effective Date
\$ 58,800,000	3.314%	2003A/2005A	7/25/2037	2/7/2007
23,750,000	3.314%	2003A/2007B	8/1/2029	5/16/2007
<u>\$ 82,550,000</u>				

Terms

Under the swap agreements, the District will make a fixed rate payment to the swap counterparty at a rate of 3.314%, and then receive a variable rate payment of 56% of the monthly SOFR rate, plus 23 basis points from the swap counterparty that would effectively offset the payment on the underlying variable rate certificates. The swaps are for a total notional amount of \$82,550,000 and terminate on various dates.

A portion of the 2003A Certificates maturity dates matches the maturity of the related swap agreements. The swaps' notional amount is equal to a portion of the principal amounts of the 2003A Certificates issued and will decline as the principal amount of the associated proportion debt declines.

Summary of Activities in Cash Flow Hedging Derivative Instruments

Notional Amount	Fair Value at June 30, 2022	Changes in Fair Value	Fair Value at June 30, 2023	Changes in Fair Value	Fair Value at June 30, 2024
\$ 58,800,000	\$ (7,540,365)	\$ 3,019,672	\$ (4,520,693)	\$ 1,250,854	\$ (3,269,839)
23,750,000	(2,089,792)	1,107,618	(982,174)	293,482	(688,692)
<u>\$ 82,550,000</u>	<u>\$ (9,630,157)</u>	<u>\$ 4,127,290</u>	<u>\$ (5,502,867)</u>	<u>\$ 1,544,336</u>	<u>\$ (3,958,531)</u>

As of June 30, 2024 and 2023, the fair value of (\$3,958,531) and (\$5,502,867), respectively, is reported as a deferred outflow of resources and other noncurrent liability in the statement of net position.

Credit Risk

As of June 30, 2024 and 2023, the District was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the District would be exposed to credit risk in the amount of the derivative's fair value.

The swaps counterparty, Citibank N.A., have the following credit ratings:

	Standard & Poor's	Moody's
Citibank, N.A.	A+	Aa3

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 11: DERIVATIVE INSTRUMENTS – INTEREST RATE SWAP AGREEMENTS (CONTINUED)**

Basis Risk

The swaps do expose the District to basis risk, which refers to a mismatch between the interest rate received from the swap contract and the interest paid on the variable rate payments to be made on the debt. The District pays the counterparty a fixed rate and receives a variable rate based on 56% of the one-month fallback rate (SOFR) plus a spread of .23%, which may be different than the variable rate payments to be made on the debt. There is a risk for the District that the variable interest rate payments received from the counterparty will be less than the variable rate payments owed on the debt.

Termination Risk

The swaps may be terminated by the District or the counterparty if the other party fails to perform under the terms of the swap agreements. In addition, the District has the option to terminate the swaps upon proper notification to the counterparty. If the swaps are terminated, the District would prospectively pay the variable rates on the portion of 2003A Certificates of Participation related to the swap agreements rather than a fixed rate. The termination of the swap agreements could therefore increase the District’s total debt service. Also, if at the time of the termination, the swaps have a negative fair value, the District would be liable to the counterparty for a payment equal to such negative fair value, or be paid an amount equal to a positive fair value. As of June 30, 2024 and 2023, the swaps had a fair value of (\$3,958,531) and (\$5,502,867).

Swap Payments and Associated Debt

Using a variable rate of 2.95% for the 2003A COP as of June 30, 2024, debt service requirements of the certificates and the swap payments, assuming current interest rates remain the same for their term are as follows.

As rates vary, the variable rate interest payments and net swap payments will vary.

Year Ending June 30,	Variable rate Debt			Interest Rate Swap, Net	Fixed Debt Service
	Principal	Interest	Total Payment		
2025	\$ -	\$ 2,352,675	\$ 2,352,675	\$ 1,753,892	\$ 4,106,567
2026	1,625,000	2,306,363	3,931,363	3,344,366	5,650,729
2027	4,275,000	2,184,525	6,459,525	5,903,538	8,088,063
2028	5,325,000	2,032,763	7,357,763	6,840,401	8,873,163
2029	17,425,000	1,536,150	18,961,150	18,570,182	20,106,332
2030-2034	19,775,000	5,496,938	25,271,938	23,872,902	29,369,840
2035-2038	34,125,000	983,963	35,108,963	40,408,886	41,392,849
Total	<u>\$ 82,550,000</u>	<u>\$ 16,893,376</u>	<u>\$ 99,443,376</u>	<u>\$ 100,694,166</u>	<u>\$ 117,587,542</u>

Swap Payments and Associated Debt

Using a variable rate of 2.85% for the 2003A COP as of June 30, 2023, debt service requirements of the certificates and the swap payments, assuming current interest rates remain the same for their term are as follows.

As rates vary, the variable rate interest payments and net swap payments will vary.



**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
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**NOTE 11: DERIVATIVE INSTRUMENTS – INTEREST RATE SWAP AGREEMENTS (CONTINUED)**

Year Ending June 30,	Variable rate Debt			Interest Rate Swap, Net	Fixed Debt Service
	Principal	Interest	Total Payment		
2024	\$ -	\$ 2,352,675	\$ 2,352,675	\$ 1,753,892	\$ 4,106,567
2025	-	2,352,675	2,352,675	1,753,892	4,106,567
2026	1,625,000	2,306,363	3,931,363	3,344,366	5,650,729
2027	4,275,000	2,184,525	6,459,525	5,903,538	8,088,063
2028	5,325,000	2,032,763	7,357,763	6,840,401	8,873,163
2029-2033	34,900,000	6,060,525	40,960,525	39,418,050	45,478,575
2034-2038	36,425,000	1,956,525	38,381,525	37,883,567	39,840,092
Total	<u>\$ 82,550,000</u>	<u>\$ 19,246,050</u>	<u>\$ 101,796,050</u>	<u>\$ 96,897,705</u>	<u>\$ 116,143,755</u>

Fair Value Measurement

The model used to value the interest rate swaps is based upon well recognized financial principles, and interest rate yield curves can be validated through readily observable data by external sources. Although readily observable data is used in the valuation of the interest rate swaps, methodologies could have an effect on the estimated fair value. Accordingly, the interest rate swaps are categorized as Level 2.

**NOTE 12: JOINT VENTURES**

The District is a participant in the Santa Ana Watershed Project Authority (SAWPA). SAWPA is a joint venture of five water districts that provide for the construction, ownership, operation, and maintenance of facilities involved in the collection, transmission, treatment, disposal, and reclamation of sewage, wastewater, groundwater, and storm-water in the Santa Ana River Watershed area. Each participating district appoints two commissioners to SAWPA to form a governing Board of Authority. Equal contributions are made by each member district for administration and contributions are based on capacity use rights for project agreements under which capital construction is accomplished. Special projects or studies are funded by equal contributions from each district.

As of June 30, 2024 and 2023, SAWPA has total assets of \$175,741,121 and \$171,671,241 and total net position of \$86,871,126 and \$77,762,763. The District does not have a measurable equity interest in SAWPA. The District is also a participant in other joint ventures in which the District does not have a material equity interest or material ongoing financial interest or responsibility. Separate financial statements of SAWPA can be obtained at 11615 Sterling Avenue, Riverside, California 92503.

**NOTE 13: DEFINED CONTRIBUTION PENSION PLAN**

The Money Purchase Plan for employees of Orange County Water District (Money Purchase Plan) is a defined contribution pension plan administered by a committee of the Board of Directors and District employees. The Money Purchase Plan covers all employees, except part-time or temporary employees, immediately upon date of hire. For the first layer, the Money Purchase Plan requires each employee, upon date of hire, to contribute monthly to a mandatory contributions account, by payroll deduction, an amount equal to the current FICA rate not limited to the FICA wage cap. The District is required to make a contribution in an amount equal to the then current Social Security contribution requirement (7.65% for the years ended December 31, 2024, and 2023) for the employer contribution. In addition, the District may elect in any year to contribute any portion, or all of the participants first layer contribution and the participant's first layer contribution shall be reduced by the amount so contributed by the District. The District elected to contribute 3% for the years ended December 31, 2024 and 2023, of the participant's mandatory contribution.

Each eligible employee becomes a participant in the second layer of contribution as of the first day of the month following the completion of 12 months of covered service. The District is required to contribute 6% of the participant's total monthly compensation each month.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 13: DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)**

Employees may elect to contribute to a voluntary contribution account in the Money Purchase Plan. Voluntary contributions may be an amount not less than 2% of compensation, nor more than an amount that would cause all contributions to exceed the lesser of (a) \$69,000 for 2024 or \$66,000 for 2023 or (b) 25.00% of his or her paid compensation for the year. In addition, the District may elect in any year to contribute any portion or all of each employee’s Money Purchase Plan contribution, thereby reducing the employee’s Money Purchase Plan contribution by the amount contributed by the District.

The Money Purchase Plan may be amended by resolution of the Board of Directors, subject to limitations obtained in the Money Purchase Plan document. Total employer contributions to the Money Purchase Plan for the year ended June 30, 2024 and 2023, were \$4,772,474 and \$4,615,752.

Separate audited financial statements of the Money Purchase Plan can be obtained from the District offices at 18700 Ward Street, Fountain Valley, California 92708.

**NOTE 14: OTHER POSTEMPLOYMENT BENEFITS**

**A. General Information about the OPEB Plan**

Plan Description and Benefits Provided

The District contributes to an agent multiple-employer defined benefit plan to provide postemployment health care benefits, which is administered by the District. Specifically, the District provides health insurance for its retired employees and eligible directors, their dependent spouses (if married and covered on the District’s plan at the time of retirement), or survivors in accordance with Board resolutions. The plan benefits are established and may be amended by the District, the District’s Board of Directors, and/or the employee associations. Medical coverage is provided for retired employees who are age 55 or over and who have a minimum of 12 years of service with the District. The District pays a flat dollar cap toward the premium for the retiree and the dependent coverage. Medical coverage is provided for the surviving spouse of retired employees and the surviving spouse of active employees who upon death had attained age 55 and who had a minimum of 12 years of service with the District. The District will pay the flat- dollar amount premium cap until the surviving spouse remarries, becomes enrolled under another group health plan, or cancels coverage. Employees who qualify for post- retirement health coverage must designate Medicare as their primary insurance coverage provider at the time they become eligible for Medicare (the District’s coverage will then become secondary). Retiree and survivor medical coverage for employees hired on or after July 1, 2009, will terminate upon eligibility for Medicare. The plan does not provide a publicly available financial report.

The District also elected to join the Public Agency Retirement System OPEB Trust (PARS OPEB Trust) as a means to fund the Annual Determined Contribution (ADC). The District makes quarterly contributions to the PARS OPEB Trust and pays benefits directly to the insurance provider. The PARS OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. The PARS OPEB Trust is reported as a fiduciary fund. The plan itself does not issue a separate financial report.

Employees Covered

The following current and former employees were covered by the benefit terms under the plan as of years ended June 30:

	<u>2024</u>	<u>2023</u>
Inactive Plan Members Currently Receiving Benefit Payments	102	101
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	0	0
Active Plan Members	<u>216</u>	<u>218</u>
Total Plan Participants	<u><u>318</u></u>	<u><u>319</u></u>

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Accounting for the Plan

The OPEB trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value, which is determined by the means of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District, District's Board of Directors, and/or the employee associations. Currently, contributions are not required from plan members. Administrative costs of the OPEB plan are financed through investment earnings. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2024, the District's cash contributions were \$640,000 in payments to the trust, administrative expenses of \$96,249, and the estimated implied subsidy was \$193,000, resulting in total payments of \$929,249. For the fiscal year ended June 30, 2023, the District's cash contributions were \$1,598,000 in payments to the trust, administrative expenses of \$103,313, and the estimated implied subsidy was \$139,000, resulting in total payments of \$1,840,313.

Fiduciary Net Position with PARS Trust

The PARS OPEB Trust (Trust) contains assets of 318 member agencies as of June 30, 2023. The Trust invests in various investment securities including U.S. Treasury Obligations, U.S. Government Agency Issues, Corporate Debt Issues, Foreign Debt Issues, Municipal Debt Issues, Money Market Mutual Funds, Equity Mutual Funds, Fixed Income Mutual Funds, Domestic Common Stocks, and Foreign Stocks.

Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust manages exposure to interest rate risk 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 over time as necessary to provide the cash flows and liquidity needed for operations. Investments in the Trust mature as of June 30, 2023, as follows: 1% in two years or less, 6% in two to five years, 26% in five to ten years, 10% in more than 10 years.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust investments are rated by Standard and Poor's or Moody's as of June 30, 2023, as follows: 4% are rated AAA; 1% are AA; 2% are A; 2% are BBB; 4% are exempt from ratings, and 90% are not rated.

Concentration of credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. At June 30, 2023, the Trust had no investments concentrated in one issuer (other than mutual funds and U.S. Treasury obligations) that exceeded 5% of the Trust's investments.

All of the Trust's cash deposits as of June 30, 2023 of \$52,504,003, which includes the balances of all 164 member agencies, are federally insured for up to \$250,000 by the Federal Deposit Insurance Corporation. Deposits in excess of the federally insured amount are subject to custodial credit risk, which is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits.

Total OPEB Liability/(Asset)

The District's net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated June 30, 2023.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
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**NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Actuarial Assumptions

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless other specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age, level percentage of payroll
Actuarial Amortization	
Discount Rate	5.75%
Long-Term Expected	
Rate of Return on Investments	5.75%, net of investment expenses
General Inflation	2.5% annually
Payroll Increases	Aggregate increase - 2.75% annually
Medical Trend	Merit increase - CalPERS 2000-2019 experience
	Non-Medicare: 8.5% for 2025, decreasing to 3.45% in 2076
	Medicare (Non-Kaiser): 7.5% for 2023, decreasing to 3.45% in 2076
	Medicare (Kaiser): 6.25% for 2025, decreasing to 3.45% in 2076
Mortality, Disability, Termination, Retirement	CalPERS 2000-2019 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

The actuarial assumptions used in the June 30, 2023, valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless other specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age, level percentage of payroll
Actuarial Amortization	
Discount Rate	5.75%
Long-Term Expected	
Rate of Return on Investments	5.75%, net of investment expenses
General Inflation	2.5% annually
Payroll Increases	Aggregate increase - 2.75% annually
Medical Trend	Merit increase - CalPERS 2000-2019 experience
	Non-Medicare: 6.5% for 2025, decreasing to 3.75% in 2076
	Medicare (Non-Kaiser): 5.65% for 2023, decreasing to 3.75% in 2076
	Medicare (Kaiser): 4.6% for 2025, decreasing to 3.75% in 2076
Mortality, Disability, Termination, Retirement	CalPERS 2000-2019 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

The long-term expected rates of return are Bartel Associates estimates and are presented as geometric means developed over a 20-year period. The long-term expected real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2023 and June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation for PARS Balanced Fund	Long-Term Expected Real Rate of Return
PARS OPEB Trust		
Global Equality	60%	4.56%
Fixed Income	35%	0.78%
Cash	5%	-0.50%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 PARS OPEB Trust investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

**A. Changes in the Net OPEB Liability/(Asset)**

The changes in the net OPEB liability/(asset) are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2022 (measurement date)	\$ 25,265,176	\$ 24,344,255	\$ 920,921
Changes in the Year:			
Service Cost	688,353	-	688,353
Interest on the total OPEB liability	1,465,661	-	1,465,661
Changes of benefit terms	40,000	-	40,000
Actual vs. expected experience	(1,002,290)	-	(1,002,290)
Changes in assumptions	2,227,000	-	2,227,000
Contributions - Employer	-	1,860,712	(1,860,712)
Net investment income	-	2,226,009	(2,226,009)
Benefit payments	(927,565)	(927,565)	-
Administrative Expenses	-	(153,548)	153,548
Net changes	<u>2,491,159</u>	<u>3,005,608</u>	<u>(514,449)</u>
Balance at June 30, 2023 (measurement date)	<u>\$ 27,756,335</u>	<u>\$ 27,349,863</u>	<u>\$ 406,472</u>

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Change of Assumptions

Noted a \$2,227,000 change of assumptions for the June 30, 2023 measurement date.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2021 (measurement date)	\$ 24,167,444	\$ 27,460,364	\$ (3,292,920)
Changes in the Year:			
Service Cost	669,930	-	669,930
Interest on the total OPEB liability	1,400,193	-	1,400,193
Contributions - Employer	-	1,812,276	(1,812,276)
Net investment income	-	(3,792,072)	3,792,072
Benefit payments	(972,391)	(972,391)	-
Administrative Expenses	-	(163,922)	163,922
Net changes	1,097,732	(3,116,109)	4,213,841
Balance at June 30, 2022 (measurement date)	\$ 25,265,176	\$ 24,344,255	\$ 920,921

Change of Assumptions

Noted no change of assumptions for the June 30, 2021 measurement date.

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate.

The following presents the net OPEB liability/(asset) 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 (4.75%) or one percentage point higher (6.75%) than the current discount rate (5.75%):

Fiscal Year Ended June 30, 2024

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability/(Asset)	\$ 3,936,055	\$ 406,472	\$ (2,550,301)

Fiscal Year Ended June 30, 2023

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability/(Asset)	\$ 4,284,779	\$ 920,921	\$ (1,878,140)

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

**NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability/(asset) 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 discount rate:

Fiscal Year Ended June 30, 2024

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Net OPEB Liability/(Asset)	\$ (2,905,877)	\$ 406,472	\$ 4,434,886

Fiscal Year Ended June 30, 2023

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Net OPEB Liability/(Asset)	\$ (2,383,026)	\$ 920,921	\$ 4,869,082

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

For the year ended June 30, 2024, the District recognized an OPEB income of \$410,756. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

Fiscal Year Ended June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 929,249	\$ -
Differences Between Actual Expected Experience	-	6,954,382
Changes of assumptions	2,669,557	306,573
Net Differences Between Projected and Actual Earnings	990,702	-
Total	<u>\$ 4,589,508</u>	<u>\$ 7,260,955</u>

Fiscal Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 1,840,313	\$ -
Differences Between Actual Expected Experience	-	7,913,556
Changes of assumptions	986,498	421,961
Net Differences Between Projected and Actual Earnings	1,991,304	-
Total	<u>\$ 4,818,115</u>	<u>\$ 8,335,517</u>

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

An amount of \$929,249 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, 2025. 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 Ended June 30:	2023	2024
2024	\$ (1,374,326)	\$ -
2025	(1,368,156)	(1,343,139)
2026	(1,505,657)	(1,480,640)
2027	(110,463)	(85,446)
2028	(999,113)	(974,096)
2029	-	188,417
Thereafter	-	94,208

**C. Payable to the OPEB Plan**

At June 30, 2024, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

**NOTE 15: RISK MANAGEMENT**

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk pooling self insurance authority, created under the provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self insured losses and to purchase excess insurance coverage.

At June 30, 2024 and 2023, the District participated in the self insurance programs of the Insurance Authority as follows:

Property Loss – The Insurance Authority has pooled self-insurance up to \$143,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$515,830,668). The District has a \$25,000 deductible for real and personal property, mobile equipment, licensed vehicles and trailers. Boiler and machinery is \$25,000 or \$50,000 depending on type of equipment.

General Liability – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$55,000,000.

Auto Liability – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$55,000,000.

Public Officials' Liability – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$55,000,000.

Crime – The Insurance Authority has excess insurance coverage up to \$5,000,000. The District has a \$100,000 deductible.

Cyber Liability – The Insurance Authority has excess insurance coverage up to \$3,000,000 per member and \$5,000,000 in the aggregate and \$1,000,000 self-service retention.



**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 15: RISK MANAGEMENT (CONTINUED)**

Workers' Compensation – Insured up to the statutory limit; the Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit.

Fiduciary Liability – Purchased coverage up to \$1,000,000 with a \$10,000 retention each claim.

Underground Storage Tank Coverage – The Insurance Authority has excess insurance coverage up to \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for coverage. There were no instances in the past four years when a settlement exceeded the District's coverage.

**NOTE 16: COMMITMENTS AND CONTINGENCIES**

Contracts and Projects

The District has entered into various contracts for the purchase of material and construction of the GWRS Final Expansion and the PFAS Treatment Facilities Projects. The amounts contracted for are based on the contractor's estimated cost of construction. At June 30, 2024 and 2023, the total unpaid amount on these contracts is approximately \$58,834,918 and \$102,087,531, respectively. During fiscal years ended June 30, 2023 and 2024, the District has entered into various contracts for the construction and rehabilitation of various wells and basins throughout the region. At June 30, 2024 and 2023, the total unpaid amount on these contracts was approximately \$1,210,061 and \$54,062,177, respectively.

Regulations

In September 2024, the state Office of Environmental Health Hazard Assessment (OEHHA) issued a formal recommendation for a drinking water Notification Level (NL) for perfluorohexanoic acid (PFHxA) in response to a standing request from the Division of Drinking Water; the recommended NL is 1 part per billion (ppb) or 1000 ppt. Given the recommended PFHxA NL is based upon a non-cancer health endpoint (decreased thyroid hormone levels), the Division of Drinking Water is likely to also establish a corresponding Response Level at 10 ppb or 10,000 ppt when it formally adopts the NL. Based on monitoring results collected to date in the Orange County Groundwater Basin, it is not anticipated that the pending PFHxA NL or RL will cause additional Producer wells to be taken out of service or otherwise require treatment.

In April 2024, the United States Environmental Protection Agency (USEPA) finalized its National Primary Drinking Water Regulation (NPDWR) for per and polyfluoroalkyl substances (PFAS). The NPDWR features Maximum Contaminant Levels (MCLs) set at 4 ppt for PFOA; 4 ppt for PFOS, 10 ppt for PFHxS; 10 ppt for perfluorononanoic acid (PFNA); 10 ppt for GenX; and a combined Hazard Index (HI) that includes PFHxS, PFNA, GenX, and perfluorobutane sulfonate (PFBS). Formal compliance with the USEPA NPDWR MCLs is required by April 2029 by public water systems (i.e., the Producers). A number of additional Producer wells are affected by the USEPA MCLs and treatment is currently being pursued for them.

Legal Claims and Lawsuits

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the District's financial position.

**NOTE 17: PRIOR PERIOD ADJUSTMENTS**

**A. Change in Accounting Principle**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Technology Arrangements. Under this Statement, SBITA results in a right-to-use subscription asset and a subscription liability as well as provides capitalization criteria which includes implementation costs of a SBITA. As a result, the District recorded a prior period adjustment for \$138,580 in the statement of revenues, expenses and changes in net position.

**ORANGE COUNTY WATER DISTRICT**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and June 30, 2023**

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**NOTE 17: PRIOR PERIOD ADJUSTMENTS (CONTINUED)**

**B. Adjustments to and Restatements of Beginning Balances**

During fiscal year 2023, changes to or within the financial reporting entity, an error correction, and the change in accounting principle resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

June 30, 2022 As Previously Reported	Changes in Accounting Principle	June 30, 2022 As Restated
\$ 505,721,571	\$ 138,580	\$ 505,860,151

**NOTE 18: SUBSEQUENT EVENTS**

The District evaluated subsequent events for recognition and disclosure through October 17, 2024, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2024, that required recognition or disclosure in these financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION  
Other Postemployment Benefits (OPEB)  
Schedule of Changes in the Net OPEB Liability and Related Ratios  
Schedule of Contributions – OPEB

**ORANGE COUNTY WATER DISTRICT**  
**Other Postemployment Benefits**  
**Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios**  
**As of June 30, for the Last Ten Fiscal Years<sup>1</sup>**

Fiscal Year-End Measurement Date	2024 6/30/2023	2023 6/30/2022	2022 6/30/2021	2021 6/30/2020	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
<b>Total OPEB Liability:</b>							
Service cost	\$ 688,353	\$ 669,930	\$ 700,469	\$ 726,650	\$ 892,384	\$ 866,392	\$ 841,157
Interest	1,465,661	1,400,193	1,973,024	1,905,660	2,026,260	1,897,438	1,770,648
Changes of benefit terms	40,000	-	-	-	-	-	-
Differences between expected and actual experience	(1,002,290)	-	(9,049,031)	-	(3,470,681)	-	-
Changes in assumptions	2,227,000	-	1,389,150	(581,102)	(218,193)	-	-
Benefit payments, Including Refunds and the Implied Subsidy	(927,565)	(972,391)	(999,865)	(977,417)	(861,415)	(754,508)	(618,306)
Net Change in Total OPEB Liability	2,491,159	1,097,732	(5,986,253)	1,073,791	(1,631,645)	2,009,322	1,993,499
Total OPEB Liability - Beginning of Year	25,265,176	24,167,444	30,153,697	29,079,906	30,711,551	28,702,229	26,708,730
<b>Total OPEB liability - End of Year</b>	<b>27,756,335</b>	<b>25,265,176</b>	<b>24,167,444</b>	<b>30,153,697</b>	<b>29,079,906</b>	<b>30,711,551</b>	<b>28,702,229</b>
<b>Plan Fiduciary Net Position</b>							
Contribution - employer	1,860,712	1,812,276	1,694,236	3,223,388	\$ 7,444,619	\$ 1,784,375	\$ 1,381,609
Net investment income	2,226,009	(3,792,072)	5,684,052	616,176	809,641	360,155	575,402
Benefit payments, Including Refunds and the Implied Subsidy	(927,565)	(972,391)	(999,865)	(977,417)	(861,415)	(754,508)	(618,306)
Administrative expense	(153,548)	(163,922)	(149,022)	(131,376)	(861,415)	(754,508)	(618,306)
<b>Net change in plan fiduciary net position</b>	<b>3,005,608</b>	<b>(3,116,109)</b>	<b>6,229,401</b>	<b>2,730,771</b>	<b>7,363,910</b>	<b>1,364,007</b>	<b>1,315,928</b>
<b>Plan fiduciary net position - beginning</b>	<b>24,344,255</b>	<b>27,460,364</b>	<b>21,230,963</b>	<b>18,500,192</b>	<b>11,136,282</b>	<b>9,772,275</b>	<b>8,456,347</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>27,349,863</b>	<b>24,344,255</b>	<b>27,460,364</b>	<b>21,230,963</b>	<b>18,500,192</b>	<b>11,136,282</b>	<b>9,772,275</b>
<b>Net OPEB Liability/(Asset) - ending (a) - (b)</b>	<b>\$ 406,472</b>	<b>\$ 920,921</b>	<b>\$ (3,292,920)</b>	<b>\$ 8,922,734</b>	<b>\$ 10,579,714</b>	<b>\$ 19,575,269</b>	<b>\$ 18,929,954</b>
Plan fiduciary net position as a percentage of the total OPEB liability/asset	98.5%	96.4%	113.6%	70.4%	63.6%	36.3%	34.0%
Covered-employee payroll	\$ 26,548,918	\$ 24,989,751	\$ 25,320,721	\$ 24,822,309	\$ 24,456,567	\$ 25,040,896	\$ 23,452,614
Net OPEB liability/(asset) as a percentage of covered-employee payroll	1.5%	3.7%	-13.0%	35.9%	43.3%	78.2%	80.7%

**Notes to Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios:**

Changes in Assumptions:

Fiscal year June 30, 2022 to June 30, 2023: None

Fiscal year June 30, 2023 to June 30, 2024: Updated medical

<sup>1</sup> Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

**ORANGE COUNTY WATER DISTRICT**  
**Other Postemployment Benefits**  
**Schedule of Contributions**  
**As of June 30, for the Last Ten Fiscal Years<sup>1</sup>**

	2023	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 640,000	\$ 644,000	\$ 1,598,000	\$ 1,600,000	\$ 1,706,000	\$ 1,303,932	\$ 1,300,000
Contribution in Relation to the Actuarially Determined Contributions	(929,249)	(1,840,313)	(1,845,746)	(1,688,504)	(3,223,388)	(7,432,482)	(1,739,964)
Contribution Deficiency (Excess)	\$ (289,249)	\$ (1,196,313)	\$ (247,746)	\$ (88,504)	\$ (1,517,388)	\$ (6,128,550)	\$ (439,964)
Covered-Employee Payroll	\$ 27,814,403	\$ 26,548,918	\$ 24,989,751	\$ 25,320,721	\$ 24,822,309	\$ 24,456,567	\$ 25,040,896
Contributions as a percentage of Covered-Employee Payroll	3.34%	6.93%	7.39%	6.67%	12.99%	30.39%	6.95%

Notes to Schedule of Plan Contributions:

Valuation Date	6/30/2023
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal, level percentage of payroll
Amortization Method	Level percentage of pay over closed 19-year period
Asset Valuation Method	Investment gains/losses spread over 5-year rolling period
Discount Rate	5.75%
General Inflation	2.50%
Mortality, Disability, Termination, Retirement	CalPERS 2000-2019 Experience study
Medical Trend	Non-Medicare: 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Non-Kaiser): 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser): 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076

<sup>1</sup> Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

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STATISTICAL SECTION  
Financial Trends  
Revenue Capacity  
Debt Capacity  
Demographic and Economic Information  
Operating Information



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**ORANGE COUNTY WATER DISTRICT  
DESCRIPTION OF STATISTICAL SECTION CONTENTS**

This part of the District's annual comprehensive 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.

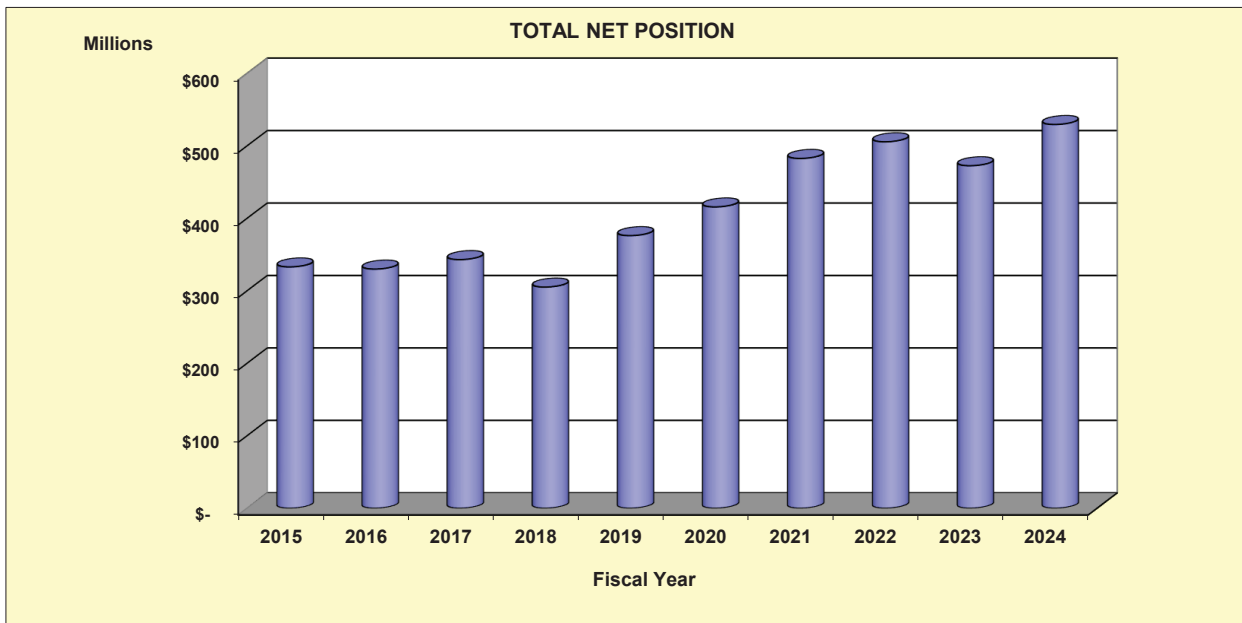
Contents:	<u>Pages</u>
Financial Trends these schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.....	74-77
Revenue Capacity these schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. ....	78-80
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. ....	81-84
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. ....	85-86
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. ....	87-90



## Orange County Water District

### **Net Position by Component Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total Net Position</b>
2015	\$ 122,056,713	\$ 22,760,913	\$ 188,235,624	\$ 333,053,250
2016	135,271,635	21,404,577	173,374,582	330,050,794
2017	150,961,053	5,370,190	186,797,840	343,129,083
2018	151,082,728	66,579	154,064,265	305,213,572 (1)
2019	149,157,213	2,684,482	224,358,603	376,200,298
2020	143,502,901	11,597,226	260,734,070	415,834,197
2021	186,429,591	4,300,009	292,009,843	482,739,443
2022	192,992,630	84,995,606	227,733,335	505,721,571
2023	151,262,495	4,884,302	316,528,671	472,675,468
2024	200,286,418	2,158,992	327,148,301	529,593,711



(1) Implementation of GASB Statement 75 resulted in a net prior period adjustment of \$16,776,446. See Note 13 in Notes to Basic Financial Statements.

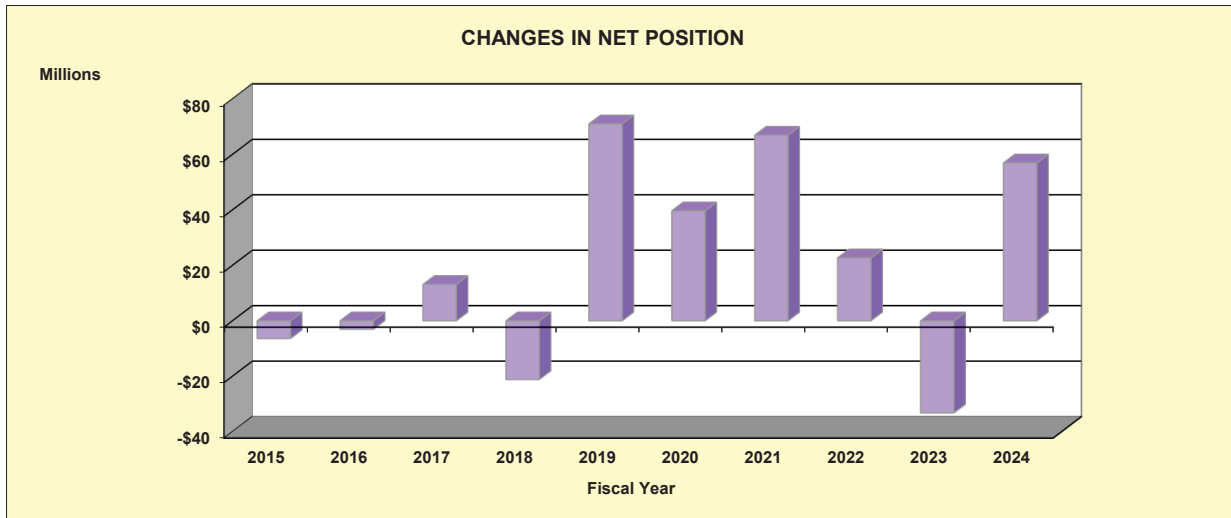
Source: OCWD Finance Department



# Orange County Water District

## Changes in Net Position Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total Non-Operating Revenues (Expenses)	Net Income (Loss) Before Capital Contributions	Capital Contributions/Special Item	Change in Net Position
2015	\$103,318,416	\$125,845,408	\$(22,526,992)	\$15,521,237	\$ (7,005,755)	\$ 668,928	\$ (6,336,827)
2016	105,016,764	128,327,208	(23,310,444)	14,200,225	(9,110,219)	6,107,763	(3,002,456)
2017	137,601,758	139,491,432	(1,889,674)	13,185,798	11,296,124	1,782,165	13,078,289
2018	147,869,984	154,691,739	(6,821,755)	19,198,889	12,377,134	(33,516,199) (1)	(21,139,065)
2019	155,374,357	156,644,282	(1,269,925)	70,357,913	69,087,988	1,898,738	70,986,726
2020	146,718,494	137,094,164	9,624,330	27,098,114	36,722,444	2,911,455	39,633,899
2021	148,729,292	119,713,128	29,016,164	37,258,473	66,274,637	630,609	66,905,246
2022	138,402,212	141,847,855	(3,445,643)	15,063,530	11,617,887	11,063,991	22,681,878
2023	144,651,494	155,295,626	(10,644,132)	32,198,800	21,554,668	(54,739,351) (2)	(33,184,683)
2024	180,903,570	143,437,543	37,466,027	43,559,431	81,025,458	(24,107,215) (2)	56,918,243



- (1) In-lieu water was purchased with debt financing.
- (2) Capital Contributions to/from Other Parties: PFAS Treatment Facilities Projects to Yorba Linda Water District and Serrano Water District, GWRSE Headworks Project to Orange County Sanitation District, offset by Capital Contribution from FEMA grant.

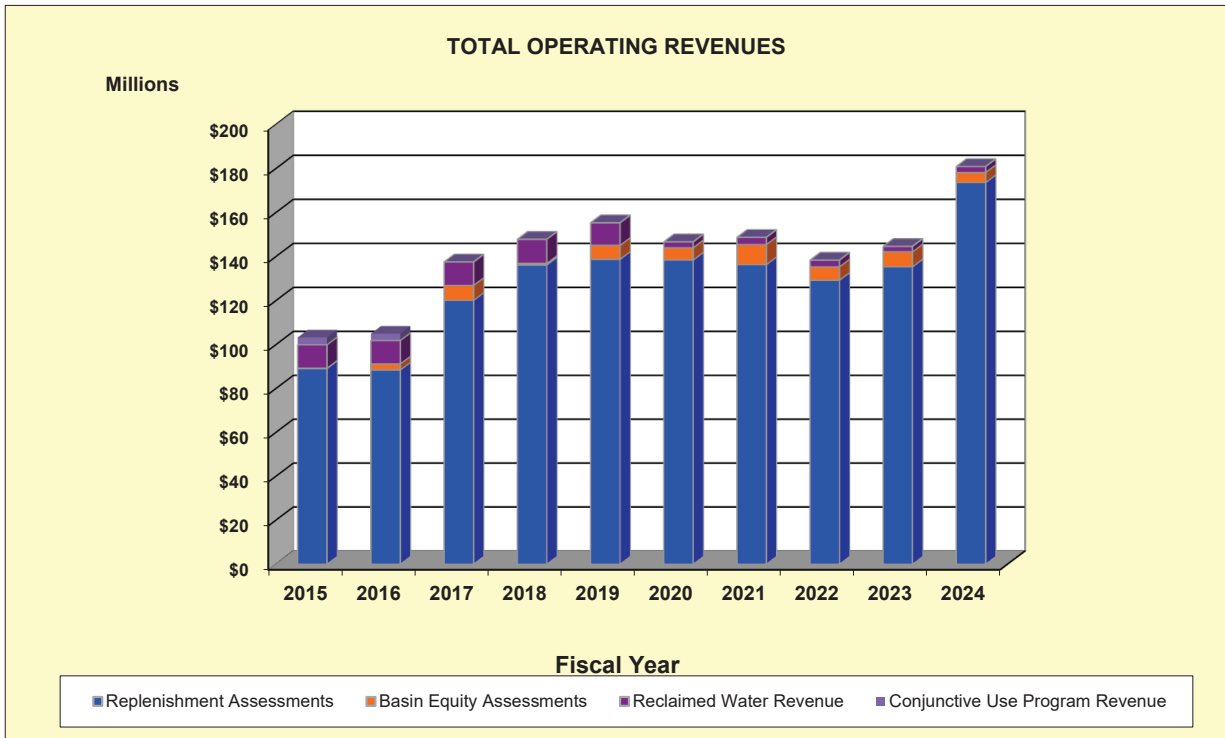
Source: OCWD Finance Department



# Orange County Water District

## Operating Revenues By Source Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Replenishment Assessments</u>	<u>Basin Equity Assessments</u>	<u>Reclaimed Water Revenue</u>	<u>Conjunctive Use Program Revenue</u>	<u>Total</u>	<u>Percent Change</u>
2015	\$ 89,137,337	\$ 184,679	\$ 10,656,130	\$ 3,340,270	\$ 103,318,416	-
2016	88,464,251	2,767,818	10,699,469	3,085,226	105,016,764	1.6%
2017	120,120,803	6,833,449	10,606,006	41,500	137,601,758	31.0%
2018	136,212,805	723,321	10,933,858	-	147,869,984	7.5%
2019	138,779,385	6,384,640	10,210,332	-	155,374,357	5.1%
2020	138,444,750	5,617,151	2,656,593	-	146,718,494	-5.6%
2021	136,357,405	9,143,494	3,228,393	-	148,729,292	1.4%
2022	129,244,848	6,136,462	3,020,902	-	138,402,212	-6.9%
2023	135,370,694	6,851,209	2,429,591	-	144,651,494	4.5%
2024	173,617,162	4,649,500	2,636,908	-	180,903,570	25.1%



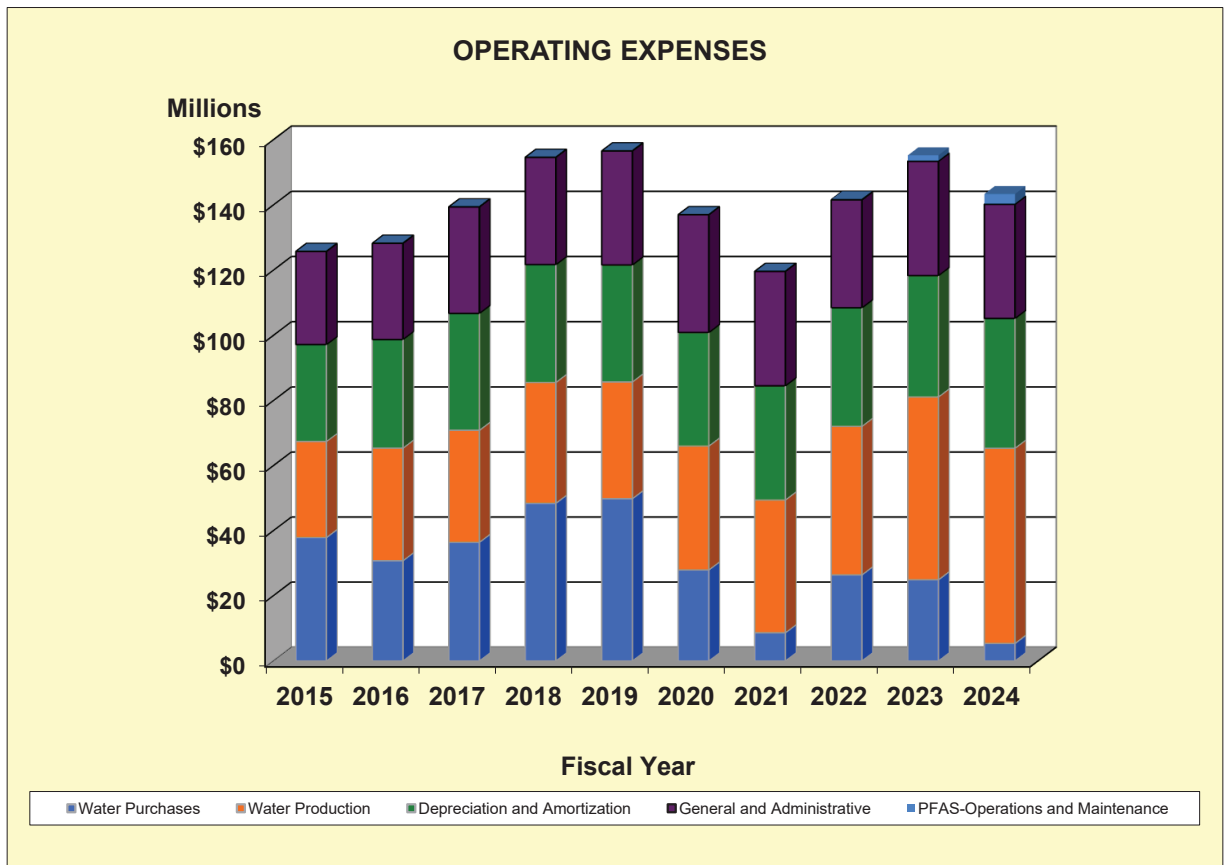
Source: OCWD Finance Department



# Orange County Water District

## Operating Expenses by Function Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water Purchases</u>	<u>Water Production</u>	<u>Depreciation and Amortization</u>	<u>General and Administrative</u>	<u>PFAS - Operations and Maintenance</u>	<u>Total</u>	<u>Percent Change</u>
2015	\$ 37,973,313	\$ 29,532,369	\$ 29,760,297	\$ 28,579,429	\$ -	\$125,845,408	-
2016	30,831,126	34,630,579	33,362,509	29,502,994	-	128,327,208	2.0%
2017	36,507,292	34,461,866	35,862,620	32,659,654	-	139,491,432	8.7%
2018	48,504,350	37,141,781	36,123,555	32,922,053	-	154,691,739	10.9%
2019	49,920,482	35,891,184	35,865,015	34,967,601	-	156,644,282	1.3%
2020	28,001,365	38,116,757	34,849,637	36,126,405	-	137,094,164	-12.5%
2021	8,679,073	40,829,932	35,112,462	35,091,661	-	119,713,128	-12.7%
2022	26,478,304	45,687,660	36,374,752	33,118,167	188,972	141,847,855	18.5%
2023	24,975,628	56,223,843	37,228,667	35,047,648	1,819,840	155,295,626	9.5%
2024	5,398,965	60,020,715	39,852,607	35,001,257	3,163,999	143,437,543	-7.6%



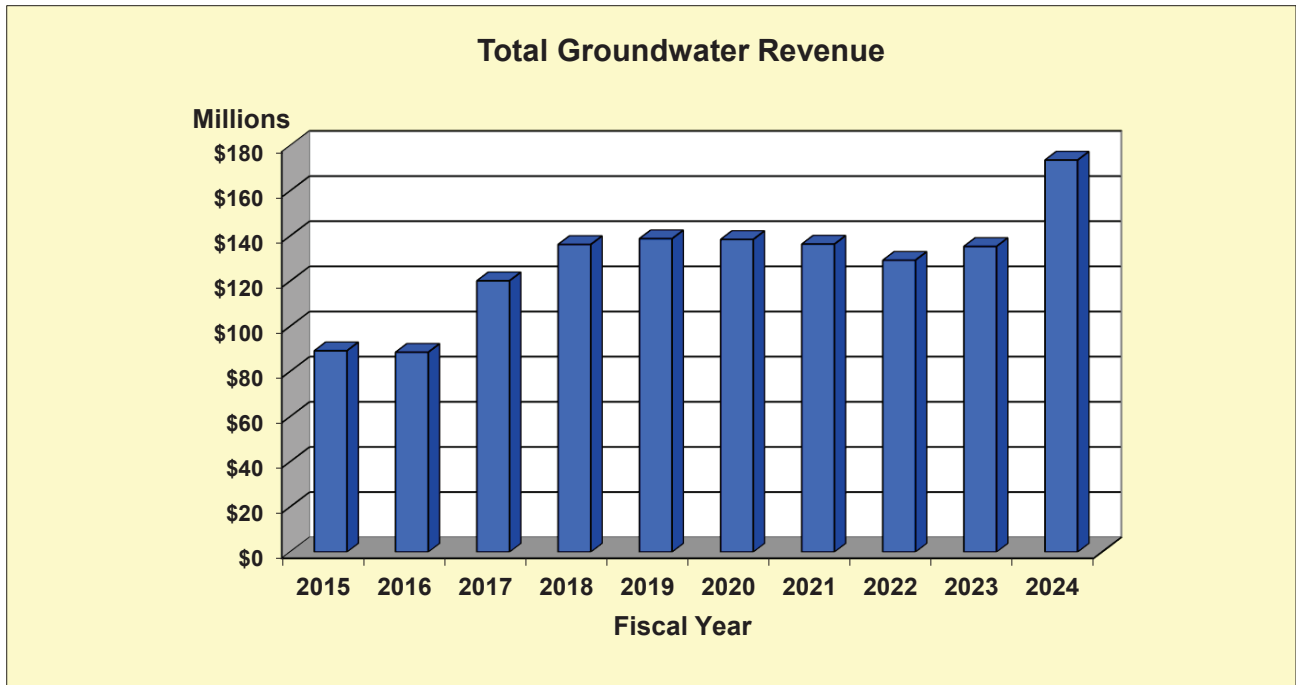
Source: OCWD Finance Department



# Orange County Water District

## Total Sales by Acre-Feet and Revenue by Water Type Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Irrigation (Acre-Feet)</u>	<u>Domestic (Acre-Feet)</u>	<u>In-Lieu Delivery (Acre-Feet)</u>	<u>Replenishment Assessment Revenue</u>
2015	2,624.6	302,634.5	0.0	89,137,337
2016	2,047.8	275,042.2	0.0	88,464,251
2017	1,589.6	300,047.8	0.0	120,120,803
2018	1,771.2	235,145.2	73,108.6	136,212,805
2019	740.1	302,756.4	0.0	138,779,385
2020	750.0	276,444.9	9,303.4	138,444,750
2021	749.4	281,043.1	0.0	136,357,405
2022	756.5	256,164.4	0.0	129,244,848
2023	535.5	244,674.5	0.0	135,370,694
2024	611.4	280,266.3	0.0	173,617,162



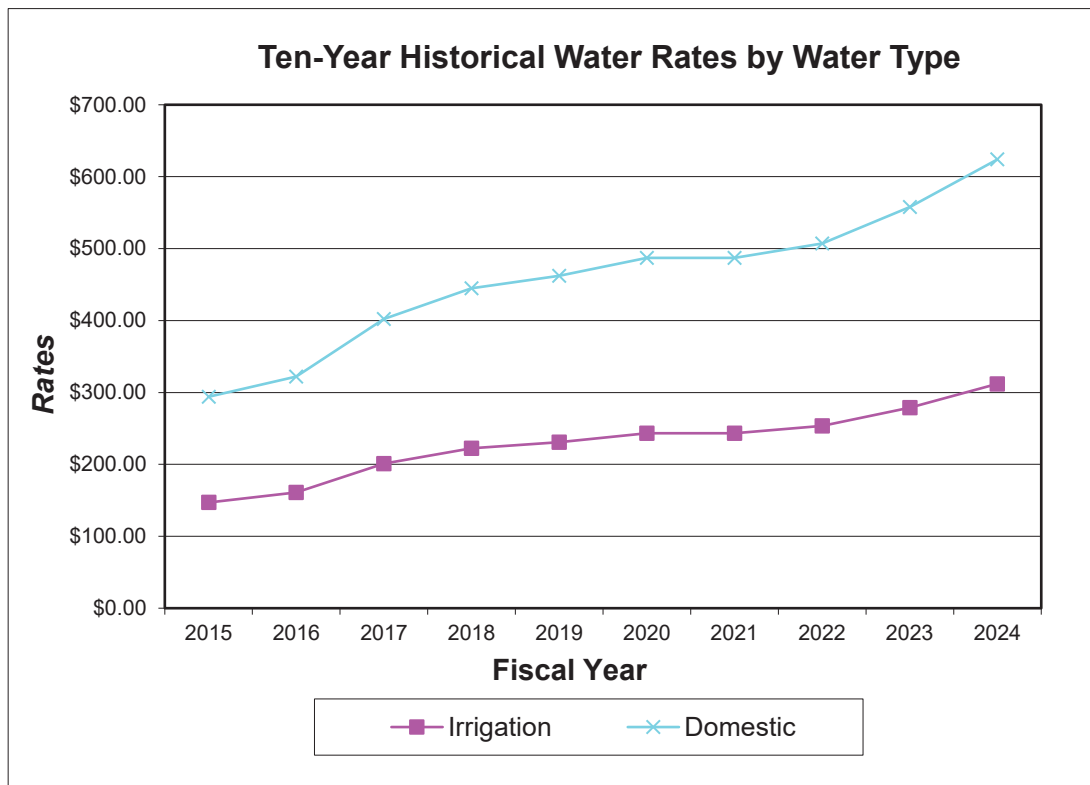
Source: OCWD Engineer's Report



# Orange County Water District

## Water Rates by Water Type Last Ten Fiscal Years (\$ per Acre-Foot)

<b>Fiscal Year</b>	<b>Irrigation</b>	<b>Domestic</b>
2015	147.00	294.00
2016	161.00	322.00
2017	201.00	402.00
2018	222.50	445.00
2019	231.00	462.00
2020	243.50	487.00
2021	243.50	487.00
2022	253.50	507.00
2023	279.00	558.00
2024	312.00	624.00



Source: OCWD Engineer's Report

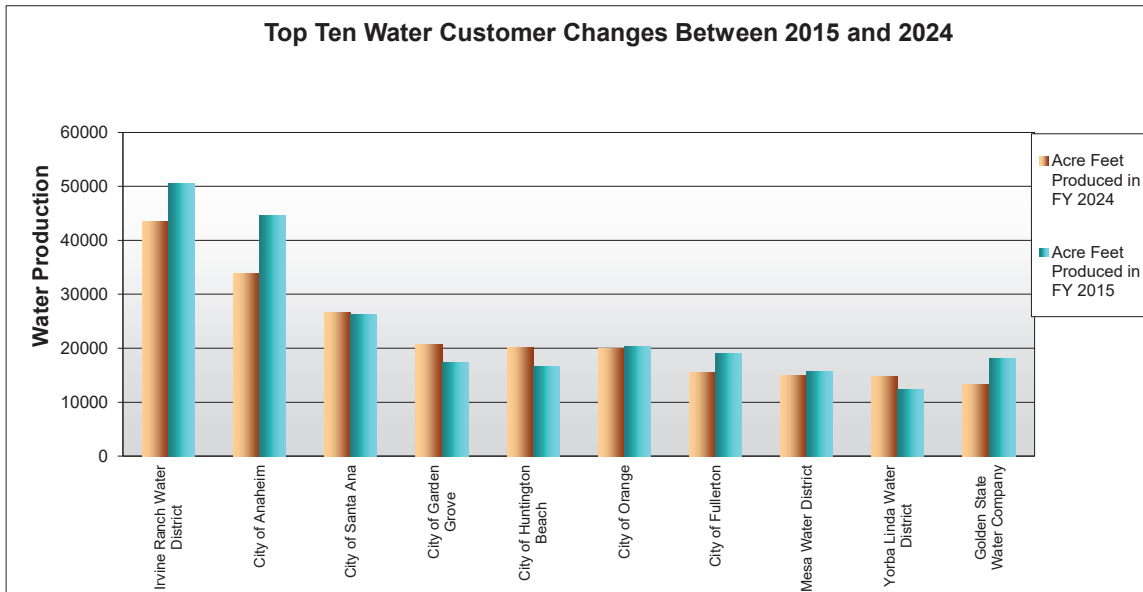




# Orange County Water District

## Changes In Top Ten Customers' Groundwater Production Current Fiscal Year and Ten Years Ago

Member Cities & Agencies	Acre Feet Produced in FY 2024	% of Water Produced in FY 2024	Acre Feet Produced in FY 2015	% of Water Produced in FY 2015
Irvine Ranch Water District	43,497.3	19.50%	50,495.8	20.97%
City of Anaheim	33,806.5	15.15%	44,689.5	18.55%
City of Santa Ana	26,674.8	11.96%	26,343.0	10.94%
City of Garden Grove	20,646.9	9.25%	17,421.4	7.23%
City of Huntington Beach	20,216.9	9.06%	16,603.9	6.89%
City of Orange	19,934.1	8.93%	20,372.9	8.46%
City of Fullerton	15,470.3	6.93%	18,950.2	7.87%
Mesa Water District	14,860.1	6.66%	15,653.1	6.50%
Yorba Linda Water District	14,765.7	6.62%	12,317.7	5.11%
Golden State Water Company	13,237.3	5.93%	18,027.5	7.48%
<b>Totals</b>	<b>223,109.9</b>	<b>100%</b>	<b>240,875.0</b>	<b>100%</b>



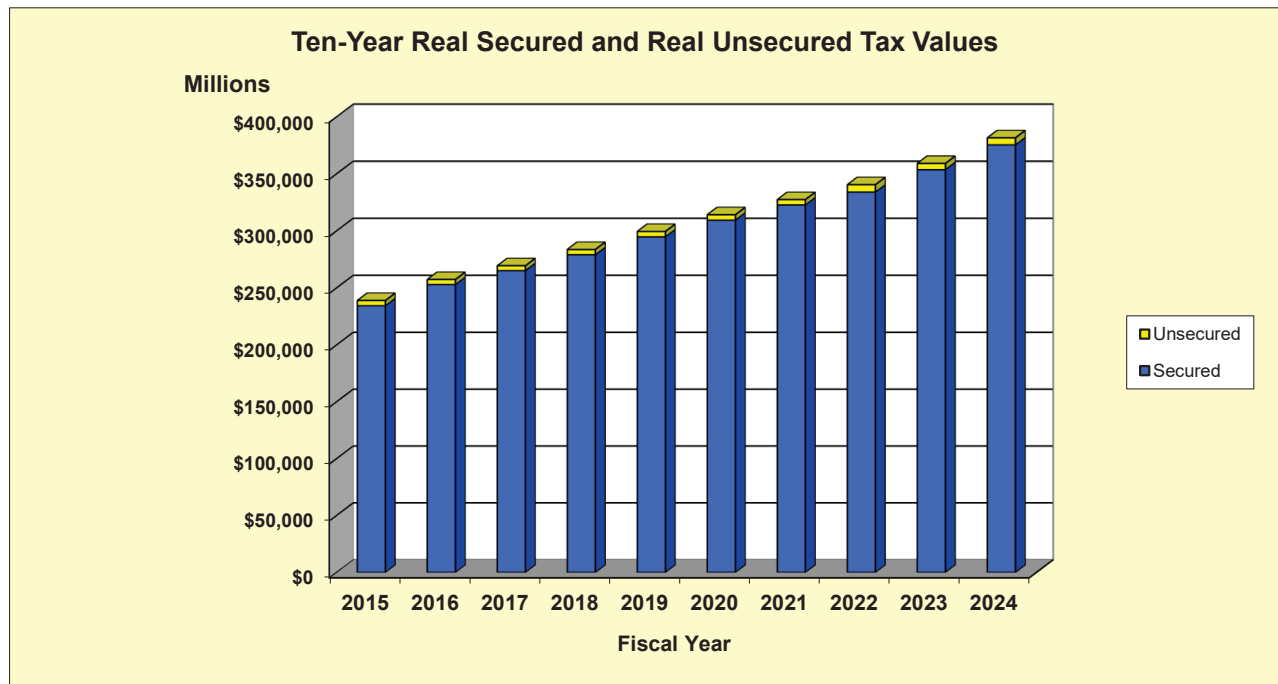
Source: OCWD Finance Department



# Orange County Water District

## Ten-Year Real Secured and Real Unsecured Assessed Tax Values Last Ten Fiscal Years

Fiscal Year	Real Secured	Real Unsecured	Total	Total Direct Tax Rate Percent (1)
2015	234,453,148,467	4,557,572,558	239,010,721,025	1.00
2016	253,073,090,395	4,339,622,163	257,412,712,558	1.00
2017	265,209,156,713	4,287,352,070	269,496,508,783	1.00
2018	279,177,420,172	4,576,957,093	283,754,377,265	1.00
2019	294,837,523,641	4,690,290,747	299,527,814,388	1.00
2020	309,504,719,273	4,732,621,485	314,237,340,758	1.00
2021	322,834,240,610	4,637,553,818	327,471,794,428	1.00
2022	334,079,374,016	6,450,394,897	340,529,768,913	1.00
2023	353,809,054,304	5,354,956,903	359,164,011,207	1.00
2024	375,490,750,634	6,162,604,562	381,653,355,196	1.00



(1) In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold.

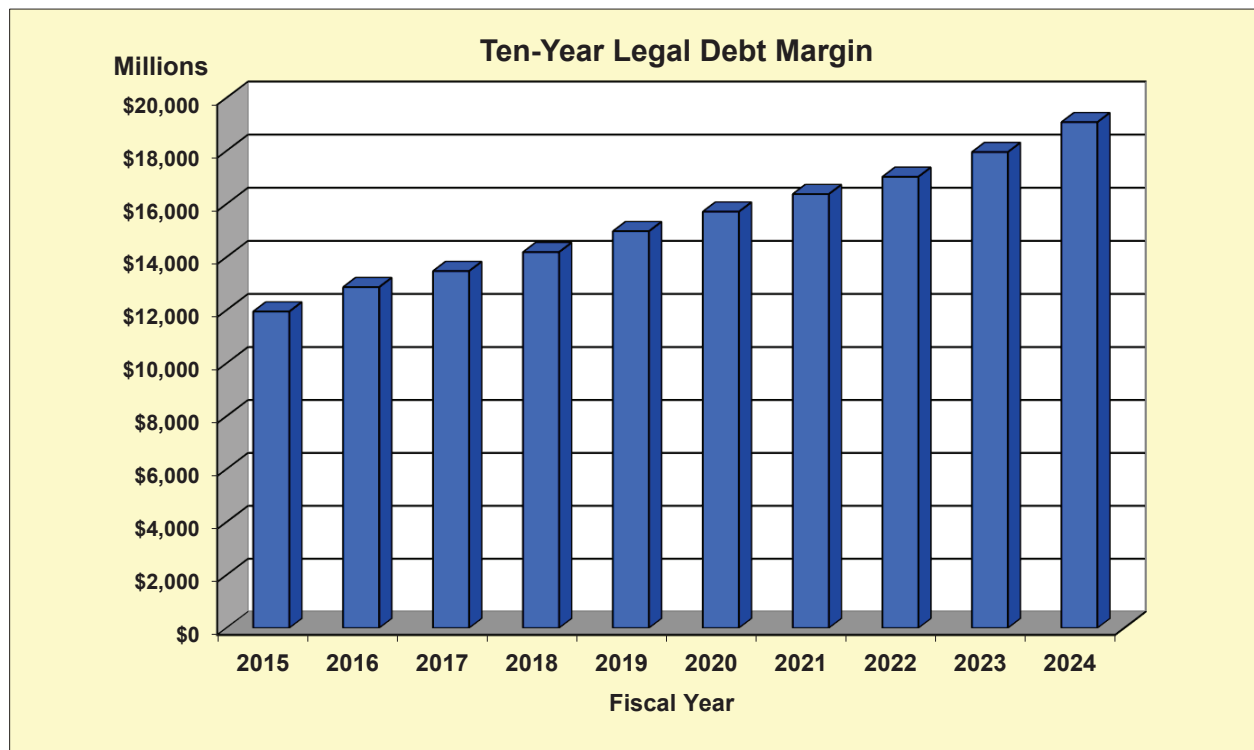
Source: County of Orange Office of Auditor/Controller-Property Tax Unit



# Orange County Water District

## Ten-Year Computation of Legal Debt Margin Fiscal Year 2015 Through 2024

Fiscal Year	Total Real Secured & Real Unsecured Assessed Value (1)	Legal Debt Limit (2)	Net Bonded Debt (3)	Legal Debt Margin (4)
2015	239,010,721,025	11,950,536,051	0	11,950,536,051
2016	257,412,712,558	12,870,635,628	0	12,870,635,628
2017	269,496,508,783	13,474,825,439	0	13,474,825,439
2018	283,754,377,265	14,187,718,863	0	14,187,718,863
2019	299,527,814,388	14,976,390,719	0	14,976,390,719
2020	314,237,340,758	15,711,867,038	0	15,711,867,038
2021	327,471,794,428	16,373,589,721	0	16,373,589,721
2022	340,529,768,913	17,026,488,446	0	17,026,488,446
2023	359,164,011,207	17,958,200,560	0	17,958,200,560
2024	381,653,355,196	19,082,667,760	0	19,082,667,760



- (1) Assessed Value is stated at taxable full cash value.
- (2) The Legal Debt Limit is 5% of the Assessed Value.
- (3) Net Bonded Debt is zero for the District.
- (4) Legal Debt Margin is computed by subtracting Net Bonded Debt from the Legal Debt Limit.

Source: County of Orange Office of Auditor/Controller-Property Tax Unit



# Orange County Water District

## Pledged-Revenue Coverage One Fiscal Year Debt Service

Fiscal Year	Revenue (1)	Less Operating & Maintenance Expenses (2)	Net Revenue	Senior Debt Service	Senior Debt Coverage	Net Revenues Available for Junior Debt Service	Junior Debt Service	Junior Debt Coverage	Total Debt Service (3)	Total Coverage
2024	230,546,139	98,448,578	132,097,561	26,251,244	5.03	105,846,317	8,206,788	12.90	34,458,032	3.83

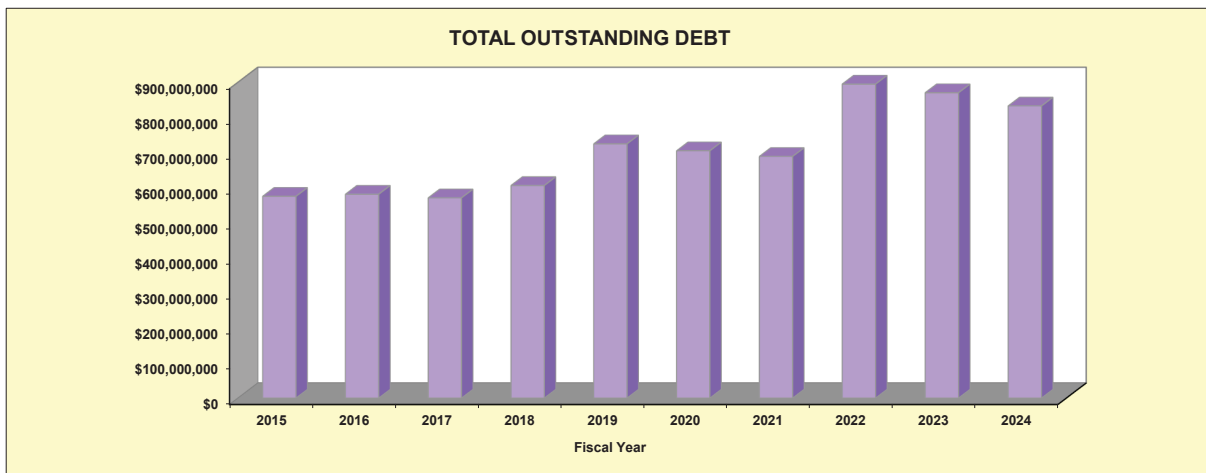
- (1) Revenues include replenishment assessment, reclaimed water revenues, conjunctive use program revenues, property tax revenue, investment income (excluding fair market value adjustment), rental income, operating income and other revenues.
- (2) Expenses exclude depreciation, amortization, water purchases, and interest expenses.
- (3) The District has executed, in total, sixteen Certificates of Participation and Revenue Refunding Bonds issuances since 1989. Only four debt issuances are outstanding (2003A, 2017A&B, 2019B, 2019C&D and 2021A) as of June 30, 2024. Other COP's are either advanced refunded, defeased, or refinanced with the help of the State loans, current COP's and Revenue Refunding Bonds.
- (4) Commercial paper principal payment of \$10,000,000 was made in July 2023 and a payment of \$4,500,000 in August 2023. These principal payments were not included in total principal payments because these were not scheduled District debt service payments.
- (5) The District has elected to show only one year of data for its pledged-revenue coverage.



# Orange County Water District

## Ratios of Outstanding Debt Last Ten Fiscal Years

Fiscal Year	COP Debt (2)	Revenue Refunding Bonds (2)	Commercial Paper (2)	State of California Loans (2)	WIFIA Loan (2)	Subscription-based Liabilities (SBITA) (2)	Total Outstanding Debt (2)	Per Capita (1) (3)	Percentage of Personal Income (1) (3)
2015	268,478,377	53,000,000	24,613,000	228,473,759	-	-	574,565,136	182	0.307%
2016	267,280,690	53,000,000	20,723,000	239,600,805	-	-	580,604,495	183	0.299%
2017	129,815,000	188,418,466	16,813,000	235,163,138	-	-	570,209,604	179	0.282%
2018	129,815,000	186,765,413	52,913,000	235,978,713	-	-	605,472,126	190	0.287%
2019	276,523,244	176,749,315	40,713,000	230,354,520	-	-	724,340,079	227	0.327%
2020	275,551,903	295,103,202	36,713,000	97,089,680	-	-	704,457,785	221	0.293%
2021	274,455,563	288,801,064	36,713,000	88,375,897	-	-	688,345,524	217	0.267%
2022	376,168,826	281,163,924	33,476,000	203,966,837	-	-	894,775,587	283	0.340%
2023	257,021,531	273,201,785	27,400,000	196,845,121	115,357,848	188,472	870,014,757	277	0.327%
2024	232,504,235	265,029,646	12,900,000	188,058,914	133,851,077	74,017	832,417,888	264	0.310%



- (1) Data Source: Demographic Research Unit, California Department of Finance. Data is for the entire County of Orange. The Orange County Water District services 381 square miles or 48% of the total 799 square miles that make up the boundaries of the County of Orange.
- (2) Data Source: Orange County Water District - Finance Department.
- (3) Data Source: Refer to Orange County Water District, ACFR Schedule - Demographic Statistics.

Source: OCWD Finance Department



# Orange County Water District

**Demographic Statistics**  
**Covering The Entire County of Orange (1)**  
**Last Ten Fiscal Years**

Fiscal Year	Population Estimates (2)	Total Personal Income (in Thousands)	Per Capita Personal Income	Median Family Income (4)	Unemployment Rate (5)
2015	3,148,491	187,042,532 (3)	59,407	87,942	4.7%
2016	3,165,028	194,223,700 (3)	61,366	92,063	4.3%
2017	3,185,541	202,337,241 (3)	63,517	97,012	3.8%
2018	3,192,479	210,648,610 (3)	65,983	102,047	3.2%
2019	3,192,408	221,692,307 (3)	69,444	107,171	3.0%
2020	3,188,326	240,734,263 (3)	75,505	108,243 (6)	13.4%
2021	3,172,352	257,834,298 (3)	81,275	113,908	6.9%
2022	3,158,071	263,290,135 (3)	83,371	121,553	2.9%
2023	3,141,065	265,923,036 (6)	84,660	122,769 (6)	3.7%
2024	3,150,835	268,582,267 (6)	85,242	123,996 (6)	4.0%

**Notes and Data Sources**

- (1) The Orange County Water District services 381 square miles or 48% of the total 799 square miles that make up the boundaries of the County.
- (2) Data Source: Demographic Research Unit, California Department of Finance.
- (3) Data Source: Bureau of Economic Analysis, U.S. Department of Commerce.
- (4) Data Source: Center for Demographic Research, California State University, Fullerton.
- (5) Data Source: State of California, Employment Development Department as of June 30 of each fiscal year.
- (6) Forecasted number based on 1% growth.

Source: OCWD Finance Department



## Orange County Water District

### *Principal Employers Last Year and Nine Years Ago*

#### 2023

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Disneyland Resort	34,000	1	2.22%
University of California, Irvine	26,072	2	1.70%
Providence South Division (California)	23,632	3	1.54%
County of Orange	18,000	4	1.17%
Kaiser Permanente	10,293	5	0.67%
Hoag Memorial Hospital Presbyterian	8,081	6	0.53%
Albertsons Southern California Division	7,222	7	0.47%
Allied Universal	6,145	8	0.40%
MemorialCare	5,800	9	0.38%
CHOC Hospital	5,462	10	0.36%

#### 2015

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Walt Disney Company	29,000	1	1.92%
University of California, Irvine	23,102	2	1.53%
County of Orange	18,053	3	1.19%
St. Joseph Health	11,925	4	0.79%
Kaiser Permanente	7,348	5	0.49%
Boeing Co.	6,470	6	0.43%
Wal-Mart Stores Inc.	6,000	7	0.40%
California State University, Fullerton	5,750	8	0.38%
Bank of America Corp.	5,500	9	0.36%
Universal Services of America	5,500	10	0.36%

Source: Orange County Business Journal, Book of Lists 2023 and 2015, County of Orange Annual Budget FY2014-15, Position Summary

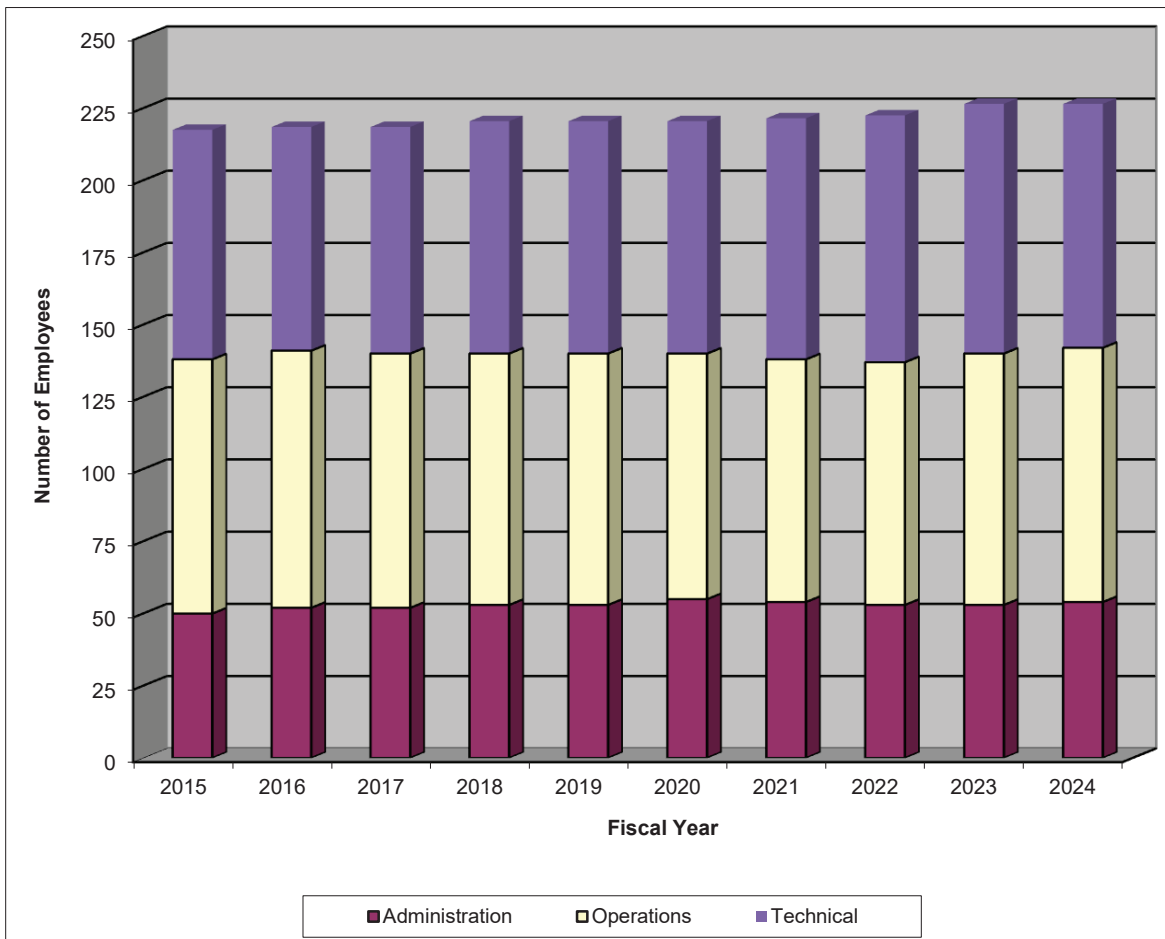


# Orange County Water District

## Personnel Trends Last Ten Fiscal Years

### FUNCTIONS

<u>Fiscal Year</u>	<u>Administration</u>	<u>Operations</u>	<u>Technical</u>	<u>Total</u>
2015	50.0	88.0	79.5	217.5
2016	52.0	89.0	77.5	218.5
2017	52.0	88.0	78.5	218.5
2018	53.0	87.0	80.5	220.5
2019	53.0	87.0	80.5	220.5
2020	55.0	85.0	80.5	220.5
2021	54.0	84.0	83.5	221.5
2022	53.0	84.0	85.5	222.5
2023	53.0	87.0	86.5	226.5
2024	54.0	88.0	84.5	226.5



Source: OCWD Finance Department





# Orange County Water District

**Fiscal Year 2023-24 Groundwater Production  
By Agency  
(Acre-Feet)**

City/Agency	Irrigation	Domestic	Total	% of Water Sold
Anaheim, City of		33,806.5	33,806.5	12.03%
Buena Park, City of		11,114.4	11,114.4	3.96%
East Orange County Water District		62.2	62.2	0.02%
County of Orange		102.7	102.7	0.04%
Fountain Valley, City of		8,126.1	8,126.1	2.89%
Fullerton, City of		15,470.3	15,470.3	5.51%
Garden Grove, City of		20,646.9	20,646.9	7.35%
Golden State Water Company		13,237.3	13,237.3	4.71%
Huntington Beach, City of		20,216.9	20,216.9	7.20%
Irvine Ranch Water District		43,497.3	43,497.3	15.49%
La Palma, City of		1,590.6	1,590.6	0.57%
Mesa Water District		14,860.1	14,860.1	5.29%
Newport Beach, City of		9,828.4	9,828.4	3.50%
Orange, City of		19,934.1	19,934.1	7.10%
Orange County Water District*		1,628.5	1,628.5	0.58%
Santa Ana, City of		26,674.8	26,674.8	9.50%
Seal Beach, City of		2,341.2	2,341.2	0.83%
Serrano Water District		1,278.6	1,278.6	0.46%
Tustin, City of		6,899.6	6,899.6	2.46%
Westminster, City of		9,844.4	9,844.4	3.50%
Yorba Linda Water District		14,765.7	14,765.7	5.26%
All Operations Other Than Above	611.4	4,339.7	4,951.1	1.76%
<b>Totals</b>	<b>611.4</b>	<b>280,266.3</b>	<b>280,877.7</b>	<b>100%</b>

Source: OCWD Finance Department



Orange County Water District

**Demographic and Production Indicators**  
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Demographics</b>										
Service Area (Square Miles)	381	381	381	381	381	381	381	381	381	381
Population Estimate (1), (2)	3,150,835	3,141,065	3,158,071	3,172,352	3,188,326	3,192,408	3,192,479	3,185,541	3,165,028	3,148,491
Median Family Income (1), (3)	\$ 123,996 (6)	\$ 122,769	\$ 121,553	\$ 113,908	\$ 108,243	\$ 107,171	\$ 102,047	\$ 97,012	\$ 92,063	\$ 87,942
<b>Production Data (A.F.) (4)</b>										
<b>Groundwater</b>										
Non-Irrigation Pumping	280,266.3 (6)	244,674.5	256,164.4	281,043.1	276,444.9	302,756.4	235,145.2	300,047.8	275,042.2	302,634.5
In-lieu Delivery	-	-	-	-	9,303.4	-	73,108.6	-	-	-
Irrigation Pumping	611.4 (6)	535.5	756.5	749.4	750.0	740.1	1,771.2	1,589.6	2,047.8	2,624.6
<b>Supplemental Water</b>										
Non-Irrigation Delivery	53,423.7 (6)	88,441.5	121,730.4	102,523.8	90,198.3	70,872.8	87,019.2	68,580.9	70,624.9	98,501.9
Conservation Credit	-	-	-	-	-	-	2,460.7	2,613.7	2,007.1	1,731.8
Irrigation Delivery	-	-	-	-	-	-	242.2	-	-	-
<b>Non-Local Water Purchased by OCWD (A.F.) (5)</b>										
Western Municipal Water District	-	-	-	-	-	-	-	-	-	-
Alamitos Barrier	2,191.6 (6)	2,993.9	2,704.0	2,617.6	2,100.0	2,015.2	912.2	1,166.1	2,398.9	2,236.3
Talbert Barrier - Fountain Valley	-	-	-	1.3	-	-	-	-	-	-
Talbert Barrier - Mesa Water District	-	3.6	14.1	15.7	2.0	20.1	18.4	7.8	7.0	17.7
Forebay Recharge	0 (6)	16,865.0	22,982.1	-	18,098.2	40,344.9	66,113.5	48,918.1	45,118.0	48,616.8
In-lieu Program	-	-	-	-	9,354.7	-	73,108.6	-	-	-
Basin Water Supply Management Program	-	-	-	-	-	-	-	-	-	-
Arlington Desalter	-	-	-	-	-	-	-	-	-	-
SARCCUP Water Bank	-	-	-	2,000.0	-	-	-	-	-	-

**Notes and Data Sources:**

- (1) The Orange County Water District services 381 square miles or 48% of the total 799 square miles that make up the boundaries of the County of Orange.
- (2) Data Source: Demographic Research Unit, California Department of Finance.
- (3) Data Source: Bureau of Economic Analysis, U.S. Department of Commerce.
- (4) Data Source: Appendix I, OCWD Engineer's Reports, from WY 2015 to WY 2024.
- (5) Data Source: Appendix 4, OCWD Engineer's Reports, from WY 2005 to WY 2024.
- (6) Preliminary data for WY 2024

Source: OCWD Finance Department



# Orange County Water District

## Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2024	2023	2022	2021	2020
<b>Water Treatment</b>					
<b>Facilities (million gallons per day)</b>					
Groundwater Replenishment System (GWRS)	130	130	100	100	100
<b>Pipeline (miles)</b>					
Green Acre Project Pipeline	33	33	33	33	33
GWRS Pipeline	18	18	15	15	15
<b>Recharge</b>					
Recharge Facilities	27	27	27	27	27
Recharge System Storage (acre-feet)	26,402	26,402	26,402	26,402	26,402
<b>Basin Management</b>					
Groundwater Monitoring Wells	531	523	522	497	482
Injection Wells	109	109	78	78	78
Soil Gas Monitoring Wells	10	10	10	10	10
Other Wells	16	16	16	16	16
Function	2019	2018	2017	2016	2015
<b>Water Treatment</b>					
<b>Facility (million gallons per day)</b>					
Groundwater Replenishment System (GWRS)	100	100	100	100	100
<b>Pipeline (miles)</b>					
Green Acre Project Pipeline	33	33	33	33	33
GWRS Pipeline	15	15	15	15	15
<b>Recharge</b>					
Recharge Facilities	28	28	28	26	26
Recharge System Storage (acre-feet)	26,402	26,402	26,402	26,278	26,278
<b>Basin Management</b>					
Groundwater Monitoring Wells	478	467	430	424	397
Injection Wells	78	79	81	64	60
Soil Gas Monitoring Wells	10	10	10	10	10
Other Wells	16	16	16	16	16

Source: OCWD Finance Department

# Orange County Water District Finance Department

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