



# Annual Comprehensive Financial Report

*For Fiscal Year Ended  
June 30, 2024*



**Yorba Linda  
Water District**

YORBA LINDA WATER DISTRICT  
PLACENTIA, CALIFORNIA

Annual Comprehensive Financial Report  
For the Year Ended June 30, 2024

PREPARED BY:

Yorba Linda Water District Finance Department

Delia Lugo, Finance Manager  
Sophia Phuong, Accounting Supervisor  
Maria Trujillo, Accountant  
Maggie Powell, Accounting Assistant II  
Keri Hollon, Accounting Assistant II

YORBA LINDA WATER DISTRICT  
PLACENTIA, CALIFORNIA

Annual Comprehensive Financial Report  
For the Year Ended June 30, 2024

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PLACENTIA, CALIFORNIA

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## INTRODUCTORY SECTION

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# Yorba Linda Water District



SERVING THE COMMUNITY  
SINCE 1909

October 30, 2024

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

## **Introduction**

The Yorba Linda Water District (“District”) is pleased to present its Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2024. This report was prepared pursuant to the guidelines set forth by the Governmental Accounting Standards Board (GASB).

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

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This was the 14<sup>th</sup> consecutive year the District has received this recognition. To be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The District believes that its current ACFR continues to meet the Certificate of Achievement Program requirements and will be submitting it to the GFOA to determine its eligibility for receipt of a certificate again this year. The District has been included in GFOA’s recent internet posting and recognized among 357 out of 4,200 applying government entities, on a national level, as a GFOA “Triple Crown Winner.” To receive this recognition, governments would have to have received GFOA’s Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award for a single represented fiscal year.



### **District Structure and Leadership**

The Yorba Linda Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The District has provided water and/or sewer services to residents and businesses in the City of Yorba Linda, and portions of Placentia, Brea, Anaheim, and unincorporated Orange County since 1959, the year it was formed to take over the assets and water service responsibilities of the Yorba Linda Water Company, a mutual water company formed in 1909. The District is governed by a five-member Board of Directors, elected at large from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employs a full-time staff of 81 employees. The District's Board of Directors meets bi-monthly. Meetings are publicly noticed and citizens are encouraged to attend virtually or in person.

### **Mission/Vision Statement and Major Initiatives**

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

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

### **District Services**

The District's service area is known for having larger than average residential lots and a network of horse trails. The City of Yorba Linda's median household income is approximately 36% greater than the overall median income for Orange County.

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

firefighting resources, and transport wastewater to the Orange County Sanitation District's (OCSAN) treatment plants in Fountain Valley, California.

The District provides water, sewer, or a combination of both services to residents and businesses within its service area, which includes approximately 14,475 acres of land, comprising 22.6 square miles. The District serves a population of approximately 84,000 and currently provides water service to approximately 25,500 residential, commercial, and light industrial connections. Residential customers make up approximately 93% of the District's customer base and consume approximately 75% of the water provided annually by the District. The District also provides sewer collection service for approximately 25,371 customer connections.

As a Special District, the Board, as part of the annual budget development process, approves rates and charges to ensure the cost of service and debt service obligations are met and to allow for the effective planning of future capital improvements. To that end, on June 8, 2021, the Board of Directors approved a new 5-year rate structure in accordance with California's Proposition 218 with an effective date of July 1, 2021 that included the following:

- A "commodity" rate, comprised of the actual cost of the water (including energy and other costs directly tied to the commodity), that mostly floats freely from the District's fixed costs, and insulates the District's finances from fluctuation.
- A "fixed meter charge" that is collected monthly on the customer bill and ensures a consistent revenue stream that is mostly unaffected by changes in demand or government mandates.
- A "capital finance charge" that covers a portion of the District's annual debt service obligations, including principal and interest for long-term intergenerational capital projects. This charge is based on the size of the service meter connection and appears on the annual property tax bill for taxable parcels within the District's service area or is invoiced manually for those meter connections that do not have their own affiliated, distinct parcel number.
- A "sewer maintenance charge" collected by way of a monthly fixed charge for residential customers and a combined fixed and volumetric charge for commercial customers. For sewer only customers, the "sewer maintenance charge" is collected on the property tax roll.

In Fiscal Year 2023-24, with an effective date of July 1, 2023, the commodity rate was adjusted to \$3.45/unit, which included a \$0.31 Pass-Through. The monthly meter charges were set as follows:  $\frac{5}{8}$ " and  $\frac{3}{4}$ " meters at \$32.86, 1" meters at \$51.26, 1  $\frac{1}{2}$ " meters at \$97.20, 2" meters at \$152.33, 3" meters at \$326.96, 4" meters at \$584.28 and 6" meters at \$1,475.75. At an average of 16.4 units of water per month (approximately 12,267 gallons), a typical 1" metered YLWD residential customer's monthly water billing was about \$107.84. The sewer maintenance fee was adjusted to \$11.97 per month for traditional single-family residential customers, \$11.52 per month per dwelling unit for multi-family residential customers, and \$11.97 per month plus a \$0.46 per unit volumetric charge, based on water consumption above 7 units for commercial customers. The annual Capital Finance Charge, which is predominantly collected on the annual property tax bill of the property owner, was set as follows per the size of meter connection:  $\frac{5}{8}$ " and  $\frac{3}{4}$ " meters at \$81.00, 1" meters at \$135.00, 1  $\frac{1}{2}$ " meters at \$269.76, 2" meters at \$431.28, 3" meters at \$943.08, 4" meters at \$1,697.16 and 6" meters at \$4,310.16.

The District's water supplies come from two sources: local groundwater and imported water. For Fiscal Year 2023-24, approximately 87% came from groundwater basins managed by Orange County Water District (OCWD). OCWD sets a maximum percentage of water that can be pumped from the ground, the Basin Production Percentage (BPP). The remaining 13% was purchased through the Municipal

Water District of Orange County (MWDOC). MWDOC, in turn, purchases water from the Metropolitan Water District of Southern California (Metropolitan) who receives its water supply through the Metropolitan-owned Colorado River Aqueduct and the State of California-owned State Water Project (Northern California source). The cost of imported water to retail agencies, such as the District, is approximately double the cost of pumping groundwater from local groundwater basins. Imported water is treated at Metropolitan's Robert B. Diemer Treatment Plant, located on Valley View and Diemer Road in Yorba Linda. The District's current system capacity can store approximately 57 million gallons of water in its reservoirs and produce approximately 40 million gallons of potable water per day through its wells and imported water connections.

### **Economic Condition and Outlook**

The District's administrative offices are located in the City of Placentia in Orange County. The local economy within the District's service area remains fiscally strong and continues to improve. Wages and housing prices remain strong and unemployment remains low.

In July 2022, District Board of Directors authorized the issuance of Revenue Bonds, Series 2022A in the amount of \$32,310,000. This issuance funded approximately \$20 million in new water capital projects, the pay-down of \$5.7 million balance due on a revolving line of credit, and advance refund of \$5.6 million outstanding balance on the Refunding Revenue Bonds, Series 2012A. The advance refunding of the Refunding Revenue Bonds, Series 2012 will save District rate payers approximately \$348,000 in aggregate and on a net present value basis. The benefit of using bonds to fund large capital projects allows the repayment period of the debt to equal the useful life of the project (infrastructure projects benefit current and future rate payers). Using cash to fund long-term capital infrastructure is impractical as it requires increasing rates well in advance of expenditures and investing cash to maintain pace with inflation.

Among the growing portfolio of mandates with which the District must comply are treatment requirements for emerging types of contaminants that, due to advances in technology, can now be detected in minute quantities (i.e. parts per trillion). That being said and with the District's PFAS Treatment Plant becoming fully operational in April 2022, the District was able to return to its traditional operating plan, for water supply purchases in particular, the entire year for Fiscal Year 2023-24. This Ion Exchange (IX) plant has 6 pre-filter units, 22 Ion Exchange vessels, a 25 MGD booster pumping station, and a 1000kW natural gas back-up generator which requires a periodic change of the resins. In Fiscal Year 2023-24, it was the first time since the construction of the plant that the resins were changed in 4 out of 22 vessels by OCWD and the cost is approximately \$665,000. As the usage of the plant progresses, this will be a routine and added cost to the District.

In Fiscal Year 2023-24, the District implemented GASB Statement 101 Compensated Absences which requires that liabilities for compensated absences be recognized for leaves that have not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This implementation is applied retroactively which resulted in an increase in beginning net position of \$852,347.

### **Future Years**

In Fiscal Year 2023-24, the update of the District's Water Master Plan has been completed. This updated master plan, in addition to the District's Asset Management, has been used to update a detailed 5-year Capital Improvement Program for Fiscal Year 2024-25. Projects for systems in need

of upgraded energy, capacity, and reliability, as well as in the fire protection categories will be prioritized to improve quality and efficiency.

Rules, regulations, and mandates concerning water use efficiency are ever-evolving in California. As such, the District will continue to update its plans/policies/ procedures to address new developments in this arena. In Fiscal Year 2024-25, the District is in the fourth year of its 2021 5-Year Water and Sewer Rate Study (Study) where the District's commodity rate floats mostly separately from the fixed rate that mostly covers the District's fixed costs. As such, no significant financial impact to the District's financial strength is anticipated due to lower customer demand.

The adopted budget for Fiscal Year 2024-25 is predicated upon the assumption that customer water demand will increase from that of Fiscal Year 2023-24 in anticipation that the fiscal year's weather pattern will not experience as much rain though it is expected that District customers will be in consideration of permanent landscaping changes, water use efficiency awareness, and a growing culture of drought sensitivity. In addition, the adopted two-year Memorandum of Understanding (MOU) which provided a 4% COLA increase in base salary in Fiscal Year 2024-25 as well as increased rates from other municipal entities and power costs were all considered in preparation of the Fiscal Year 2024-25 budget.

### **Long-term Financial Planning and Policies**

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

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

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

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

### **Water and Sewer Rates**

As previously discussed, the Board of Directors approved a 5-year rate structure with an effective starting date of July 1, 2021. This rate structure was approved in compliance with Proposition 218

that requires a lengthy public notice and public hearing process. Of the 29,149 parcels within the District service area that were eligible to protest, only 413 (1.4%) protests were received by the public hearing date of June 8, 2021, far short of the 14,575 protests required to overturn the rate adjustment. The new rate structure fundamentally changes and fortifies the District's financial outlook into the future. Much needed stability and resilience against fluctuations in demand have been achieved and the District now has a predictable and sustainable path forward.

### **Technological Advancements**

The District continues to use advancements in technology to improve all aspects of its operations and customer interface on a regular and ongoing basis. Among the many improvements are the implementation of Office 365 which enhances collaboration and communication at all levels, strengthening cybersecurity by conducting scanning to identify vulnerabilities, and addressing it through patching and system upgrades along with enhanced firewalls. Improvements in phone system hardware upgrade has been completed to ensure compliance with Kari's Law and Ray Baum's Act regarding 911 direct dialing, notification, and dispatchable location requirements. The District is committed to keeping its technology current.

### **Internal Control Structure**

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

### **Budgetary Control**

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

### **Cash and Investment Management**

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

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments made by the District are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required to prevent any potential loss on any individual security or depository from exceeding the income generated from the remainder of the portfolio.
2. **Liquidity:** The investment portfolio is to remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated.

3. **Yield:** The investment portfolio is designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

### **Audit and Financial Reporting**

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

### **Other References**

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


### **Acknowledgments**

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

Respectfully submitted,

  
**Mark Toy, P.E.\* BC.WRE**  
General Manager

*\*Licensed in Arizona and Virginia*

  
**Delia D. Lugo**  
Finance Manager

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## Yorba Linda Water District Board of Directors and Executive Staff



Trudi DesRoches,  
President



Tom Lindsey, Vice-President



Phil Hawkins, Director



Gene Hernandez, Director



Brett R. Barbre, Director

.....



Mark Toy, General Manager



Douglass Davert, Asst. General  
Manager



Rosanne Weston  
Engineering Manager



John DeCriscio  
Operations Manager

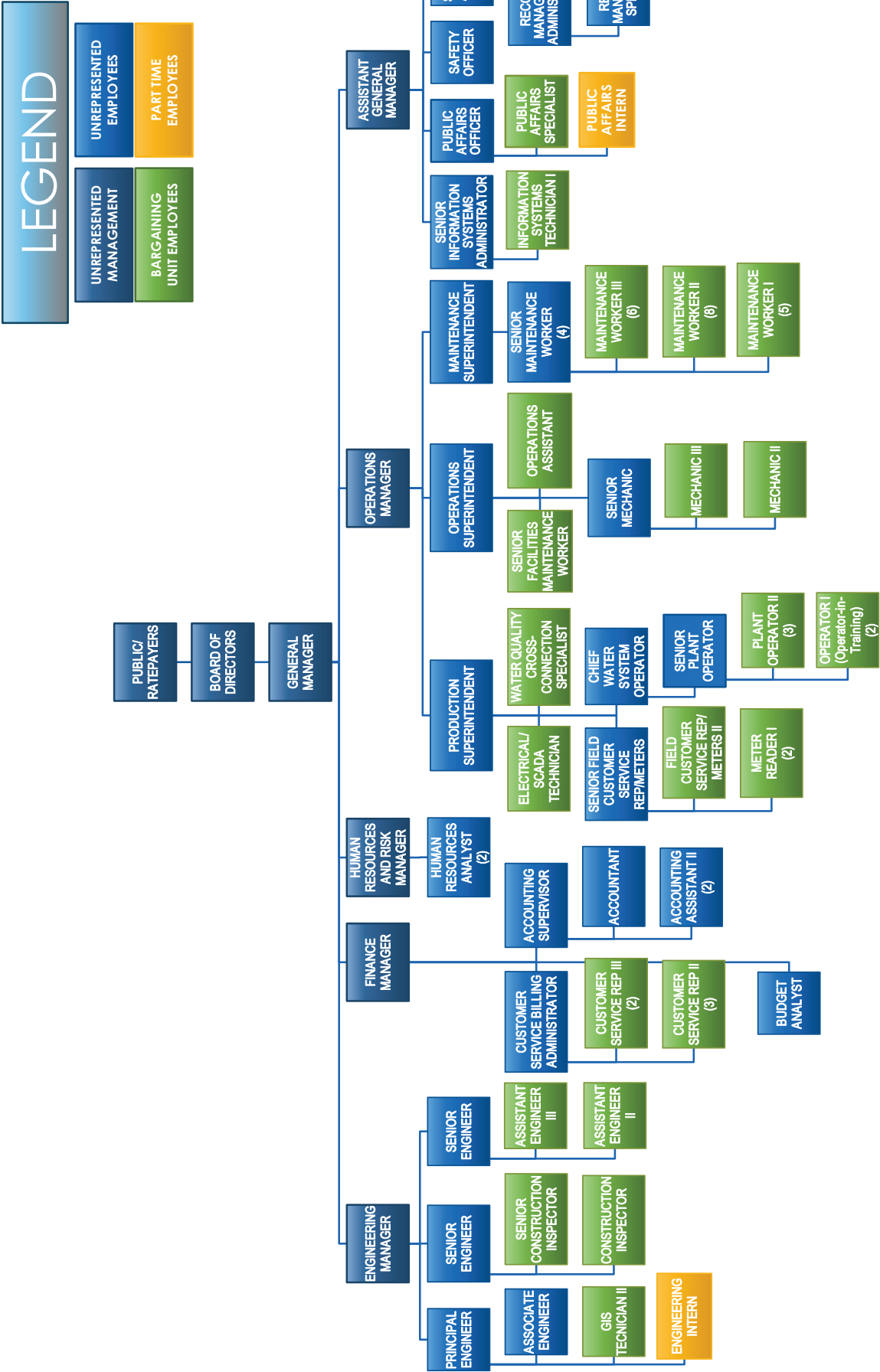


Lori Thompson  
HR/Risk Manager

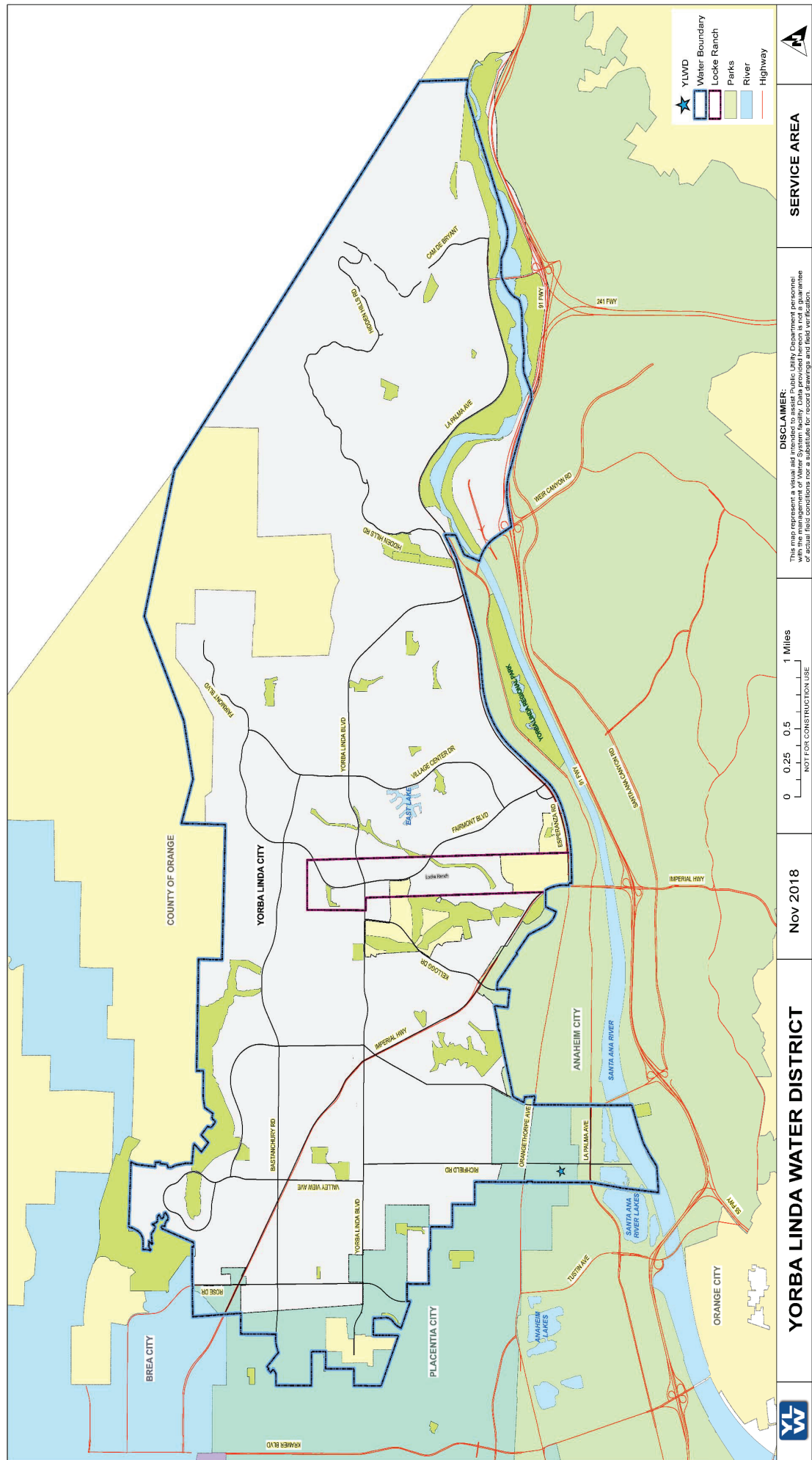


Delia Lugo  
Finance Manager





# District Service Area Boundaries





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Yorba Linda Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

Executive Director/CEO

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Yorba Linda Water District  
Placentia, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the of the District, as of June 30, 2024, and the 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 State 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



To the Board of Directors  
Yorba Linda Water District  
Placentia, California

material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Combining Financial Statements, Schedule of Operating Expenses by Cost Center and Nature of Expenses for Water and Sewer, and the Schedule of Capital Assets ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and



To the Board of Directors  
Yorba Linda Water District  
Placentia, California

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the 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.

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 30, 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 the District's internal control over financial reporting and compliance.

Brea, California  
October 30, 2024



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## YORBA LINDA WATER DISTRICT

### *Management's Discussion and Analysis*

**For the Year Ended June 30, 2024**

The Yorba Linda Water District ("District") financial statements are prepared in conformity with Generally Accepted Accounting Principles ("GAAP") and include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Readers should evaluate the financial statements with the accompanying Notes to Financial Statements. The Notes to Financial Statements are an integral part of the financial statements and provide useful explanations and detailed information on the presented financial statements. The Management's Discussion and Analysis ("MD&A") precedes the financial statements, and its purpose is to provide an overall analysis of the District's financial position and results of operations for the fiscal year ended June 30, 2024.

#### **Financial Highlights**

##### **FY 2024**

- The District's net position increased by \$3.3 million or a 1.7% increase in net position.
- During the year, the District's revenues were \$55.0 million, an increase of 19.1%.
- During the year, the District's expenses were \$52.7 million, an increase of 17.6%.
- The District had net increase to capital assets of \$1.2 million.

#### **Required Financial Statements**

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

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

The *Statement of Net Position* states the financial position of the District at June 30, 2024. This statement includes five components: District assets plus deferred outflow of resources, less liabilities and deferred inflows of resources, with the remaining difference between those items being reported as the net position. It provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. The *Statement of Revenues, Expenses and Changes in Net Position* accounts for the annual results of operations. This statement shows the current year's revenues, expenses, capital contributions, and also calculates the overall change in net position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement may be used to evaluate profitability/sustainability/lucrative-ness and credit worthiness. These two statements are shown using the accrual basis of accounting. This means revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments.

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

#### **Financial Analysis of the District**

The following condensed schedules contain summary financial information extracted from the basic financial statements and are meant to assist readers in evaluating the District's overall financial position and results of operations. These two statements report the District's net position and changes in them. One can think of the District's net position as a way to measure the District's financial health, or financial position. Over time, increases

# YORBA LINDA WATER DISTRICT

## Management's Discussion and Analysis

For the Year Ended June 30, 2024

or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to take into consideration other factors such as changes in economic conditions, conservation mandates, population growth, weather patterns, zoning, response to unanticipated events, and new or changed government legislation, such as changes in Federal and State water quality standards.

### Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 21 through 48.

### Statement of Net Position

Statement of Net Position for the year ended June 30, 2024 is as follows:

|  | 2024                  | Restated<br>2023      | Change              |
|--|-----------------------|-----------------------|---------------------|
| Assets:  |                       |                       |                     |
| Current Assets                                       | \$ 64,665,730         | \$ 54,188,389         | \$ 10,477,341       |
| Restricted Assets                                    | 9,749,222             | 20,110,170            | (10,360,948)        |
| Lease Receivable                                     | 84,765                | 144,393               | (59,628)            |
| Capital Assets, net                                  |                       |                       |                     |
| Not Depreciable                                      | 13,633,078            | 8,988,523             | 4,644,555           |
| Depreciable, net of Accumulated Depreciation         | 197,961,502           | 201,434,552           | (3,473,050)         |
| <b>Total Assets</b>                                  | <b>286,094,297</b>    | <b>284,866,027</b>    | <b>1,228,270</b>    |
| Deferred Outflows of Resources:                      | 6,403,467             | 6,549,571             | (146,104)           |
| Liabilities:   |                       |                       |                     |
| Liabilities Payable from Unrestricted Current Assets | 12,316,300            | 12,466,717            | (150,417)           |
| Non-current Liabilities                              | 85,296,968            | 86,926,960            | (1,629,992)         |
| <b>Total Liabilities</b>                             | <b>97,613,268</b>     | <b>99,393,677</b>     | <b>(1,780,409)</b>  |
| Deferred Inflows of Resources:                       | 1,349,252             | 1,798,560             | (449,308)           |
| Net Position:  |                       |                       |                     |
| Net Investment in Capital Assets                     | 158,153,034           | 165,329,003           | (7,175,969)         |
| Restricted   | 1,790,643             | 1,873,557             | (82,914)            |
| Unrestricted   | 33,591,567            | 23,020,801            | 10,570,766          |
| <b>Total Net Position</b>                            | <b>\$ 193,535,244</b> | <b>\$ 190,223,361</b> | <b>\$ 3,311,883</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, Assets and Deferred Outflows of Resources of the District exceeded Liabilities and Deferred Inflows of Resources by \$193.5 million as of June 30, 2024. Total Assets increased by \$1.2 million mainly due the increase in cash and cash equivalents offset by the decrease in unspent bond proceeds pertaining to the Revenue Bonds, Series 2022A debt issuance in Restricted Asset. Total Liabilities decreased by \$1.8 million.

By far the largest portion of the District's Net Position (81.7% as of June 30, 2024) reflects the District's Investment in Capital Assets (net of accumulated depreciation) less any related debt (net investment in capital assets) used to acquire those assets that remain outstanding. For the year ended June 30, 2024, Net Investment in Capital Assets decreased by \$7.2 million mainly due to the current year depreciation and amortization expense. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

**YORBA LINDA WATER DISTRICT**

***Management's Discussion and Analysis***

**For the Year Ended June 30, 2024**

**Statement of Revenues, Expenses and Changes in Net Position**

Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2024 is as follows:

|  | <u>2024</u>               | <u>Restated<br/>2023</u>  | <u>Change</u>           |
|--|---------------------------|---------------------------|-------------------------|
| <b>Revenues:</b>   |                           |                           |                         |
| Operating Revenues:                                      |                           |                           |                         |
| Water Sales  | \$ 42,366,064             | \$ 36,880,380             | \$ 5,485,684            |
| Sewer Revenue  | 4,002,126                 | 3,453,202                 | 548,924                 |
| Other Operating Revenue                                  | 1,963,537                 | 1,273,958                 | 689,579                 |
| Total Operating Revenues                                 | <u>48,331,727</u>         | <u>41,607,540</u>         | <u>6,724,187</u>        |
| Non-operating Revenues:                                  |                           |                           |                         |
| Investment Income  | 3,302,499                 | 1,279,458                 | 2,023,041               |
| Property Taxes   | 2,423,322                 | 2,323,369                 | 99,953                  |
| Other Nonoperating Income                                | 956,382                   | 973,139                   | (16,757)                |
| Total Nonoperating Revenue                               | <u>6,682,203</u>          | <u>4,575,966</u>          | <u>2,106,237</u>        |
| <b>Total Revenues</b>                                    | <u>55,013,930</u>         | <u>46,183,506</u>         | <u>8,830,424</u>        |
| <b>Expenses:</b>   |                           |                           |                         |
| Operating Expenses:                                      |                           |                           |                         |
| Variable Costs   | 16,900,164                | 15,308,429                | 1,591,735               |
| Personnel Services                                       | 13,352,318                | 9,495,878                 | 3,856,440               |
| Supplies and Services                                    | 8,769,138                 | 8,100,671                 | 668,467                 |
| Depreciation   | 9,188,082                 | 9,094,787                 | 93,295                  |
| Total Operating Expenses                                 | <u>48,209,702</u>         | <u>41,999,765</u>         | <u>6,209,937</u>        |
| Nonoperating Expenses:                                   |                           |                           |                         |
| Interest Expense   | 2,218,001                 | 2,408,426                 | (190,425)               |
| Losses on Sale of Capital Assets                         | 2,190,824                 | -                         | 2,190,824               |
| Other Nonoperating Expense                               | 32,180                    | 358,045                   | (325,865)               |
| Total Nonoperating Expenses                              | <u>4,441,005</u>          | <u>2,766,471</u>          | <u>1,674,534</u>        |
| <b>Total Expenses</b>                                    | <u>52,650,707</u>         | <u>44,766,236</u>         | <u>7,884,471</u>        |
| <br><b>Net Income(Loss) before Capital Contributions</b> | <br>2,363,223             | <br>1,417,270             | <br>945,953             |
| Capital Contributions                                    | 948,660                   | 26,022,951                | (25,074,291)            |
| <br><b>Change in Net Position</b>                        | <br>3,311,883             | <br>27,440,221            | <br>(24,128,338)        |
| <b>Net Position, Beginning of Year</b>                   | <u>190,223,361</u>        | <u>162,783,140</u>        | <u>27,440,221</u>       |
| <br><b>Net Position, End of Year</b>                     | <br><u>\$ 193,535,244</u> | <br><u>\$ 190,223,361</u> | <br><u>\$ 3,311,883</u> |

## YORBA LINDA WATER DISTRICT

### *Management's Discussion and Analysis*

#### **For the Year Ended June 30, 2024**

The Statement of Revenues, Expenses and Changes of Net Position shows how the District's net position changed between the referenced fiscal years. In the case of the District, its net position increased by approximately \$3.3 million for the fiscal year ended June 30, 2024.

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

In 2024, the District's Total Revenues increased by \$8.8 million, primarily due to an increase in Water Sales resulting from the increase in water rate and an increase in investment income due to the investments producing higher yields in current year compared to those of last year. Total Expenses increased by \$7.9 million primarily due to an increase in Variable Water Costs of \$1.6 million, an increase of \$3.9 million in Personnel Services, and an increase of \$2.1 million in Losses on Sales of Capital Assets. The increase in Variable Water Costs is predominantly due to an increase in replenishment assessment rate in ground water. The increase in Personnel Services are due to an increase in salary determined by the implementation of the compensation study, an increase in benefit due to the District paying 100% of the premium for medical, dental, and vision insurance for employees and their qualified dependents per Memorandum of Understanding that was adopted effective July 1, 2023, an increase in pension expense due to result of the CalPERS return on investment, and due to the impact of implementation of GASB Statement 101 in Compensated Absences. An increase in Losses on Sale of Capital Assets is due to the \$2.1 million Sewer Laterals write off.

#### **Capital Assets**

Changes in Capital Assets amounts for 2024 were as follows:

|                                       | <u>Balance<br/>2023</u> | <u>Adjustments/<br/>Additions/Transfer</u> | <u>Deletions</u>      | <u>Balance<br/>2024</u> |
|---------------------------------------|-------------------------|--|-----------------------|-------------------------|
| Capital Assets:                       |                         |  |                       |                         |
| Capital Assets, Not Being depreciated | \$ 8,988,523            | \$ 4,680,391                               | \$ (35,836)           | \$ 13,633,078           |
| Capital Assets, Being depreciated     | 339,726,275             | 7,870,020                                  | (3,581,890)           | 344,014,405             |
| Less Accumulated Depreciation         | <u>(138,291,723)</u>    | <u>(9,188,082)</u>                         | <u>1,426,902</u>      | <u>(146,052,903)</u>    |
| Total Capital Assets, Net             | \$ <u>210,423,075</u>   | \$ <u>3,362,329</u>                        | \$ <u>(2,190,824)</u> | \$ <u>211,594,580</u>   |

At the end of fiscal year 2024, the District's investment in Capital Assets amounted to \$211.6 million (Net of Accumulated Depreciation). This investment in Capital Assets includes land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, vehicles and construction-in-process, etc. Major capital asset projects in fiscal year 2024 included a new well, waterline replacement, addition of water mains, and security improvements. In fiscal year 2024, pursuant to sewer rules and regulation effective July 1, 2023, the District wrote off \$2.1 million of Sewer Laterals that were deemed as non District's assets.

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

## YORBA LINDA WATER DISTRICT

### *Management's Discussion and Analysis*

**For the Year Ended June 30, 2024**

#### **Long-Term Liabilities**

Changes in Long-Term Debt amounts for the year ended June 30, 2024 were as follows:

|                              | <b>Beginning<br/>Balance<br/>as restated</b> | <b>Additions</b>  | <b>Deletions</b>      | <b>Ending<br/>Balance</b> |
|------------------------------|--|-------------------|-----------------------|---------------------------|
| 2017A Revenue Bonds          | \$ 23,870,000                                | \$ -              | \$ (1,045,000)        | \$ 22,825,000             |
| 2022A Refunding Revenue Bond | 32,310,000                                   | -                 | (480,000)             | 31,830,000                |
| Subtotal                     | <u>56,180,000</u>                            | <u>-</u>          | <u>(1,525,000)</u>    | <u>54,655,000</u>         |
| Add (Less):                  |  |                   |                       |                           |
| 2012A Premium                | -  | -                 | -                     | -                         |
| 2017A Premium                | 3,176,174                                    | -                 | (208,273)             | 2,967,901                 |
| 2022A Premium                | 3,208,232                                    | -                 | (109,683)             | 3,098,549                 |
| Total Revenue Bonds          | <u>62,564,406</u>                            | <u>-</u>          | <u>(1,842,956)</u>    | <u>60,721,450</u>         |
| Compensated Balances         | <u>970,314</u>                               | <u>202,972</u>    | <u>-</u>              | <u>1,173,286</u>          |
| Total Long-Term Debt         | <u>\$ 63,534,720</u>                         | <u>\$ 202,972</u> | <u>\$ (1,842,956)</u> | <u>\$ 61,894,736</u>      |

The beginning balance for long-term debt was restated due to implementation of GASB Statement No. 101, Compensated Absences which was the changes in accounting principle. In fiscal year 2024, long-term debt decreased by \$1.6 million due to the principal payments on the 2017A and 2022A Revenue Bonds.

Additional information regarding long-term liabilities can be found in note 6 in Notes to Basic Financial Statements.

#### **Requests for Information**

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



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## **BASIC FINANCIAL STATEMENTS**

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**YORBA LINDA WATER DISTRICT****Statement of Net Position****June 30, 2024**

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**ASSETS**

## Current assets:

Cash and Cash Equivalents \$ 57,645,013

## Receivables (net of uncollectibles):

Accounts Receivable - Water and Sewer Services 5,933,112

Accounts Receivable - Property Taxes 56,379

Accrued Interest Receivable 153,949

Prepaid Expenses and Deposits 336,970

Inventory 472,673

Lease Receivable 67,634

## Restricted:

Investments - Pension Trust 989,118

Investments - OPEB Trust 364,360

Investments - Deposits 355,083

Cash with Fiscal Agent 8,040,661

Total current assets 74,414,952

## Noncurrent:

Leases Receivable 84,765

Not Depreciable Capital Assets 13,633,078

Capital Assets, net of Depreciation/Amortization 197,961,502Total noncurrent assets 211,679,345**Total assets** **286,094,297****DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows - Pension Plans 5,614,271

Deferred Outflows - OPEB 789,196**Total deferred outflows of resources** **6,403,467**

**YORBA LINDA WATER DISTRICT****Statement of Net Position****June 30, 2024****LIABILITIES**

## Current liabilities:

|                                    |           |
|------------------------------------|-----------|
| Accounts Payable                   | 7,705,594 |
| Accrued Expenses                   | 529,024   |
| Accrued Interest                   | 648,124   |
| Unearned Revenue                   | 22,547    |
| Compensated Absences Payable       | 571,557   |
| Customer and Construction Deposits | 1,114,187 |
| Leases Payable                     | 6,912     |
| Subscriptions Payable              | 118,355   |
| Certificates of Participation      | 1,600,000 |

|                           |                   |
|---------------------------|-------------------|
| Total current liabilities | <u>12,316,300</u> |
|---------------------------|-------------------|

## Noncurrent liabilities:

|                               |            |
|-------------------------------|------------|
| Unearned Annexation Revenue   | 10,653,251 |
| Compensated Absences          | 601,729    |
| Leases Payable                | 220,769    |
| Subscriptions Payable         | 26,223     |
| Certificates of Participation | 59,121,450 |
| Net Pension Liability         | 13,560,261 |
| Net OPEB Liability            | 1,113,285  |

|                              |                   |
|------------------------------|-------------------|
| Total noncurrent liabilities | <u>85,296,968</u> |
|------------------------------|-------------------|

|                          |                          |
|--------------------------|--------------------------|
| <b>Total liabilities</b> | <b><u>97,613,268</u></b> |
|--------------------------|--------------------------|

**DEFERRED INFLOWS OF RESOURCES**

|   |         |
|---|---------|
| Deferred Inflows - Deferred Charge on Refunding | 388,498 |
| Deferred Inflows - Pension Plans                | 448,787 |
| Deferred Inflows - OPEB                         | 323,644 |
| Deferred Inflows - Leases                       | 188,323 |

|  |                         |
|--|-------------------------|
| <b>Total deferred inflows of resources</b> | <b><u>1,349,252</u></b> |
|--|-------------------------|

**NET POSITION**

|  |             |
|--|-------------|
| Net Investment in Capital Assets           | 158,153,034 |
| Restricted - Pension Benefits              | 989,118     |
| Restricted - Water Conservation            | 82,082      |
| Restricted - Other Postemployment Benefits | 364,360     |
| Restricted - Depository Cash               | 355,083     |
| Net Position, Unrestricted                 | 33,591,567  |

|                           |                              |
|---------------------------|------------------------------|
| <b>Total net position</b> | <b><u>\$ 193,535,244</u></b> |
|---------------------------|------------------------------|

**YORBA LINDA WATER DISTRICT****Statement of Revenues, Expenses and Changes in Net Position****For the Year Ended June 30, 2024****OPERATING REVENUES**

|                         |               |
|-------------------------|---------------|
| Water Sales             | \$ 42,366,064 |
| Sewer Revenues          | 4,002,126     |
| Other Operating Revenue | 1,963,537     |

**Total operating revenues****48,331,727****OPERATING EXPENSES**

|                                       |            |
|---------------------------------------|------------|
| Variable Water Costs                  | 16,900,164 |
| Personnel Services                    | 13,352,318 |
| Supplies and Services                 | 8,769,138  |
| Depreciation and Amortization Expense | 9,188,082  |

**Total operating expenses****48,209,702****Operating income (loss)****122,025****NONOPERATING REVENUES (EXPENSES)**

|   |             |
|---|-------------|
| Property Taxes                          | 2,423,322   |
| Investment Income                       | 3,302,499   |
| Annexation Revenue Fees                 | 495,143     |
| Interest Expense                        | (2,218,001) |
| Gains (Losses) on Sale of Capital Asset | (2,190,824) |
| Other Nonoperating Revenues             | 461,239     |
| Other Nonoperating Expenses             | (32,180)    |

**Total nonoperating revenues (expenses)****2,241,198****Income (loss) before capital contributions and transfers****2,363,223****Capital Contributions****948,660****Change in net position****3,311,883****Net position-beginning, as restated****190,223,361****Net position-ending****\$ 193,535,244**

**YORBA LINDA WATER DISTRICT****Statement of Cash Flows****For the Year Ended June 30, 2024****CASH FLOWS FROM OPERATING ACTIVITIES**

|   |               |
|---|---------------|
| Receipts from customers                         | \$ 47,139,198 |
| Payments to suppliers and service providers     | (22,450,330)  |
| Payments to employees for salaries and benefits | (16,521,211)  |

**Net cash provided by (used for)  
operating activities****8,167,657****CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES**

|                                    |           |
|------------------------------------|-----------|
| Taxes                              | 2,438,450 |
| Operating grants and contributions | 312,279   |

**Net cash provided by (used for)  
noncapital financing activities****2,750,729****CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

|  |              |
|--|--------------|
| Acquisition and construction of capital assets | (11,520,934) |
| Principal paid on capital debt                 | (1,649,796)  |
| Interest paid on capital debt                  | (1,850,438)  |
| Annexation Fees                                | 15,644       |

**Net cash provided by (used for)  
capital and related financing activities****(15,005,524)****CASH FLOWS FROM INVESTING ACTIVITIES**

|                         |           |
|-------------------------|-----------|
| Interest on investments | 3,541,160 |
| Leasing activities      | 130,200   |

**Net cash provided by (used for)  
investing activities****3,671,360****Net increase (decrease) in  
cash and cash equivalents****(415,778)**

Cash and cash equivalents-beginning

66,101,452

**Cash and cash equivalents-ending****\$ 65,685,674****RECONCILIATION OF OPERATING INCOME (LOSS)  
TO NET CASH PROVIDED BY (USED FOR)  
OPERATING ACTIVITIES**

|  |             |
|--|-------------|
| Operating income (loss)  | \$ 122,025  |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used for) operating activities: |             |
| Depreciation/amortization expense  | 9,188,082   |
| (Increase) decrease in accounts receivable   | (705,882)   |
| (Increase) decrease in inventories   | 26,720      |
| (Increase) decrease in prepaid items   | (30,351)    |
| Increase (decrease) in accounts payable  | 3,222,603   |
| Increase (decrease) in accrued liabilities   | (3,302,864) |
| Increase (decrease) in deposits payable  | (486,647)   |
| Increase (decrease) in compensated absences  | (649,374)   |
| Increase (decrease) in net pension liability   | 820,839     |
| Increase (decrease) in net OPEB liability  | (37,494)    |
| Total adjustments  | 8,045,632   |

**Net cash provided by (used for)  
operating activities****\$ 8,167,657****SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL,  
AND INVESTING ACTIVITIES**

|   |                |
|---|----------------|
| Unrealized gain/(loss) on fair value of investments | \$ (2,190,824) |
| Amortization on bond discount/(premium)             | (317,956)      |

## **NOTES TO BASIC FINANCIAL STATEMENTS**



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## **YORBA LINDA WATER DISTRICT**

### **Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

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

The financial statements of Yorba Linda Water District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Yorba Linda Water District's significant accounting policies are described below.

##### **A. Organization and Description of the Reporting Entity**

The Yorba Linda Water District is an independent special district established in 1959, which operates under the authority of Division 12 of the California Water Code for the purpose of providing water and sewer services to properties within the District. The District is governed by a five member Board of Directors elected by the voters in the area to four-year terms. The District provides two services that include water and sewer. Water is provided to the most of the service area. Sewer is provided to the entire service areas. The District's service area includes Yorba Linda, portions of Placentia, Anaheim, and Brea, and areas of unincorporated Orange County. The District provides water and sewer services to approximately 84,000 residents.

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

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

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

##### **B. Basic Financial Statements**

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

##### **C. Basis of Presentation**

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

## **YORBA LINDA WATER DISTRICT**

### **Notes to the Financial Statements For the Year Ended June 30, 2024**

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

##### **D. Measurement Focus and Basis of Accounting**

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

##### **E. Cash and Cash Equivalents**

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

##### **F. Investments and Investment Policy**

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

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

##### **G. Accounts Receivable**

The District extends credit to customers in the normal course of operations. Management evaluates all accounts receivable and, if it is determined that they are uncollectible, they are written off as a bad debt expense. A charge of \$20,507 was made to bad debt expense for the year ended June 30, 2024. Management has evaluated the remaining accounts receivable and has determined that they are collectible.

##### **H. Prepaid Expenses**

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

##### **I. Inventory**

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

##### **J. Capital Assets and Right-to-Use Assets**

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

# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements

For the Year Ended June 30, 2024

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

Right-to-use lease assets are defined by the District as assets with an estimated useful life in excess of one year and with an initial, individual cost of \$5,000 or more. Such assets are recorded at the present value of the lease liability, including expenses to place the asset into service.

Right-to-use subscription assets are defined by the District as assets with an estimated useful life in excess of one year and with an initial, individual cost of \$15,000 or more. Such assets are recorded at the present value of the subscription liability, including implementation costs to place the asset into service.

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

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

### K. Deferred Outflows/Inflows of Resources

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

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

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 will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

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

## **YORBA LINDA WATER DISTRICT**

### **Notes to the Financial Statements For the Year Ended June 30, 2024**

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

- Deferred inflows related to pensions and OPEB for differences between changes of assumptions and changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions for pension. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to leases relates to the amount of the lease receivable plus any lease payments related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

#### **L. Customer Deposits**

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

#### **M. Construction Advances, Deposits, and Bonding Deposits**

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

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

#### **N. Unearned Revenue**

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

#### **O. Unearned Annexation Revenue**

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

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

#### **P. Net Position**

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

##### **Net Investment in Capital Assets**

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

## YORBA LINDA WATER DISTRICT

### Notes to the Financial Statements

For the Year Ended June 30, 2024

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

##### Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. Amounts reported in restricted net position for the year ended June 30, 2024, represent the following:

- a. Amount of \$82,082 which is the balance remaining of administrative penalty fees collected by the District that must be used for costs related to conservation efforts, water use efficiency improvements, water conservation education, and regulatory compliance.
- b. Amount of \$989,118 represents funds held in a trust with PARS that is restricted for future contributions to pension plans and \$364,360 represents funds held in a trust with PARS that is restricted for future contributions to an OPEB plan.
- c. Amount of \$355,083 represents funds held in a depository cash account that is restricted for the Cielo Vista Development.

##### Unrestricted Net Position

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

#### **Q. Net Position Flow Assumptions**

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

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

#### **R. Operating Revenues and Expenses**

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

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

#### **S. Property Taxes and Assessments**

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

## **YORBA LINDA WATER DISTRICT**

### **Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

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

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

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

#### **T. Water and Sewer Sales**

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

#### **U. Capital Contributions**

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

#### **V. Pensions**

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

#### **W. Post-Employment Benefits Other Than Pensions (OPEB)**

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

#### **X. Budgetary Policies**

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

#### **Y. Use of Estimates**

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

# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements

For the Year Ended June 30, 2024

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

#### Z. Implementation of New Accounting Standards

##### GASB 101: Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

### NOTE 2: CASH AND INVESTMENTS

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

#### Unrestricted Current Assets:

|                           |               |
|---------------------------|---------------|
| Cash and Cash Equivalents | \$ 57,645,013 |
|---------------------------|---------------|

#### Restricted Current Assets:

|                                      |         |
|--------------------------------------|---------|
| Cash and Investments - Pension Trust | 989,118 |
|--------------------------------------|---------|

|                                   |         |
|-----------------------------------|---------|
| Cash and Investments - OPEB Trust | 364,360 |
|-----------------------------------|---------|

|  |         |
|--|---------|
| Cash and Investments - Depository Cash | 355,083 |
|--|---------|

|                        |           |
|------------------------|-----------|
| Cash with fiscal agent | 8,040,661 |
|------------------------|-----------|

|                            |                      |
|----------------------------|----------------------|
| Total cash and investments | <u>\$ 67,394,235</u> |
|----------------------------|----------------------|

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

|              |        |
|--------------|--------|
| Cash on Hand | \$ 750 |
|--------------|--------|

|                                      |           |
|--------------------------------------|-----------|
| Deposits with Financial Institutions | 2,067,603 |
|--------------------------------------|-----------|

|             |            |
|-------------|------------|
| Investments | 65,325,882 |
|-------------|------------|

|                            |                      |
|----------------------------|----------------------|
| Total cash and investments | <u>\$ 67,394,235</u> |
|----------------------------|----------------------|

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

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

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



# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements

For the Year Ended June 30, 2024

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

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

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

### B. Investments Authorized by Debt Agreements

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

### C. Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following tables that show the distribution of the District's investments by maturity as of June 30, 2024.

## YORBA LINDA WATER DISTRICT

### Notes to the Financial Statements

For the Year Ended June 30, 2024

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

| Investment Type                    | Remaining<br>Maturity (in<br>Months) |
|------------------------------------|--------------------------------------|
|                                    | 12 Months<br>or Less                 |
| Local Agency Investment Fund       | \$ 10,321,429                        |
| Money Market Mutual Funds          | 10,193,036                           |
| CAMP                               | 35,062,195                           |
| Restricted:                        |                                      |
| Deposits                           | 355,083                              |
| Pension Trust - PARS Pooled Trust  | 989,118                              |
| OPEB Trust - PARS Pooled Trust     | 364,360                              |
| US Treasury Notes - Rev Bond 2022A | 7,989,055                            |
| US Bank - Cash Equivalent          | 51,606                               |
| Total                              | <u>\$ 65,325,882</u>                 |

#### D. Concentration of Credit Risk

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

#### E. Custodial Credit Risk

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

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

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

As of June 30, 2024, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

**YORBA LINDA WATER DISTRICT**

**Notes to the Financial Statements  
For the Year Ended June 30, 2024**

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

**F. Investment in State Investment Pool**

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

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

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

|                      |  |
|----------------------|--|
| Risk Tolerance       | Moderate   |
| Risk Management      | The portfolio is constructed to control through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process help to drive return potential while reducing portfolio risk. |
| Investment Objective | To provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.  |
| Strategic Ranges     | 0% - 20% Cash<br>40% - 60% Fixed Income<br>40% - 60% Equity  |

**H. Fair Value Measurements**

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

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

# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements

For the Year Ended June 30, 2024

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

|                                    | Quoted Prices<br>Level 1 | Observable<br>Inputs Level 2 | Unobservable<br>Inputs Level 3 | Total                |
|------------------------------------|--------------------------|------------------------------|--------------------------------|----------------------|
| US Treasury Notes - Rev Bond 2022A | \$ -                     | \$ 7,989,055                 | \$ -                           | \$ 7,989,055         |
| Total Leveled Investments          | \$ -                     | \$ 7,989,055                 | \$ -                           | 7,989,055            |
| Local Agency Investment Fund*      |                          |                              |                                | 10,321,429           |
| Money Market Mutual Funds          |                          |                              |                                | 10,193,036           |
| CAMP                               |                          |                              |                                | 35,062,195           |
| Restricted:                        |                          |                              |                                |                      |
| Deposits                           |                          |                              |                                | 355,083              |
| Pension Trust - PARS Pooled Trust  |                          |                              |                                | 989,118              |
| OPEB Trust - PARS Pooled Trust     |                          |                              |                                | 364,360              |
| US Bank - Cash Equivalent          |                          |                              |                                | 51,606               |
| Total Investments                  |                          |                              |                                | <u>\$ 65,325,882</u> |

\*LAIF is not subjected to fair value measurement hierarchy

### NOTE 3: RESTRICTED ASSETS

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

| Source                            | Use                            | 2024                |
|-----------------------------------|--------------------------------|---------------------|
| Cash Deposits                     | Cielo Vista Lennar Development | \$ 355,083          |
| Pension Trust - PARS Pooled Trust | Payment of Pension Benefits    | 989,118             |
| OPEB Trust - PARS Pooled Trust    | Payment of OPEB Benefits       | 364,360             |
| 2022A Revenue Bonds               | Capital Projects               | 8,040,661           |
| Total Restricted Assets           |                                | <u>\$ 9,749,222</u> |

# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements

For the Year Ended June 30, 2024

### NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2024 were as follows:

|   | Balance at<br>June 30, 2023 | Transfers<br>of CIP | Additions    | Deletions      | Balance at<br>June 30, 2024 |
|---|-----------------------------|---------------------|--------------|----------------|-----------------------------|
| Capital Assets, Not Depreciated:                |                             |                     |              |                |                             |
| Land, Mineral, and Water Rights                 | \$ 287,419                  | \$ 578,354          | \$ -         | \$ -           | \$ 865,773                  |
| Construction in Progress                        | 8,701,104                   | (7,420,696)         | 11,522,733   | (35,836)       | 12,767,305                  |
| Total Capital Assets,<br>Not Depreciated        | 8,988,523                   | (6,842,342)         | 11,522,733   | (35,836)       | 13,633,078                  |
| Capital Assets, Being Depreciated/Amortized:    |                             |                     |              |                |                             |
| Source of Supply                                | 5,609,731                   | 845,315             | -            | -              | 6,455,046                   |
| Pumping Plant                                   | 35,214,450                  | 1,320,930           | -            | -              | 36,535,380                  |
| Water Treatment Plant                           | 16,345,387                  | -                   | -            | -              | 16,345,387                  |
| Transmission and Distribution Plant             | 253,117,954                 | 4,115,282           | 946,861      | (3,581,890)    | 254,598,207                 |
| General Plant                                   | 28,910,489                  | 560,815             | -            | -              | 29,471,304                  |
| Lease assets                                    | 234,919                     | -                   | 2,140        | -              | 237,059                     |
| Subscription assets                             | 293,345                     | -                   | 78,677       | -              | 372,022                     |
| Total Capital Assets,<br>Being Depreciated      | 339,726,275                 | 6,842,342           | 1,027,678    | (3,581,890)    | 344,014,405                 |
| Less Accumulated Depreciation/Amortization for: |                             |                     |              |                |                             |
| Source of Supply                                | (3,063,537)                 | -                   | (125,087)    | -              | (3,188,624)                 |
| Pumping Plant                                   | (13,987,129)                | -                   | (1,363,824)  | -              | (15,350,953)                |
| Water Treatment Plant                           | (1,808,360)                 | -                   | (753,703)    | -              | (2,562,063)                 |
| Transmission and Distribution Plant             | (104,049,023)               | -                   | (5,636,580)  | 1,426,902      | (108,258,701)               |
| General Plant                                   | (15,314,196)                | -                   | (1,183,061)  | -              | (16,497,257)                |
| Lease assets                                    | (11,385)                    | -                   | (12,036)     | -              | (23,421)                    |
| Subscription assets                             | (58,093)                    | -                   | (113,791)    | -              | (171,884)                   |
| Total Accumulated Depreciation                  | (138,291,723)               | -                   | (9,188,082)  | 1,426,902      | (146,052,903)               |
| Total Capital Assets,<br>Being Depreciated, Net | 201,434,552                 | 6,842,342           | (8,160,404)  | (2,154,988)    | 197,961,502                 |
| Total Capital Assets, Net                       | \$ 210,423,075              | \$ -                | \$ 3,362,329 | \$ (2,190,824) | \$ 211,594,580              |

Depreciation and amortization expense for the depreciable capital assets was \$9,188,082 for the fiscal year ended June 30, 2024.

# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements

For the Year Ended June 30, 2024

### NOTE 5: LEASES

#### A. Leases Payable

| Leases Payable  | Balance at<br>June 30, 2023 | Additions   | Deletions         | Balance at<br>June 30, 2024 | Due within<br>one year |
|-----------------|-----------------------------|-------------|-------------------|-----------------------------|------------------------|
| Copier Lease    | \$ 33,707                   | \$ -        | \$ (6,804)        | \$ 26,903                   | \$ 6,912               |
| Well Land Lease | 201,448                     | -           | (670)             | 200,778                     | -                      |
| Not Depreciated | <u>\$ 235,155</u>           | <u>\$ -</u> | <u>\$ (7,474)</u> | <u>\$ 227,681</u>           | <u>\$ 6,912</u>        |

As of June 30, 2024, the District had 2 active leases. The leases have payments that range from \$5,284 to \$7,549 and interest rates that range from 2.6820% to 3.0%. As of June 30, 2024, the total combined value of the lease liability is \$227,681, the total combined value of the short-term lease liability is \$6,912. The combined value of the lease assets, as of June 30, 2024 of \$237,059 with accumulated amortization of \$23,421.

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

| Fiscal Year | Principal         | Interest          | Total             |
|-------------|-------------------|-------------------|-------------------|
| 2025        | 6,912             | 6,079             | 12,991            |
| 2026        | 6,664             | 6,490             | 13,154            |
| 2027        | 7,012             | 6,310             | 13,322            |
| 2028        | 5,484             | 6,125             | 11,609            |
| 2029        | 59                | 6,066             | 6,125             |
| 2030-2034   | 3,310             | 30,185            | 33,495            |
| 2035-2039   | 9,492             | 29,338            | 38,830            |
| 2040-2044   | 17,559            | 27,456            | 45,015            |
| 2045-2049   | 27,955            | 24,229            | 52,184            |
| 2050-2054   | 41,218            | 19,278            | 60,496            |
| 2055-2059   | 57,996            | 12,135            | 70,131            |
| 2060-2063   | 44,020            | 3,312             | 47,332            |
|             | <u>\$ 227,681</u> | <u>\$ 177,003</u> | <u>\$ 404,684</u> |

#### B. Deferred Inflows related to Leases

| Deferred Inflows<br>Related to Leases | Balance at<br>June 30, 2023 | Additions        | Deletions           | Balance at<br>June 30, 2024 |
|---------------------------------------|-----------------------------|------------------|---------------------|-----------------------------|
| Verizon (SMSA)                        | \$ 54,238                   | \$ 48,064        | \$ (59,995)         | \$ 42,307                   |
| Crown Castle                          | 187,611                     | -                | (41,595)            | 146,016                     |
| Total                                 | <u>\$ 241,849</u>           | <u>\$ 48,064</u> | <u>\$ (101,590)</u> | <u>\$ 188,323</u>           |

**YORBA LINDA WATER DISTRICT****Notes to the Financial Statements****For the Year Ended June 30, 2024****NOTE 5: LEASES (CONTINUED)****C. Leases Receivable**

| <u>Lease Receivable</u> | <u>Balance at<br/>June 30, 2023</u> | <u>Additions</u> | <u>Deletions</u>    | <u>Balance at<br/>June 30, 2024</u> |
|-------------------------|-------------------------------------|------------------|---------------------|-------------------------------------|
| Verizon (SMSA)          | \$ 57,480                           | \$ 48,063        | \$ (78,248)         | \$ 27,295                           |
| Crown Castle            | 166,695                             | -                | (41,591)            | 125,104                             |
| Total                   | <u>\$ 224,175</u>                   | <u>\$ 48,063</u> | <u>\$ (119,839)</u> | <u>\$ 152,399</u>                   |

As of June 30, 2024, the District had 2 active leases. The leases have receipts that range from \$44,518 to \$49,328 and interest rates that range from 3% to 3.34%. As of June 30, 2024, the total combined value of the lease receivable is \$152,399, the total combined value of the short-term lease receivable is \$67,634, and the combined value of the deferred inflow of resources is \$188,323. The district received \$10,361 in variable lease interest.

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

| <u>Fiscal Year</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>      |
|--------------------|-------------------|-----------------|-------------------|
| 2025               | 67,634            | 4,384           | 72,018            |
| 2026               | 41,686            | 2,831           | 44,517            |
| 2027               | 43,079            | 1,439           | 44,518            |
| Total              | <u>\$ 152,399</u> | <u>\$ 8,654</u> | <u>\$ 161,053</u> |

**NOTE 6: SUBSCRIPTION-BASED TECHNOLOGY ARRANGEMENTS****A. Subscription Liability**

| <u>Subscription Liability</u> | <u>Balance at<br/>June 30, 2023</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at<br/>June 30, 2024</u> | <u>Due within<br/>one year</u> |
|-------------------------------|-------------------------------------|------------------|------------------|-------------------------------------|--------------------------------|
| Software                      | \$ 183,223                          | \$ 78,677        | \$ (117,322)     | \$ 144,578                          | \$ 118,355                     |

As of June 30, 2024, the District had 10 active subscriptions. The subscriptions have payments that range from \$3,533 to \$51,000 and interest rates that range from 2.184% to 3.238%. As of June 30, 2024, the total combined value of the subscription liability is \$144,578. The combined value of the right to use asset, as of June 30, 2024 of \$372,022 with accumulated amortization of \$171,883.

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

| <u>Fiscal Year</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>      |
|--------------------|-------------------|-----------------|-------------------|
| 2025               | \$ 118,355        | \$ 3,747        | \$ 122,102        |
| 2026               | 26,223            | 761             | 26,984            |
| Total              | <u>\$ 144,578</u> | <u>\$ 4,508</u> | <u>\$ 149,086</u> |

**YORBA LINDA WATER DISTRICT****Notes to the Financial Statements****For the Year Ended June 30, 2024****NOTE 7: LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2024, were as follows:

|                                  | Balance<br>June 30, 2023,<br>as restated | Additions  | Deletions    | Balance<br>June 30, 2024 | Due Within<br>One Year |
|----------------------------------|--|------------|--------------|--------------------------|------------------------|
| Business-Type activities         |  |            |              |                          |                        |
| 2017A Revenue Bonds              | \$ 23,870,000                            | \$ -       | \$ 1,045,000 | \$ 22,825,000            | \$ 1,095,000           |
| 2022A Revenue Bonds              | 32,310,000                               | -          | 480,000      | 31,830,000               | 505,000                |
| Subtotal                         | 56,180,000                               | -          | 1,525,000    | 54,655,000               | 1,600,000              |
| Add (Less):                      |  |            |              |                          |                        |
| 2017A Premium                    | 3,176,174                                | -          | 208,273      | 2,967,901                | -                      |
| 2022A Premium                    | 3,208,232                                | -          | 109,683      | 3,098,549                | -                      |
| Total Certificates Participation | 62,564,406                               | -          | 1,842,956    | 60,721,450               | 1,600,000              |
| Compensated Absences             | 970,314                                  | 202,972    | -            | 1,173,286                | 571,557                |
| Total                            | \$ 63,534,720                            | \$ 202,972 | \$ 1,842,956 | \$ 61,894,736            | \$ 2,171,557           |

**A. 2017A Revenue Bonds**

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

At June 30, 2024, the 2017A Bonds' outstanding balance was \$22,825,000.

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

The 2017A Bonds are obligations of the Authority payable solely from payments received from the District pursuant to the Installment Purchase Agreement by and between the District and the Authority. The Installment Purchase Agreement requires the District to fix, prescribe, and collect rates and charges for the water service that will be at least sufficient to yield during each fiscal year net revenues equal to 125% of the debt service for such fiscal year. For fiscal year 2024, the net revenues are equal to 347% of the debt service.

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

The annual debt service requirements for the 2017A Bonds outstanding at June 30, 2024, are as follows:

|                     | 2017A         |              |               |
|---------------------|---------------|--------------|---------------|
| Year Ending June 30 | Principal     | Interest     | Total         |
| 2025                | 1,095,000     | \$ 1,044,919 | \$ 2,139,919  |
| 2026                | 1,145,000     | 989,919      | 2,134,919     |
| 2027                | 1,205,000     | 930,169      | 2,135,169     |
| 2028                | 1,265,000     | 868,419      | 2,133,419     |
| 2029                | 1,325,000     | 803,669      | 2,128,669     |
| 2030-2034           | 7,435,000     | 3,184,834    | 10,619,834    |
| 2035-2039           | 9,355,000     | 1,208,475    | 10,563,475    |
| Total               | \$ 22,825,000 | \$ 9,030,404 | \$ 31,855,404 |



# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements

For the Year Ended June 30, 2024

### NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

#### B. Rating Change

On August 27, 2021, Fitch Ratings changed its rating on the Bonds to "AA+" from "AA."

#### C. 2022A Revenue Bonds

In July 2022, the Authority issued \$32,310,000 of Revenue Bonds, Series 2022A (the 2022A Bonds). The 2022A Bonds were issued to provide funds (1) to finance the acquisition and construction of certain improvements to the District's water system, (2) to advance refund all of the currently outstanding District Refunding Revenue Bonds Series 2012A, and (3) to pay costs of issuance of the 2022A Bonds.

At June 30, 2024, the 2022A Bonds' outstanding balance was \$31,830,000. The 2022A Bonds bear interest at rates ranging from 4% to 5%, payable semiannually on April 1 and October 1. There is no reserve requirement for the 2022A Bonds.

The 2022A Bonds are obligations of the Authority payable solely from payments received from the District pursuant to the Installment Purchase Agreement by and between the District and the Authority. The Installment Purchase Agreement requires the District to fix, prescribe, and collect rates and charges for the water service that will be at least sufficient to yield during each fiscal year net revenues equal to 125% of the debt service for such fiscal year. For fiscal year 2024, the net revenues are equal to 347% of the debt service.

The 2022A Bonds are subject to federal arbitrage regulations and have no amounts due.

The annual debt service requirements for the 2022A Bonds outstanding at June 30, 2024, are as follows:

| 2022A               |                      |                      |                      |
|---------------------|----------------------|----------------------|----------------------|
| Year Ending June 30 | Principal            | Interest             | Total                |
| 2025                | \$ 505,000           | \$ 1,488,575         | \$ 1,993,575         |
| 2026                | 530,000              | 1,462,700            | 1,992,700            |
| 2027                | 555,000              | 1,435,575            | 1,990,575            |
| 2028                | 585,000              | 1,407,075            | 1,992,075            |
| 2029                | 615,000              | 1,377,075            | 1,992,075            |
| 2030-2034           | 3,580,000            | 6,379,000            | 9,959,000            |
| 2035-2039           | 4,605,000            | 5,360,875            | 9,965,875            |
| 2040-2044           | 5,910,000            | 4,053,500            | 9,963,500            |
| 2045-2049           | 7,580,000            | 2,382,575            | 9,962,575            |
| 2050-2054           | 7,365,000            | 604,100              | 7,969,100            |
| Total               | <u>\$ 31,830,000</u> | <u>\$ 25,951,050</u> | <u>\$ 57,781,050</u> |

#### D. Deferred Gain or Loss on Debt Defeasance

The change in the deferred gain on debt defeasance as of June 30, 2024 is as follows:

|                     | Balance<br>June 30, 2023 | Additions   | Amortization     | Balance<br>June 30, 2024 |
|---------------------|--------------------------|-------------|------------------|--------------------------|
| 2017A Revenue Bonds | \$ 77,696                | \$ -        | \$ 5,094         | \$ 72,602                |
| 2022A Revenue Bonds | 376,067                  | -           | 60,171           | 315,896                  |
| Total               | <u>\$ 453,763</u>        | <u>\$ -</u> | <u>\$ 65,265</u> | <u>\$ 388,498</u>        |

# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements For the Year Ended June 30, 2024

### NOTE 8: PENSION PLANS

#### A. Plan Description, Benefits Provided, and Employees Covered

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans (Plans), which are cost - sharing multiple-employer defined benefit pension plans administered by CalPERS. Benefit provisions under these plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

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

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2023, are summarized as follows:

|   | Miscellaneous      |                    |                    |
|---|--------------------|--------------------|--------------------|
|   | Tier I             | Tier II            | Tier III - PEPPRA  |
|   | Prior to           | On or After        | On or After        |
| Hire Date   | December 22, 2011  | December 11, 2011  | January 1, 2013    |
| Benefit Formula                                   | 2% @ 55            | 2% @ 60            | 2% @ 62            |
| Benefit Vesting Schedule                          | 5 Years of Service | 5 Years of Service | 5 Years of Service |
| Benefit Payments                                  | Monthly for Life   | Monthly for Life   | Monthly for Life   |
| Retirement Age                                    | 50 - 63            | 50 - 63            | 52 - 67            |
| Monthly Benefits, as a % of Eligible Compensation | 1.426% to 2.418%   | 1.092% to 2.418%   | 1.0% to 2.5%       |
| Required Employee Contribution Rates              | 7%                 | 7%                 | 6.75%              |
| Required Employer Contribution Rates:             |                    |                    |                    |
| Normal Cost Rate                                  | 10.87%             | 9.12%              | 7.47%              |
| Payment of Unfunded Liability                     | \$ 856,271         | \$ 6,543           | \$ 12,990          |

#### B. Contribution Description

Section 20814(c) of CalPERS law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS's annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by pension plan terms as plan member contribution requirements are classified as plan member contributions.

# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements

For the Year Ended June 30, 2024

### NOTE 8: PENSION PLANS (CONTINUED)

#### **C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plans is \$13,560,261.

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2023, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plans as of the measurement dates June 30, 2022 and 2023, was as follows:

|                            |                |
|----------------------------|----------------|
| Proportion - June 30, 2022 | 0.1080%        |
| Proportion - June 30, 2023 | 0.1142%        |
| Change                     | <u>0.0062%</u> |

For the year ended June 30, 2024, the District recognized pension expense of \$694,214. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Contributions subsequent to the<br>measurement date                                    | \$ 1,665,638                      | \$ -                             |
| Changes of assumptions   | 818,694                           | -                                |
| Difference in proportionate share  | -                                 | 341,328                          |
| Adjustments due to differences<br>in proportions                                       | 241,680                           | -                                |
| Differences between expected and<br>actual experience                                  | 692,731                           | 107,459                          |
| Net difference between projected<br>and actual earnings on pension<br>plan investments | <u>2,195,528</u>                  | <u>-</u>                         |
| Total  | <u>\$ 5,614,271</u>               | <u>\$ 448,787</u>                |

## YORBA LINDA WATER DISTRICT

### Notes to the Financial Statements

For the Year Ended June 30, 2024

#### NOTE 8: PENSION PLANS (CONTINUED)

An amount of \$1,665,638 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal year ended June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|----------------------------|--|
| 2025                       | \$ 1,042,652                                   |
| 2026                       | 712,904  |
| 2027                       | 1,681,292                                      |
| 2028                       | 62,998   |
| 2029                       | -  |
| Thereafter                 | -  |
| Total                      | <u>\$ 3,499,846</u>                            |

#### D. Actuarial Assumptions

The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total pension liability, based on the following actuarial methods and assumptions:

|                                 |                                |
|---------------------------------|--------------------------------|
| Valuation Date                  | Miscellaneous<br>June 30, 2022 |
| Measurement Date                | June 30, 2023                  |
| Actuarial Cost                  | Entry-Age Normal Cost          |
| Method Actuarial                | Method                         |
| Assumptions:                    |                                |
| Discount Rate                   | 6.90%                          |
| Inflation                       | 2.30%                          |
| Salary Increase                 | (1)                            |
| Mortality Rate Table            | (2)                            |
| Postretirement Benefit Increase | (3)                            |

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

#### E. Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

## YORBA LINDA WATER DISTRICT

### Notes to the Financial Statements

For the Year Ended June 30, 2024

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#### NOTE 8: PENSION PLANS (CONTINUED)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach.

The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

| Asset Class                    | Assumed<br>Asset<br>Allocation | Real Return <sup>1, 2</sup> |
|--------------------------------|--------------------------------|-----------------------------|
| Global equity-cap-weighted     | 30.00%                         | 4.54%                       |
| Global equity-non-cap-weighted | 12.00%                         | 3.84%                       |
| Private Equity                 | 13.00%                         | 7.28%                       |
| Treasury                       | 5.00%                          | 0.27%                       |
| Mortgage-backed Securities     | 5.00%                          | 0.50%                       |
| Investment Grade Corporates    | 10.00%                         | 1.56%                       |
| High Yield                     | 5.00%                          | 2.27%                       |
| Emerging Market Debt           | 5.00%                          | 2.48%                       |
| Private Debt                   | 5.00%                          | 3.57%                       |
| Real Assets                    | 15.00%                         | 3.21%                       |
| Leverage                       | -5.00%                         | -0.59%                      |
|                                | <u>100.00%</u>                 |                             |

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study

#### F. Discount Rate

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

**YORBA LINDA WATER DISTRICT**

**Notes to the Financial Statements  
For the Year Ended June 30, 2024**

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**NOTE 8: PENSION PLANS (CONTINUED)**

**G. Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate**

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

|                               | Discount Rate<br>-1 Percent<br>(5.90%) | Current<br>Discount Rate<br>(6.90%) | Discount Rate<br>+1 Percent<br>(7.90%) |
|-------------------------------|--|-------------------------------------|--|
| Net Pension Liability/(Asset) | \$ 20,656,192                          | \$ 13,560,261                       | \$ 7,719,702                           |

**H. Pension Plans Fiduciary Net Position**

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

**I. Payable to the Pension Plans**

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

**J. Additional Funding to the Pension Plan**

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

The District made no contributions to the Pension Trust in the fiscal year ended June 30, 2024. Investment earnings/(losses) of \$104,669 administrative expenses of \$5,358, and no distributions (benefit payments) resulted in an asset balance of \$989,119 as of June 30, 2024.

**NOTE 9: OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS**

**A. Plan Description**

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

**YORBA LINDA WATER DISTRICT**

**Notes to the Financial Statements  
For the Year Ended June 30, 2024**

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**NOTE 9: OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)**

**B. Employees Covered**

As of the June 30, 2023 measurement date, the following current and former employees were covered by the benefit terms under the plan:

|                                      |    |
|--------------------------------------|----|
| Inactive Employees or Beneficiaries  | 12 |
| Currently Receiving Benefit Payments | 29 |
| Active Employees                     | 41 |
| Total                                |    |

**C. Contributions**

Benefit provisions and contribution requirements are established by District policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the measurement period end June 30, 2023, the District made no contributions to the OPEB trust, made payments totaling \$147,593 for retiree health-care insurance benefits, and the implied subsidy was \$54,304, resulting in payments of \$201,897.

**D. Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

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

|                                   |  |
|-----------------------------------|--|
| Valuation Date                    | June 30, 2023  |
| Measurement Date                  | June 30, 2023  |
| Actuarial Cost Method             | Entry-age normal cost method   |
| Actuarial Assumptions:            |  |
| Discount Rate                     | 6.00%  |
| Inflation                         | 2.75%  |
| Projected Salary Increase         | 2.75% Expected Long-Term Investment  |
| Rate of Return                    | 6.00%  |
| Health-care Cost Trend Rates      | 4.00% per year   |
| Mortality, Preretirement Turnover | Derived from 2017<br>CalPERS OPEB assumptions model for<br>"public agency miscellaneous" |

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.

# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements For the Year Ended June 30, 2024

### NOTE 9: OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The asset class percentages were taken from the current composition of the CERBT trust, and the expected yields were taken from a CalPERS publication for the Pension Fund. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2023 are summarized in the following table:

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

#### Discount Rate

The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the retiree's benefits. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### **E. Changes in the Net OPEB Liability**

The changes in the net OPEB liability are as follows:

|  | Total OPEB Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net OPEB Liability/(Asset)<br>(c) = (a) - (b) |
|--|-----------------------------|------------------------------------|---|
| Balance at June 30, 2022<br>(Measurement Date)                   | \$ 4,107,722                | \$ 2,878,686                       | \$ 1,229,036                                  |
| Changes recognized for the<br>measurement period:                |                             |                                    |   |
| Service cost   | 66,445                      | -                                  | 66,445  |
| Interest on total OPEB liability                                 | 240,406                     | -                                  | 240,406                                       |
| Differences between actual and<br>expected experience            | (36,700)                    | -                                  | (36,700)                                      |
| Changes of assumptions   | -                           | -                                  | -   |
| Contributions-employer   | -                           | 201,897                            | (201,897)                                     |
| Net investment income  | -                           | 184,841                            | (184,841)                                     |
| Benefit payments, including refunds of<br>employee contributions | (201,897)                   | (201,897)                          | -   |
| Administrative expense   | -                           | (836)                              | 836   |
| Net changes  | 68,254                      | 184,005                            | (115,751)                                     |
| Balance at June 30, 2023<br>(Measurement Date)                   | \$ 4,175,976                | \$ 3,062,691                       | \$ 1,113,285                                  |



**YORBA LINDA WATER DISTRICT****Notes to the Financial Statements****For the Year Ended June 30, 2024****NOTE 9: OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)**Change of Benefit Terms

There was no change of benefit terms.

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

|                            | Discount Rate<br>-1 Percent<br>(5.00%) | Current<br>Discount Rate<br>(6.00%) | Discount Rate<br>+1 Percent<br>(7.00%) |
|----------------------------|--|-------------------------------------|--|
| Net OPEB Liability/(Asset) | \$ 1,555,846                           | \$ 1,113,285                        | \$ 727,640                             |

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health-care cost trend rates that are one percentage point lower or one percentage point higher than the current health-care cost trend rates:

|                            | Discount Rate<br>-1 Percent<br>(3.00%) | Health Care<br>Cost Trend Rate<br>(4.00%) | Discount Rate<br>+1 Percent<br>(5.00%) |
|----------------------------|--|---|--|
| Net OPEB Liability/(Asset) | \$ 702,087                             | \$ 1,113,285                              | \$ 1,589,575                           |

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$190,222. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Contributions subsequent to the<br>measurement date                                 | \$ 227,390                        | \$ -                             |
| Changes of assumptions  | 165,535                           | 81,851                           |
| Differences between expected and<br>actual experience                               | 195,051                           | 241,793                          |
| Net difference between projected<br>and actual earnings on OPEB<br>plan investments | 201,220                           | -                                |
| Total   | \$ 789,196                        | \$ 323,644                       |

## YORBA LINDA WATER DISTRICT

### Notes to the Financial Statements For the Year Ended June 30, 2024

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#### NOTE 9: OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)

The amount of \$227,390 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Fiscal year ended June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|----------------------------|--|
| 2025                       | \$ 57,170                                      |
| 2026                       | 42,157   |
| 2027                       | 142,497  |
| 2028                       | 10,296   |
| 2029                       | 12,725   |
| Thereafter                 | (26,683)                                       |
| Total                      | <u>\$ 238,162</u>                              |

#### G. Additional Funding of the OPEB Plan

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

The District made no contributions to the OPEB Trust in the fiscal year ended June 30, 2024. Investment earnings/(losses) of \$38,557, and administrative expenses of \$1,974, resulted in an asset balance of \$364,360 as of June 30, 2024.

#### NOTE 10: DEFERRED COMPENSATION PROGRAM

For the benefit of its employees, the District participates in a 457(b) Deferred Compensation Program in accordance with Section 457(b) of the Internal Revenue Code. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. The District matches dollar for dollar not to exceed 2% base salary earned per payroll period of an employee's base salary or the employee's actual amount of deferred compensation per pay period, whichever amount is lesser for employees who are regularly scheduled to work in excess of 30 hours per week. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. Effective July 1, 2022, the District's contribution can be deposited into a 401(a) program in pursuant to section 401(a) of the Internal Revenue Code.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors and, therefore, are excluded from these financial statements. Fair value of the Program assets held in trust at June 30, 2024 was \$8,539,811. For the year ended June 30, 2024, the District contributed \$0 to the 457(b) program and \$140,752 to the 401(a) program.

## YORBA LINDA WATER DISTRICT

### Notes to the Financial Statements For the Year Ended June 30, 2024

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#### NOTE 11: RISK MANAGEMENT

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

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

At June 30, 2024, as a member of the Insurance Authority, the District participated in the insurance programs as follows:

- General, auto liability, and public officials' and employee's error and omissions: Broad coverage against third-party claims for the District, its directors, employees and volunteers. Covered up to the following limits: the JPIA pools for first \$5 million and purchases excess coverage with a limit up to \$55 million with aggregated policy limits.
- Property loss: Insured up to replacement value with a \$10,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$1,000 deductible per occurrence and actual cash value on scheduled vehicles with a \$500, deductible per occurrence. JPIA is self-insured up to \$10 million per loss and has purchased re-insurance coverage up to a \$500 million limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100 million subject to a deductible of \$25,000 to \$50,000 depending on the type of equipment. Property Program includes Earthquake with aggregate limit of \$2.5 million, and is subject to minimum a \$75,000 deductible, Flood Coverage with aggregate limit of \$25 million and subject to a \$100,000 deductible.
- Employee Dishonesty/Crime Supplement: Insured up to \$100,000 per occurrence subject to a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.
- Workers' compensation insurance of up to California statutory limits for all work-related injuries/illnesses covered by California law. The Insurance Authority is self-insured to \$2 million and has purchased excess insurance to the statutory limit.
- Cyber security coverage is \$3 million per occurrence and \$5 million in aggregate subject to a varying deductible per occurrence depending on insurable value.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years, and there were no reductions in the District's insurance coverage during the years ended 2024, 2023, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported. There were no claims payable as of June 30, 2024, 2023, and 2022.

# YORBA LINDA WATER DISTRICT

## Notes to the Financial Statements For the Year Ended June 30, 2024

### NOTE 12: COMMITMENTS AND CONTINGENCIES

#### A. Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and advances for construction. The District has committed to \$6,463,007 of open construction contracts as of June 30, 2024. Construction contracts include the following:

|  | Total<br>Approved<br>Contract | Construction<br>Costs<br>to Date | Balance<br>to<br>Complete |
|--|-------------------------------|----------------------------------|---------------------------|
| Timber Ridge BPS Rehab                 | \$ 5,704,530                  | \$ 2,757,116                     | \$ 2,947,414              |
| Hidden Hills BPS                       | 2,479,325                     | 245,943                          | 2,233,382                 |
| PRSS Rehabilitation                    | 1,358,892                     | 297,093                          | 1,061,799                 |
| Camino De Bryant Waterline Replacement | 1,550,659                     | 1,330,247                        | 220,412                   |
| Total                                  | <u>\$ 11,093,406</u>          | <u>\$ 4,630,399</u>              | <u>\$ 6,463,007</u>       |

#### B. Litigation

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

### NOTE 13: PRIOR PERIOD ADJUSTMENTS

#### A. Change in Accounting Principles

For fiscal year ended June 30, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*, which replaces the previous GASB Statement No. 16, *Accounting for Compensated Absences*, to update the recognition and measurement guidance for compensated absences. Under this statement, the District is required to change their estimate of compensated absence liability to leave being "more likely than not" rather than a probability. The effect of the implementation of the change in accounting principles is shown below and is reflected in column A of the reconciliation table below.

|                      | June 30, 2023<br>As Previously<br>Reported | Changes in<br>Accounting<br>Principle | June 30, 2023<br>As Restated |
|----------------------|--|---------------------------------------|------------------------------|
| Compensated Absences | <u>1,822,660</u>                           | <u>(852,347)</u>                      | <u>970,313</u>               |

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

During fiscal year 2024, changes in accounting principle resulted in adjustments of beginning net position and fund net position, as follows:

| June 30, 2023<br>As Previously<br>Reported | Changes in<br>Accounting<br>Principle | June 30, 2023<br>As Restated |
|--|---------------------------------------|------------------------------|
| <u>\$ 189,371,014</u>                      | <u>\$ 852,347</u>                     | <u>\$ 190,223,361</u>        |

## **YORBA LINDA WATER DISTRICT**

### **Notes to the Financial Statements**

**For the Year Ended June 30, 2024**

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#### **NOTE 13: SUBSEQUENT EVENTS**

The District evaluated subsequent events for recognition and disclosure through October 30, 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 statement.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**YORBA LINDA WATER DISTRICT****Schedules of Proportionate Share of Net Pension Liability****As of June 30, for the Last Ten Fiscal Years**

| <b>Reporting Date <sup>1</sup><br/>as of June 30,</b> | <b>Proportion of the<br/>Net Pension<br/>Liability</b> | <b>Proportionate<br/>Share of Net<br/>Pension Liability</b> | <b>Covered Payroll</b> | <b>Proportionate Share<br/>of the Net Pension<br/>Liability as a % of<br/>Covered Payroll</b> | <b>Plan's Fiduciary<br/>Net Position as a<br/>% of the Total<br/>Pension Liability</b> |
|---|--|---|------------------------|---|--|
| 2024  | 0.11422%   | \$ 13,560,261   | \$ 7,577,488           | 178.95%   | 77.97%   |
| 2023  | 0.10800%   | 12,476,752  | 7,299,071              | 170.94%   | 78.19%   |
| 2022  | 0.10345%   | 5,595,057   | 6,932,628              | 80.71%  | 90.49%   |
| 2021  | 0.09489%   | 10,323,992  | 6,605,148              | 156.30%   | 76.33%   |
| 2020  | 0.09146%   | 9,372,305   | 6,673,227              | 140.45%   | 75.26%   |
| 2019  | 0.08768%   | 8,449,114   | 6,561,629              | 128.77%   | 75.26%   |
| 2018  | 0.08647%   | 8,575,054   | 6,116,587              | 140.19%   | 73.31%   |
| 2017  | 0.08368%   | 7,240,999   | 5,899,338              | 122.74%   | 74.06%   |
| 2016  | 0.07706%   | 5,289,322   | 5,564,327              | 95.06%  | 83.35%   |
| 2015  | 0.08184%   | 5,092,626   | 5,054,265              | 100.76%   | 83.03%   |

**Notes to Schedule of Proportionate Share of the Net Pension Liability:***Benefit Changes : None**Changes of Assumptions : None*

<sup>1</sup> The proportions and proportionate share of the net pension liability are measured as of one year behind the reporting date.  
Refer to notes to basic financial statements.



# YORBA LINDA WATER DISTRICT

## Schedule of Changes in Net OPEB Liability and Related Ratios

As of June 30, for the Last Ten Fiscal Years <sup>1</sup>

|  | 2024             | 2023             | 2022             |
|--|------------------|------------------|------------------|
| Measurement Date   | 6/30/2023        | 6/30/2022        | 6/30/2021        |
| <b>TOTAL OPEB LIABILITY</b>  |                  |                  |                  |
| Service cost   | \$ 66,445        | \$ 57,577        | \$ 71,324        |
| Interest on total pension liability  | 240,406          | 242,631          | 226,014          |
| Changes of benefit terms   | -                | -                | -                |
| Changes of assumptions   | -                | 179,261          | (130,001)        |
| Difference between expected and actual experience                                  | (36,700)         | -                | 309,789          |
| Benefit payments, including refunds of employee contributions                      | (201,897)        | (209,069)        | (233,896)        |
| <b>Net change in total OPEB liability</b>  | <b>68,254</b>    | <b>270,400</b>   | <b>243,230</b>   |
| Total OPEB liability-beginning   | 4,107,722        | 3,837,322        | 3,594,092        |
| <b>Total OPEB liability-ending (a)</b>   | <b>4,175,976</b> | <b>4,107,722</b> | <b>3,837,322</b> |
| <b>PLAN FIDUCIARY NET POSITION</b>   |                  |                  |                  |
| Contributions-employer   | 201,897          | 209,069          | 511,896          |
| Net investment income  | 184,841          | (444,949)        | 657,056          |
| Benefit payments, including refunds of employee contributions                      | (201,897)        | (209,069)        | (233,896)        |
| Administrative expense   | (836)            | (842)            | (904)            |
| <b>Net change in fiduciary net position</b>  | <b>184,005</b>   | <b>(445,791)</b> | <b>934,152</b>   |
| Plan fiduciary net position-beginning  | 2,878,686        | 3,324,477        | 2,390,325        |
| <b>Plan fiduciary net position-ending (b)</b>                                      | <b>3,062,691</b> | <b>2,878,686</b> | <b>3,324,477</b> |
| <b>Net OPEB liability/(asset) (a) - (b)</b>  | <b>1,113,285</b> | <b>1,229,036</b> | <b>512,845</b>   |
| <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>     | <b>73.3%</b>     | <b>70.1%</b>     | <b>86.6%</b>     |
| Covered-employee payroll   | \$ 3,783,618     | \$ 3,791,813     | \$ 3,384,450     |
| <b>Plan net OPEB liability/(asset) as a percentage of covered-employee payroll</b> | <b>29.4%</b>     | <b>32.4%</b>     | <b>15.2%</b>     |

### Notes to Schedule of Changes in the Net OPEB Liability and Related Ratios:

*Benefit Changes* : None

*Changes of Assumptions* : None

<sup>1</sup> Fiscal year 2018 was the first year of GASB Statement No. 75 implementation; therefore only seven years are shown.

| <b>2021</b>      | <b>2020</b>      | <b>2019</b>      | <b>2018</b>         |
|------------------|------------------|------------------|---------------------|
| <b>6/30/2020</b> | <b>6/30/2019</b> | <b>6/30/2018</b> | <b>6/30/2017</b>    |
| \$ 69,415        | \$ 75,308        | \$ 73,292        | \$ 71,330           |
| 221,800          | 235,589          | 228,072          | 219,305             |
| -                | 53,671           | -                | -                   |
| -                | -                | -                | -                   |
| -                | (368,334)        | -                | -                   |
| <u>(218,862)</u> | <u>(197,887)</u> | <u>(173,539)</u> | <u>(137,979)</u>    |
| <b>72,353</b>    | <b>(201,653)</b> | <b>127,825</b>   | <b>152,656</b>      |
| <u>3,521,739</u> | <u>3,723,392</u> | <u>3,595,567</u> | <u>3,442,911</u>    |
| <b>3,594,092</b> | <b>3,521,739</b> | <b>3,723,392</b> | <b>3,595,567</b>    |
| 490,937          | 462,680          | 431,245          | 355,672             |
| 58,823           | 118,711          | 98,256           | 121,311             |
| (218,862)        | (197,887)        | (173,539)        | (137,979)           |
| <u>(1,048)</u>   | <u>(381)</u>     | <u>(762)</u>     | <u>(606)</u>        |
| <b>329,850</b>   | <b>383,123</b>   | <b>355,200</b>   | <b>338,398</b>      |
| <u>2,060,475</u> | <u>1,677,352</u> | <u>1,322,152</u> | <u>983,754</u>      |
| <b>2,390,325</b> | <b>2,060,475</b> | <b>1,677,352</b> | <b>1,322,152</b>    |
| <b>1,203,767</b> | <b>1,461,264</b> | <b>2,046,040</b> | <b>\$ 2,273,415</b> |
| <b>66.5%</b>     | <b>58.5%</b>     | <b>45.0%</b>     | <b>36.8%</b>        |
| \$ 3,679,078     | \$ 4,419,954     | \$ 4,690,421     | \$ 4,490,485        |
| <b>32.7%</b>     | <b>33.1%</b>     | <b>43.6%</b>     | <b>50.6%</b>        |

# YORBA LINDA WATER DISTRICT

## Schedules of Plan Contributions

As of June 30, for the Last Ten Fiscal Years <sup>1</sup>

| Fiscal Year<br>Ending<br>June 30,  | Actuarially<br>Determined<br>Contribution | Actual<br>Employer<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered/<br>Covered-<br>Employee<br>Payroll | Contribution as a<br>% of Covered/<br>Covered Employee<br>Payroll |
|--|---|-------------------------------------|--|---|---|
| <b><u>Miscellaneous Cost-Sharing, Multiple-Employer Pension Plan</u></b> |   |                                     |  |   |   |
| 2024   | \$ 1,665,639                              | \$ 1,665,639                        | \$ -                                   | \$ 8,612,894                                | 19.3%   |
| 2023   | 1,554,495                                 | 1,554,495                           | -                                      | 7,577,488                                   | 20.51%  |
| 2022   | 1,415,483                                 | 1,415,483                           | -                                      | 7,299,071                                   | 19.39%  |
| 2021   | 1,281,792                                 | 1,281,792                           | -                                      | 6,932,628                                   | 18.49%  |
| 2020   | 1,110,885                                 | 1,110,885                           | -                                      | 6,605,148                                   | 16.82%  |
| 2019   | 981,952                                   | 981,853                             | 99                                     | 6,673,227                                   | 14.71%  |
| 2018   | 850,393                                   | 850,393                             | -                                      | 6,561,629                                   | 12.96%  |
| 2017   | 755,544                                   | 755,544                             | -                                      | 6,116,587                                   | 12.35%  |
| 2016   | 674,827                                   | 674,827                             | -                                      | 5,899,338                                   | 11.44%  |
| 2015   | 587,176                                   | 587,176                             | -                                      | 5,564,327                                   | 10.55%  |

Valuation Date: June 30, 2022

### Notes to Schedule:

Methods and assumptions used to determine contribution rates:

|                               |  |
|-------------------------------|--|
| Single and Agent Employers    | Entry age normal   |
| Amortization method           | Level percentage of payroll, closed  |
| Remaining amortization period | 15 years   |
| Assets valuation method       | Market Value   |
| Inflation                     | 2.30%  |
| Salary Increases              | Varies by Entry Age and Service  |
| Investment rate of return     | 6.90%  |
| Retirement age                | 50 for all plans with exception of 52 for Miscellaneous 2% @ 62  |
| Mortality                     | Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board. |

### **Agent Multiple Employer OPEB Plan**

|      |            |            |      |              |       |
|------|------------|------------|------|--------------|-------|
| 2024 | \$ 227,390 | \$ 227,390 | \$ - | \$ 3,669,836 | 6.2%  |
| 2023 | 201,571    | 201,571    | -    | 3,783,618    | 5.3%  |
| 2022 | 209,069    | 209,069    | -    | 3,791,813    | 5.5%  |
| 2021 | 511,896    | 511,896    | -    | 3,384,450    | 15.1% |
| 2020 | 490,937    | 490,937    | -    | 3,679,078    | 13.3% |
| 2019 | 462,680    | 462,680    | -    | 4,419,954    | 10.5% |
| 2018 | 431,245    | 431,245    | -    | 4,690,421    | 9.2%  |

### Notes to Schedule:

\*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2023 were from the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contributions:

|                                      |  |
|--------------------------------------|--|
| Actuarial Cost Method                | Entry Age Normal   |
| Amortization Valuation Method/Period | Level percent of payroll, closed                           |
| Asset Valuation Method               | Market value   |
| Inflation                            | 2.75%  |
| Payroll Growth                       | 2.75% per annum, in aggregate                              |
| Investment Rate of Return            | 6.00% per annum  |
| Healthcare cost-trend rates          | 4.00%  |
| Mortality                            | Mortality rates are taken from the 2021 CalPERS valuation. |

## **SUPPLEMENTARY INFORMATION SECTION**

**YORBA LINDA WATER DISTRICT****Combining Schedule of Net Position****June 30, 2024**

|  | <b>Water</b>       | <b>Sewer</b>      | <b>Total</b>       |
|--|--------------------|-------------------|--------------------|
| <b>ASSETS</b>                                    |                    |                   |                    |
| Current assets:                                  |                    |                   |                    |
| Cash and Cash Equivalents                        | \$ 48,173,061      | \$ 9,471,952      | \$ 57,645,013      |
| Receivables (net of uncollectibles):             |                    |                   |                    |
| Accounts Receivable - Water and Sewer Services   | 5,461,673          | 471,439           | 5,933,112          |
| Accounts Receivable - Property Taxes             | 53,689             | 2,690             | 56,379             |
| Accrued Interest Receivable                      | 90,526             | 63,423            | 153,949            |
| Prepaid Expenses and Deposits                    | 336,970            | -                 | 336,970            |
| Inventory  | 472,673            | -                 | 472,673            |
| Lease Receivable                                 | 67,634             | -                 | 67,634             |
| Restricted:                                      |                    |                   |                    |
| Investments - Pension Trust                      | 906,141            | 82,977            | 989,118            |
| Investments - OPEB Trust                         | 333,794            | 30,566            | 364,360            |
| Investments - Deposits                           | 355,083            | -                 | 355,083            |
| Cash with Fiscal Agent                           | 8,040,661          | -                 | 8,040,661          |
| Total current assets                             | 64,291,905         | 10,123,047        | 74,414,952         |
| Noncurrent:                                      |                    |                   |                    |
| Leases Receivable                                | 84,765             | -                 | 84,765             |
| Not Depreciable Capital Assets                   | 13,070,998         | 562,080           | 13,633,078         |
| Capital Assets, net of Depreciation/Amortization | 164,506,121        | 33,455,381        | 197,961,502        |
| Total noncurrent assets                          | 177,661,884        | 34,017,461        | 211,679,345        |
| <b>Total assets</b>                              | <b>241,953,789</b> | <b>44,140,508</b> | <b>286,094,297</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                    |                   |                    |
| Deferred Outflows - Pension Plans                | 4,787,792          | 826,479           | 5,614,271          |
| Deferred Outflows - OPEB                         | 674,903            | 114,293           | 789,196            |
| <b>Total deferred outflows of resources</b>      | <b>5,462,695</b>   | <b>940,772</b>    | <b>6,403,467</b>   |

# YORBA LINDA WATER DISTRICT

## Combining Schedule of Net Position

June 30, 2024

|   | Water                 | Sewer                | Total                 |
|---|-----------------------|----------------------|-----------------------|
| <b>LIABILITIES</b>                              |                       |                      |                       |
| Current liabilities:                            |                       |                      |                       |
| Accounts Payable                                | 6,467,418             | 1,238,176            | 7,705,594             |
| Accrued Expenses                                | 529,024               | -                    | 529,024               |
| Accrued Interest                                | 648,124               | -                    | 648,124               |
| Unearned Revenue                                | 17,768                | 4,779                | 22,547                |
| Compensated Absences Payable                    | 571,557               | -                    | 571,557               |
| Customer and Construction Deposits              | 1,037,224             | 76,963               | 1,114,187             |
| Leases Payable                                  | 6,912                 | -                    | 6,912                 |
| Subscriptions Payable                           | 103,940               | 14,415               | 118,355               |
| Certificates of Participation                   | 1,600,000             | -                    | 1,600,000             |
| Total current liabilities                       | 10,981,967            | 1,334,333            | 12,316,300            |
| Noncurrent liabilities:                         |                       |                      |                       |
| Unearned Annexation Revenue                     | 10,653,251            | -                    | 10,653,251            |
| Compensated Absences                            | 601,729               | -                    | 601,729               |
| Leases Payable                                  | 220,769               | -                    | 220,769               |
| Subscriptions Payable                           | 1,627                 | 24,596               | 26,223                |
| Certificates of Participation                   | 59,121,450            | -                    | 59,121,450            |
| Net Pension Liability                           | 11,557,295            | 2,002,966            | 13,560,261            |
| Net OPEB Liability                              | 949,945               | 163,340              | 1,113,285             |
| Total noncurrent liabilities                    | 83,106,066            | 2,190,902            | 85,296,968            |
| <b>Total liabilities</b>                        | <b>94,088,033</b>     | <b>3,525,235</b>     | <b>97,613,268</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>            |                       |                      |                       |
| Deferred Inflows - Deferred Charge on Refunding | 388,498               | -                    | 388,498               |
| Deferred Inflows - Pension Plans                | 431,668               | 17,119               | 448,787               |
| Deferred Inflows - OPEB                         | 281,702               | 41,942               | 323,644               |
| Deferred Inflows - Leases                       | 188,323               | -                    | 188,323               |
| <b>Total deferred inflows of resources</b>      | <b>1,290,191</b>      | <b>59,061</b>        | <b>1,349,252</b>      |
| <b>NET POSITION</b>                             |                       |                      |                       |
| Net Investment in Capital Assets                | 124,174,584           | 33,978,450           | 158,153,034           |
| Restricted - Pension Benefits                   | 906,141               | 82,977               | 989,118               |
| Restricted - Water Conservation                 | 82,082                | -                    | 82,082                |
| Restricted - Other Postemployment Benefits      | 333,794               | 30,566               | 364,360               |
| Restricted - Depository Cash                    | 355,083               | -                    | 355,083               |
| Net Position, Unrestricted                      | 26,186,576            | 7,404,991            | 33,591,567            |
| <b>Total net position</b>                       | <b>\$ 152,038,260</b> | <b>\$ 41,496,984</b> | <b>\$ 193,535,244</b> |

# YORBA LINDA WATER DISTRICT

## Combining Schedule of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2024

|   | Water                 | Sewer                | Total                 |
|---|-----------------------|----------------------|-----------------------|
| <b>OPERATING REVENUES</b>                                       |                       |                      |                       |
| Water Sales   | \$ 42,366,064         | \$ -                 | \$ 42,366,064         |
| Sewer Revenues  | -                     | 4,002,126            | 4,002,126             |
| Other Operating Revenue   | 1,761,390             | 202,147              | 1,963,537             |
| <b>Total operating revenues</b>                                 | <b>44,127,454</b>     | <b>4,204,273</b>     | <b>48,331,727</b>     |
| <b>OPERATING EXPENSES</b>                                       |                       |                      |                       |
| Variable Water Costs  | 16,900,164            | -                    | 16,900,164            |
| Personnel Services  | 11,422,883            | 1,929,435            | 13,352,318            |
| Supplies and Services   | 7,522,603             | 1,246,535            | 8,769,138             |
| Depreciation and Amortization Expense                           | 7,714,774             | 1,473,308            | 9,188,082             |
| <b>Total operating expenses</b>                                 | <b>43,560,424</b>     | <b>4,649,278</b>     | <b>48,209,702</b>     |
| <b>Operating income (loss)</b>                                  | <b>567,030</b>        | <b>(445,005)</b>     | <b>122,025</b>        |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                         |                       |                      |                       |
| Property Taxes  | 2,423,322             | -                    | 2,423,322             |
| Investment Income   | 2,789,485             | 513,014              | 3,302,499             |
| Annexation Revenue Fees   | 495,143               | -                    | 495,143               |
| Interest Expense  | (2,216,890)           | (1,111)              | (2,218,001)           |
| Gains (Losses) on Sale of Capital Asset                         | (39,173)              | (2,151,651)          | (2,190,824)           |
| Other Nonoperating Revenues                                     | 382,313               | 78,926               | 461,239               |
| Other Nonoperating Expenses                                     | (26,208)              | (5,972)              | (32,180)              |
| <b>Total nonoperating revenues (expenses)</b>                   | <b>3,807,992</b>      | <b>(1,566,794)</b>   | <b>2,241,198</b>      |
| <b>Income (loss) before capital contributions and transfers</b> | <b>4,375,022</b>      | <b>(2,011,799)</b>   | <b>2,363,223</b>      |
| Capital Contributions   | 402,460               | 546,200              | 948,660               |
| <b>Change in net position</b>                                   | <b>4,777,482</b>      | <b>(1,465,599)</b>   | <b>3,311,883</b>      |
| Net position-beginning, as restated                             | 147,260,778           | 42,962,583           | 190,223,361           |
| <b>Net position-ending</b>                                      | <b>\$ 152,038,260</b> | <b>\$ 41,496,984</b> | <b>\$ 193,535,244</b> |

**YORBA LINDA WATER DISTRICT**  
**Combining Schedule of Cash Flows**  
**For the Year Ended June 30, 2024**

|   | <b>Water</b>         | <b>Sewer</b>        | <b>Totals</b>        |
|---|----------------------|---------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                      |                     |                      |
| Receipts from customers   | \$ 43,167,627        | \$ 3,971,571        | \$ 47,139,198        |
| Payments to suppliers and service providers                                     | (21,233,762)         | (1,216,568)         | (22,450,330)         |
| Payments to employees for salaries and benefits                                 | (14,712,617)         | (1,808,594)         | (16,521,211)         |
| <b>Net cash provided by (used for) operating activities</b>                     | <b>7,221,248</b>     | <b>946,409</b>      | <b>8,167,657</b>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                          |                      |                     |                      |
| Taxes   | 2,438,450            | -                   | 2,438,450            |
| Operating grants and contributions  | 242,015              | 70,264              | 312,279              |
| <b>Net cash provided by (used for) noncapital financing activities</b>          | <b>2,680,465</b>     | <b>70,264</b>       | <b>2,750,729</b>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                 |                      |                     |                      |
| Acquisition and construction of capital assets                                  | (11,093,141)         | (427,793)           | (11,520,934)         |
| Principal paid on capital debt  | (1,619,219)          | (30,577)            | (1,649,796)          |
| Interest paid on capital debt   | (1,849,327)          | (1,111)             | (1,850,438)          |
| Annexation Fees   | 15,644               | -                   | 15,644               |
| <b>Net cash provided by (used for) capital and related financing activities</b> | <b>(14,546,043)</b>  | <b>(459,481)</b>    | <b>(15,005,524)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |                      |                     |                      |
| Interest on investments   | 3,025,640            | 515,520             | 3,541,160            |
| Proceeds from leases  | 130,200              | -                   | 130,200              |
| <b>Net cash provided by (used for) investing activities</b>                     | <b>3,155,840</b>     | <b>515,520</b>      | <b>3,671,360</b>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                     | <b>(1,488,490)</b>   | <b>1,072,712</b>    | <b>(415,778)</b>     |
| Cash and cash equivalents-beginning   | 57,702,212           | 8,399,240           | 66,101,452           |
| <b>Cash and cash equivalents-ending</b>   | <b>\$ 56,213,722</b> | <b>\$ 9,471,952</b> | <b>\$ 65,685,674</b> |



**YORBA LINDA WATER DISTRICT****Combining Schedule of Cash Flows****For the Year Ended June 30, 2024**

|  | <u>Water</u>        | <u>Sewer</u>      | <u>Totals</u>       |
|--|---------------------|-------------------|---------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED BY (USED FOR)</b>                      |                     |                   |                     |
| <b>OPERATING ACTIVITIES</b>  |                     |                   |                     |
| Operating income (loss)  | \$ 567,030          | \$ (445,005)      | \$ 122,025          |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used for) operating activities: |                     |                   |                     |
| Depreciation/amortization expense  | 7,714,774           | 1,473,308         | 9,188,082           |
| (Increase) decrease in accounts receivable   | (653,511)           | (52,371)          | (705,882)           |
| (Increase) decrease in inventories   | 26,720              | -                 | 26,720              |
| (Increase) decrease in prepaid items   | (30,351)            | -                 | (30,351)            |
| Increase (decrease) in accounts payable  | 3,192,636           | 29,967            | 3,222,603           |
| Increase (decrease) in accrued liabilities   | (3,302,864)         | -                 | (3,302,864)         |
| Increase (decrease) in deposits payable  | (306,316)           | (180,331)         | (486,647)           |
| Increase (decrease) in compensated absences  | (649,374)           | -                 | (649,374)           |
| Increase (decrease) in claims and judgments  | -                   | -                 | -                   |
| Increase (decrease) in net pension liability   | 694,215             | 126,624           | 820,839             |
| Increase (decrease) in net OPEB liability  | (31,711)            | (5,783)           | (37,494)            |
| Total adjustments  | <u>6,654,218</u>    | <u>1,391,414</u>  | <u>8,045,632</u>    |
| <b>Net cash provided by (used for)<br/>operating activities</b>  | <u>\$ 7,221,248</u> | <u>\$ 946,409</u> | <u>\$ 8,167,657</u> |
| <b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL,<br/>AND INVESTING ACTIVITIES</b>                                |                     |                   |                     |
| Unrealized gain/(loss) on fair value of investments  | \$ (39,173)         | \$ (2,151,651)    | \$ (2,190,824)      |
| Amortization on bond discount/(premium)  | (317,956)           | -                 | (317,956)           |

**YORBA LINDA WATER DISTRICT**  
**Combining Schedule of Operating Expenses by Cost and Nature of Expenses for Water and Sewer**  
**For the Year Ended June 30, 2024**

|                                       | <u>Water</u>         | <u>Sewer</u>        | <u>Total</u>         |
|---------------------------------------|----------------------|---------------------|----------------------|
| <b>OPERATING EXPENSES</b>             |                      |                     |                      |
| Variable Water Costs:                 |                      |                     |                      |
| Imported Water                        | \$ 2,502,822         | \$ -                | \$ 2,502,822         |
| OCWD Replenishment Assessment         | 9,904,422            | -                   | 9,904,422            |
| MWD Connection Charge                 | 1,489,661            | -                   | 1,489,661            |
| Fuel and Power/Pumping                | 3,003,259            | -                   | 3,003,259            |
| Total Variable Water Costs            | <u>16,900,164</u>    | <u>-</u>            | <u>16,900,164</u>    |
| Personnel Services:                   |                      |                     |                      |
| Unit Salaries                         | 7,166,147            | 1,263,683           | 8,429,830            |
| Fringe Benefits                       | 4,200,661            | 655,856             | 4,856,517            |
| Director's Fees                       | 56,075               | 9,896               | 65,971               |
| Total Personnel Services              | <u>11,422,883</u>    | <u>1,929,435</u>    | <u>13,352,318</u>    |
| Supplies and Services:                |                      |                     |                      |
| Communication                         | 163,203              | 24,364              | 187,567              |
| Contratual Services                   | 557,950              | 72,040              | 629,990              |
| Data Processing                       | 242,666              | 30,761              | 273,427              |
| District Activities                   | 34,249               | 6,042               | 40,291               |
| Dues and Memberships                  | 80,661               | 14,197              | 94,858               |
| Fees and Permits                      | 413,634              | 44,620              | 458,254              |
| Insurance                             | 396,934              | 70,956              | 467,890              |
| Maintenance                           | 1,537,055            | 528,286             | 2,065,341            |
| Materials                             | 1,727,900            | 82,997              | 1,810,897            |
| Noncapital Equipment                  | 210,102              | 62,210              | 272,312              |
| Office Expense                        | 36,976               | 6,517               | 43,493               |
| Professional Services                 | 1,247,745            | 148,681             | 1,396,426            |
| Training                              | 30,985               | 11,091              | 42,076               |
| Travel and Conferences                | 55,592               | 12,869              | 68,461               |
| Uncollectible Accounts                | 9,876                | 2,514               | 12,390               |
| Utilities                             | 193,984              | 31,955              | 225,939              |
| Vehicle Expense                       | 583,091              | 96,435              | 679,526              |
| Total Supplies and Services           | <u>7,522,603</u>     | <u>1,246,535</u>    | <u>8,769,138</u>     |
| Depreciation and Amortization Expense | <u>7,714,774</u>     | <u>1,473,308</u>    | <u>9,188,082</u>     |
| Total Operating Expenses              | <u>\$ 43,560,424</u> | <u>\$ 4,649,278</u> | <u>\$ 48,209,702</u> |

**YORBA LINDA WATER DISTRICT**  
**Combining Schedule of Capital Assets**  
**For the Year Ended June 30, 2024**

|   | <b>Water</b>   | <b>Sewer</b>  | <b>Total</b>   |
|---|----------------|---------------|----------------|
| Land, Mineral, and Water Rights:          |                |               |                |
| Land                                      | \$ 656,912     | \$ -          | \$ 656,912     |
| Water Rights                              | 86,300         | -             | 86,300         |
| Mineral Rights                            | 63,650         | -             | 63,650         |
| Land Rights and Easements                 | 385            | 58,526        | 58,911         |
| Total Land, Mineral, and Water Rights     | 807,247        | 58,526        | 865,773        |
| Source of Supply:                         |                |               |                |
| Wells                                     | 5,890,678      | -             | 5,890,678      |
| MWD Connection                            | 564,368        | -             | 564,368        |
| Total Source of Supply                    | 6,455,046      | -             | 6,455,046      |
| Pumping Plant:                            |                |               |                |
| Structures and Improvements               | 20,588,611     | -             | 20,588,611     |
| Equipment                                 | 15,625,291     | 321,478       | 15,946,769     |
| Total Pumping Plant                       | 36,213,902     | 321,478       | 36,535,380     |
| Water Treatment Plant:                    |                |               |                |
| Structures and Improvements               | 1,163,706      | -             | 1,163,706      |
| Equipment                                 | 15,181,681     | -             | 15,181,681     |
| Total Water Treatment Plant               | 16,345,387     | -             | 16,345,387     |
| Transmission and Distribution Plant:      |                |               |                |
| Mains                                     | 93,514,994     | 55,492,437    | 149,007,431    |
| Reservoirs and Tanks                      | 62,915,161     | -             | 62,915,161     |
| Service and Meter Installation            | 8,187,750      | -             | 8,187,750      |
| Fire Hydrants                             | 8,254,180      | -             | 8,254,180      |
| Meters                                    | 12,894,191     | -             | 12,894,191     |
| Fire Mains                                | 752,880        | -             | 752,880        |
| Structures and Improvements               | 6,381,645      | -             | 6,381,645      |
| Control System                            | 6,171,484      | 33,485        | 6,204,969      |
| Total Transmission and Distribution Plant | 199,072,285    | 55,525,922    | 254,598,207    |
| General Plant:                            |                |               |                |
| Structures and Improvements               | 14,587,966     | -             | 14,587,966     |
| Transportation Equipment                  | 3,997,209      | 1,451,241     | 5,448,450      |
| Power Operated Equipment                  | 1,294,602      | -             | 1,294,602      |
| Communication Equipment                   | 976,808        | -             | 976,808        |
| Computer Equipment                        | 2,519,837      | 238,071       | 2,757,908      |
| Office Furniture                          | 1,126,266      | -             | 1,126,266      |
| Tools, Shop, and Garage Equipment         | 3,210,705      | -             | 3,210,705      |
| Store Equipment                           | 68,599         | -             | 68,599         |
| Total General Plant                       | 27,781,992     | 1,689,312     | 29,471,304     |
| Right-to-Use - Leased Land                | 237,059        | -             | 237,059        |
| Right-to-Use - Subscription               | 276,989        | 95,033        | 372,022        |
| Construction in Progress                  | 12,263,751     | 503,554       | 12,767,305     |
| Accumulated Depreciation/Amortization     | (121,876,539)  | (24,176,364)  | (146,052,903)  |
| Total Capital Assets                      | \$ 177,577,119 | \$ 34,017,461 | \$ 211,594,580 |

## **STATISTICAL SECTION**

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**YORBA LINDA WATER DISTRICT  
DESCRIPTION OF STATISTICAL  
SECTION JUNE 30, 2024**

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.

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

**Yorba Linda Water District**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

**Yorba Linda Water District**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

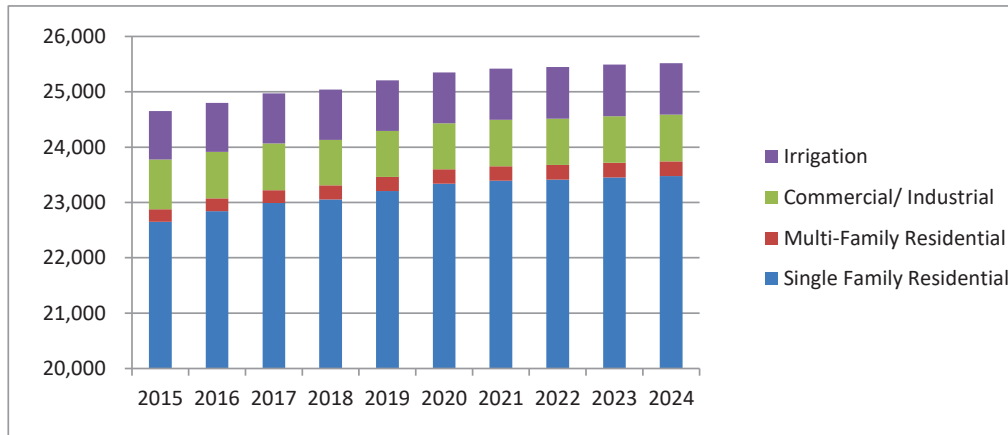
|  | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2024                  | 2023 *                | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  |
| <b>Changes in Net Position:</b>                |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Operating Revenues                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Water Sales                                    | \$ 42,366,064         | \$ 36,880,380         | \$ 38,495,864         | \$ 35,539,146         | \$ 32,192,312         | \$ 29,819,532         | \$ 32,082,152         | \$ 29,326,565         | \$ 27,820,638         | \$ 26,446,618         |
| Sewer Revenues                                 | 4,002,126             | 3,453,202             | 3,204,396             | 2,743,000             | 2,731,285             | 2,528,020             | 2,330,809             | 2,099,947             | 1,849,114             | 1,775,676             |
| Other Operating Revenues                       | 1,963,537             | 1,273,958             | 1,275,632             | 968,455               | 896,107               | 1,014,691             | 831,733               | 1,033,608             | 2,665,835             | 1,461,106             |
| Total Operating Revenues                       | 48,331,727            | 41,607,540            | 42,975,892            | 39,250,601            | 35,819,704            | 33,362,243            | 35,244,694            | 32,460,120            | 32,335,587            | 29,683,400            |
| Operating Expenses                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Variable Water Costs                           | 16,900,164            | 15,308,429            | 20,603,385            | 18,638,471            | 16,916,388            | 13,327,860            | 15,028,131            | 12,710,857            | 10,470,181            | 12,733,762            |
| Personnel Services                             | 13,352,318            | 9,495,878             | 11,016,220            | 10,947,895            | 10,890,404            | 9,538,167             | 9,874,212             | 8,913,639             | 8,096,853             | 7,778,763             |
| Supplies and Services                          | 8,769,138             | 8,100,671             | 6,297,722             | 5,459,423             | 4,754,719             | 4,592,521             | 4,298,863             | 4,504,054             | 4,355,033             | 3,806,900             |
| Depreciation                                   | 9,188,082             | 9,094,787             | 7,935,696             | 7,858,355             | 7,757,139             | 7,322,753             | 7,465,977             | 7,147,369             | 7,546,407             | 7,432,586             |
| Total Operating Expenses                       | 48,209,702            | 41,999,765            | 45,853,023            | 42,904,144            | 40,318,649            | 34,781,301            | 36,667,183            | 33,275,919            | 30,468,474            | 31,752,011            |
| Operating Income/(Loss)                        | 122,025               | (392,225)             | (2,877,131)           | (3,653,543)           | (4,498,945)           | (1,419,058)           | (1,422,489)           | (815,799)             | 1,867,113             | (2,068,611)           |
| Nonoperating Revenues (Expenses)               |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Property Taxes                                 | 2,423,322             | 2,323,369             | 2,157,211             | 2,072,582             | 1,961,002             | 1,874,688             | 1,749,957             | 1,687,384             | 1,615,454             | 1,496,489             |
| Investment Income                              | 3,302,499             | 1,279,458             | 179,375               | 246,942               | 694,705               | 819,522               | 518,600               | 377,205               | 288,817               | 187,316               |
| Interest Expense                               | (2,218,001)           | (2,408,426)           | (1,249,313)           | (1,293,830)           | (1,309,883)           | (1,350,616)           | (1,106,515)           | (1,552,896)           | (1,671,539)           | (1,683,039)           |
| Bond Issuance Costs                            | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Other Nonoperating Revenues                    | 956,382               | 973,139               | 209,976               | 1,249,200             | 1,104,622             | 1,014,495             | 413,465               | 645,562               | 872,420               | 744,572               |
| Other Nonoperating Expenses                    | (2,223,004)           | (358,045)             | (22,142)              | (859,403)             | (137,569)             | (1,550,378)           | (89,021)              | (403,597)             | (7,273)               | (116,528)             |
| Total Nonoperating Revenues (Expenses)         | 2,241,198             | 1,809,495             | 1,275,107             | 1,415,491             | 2,312,877             | 807,711               | 1,486,486             | 753,658               | 1,097,879             | 628,810               |
| Net Income (Loss) Before Capital Contributions | 2,363,223             | 1,417,270             | (1,602,024)           | (2,238,052)           | (2,186,068)           | (611,347)             | 63,997                | (62,141)              | 2,964,992             | (1,439,801)           |
| Capital Contributions                          | 948,660               | 26,022,951            | 289,612               | 2,051,988             | 1,030,017             | 171,144               | 3,554,123             | 2,665,462             | 788,445               | 705,848               |
| Special Items                                  |                       |                       |                       |                       |                       |                       | (2,205,847)           |                       |                       |                       |
| Extraordinary Items                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <b>Changes in Net Position</b>                 | <b>\$ 3,311,883</b>   | <b>\$ 27,440,221</b>  | <b>\$ (1,312,412)</b> | <b>\$ (186,064)</b>   | <b>\$ (1,156,051)</b> | <b>\$ (440,203)</b>   | <b>\$ 3,618,120</b>   | <b>\$ 2,603,321</b>   | <b>\$ 3,753,437</b>   | <b>\$ (733,953)</b>   |
| <b>Net Position by Component:</b>              |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in Capital Assets               | 158,153,034           | 165,329,003           | 145,243,036           | 146,951,549           | 148,308,815           | 152,297,398           | 154,271,627           | \$ 154,273,025        | \$ 153,776,247        | \$ 157,092,210        |
| Restricted                                     | 1,790,643             | 1,873,557             | 2,269,372             | 1,807,363             | 2,131,773             | 2,063,965             | 352,063               | 1,222,452             | 1,572,527             | 189,314               |
| Unrestricted                                   | 33,591,567            | 23,020,801            | 15,269,731            | 15,335,639            | 13,840,027            | 11,075,303            | 11,253,179            | 8,969,119             | 9,027,328             | 3,341,141             |
| <b>Total Net Assets</b>                        | <b>\$ 193,535,244</b> | <b>\$ 190,223,361</b> | <b>\$ 162,782,139</b> | <b>\$ 164,094,551</b> | <b>\$ 164,280,615</b> | <b>\$ 165,436,666</b> | <b>\$ 165,876,869</b> | <b>\$ 164,464,596</b> | <b>\$ 164,376,102</b> | <b>\$ 160,622,665</b> |

\* 2023 was restated due to the change in accounting principles. All prior years are not restated due to not practicable

Source: YLWD Audited Financial Statements

**Yorba Linda Water District  
Number of Connections  
Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>Single Family Residential</b> | <b>Multi-Family Residential</b> | <b>Commercial/Industrial</b> | <b>Irrigation</b> | <b>Direct Rate (Billing Unit)</b> |              |
|--------------------|----------------------------------|---------------------------------|------------------------------|-------------------|-----------------------------------|--------------|
| 2015               | 22,649                           | 230                             | 898                          | 876               | 2.70                              |              |
| 2016               | 22,845                           | 229                             | 842                          | 884               | 2.70                              |              |
| 2017               | 22,991                           | 232                             | 845                          | 902               | 2.70                              |              |
| 2018               | 23,055                           | 256                             | 821                          | 908               | 2.70                              |              |
| 2019               | 23,207                           | 256                             | 829                          | 914               | 2.80                              |              |
| 2020               | 23,340                           | 258                             | 831                          | 921               | 2.80                              |              |
| 2021               | 23,392                           | 263                             | 838                          | 924               | 2.86                              | <u>Total</u> |
| 2022               | 23,412                           | 264                             | 840                          | 930               | 2.64                              |              |
| 2023               | 23,453                           | 264                             | 843                          | 933               | 2.90                              |              |
| 2024               | 23,478                           | 264                             | 844                          | 932               | 3.45                              | 25,518       |
|                    |                                  |                                 |                              | SFR %             |                                   | 92.01%       |



Source: YLWD Billing System



**Yorba Linda Water District  
Ten Largest Customers  
Current and Five Years Ago**

**FY24**

|    | <b>Customer Name</b>                           | <b>Business Type</b>   | <b>Annual<br/>Revenues #</b> | <b>% of Actual<br/>Revenues *</b> |
|----|--|------------------------|------------------------------|-----------------------------------|
| 1  | City of Yorba Linda                            | Government             | \$ 2,349,099                 | 5.54%                             |
| 2  | Placentia- Yorba Linda Unified School District | Government             | 347,831                      | 0.82%                             |
| 3  | Beverage Visions, LLC                          | Homeowners Association | 232,408                      | 0.55%                             |
| 4  | The Hills at Yorba Linda                       | Homeowners Association | 188,714                      | 0.45%                             |
| 5  | The Bryant at Yorba Linda, LLC                 | Homeowners Association | 176,666                      | 0.42%                             |
| 6  | Yorba Linda Villages                           | Homeowners Association | 162,845                      | 0.38%                             |
| 7  | Fairmont Hill Community Association            | Homeowners Association | 142,226                      | 0.34%                             |
| 8  | Lake Park Yorba Linda EPM                      | Homeowners Association | 98,117                       | 0.23%                             |
| 9  | Woodgate Condominiums                          | Homeowners Association | 83,657                       | 0.20%                             |
| 10 | Amalfi Hills Community Assoc                   | Homeowners Association | 80,945                       | 0.19%                             |
|    | <b>TOTAL</b>                                   |                        | <b>\$ 3,862,508</b>          | <b>9.12%</b>                      |

**FY20**

|    | <b>Customer Name</b>            | <b>Business Type</b> | <b>Annual<br/>Revenues #</b> | <b>% of Actual<br/>Revenues *</b> |
|----|---------------------------------|----------------------|------------------------------|-----------------------------------|
| 1  | City of Yorba Linda             | Government           | \$ 2,149,102                 | 6.21%                             |
| 2  | Placentia Yorba Linda USD       | Government           | 326,046                      | 0.94%                             |
| 3  | The Hills at Yorba Linda        | Homeowner's Assoc.   | 161,908                      | 0.47%                             |
| 4  | RRE Yorba Linda Holdings, LLC   | Manufacturer         | 137,246                      | 0.40%                             |
| 5  | Fairmont Hill Community Assoc.  | Homeowner's Assoc.   | 133,165                      | 0.38%                             |
| 6  | Yorba Linda Village             | Homeowner's Assoc.   | 130,733                      | 0.38%                             |
| 7  | Lake Park Mobile Home Community | Homeowner's Assoc.   | 104,509                      | 0.30%                             |
| 8  | Aseptic Technology              | Manufacturer         | 92,624                       | 0.27%                             |
| 9  | Amalfi Hills Community Assoc    | Homeowner's Assoc.   | 85,031                       | 0.25%                             |
| 10 | Woodgate Condominiums           | Homeowner's Assoc.   | 70,473                       | 0.20%                             |
|    | <b>TOTAL</b>                    |                      | <b>\$ 3,390,838</b>          | <b>9.81%</b>                      |

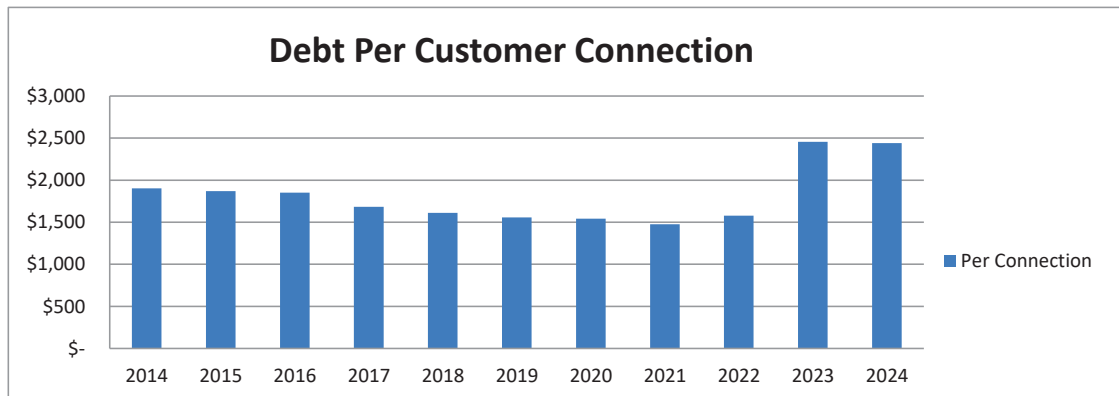
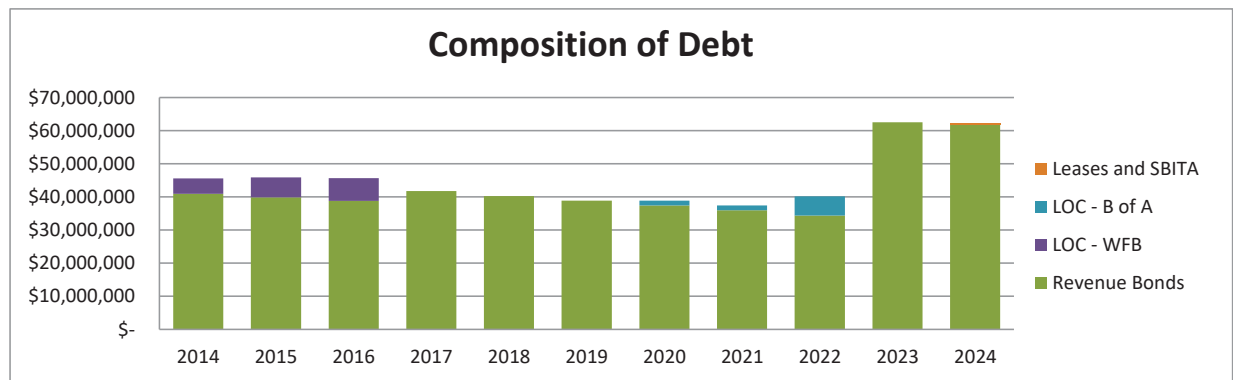
Notes:

# Annual Revenues represents the listed customer's annual total billing for water services (including Base Service and Capital Finance Charges)

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

**Yorba Linda Water District  
Ratio of Outstanding Debt  
Last Ten Fiscal Years**

| Fiscal Year | Bank of America<br>Line of Credit<br>LOC - B of A | Well Fargo<br>Line of Credit<br>LOC - WFB | Certificates of<br>Participation /<br>Revenue Bonds | Leases Payable<br>and SBITA<br>Payable | Total         |                   |               | As a Share of<br>Personal<br>Income |
|-------------|---|---|---|--|---------------|-------------------|---------------|-------------------------------------|
|             |   |   |   |  | Debt          | Per<br>Connection | Per<br>Capita |                                     |
| 2014        |   | \$ 4,642,656                              | \$ 40,970,599                                       |  | \$ 45,613,255 | \$ 1,904          | \$ 616        | 1.32%                               |
| 2015        |   | \$ 5,994,099                              | \$ 39,886,475                                       |  | \$ 45,880,574 | \$ 1,868          | \$ 613        | 1.33%                               |
| 2016        |   | \$ 6,883,720                              | \$ 38,767,354                                       |  | \$ 45,651,074 | \$ 1,852          | \$ 581        | 1.26%                               |
| 2017        |   | \$ -                                      | \$ 41,758,033                                       |  | \$ 41,758,033 | \$ 1,684          | \$ 527        | 1.14%                               |
| 2018        |   | \$ -                                      | \$ 40,262,056                                       |  | \$ 40,262,056 | \$ 1,612          | \$ 506        | 1.10%                               |
| 2019        |   | \$ -                                      | \$ 38,866,080                                       |  | \$ 38,866,080 | \$ 1,557          | \$ 482        | 1.07%                               |
| 2020        | \$ 1,443,517                                      | \$ -                                      | \$ 37,435,103                                       |  | \$ 38,878,620 | \$ 1,542          | \$ 485        | 1.08%                               |
| 2021        | \$ 1,443,751                                      | \$ -                                      | \$ 35,949,127                                       |  | \$ 37,392,878 | \$ 1,475          | \$ 467        | 1.04%                               |
| 2022        | \$ 5,743,751                                      | \$ -                                      | \$ 34,403,151                                       |  | \$ 40,146,902 | \$ 1,580          | \$ 481        | 1.11%                               |
| 2023        |   | \$ -                                      | \$ 62,564,406                                       |  | \$ 62,564,406 | \$ 2,454          | \$ 744        | 1.66%                               |
| 2024        |   |   | \$ 61,894,736                                       | \$ 372,259                             | \$ 62,266,995 | \$ 2,440          | \$ 740        | 1.53%                               |



Source: YLWD Audited Financial Statements

**Yorba Linda Water District  
Debt Coverage  
Last Ten Fiscal Years**

| <b>Fiscal<br/>Year</b> | <b>Revenues</b> | <b>Expenses</b> | <b>Net<br/>Revenues</b> | <b>Debt Service</b> |                 |              | <b>Coverage<br/>Ratio</b> |
|------------------------|-----------------|-----------------|-------------------------|---------------------|-----------------|--------------|---------------------------|
|                        |                 |                 |                         | <b>Principal</b>    | <b>Interest</b> | <b>Total</b> |                           |
| 2015                   | 29,685          | 23,219          | 6,466                   | 1,010               | 1,728           | 2,738        | 2.36                      |
| 2016                   | 32,557          | 21,603          | 10,954                  | 1,045               | 1,679           | 2,724        | 4.02                      |
| 2017                   | 32,734          | 25,112          | 7,622                   | 1,080               | 1,637           | 2,717        | 2.81                      |
| 2018                   | 35,022          | 27,844          | 7,178                   | 1,240               | 1,509           | 2,749        | 2.61                      |
| 2019                   | 34,301          | 26,037          | 8,264                   | 1,140               | 1,598           | 2,738        | 3.02                      |
| 2020                   | 36,605          | 31,167          | 5,438                   | 1,175               | 1,552           | 2,727        | 1.99                      |
| 2021                   | 39,833          | 33,562          | 6,271                   | 1,230               | 1,499           | 2,729        | 2.30                      |
| 2022                   | 42,009          | 35,331          | 6,678                   | 1,290               | 1,439           | 2,729        | 2.45                      |
| 2023                   | 42,339          | 32,377          | 9,962                   | 1,290               | 2,253           | 3,543        | 2.81                      |
| 2024                   | 49,850          | 35,125          | 14,725                  | 1,618               | 2,621           | 4,239        | 3.47                      |

NOTE: Expenses exclude non-cash expenses and debt service expenses.  
Debt Service includes Leases and SBITA payments.

Source: YLWD Audited Financial Statements - Water Fund

**Yorba Linda Water District  
Demographics  
Last Ten Fiscal Years**

YLWD

| <b>Year</b> | <b>Population *</b> | <b>City of YL Population</b> | <b>Personal Income</b> | <b>Personal Income<br/>per Capita</b> |
|-------------|---------------------|------------------------------|------------------------|---------------------------------------|
| 2014        | 73,990              | 67,069                       | \$ 3,461,036,956       | \$ 46,777                             |
| 2015        | 74,787              | 67,826                       | \$ 3,451,134,500       | \$ 46,146                             |
| 2016        | 78,539              | 67,637                       | \$ 3,624,303,533       | \$ 46,147                             |
| 2017        | 79,170              | 67,890                       | \$ 3,654,487,200       | \$ 46,160                             |
| 2018        | 79,565              | 68,229                       | \$ 3,672,735,413       | \$ 46,160                             |
| 2019        | 80,606              | 69,121                       | \$ 3,633,462,895       | \$ 45,077                             |
| 2020        | 80,122              | 68,706                       | \$ 3,611,647,715       | \$ 45,077                             |
| 2021        | 80,056              | 68,650                       | \$ 3,608,703,980       | \$ 45,077                             |
| 2022        | 83,490              | 67,846                       | \$ 3,631,214,745       | \$ 43,493                             |
| 2023        | 84,054              | 67,233                       | \$ 3,763,504,116       | \$ 44,775                             |
| 2024        | 84,140              | 67,068                       | \$ 4,078,452,778       | \$ 48,472                             |

County of Orange

| <b>Year</b> | <b>Population</b> | <b>Unemployment Rate</b> | <b>Personal Income</b> | <b>Personal Income<br/>per Capita</b> |
|-------------|-------------------|--------------------------|------------------------|---------------------------------------|
| 2014        | 3,081,804         | 6.2%                     | \$ 168,966,068         | \$ 54,827                             |
| 2015        | 3,113,991         | 5.4%                     | \$ 177,412,900         | \$ 56,973                             |
| 2016        | 3,132,681         | 4.6%                     | \$ 169,792,810         | \$ 54,200                             |
| 2017        | 3,194,024         | 3.7%                     | \$ 172,509,495         | \$ 54,010                             |
| 2018        | 3,221,103         | 3.3%                     | \$ 174,062,080         | \$ 54,038                             |
| 2019        | 3,222,498         | 2.2%                     | \$ 175,628,639         | \$ 54,501                             |
| 2020        | 3,228,519         | 3.0%                     | \$ 177,209,297         | \$ 54,889                             |
| 2021        | 3,194,332         | 12.3%                    | \$ 178,804,181         | \$ 55,975                             |
| 2022        | 3,153,764         | 6.3%                     | \$ 258,933,000         | \$ 82,103                             |
| 2023        | 3,162,245         | 2.8%                     | \$ 267,143,000         | \$ 84,479                             |
| 2024        | 3,137,164         | 3.6%                     | \$ 266,043,000         | \$ 84,804                             |

NOTE:

Sources: City of Yorba Linda ACFR  
County of Orange ACFR  
U.S. Census Bureau  
CA State Water Resources Control Board

**Yorba Linda Water District  
Ten Largest Employers  
Current and Seven Years Ago**

| Employer ^                        | 2023*     |                        | 2016**    |                        |
|-----------------------------------|-----------|------------------------|-----------|------------------------|
|                                   | Employees | % of Total Labor Force | Employees | % of Total Labor Force |
| Nobel Biocare U S A, L L C        | 269       | 2.62 %                 | 269       | 3.67 %                 |
| Costco Wholesale Corporation #445 | 255       | 2.49 %                 | 293       | 4.00 %                 |
| Euroline Steel Windows            | 155       | 1.51 %                 | 0         | 0.00 %                 |
| Jondo Ltd                         | 144       | 1.40 %                 | 0         | 0.00 %                 |
| Coldwell Banker                   | 118       | 1.15 %                 | 118       | 1.61 %                 |
| Serento Rosa                      | 115       | 1.12 %                 | 0         | 0.00 %                 |
| Vons Grocery Co #3069             | 98        | 0.96 %                 | 86        | 1.17 %                 |
| Sprouts Farmers Market            | 94        | 0.92 %                 | 78        | 1.06 %                 |
| Bristol Farms                     | 87        | 0.85 %                 | 0         | 0.00 %                 |
| Trader Joe's #176                 | 86        | 0.84 %                 | 50        | 0.68 %                 |
| So CA Permanente Medical Group    | 86        | 0.84 %                 | 55        | 0.75 %                 |
| Total                             | 1,507     | 14.70 %                | 949       | 12.94 %                |

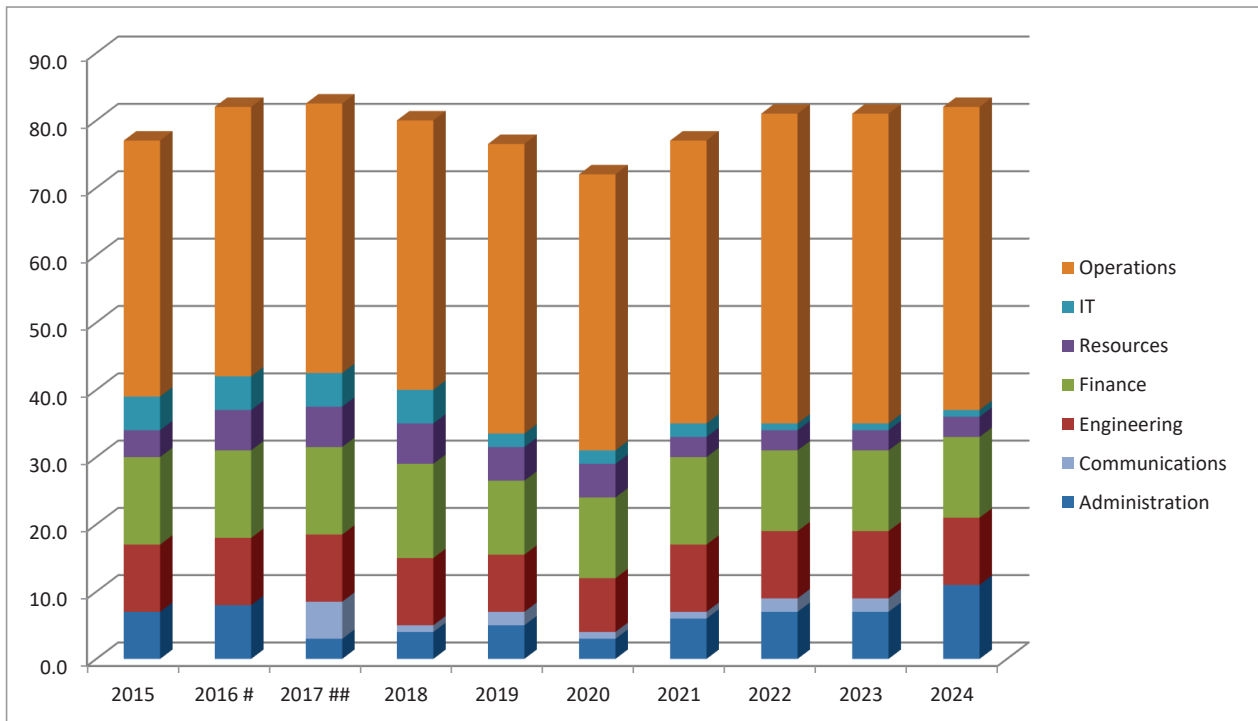
NOTES: \* Most current and available data from the City of Yorba Linda most recent completed ACFR

\*\* Based on the City of Yorba Linda ACFR, the oldest data available for this table is 2016.

**Yorba Linda Water District  
Number of Employees  
Last Ten Fiscal Years**

**Full Time Equivalent Employees by Department \***

| Fiscal Year         | Department     |                |             |         |                 |     |            | Total |
|---------------------|----------------|----------------|-------------|---------|-----------------|-----|------------|-------|
|                     | Administration | Communications | Engineering | Finance | Human Resources | IT  | Operations |       |
| 2015                | 7.0            |                | 10.0        | 13.0    | 4.0             | 5.0 | 38.0       | 77.0  |
| 2016 <sup>#</sup>   | 8.0            |                | 10.0        | 13.0    | 6.0             | 5.0 | 40.0       | 82.0  |
| 2017 <sup>##</sup>  | 3.0            | 5.5            | 10.0        | 13.0    | 6.0             | 5.0 | 40.0       | 82.5  |
| 2018                | 4.0            | 1.0            | 10.0        | 14.0    | 6.0             | 5.0 | 40.0       | 80.0  |
| 2019                | 5.0            | 2.0            | 8.5         | 11.0    | 5.0             | 2.0 | 43.0       | 76.5  |
| 2020                | 3.0            | 1.0            | 8.0         | 12.0    | 5.0             | 2.0 | 41.0       | 72.0  |
| 2021                | 6.0            | 1.0            | 10.0        | 13.0    | 3.0             | 2.0 | 42.0       | 77.0  |
| 2022                | 7.0            | 2.0            | 10.0        | 12.0    | 3.0             | 1.0 | 46.0       | 81.0  |
| 2023                | 7.0            | 2.0            | 10.0        | 12.0    | 3.0             | 1.0 | 46.0       | 81.0  |
| 2024 <sup>##*</sup> | 11.0           |                | 10.0        | 12.0    | 3.0             | 1.0 | 45.0       | 82.0  |



NOTE: \* Number of employees in each department are authorized and funded positions.  
<sup>#</sup> Includes 3FTE temporary positions in relation to the SWRCB Emergency Mandate  
<sup>##</sup> Includes 2 Limited-term FT and 1 Limited-term PT positions in relation to the SWRCB Emergency Mandate  
<sup>##\*</sup> Communication department is now a part of Administration department

Source: YLWD Human Resources Department

**Yorba Linda Water District  
Operating and Capacity Indicators**

**Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>Miles of Water Mains Installed*</b> | <b>Yearly Water Production (MG)</b> | <b>Average Production (MGD)</b> | <b>Number of Field Service Calls</b> |
|--------------------|--|-------------------------------------|---------------------------------|--------------------------------------|
| 2015               | 1.53                                   | 6,447                               | 17.7                            | 1,247                                |
| 2016               | 2.86                                   | 4,408                               | 12.1                            | 1,873                                |
| 2017               | 1.15                                   | 5,827                               | 16.0                            | 1,782                                |
| 2018               | 1.50                                   | 6,601                               | 18.1                            | 1,681                                |
| 2019               | 0.97                                   | 5,858                               | 16.0                            | 1,651                                |
| 2020               | 0.42                                   | 6,281                               | 17.2                            | 1,693                                |
| 2021               | 0.29                                   | 6,732                               | 18.4                            | 1,764                                |
| 2022               | 0.89                                   | 6,283                               | 17.2                            | 1,680                                |
| 2023               | 0.55                                   | 5,318                               | 14.6                            | 1,254                                |
| 2024               | 0.81                                   | 5,371                               | 14.7                            | 1,325                                |

| <b>Fiscal Year</b> | <b>Number of Booster Pumps</b> | <b>Capacity by Booster Pump (GPM)</b> | <b>Number of Reservoirs</b> | <b>Capacity by Reservoir (MG)</b> |
|--------------------|--------------------------------|---------------------------------------|-----------------------------|-----------------------------------|
| 2015               | 12                             | 52,025                                | 14                          | 57                                |
| 2016               | 12                             | 52,025                                | 14                          | 57                                |
| 2017               | 12                             | 52,025                                | 14                          | 57                                |
| 2018               | 12                             | 52,025                                | 14                          | 57                                |
| 2019               | 12                             | 56,125                                | 14                          | 57                                |
| 2020               | 12                             | 56,125                                | 14                          | 57                                |
| 2021               | 12                             | 56,125                                | 14                          | 57                                |
| 2022               | 12                             | 63,025                                | 14                          | 57                                |
| 2023               | 12                             | 63,025                                | 14                          | 57                                |
| 2024               | 12                             | 64,875                                | 14                          | 57                                |

MG - Millions of Gallons

MGD - Millions of Gallons per Day

GPM - Gallon per Minute

NOTE: \* Miles of Water Main estimated

Sources: YLWD Asset Management Plan 2010

YLWD Operations Department

YLWD Engineering Department