WEST ORANGE COUNTY WATER BOARD

FINANCIAL STATEMENTS

Year Ended June 30, 2025

WEST ORANGE COUNTY WATER BOARD

Financial Statements

Year Ended June 30, 2025

TABLE OF CONTENTS

Davis Farr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

Independent Auditor's Report

Board of Directors
West Orange County Water Board
Huntington Beach, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the West Orange County Water Board ("Board"), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Board, as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board 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

The Board's 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 Board'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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 Board'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* 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 Board's basic financial statements. The *budgetary comparison schedule* and the *schedule of revenues, expenses, and changes in net position by participant* 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *budgetary comparison schedule* and the *schedule of revenues, expenses, and changes in net position by participant* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2026, on our consideration of the Board'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 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 Board's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
April 8, 2026

WEST ORANGE COUNTY WATER BOARD
Management's Discussion and Analysis (Unaudited)
June 30, 2025

This section of the West Orange County Water Board's (Board) annual financial report presents our analysis of the Board's financial performance during the year ended June 30, 2025. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The increase of current assets and current liabilities in the amount of $1,376,386 and $931,986, respectively, are related to deposits received for the cathodic protection program. The cathodic program is intended to extend the lifespan of the OC-9 and OC-35 transmission mains and is estimated to cost $8,000,000 for both mains. The Board intends to accumulate $1,000,000 annually, prorated by each agency's ownership share of the Board. Fiscal Year 2024/25 is the fifth year the Board collected deposits towards the program.

Overall revenue increased by $242,193. Nonoperating revenues increased by $36,633 due to increases in interest rates as well as in fair value on investments. Net position increased by $845,430 which is consistent with prior year's pattern of the Board spending less than the revenue received along with increase in investments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: Management's Discussion and Analysis and Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Board report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of net position includes all of the Board's investments and resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Board and assessing the liquidity and financial flexibility of the Board. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position. This statement measures the success of the Board's operations over the past year. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Board's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers as to the nature of where cash comes from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE BOARD

One of the most important questions asked about the Board's finances is "Is the Board as a whole better off or worse as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the Board's activities in a way that will help answer this question. These two statements report the net position of the Board and changes in them. You can think of the Board's net position – the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Board's net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions that can affect member agencies' ability to pay the user charges, population growth, zoning and new or changed government legislation.

Table A
Statement of Net Position

	June 30, 2025	June 30, 2024	$ Change	% Change
Current Assets	$ 7,271,683	$ 5,895,297	$ 1,376,386	23.3%
Capital Assets	5,131,849	5,146,556	(14,707)	-0.3%
Total Assets	12,403,532	11,041,853	1,361,679	12.3%
Current Liabilities	5,492,030	4,560,044	931,986	20.4%
Long Term Liabilities	727,542	1,143,279	(415,737)	-36.4%
Total Liabilities	6,219,572	5,703,323	516,249	9.1%
Total Net Position	$ 6,183,960	$ 5,338,530	$ 845,430	15.8%

As can be seen from the table above, current assets and current liabilities increased by $1,376,386 and $931,986 primarily due to the Board receiving $1,000,000 in deposits for the cathodic protection program. Capital assets decreased by $14,707 due to the normal depreciation of capital assets and purchase of capital assets of $102,260. Long-term liabilities decreased by $415,737 due to loan payments made to OCTA for the 405 widening project during the fiscal year ended June 30, 2025.

Table B
Statement of Revenue, Expenses and Changes in Net Position

	June 30, 2025	June 30, 2024	$ Change	% Change
Operating Revenues	$ 287,560	$ 82,000	$ 205,560	250.7%
Nonoperating Revenues	798,810	762,177	36,633	4.8%
Total Revenues	1,086,370	844,177	242,193	28.7%
Operating Expenses	187,692	231,279	(43,587)	-18.8%
Nonoperating Expenses	53,248	63,950	(10,702)	-16.7%
Total Expenses	240,940	295,229	(54,289)	-18.4%
Changes in Net Position	845,430	548,948	296,482	54.0%
Beginning Net Position	5,338,530	4,789,582	548,948	11.5%
Ending Net Position	$ 6,183,960	$ 5,338,530	$ 845,430	15.8%

While the Statement of Net Position shows the financial position, the Statement of Revenues, Expenses, and Changes in Net Position provide answers as to the nature and source of changes. As can be seen above, operating revenues increased from $82,000 for the fiscal year ended June 30, 2024 to $287,560 for the fiscal year ended June 30, 2025. Nonoperating revenues increased by $36,633. The increase is related to improved interest rates and large upswing in the fair value of the Board's investments. Total expenses decreased by $54,289. The net effect is due to a decrease of $43,587 in operating expenses and a decrease of $10,702 in nonoperating expenses. The decrease in operating expenses is related to prior year having a one-time maintenance cost for chlorinating transmission mains. The decrease in nonoperating expenses is due to the fluctuation of interest rate for the OC-35 Realignment Project loan.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS – There are no capital asset deletions in the current fiscal year. The total capital assets balance, net of depreciation, decreased by $14,707 due to depreciation of $116,967, partially offset by new capital asset purchases of $102,260. The pipeline is estimated to have a useful life of 50 years.

DEBT ADMINISTRATION – In October 2017, the Board entered into Reimbursement Agreement No. U-2017-151087 in the amount of $5,995,394 with the Orange County Transportation Authority for the relocation of the OC-35 transmission main necessitated by the I-405 Freeway Widening Project. The Reimbursement Agreement provides a 10-year variable rate loan based on the State Monetary Investment Fund (SMIF) interest rate. Any non-operating WOCWB expenditures would either be from the construction of the project, or debt service. Debt service payment could continue for up to 10 years, although two of the four member agencies have paid their portion of the loan in advance, and the other two agencies have the option of following suit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors and management considered many factors when setting the Fiscal Year 2025/26 budget. One of those factors is the economy. The budget continues to be structured to contain costs while always continuing the Board's philosophy of providing excellence in service.

CONTACTING THE BOARD'S FINANCIAL MANAGER

This financial report is designed to provide our citizens and participants with a general overview of the Boards finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Chris Davis, Senior Administrative Analyst, at 19001 Huntington Street, Huntington Beach, California 92648, Phone (714) 374-1641 or e-mail chris.davis@surfcity-hb.org.

WEST ORANGE COUNTY WATER BOARD

Statement of Net Position

June 30, 2025

Assets	
Current assets:	
Cash and investments (note 3)	$ 7,247,880
Accounts receivable	23,803
Total current assets	7,271,683
Capital assets:	
Construction in progress	102,260
Infrastructure, net of accumulated depreciation (note 5)	5,029,589
Total assets	12,403,532
Liabilities	
Accounts payable	51,280
Interest payable	3,794
Deposits payable	5,021,219
Loan payable:	
Due within one year (note 6)	415,737
Due in more than one year (note 6)	727,542
Total liabilities	6,219,572
Net Position	
Net investment in capital assets	3,988,570
Unrestricted	2,195,390
Total net position	$ 6,183,960

See accompanying notes to the basic financial statements.

WEST ORANGE COUNTY WATER BOARD

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2025

Operating revenues:	
Maintenance and operating charges to participants	$ 185,300
Other	102,260
Total operating revenues	287,560
Operating expenses:	
Maintenance and operating expenses	70,725
Depreciation	116,967
Total operating expenses	187,692
Operating income	99,868
Nonoperating revenues (expenses):	
Debt service charges to participants	476,443
Interest income (loss)	322,367
Interest expense	(53,248)
Total nonoperating revenues (expenses)	745,562
Change in net position	845,430
Net position, beginning of year	5,338,530
Net position, end of year	$ 6,183,960

See accompanying notes to the basic financial statements.

WEST ORANGE COUNTY WATER BOARD

Statement of Cash Flows

Year Ended June 30, 2025

Cash flows from operating activities:	
Receipts from participants	$ 185,300
Payments to suppliers	(35,000)
Deposit from participants	1,000,000
Net cash provided (used) by operating activities	1,150,300
Cash flows from capital and related financing activities:	
Receipt of charges to participants	501,597
Purchase of capital assets	(102,260)
Principal paid	(415,737)
Interest paid	(54,727)
Net cash provided (used) by capital and related financing activities	(71,127)
Cash flows from investing activities:	
Interest received (loss)	322,367
Net increase in cash and cash equivalents	1,401,540
Cash and cash equivalents, beginning of year	5,846,340
Cash and cash equivalents, end of year	$ 7,247,880
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	$ 99,868
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	116,967
Increase (decrease) in deposits payable	897,740
Increase (decrease) in accounts payable	35,725
Net cash and cash equivalents provided (used) by operating activities	$ 1,150,300

There were no significant noncash investing, capital and financing related activities for the year ended June 30, 2025.

See accompanying notes to the basic financial statements.

NOTE 1 – ORGANIZATION AND HISTORY

The West Orange County Water Board (Board) was created on February 9, 1955, through a joint powers agreement with subsequent supplements and amendments to provide for the construction, operation and maintenance of water transportation. Current participants under the agreement are the Cities of Huntington Beach, Westminster, Seal Beach and Garden Grove who own the facilities. All operating costs are allocated to and recovered from the participants.

Effective February 1, 1996, the City of Huntington Beach purchased 3.8 cubic feet per second (cfs) of capacity in Feeder No.1. Revenues and expenses are allocated using the following percentages:

City of Huntington Beach	56.1%
City of Garden Grove	4.2%
City of Seal Beach	14.3%
City of Westminster	25.4%
	100.0%

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounting methods and procedures adopted by the Board conform to generally accepted accounting principles as applied to governmental enterprise funds as prescribed by the Governmental Accounting Standards Board (GASB).

The Board, as an enterprise fund, accounts for its operations in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The focus of enterprise fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The Board's operating revenues and expenses are those that result from providing services and producing and delivering goods.

(b) Cash Equivalents

The City of Huntington Beach acts as fiscal agent of the Board and all funds of the Board are held and managed by the City of Huntington Beach's Treasurer. For purposes of the financial statements, the Board considers highly liquid debt instruments (excluding assets whose use is limited) purchased with a maturity of three months or less to be cash equivalents. Money market accounts and funds invested with the California Asset Management Program (CAMP) are considered to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Investments

Investments are generally stated at fair value, which is based on quoted market prices as of the valuation date. The gain/loss resulting from valuation is reported in the revenue account interest income on the statement of revenues, expenses and changes in net position.

(d) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies including:

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

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the Board’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the Board’s own data.

(e) Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position – This category presents restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Board, not restricted for any project or other purpose.

(g) Capital Assets

Capital assets have an acquisition cost of $50,000 or greater ($100,000 for infrastructure) and a useful life of one year or more. The Board records all purchased capital assets at historical cost (where historical records are available) and donated capital assets at estimated acquisition value on the date of donation.

NOTE 3 – CASH AND INVESTMENTS

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

Deposits	$ 7,789
CAMP	7,240,091
Total Cash and Investments	$ 7,247,880

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

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Certificate of Deposit	5 years	30%	**
California Asset Management Program (CAMP)	N/A	No Limit	$30 million*
Money Market Mutual Funds	60 day Wgt Avg	20%	10%

* The Board's investment policy does not include a policy for the maximum investment in one issuer for certificate of deposits. As such, the Board follows the California Government Code's maximum investment in one issuer, for time certificate of deposits and negotiable certificates of deposit, of 10%.

** The following investment types are authorized for the Board by the California Government Code. However, the Board's investment policy is more restrictive than the California Government Code:

Certificates of Deposit - The California Government Code allows a city to invest up to 100% of its portfolio in this investment type and up to 10% of its portfolio in a single issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. The Board mitigates interest rate risk by maintaining its fund in CAMP, which may be drawn upon daily.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2025, the CAMP pool is rated AAAm.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

NOTE 3 – CASH AND INVESTMENTS (Continued)

The California Government Code and the Board'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 Board deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

<u>California Asset Management Program (CAMP)</u>

The Board is a voluntary participant in the California Asset Management Program (CAMP. CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Trust's activities are directed by a Board of Trustees, all of whom are employees of the California public agencies which are participants in the Trust. The Board reports investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. The Pool is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value (NAV) per share of $1.00. The Pool invests in obligations of the United States Government and its agencies, high quality, short-term debt obligations of U.S. companies and financial institutions. The Pool is a permitted investment for all local agencies under California Government Code Section 53601(p).

NOTE 4 – RELATED PARTY TRANSACTIONS

The City of Huntington Beach, besides being a participant of the Board, performs the duties of manager/engineer, all accounting functions and bills the Board for monthly operation and maintenance costs incurred. Total administrative, operations and maintenance costs billed for the period ended June 30, 2025, were $38,583.

NOTE 5 – CAPITAL ASSETS

Capital assets consists of the following at June 30, 2025:

	June 30, 2024	Additions	Retirements	June 30, 2025
Capital assets not being depreciated:				
Construction in progress	$ -	102,260	-	102,260
Capital assets being depreciated:				
Infrastructure	5,848,359	-	-	5,848,359
Less accumulated depreciation:				
Infrastructure	(701,803)	(116,967)	-	(818,770)
Total capital assets being depreciated, net	5,146,556	(116,967)	-	5,029,589
Total capital assets, net	$ 5,146,556	(14,707)	-	5,131,849

NOTE 6 – LOAN PAYABLE

Changes in long-term liabilities consist of the following at June 30, 2025:

	June 30, 2024	Additions	Retirements	June 30, 2025	Due Within One Year
Loan Payable	$ 1,559,016	-	(415,737)	1,143,279	415,737

In October 2017, the Board entered into a loan agreement with OCTA in the amount of $5,995,394 as a result of the construction of the Interstate 405 Widening Project. Interest for the loan is charged at the rate of earnings equal to the State of California Surplus Money Investment Fund (SMIF). At June 30, 2025, the SMIF rate was 4.219%. Payments on the loan are due as follows:

Year Ending June 30	Principal	Interest	Total
2026	$ 415,737	29,800	445,537
2027	415,737	19,486	435,223
2028	311,805	5,858	317,663
Total	$ 1,143,279	55,144	1,198,423

Member agencies of the Board through a financial participation agreement are responsible for their portion of the share based on percentage of ownership. Member agency payments are due on a quarterly basis.

SUPPLEMENTARY INFORMATION

WEST ORANGE COUNTY WATER BOARD

Budgetary Comparison Schedule

Year Ended June 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues			
Operating	$ 82,000	287,560	205,560
Total operating revenues	82,000	287,560	205,560
Operating expenses:			
Maintenance and operating:			
Board members	2,500	1,300	1,200
Legal	2,500	-	2,500
Professional services	30,500	6,665	23,835
Insurance	9,500	10,154	(654)
Power	4,500	2,921	1,579
Maintenance, repair and operation	50,000	47,982	2,018
Other contract services	-	1,703	(1,703)
Contingency	2,500	-	2,500
Depreciation expense	116,967	116,967	-
Total operating expenses	218,967	187,692	31,275
Operating income (loss)	(136,967)	99,868	236,835
Nonoperating revenues (expenses):			
Debt service charges to participants	475,000	476,443	1,443
Interest income (loss)	-	322,367	322,367
Interest expense	(55,000)	(53,248)	1,752
Total nonoperating revenues (expense)	420,000	745,562	325,562
Change in net position	$ 283,033	845,430	562,397

WEST ORANGE COUNTY WATER BOARD

Schedule of Revenues, Expenses and Changes in Net Position by Participant

Year Ended June 30, 2025

	City of Huntington Beach	City of Garden Grove	City of Seal Beach	City of Westminster	Total
Operating revenues:					
Maintenance and operating charges to participants	$ 103,954	7,782	26,498	47,066	185,300
Other	57,368	4,295	14,623	25,974	102,260
Total operating revenues	161,322	12,077	41,121	73,040	287,560
Operating expenses:					
Maintenance and operating expenses	39,677	2,970	10,114	17,964	70,725
Depreciation	65,618	4,913	16,726	29,710	116,967
Total operating expenses	105,295	7,883	26,840	47,674	187,692
Operating income (loss)	56,027	4,194	14,281	25,366	99,868
Nonoperating revenues (expenses):					
Debt services charges to participants	379,677	-	96,766	-	476,443
Interest income (loss)	180,849	13,539	46,098	81,881	322,367
Interest expense	(29,873)	(2,236)	(7,614)	(13,525)	(53,248)
Total nonoperating revenues (expenses)	530,653	11,303	135,250	68,356	745,562
Change in net position	586,680	15,497	149,531	93,722	845,430
Net position, beginning of year	2,641,365	285,713	673,227	1,738,225	5,338,530
Net position, end of year	$ 3,228,045	301,210	822,758	1,831,947	6,183,960

WEST ORANGE COUNTY WATER BOARD

NOTE TO SUPPLEMENTARY INFORMATION

Year Ended June 30, 2025

Budgetary Comparison Schedule

Annual budgets are adopted by the West Orange County Water Board's (Board) Board of Directors. The Board prepares its budgets on the accrual basis of accounting. No budget transfers were requested during the year. The legal level of budgetary control (that is, the level at which expenses cannot legally exceed the appropriated amount) for the operating budget is at the entity level.