



ORANGE COUNTY WATER DISTRICT

Fountain Valley, California

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

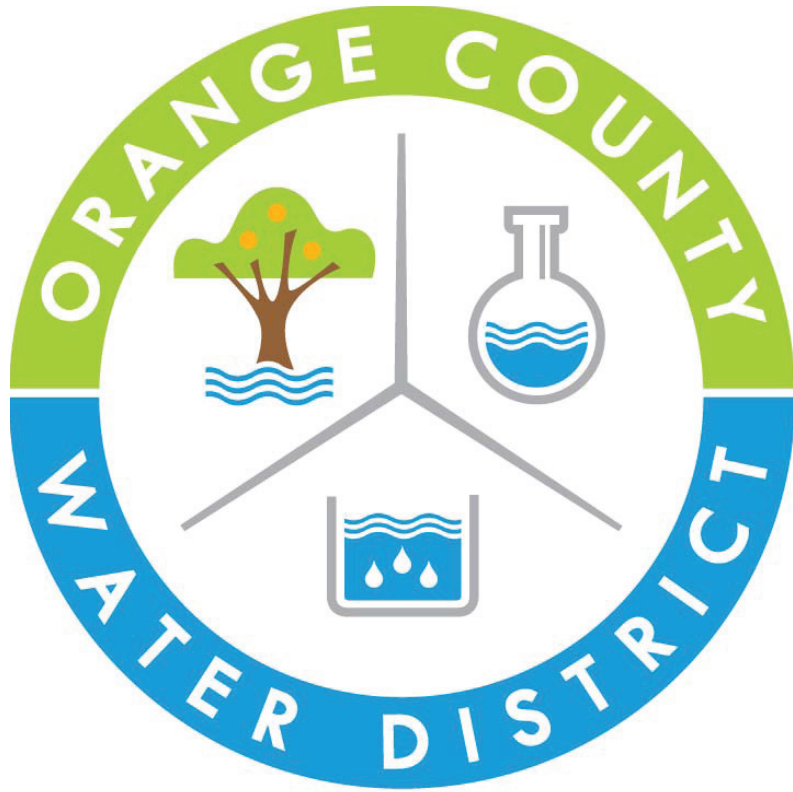


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ORANGE COUNTY WATER DISTRICT
FOUNTAIN VALLEY, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
WITH REPORT ON AUDIT BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEAR ENDED JUNE 30, 2022



SINCE 1933

ORANGE COUNTY WATER DISTRICT
FOUNTAIN VALLEY, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
WITH REPORT ON AUDIT BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page Numbers</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	i
Organization Structure.....	xii
Board of Directors.....	xiii
District Vital Statistics	xiv
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	xv
FINANCIAL SECTION	
Independent Auditors' Report.....	1
Management's Discussion Report.....	5
Basic Financial Statements	
Statement of Net Position	13
Statement of Revenues, Expenses, and Changes in Net Position.....	15
Statement of Cash Flows	16
Notes to Basic Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios	51
Schedule of Contributions	52
STATISTICAL SECTION	
Description of Statistical Section	53
Financial Trends	
Net Position by Component	54
Changes in Net Position.....	55
Operating Revenues by Source	56
Operating Expenses by Function	57
Revenue Capacity	
Total Sales Acre-Feet and Revenue by Water Type	58
Water Rates by Water Type.....	59
Changes in Top Ten Customers' Groundwater Production	60
Debt Capacity	
Ten-Year Real Secured and Real Unsecured Assessed Tax Values	61
Ten-Year Computation of Legal Debt Margin	62
Pledged – Revenue Coverage.....	63
Ratios of Outstanding Debt.....	64

ORANGE COUNTY WATER DISTRICT
FOUNTAIN VALLEY, CALIFORNIA

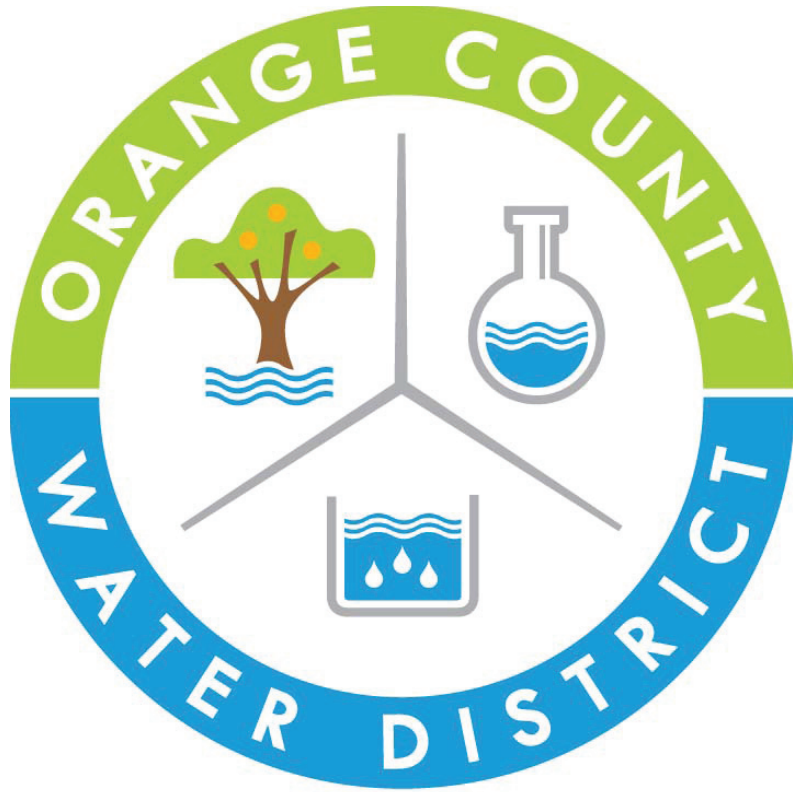
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TABLE OF CONTENTS

	<u>Page Numbers</u>
Demographic and Economic Information	
Demographic Statistics	65
Principal Employers	66
Operation Information	
Personnel Trends	67
Fiscal Year 2021-2022 Groundwater Production by Agency	68
Demographic and Production Indicators	69
Capital Asset Statistics by Function	70

INTRODUCTORY SECTION



SINCE 1933

DIRECTORS

DENIS R. BILODEAU, PE.
CATHY GREEN
GLORIA MA'AE
NELIDA MENDOZA
DINA L. NGUYEN, ESQ.
KELLY ROWE, C.E.G., C.H.
STEPHEN R. SHELDON
TRI TA
BRUCE WHITAKER
ROGER C. YOH, P.E.



ORANGE COUNTY WATER DISTRICT
ORANGE COUNTY'S GROUNDWATER AUTHORITY

OFFICERS

President
STEPHEN R. SHELDON

First Vice President
CATHY GREEN

Second Vice President
TRI TA

General Manager
MICHAEL R. MARKUS, P.E., D.WRE

LETTER OF TRANSMITTAL

October 19, 2022

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

It is our pleasure to submit the Annual Comprehensive Financial Report of the Orange County Water District (District) for the fiscal year ended June 30, 2022. District staff worked collectively and followed guidelines set forth by the Governmental Accounting Standards Board to prepare this report. This document, which contains a complete set of basic financial statements, is presented in conformity with generally accepted accounting principles (GAAP) and audited by LSL CPAs, a firm of licensed certified public accountants, in accordance with generally accepted auditing standards. State law requires that all special-purpose local governments publish these basic financial statements within seven months of the close of the agency's fiscal year.

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

The goal of the independent audit was to provide reasonable assurance and not absolute assurance that the basic financial statements of the District for the fiscal year ended June 30, 2022 were free of material misstatement. The independent audit involved examining the District's records on a test basis, disclosures in the basic financial statements, assessing the accounting principles used, estimates made by management, and evaluating the overall financial statement presentation. The independent auditors rendered an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2022 are presented fairly in conformity with GAAP.

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

AGENCY PROFILE

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

A ten-member Board of Directors (Board), seven of whom are elected directly by voters of the District, govern the District. The other three Directors are appointed by their representative city councils of Anaheim, Fullerton and Santa Ana. The District currently has 222.5 full time equivalent employees overseeing day-to-day activities at the direction of the General Manager.

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

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

The District primarily recharges the groundwater basin with Santa Ana River flows, Groundwater Replenishment System (GWRS) water and untreated water purchased from the Metropolitan Water District (MWD) of Southern California. The Santa Ana River flows valued at approximately \$86.5 million a year are essentially free to the District, less the expense to capture and percolate the water, resulting in groundwater that costs about a half of the cost of MWD water imported from Northern California and the Colorado River. The Santa Ana River flows, GWRS water and untreated MWD water are percolated into deep groundwater aquifers through spreading basins in Anaheim and Orange. By naturally filtering the water through the ground, the District saves ratepayers millions of dollars each year in water treatment costs.

The groundwater basin provides about three-fourths of all water used within the District's service area. With one of the most sophisticated groundwater protection programs in the country, the District uses more than 698 (owned and non-owned) wells providing more than 1,283 sampling points from which the District takes more than 18,465 water samples and conducts approximately 401,083 laboratory analyses every year.

The District's monitoring program looks for more than 500 possible contaminants, which are more than the required 148 target contaminants required by health agencies.

The District currently holds rights to all Santa Ana River flows reaching Prado Dam in Riverside County (the dam is owned by the U.S. Army Corps of Engineers for flood prevention). The District owns 2,150 acres behind the dam that is used for water conservation, water quality improvement and environmental enhancement. The District saves approximately \$15.8 million a year by collecting storm water behind Prado Dam, which is recharged into the basin instead of being lost to the ocean.

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

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

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

Maintaining and Improving Water Quality

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

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

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

Improving Coastal Conditions

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

Using the Safest and Most Cost-Effective Financing Option

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

ECONOMIC CONDITION AND OUTLOOK

The District's service boundary covers virtually the entire northern half of Orange County. More than 2.5 million Orange County residents rely on the groundwater basin for about three-fourths of their water needs. Orange County is one of the major metropolitan areas in California and the nation representing the third most populous county in the state, and fifth in the nation. Population growth is approximately 0.3% annually.

Orange County's economy is expected to underperform in the next year due to inflation, covid-19 virus pandemic and increased interest rate environment. Local and statewide unemployment has gone down compared to last year. The local unemployment rate in June 2022 was 2.9% versus 4.2% for California and 3.6% for the nation. The California State Budget has passed. Although the precise implications of the state budget are unclear at this time, the District is expecting no cuts in the ad valorem property tax revenues for the upcoming fiscal year (FY) 2022-23.

During the water year 2021-22 the District replenished 246,908 acre-feet (af) of water. This includes 108,211 af of Santa Ana River flows, 92,561 af of GWRS water and of 25,686 af of imported water. Other water sources include natural replenishment from rainfall that provided an additional 20,450 af of water.

Groundwater use in Orange County in 2021-22 was approximately 258,013 af or 83.7 billion gallons during the water year. Groundwater met 68.6% of the water demand within District boundaries. There are challenges ahead in meeting future water demand, but with continued investment in cost-effective capital improvement projects, the District is confident that the groundwater basin can stay ahead of demand and continue to provide a reliable, high-quality water supply.

MAJOR INITIATIVES FOR THE FUTURE

District is Planning the Following Projects for Fiscal Year 2022-2023:

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

Groundwater Replenishment System Final Expansion

The GWRS was designed and built to be easily expanded. With the completion of Orange County Sanitation District's Steve Anderson Lift Station in May 2009, the GWRS is receiving more feed water. The GWRS Initial Expansion was completed in July 2015, capable of producing 100 million gallons per day (MGD), an increase of 30 MGD from the original construction. The District is working towards final expansion of the system. Construction of the final expansion is underway and is expected to be complete in the winter of 2023. The Final Expansion will increase production capacity by another 30 MGD from our current capacity of 100 MGD to 130 MGD.

PFAS Treatment Systems

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

Water Education and Outreach Programs

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

The components that comprise OCWD’s water education and outreach programs are:

Children’s Water Education Festival

In April 2022, OCWD celebrated the 25th anniversary of the Children’s Water Education Festival – the nation’s largest event of its kind – facilitating water education and environmental stewardship presentations to third, fourth and fifth graders throughout Orange County. Traditionally an in-person, two-day event for thousands of students attending public, private, distance and home schools throughout Orange County, this year’s event was held virtually during a week-long program centered around Earth Day. More than 5,500 students registered for this year’s event from nearly 80 schools throughout Orange County. Nearly 30 organizations participated in the 2022 Festival, offering eight interactive live presentations. More than 45 on-demand videos that support Next Generation Science Standards, including nine videos from OCWD, were available to watch throughout the week, teaching youth that they can make a difference in protecting our water resources today, tomorrow and for future generations. Since its inception in 1997, more than 147,000 students have experienced this water education program.

Next Generation Water Leaders

Next Generation Water Leaders (NGWL) is OCWD’s educational experience for local students in grades 6-12 offered year-round to public and private school students. This program is co-presented by OCWD and Inside the Outdoors, a hands-on environmental education program administered by the Orange County Department of Education. NGWL complements Next Generation Science Standards in California schools and is designed to inspire future water scientists, engineers, policy makers, environmentalists, and innovators. In response to COVID-19, OCWD and Inside the Outdoors developed and offered a virtual replica of the NGWL program for Orange County classes. During the 2021-2022 school year, NGWL facilitated seven virtual programs reaching 172 students and their teachers.

Prado Wetlands Field Trip

OCWD and Inside the Outdoors created an educational program for third grade students. Due to COVID-19, the program was modified to a virtual field trip of the Prado Wetlands and focuses on the importance of water to our natural habitat. Inside the Outdoors provided “Prado Constructed Wetlands: Radical Riparian Restoration” virtual field trips to students while modifying all activities for live-streamed video presentations. Pre-and-post-visit activities were developed to allow student participation in-class or in a distance learning setting. 2,790 students from five Orange County cities participated in the virtual field trips during this past school year.

O.C. Water Summit

Since 2008, the annual O.C. Water Summit has brought together individuals, business, community, and civic leaders to hear discussions about local water supply and water reliability challenges. The premier regional water event educates elected officials, water industry professionals and the public on what measures are in place to address these issues as well as possible solutions to future challenges. OCWD staff worked with presenters and sponsors to host the Summit on October 15, 2021, where approximately 350 people attended. The 2021 Summit featured five sessions and nearly 30 sponsors. District staff is actively planning the next Summit on September 16, 2022.

Water Advisory Committee of Orange County

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

OCWD.com

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

Social Media

The District manages a robust social media program utilizing Facebook, Twitter, LinkedIn, Instagram, and YouTube to further promote OCWD's projects, programs, and mission. The combined social media platforms engage more than 14,300 followers who learn about the District and local water supply. OCWD staff shares information on its platforms daily to ensure a consistent and frequent flow of communication.

Hydrospectives Newsletter

The monthly Hydrospectives newsletter provides the latest information about water quality and reliability, water reuse and supply, the watershed, protecting wildlife, and groundwater management to more than 4,000 subscribers. It was redesigned in January 2022 featuring an updated logo, new style and layout, enhanced visuals, improved analytics tracking and has since seen an increase in readership.

Speakers Bureau

Through its active speakers bureau program, OCWD receives requests for representatives to go out to the community and speak to numerous organizations and schools, as well as at local, national, and international conferences. In FY 21-22, staff and board members gave approximately 42 virtual and in-person presentations to community organizations, city councils and conferences.

Facility Tours

As a leader in water reuse and groundwater management, OCWD provides on-site tours and briefings for visitors from local colleges, water agencies, the surrounding community, and international organizations. In response to COVID-19 restrictions, in-person tours have been temporarily suspended, except when deemed essential. To continue educating the public, and offering the convenience of a virtual format, OCWD is continuing to host virtual tours of the Groundwater Replenishment System (GWRS) through an interactive, behind-the-scenes look at the world-renowned facility. This virtual program features a video tour of the facility, followed

by a live Q&A with OCWD experts. Public tours are generally held the first Friday of every month and customized tours are also available upon request. More than 65 onsite and virtual tours were given to OCWD visitors during FY 21-22, hosting more than 931 guests. Additionally, for those unable to attend a scheduled virtual tour, OCWD created on-demand tour videos that are available to view on the District's YouTube channel. To date, more than 8,700 views have been garnered for the on-demand tour videos.

Water Webinars

OCWD has continued to build upon the success of its webinar program, first launched in May 2020, to bring water education to a broad range of stakeholders including a global audience. The District's Water Webinar series features emerging and newsworthy topics related to various aspects of water management and highlights important OCWD programs and projects that impact local water supply. Eight webinars were completed in FY 21-22. To date, approximately 5,800 people have participated in these webinars in live and on-demand format.

Media Outreach

Through its comprehensive programs spanning groundwater management, water quality, water recycling, research and development, and much more, OCWD continues to be recognized positively as a local, regional, statewide, national, and international water leader. OCWD actively writes and distributes press releases, participates in media interviews, and has been featured in thousands of print and broadcast stories such as *Orange County Register*, *Los Angeles Times*, *CBS News*, *CalMatters*, *The Epoch Times*, *ABC7*, *The Associated Press*, *The Washington Post*, *KPCC*, *MSN*, and many more. In FY 21-22, media stories that featured OCWD had a combined reach of over 5.7 billion.

Awards & Accomplishments

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

The following list of awards is representative of the acclaim and recognition bestowed on the District in FY 21-22.

- First Place Water Program, Small-Size Utility Category, PFAS Pilot Treatment Program, California Municipal Utilities (September 2021)
- Honors Award, Research Category, PFAS Pilot Treatment Program, American Academy of Environmental Engineers and Scientists (October 2021)
- President's Award, General Manager Mike Markus, WateReuse California (September 2021)
- Recycled Water Staff Person of the Year, OCWD Principal Engineer Ben Smith, WateReuse California (September 2021)
- Outstanding Water Project, Yorba Linda Water District PFAS Treatment Plant, American Society of Civil Engineers Orange County (April 2022)
- Project of the Year, Yorba Linda Water District PFAS Treatment Plant, American Society of Civil Engineers Orange County (April 2022)

- Excellence in Promotion of Infrastructure, General Manager Mike Markus, American Society of Civil Engineers Orange County (April 2022)
- Excellence in Lab Management, Supervising Chemist Lily Vuong Sanchez, Lab Manager (May 2022)

A complete list of awards dating back to 2003 can be found on the District's awards webpage.

RELEVANT FINANCIAL POLICIES

Internal Control Structure

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

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

Accounting and Budgetary Policies

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

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

Debt Management

The District's debt mainly consists of Certificates of Participation (COP), Refunding Revenue Bond (RRB), state loans, WIFIA loan and commercial paper. The District has executed 18 issuances since 1989. Only four COP and RRB issuances are outstanding (2003A, 2017A&B, 2019 A&B, C&D and 2021 A) as of June 30, 2022. Other issuances are either advanced refunded, defeased, or refinanced with the help of the state loans and Refunding Revenue Bond.

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

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

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

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

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

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

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

The District has a letter of credit and reimbursement agreement supporting a commercial paper program with Sumitomo Mitsui Banking Corporation. The District has credit capacity of \$70.0 million less \$33.476 million outstanding commercial paper debt to meet its future financing needs through the commercial paper program. For FY 2022-23, the District has budgeted \$6.0 million of principal payment of commercial paper debt.

The District's rated debt obligations have received an AAA rating from Fitch Ratings and Standard & Poor's and an Aa1 rating from Moody's based on the District's long-term credit quality. The ratings mean the District is one of the highest rated water agencies in the State of California. Maintaining a high rating saves the District and local water rate payers millions of dollars by allowing the District to borrow money more easily and at lower rates.

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

OTHER INFORMATION

Independent Audit: The District's policy, as well as sound financial practice, requires an annual audit of financial records and transactions of all operations of the District by independent certified public accountants selected by the Board of Directors. The accounting firm of LSL CPAs was selected to perform the (FY 2021-22) audit. The auditor's opinion is included in this report.

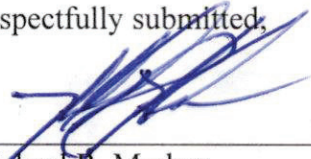
Awards: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Orange County Water District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

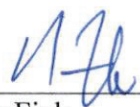
Acknowledgements: The preparation of a comprehensive annual financial report on a timely basis is a large task, made possible only by the combined efforts of many persons. Employees of the Finance Department deserve special recognition. Without their efforts, the completion of this report would not have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

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

Respectfully submitted,

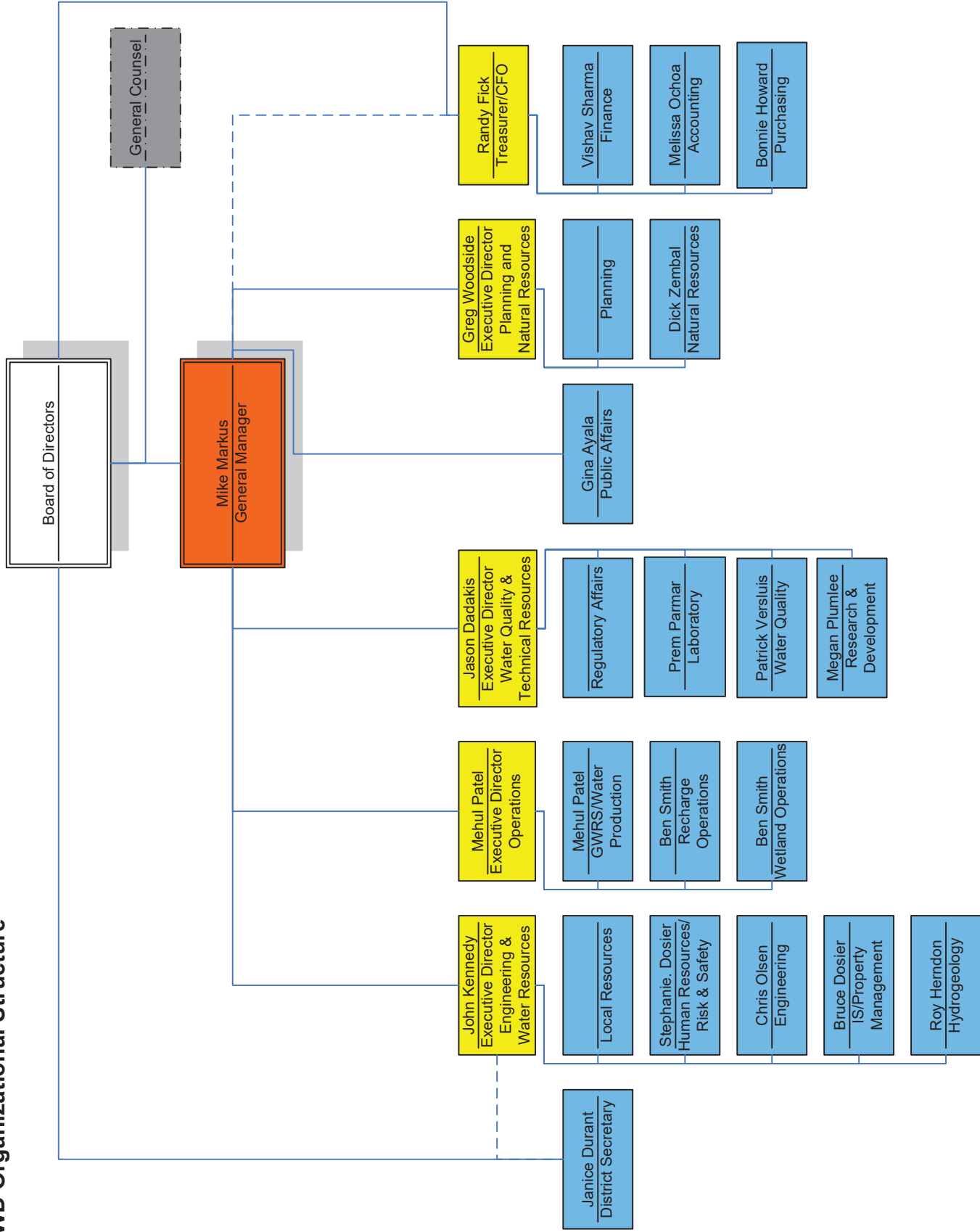


Michael R. Markus
General Manager



Randy Fick
Chief Financial Officer/Treasurer

OCWD Organizational Structure





**Orange County Water District
Comprehensive Annual Financial Report
Fiscal Year 2021-22**

Board of Directors

Dina Nguyen, Division 1

Denis Bilodeau, P.E., Division 2

Roger Yoh, P.E., Division 3

Tri Ta, 2nd Vice President, Division 4

Stephen Sheldon, President, Division 5

Cathy Green, 1st Vice President, Division 6

Kelly Rowe, CFM, P.G., C.E.G., C.H., Division 7

Nelida Mendoza, Division 8

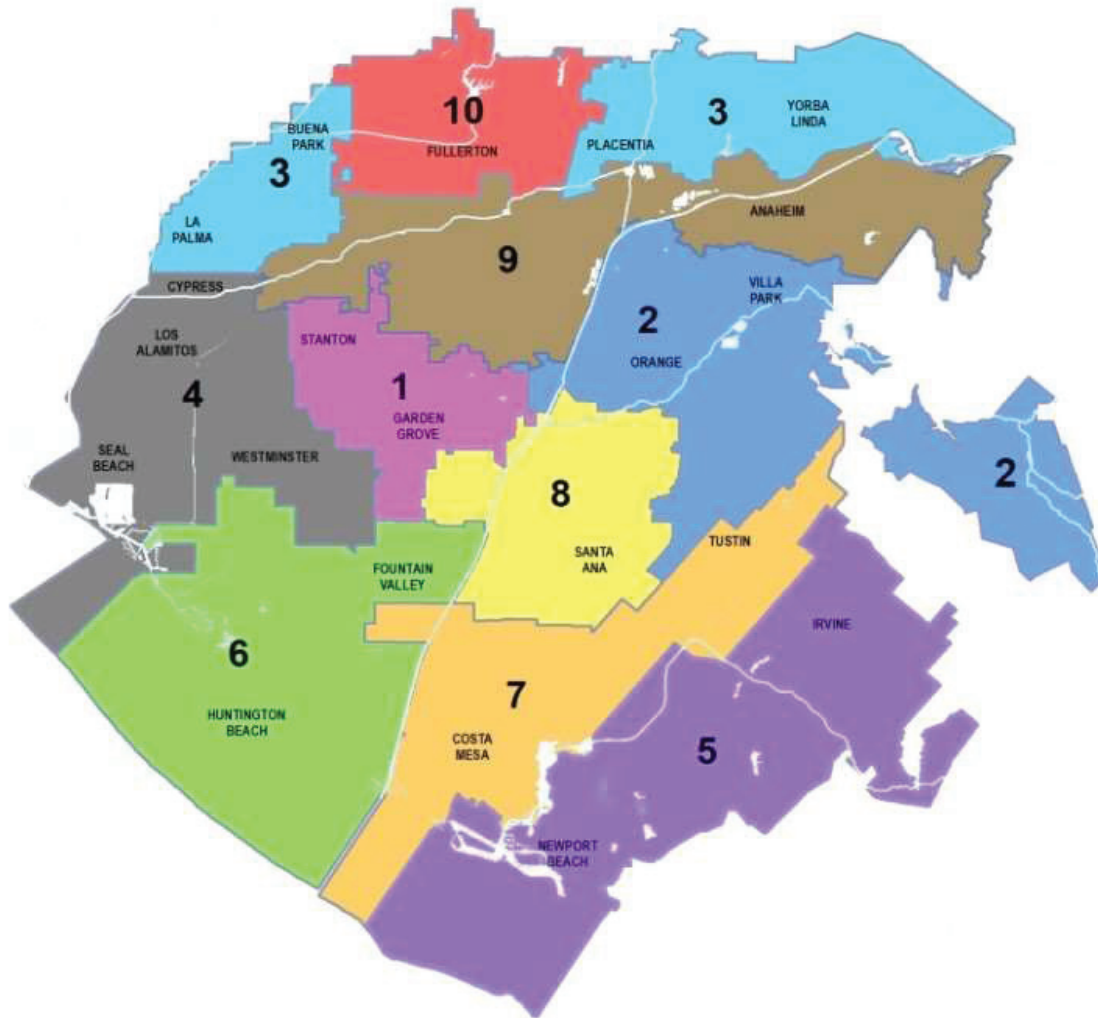
Gloria Ma'ae, Division 9

Bruce Whitaker, Division 10



Michael R. Markus, P.E., D.WRE
General Manager

ORANGE COUNTY WATER DISTRICT



DISTRICT VITAL STATISTICS

Date of Enactment: 1933
Form of Government: Special District of the State of California
Area (square miles): 381
Employees (full-time): 222.5

Major Groundwater Producing Agencies:

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Orange County Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

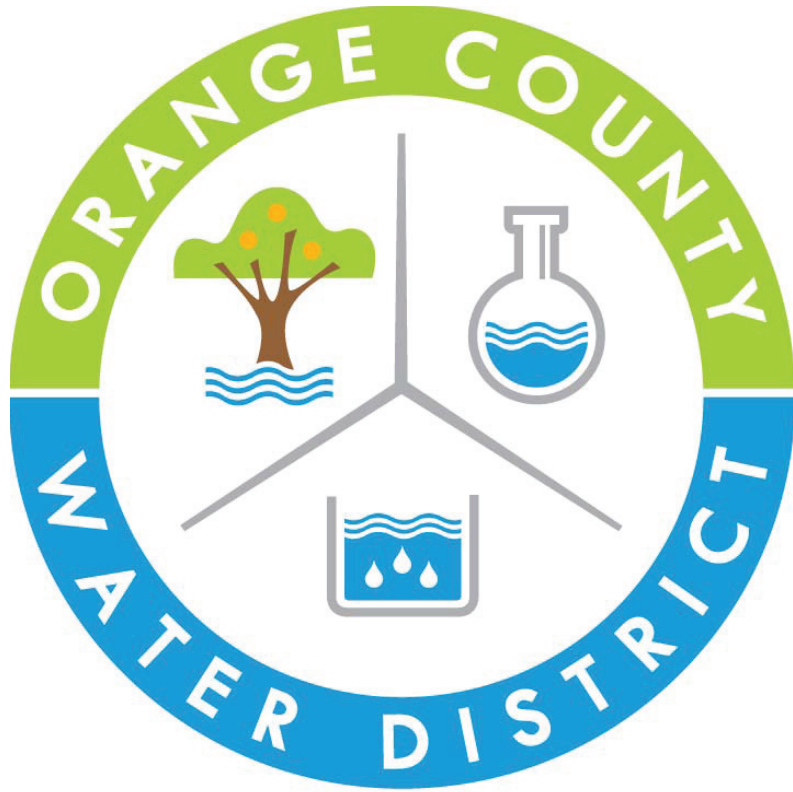
June 30, 2021

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION
Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Orange County Water District, (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2022, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *State Controller's Minimum Audit Standards for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in the fiscal year ended June 30, 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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



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

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* and the *State Controller's Minimum Audit Standards for California Special Districts* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher 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* 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.



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

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other post-employment 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 9, 2022, 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.

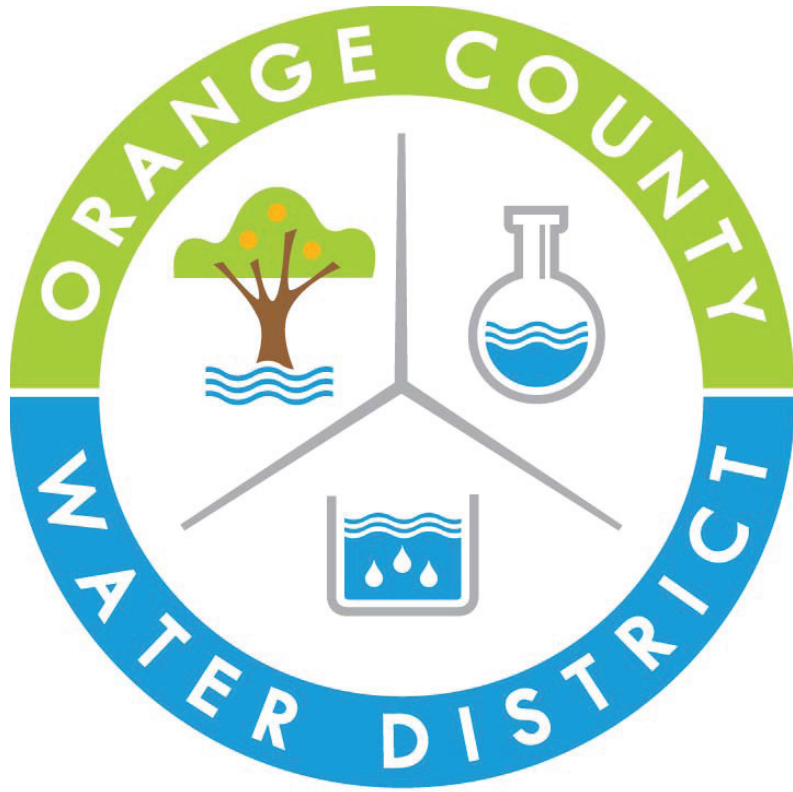
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Brea, California
October 9, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights for Year Ended June 30, 2022



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**ORANGE COUNTY WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

The following summary analysis is a brief discussion of the Orange County Water District’s (District) performance that provides an overview of the District’s financial activities for the year ended June 30, 2022. This section should be read in conjunction with the financial statements and the notes to the financial statements, which follow this analysis.

Financial Highlights

- Total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$505.72 million (net position), representing \$193 million in net investment in capital assets, \$75.76 million for restricted for construction of capital assets \$234 restricted for debt service, \$9.24 million restricted for custodial costs and \$227.73 million unrestricted for operations. Net position increased \$22.98 million or 4.76%, in 2022 over the prior year.
- In 2022, total operating revenues decreased 6.94% or \$10.33 million, from the prior year, primarily due to \$7.11 million decrease in revenues for replenishment assessments, \$3 million decrease in basin equity assessments and \$.21 million decrease in reclaimed water revenues. The Board approved the replenishment assessment rate of \$507 per acre-foot and pumping decreased 8.54% from 282,120 acre-feet to 258,013 acre-feet due to the reduction in water demands related to several groundwater producer wells that have been taken out of service due to exceeding the response level being set by the state of California for perfluorooctanoic acid (“PFOA”) and perfluorooctane sulfonate (“PFOS”).
- Total operating expenses increased \$22.13 million or 18.49% in 2022 due to an increase in water purchases of \$17.80 million and \$4.86 million increase in water production. The District purchased 23,000 acre-feet of untreated imported water from Metropolitan Water District in 2022 due to a dry year.
- The District’s non-operating revenues, net of expenses decreased \$22.19 million or 59.57%, from prior year due to legal settlements received in 2021 and a decrease in market-to-market adjustment of the District’s investments in 2022.
- Total long-term debt is \$894.78 million in 2022, as compared to the \$688.34 million in the prior year. The increase of \$206.43 million or 30% is due to the District entering into two agreements with the State Water Resource Control Board for construction of the Groundwater Replenishment System Final Expansion project for a total of \$124.25 million. In addition, the District issued \$94.42 million in certificates of participation debt to assist in the acquisition of PFAS Treatment Facilities project.

**ORANGE COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Overview of the Financial Statements

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

The Statement of Net Position include all District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provide information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing the rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Position provide information on the District's operations and can be used to determine whether the District has recovered its costs through its rates and other charges. This statement can also be used to determine the District credit worthiness and profitability.

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

Notes to the basic financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 19 to 50 of this report.

Other information includes *required supplementary information* concerning the District's progress in funding its obligations to provide Other Post-Employment Benefits to its employees. Required supplementary information can be found on pages 51 to 52 of this report.

Financial Analysis of the District

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

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

**ORANGE COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Financial Position Summary

Table 1 - Condensed Statements of Net Position				
	Fiscal Year 2022	Fiscal Year 2021	\$ Change	% Change
Assets:				
Current assets	\$ 494,793,774	\$ 368,709,923	\$ 126,083,851	34.20%
Capital and leased assets	967,326,441	851,262,200	116,064,241	13.63%
Other non-current assets	22,238,514	4,890,244	17,348,270	354.75%
Total assets	1,484,358,729	1,224,862,367	259,496,362	21.19%
Deferred outflows of resources	20,803,178	29,664,917	(8,861,739)	-29.87%
Liabilities:				
Current liabilities	107,822,066	97,346,489	10,475,577	10.76%
Long-term debt	846,454,152	637,297,107	209,157,045	32.82%
Other long-term liabilities	15,863,318	33,342,060	(17,478,742)	-52.42%
Total liabilities	970,139,536	767,985,656	202,153,880	26.32%
Deferred inflows of resources	29,300,800	3,802,185	25,498,615	670.63%
Net position:				
Net investment in capital assets	192,992,630	186,429,591	6,563,039	3.52%
Restricted for construction of capital assets	75,757,045	1,654,432	74,102,613	4479.04%
Restricted for debt service	234	254	(20)	-7.87%
Restricted for custodial costs	9,238,327	2,645,323	6,593,004	249.23%
Unrestricted	227,733,335	292,009,843	(64,276,508)	-22.01%
Total net position	\$ 505,721,571	\$ 482,739,443	\$ 22,982,128	4.76%

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$505.72 million on June 30, 2022, compared with \$482.74 million on June 30, 2021. The District's net position increased \$22.98 million for the year.

A portion of the District's net position (38.16% and 38.62% as of June 30, 2022, and 2021, respectively) reflects the District's net investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses the capital assets to provide services to its customers; consequently, these assets are not available for future spending.

The District's net position includes \$75.76 million restricted for construction of capital assets as of June 30, 2022.

At the end of the fiscal year 2022, the District reflects a balance of \$234 restricted for debt service payments.

An additional portion of the District's net position \$9.24 million and \$2.65 million as of June 30, 2022, and 2021, respectively, are for custodial costs, which represents resources that are subject to external restrictions on how they may be used.

At the end of fiscal years 2022 and 2021, the District reflects a positive balance in its unrestricted net position of \$227.73 million and \$292.01 million, respectively, which may be utilized in future years.

**ORANGE COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Activities and Changes in Net Position

Table 2 - Condensed Statements of Revenues, Expenses and Changes in Net Position				
	Fiscal Year 2022	Fiscal Year 2021	\$ Change	% Change
Operating revenues	\$ 138,402,212	\$ 148,729,292	\$(10,327,080)	-6.94%
Operating expenses	141,847,855	119,713,128	22,134,727	18.49%
Operating income (loss)	(3,445,643)	29,016,164	(32,461,807)	-111.87%
Non-operating revenues, net of expenses	15,063,530	37,258,473	(22,194,943)	-59.57%
Net income before capital contributions	11,617,887	66,274,637	(54,656,750)	-82.47%
Capital contributions from other parties	11,063,991	630,609	10,433,382	1654.49%
Changes in net position	22,681,878	66,905,246	(44,223,368)	-66.10%
Net position, beginning of year	482,739,443	415,834,197	66,905,246	16.09%
Prior period adjustment (GASB 87)	300,250			
Net position, beginning of year restated	483,039,693			
Net position, end of year	\$ 505,721,571	\$ 482,739,443	\$ 22,982,128	4.76%

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

Total operating revenues decreased \$10.33 million or 6.94% from the prior year due to the following:

- Replenishment assessments decreased \$7.11 million. Total pumping decreased 8.54% from 282,120 acre-feet to 258,013 acre-feet due to the reduction in water demands related to several groundwater producer wells that have been taken out of service due to exceeding the response level being set by the state of California for perfluorooctanoic acid ("PFOA") and perfluorooctane sulfonate ("PFOS"). The Board approved the replenishment assessment rate of \$507 per acre-foot.
- Basin Equity assessments decreased \$3 million due to the decrease in pumping from various coastal producers. The District maintained its basin production percentage at 77%.
- Reclaimed water revenues decreased \$0.21 million from prior year due to decreases in demand of recycled water.

Total operating expenses increased 18.49% or \$22.13 million from prior year due to the following:

- Water purchases increased \$17.80 million, as a result of the District purchasing 23,000 acre-feet of untreated imported Metropolitan Water this fiscal year to recharge the groundwater basin with the anticipation of another dry winter.
- Water production expenses increased \$4.86 million, which is the result of increased rates on electrical power and chemical expenses used by the Groundwater Replenishment System. For the year ending June 30, 2022, the Groundwater Replenishment System production decreased from 99,100 acre-feet to 92,561 acre-feet of water.
- General and administrative expenses decreased \$1.97 million for daily operations.

The District's non-operating revenues, net of expenses, decreased \$22.19 million or 59.57%, which is primarily due to legal settlements received in 2021 and \$9.62 million decrease in market-to-market adjustment in the District's investments.

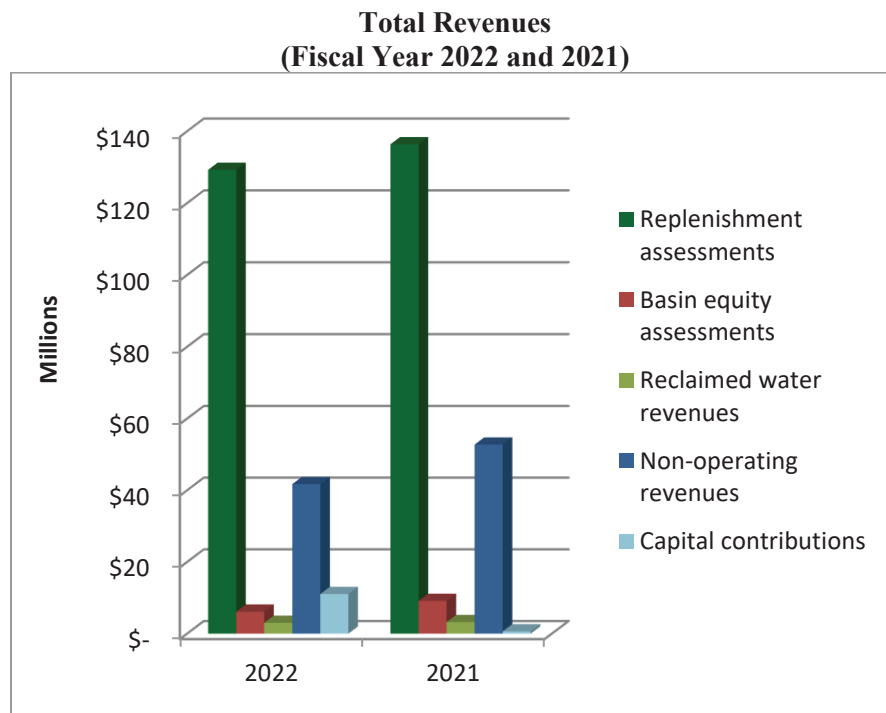
In 2022, the District's capital contributions increased \$10.43 million from prior year, mainly due to \$5 million grant received for the Groundwater Replenishment System Final Expansion project.

**ORANGE COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Revenues

Table 3 - Total Revenues				
	Fiscal Year 2022	Fiscal Year 2021	\$ Change	% Change
Operating revenues:				
Replenishment assessments	\$ 129,244,848	\$ 136,357,405	\$ (7,112,557)	-5.22%
Basin equity assessments	6,136,462	9,143,494	(3,007,032)	-32.89%
Reclaimed water revenues	3,020,902	3,228,393	(207,491)	-6.43%
Total operating revenues	138,402,212	148,729,292	(10,327,080)	-6.94%
Non-operating revenues:				
Property taxes	33,535,212	31,883,652	1,651,560	5.18%
Investment income	1,026,960	2,525,091	(1,498,131)	-59.33%
Rental income, net of expenses	1,642,856	1,711,390	(68,534)	-4.00%
Legal settlements, net of expenses	713,765	12,347,005	(11,633,240)	-94.22%
Other non-operating revenues	3,560,332	3,631,344	(71,012)	-1.96%
Operating grants	1,242,800	2,473,416	(1,230,616)	-49.75%
Gain on disposal of capital assets	-	87,782	(87,782)	-100.00%
Total non-operating revenues	41,721,925	54,659,680	(12,937,755)	-23.67%
Capital contributions	11,063,991	630,609	10,433,382	1654.49%
Total revenues	\$ 191,188,128	\$ 204,019,581	\$(12,831,453)	-6.29%

In 2022, the District's total revenues decreased \$12.83 million or 6.29%, primarily due to the net effect of \$7.11 million decrease in replenishment assessments, \$3 million decrease of basin equity assessments, \$0.21 million decrease in reclaimed water revenues. \$12.94 million decrease in non-operating revenues, and \$10.43 increase in capital contributions.



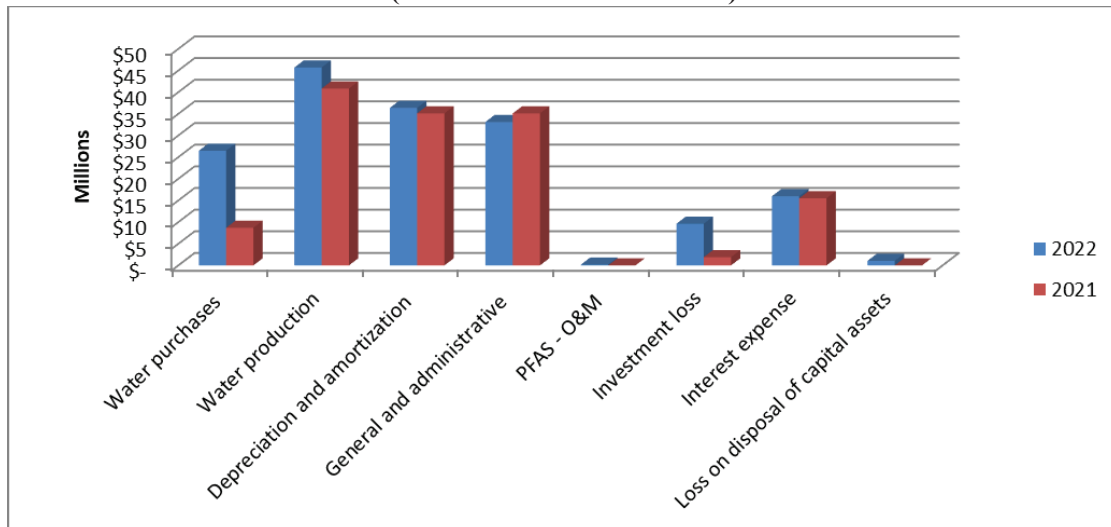
**ORANGE COUNTY WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Expenses

Table 4 - Total Expenses				
	Fiscal Year 2022	Fiscal Year 2021	\$ Change	% Change
Operating expenses:				
Water purchases	\$ 26,478,304	\$ 8,679,073	\$ 17,799,231	205.08%
Water production	45,687,660	40,829,932	4,857,728	11.90%
Depreciation and amortization	36,374,752	35,112,462	1,262,290	3.59%
General and administrative	33,118,167	35,091,661	(1,973,494)	-5.62%
PFAS - operations and maintenance	188,972	-	188,972	-
Total operating expenses	141,847,855	119,713,128	22,134,727	18.49%
Non-operating expenses:				
Net decrease in fair market value of investments	9,622,761	1,902,079	7,720,682	405.91%
Interest expense	15,985,087	15,499,128	485,959	3.14%
Loss on disposal of capital assets	1,050,547	-	1,050,547	-
Total non-operating expenses	26,658,395	17,401,207	9,257,188	53.20%
Total expenses	\$ 168,506,250	\$ 137,114,335	\$ 31,391,915	22.89%

In 2022, the District’s total expenses increased \$31.39 million or 22.89%, mainly due to an increase in water purchases of \$17.80 million, \$4.86 million increase in water production expenses and \$9.26 million increase in non-operating expenses.

**Total Expenses
(Fiscal Year 2022 and 2021)**



**ORANGE COUNTY WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Capital and Leased Assets

As of the fiscal year ended June 30, 2022, the District had invested \$1,601.94 million in capital and leased assets, including land, water rights, structures and improvements, infrastructure, equipment, construction in progress and right-to-use leased equipment. Capital additions, net of transfers and retirements totaled \$152.39 million and \$165.77 million made during the fiscal years ended June 30, 2022, and 2021, respectively.

In 2022, capital and leased assets increased \$151.47 million or 10.45%, primarily due to construction of the Groundwater Replenishment System Final Expansion project and construction of the PFAS Treatment Facilities. The main reasons for these capital additions were construction in progress, equipment, structure, and infrastructure improvements on various water basin/water recycling projects in fiscal year ended 2022.

The District added \$.048 million in the right-to-use leased equipment, in accordance with GASB Statement No. 87.

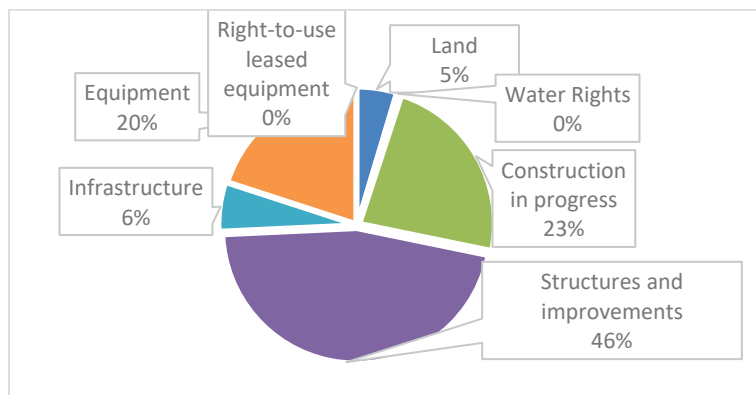
Net capital assets worth \$0.17 million and \$0.43 million were retired during the years June 30, 2022, and 2021, respectively.

The following is a summary of the capital and leased assets on June 30, 2022, June 30, 2021, respectively:

Table 5 - Capital and Leased Assets				
	Fiscal Year 2022	Fiscal Year 2021	\$ Change	% Change
Land	\$ 74,146,171	\$ 74,146,171	\$ -	0.00%
Water Rights	6,823,570	6,823,570	-	0.00%
Construction in progress	371,083,459	241,284,588	128,826,471	53.39%
Structures and improvements	737,574,183	733,750,886	3,823,297	0.52%
Infrastructure	92,064,968	89,585,741	2,479,227	2.77%
Equipment	320,247,855	303,955,698	16,292,157	5.36%
Right-to-use leased equipment	47,950	-	47,950	-
Subtotal	1,601,988,156	1,449,546,654	151,469,102	10.45%
Less: accumulated depreciation/amortization	(634,661,715)	(598,284,454)	(36,377,261)	6.08%
Total capital and leased assets	\$ 967,326,441	\$ 851,262,200	\$116,064,241	13.63%

Additional information can be found in Note 4 for Capital Assets and Note 5 for Leased Assets of the notes to financial statements.

Capital and Leased Assets



**ORANGE COUNTY WATER DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Debt Administration

At June 30, 2022, the District had \$894.78 million in total debt outstanding compared to \$688.35 million at the fiscal year ended June 30, 2021. It includes loans from the State of California, commercial paper, revenue refunding bonds and installment purchase agreements associated with the certificates of participation. This amount represents a net increase of \$206.43 million or 29.99% from the prior year, primarily for the construction of the Groundwater Replenishment System Final Expansion project, which consist of \$94.42 million increase in certificates of participation debt reduced by \$5.64 million for principal payments and \$124.25 million from the State Water Resource Control Board reduced by \$8.69 million for principal payments made during the fiscal year.

The following is a summary of the long-term debt at June 30, 2022 and June 30, 2021, respectively:

Table 6 - Long-Term Debt				
	Fiscal Year 2022	Fiscal Year 2021	\$ Change	% Change
Certificates-of-Participation	\$ 376,168,826	\$ 274,455,563	\$ 101,713,263	37.06%
Revenue refunding bonds	281,163,924	288,801,064	(7,637,140)	-2.64%
State of California loans	203,966,837	88,375,897	115,590,940	130.79%
Commercial paper	33,476,000	36,713,000	(3,237,000)	-8.82%
Total	\$ 894,775,587	\$ 688,345,524	\$206,430,063	29.99%

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

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

Additional information can be found in Note 7 of the notes to financial statements.

Next Years Budget and Rates

The Board of Directors approved the budget for the fiscal year 2022-23. The budget included \$81.2 million for operations, \$4.0 million for PFAS O&M expenditure, \$146.6 million for capital projects, \$0.3 million for new equipment, \$12.3 million for water purchases, \$42.3 million for debt service, \$1.6 million for retiree health expenditures and \$23.6 million for Replacement and Refurbishment (R&R) fund expenditure.

The Board approved a Replenishment Assessment rate of \$558 per acre-foot or a 10.06% increase and the basin production percentage remain at 77%.

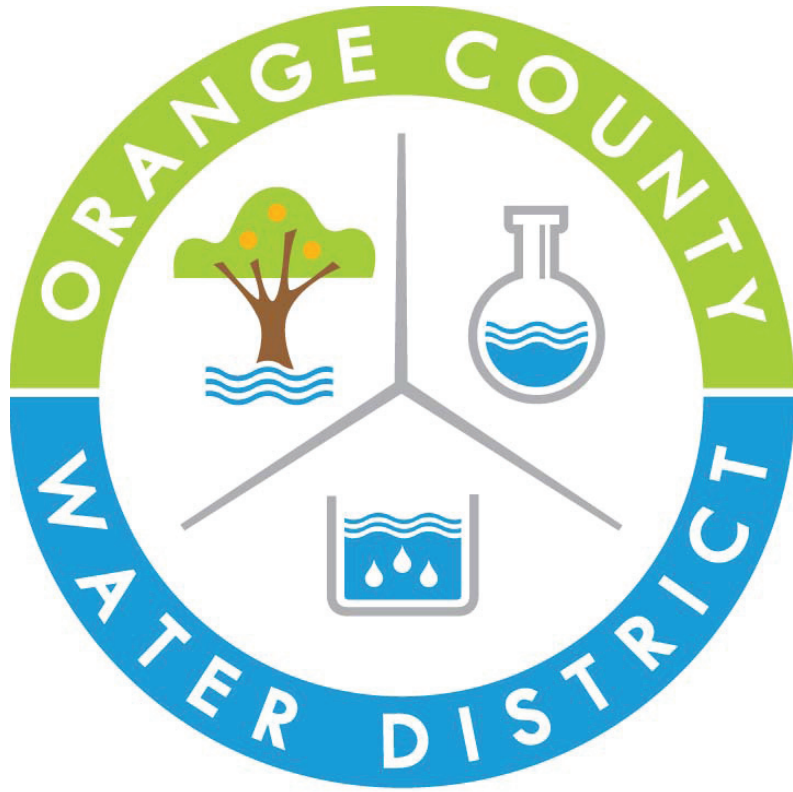
A multi-year construction-in-progress (CIP) budget of \$146.6 million was adopted. These CIP projects will be funded through long term debt, grants, and the District will be funding \$40.4 million pay-as-you-go from the general fund.

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

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



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ORANGE COUNTY WATER DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:

UNRESTRICTED ASSETS:

Cash and cash equivalents	\$ 89,756,428
Investments	197,503,968
Accounts receivable	84,231,910
Accrued interest receivable	382,753
Inventory	4,972,382
Prepaid expenses	857,375
Grants receivables	101,265
Current portion of notes receivable	305,640
Leases receivable, due in less than one year	1,572,738
TOTAL UNRESTRICTED ASSETS	<u>379,684,459</u>

RESTRICTED ASSETS:

Cash and cash equivalents	13,815,960
Cash with fiscal agent	92,375,103
Custodial escrow retention	8,918,252
TOTAL RESTRICTED ASSETS	<u>115,109,315</u>

TOTAL CURRENT ASSETS 494,793,774

NONCURRENT ASSETS:

CAPITAL AND LEASED ASSETS:

Capital assets, not depreciated	452,053,200
Capital assets, depreciated, net	515,260,947
Right to use leased assets, net of amortization	12,294
TOTAL CAPITAL AND LEASED ASSETS	<u>967,326,441</u>

OTHER NONCURRENT ASSETS:

Notes receivable, less current portion above	4,584,604
Net other post-employment benefits (OPEB) asset	3,292,920
Leases receivable, due in more than one year	14,360,990
TOTAL OTHER NONCURRENT ASSETS	<u>22,238,514</u>

TOTAL NONCURRENT ASSETS 989,564,955

TOTAL ASSETS 1,484,358,729

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts from OPEB	3,033,571
Deferred charges on refunding	8,139,450
Derivative instruments	9,630,157
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>20,803,178</u>

The notes to the financial statements are an integral part of this statement.

ORANGE COUNTY WATER DISTRICT

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES:

PAYABLE FROM UNRESTRICTED CURRENT ASSETS:

Accounts payable and accrued expenses	42,465,778
Accrued interest payable	7,175,743
Deposits	171,464
Retention payable	115,896
Current portion of compensated absences	649,356
Current portion of long-term debt	48,321,435
Leases payable, due in less than one year	4,142

TOTAL PAYABLE FROM

UNRESTRICTED CURRENT LIABILITIES:

98,903,814

PAYABLE FROM RESTRICTED ASSETS:

Retentions payable	8,918,252
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TOTAL PAYABLE FROM RESTRICTED ASSETS:

8,918,252

TOTAL CURRENT LIABILITIES

107,822,066

NONCURRENT LIABILITIES:

LONG-TERM DEBT:

Certificates of participation	376,168,826
Revenue refunding bonds	281,163,924
State of California loans payable	203,966,837
Commercial paper	33,476,000
Subtotal	894,775,587

Less: current portion above	48,321,435
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TOTAL LONG-TERM DEBT

846,454,152

OTHER NONCURRENT LIABILITIES:

Accrued compensated absences	6,224,989
Liability from derivative instruments	9,630,157
Leases payable, due in more than one year	8,172

TOTAL OTHER NONCURRENT LIABILITIES

15,863,318

TOTAL NONCURRENT LIABILITIES

862,317,470

TOTAL LIABILITIES

970,139,536

DEFERRED INFLOWS OF RESOURCES

Deferred amounts from OPEB	13,235,189
Deferred charges on refunding	615,291
Deferred inflows related to leases	15,450,320

TOTAL DEFERRED INFLOWS OF RESOURCES

29,300,800

NET POSITION

Net investment in capital assets	192,992,630
Restricted for the construction of capital assets	75,757,045
Restricted for debt service	234
Restricted for custodial costs	9,238,327
Unrestricted	227,733,335

TOTAL NET POSITION

\$ 505,721,571

The notes to the financial statements are an integral part of this statement.

ORANGE COUNTY WATER DISTRICT**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

OPERATING REVENUES:	
Replenishment assessments	\$ 129,244,848
Basin equity assessments	6,136,462
Reclaimed water revenue	3,020,902
TOTAL OPERATING REVENUES	<u>138,402,212</u>
OPERATING EXPENSES:	
Water purchases	26,478,304
Water production	45,687,660
Depreciation and amortization	36,374,752
General and administrative	33,118,167
PFAS - operations and maintenance	188,972
TOTAL OPERATING EXPENSES	<u>141,847,855</u>
OPERATING REVENUE (LOSS)	<u>(3,445,643)</u>
NONOPERATING REVENUES (EXPENSES):	
Property taxes	33,535,212
Investment income	1,026,960
Net increase (decrease) in the fair value of investments	(9,622,761)
Rental income, net of expenses	1,642,856
Legal settlements, net of expenses	713,765
Other nonoperating revenues, net of expenses	3,560,332
Operating grants	1,242,800
Interest expense	(15,985,087)
Gain (loss) on disposal of capital assets	(1,050,547)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>15,063,530</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	11,617,887
CAPITAL CONTRIBUTIONS FROM OTHER PARTIES	<u>11,063,991</u>
CHANGES IN NET POSITION	22,681,878
NET POSITION - BEGINNING OF YEAR	482,739,443
PRIOR PERIOD ADJUSTMENT	<u>300,250</u>
NET POSITION - BEGINNING OF YEAR, AS ADJUSTED	<u>483,039,693</u>
NET POSITION - END OF YEAR	<u>\$ 505,721,571</u>

The notes to the financial statements are an integral part of this statement.

ORANGE COUNTY WATER DISTRICT

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 132,760,577
Cash payments to suppliers for goods and services	(66,985,507)
Cash payments to employees for services	(28,639,800)
Rental income, net of expenses	1,642,856
Legal settlements, net of expenses	713,765
Payments received from operating grants	1,141,535
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>40,633,426</u>

CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES:

Cash received from property taxes	<u>33,535,212</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>33,535,212</u>

CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(132,650,639)
Proceeds from sale of capital assets	70,452
Principal paid on commercial paper	(3,237,000)
Proceeds from certificates of participation	94,420,000
Proceeds from loans payable	124,282,259
Principal paid on long-term debt	(14,336,319)
Interest paid on long-term debt	(18,813,933)
Proceeds from lease receivables	1,428,045
Payments on lease payables	<u>(17,370)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATING FINANCING ACTIVITIES	<u>51,145,495</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment purchases	(5,283,216)
Proceeds from maturity of investments	2,395,482
Interest on investments	1,002,597
Repayments received from notes receivable	305,640
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1,579,497)</u>

NET INCREASE/(DECREASE) IN CASH
AND CASH EQUIVALENTS

123,734,636

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR CASH

81,131,107

AND CASH EQUIVALENTS - END OF YEAR

\$ 204,865,743

The notes to the financial statements are an integral part of this statement.

ORANGE COUNTY WATER DISTRICT

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

RECONCILIATION OF OPERATING LOSS TO NET

CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating loss	<u>\$ (3,445,643)</u>
Adjustments to reconcile operating loss	
net cash provided (used) by operating activities:	
Depreciation and amortization	36,374,752
Other nonoperating revenues	1,966,519
Operating grants	1,141,535
Rental income, net of expenses	1,642,856
Legal settlements, net of expenses	713,765
Change in assets and liabilities	
(Increase) decrease in accounts receivables	(7,459,612)
(Increase) decrease in inventory	(203,239)
(Increase) decrease in prepaid expenses	425,517
Increase (decrease) in Deferred outflows of resources -	
Deferred amounts from OPEB	(694,926)
(Increase) decrease in other post-employment	
benefits (OPEB) asset	(12,215,654)
Increase (decrease) in accounts payable	
and accrued expenses	7,849,825
Increase (decrease) in retentions payable	3,818,865
Increase (decrease) in deposits payable	(600)
Increase (decrease) in accrued compensated absences	616,071
Increase (decrease) in Deferred inflows of resources -	
Deferred amounts from OPEB	<u>10,103,395</u>
Total Adjustments	<u>44,079,069</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u><u>\$ 40,633,426</u></u>

CASH AND CASH EQUIVALENTS -

FINANCIAL STATEMENT CLASSIFICATION:

Unrestricted assets	\$ 89,756,428
Restricted assets	
Cash and cash equivalents and Cash with fiscal agent	\$ 106,191,063
Custodial escrow retention	<u>8,918,252</u>
 TOTAL CASH AND CASH EQUIVALENTS- FINANCIAL STATEMENT CLASSIFICATION	 <u><u>\$ 204,865,743</u></u>

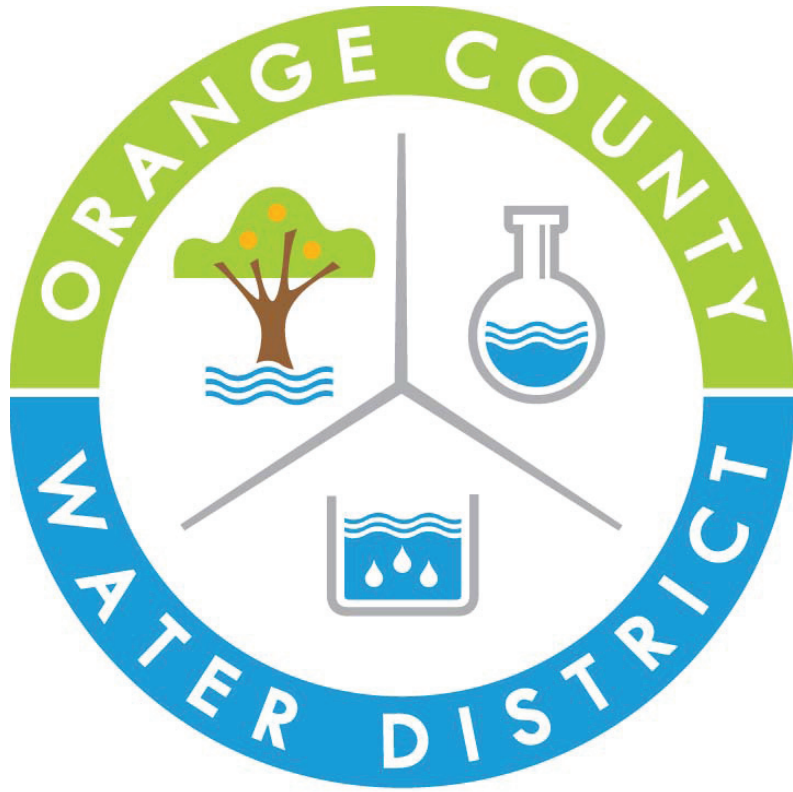
NONCASH INVESTING, CAPITAL
AND FINANCING ACTIVITIES:

Amortization of (discounts) premiums and deferred amounts on refunding	\$ (5,301,123)
Net increase (decrease) in the fair value of investments	9,622,761
Gain/(Loss) on disposal of capital assets	(1,050,547)

The notes to the financial statements are an integral part of this statement.

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NOTES TO BASIC FINANCIAL STATEMENTS



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ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies

a. Organization and Description of the District

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

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

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

b. Basic Financial Statements

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

c. Measurement Focus and Basis of Accounting

Proprietary Fund

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

Note 1: Summary of Significant Accounting Policies (Continued)

Enterprise Fund

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

d. Net Position

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

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

e. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the District's financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted – net position is applied.

f. New Accounting Pronouncements

Current Year Standards

GASB 87

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The statement defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

g. Property Taxes and Assessments

Property taxes and assessments are billed by the County of Orange to property owners. The amount apportioned to the District each year is based upon the District's tax receipts for the three year period ended June 30, 1978, in relation to total County tax receipts and is adjusted annually for area growth. The District's property tax calendar for the fiscal year ended June 30, 2022, were as follows:

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

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

h. Inventory

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

i. Investments

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

j. Capital Assets

Capital assets purchased or acquired are reported at historical cost. Contributed assets are reported at the acquisition value as of the date received. During the fiscal year ended June 30, 2022, the District received capital contributions of \$11,063,991. Capital outlays that cost \$5,000 or more and that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight line method over the following estimated useful lives:

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

Note 1: Summary of Significant Accounting Policies (Continued)

k. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has four items that qualify for reporting in this category. The first item is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to the derivative instruments' interest rate swap agreements reported at fair value. The third item is related to the OPEB equal to the employer's contributions made after the measurement date of the net OPEB liability. The fourth item is related to the OPEB resulting from the difference in projected and actual earnings on plan investments of the OPEB plan's fiduciary net position. This amount is amortized over five years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Two items are related to the OPEB equal to the differences between actual and expected experience and changes in assumptions. These amounts are amortized over the expected remaining service lives of all employees that are provided with retiree health care benefits through the plan. The third item is related to the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

l. Classification of Liabilities

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

m. Compensated Absences

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

n. Cash and Cash Equivalents

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

o. Postemployment Benefits Other Than Pensions (OPEB)

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

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

p. 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.

Note 2: Cash and Investments

Cash and investments held by the District were comprised of the following at June 30, 2022:

Financial Statements Classification:

Current:	
Cash and Cash Equivalents	\$ 89,756,428
Investments:	
U.S. Government Sponsored Agency Securities	197,503,968
Restricted:	
Cash and Cash Equivalents	13,815,960
Cash with fiscal agent	92,375,103
Custodial Escrow Retention	8,918,252
Total	<u>\$ 402,369,711</u>

Cash and investments as of June 30, 2022 consisted of the following:

Cash on Hand	\$ 2,700
Deposits with Financial Institutions	9,171,384
Investments	300,820,524
Cash with fiscal agent	92,375,103
Total Cash and Investments	<u>\$ 402,369,711</u>

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

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

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.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 2: Cash and Investments (Continued)

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

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations are provided by the following tables that show the distribution of the District's investments by maturity as of June 30, 2022.

Investment Type	Remaining Maturity (in Months)			
	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
United States Government Sponsored Agency Securities	\$ 24,420,565	\$ 16,181,352	\$ 108,513,111	\$ 149,115,028
United States Treasury Notes	59,734,172	-	-	59,734,172
Local Agency Investment Fund	72,437,087	-	-	72,437,087
Orange County Pooled Investment Fund	19,534,237	-	-	19,534,237
Total	<u>\$ 176,126,061</u>	<u>\$ 16,181,352</u>	<u>\$ 108,513,111</u>	<u>\$ 300,820,524</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following tables are the Standard and Poor's credit ratings for the District's investments as of June 30, 2022.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 2: Cash and Investments (Continued)

Investment Type	Minimum Legal Rating	Total as of June 30, 2022	AAA	Unrated	Not required to be Rated
United States Government Sponsored Agency Securities	N/A	\$ 149,115,028	\$ -	\$ -	\$ 149,115,028
United States Treasury Notes	N/A	59,734,172	-	-	59,734,172
Local Agency Investment Fund	N/A	72,437,087	-	72,437,087	-
Orange County Pooled Investment Fund	N/A	19,534,237	19,534,237	-	-
Total	\$ -	\$ 300,820,524	\$ 19,534,237	\$ 72,437,087	\$ 208,849,200

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of total District investments as of June 30, 2022, are as follows:

Issuer	Investment Type	Amount	Percent of Investments
United States Treasur	United States Treasury Notes	\$ 59,734,172	19.86%
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	22,421,745	7.45%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	115,027,963	38.24%

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty

(e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Local Agency Investment Fund (LAIF)) and Orange County Pooled Investment Fund).

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

As of June 30, 2022, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 2: Cash and Investments (Continued)

Investment in State Investment Pool and County Investment Pool

The District is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District is also a voluntary participant in the Orange County Pooled Investment Fund (OCPIF) that is a pooled investment fund program governed by the Orange County Board of Supervisors, and is administered by the Orange County Treasurer and Tax Collector. Investments in OCPIF and LAIF are highly liquid as deposits and withdrawals can be made at any time without penalty. The fair value of the District's investment in these pools are reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF and OCPIF for each respective portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCPIF, which are recorded on an amortized cost basis.

Fair Value Measurements

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

Deposits and securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. United States Government Sponsored Agency Securities and United States Treasury Notes classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The District has the following recurring fair value measurements as of June 30, 2022:

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Total
United States Government Sponsored			
Agency Securities	\$ -	\$ 149,115,028	\$ 149,115,028
United States Treasury Notes	59,719,906	14,266	59,734,172
Total Leveled Investments	\$ 59,719,906	\$ 149,129,294	208,849,200
Local Agency Investment Fund*			72,437,087
Orange County Pooled Investment Fund*			19,534,237
Total Investment Portfolio			\$ 300,820,524

*Not subject to fair value measurement hierarchy.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 3: Restricted Assets

Restricted assets were provided by, and are to be used for, the following at June 30, 2022:

Funding Source	Use	Amount
Certificates of Participation:		
Proceeds and Interest Earned	Construction of GWRSE and PFAS Projects	\$ 105,870,988
Custodial Receipts	Custodial Costs	9,238,327
		<u>\$ 115,109,315</u>

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

Note 4: Capital Assets

A summary of the changes in capital assets for the fiscal year ended June 30, 2022, were as follows:

	Balance July 1, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 74,146,171	\$ -	\$ -	\$ 74,146,171
Water rights	6,823,570	-	-	6,823,570
Construction in progress	241,284,588	153,547,698	(23,748,827)	371,083,459
Total capital assets, being depreciated	<u>322,254,329</u>	<u>153,547,698</u>	<u>(23,748,827)</u>	<u>452,053,200</u>
Capital assets being depreciated:				
Structures and improvements	733,750,886	3,823,297	-	737,574,183
Infrastructure	89,585,741	2,479,227	-	92,064,968
Equipment	303,955,698	16,463,283	(171,126)	320,247,855
Total capital assets, being depreciated	<u>1,127,292,325</u>	<u>22,765,807</u>	<u>(171,126)</u>	<u>1,149,887,006</u>
Less accumulated depreciation for:				
Structures and improvements	(417,120,820)	(14,052,005)	-	(431,172,825)
Infrastructure	(23,915,515)	(3,164,955)	33,147	(27,047,323)
Equipment	(157,248,119)	(19,157,792)	-	(176,405,911)
Total accumulated depreciation	<u>(598,284,454)</u>	<u>(36,374,752)</u>	<u>33,147</u>	<u>(634,626,059)</u>
Total capital assets being depreciated, net	<u>529,007,871</u>	<u>(13,608,945)</u>	<u>(137,979)</u>	<u>515,260,947</u>
Total Capital assets, net	<u>\$ 851,262,200</u>	<u>\$ 139,938,753</u>	<u>\$ (23,886,806)</u>	<u>\$ 967,314,147</u>

Note 5: Leases

Right to use Leased Assets

Leased assets	Balance as of June 30, 2021	Additions	Deletions	Balance as of June 30, 2022
Copier lease	\$ 27,537	\$ -	\$ 27,537	\$ -
Postage machine	20,413	-	-	20,413
Total lease assets, being amortized	<u>47,950</u>	<u>-</u>	<u>27,537</u>	<u>20,413</u>
Less accumulated amortization				
Copier lease	13,826	13,711	27,537	-
Postage machine	4,037	4,082	-	8,119
To accumulated amortization	<u>13,826</u>	<u>13,711</u>	<u>27,537</u>	<u>8,119</u>
Total leased assets, net	<u>\$ 34,124</u>	<u>\$ (13,711)</u>	<u>\$ -</u>	<u>\$ 12,294</u>

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5: Leases (Continued)

Leases Payable

Lease liability	Balance as of June 30, 2022	Additions	Deletions	Balance as of 30, 2022	Due within one year
Copier Lease	\$ 13,199	\$ -	\$ 13,199	\$ -	\$ -
Postage Machine	16,370	-	4,056	12,314	4,081
Total lease liability	<u>\$ 29,569</u>	<u>\$ -</u>	<u>\$ 17,255</u>	<u>\$ 12,314</u>	<u>\$ 4,081</u>

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2020, Orange County Water District entered into a 23 month lease as Lessee for the use of Copier Lease. An initial lease liability was recorded in the amount of \$27,537. As of 06/30/2022, the value of the lease liability is \$0. Orange County Water District is required to make monthly fixed payments of \$1,203. The lease has an interest rate of 0.4500%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$0 with accumulated amortization of \$27,537 is included with Equipment on the Lease Class activities table found below.

On 07/05/2020, Orange County Water District entered into a 60 month lease as Lessee for the use of Postage Machine. An initial lease liability was recorded in the amount of \$20,413. As of 06/30/2022, the value of the lease liability is \$12,313. Orange County Water District is required to make monthly fixed payments of \$345. The lease has an interest rate of 0.5850%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$20,413 with accumulated amortization of \$8,120 is included with Equipment on the Lease Class activities table found below.

Payment requirements on the leases subsequent of June 30, 2022, are follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 4,081	\$ 61	\$ 4,142
2024	4,103	37	4,140
2025	4,130	13	4,143
Total	<u>\$ 12,314</u>	<u>\$ 111</u>	<u>\$ 12,425</u>

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 5: Leases (Continued)

Deferred Inflows Related to Leases

Deferred Inflows related to leases	Balance as of June 30, 2021	Additions	Reductions	Balance as of June 30, 2022
Anaheim Adventure Park	\$ 883,707	\$ -	\$ 47,341	\$ 836,366
Corona Recreation	719,417	-	70,187	649,230
North American Recycling	9,650,415	-	897,713	8,752,702
NSM Golf LLC	147,009	-	117,607	29,402
Harvest Landscape	135,646	-	23,591	112,055
Montoya Enterprise	146,964	-	18,963	128,001
Raahauge Range	4,476,645	-	173,289	4,303,356
Prado Basin Duck Club	35,451	-	17,726	17,725
Raahauge Duck Hunting lease	81,102	-	40,551	40,551
Sandwood	536,338	-	143,024	393,314
Well 21 YLWD	118,821	-	2,863	115,958
Well 22 YLWD	72,515	-	1,602	70,913
Pheasant Hunting	3,732	-	2,985	747
Total deferred inflows related to leases	\$ 17,007,762	-	\$ 1,557,442	\$ 15,450,320

Leases Receivable

Leases	Balance as of June 30, 2021	Additions	Reductions	Balance as of June 30, 2022
Anaheim Adventure Park	\$ 919,877	\$ -	\$ 35,984	\$ 883,893
Corona Recreation	722,513	-	67,101	655,412
North American Recycling	9,804,490	-	767,933	9,036,557
NSM Golf LLC	149,669	-	119,435	30,234
Harvest Landscape	137,504	-	22,380	115,124
Montoya Enterprise	148,735	-	17,780	130,955
Raahauge Range	4,524,981	-	125,092	4,399,889
Prado Basin Duck Club	36,038	-	17,711	18,327
Raahauge Duck Hunting lease	121,653	-	59,130	62,523
Sandwood	545,635	-	137,328	408,307
Well 21 YLWD	120,320	-	(83)	120,403
Well 22 YLWD	72,341	-	987	71,354
Pheasant Hunting	3,739	-	2,989	750
Total Lease Receivable	\$ 17,307,495	\$ -	\$ 1,373,767	\$ 15,933,728

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5: Leases (Continued)

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2020, Orange County Water District entered into a 236 month lease as Lessor for the use of Anaheim Adventure Park. An initial lease receivable was recorded in the amount of \$931,048. As of 06/30/2022, the value of the lease receivable is \$883,895. The lessee is required to make monthly fixed payments of \$6,500. The lease has an interest rate of 1.7380%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$836,365, and Orange County Water District recognized lease revenue of \$47,341 during the fiscal year. The lessee has 2 extension option(s), each for 60 months. Orange County Water District had a termination period of 12 months as of the lease commencement.

On 07/01/2020, Orange County Water District entered into a 135 month lease as Lessor for the use of Corona Recreation . An initial lease receivable was recorded in the amount of \$789,604. As of 06/30/2022, the value of the lease receivable is \$655,412. The lessee is required to make monthly fixed payments of \$6,200. The lease has an interest rate of 1.0550%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$649,230, and Orange County Water District recognized lease revenue of \$70,187 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 07/01/2020, Orange County Water District entered into a 141 month lease as Lessor for the use of North American Recycling. An initial lease receivable was recorded in the amount of \$10,548,129. As of 06/30/2022, the value of the lease receivable is \$9,036,557. The lessee is required to make monthly fixed payments of \$70,225. The lease has an interest rate of 1.1310%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$8,752,702, and Orange County Water District recognized lease revenue of \$897,713 during the fiscal year. The lessee has 2 extension option(s), each for 60 months. Orange County Water District had a termination period of 12 months as of the lease commencement.

On 07/01/2020, Orange County Water District entered into a 27 month lease as Lessor for the use of NSM Golf LLC. An initial lease receivable was recorded in the amount of \$264,616. As of 06/30/2022, the value of the lease receivable is \$30,234. The lessee is required to make monthly fixed payments of \$9,508. The lease has an interest rate of 0.4500%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$29,401.78, and Orange County Water District recognized lease revenue of \$117,607 during the fiscal year. Orange County Water District had a termination period of 6 months as of the lease commencement.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5: Leases (Continued)

On 07/01/2020, Orange County Water District entered into a 81 month lease as Lessor for the use of Harvest Landscape. An initial lease receivable was recorded in the amount of \$159,236. As of 06/30/2022, the value of the lease receivable is \$115,123. The lessee is required to make monthly fixed payments of \$1,898. The lease has an interest rate of 0.8060%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$112,055, and Orange County Water District recognized lease revenue of \$23,591 during the fiscal year. The lessee has 1 extension option(s), each for 60 months. Orange County Water District had a termination period of 2 months as of the lease commencement.

On 07/01/2020, Orange County Water District entered into a 105 month lease as Lessor for the use of Montoya Enterprise. An initial lease receivable was recorded in the amount of \$165,928. As of 06/30/2022, the value of the lease receivable is \$130,955. The lessee is required to make monthly fixed payments of \$1,532. The lease has an interest rate of 0.9220%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$128,001, and Orange County Water District recognized lease revenue of \$18,963 during the fiscal year. The lessee has 1 extension option(s), each for 60 months. Orange County Water District had a termination period of 6 months as of the lease commencement.

On 07/01/2020, Orange County Water District entered into a 322 month lease as Lessor for the use of Raahauge Range. An initial lease receivable was recorded in the amount of \$4,649,935. As of 06/30/2022, the value of the lease receivable is \$4,399,889. The lessee is required to make monthly fixed payments of \$17,625. The lease has an interest rate of 2.0780%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$4,303,356, and Orange County Water District recognized lease revenue of \$173,289 during the fiscal year. The lessee has 2 extension option(s), each for 120 months. Orange County Water District had a termination period of 12 months as of the lease commencement.

On 07/01/2020, Orange County Water District entered into a 36 month lease as Lessor for the use of Prado Basin Duck Club. An initial lease receivable was recorded in the amount of \$53,177. As of 06/30/2022, the value of the lease receivable is \$18,327. The lessee is required to make annual fixed payments of \$17,352. The lease has an interest rate of 0.4500%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$17,726, and Orange County Water District recognized lease revenue of \$17,726 during the fiscal year. Orange County Water District had a termination period of 6 months as of the lease commencement.

On 07/01/2020, Orange County Water District entered into a 36 month lease as Lessor for the use of Raahauge Duck Hunting lease. An initial lease receivable was recorded in the amount of \$121,653. As of 06/30/2022, the value of the lease receivable is \$62,524. The lessee is required to make annual fixed payments of \$59,814. The lease has an interest rate of 0.4500%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$40,551, and Orange County Water District recognized lease revenue of \$40,551 during the fiscal year. Orange County Water District had a termination period of 4 months as of the lease commencement.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 5: Leases (Continued)

On 07/01/2020, Orange County Water District entered into a 57 month lease as Lessor for the use of Sandwood. An initial lease receivable was recorded in the amount of \$679,362. As of 06/30/2022, the value of the lease receivable is \$408,308. The lessee is required to make monthly fixed payments of \$11,556. The lease has an interest rate of 0.9220%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$393,315, and Orange County Water District recognized lease revenue of \$143,024 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On 07/01/2020, Orange County Water District entered into a 510 month lease as Lessor for the use of Well 21 YLWD. An initial lease receivable was recorded in the amount of \$121,684. As of 06/30/2022, the value of the lease receivable is \$120,403. The lessee is required to make annual fixed payments of \$2,418. The lease has an interest rate of 2.0780%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$115,958, and Orange County Water District recognized lease revenue of \$2,863 during the fiscal year.

On 07/01/2020, Orange County Water District entered into a 555 month lease as Lessor for the use of Well 22 YLWD. An initial lease receivable was recorded in the amount of \$74,117. As of 06/30/2022, the value of the lease receivable is \$71,354. The lessee is required to make annual fixed payments of \$2,418. The lease has an interest rate of 2.0780%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$70,913, and Orange County Water District recognized lease revenue of \$1,602 during the fiscal year.

On 07/01/2020, Orange County Water District entered into a 27 month lease as Lessor for the use of Pheasant Hunting. An initial lease receivable was recorded in the amount of \$6,717. As of 06/30/2022, the value of the lease receivable is \$749. The lessee is required to make monthly fixed payments of \$250. The lease has an interest rate of 0.4500%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$746, and Orange County Water District recognized lease revenue of \$2,985 during the fiscal year. Orange County Water District had a termination period of 1 month as of the lease commencement.

Total Leases Receivable at June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 1,353,454	\$ 219,284	\$ 1,572,738
2024	1,284,535	203,527	1,488,062
2025	1,290,708	187,670	1,478,378
2026	1,222,111	172,210	1,394,321
2025	1,253,557	156,657	1,410,214
2028 - 2032	6,042,027	544,945	6,586,972
2033 - 2037	1,156,955	299,418	1,456,373
2038 - 2042	1,139,510	180,568	1,320,078
2043 - 2047	1,064,611	68,672	1,133,283
2048 - 2052	28,124	12,007	40,131
2053 - 2057	35,761	8,780	44,541
2058 - 2062	44,956	4,696	49,652
2063 - 2067	17,419	662	18,081
Total	<u>\$ 15,933,728</u>	<u>\$ 2,059,096</u>	<u>\$ 17,992,824</u>

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6: Notes Receivable

In February 2018, the District entered into an agreement to provide the City of Buena Park a 0% interest loan of up to \$6,000,000 to construct the Rosecrans Booster Pump Station that will allow the City to increase groundwater utilization and give the City the ability to meet its water demands by pumping groundwater. The principal balance shall be repaid over 20 years in 20 equal installments commencing June 30, 2019. As of June 30, 2022, \$6,000,000 has been paid to the City for this loan. Notes receivable consist of the following at June 30, 2022:

Balances at June 30	\$ 5,195,884
Less Payments Received	<u>(305,640)</u>
Subtotal	4,890,244
Less Current Portion	<u>(305,640)</u>
Total Noncurrent Notes Receivable	<u><u>\$ 4,584,604</u></u>

Payment requirements on the notes receivable subsequent to June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 305,640	\$ -	\$ 305,640
2024	305,640	-	305,640
2025	305,640	-	305,640
2026	305,640	-	305,640
2027	305,640	-	305,640
Thereafter	3,362,044	-	3,362,044
Total	<u><u>\$ 4,890,244</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,890,244</u></u>

Note 7: Long Term Debt

Certificates of Participation and Refunding Revenue Bonds - Other Debt

2003A Certificates of Participation

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

The District has a letter of credit to support these certificates in the amount of \$131,900,000. The District is contingently liable for any amounts outstanding if drawn upon by third parties. As of June 30, 2022, there were no amounts outstanding on the letter of credit.

The 2003 Series A Certificates of Participation are due in annual installments of \$13,755,000 to \$18,535,000 from August 2035 to August 2042 with interest at an adjustable rate calculated weekly and payable monthly. The 2003A Certificates of Participation outstanding totaled \$129,815,000 as of June 30, 2022. The interest rate at June 30, 2022, was 0.70%.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7: Long Term Debt (Continued)

2017A&B Refunding Revenue Bonds

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

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

The 2017A & B Refunding Revenue Bonds outstanding totaled \$104,700,000 as of June 30, 2022.

2019A & B Certificates of Participation

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

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

The 2019B Certificates of Participation, including an original premium of \$1,813,394, were issued to refund \$7,685,000 of the 2017B Refunding Revenue Bonds.

The 2019A Certificates of Participation accrue interest at a rate of 2%, payable semiannually on August 15 and February 15, commencing February 15, 2020 and maturing on August 15, 2023, with the entire principal balance of \$135,000,000 due on the maturity date. The 2019B Certificates of Participation accrue interest at rates between 4% and 5%, payable semiannually on August 15 and February 15, commencing February 15, 2020 and maturing on August 15, 2031, in amounts ranging from \$125,000 to \$2,690,000.

The 2019A&B Certificates of Participation outstanding totaled \$141,245,000, as of June 30, 2022.

2019C&D Refunding Revenue Bonds

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

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7: Long Term Debt (Continued)

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

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

The 2019C Refunding Revenue Bonds accrue interest at rates between 4% and 5%, payable semiannually on August 15 and February 15, commencing August 15, 2020 and maturing on August 15, 2035. The 2019D Refunding Revenue Bonds accrue interest at rates between 1.718% and 2.861%, payable semiannually on August 15 and February 15, commencing August 15, 2020 and maturing on August 15, 2033, in amounts ranging from \$420,000 to \$13,605,000.

The 2019C&D Certificates of Participation outstanding totaled \$149,315,000 as of June 30, 2022.

2021A Certificates of Participation

In October 2021, the Public Facilities Corporation issued \$94,420,000 of Certificates of Participation, Series A, to assist the District in acquisition of certain groundwater treatment facilities and pay capitalized interest with respect to the 2021 WIFIA Loan obligation. The certificates are interim obligations of the Public Facilities Corporation payable solely from payments received from the District on August 15, 2024. The 2021 COP outstanding totaled \$94,420,000 as of June 30, 2022.

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

Covenants and Reserve Requirements

The 2003A, 2017A&B, 2019A&B, and 2019C&D Installment Purchase Agreements require the District to prescribe, assess, and collect replenishment assessments and additional replenishment assessments which, together with other revenues of the District, are reasonably expected to be at least sufficient to yield net revenues during such fiscal year equal to 125% of debt service payable in such fiscal year. The District's ratio of net revenues to debt service for the fiscal year ended June 30, 2022 was 287%.

Other Defeased Certificates of Participation

In prior years, the District defeased certain certificates of participation, including the 1999A, 2003B, 2005B, 2007A, 2009A, and 2013A Certificates, by placing the proceeds of the new bonds or cash with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, \$117,100,000 of bonds outstanding to be paid by the escrow agent, are considered defeased.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 7: Long Term Debt (Continued)

Summary of Changes

The following is a summary of the changes in Certificates of Participation and Refunding Revenue Bonds for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One year
Certificates of Participation (COP) and Refunding Revenue Bonds:					
2003A COP	\$ 129,815,000	\$ -	\$ -	\$ 129,815,000	\$ -
2017AB Refunding Revenue Bonds	105,115,000	-	(415,000)	104,700,000	505,000
2019AB COP	141,380,000	-	(135,000)	141,245,000	160,000
2019CD Refunding Revenue Bonds	154,410,000	-	(5,095,000)	149,315,000	5,330,000
2021A COP	-	94,420,000	-	94,420,000	-
	<u>530,720,000</u>	<u>94,420,000</u>	<u>(5,645,000)</u>	<u>619,495,000</u>	<u>\$ 5,995,000</u>
Add:					
Unamortized (Discount) Premium	32,536,627	10,499,504	(5,198,381)	37,837,750	
Total Long-Term Liabilities	<u>\$ 563,256,627</u>	<u>\$ 104,919,504</u>	<u>\$ (10,843,381)</u>	<u>\$ 657,332,750</u>	

Aggregate maturities of the Certificates of Participation, Refunding Revenue Bonds, and interest payments (using 0.70% on the 2003A variable rate debt) subsequent to June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2023	\$ 5,995,000	\$ 18,262,899	\$ 24,257,899
2024	140,940,000	16,642,767	157,582,767
2025	6,230,000	15,010,869	21,240,869
2026	100,950,000	10,937,496	111,887,496
2027	9,820,000	10,594,181	20,414,181
2028-2032	82,380,000	43,288,030	125,668,030
2033-2037	139,110,000	21,693,406	160,803,406
2038-2042	120,865,000	7,248,046	128,113,046
2043-2046	13,205,000	129,745	13,334,745
Total	<u>\$ 619,495,000</u>	<u>\$ 143,807,439</u>	<u>\$ 763,302,439</u>

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7: Long Term Debt (Continued)

State of California Loans Payable - Direct Borrowing

Groundwater Replenishment System

In May 2006, the District entered into an agreement with the State Water Resources Control Board for the construction of the Groundwater Replenishment System (GWRS) project. The District may borrow up to \$8,659,470 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$7,216,196 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2024. The outstanding balance totaled \$933,951 as of June 30, 2022.

GWRS Barrier Facilities

In May 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the new injection wells. The District may borrow up to \$4,491,018 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$3,479,837 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2026. The outstanding balance totaled \$838,897 as of June 30, 2022.

GWRS Pipeline Unit 1

In May 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the first portion of the GWRS pipeline. The District may borrow up to \$5,310,891 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$4,425,725 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2026. The outstanding balance totaled \$1,066,806 as of June 30, 2022.

GWRS Pipeline Unit 2

In May 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the second portion of the GWRS pipeline. The District may borrow up to \$3,452,552 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$2,877,115 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2026. The outstanding balance totaled \$693,357 as of June 30, 2022.

GWRS Pipeline Unit 3

In May 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the third portion of the GWRS pipeline. The District may borrow up to \$4,137,559 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$3,429,338 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2026. The outstanding balance totaled \$784,024 as of June 30, 2022.

GWRS Advanced Water Treatment Facility

In June 2006, the District entered into an agreement with the State Water Resources Control Board for construction of the new advanced wastewater treatment facility for the District's GWRS. The District may borrow up to \$136,802,193 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$114,000,776 under the loan contract. The loan has an interest rate of 1.8% with maturities through 2028. The outstanding balance totaled \$38,570,232 as of June 30, 2022.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2022

Note 7: Long Term Debt (Continued)

Fletcher Basin

In November 2013, the District entered into an agreement with the State Water Resources Control Board for the construction of the Fletcher Basin Improvement project. The District may borrow up to \$2,879,342 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$14,386,762 under the loan contract. The loan has an interest rate of 1.9% with a repayment period of 20 years after project completion. The outstanding balance totaled \$2,141,707 as of June 30, 2022.

Alamitos Barrier

In November 2013, the District entered into an agreement with the State Water Resources Control Board for expansion of the Alamitos Seawater Intrusion Barrier. The District may borrow up to \$14,485,000 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$14,386,762 under the loan contract. The loan has an interest rate of 1.9% with a repayment period of 20 years after project completion. The outstanding balance totaled \$12,585,287 as of June 30, 2022.

La Palma Basin

In February 2016, the District entered into an agreement with the State Water Resources Control Board for construction of a groundwater recharge basin. The District may borrow up to \$8,570,970 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$5,446,635 under the loan contract. The loan has an interest rate of 1.0% with a repayment period of 30 years after project completion. The outstanding balance totaled \$4,652,777 as of June 30, 2022.

Mid-Basin Centennial Park Injection

In November 2017, the District entered into an agreement with the State Water Resources Control Board for construction of four injection wells and one nested monitoring well in Centennial Park. The District may borrow up to \$18,394,813 or the eligible costs of the project, whichever is less. At June 30, 2022, the State Water Resources Control Board had disbursed \$18,394,813 under the loan contract. In addition, accrued interest of \$33,961 has been added to the principal. The loan has an interest rate of 1.8% with a repayment period of 30 years after project completion. The outstanding balance totaled \$17,451,501 as of June 30, 2022.

WIFIA Loan Agreements

On August 6, 2020, the District re-executed the WIFIA Loan agreement to provide financing for the GWRS Final Expansion Project and can draw up to \$135,000,000. Upon substantial completion of the GWRS Final Expansion Project, the District currently expect to draw on the WIFIA Loan to repay the 2019A Interim Obligations prior to maturity. Upon completion of the project, principal and interest payments will commence. The loan requires net revenue equal to at least 125% of debt service payable in such fiscal year. As of June 30, 2022, no loan proceeds have been drawn down.

On August 18, 2021, the District executed the WIFIA loan agreement to provide financing for the PFAS Treatment facilities project and can draw up to \$130,647,383. Upon substantial completion of the PFAS Treatment Facilities Project, the District currently expect to draw on the WIFIA loan to pay the 2021A interim obligation prior to maturity. Upon completion of the project, principal and interest payments will commence. The loan requires net revenue equal to at least 125% of debt service payable in such fiscal year. As of June 30, 2022, no loan proceeds have been drawn down.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 7: Long Term Debt (Continued)

GWRS Final Expansion

The District has entered into two agreements with the State Water Resources Control Board for construction of the final expansion of the GWRS project. The District may borrow up to \$186,207,421 or the eligible costs of the project, whichever is less. The loan has an interest rate of 1.4%. The outstanding balance totaled \$124,248,298 as of June 30, 2022.

Covenants and Reserve Requirements

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

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

The District's ratio of net revenues to debt service for the fiscal year ended June 30, 2022 was 287%.

The Fletcher Basin, Alamitos Barrier, La Palma Basin, and Mid-Basin Centennial Park Injection loans payable require the District to have a reserve of one year's debt service. The District's reserve of \$2,059,130 as of June 30, 2022, that is included in statement of net position as Cash and Cash Equivalents and Investments, meets this requirement.

Summary of Changes

The following is a summary of the changes in loans payable to the state of California for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Repayments	Balance June 30, 2022	Due Within One Year
GWRS	\$ 1,387,189	\$ -	\$ (453,238)	\$ 933,951	\$ 462,335
GWRS Barrier Facilities	1,038,936	-	(200,039)	838,897	203,841
GWRS Pipeline Unit 1	1,321,163	-	(254,357)	1,066,806	259,202
GWRS Pipeline Unit 2	858,633	-	(165,276)	693,357	168,440
GWRS Pipeline Unit 3	970,649	-	(186,625)	784,024	190,304
GWRS Advanced Water Treatment Facility	44,606,059	-	(6,035,827)	38,570,232	6,144,653
Fletcher Basin	2,274,165	-	(132,458)	2,141,707	134,974
Alamitos Barrier	13,207,590	-	(622,303)	12,585,287	634,127
La Palma Basin	4,815,886	-	(163,109)	4,652,777	164,740
Mid-Basin Injection	17,895,627	33,961	(478,087)	17,451,501	484,819
GWRS FE1	-	60,071,560	-	60,071,560	-
GWRS FE2	-	64,176,738	-	64,176,738	-
Total	\$ 88,375,897	\$ 124,282,259	\$ (8,691,319)	\$ 203,966,837	\$ 8,847,435

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7: Long Term Debt (Continued)

Debt service requirements on the loans payable to the state of California subsequent to June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 8,850,435	\$ 1,419,623	\$ 10,270,058
2024	12,352,503	2,989,535	15,342,038
2025	12,082,020	2,778,938	14,860,958
2026	12,286,610	2,574,347	14,860,957
2027	11,486,802	2,487,381	13,974,183
2028-2032	33,038,600	9,472,020	42,510,620
2033-2037	28,065,992	7,428,888	35,494,880
2038-2042	26,848,431	5,324,041	32,172,472
2043-2047	27,010,523	3,415,454	30,425,977
2048-2052	26,320,002	1,451,745	27,771,747
2053-2057	5,624,917	70,069	5,694,986
Total	<u>\$ 203,966,835</u>	<u>\$ 39,412,041</u>	<u>\$ 243,378,876</u>

Commercial Paper - Other Debt

The Public Facilities Corporation issued commercial paper from which the proceeds were used to provide capital funds for the District to purchase land and for water purchases. The commercial paper has a maximum maturity of 270 days. The District issues, annually, Tax and Revenue Anticipation Notes (TRANS), which are additionally secured by revenue to service the commercial paper. On July 1, 2022, the District issued 2022-2023 TRANS amounting to \$130.425 million to the Public Facilities Corporation, \$21 million of this TRAN is taxable and \$109.425 million tax exempt. The outstanding balance for the commercial paper totaled \$33,476,000 as of June 30, 2022.

The District has a letter of credit and reimbursement agreement in the amount of \$76,300,000 supporting the commercial paper program with Sumitomo Mitsui Banking Corporation. The District is contingently liable for any amounts outstanding if drawn upon by third parties. As of June 30, 2022, there were no amounts outstanding on the letter of credit. The following is a summary of the changes in commercial paper for the year ended June 30, 2022:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within One</u> <u>Year</u>
Commercial Paper - Taxable	\$ 23,800,000	\$ -	\$ (3,237,000)	\$ 20,563,000	\$ 20,563,000
Commercial Paper - Tax Exempt	12,913,000	-	-	12,913,000	12,913,000
Total	<u>\$ 36,713,000</u>	<u>\$ -</u>	<u>\$ (3,237,000)</u>	<u>\$ 33,476,000</u>	<u>\$ 33,476,000</u>

Note 8: Compensated Absences

Compensated Absences

The following is a summary of the changes in compensated absences:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>Once Year</u>
Compensated Absences	\$ 6,258,274	\$ 3,450,630	\$ 2,834,559	\$ 6,874,345	\$ 649,356

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 9: Derivative Instruments – Interest Rate Swap Agreements

Objective

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

Details on the SWAP Agreements

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

Terms

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

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

Summary of Activities in Cash Flow Hedging Derivative Instruments

<u>Notional Amount</u>	<u>Fair Value at June 30, 2021</u>	<u>Changes in Fair Value</u>	<u>Fair Value at June 30, 2022</u>
\$ 58,800,000	\$ (14,503,569)	\$ 6,963,204	\$ (7,540,365)
23,750,000	(4,250,472)	2,160,680	(2,089,792)
<u>\$ 82,550,000</u>	<u>\$ (18,754,041)</u>	<u>\$ 9,123,884</u>	<u>\$ (9,630,157)</u>

As of June 30, 2022, the fair value of \$9,630,157, is reported as a deferred outflow of resources and other noncurrent liability in the statement of net position.

Credit Risk

As of June 30, 2022, the District was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the District would be exposed to credit risk in the amount of the derivative's fair value.

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

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

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 9: Derivative Instruments – Interest Rate Swap Agreements (Continued)

Basis Risk

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

Termination Risk

The swaps may be terminated by the District or the counterparty if the other party fails to perform under the terms of the swap agreements. In addition, the District has the option to terminate the swaps upon proper notification to the counterparty. If the swaps are terminated, the District would prospectively pay the variable rates on the portion of 2003A Certificates of Participation related to the swap agreements rather than a fixed rate. The termination of the swap agreements could therefore increase the District's total debt service. Also, if at the time of the termination, the swaps have a negative fair value, the District would be liable to the counterparty for a payment equal to such negative fair value, or be paid an amount equal to a positive fair value. As of June 30, 2022, the swaps had a fair value of (\$9,630,157).

Swap Payments and Associated Debt

Using a variable rate of 0.70% for the 2003A COP as of June 30, 2022, debt service requirements of the certificates and the swap payments, assuming current interest rates remain the same for their term are as follows. As rates vary, the variable rate interest payments and net swap payments will vary.

Year Ending June 30,	Variable rate Debt			Interest Rate Swap, Net	Fixed Debt Service
	Principal	Interest	Total Payment		
2023	\$ -	\$ 577,850	\$ 577,850	\$ 1,753,892	\$ 2,331,742
2024	-	577,850	577,850	1,753,892	2,331,742
2025	-	577,850	577,850	1,753,892	2,331,742
2026	1,625,000	566,475	2,191,475	3,344,366	3,910,841
2027	4,275,000	536,550	4,811,550	5,903,538	6,440,088
2028-2032	38,000,000	1,732,850	39,732,850	43,259,550	44,992,400
2033-2037	32,750,000	735,525	33,485,525	34,982,467	35,717,992
2038	5,900,000	-	5,900,000	11,450,354	11,450,354
Total	<u>\$ 82,550,000</u>	<u>\$ 5,304,950</u>	<u>\$ 87,854,950</u>	<u>\$ 104,201,951</u>	<u>\$ 109,506,901</u>

Fair Value Measurement

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

Note 10: Joint Ventures

The District is a participant in the Santa Ana Watershed Project Authority (SAWPA). SAWPA is a joint venture of five water districts that provide for the construction, ownership, operation, and maintenance of facilities involved in the collection, transmission, treatment, disposal, and reclamation of sewage, wastewater, groundwater, and storm water in the Santa Ana River Watershed area. Each participating district appoints two commissioners to SAWPA to form a

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10: Joint Ventures (Continued)

governing Board of Authority. Equal contributions are made by each member district for administration and contributions are based on capacity use rights for project agreements under which capital construction is accomplished. Special projects or studies are funded by equal contributions from each district.

As of June 30, 2022, SAWPA has total assets of \$176,769,352 and total net position of \$73,859,111. As of June 30, 2021, SAWPA has total assets of \$176,898,456 and total net position of \$73,327,002. The District does not have a measurable equity interest in SAWPA. The District is also a participant in other joint ventures in which the District does not have a material equity interest or material ongoing financial interest or responsibility. Separate financial statements of SAWPA can be obtained at 11615 Sterling Avenue, Riverside, California 92503.

Note 11: Defined Contribution Pension Plan

The Money Purchase Plan for employees of Orange County Water District (Money Purchase Plan) is a defined contribution pension plan administered by a committee of the Board of Directors and District employees. The Money Purchase Plan covers all employees, except part-time or temporary employees, immediately upon date of hire. For the first layer, the Money Purchase Plan requires each employee, upon date of hire, to contribute monthly to a mandatory contributions account, by payroll deduction, an amount equal to the current FICA rate not limited to the FICA wage cap. The District is required to make a contribution in an amount equal to the then current Social Security contribution requirement (7.65% for the years ended December 31, 2022 and 2021) for the employer contribution. In addition, the District may elect in any year to contribute any portion or all of the participants first layer contribution and the participant's first layer contribution shall be reduced by the amount so contributed by the District. The District elected to contribute 3% for the year ended December 31, 2021, of the participant's mandatory contribution.

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

Employees may elect to contribute to a voluntary contribution account in the Money Purchase Plan. Voluntary contributions may be an amount not less than 2% of compensation, nor more than an amount that would cause all contributions to exceed the lesser of (a) \$61,000 for 2022 or \$58,000 for 2021 or (b) 25.00% of his or her paid compensation for the year. In addition, the District may elect in any year to contribute any portion or all of each employee's Money Purchase Plan contribution, thereby reducing the employee's Money Purchase Plan contribution by the amount contributed by the District.

The Money Purchase Plan may be amended by resolution of the Board of Directors, subject to limitations obtained in the Money Purchase Plan document. Total employer contributions to the Money Purchase Plan for the year ended June 30, 2022, were \$4,390,301.

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

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12: Other Post-Employment Benefits

a. General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

Employees Covered

The following current and former employees were covered by the benefit terms under the plan as of year ended June 30, 2022:

Inactive Plan Members Currently Receiving Benefit Payments	90
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	-
Active Plan Members	<u>216</u>
Total Plan Participants	<u><u>306</u></u>

Accounting for the Plan

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

Method Used to Value Investments

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

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12: Other Post-Employment Benefits (Continued)

a. General Information about the OPEB Plan (Continued)

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District, District's Board of Directors, and/or the employee associations. Currently, contributions are not required from plan members. Administrative costs of the OPEB plan are financed through investment earnings. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022, the District's cash contributions were \$1,598,000 in payments to the trust, administrative expenses of \$110,746, and the estimated implied subsidy was \$137,000, resulting in total payments of \$1,845,746.

Fiduciary Net Position with PARS Trust

The PARS OPEB Trust (Trust) contains assets of 161 member agencies as of June 30, 2021. The Trust invests in various investment securities including U.S. Treasury Obligations, U.S. Government Agency Issues, Corporate Debt Issues, Foreign Debt Issues, Municipal Debt Issues, Money Market Mutual Funds, Equity Mutual Funds, Fixed Income Mutual Funds, Domestic Common Stocks, and Foreign Stocks.

Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust manages exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations. Investments in the Trust mature as of June 30, 2021, as follows: 1% in one year or less, 5% in two to five years, 8% in five to ten years, 9% in more than 10 years.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust investments are rated by Standard and Poor's or Moody's as of June 30, 2021, as follows: 2% are rated AAA; 1% are AA+, AA, or AA-; 5% are A+, A, A-; 4% are BBB+, BBB, or BBB-; 5% are exempt from ratings, and 86% are not rated.

Concentration of credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. At June 30, 2021, the Trust had no investments concentrated in one issuer (other than mutual funds, U.S. Treasury obligations, and corporate debt securities) that exceeded 5% of the Trust's investments.

All of the Trust's cash deposits as of June 30, 2021 of \$26,063,809, which includes the balances of all 161 member agencies, are federally insured for up to \$250,000 by the Federal Deposit Insurance Corporation. Deposits in excess of the federally insured amount are subject to custodial credit risk, which is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits.

Total OPEB Liability/(Asset)

The District's net OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation dated June 30, 2021, rolled forward using standard update procedures, to June 30, 2022.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12: Other Post-Employment Benefits (Continued)

Actuarial Assumptions

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age, level percentage of payroll
Actuarial Amortization	
Discount Rate	5.75% at June 30, 2021
Long-Term Expected	
Rate of Return on Investments	5.75%, net of investment expenses
General Inflation	2.50%
Payroll Increases	Aggregate increase - 2.75%
	Merit increase - CalPERS 2000-2019 experience
Medical Trend	Non-Medicare: 6.5% for 2023, decreasing to 3.75% in 2076
	Medicare (Non-Kaiser): 5.65% for 2023, decreasing to 3.75% in 2076
	Medicare (Kaiser): 4.6% for 2023, decreasing to 3.75% in 2076
Mortality, Disability, Termination, Retirement	CalPERS 2000-2019 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

The actuarial assumptions used in the June 30, 2021, valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

The long-term expected rates of return are Bartel Associates estimates and are presented as geometric means developed over a 20-year period. The long-term expected real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation for PARS Balanced Fund	Long-Term Expected Real Rate of Return
PARS OPEB Trust		
Global Equality	58%	4.56%
Fixed Income	35%	0.78%
Cash	5%	-0.50%
REITs	2%	4.06%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the PARS OPEB Trust investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 12: Other Post-Employment Benefits (Continued)

b. Changes in the Net OPEB Liability/(Asset)

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2020 (measurement date)	\$ 30,153,697	\$ 21,230,963	\$ 8,922,734
Changes in the Year:			
Service Cost	700,469	-	700,469
Interest on the total OPEB liability	1,973,024	-	1,973,024
Actual vs. expected experience	(9,049,031)	-	(9,049,031)
Changes in assumptions	1,389,150	-	1,389,150
Contributions - Employer	-	1,694,236	(1,694,236)
Net investment income	-	5,684,052	(5,684,052)
Benefit payments	(999,865)	(999,865)	-
Administrative Expenses	-	(149,022)	149,022
Net changes	<u>(5,986,253)</u>	<u>6,229,401</u>	<u>(12,215,654)</u>
Balance at June 30, 2021 (measurement date)	<u>\$ 24,167,444</u>	<u>\$ 27,460,364</u>	<u>\$ (3,292,920)</u>

Change of Assumptions

The mortality improvement scale was updated to Scale MP-2021 from MP-2019.

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

The following presents the net OPEB liability/(asset) of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current discount rate (5.75%):

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
Net OPEB Liability/(Asset)	\$ (23,291)	\$ (3,292,920)	\$ (6,008,267)

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

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

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Net OPEB Liability/(Asset)	\$ (6,311,793)	\$ (3,292,920)	\$ 309,458

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12: Other Post-Employment Benefits (Continued)

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

For the year ended June 30, 2022, the District recognized OPEB income of \$955,706. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 1,845,746	\$ -
Differences Between Actual Expected Experience	-	9,720,822
Changes of assumptions	1,187,824	537,349
Net Differences Between Projected and Actual Earnings	-	2,977,018
Total	<u>\$ 3,033,570</u>	<u>\$ 13,235,189</u>

An amount of \$1,845,746 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30:	Amount
2023	\$ (2,387,817)
2024	(2,449,784)
2025	(2,443,614)
2026	(2,581,115)
2027	(1,185,922)
Thereafter	(999,113)

d. Payable to the OPEB Plan

At June 30, 2022, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

Note 13: Risk Management

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

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13: Risk Management (Continued)

At June 30, 2022, the District participated in the self insurance programs of the Insurance Authority as follows:

Property Loss – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$387,606,572). The District has a \$25,000 deductible for real and personal property, mobile equipment, licensed vehicles and trailers. Boiler and machinery is \$25,000 or \$50,000 depending on type of equipment.

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

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

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

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

Cyber Liability – The Insurance Authority has excess insurance coverage up to \$5,000,000 per occurrence and \$5,000,000 in the aggregate.

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

Fiduciary Liability – Purchased coverage up to \$1,000,000. The District has no deductible.

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

Note 14: Commitments and Contingencies

Contracts and Projects

The District has entered into various contracts for the purchase of material and construction of the GWRS Final Expansion and the PFAS Treatment Facilities Projects. The amounts contracted for are based on the contractor's estimated cost of construction. At June 30, 2022, the total unpaid amount on these contracts is approximately \$27,300,130. During fiscal year ended June 30, 2022, the District has entered into various contracts for the construction and rehabilitation of various wells and basins throughout the region. At June 30, 2022, the total unpaid amount on these contracts is approximately \$54,062,177.

ORANGE COUNTY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 14: Commitments and Contingencies (Continued)

Regulations

The California State Water Resources Control Board – Division of Drinking Water (the “Division of Drinking Water”) has established Response Levels of 10 parts per trillion (ppt) for perfluorooctanoic acid (“PFOA”) 40 ppt for perfluorooctane sulfonate (PFOS), and 5000 ppt for perfluorobutane sulfonate (PEBS); a response level for perfluorohexane sulfonate (PFHxS) is pending. PFOA, PFOS, PFBS, and PFHxS are all fluorinated organic chemicals which are part of a larger family of compounds referred to as per- and polyfluoroalkyl substances (PFAS). These substances are synthetic compounds that are unique for being water and lipid resistant and are useful for a variety of manufacturing processes, as well as industrial and commercial applications. The Division of Drinking Water recommends that water exceeding Response Levels not be served to customers. Specifically, for PFAS compound with response levels, a state law adopted in 2020 requires extensive public notification should a water system knowingly continue to serve water consistently exceeding their Response Levels. A number of Producer wells have been taken out of service due to exceeding the Response Levels until such time as additional treatment is in place.

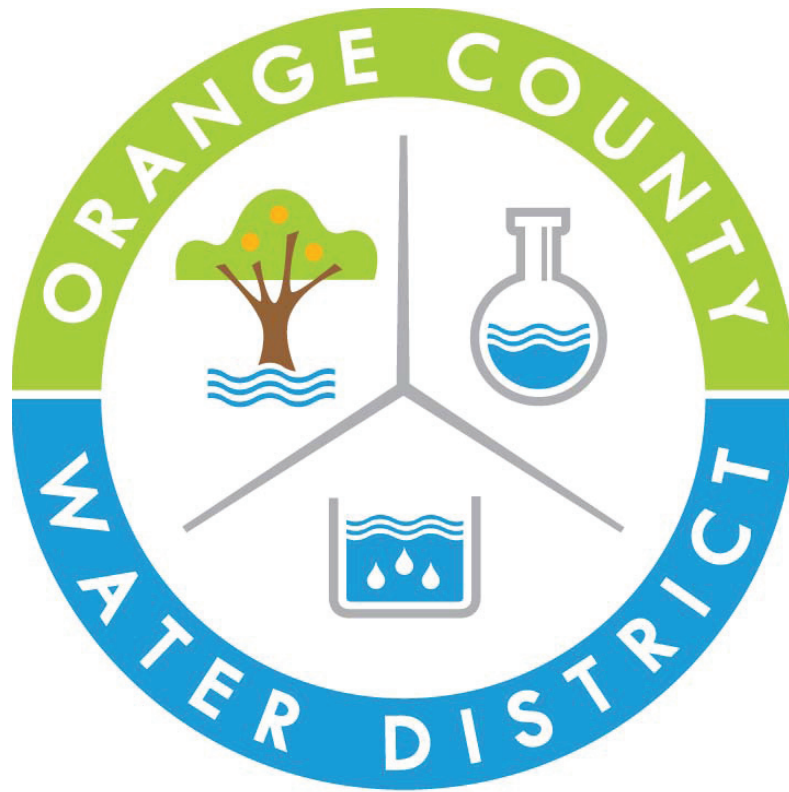
Legal Claims and Lawsuits

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

Note 15: Prior Period Adjustment

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments’ leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize beginning balances for a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result, the District recorded a prior period adjustment for \$300,250 in the statement of revenues, expenses and changes in net position.

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



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ORANGE COUNTY WATER DISTRICT

OTHER POST-EMPLOYMENT BENEFITS
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY/(ASSET) AND RELATED RATIOS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ¹

Fiscal Year-End Measurement Date	2022 6/30/2021	2021 6/30/2020	2020 6/30/2019	2019 6/30/2018	2018 6/30/2017
Total OPEB Liability:					
Service cost	\$ 700,469	\$ 726,650	\$ 892,384	\$ 866,392	\$ 841,157
Interest	1,973,024	1,905,660	2,026,260	1,897,438	1,770,648
Differences between expected and actual experience	(9,049,031)	-	(3,470,681)	-	-
Changes in assumptions	1,389,150	(581,102)	(218,193)	-	-
Benefit payments, Including Refunds and the Implied Subsidy	(999,865)	(977,417)	(861,415)	(754,508)	(618,306)
Net Change in Total OPEB Liability	(5,986,253)	1,073,791	(1,631,645)	2,009,322	1,993,499
Total OPEB Liability - Beginning of Year	30,153,697	29,079,906	30,711,551	28,702,229	26,708,730
Total OPEB liability - End of Year	24,167,444	30,153,697	29,079,906	30,711,551	28,702,229
Plan Fiduciary Net Position					
Contribution - employer	1,694,236	3,223,388	\$ 7,444,619	\$ 1,784,375	\$ 1,381,609
Net investment income	5,684,052	616,176	809,641	360,155	575,402
Benefit payments, Including Refunds and the Implied Subsidy	(999,865)	(977,417)	(28,935)	(26,015)	(22,777)
Administrative expense	(149,022)	(131,376)	(861,415)	(754,508)	(618,306)
Net change in plan fiduciary net position	6,229,401	2,730,771	7,363,910	1,364,007	1,315,928
Plan fiduciary net position - beginning	21,230,963	18,500,192	11,136,282	9,772,275	8,456,347
Plan fiduciary net position - ending (b)	27,460,364	21,230,963	18,500,192	11,136,282	9,772,275
Net OPEB Liability/(Asset) - ending (a) - (b)	\$ (3,292,920)	\$ 8,922,734	\$ 10,579,714	\$ 19,575,269	\$ 18,929,954
Plan fiduciary net position as a percentage of the total OPEB liability/asset	113.6%	70.4%	63.6%	36.3%	34.0%
Covered-employee payroll	\$ 25,320,721	\$ 24,822,309	\$ 24,456,567	\$ 25,040,896	\$ 23,452,614
Net OPEB liability/(asset) as a percentage of covered-employee payroll	-13.0%	35.9%	43.3%	78.2%	80.7%

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

Changes in Assumptions:

Fiscal year June 30, 2018 to June 30, 2019: None

Fiscal year June 30, 2019 to June 30, 2020: The mortality improvement scale was updated to Scale MP-2019 from MP-2017.

Fiscal year June 30, 2020 to June 30, 2021: ACA excise tax was removed.

Fiscal year June 30, 2021 to June 30, 2022: The mortality improvement scale was updated to Scale MP-2021 from MP-2019.

¹ Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

ORANGE COUNTY WATER DISTRICT

**OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ¹**

	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 1,598,000	\$ 1,600,000	\$ 1,706,000	\$ 1,303,932	\$ 1,300,000
Contribution in Relation to the Actuarially Determined Contributions	(1,845,746)	(1,688,504)	(3,223,388)	(7,432,482)	(1,739,964)
Contribution Deficiency (Excess)	<u>\$ (247,746)</u>	<u>\$ (88,504)</u>	<u>\$ (1,517,388)</u>	<u>\$ (6,128,550)</u>	<u>\$ (439,964)</u>
Covered-Employee Payroll	<u>\$ 24,989,751</u>	<u>\$ 25,320,721</u>	<u>\$ 24,822,309</u>	<u>\$ 24,456,567</u>	<u>\$ 25,040,896</u>
Contributions as a percentage of Covered-Employee Payroll	7.39%	6.67%	12.99%	30.39%	6.95%

Notes to Schedule of Plan Contributions:

Valuation Date

6/30/2021

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method

Entry age, level percentage of payroll

Amortization Method

Level dollar over closed 25 year period from June 30, 2018 (22 years remaining as of June 30, 2021); 5-year phase-in from \$1.3 million to full ADC

Asset Valuation Method

Investment gains/losses spread over 5-year rolling period with 20% market value corridor

Discount Rate

5.75%

General Inflation

2.50%

Mortality, Disability, Termination, Retirement

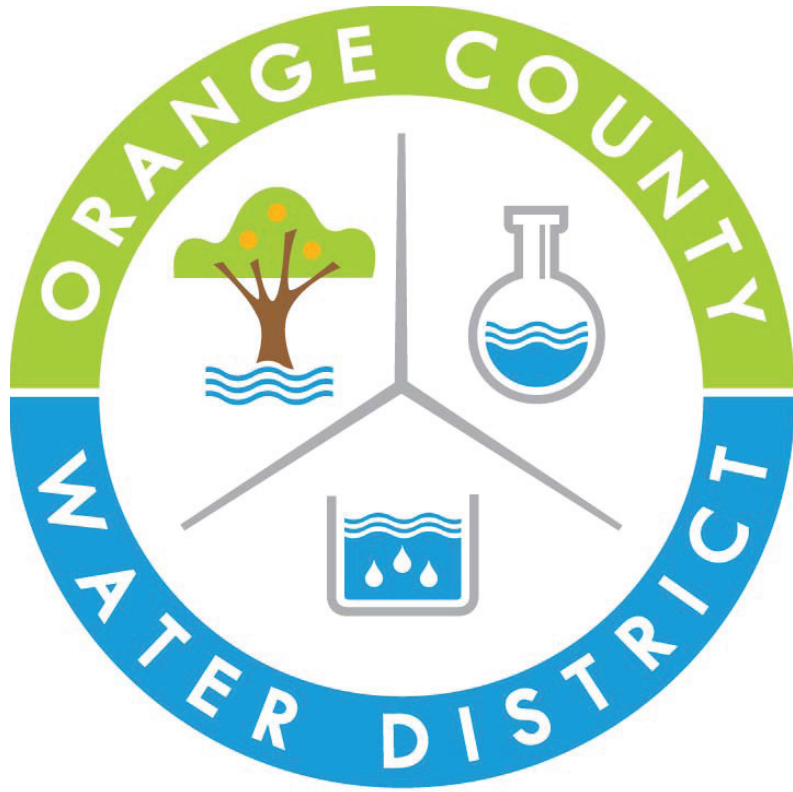
CalPERS 2000-2019 experience study

Medical Trend

Non-Medicare: 7.0% for 2022, decreasing to 4.0% in 2076
Medicare: 6.1% for 2022, decreasing to 4.0% in 2076

¹ Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

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



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**ORANGE COUNTY WATER DISTRICT
DESCRIPTION OF STATISTICAL SECTION CONTENTS
JUNE 30, 2022**

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

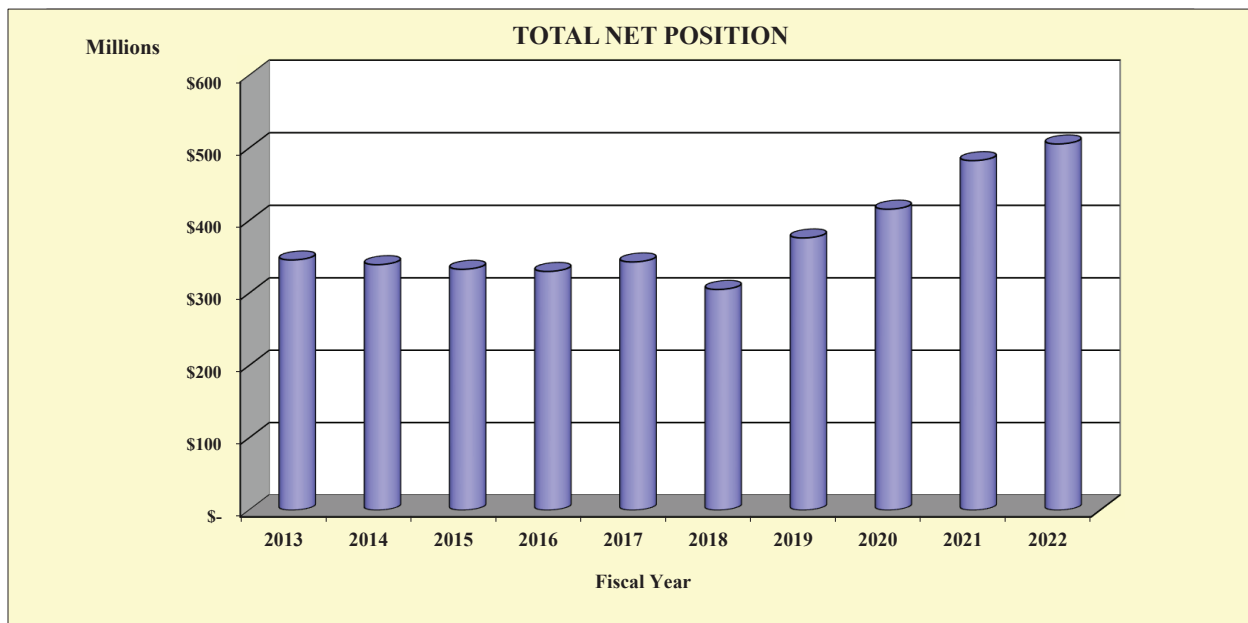
Contents:	Pages
Financial Trends these schedules contain trend information to help the reader understand how the District’s financial performance and well being have changed over time.	54-57
Revenue Capacity these schedules contain information to help the reader assess the District’s most significant local revenue source, the property tax.....	58-60
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.....	61-64
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.	65-66
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.....	67-70



Orange County Water District

Net Position by Component Last Ten Fiscal Years

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2013	\$ 99,650,065	\$ 21,514,322	\$ 224,686,841	\$ 345,851,228
2014	95,168,906	17,540,437	226,680,734	339,390,077
2015	122,056,713	22,760,913	188,235,624	333,053,250
2016	135,271,635	21,404,577	173,374,582	330,050,794
2017	150,961,053	5,370,190	186,797,840	343,129,083
2018	151,082,728	66,579	154,064,265	305,213,572 (1)
2019	149,157,213	2,684,482	224,358,603	376,200,298
2020	143,502,901	11,597,226	260,734,070	415,834,197
2021	186,429,591	4,300,009	292,009,843	482,739,443 (2)
2022	192,992,630	84,995,606	227,733,335	505,721,571



- (1) Implementation of GASB Statement 75 resulted in a net prior period adjustment of \$16,776,446. See Note 14 in Notes to Basic Financial Statements.
- (2) Implementation of GASB Statement 87 resulted in a net prior period adjustment of \$300,250. See Note 15 in Notes to Basic Financial Statements.

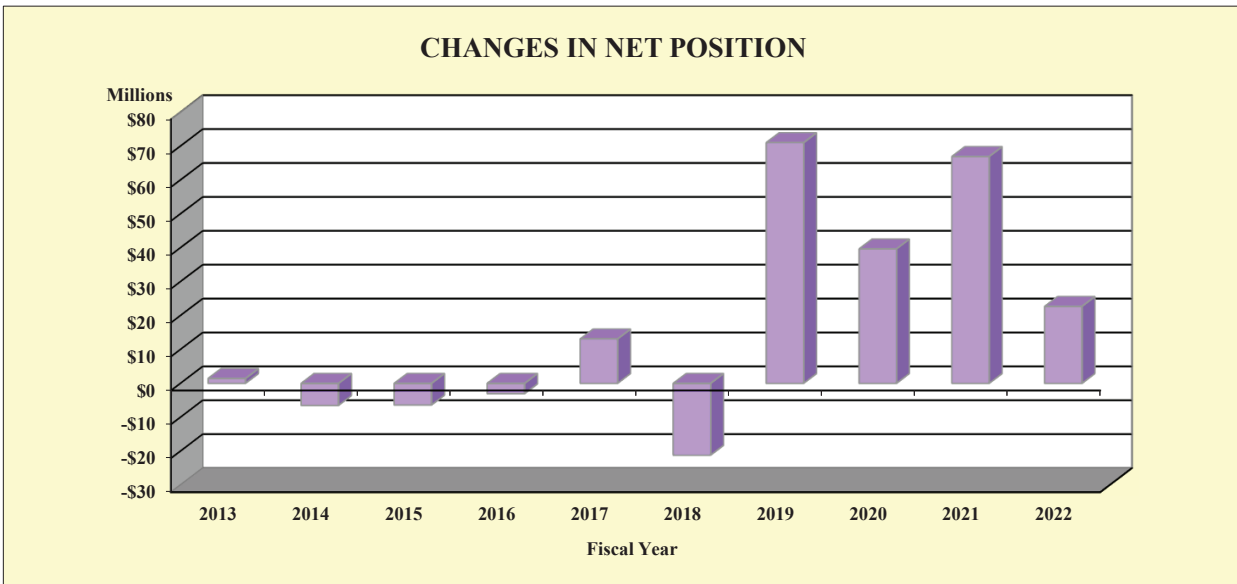
Source: OCWD Finance Department



Orange County Water District

Changes in Net Position Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total Non-Operating Revenues (Expenses)	Net Income (Loss) Before Capital Contributions	Capital Contributions/Special Item	Change in Net Position
2013	\$ 93,756,691	\$ 98,781,253	\$ (5,024,562)	\$ 6,372,002	\$ 1,347,440	\$ 59,437	\$ 1,406,877
2014	105,293,285	128,519,418	(23,226,133)	15,735,304	(7,490,829)	1,029,678	(6,461,151)
2015	103,318,416	125,845,408	(22,526,992)	15,521,237	(7,005,755)	668,928	(6,336,827)
2016	105,016,764	128,327,208	(23,310,444)	14,200,225	(9,110,219)	6,107,763	(3,002,456)
2017	137,601,758	139,491,432	(1,889,674)	13,185,798	11,296,124	1,782,165	13,078,289
2018	147,869,984	154,691,739	(6,821,755)	19,198,889	12,377,134	(33,516,199) (1)	(21,139,065)
2019	155,374,357	156,644,282	(1,269,925)	70,357,913	69,087,988	1,898,738	70,986,726
2020	146,718,494	137,094,164	9,624,330	27,098,114	36,722,444	2,911,455	39,633,899
2021	148,729,292	119,713,128	29,016,164	37,258,473	66,274,637	630,609	66,905,246
2022	138,402,212	141,847,855	(3,445,643)	15,063,530	11,617,887	11,063,991	22,681,878



(1) In-lieu water purchased with debt financing.

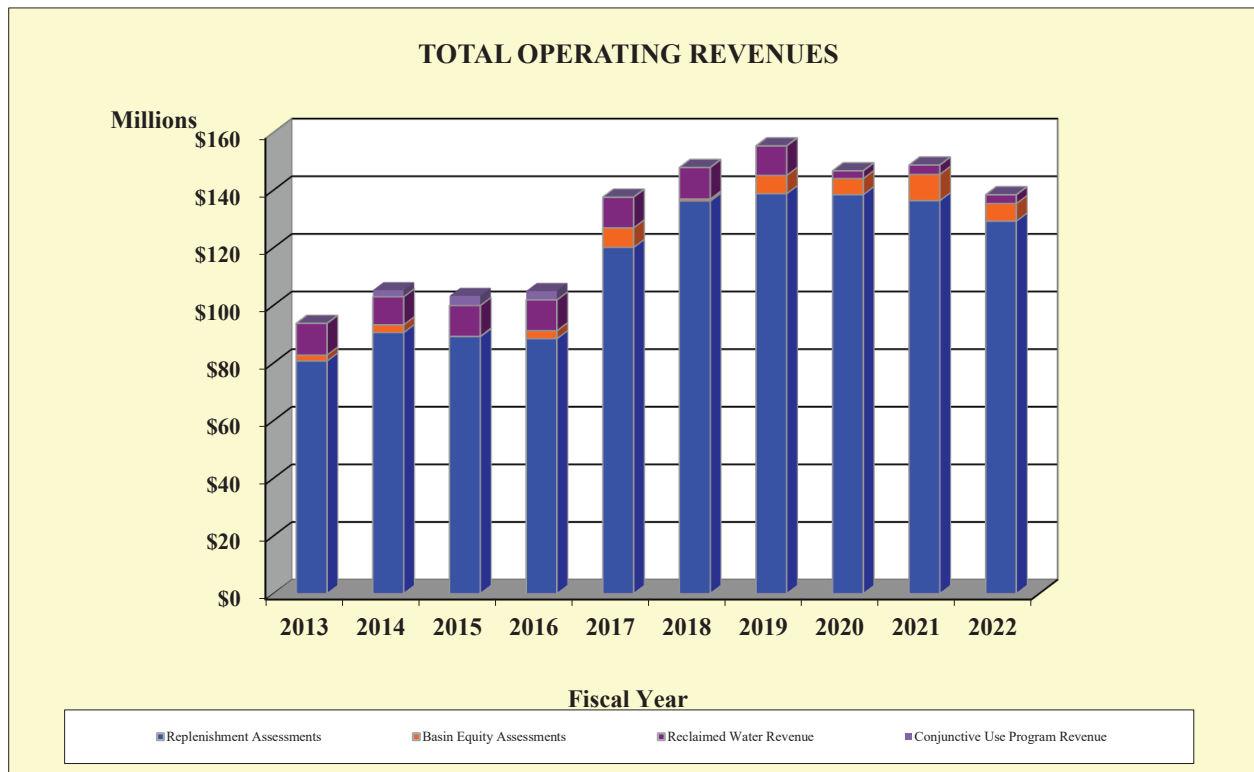
Source: OCWD Finance Department



Orange County Water District

Operating Revenues By Source Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Replenishment Assessments</u>	<u>Basin Equity Assessments</u>	<u>Reclaimed Water Revenue</u>	<u>Conjunctive Use Program Revenue</u>	<u>Total</u>	<u>Percent Change</u>
2013	\$ 80,694,951	\$ 2,082,761	\$ 10,978,979	\$ -	\$ 93,756,691	-
2014	90,550,510	2,733,128	9,714,520	2,295,127	105,293,285	12.3%
2015	89,137,337	184,679	10,656,130	3,340,270	103,318,416	-1.9%
2016	88,464,251	2,767,818	10,699,469	3,085,226	105,016,764	1.6%
2017	120,120,803	6,833,449	10,606,006	41,500	137,601,758	31.0%
2018	136,212,805	723,321	10,933,858	-	147,869,984	7.5%
2019	138,779,385	6,384,640	10,210,332	-	155,374,357	5.1%
2020	138,444,750	5,617,151	2,656,593	-	146,718,494	-5.6%
2021	136,357,405	9,143,494	3,228,393	-	148,729,292	1.4%
2022	129,244,848	6,136,462	3,020,902	-	138,402,212	-6.9%



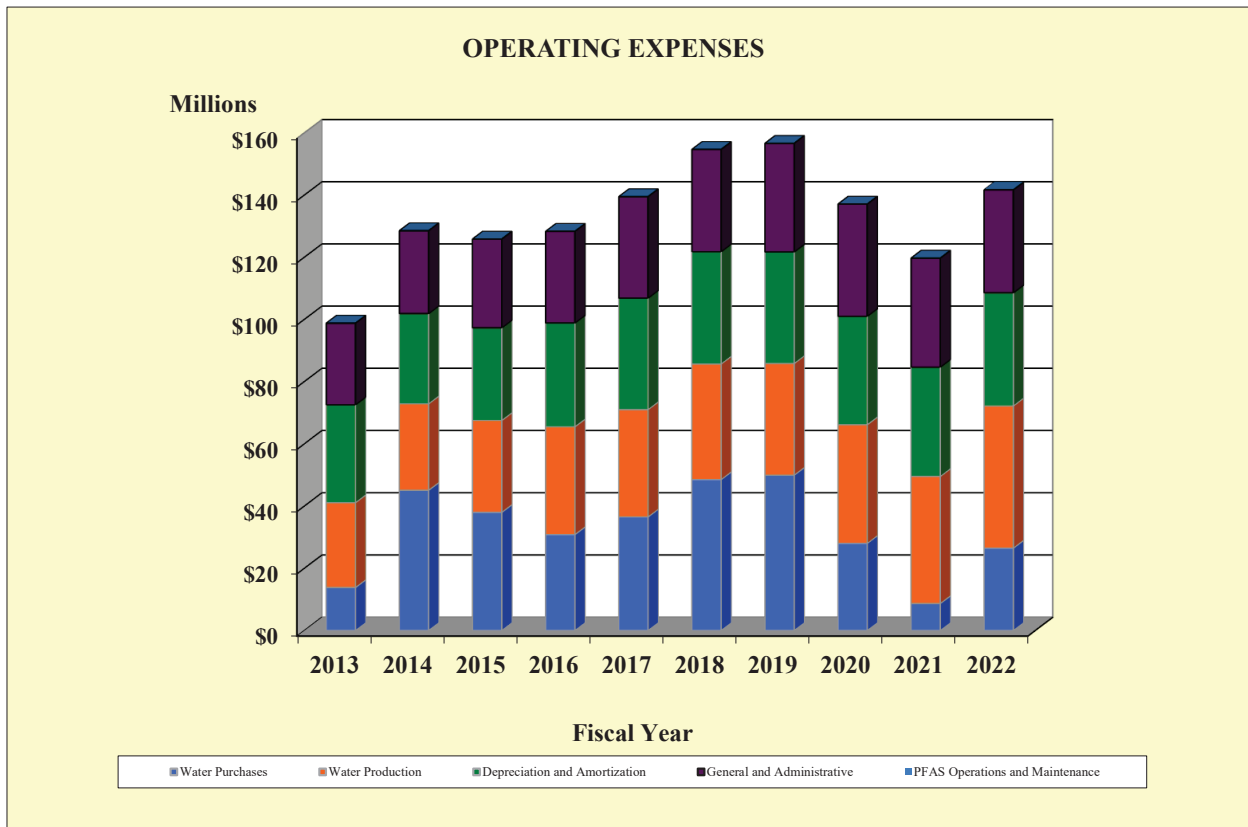
Source: OCWD Finance Department



Orange County Water District

Operating Expenses by Function Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water Purchases</u>	<u>Water Production</u>	<u>Depreciation and Amortization</u>	<u>General and Administrative</u>	<u>PFAS Operations and Maintenance</u>	<u>Total</u>	<u>Percent Change</u>
2013	\$ 13,825,244	\$ 27,242,617	\$ 31,453,784	\$ 26,259,608	\$ -	\$ 98,781,253	-
2014	45,072,626	27,765,955	29,010,580	26,670,257	-	128,519,418	30.1%
2015	37,973,313	29,532,369	29,760,297	28,579,429	-	125,845,408	-2.1%
2016	30,831,126	34,630,579	33,362,509	29,502,994	-	128,327,208	2.0%
2017	36,507,292	34,461,866	35,862,620	32,659,654	-	139,491,432	8.7%
2018	48,504,350	37,141,781	36,123,555	32,922,053	-	154,691,739	10.9%
2019	49,920,482	35,891,184	35,865,015	34,967,601	-	156,644,282	1.3%
2020	28,001,365	38,116,757	34,849,637	36,126,405	-	137,094,164	-12.5%
2021	8,679,073	40,829,932	35,112,462	35,091,661	-	119,713,128	-12.7%
2022	26,478,304	45,687,660	36,374,752	33,118,167	188,972	141,847,855	18.5%



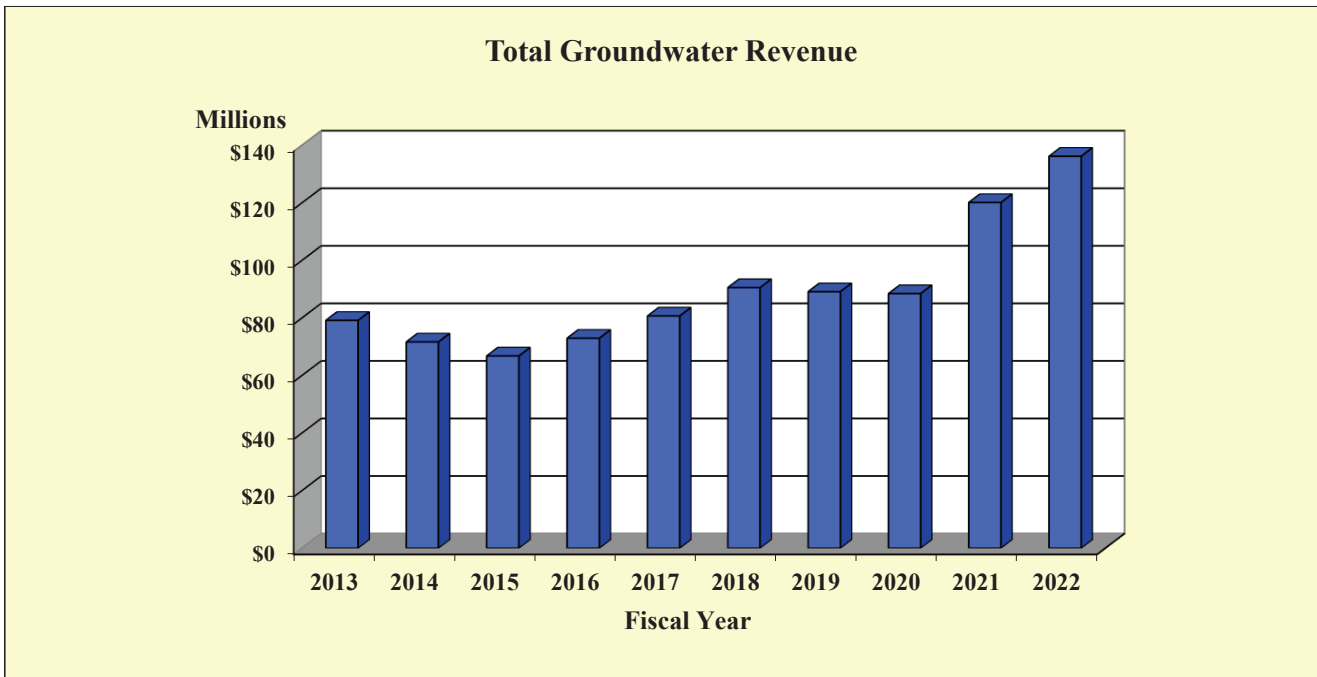
Source: OCWD Finance Department



Orange County Water District

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

Fiscal Year	Irrigation (Acre-Feet)	Domestic (Acre-Feet)	In-Lieu Delivery (Acre-Feet)	Replenishment Assessment Revenue
2013	4,181.7	305,113.5	0.0	\$ 80,694,951
2014	3,066.9	327,715.4	0.0	90,550,510
2015	2,624.6	302,634.5	0.0	89,137,337
2016	2,047.8	275,042.2	0.0	88,464,251
2017	1,589.6	300,047.8	0.0	120,120,803
2018	1,771.2	235,145.2	73,108.6	136,212,805
2019	740.1	302,756.4	0.0	138,779,385
2020	750.0	276,444.9	9,303.4	138,444,750
2021	749.4	281,371.2	0.0	136,357,405
2022	756.5	257,256.4	0.0	129,244,848



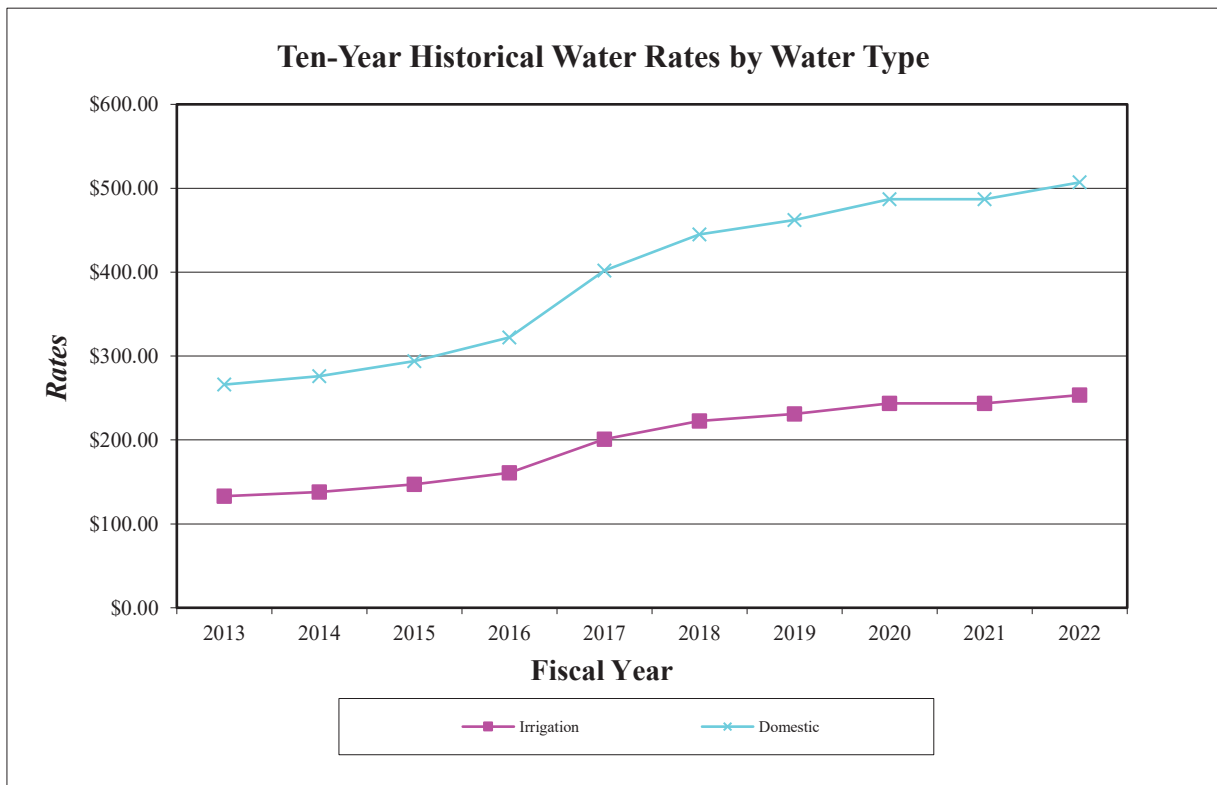
Source: OCWD Engineer's Report



Orange County Water District

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

Fiscal Year	Irrigation	Domestic
2013	\$ 133.00	\$ 266.00
2014	138.00	276.00
2015	147.00	294.00
2016	161.00	322.00
2017	201.00	402.00
2018	222.50	445.00
2019	231.00	462.00
2020	243.50	487.00
2021	243.50	487.00
2022	253.50	507.00



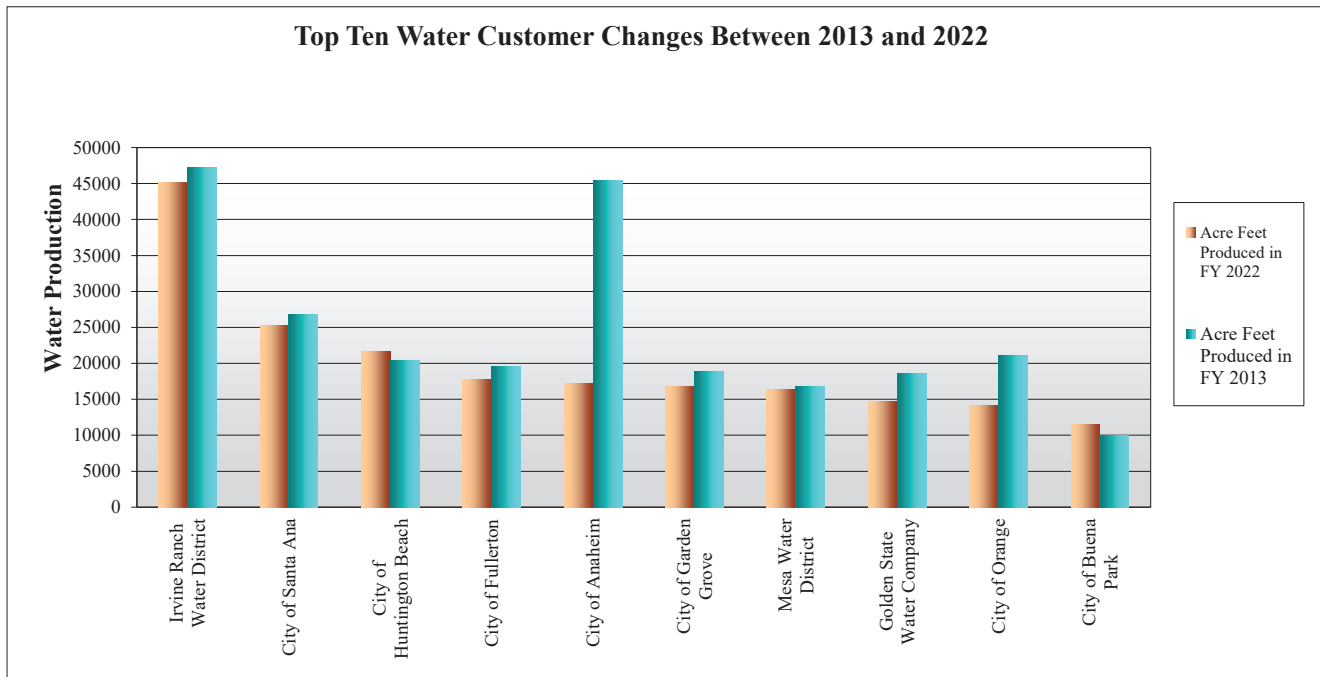
Source: OCWD Engineer's Report



Orange County Water District

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

Member Cities & Agencies	Acre Feet Produced in FY 2022	% of Water Produced in FY 2022	Acre Feet Produced in FY 2013	% of Water Produced in FY 2013
Irvine Ranch Water District	45,088.2	22.51%	47,246.3	19.30%
City of Santa Ana	25,268.3	12.61%	26,753.6	10.93%
City of Huntington Beach	21,671.2	10.81%	20,343.7	8.31%
City of Fullerton	17,744.1	8.85%	19,493.8	7.96%
City of Anaheim	17,165.2	8.56%	45,487.9	18.59%
City of Garden Grove	16,808.6	8.39%	18,924.9	7.73%
Mesa Water District	16,326.0	8.15%	16,830.5	6.88%
Golden State Water Company	14,681.0	7.32%	18,601.6	7.60%
City of Orange	14,138.0	7.05%	21,127.0	8.63%
City of Buena Park	11,537.4	5.76%	9,938.0	4.06%
Totals	200,428.0	100%	244,747.3	100%



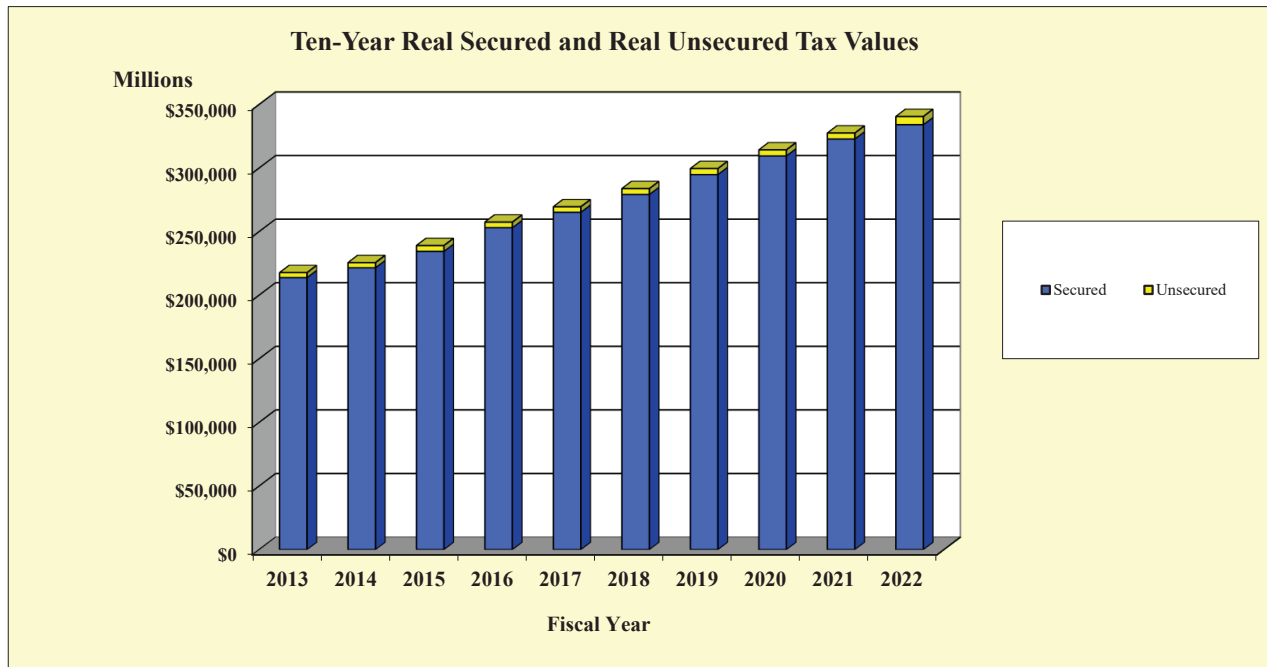
Source: OCWD Finance Department



Orange County Water District

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

Fiscal Year	Real Secured	Real Unsecured	Total	Total Direct Tax Rate Percent (1)
2013	\$ 213,779,477,681	\$ 3,899,614,817	\$ 217,679,092,498	1.00
2014	221,507,329,588	4,038,705,285	225,546,034,873	1.00
2015	234,453,148,467	4,557,572,558	239,010,721,025	1.00
2016	253,073,090,395	4,339,622,163	257,412,712,558	1.00
2017	265,209,156,713	4,287,352,070	269,496,508,783	1.00
2018	279,177,420,172	4,576,957,093	283,754,377,265	1.00
2019	294,837,523,641	4,690,290,747	299,527,814,388	1.00
2020	309,504,719,273	4,732,621,485	314,237,340,758	1.00
2021	322,834,240,610	4,637,553,818	327,471,794,428	1.00
2022	334,079,374,016	6,450,394,897	340,529,768,913	1.00



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

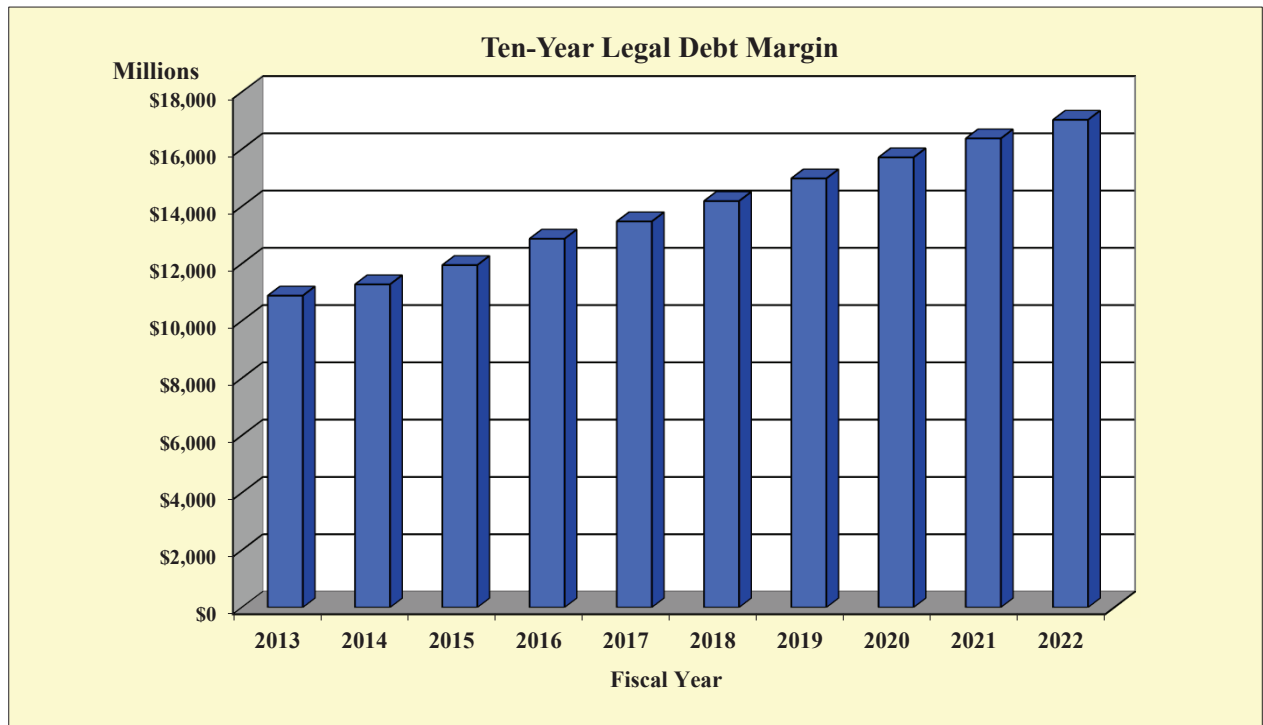
Source: County of Orange Office of Auditor/Controller-Property Tax Unit



Orange County Water District

Ten-Year Computation of Legal Debt Margin Fiscal Year 2013 Through 2022

Fiscal Year	Total Real Secured & Real Unsecured Assessed Value (1)	Legal Debt Limit (2)	Net Bonded Debt (3)	Legal Debt Margin (4)
2013	\$ 217,679,092,498	\$ 10,883,954,625	0	\$ 10,883,954,625
2014	225,546,034,873	11,277,301,744	0	11,277,301,744
2015	239,010,721,025	11,950,536,051	0	11,950,536,051
2016	257,412,712,558	12,870,635,628	0	12,870,635,628
2017	269,496,508,783	13,474,825,439	0	13,474,825,439
2018	283,754,377,265	14,187,718,863	0	14,187,718,863
2019	299,527,814,388	14,976,390,719	0	14,976,390,719
2020	314,237,340,758	15,711,867,038	0	15,711,867,038
2021	327,471,794,428	16,373,589,721	0	16,373,589,721
2022	340,529,768,913	17,026,488,446	0	17,026,488,446



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

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



Orange County Water District

Pledged-Revenue Coverage One Fiscal Year Debt Service

Fiscal Year	Revenue (1)	Less Operating & Maintenance Expenses (2)	Net Revenue	Senior Debt Service	Senior Debt Coverage	Net Revenues Available for Junior Debt Service	Junior Debt Service	Junior Debt Coverage	Total Debt Service (3)	Total Coverage
2022	175,073,910	80,081,034	94,992,876	22,571,142	4.21	72,421,734	10,579,110	6.85	33,150,252	2.87

(1) Revenues include replenishment assessment, reclaimed water revenues, conjunctive use program revenues, property tax revenue, investment income (excluding fair market value adjustment), rental income, operating income, gross legal settlements and other revenues.

(2) Expenses exclude depreciation, amortization, water purchases, and interest expenses.

(3) The District has executed, in total, sixteen Certificates of Participation and Revenue Refunding Bonds issuances since 1989. Only five debt issuances are outstanding (2003A, 2017A&B, 2019A&B, 2019C&D and 2021A) as of June 30, 2022. Other COP's are either advanced refunded, defeased, or refinanced with the help of the State loans, current COP's and Revenue Refunding Bonds.

(4) Commercial paper principal payment of \$3,237,000 was made in August 2021.

These principal payments were not included in total principal payments because these were not scheduled District debt service payments.

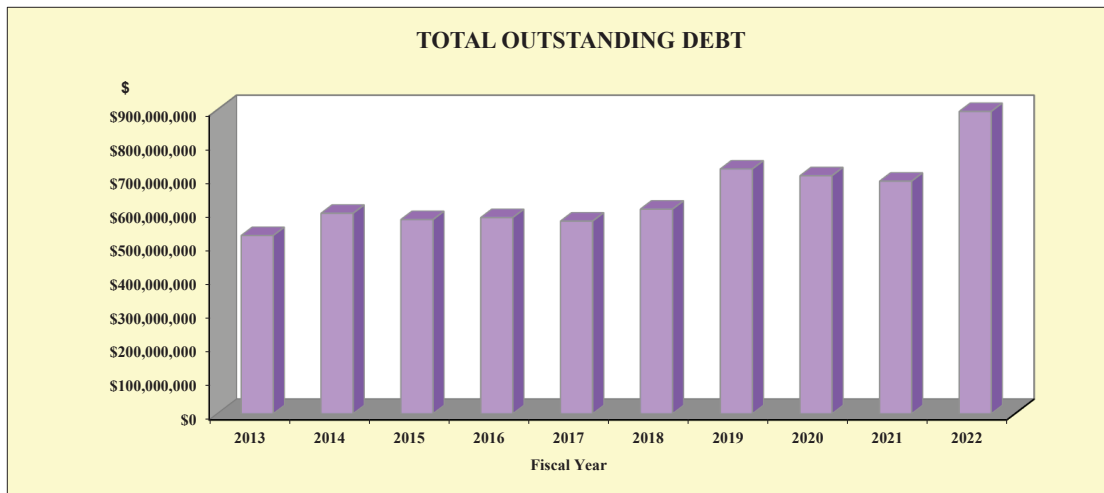
(5) The District has elected to show only one year of data for its pledged-revenue coverage.



Orange County Water District

Ratios of Outstanding Debt Last Ten Fiscal Years

Fiscal Year	COP Debt (2)	Revenue Refunding Bonds (2)	Commercial Paper (2)	State of California Loans (2)	Total Outstanding Debt (2)	Per Capita (1) (3)	Percentage of Personal Income (1) (3)
2013	\$ 302,731,085	\$ 53,000,000	\$ -	\$ 171,706,235	\$ 527,437,320	\$ 170	0.313%
2014	299,672,360	53,000,000	27,280,000	213,365,966	593,318,326	190	0.336%
2015	268,478,377	53,000,000	24,613,000	228,473,759	574,565,136	183	0.302%
2016	267,280,690	53,000,000	20,723,000	239,600,805	580,604,495	184	0.294%
2017	129,815,000	188,418,466	16,813,000	235,163,138	570,209,604	179	0.278%
2018	129,815,000	186,765,413	52,913,000	235,978,713	605,472,126	190	0.284%
2019	276,523,244	176,749,315	40,713,000	230,354,520	724,340,079	227	0.327%
2020	275,551,903	295,103,202	36,713,000	97,089,680	704,457,785	221	0.298%
2021	274,455,563	288,801,064	36,713,000	88,375,897	688,345,524	217	0.288%
2022	376,168,826	281,163,924	33,476,000	203,966,837	894,775,587	283	0.371%



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

Source: OCWD Finance Department



Orange County Water District

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

Fiscal Year	Population Estimates (2)	Total Personal Income (in Thousands)	Per Capita Personal Income	Median Family Income (4)	Unemployment Rate (5)
2013	3,103,018	\$ 168,569,870 (3)	\$ 54,324	\$ 82,861	7.0%
2014	3,122,962	176,514,826 (3)	56,522	85,313	5.7%
2015	3,144,663	190,099,624 (3)	60,452	87,942	4.7%
2016	3,160,401	197,195,439 (3)	62,396	92,063	4.3%
2017	3,180,125	205,052,301 (3)	64,479	97,012	3.8%
2018	3,186,254	212,902,232 (3)	66,819	102,047	3.2%
2019	3,185,378	221,803,099 (3)	69,632	107,171	3.0%
2020	3,180,491	236,303,451 (3)	74,298	108,243 (6)	13.4%
2021	3,169,542	238,666,486 (6)	75,300	109,325 (6)	6.9%
2022	3,162,245	241,053,150 (6)	76,228	110,418 (6)	2.9%

Notes and Data Sources

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

Source: OCWD Finance Department



Orange County Water District

Principal Employers Last Year and Nine Years Ago

2021

Employer	Number of Employees	Rank	Percentage of Total County Employment
University of California, Irvine	26,182	1	1.81%
Walt Disney Company	25,000	2	1.73%
County of Orange	18,139	3	1.26%
Providence Southern California	13,079	4	0.91%
Kaiser Permanente	8,800	5	0.61%
Albertsons Southern California Division	7,853	6	0.54%
Hoag Memorial Hospital Presbyterian	7,051	7	0.49%
Walmart Inc.	6,300	8	0.44%
Target Corp.	6,000	9	0.42%
MemorialCare	5,490	10	0.38%

2013

Employer	Number of Employees	Rank	Percentage of Total County Employment
Walt Disney Company	26,000	1	0.00%
University of California, Irvine	22,253	2	1.53%
County of Orange	17,257	3	1.19%
St. Joseph Health	12,062	4	0.83%
Boeing Co.	6,890	5	0.47%
Kaiser Permanente	6,040	6	0.42%
Bank of America Corp.	6,000	7	0.41%
Wal-Mart Stores Inc.	6,000	8	0.41%
MemorialCare Health System	5,635	9	0.39%
Target Corp.	5,400	10	0.37%

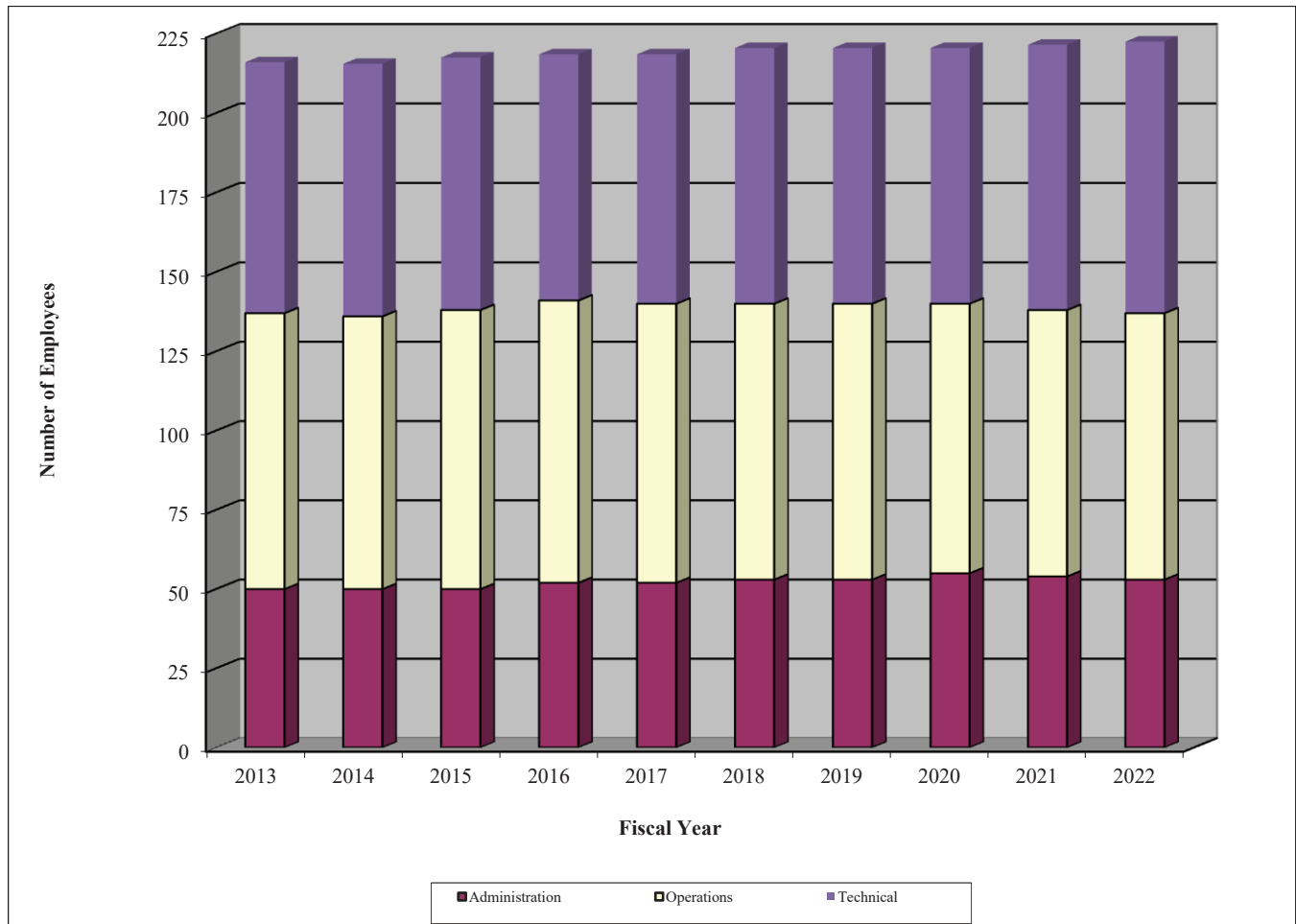


Orange County Water District

Personnel Trends Last Ten Fiscal Years

FUNCTIONS

<u>Fiscal Year</u>	<u>Administration</u>	<u>Operations</u>	<u>Technical</u>	<u>Total</u>
2013	50.0	87.0	79.0	216.0
2014	50.0	86.0	79.5	215.5
2015	50.0	88.0	79.5	217.5
2016	52.0	89.0	77.5	218.5
2017	52.0	88.0	78.5	218.5
2018	53.0	87.0	80.5	220.5
2019	53.0	87.0	80.5	220.5
2020	55.0	85.0	80.5	220.5
2021	54.0	84.0	83.5	221.5
2022	53.0	84.0	85.5	222.5



Source: OCWD Finance Department



Orange County Water District

Fiscal Year 2021-22 Groundwater Production By Agency (Acre-Feet)

City/Agency	Irrigation	Domestic	Total	% of water sold
Anaheim, City of		17,165.2	17,165.2	6.64%
Buena Park, City of		11,537.4	11,537.4	4.47%
East Orange County Water District		2.5	2.5	0.00%
County of Orange		127.8	127.8	0.05%
Fountain Valley, City of		8,784.4	8,784.4	3.40%
Fullerton, City of		17,744.1	17,744.1	6.88%
Garden Grove, City of		16,808.6	16,808.6	6.51%
Golden State Water Company		14,681.0	14,681.0	5.69%
Huntington Beach, City of		21,671.2	21,671.2	8.40%
Irvine Ranch Water District		45,088.2	45,088.2	17.49%
La Palma, City of		1,646.6	1,646.6	0.64%
Mesa Water District		16,326.0	16,326.0	6.33%
Newport Beach, City of		10,400.1	10,400.1	4.03%
Orange, City of		14,138.0	14,138.0	5.48%
Orange County Water District*		1,562.5	1,562.5	0.61%
Santa Ana, City of		25,268.3	25,268.3	9.79%
Seal Beach, City of		2,751.6	2,751.6	1.07%
Serrano Water District		966.7	966.7	0.37%
Tustin, City of		6,062.4	6,062.4	2.35%
Westminster, City of		10,810.6	10,810.6	4.19%
Yorba Linda Water District		7,121.2	7,121.2	2.76%
All Operations Other Than Above	756.5	6,591.9	7,348.4	2.85%
Totals	756.5	257,256.4	258,012.9	100%

Source: OCWD Finance Department



Orange County Water District

Demographic and Production Indicators Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Demographics										
Service Area (Square Miles)	381	381	381	381	381	381	381	381	358	358
Population Estimate (1), (2)	3,162,245	3,169,542	3,180,491	3,185,378	3,186,254	3,180,125	3,160,401	3,144,663	3,122,962	3,103,018
Median Family Income (1), (3)	\$ 110,418 (6)	\$ 109,325	\$ 108,243	\$ 107,171	\$ 102,047	\$ 97,012	\$ 92,063	\$ 87,942	\$ 85,313	\$ 82,861
Production Data (A.F.) (4)										
Groundwater										
Non-Irrigation Pumping	257,256.4 (6)	281,043.1	276,444.9	302,756.4	235,145.2	300,047.8	275,042.2	302,634.5	327,715.4	305,113.5
In-lieu Delivery	-	-	9,303.4	-	73,108.6	-	-	-	-	-
Irrigation Pumping	756.5 (6)	749.4	750.0	740.1	1,771.2	1,589.6	2,047.8	2,624.6	3,066.9	4,181.7
Supplemental Water										
Non-Irrigation Delivery	121,730.4 (6)	102,523.8	90,198.3	70,872.8	87,019.2	68,580.9	70,624.9	98,501.9	103,907.4	111,097.8
Conservation Credit	-	-	-	-	2,460.7	2,613.7	2,007.1	1,731.8	1,448.9	1,401.5
Irrigation Delivery	-	-	-	-	242.2	-	-	-	-	-
Non-Local Water Purchased by OCWD (A.F.) (5)										
Western Municipal Water District	-	-	-	-	-	-	-	-	-	-
Alamitos Barrier	2,740.5 (6)	2,617.6	2,100.0	2,015.2	912.2	1,166.1	2,398.9	2,236.3	2,370.2	1,721.8
Talbert Barrier - Fountain Valley	-	-	-	-	-	-	-	-	-	-
Talbert Barrier - Mesa Water District	14.1 (6)	15.7	2.0	20.1	18.4	7.8	7.0	17.7	6.2	3.7
Forebay Recharge	22,996.2 (6)	-	18,098.2	40,344.9	66,113.5	48,918.1	45,118.0	48,616.8	50,700.5	39,926.9
In-lieu Program	-	-	9,354.7	-	73,108.6	-	-	-	-	-
Basin Water Supply Management Program	-	-	-	-	-	-	-	-	-	-
Arlington Desalter	-	-	-	-	-	-	-	-	-	-
San Bernardino Valley MWD	-	-	-	-	-	-	-	-	-	-

Notes and Data Sources:

- (1) The Orange County Water District services 381 square miles or 48% of the total 799 square miles that make up the boundaries of the County of Orange.
- (2) Data Source: Demographic Research Unit, California Department of Finance.
- (3) Data Source: Bureau of Economic Analysis, U.S. Department of Commerce.
- (4) Data Source: Appendix I, OCWD Engineer's Reports, from WY 2013 to WY 2021.
- (5) Data Source: Appendix 4, OCWD Engineer's Reports, from WY 2013 to WY 2021.
- (6) Preliminary data for WY 2022



Orange County Water District

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	2022	2021	2020	2019	2018
Water Treatment					
Facilities (million gallons per day)					
Groundwater Replenishment System (GWRS)	100	100	100	100	100
Pipeline (miles)					
Green Acre Project Pipeline	33	33	33	33	33
GWRS Pipeline	15	15	15	15	15
Recharge					
Recharge Facilities	27	27	27	28	28
Recharge System Storage (acre feet)	26,402	26,402	26,402	26,402	26,402
Basin Management					
Groundwater Monitoring Wells	522	497	482	478	467
Injection Wells	78	78	78	78	79
Soil Gas Monitoring Wells	10	10	10	10	10
Other Wells	16	16	16	16	16

Function	2017	2016	2015	2014	2013
Water Treatment					
Facility (million gallons per day)					
Groundwater Replenishment System (GWRS)	100	100	100	70	70
Pipeline (miles)					
Green Acre Project Pipeline	33	33	33	33	33
GWRS Pipeline	15	15	15	15	15
Recharge					
Recharge Facilities	28	26	26	26	26
Recharge System Storage (acre feet)	26,402	26,278	26,278	26,278	26,278
Basin Management					
Groundwater Monitoring Wells	430	424	397	395	391
Injection Wells	81	64	60	61	61
Soil Gas Monitoring Wells	10	10	10	10	10
Other Wells	16	16	16	16	16



**Orange County Water District
Finance Department**

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