



Orange County Sanitation District
**Annual
Comprehensive
Financial Report**
for the year ended June 30, 2024

Orange County, California



**ORANGE COUNTY SANITATION DISTRICT
ORANGE COUNTY, CALIFORNIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Prepared By:
Administrative Services Department
Financial Management Division

Ruth Zintzun
Finance Manager

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ORANGE COUNTY SANITATION DISTRICT
Annual Comprehensive Financial Report
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October 31, 2024

The Board of Directors of the
Orange County Sanitation District,
Orange County, California

Subject: Letter of Transmittal

Submitted herewith is the Annual Comprehensive Financial Report of the Orange County Sanitation District (OC San), Orange County, California for the fiscal year ended June 30, 2024. This report includes the financial position and activity of individual revenue areas, as described within the Governmental Structure below, as of June 30, 2024, and was prepared by the Financial Management Division of OC San’s Administrative Services Department.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with OC San. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in the financial position of OC San. All disclosures necessary to enable the reader to gain an understanding of the agency’s financial activities have been included.

Included within the accompanying financial statements are all of the organizations, activities, and functions controlled by OC San’s Board of Directors in accordance with the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting. For the purpose of this evaluation, control was determined by the Board’s responsibility for: (1) adoption of the budget and user charges, (2) taxing authority, and (3) establishment of policies. The reporting entity and its services are described in further detail in Note 1 of the financial statements.

An audit of the books, financial records, and transactions of OC San is conducted annually by independent certified public accountants. OC San selected the accounting firm of Davis Farr LLP to perform the audit for the year ended June 30, 2024. The auditor’s report on OC San’s basic financial statements and supplementary information is located on page 1 within the financial section of this report. This report renders an unmodified opinion on OC San’s basic financial statements for the year ended June 30, 2024.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

GOVERNMENTAL STRUCTURE

The Orange County Sanitation District encompasses the central and northwest section of Orange County. OC San provides wastewater treatment for an area of the County covering 479 square miles and serving a population of approximately 2.6 million, or 80 percent of the County’s population. OC San was originally incorporated in 1954 as seven separate public corporations, or districts, with two additional districts added in 1985 and 1986. In April of 1998, at OC San’s request, the Board of Supervisors of the County of Orange passed Resolution No. 98-140 ordering the consolidation of these nine County Sanitation Districts into a new, single sanitation district, to be known as the Orange County Sanitation District, effective July 1, 1998. This action was recommended to the Board by the Local Agency Formation Commission in

- Serving:
- Anaheim
- Brea
- Buena Park
- Cypress
- Fountain Valley
- Fullerton
- Garden Grove
- Huntington Beach
- Irvine
- La Habra
- La Palma
- Los Alamitos
- Newport Beach
- Orange
- Placentia
- Santa Ana
- Seal Beach
- Stanton
- Tustin
- Villa Park
- County of Orange
- Costa Mesa Sanitary District
- Midway City Sanitary District
- Irvine Ranch Water District
- Yorba Linda Water District

order to simplify governance structures, reduce the size of the Board, ease administrative processes, streamline decision-making and consolidate accounting and auditing processes. The boundaries of the nine previous districts had remained intact for the purpose of collecting sewer user fees at the previously established rate schedules and were referred to as nine individual revenue areas through June 30, 2000. Effective July 1, 2003, eight of the revenue areas consolidated user fee rates and all enterprise fund accounting and budgeting activities and are now known as the Consolidated Revenue Area. The boundaries of one of the previous districts, now known as Revenue Area No. 14, have been maintained separately because their use of OC San's collection, treatment, and disposal system is funded by the Irvine Ranch Water District (IRWD).

OC San is managed by an administrative organization composed of directors appointed by the agencies or cities which are serviced by OC San. Each of the two remaining revenue areas, the Consolidated Revenue Area and Revenue Area 14, has its own budget and is responsible for the construction and maintenance of its own collection system. All revenue areas, except Revenue Area 14 and the portion of the Consolidated Revenue Area previously known as Revenue Area 13, receive their own share of the one-percent ad valorem property tax levy. In addition, all revenue areas, except Revenue Area 14, receive user fees from property owners. Revenue Area 14 receives all of its revenues from service charges to IRWD.

The purpose of OC San's wastewater collection, treatment, and recycling program is to protect the public's health and the environment, preserving the beneficial uses of coastal waters and maintaining air quality. The objectives of operating the reclamation plants are to process and pass on for purification or dispose of the treated wastewater and the separated solids in accordance with federal, state, and local laws including the Environmental Protection Agency.

OC San's sewerage system includes more than 380 miles of sewers that convey wastewater generated within OC San's boundaries to OC San's two reclamation plants; Plant No. 1 located in the City of Fountain Valley, and Plant No. 2 located in the City of Huntington Beach.

Plants No. 1 and No. 2 have secondary treatment capacities of 182 million gallons per day (mgd) and 150 mgd, respectively. In fiscal year 2024-25, both plants are projected to receive a combined average daily wastewater flow of 185 million gallons per day from residential, commercial, and industrial sources.

After wastewater receives secondary treatment, it flows to the Groundwater Water Replenishment System (GWRS) at the Orange County Water District, located adjacent to OC San, where it undergoes a state-of-the-art purification process consisting of microfiltration, reverse osmosis, and ultraviolet light with hydrogen peroxide. The product water is near-distilled quality. Approximately 30 million gallons (113,500 cubic meters) per day of GWRS water are pumped into injection wells to create a seawater intrusion barrier. Another 100 million gallons (378,500 cubic meters) are pumped daily to Orange County Water District's percolation basins in Anaheim where the GWRS water naturally filters through sand and gravel to the deep aquifers of the groundwater basin.

Remaining outflows of treated wastewater from Plants No. 1 and No. 2 are combined and discharged to the ocean off the Huntington Beach coast through an outfall pipe that is 120 inches in diameter and approximately five miles long. The last mile of the outfall pipe is a diffuser with over 500 ports through which treated wastewater is slowly released at a depth of 200 feet.

ECONOMIC CONDITIONS AND OUTLOOK

Job growth in Orange County has mirrored California's trends over the past five years. In December 2023, Chapman University projected a modest growth of 0.6 percent for 2024. Since 2019, the county has added nearly 50,000 jobs, averaging a 0.5 percent annual increase. The professional and business sectors, along with education and health, were the only areas to gain jobs during this period. The California Employment Development Department (EDD) reports that Orange County saw an increase of approximately 1.2 percent in payroll jobs from August 2023 to August 2024. During this same time period, unemployment in Orange County increased from 4.0 percent to 4.5 percent while the unemployment in California as a whole

increased from 5.2 percent to 5.9 percent. Orange County's status as the national leader in the medical equipment and supplies manufacturing job sector provides it with significant agglomeration economies, positioning it as a key driver of future economic growth in the region.

Chapman University indicates several factors that the slowdown in the construction industry in Orange County is likely to persist in the long term. One significant factor is the decline in the county's population growth, primarily due to negative net domestic migration. From 2018 to 2022, Orange County experienced a loss of 50,000 residents, with 43,000 of those moving out rather than moving in. This trend means that vacant homes are increasing the housing supply. With a current ratio of 2.83 persons per occupied housing unit, this net outflow effectively adds around 15,000 housing units to the existing supply, which is more than two years' worth of new single and multi-family units combined. Additionally, new housing permits for apartment units are likely to be limited by the low financial returns on apartment investments. The current cap rate for apartments offers less than a one percent premium over a 10-year T-Bond, which barely compensates for the risks associated with investing in apartment construction, especially in a declining population environment like Orange County.

MAJOR INITIATIVES

Following are the Orange County Sanitation District's current major initiatives as outlined in the General Manager's work plan for fiscal year (FY) 2024-25:

1. Business Principles

- **Asset Management Plan** – Implement a siphon cleaning program by June 30, 2025.
- **Progressive Design-Build** – Select an Owner Advisor for Progressive Design-Build by March 31, 2025. Develop Progressive Design-Build contract templates by June 30, 2025.
- **Earned Value** – Review Engineering's earned value processes for project reporting and compare with industry best practices by June 30, 2025.
- **NPDES Permitting Legal Support** – Secure legal and technical resources for 2026 NPDES permit renewal by March 31, 2025.
- **Permit Fees** – Complete analysis of the current Capital Facilities Capacity Charge program to identify deficiencies for the member agencies and provide program improvement recommendation by December 31, 2024. Create a customer portal for online submission and payment of fees by June 30, 2025.
- **Headquarters Educational Display** – *(Carried over from FY 23/24)* Develop a Board approved design for the hands-on educational display for the outdoor patio by June 30, 2025.
- **Regional Sewer Spill Training** – Conduct regional sanitary sewer spill training for the collections system by June 30, 2025.

2. Environmental Stewardship

- **Plant No. 2 Process Facilities Seismic Resilience** – Select a consultant for the Plant No. 2 Process Facilities Seismic Resiliency Study by December 31, 2024.
- **Urban Runoff Optimization Study** – Receive draft Urban Runoff Study identifying opportunities within Orange County Water District, County of Orange, and OC San's service area for additional dry weather urban runoff by June 30, 2025.
- **Enforcement Response Plan** – Update pretreatment/source control enforcement response plan in alignment with State of California's 2024 water quality enforcement guidance document for legal review by June 30, 2025.
- **Pretreatment Management** – Expand OC San's Pretreatment Honor Roll program to include

wastehaulers by June 30, 2025.

- **Food Waste** – Finalize Memo of Understanding with Orange County Waste and Recycling by December 31, 2024. Agree on deal points for a cooperative agreement and make go/no-go decision to move forward by June 30, 2025.

3. Wastewater Management

- **Plant No. 1 Distributed Control System Human Machine Interface (HMI)** – Complete the conversion of the Plant No. 1 HMI system from CRISP to ABB by June 30, 2025.
- **Deep Well Injection** – Evaluate the initial feasibility of deep well injection of biosolids. Issue and evaluate Request for Information for potential deep well injection design-build-operate vendors and review permitting requirement by June 30, 2025.
- **Supercritical Water Oxidization** – *(Carried over from FY 23/24)* Complete the commissioning and begin demonstration of the pilot project by March 31, 2025, subject to regulatory permitting. Publicize project status.
- **Property Management** – Complete a physical assessment of all current OC San easements and rights-of-way. Document the assessment in written and visual forms as part of the OC San easement management program. Complete the assessment and report by June 30, 2025.

4. Workplace Environment

- **Staff Training** – Create development plans for each employee with associated training plans by June 30, 2025.
- **Scanning and Paper Reduction** – Complete Scope of Work for Phase III, issue a Purchase Order Agreement Request for Proposal and award the contract for implementation of the trusted system, Phase III for Environmental Services. Complete Phase III by June 30, 2025.
- **Labor Agreements** – Complete all labor agreements for all labor groups by June 30, 2025.
- **OSHA Voluntary Protection Program (VPP) certification for Plant No. 2** – Apply for VPP certification for Plant No. 2 by June 30, 2025.
- **Employee Engagement Survey** – Conduct an employee engagement survey by June 30, 2025 to gather feedback on workplace environment satisfaction, communication effectiveness, recognition programs, and professional development opportunities. Utilize survey results to identify areas for improvement and develop action plans aimed at enhancing employee engagement and satisfaction levels.

Strategic Planning

In November 2023, the Board of Directors adopted a new comprehensive strategic plan to steer OC San's efforts. The Strategic Plan developed by the Board of Directors and staff defines the strategic initiatives to be pursued by OC San and provides a basis for long-term financial, capital, and operational planning. In addition, it provides for long-term continuity of vision as Board and staff members change over the many years it takes to deliver public works infrastructure. The Strategic Plan is updated every two years to align policy and execution expectations with OC San's two-year budget cycle.

Driven by our Mission, Vision and Core Values, this Strategic Plan continues OC San's efforts to protect the public health of the 2.6 million people we serve while protecting the environment where we live.

The Strategic Plan is broken down into four broad categories with fifteen policy areas that define our responsibilities and the services we provide. These areas are:

- Business Principles
 - Budget Control and Fiscal Discipline
 - Asset Management
 - Cybersecurity
 - Property Management
 - Organizational Advocacy and Outreach
- Environmental Stewardship
 - Energy Independence
 - Climate and Catastrophic Event Resiliency
 - Food Waste Treatment
 - Water Reuse
 - Environmental Water Quality, Stormwater Management and Urban Runoff
- Wastewater Management
 - Chemical Sustainability
 - Biosolids Management
 - Constituents of Emerging Concern
- Workplace Environment
 - Resilient Staffing
 - Safety and Physical Security

The Strategic Plan is not a radical departure from the current direction, but rather the well-defined iterative update to the direction of OC San. With the adoption of the Strategic Plan, staff also update the Asset Management Plan, Capital Improvement Plan, and Financial Plan that are the basis of the two-year budget adopted by the Board of Directors. The budget goals and the General Manager’s work plan are the accountability steps that measure achievable progress toward the strategic initiatives listed in the Strategic Plan.

SERVICE EFFORTS AND ACCOMPLISHMENTS

The following service efforts and accomplishments were achieved by OC San during the year ended June 30, 2024:

- **American Inhouse Design Award** - 2024 Graphic Design USA
- **Certificate of Achievement for Excellence in Financial Reporting** - 2023 Government Finance Officers Association
- **Platinum Peak Performance Award** - 2024 National Association of Clean Water Agencies (NACWA)
- **Special Occasion/ One Time Event Award for Groundwater Replenishment System Dedication Ceremony** - 2024-California Association of Public Information Officers
- **Best in Show for Groundwater Replenishment System Dedication Ceremony** - 2024-California Association of Public Information Officers

- **Award For Excellence - Community Water Champion for Final Expansion of Groundwater Replenishment System - 2023 WaterReuse**
- **Community Leadership Award for Final Expansion for Groundwater Replenishment System - 2023 National Association of Clean Water Agencies- National Environmental Association Agencies**
- **Excellence in Information Technology Practices Award - 2023 Municipal Information Systems Association of California**
- **Award for Excellence- Recycling Water Agency of the Year- Large for Final Expansion of Groundwater Replenishment System - 2023 WaterReuse**
- **Honorable Mention - 2023 Beacon Program**
- **US Water Prize for Final Expansion of Groundwater Replenishment System - 2023 US Water Alliance**

ACCOUNTING AND BUDGETARY CONTROLS

OC San's accounting records are maintained on the accrual basis. In developing and evaluating OC San's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that OC San's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Each year, OC San's Board of Directors adopts an annual operating plan. A joint works budget is first prepared that identifies the specific capital projects and operating activities to be undertaken by OC San during the year. The budgetary level of control, the level at which expenses cannot exceed budget, is exercised at the individual department level. OC San has adopted a Purchasing Ordinance that establishes requirements and procedures for the purchase of goods, services, and public work projects.

ACCUMULATED FUNDS AND RESERVES POLICY

The Board of Directors of the Orange County Sanitation District has established the following Accumulated Funds and Reserves Policy:

Cash Flow Reserve: A cash flow criterion has been established at a level to fund operations, maintenance, and certificates of participation expenses for the first half of the fiscal year, prior to the receipt of the first installment of the property tax allocation and the sewer service user fees which are collected as a separate line item on the property tax bill. The level of this criterion will be established as the sum of an amount equal to six months operations and maintenance expenses and the total of the annual debt certificate of participation (COP) service payments due in August each year.

Operating Contingency Reserve: An operating contingency criterion has been established to provide for non-recurring operating expenditures that were not anticipated when the annual budget was considered and adopted. The level of this criterion has been established at an amount equal to ten percent of the current fiscal year's annual operating budget.



Capital Improvement Reserve: A capital improvement criterion has been maintained to fund annual increments of the capital improvement program (CIP). The target level of this criterion has been established at one half of the average annual cash outlay of the capital improvement program over the next ten years. Levels higher and lower than the target can be expected while the long-term financing and capital improvement programs are being finalized.

Catastrophic Loss or Self-Insurance Reserves: A catastrophic loss or self-insurance criterion has been maintained for property damage including fire, flood, and earthquake, for general liability and for workers' compensation. This reserve criterion is intended to work with purchased insurance policies, FEMA, and state disaster reimbursements. Based on the plant infrastructure replacement value, the level of this criterion has been set to fund OC San's non-reimbursed costs, estimated to be \$100 million.

Capital Replacement/Renewal Reserve Policy: A capital replacement/renewal criterion policy has been established to provide funding to replace or refurbish the current collection, treatment, and recycling facilities at the end of their useful economic lives. The current replacement value of these facilities is estimated to be \$14 billion. The reserve criterion level had been established at \$75 million.

Debt Service Reserves: A debt service criterion policy has been established at ten percent of the outstanding COP and revenue obligations. Other debt service reserves are required to be under the control of a trustee by the provisions of the COP or revenue obligations. These funds are not available for the general needs of OC San and must be maintained at specified levels.

Accumulated Funds exceeding the targets specified by OC San policy will be maintained for Capital Improvements and Rate Stabilization. These funds will be applied to future years' CIP needs due to the timing of the actual CIP outlays, in order to maintain rates or to moderate annual fluctuations.

As of June 30, 2024, OC San was in compliance with the Accumulated Funds and Reserves Policy with designated cash and investments totaling \$849 million, and have been earmarked for the following specific purposes in accordance with OC San's reserve policy:

Designated Cash and Investments

Cash Flow Contingency	\$ 148 million
Self-Insurance	100 million
Capital Improvements	525 million
Debt Service Requirements	<u>76 million</u>
Total Designated Cash and Investments	<u>\$ 849 million</u>

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Orange County Sanitation District for OC San's Annual Comprehensive Financial Report for the year ended June 30, 2023. This was the thirtieth consecutive year that OC San has received this award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

This report could not have been accomplished without the dedicated services of the Financial Management Division staff, and I would like to especially express my appreciation to the staff who assisted in its preparation. I would also like to thank OC San's Board of Directors and the General Manager for their interest and support in conducting the financial operations of OC San in a responsible and progressive manner.

Respectfully submitted,



Ruth Zintzun
Finance Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Orange County Sanitation District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

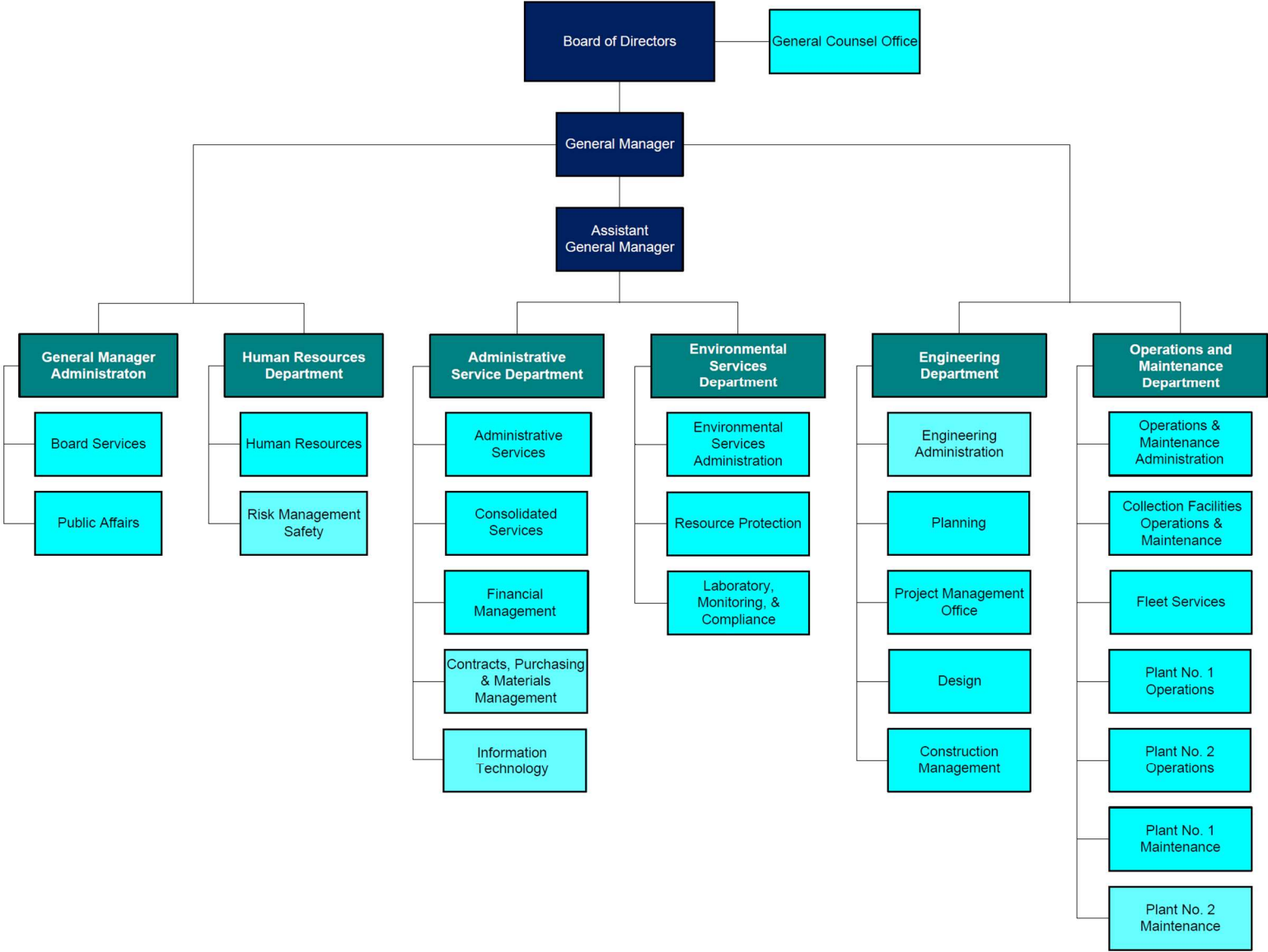
Executive Director/CEO

ORANGE COUNTY SANITATION DISTRICT

Board of Directors
As of June 30, 2024

<u>Agency</u>	<u>Active Director</u>	<u>Alternate Director</u>
Cities:		
Anaheim	Stephen Faessel	Carlos A. Leon
Brea	Christine Marick	Cecilia Hupp
Buena Park	Joyce Ahn	Art Brown
Cypress	Scott Minikus	Bonnie Peat
Fountain Valley	Glenn Grandis	Ted Bui
Fullerton	Bruce Whitaker	Nick Dunlap
Garden Grove	Stephanie Klopfenstein	John O'Neill
Huntington Beach	Pat Burns	Gracey Van Der Mark
Irvine	Farrah N. Khan	Kathleen Treseder
La Habra	Rose Espinoza	Jose Medrano
La Palma	Debbie Baker	Mark Waldman
Los Alamitos	Jordan Nefulda	Shelley Hasselbrink
Newport Beach	Brad Avery	Erik Weigand
Orange	Jon Dumitru	John Gyllenhammer
Placentia	Chad Wanke	Ward Smith
Santa Ana	Johnathan Ryan Hernandez	Benjamin Vazquez
Seal Beach	Schelly Sustarsic	Lisa Landau
Stanton	David Shawver	Carol Warren
Tustin	Ryan Gallagher	Austin Lumbard
Villa Park	Robbie Pitts	Jordan Wu
Sanitary Water Districts:		
Costa Mesa Sanitary District	Robert Ooten	Art Perry
Midway City Sanitary District	Andrew Nguyen	Tyler Diep
Irvine Ranch Water District	John Withers	Douglas Reinhart
Yorba Linda Water District	Phil Hawkins	Tom Lindsey
County Areas:		
Member of the Board of Supervisors	Doug Chaffee	Donald P. Wagner

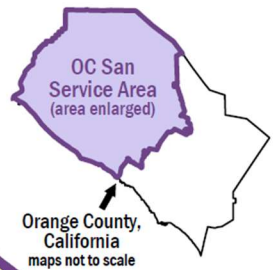
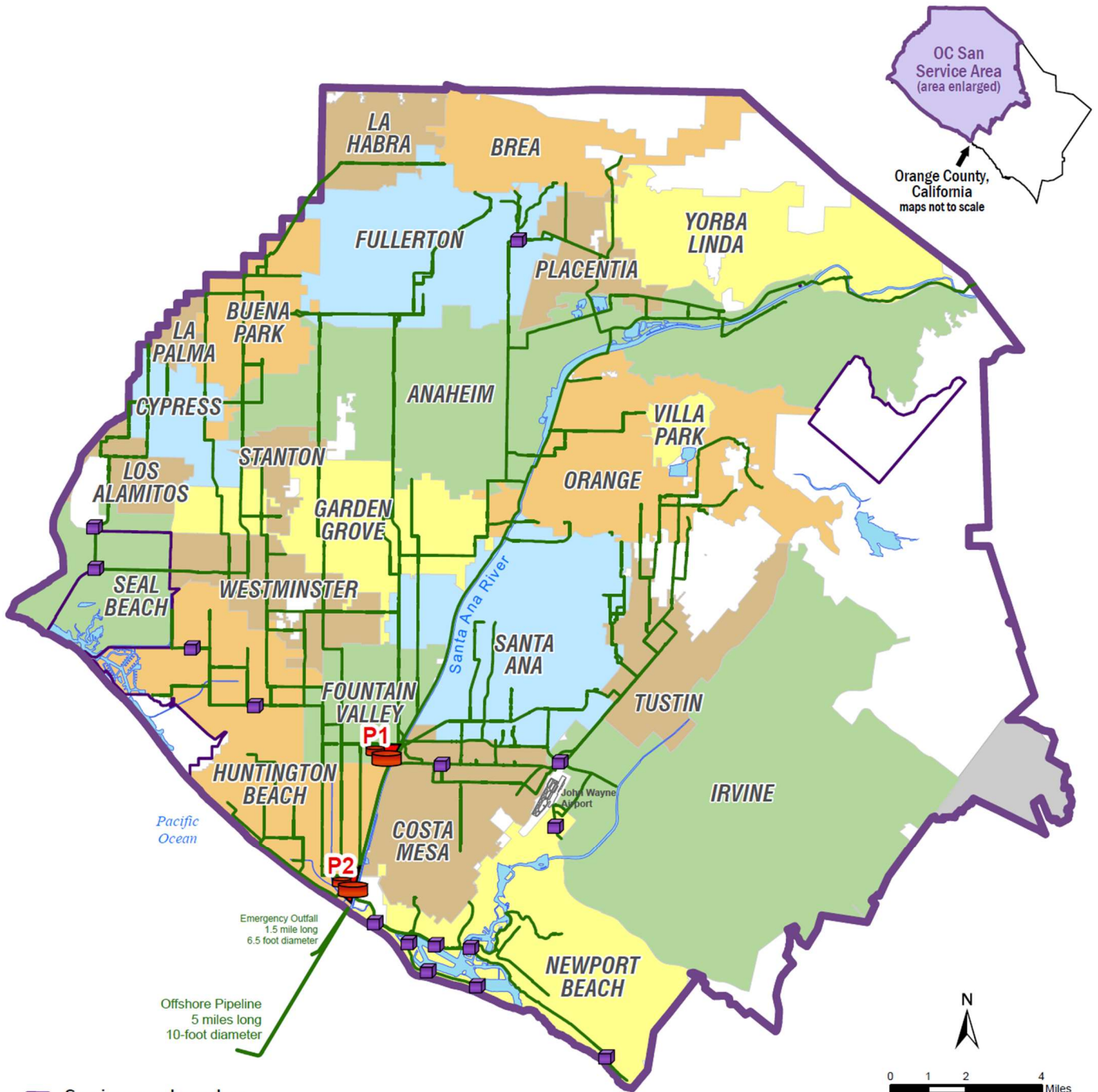
ORANGE COUNTY SANITATION DISTRICT
 Organizational Chart
 As of June 30, 2024








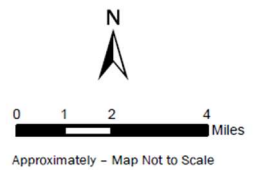
ORANGE COUNTY SANITATION DISTRICT

Map of Service Area

As of June 30, 2024



-  Service area boundary
-  Sewer pipelines
-  Reclamation Plant No. 1 (P1)
Reclamation Plant No. 2 (P2)
-  Pump stations
-  Unincorporated Orange County (white areas)



DISCLAIMER: Map prepared by the Orange County Sanitation District. This map is intended for graphical representation only. No level of accuracy is claimed. Portions of this derived product contain geographical information copyrighted by Rand McNally. All Rights Reserved.
Revised December 2022

Independent Auditor's Report

Board of Directors
Orange County Sanitation District
Fountain Valley, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Orange County Sanitation District (OC San), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise OC San's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OC San's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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, 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 OC San'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 OC San's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, Proportionate Share of the Net Pension Liability (Asset) – OCERS Pension Plan, Schedule of District Contributions – OCERS Pension Plan, Total Pension Liability – Additional Retiree Benefit Account, Changes in Total Pension Liability – Additional Retiree Benefit Account, Total OPEB Liability – Post-Employment Medical Benefits Plan, and Changes in Total OPEB Liability – Post-Employment Medical Benefits Plan* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OC San's basic financial statements. The *Combining Area Schedule of Net Position, Combining Area Schedule of Revenues, Expenses, and Change in Net Position, and Combining Area Schedule of Cash Flows* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *Combining Area Schedule of Net Position, Combining Area Schedule of Revenues, Expenses, and Change in Net Position*, and *Combining Area Schedule of Cash Flows* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Combining Area Schedule of Net Position, Combining Area Schedule of Revenues, Expenses, and Change in Net Position*, and *Combining Area Schedule of Cash Flows* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *Introductory Section, Statistical Section, and Other Data and Trends* but does not include the financial statements and our auditor's report thereon. Our opinion 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 31, 2024, on our consideration of OC San's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OC San's internal control over financial reporting and compliance.



Irvine, California
October 31, 2024

ORANGE COUNTY SANITATION DISTRICT
Management Discussion and Analysis (Unaudited)
June 30, 2024

This section of the financial statements of the Orange County Sanitation District (OC San) is management's narrative overview and analysis of the financial activities of OC San for the fiscal year ended June 30, 2024. The information presented here is to be considered in conjunction with additional information provided within the letter of transmittal located in the Introductory Section of this report.

Financial Highlights

- As of June 30, 2024, OC San's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3.2 billion (net position). Of this amount, \$872.2 million represents unrestricted net position, which may be used to meet OC San's ongoing obligations to citizens and creditors.
- Total net position increased \$197.8 million, or 6.6 percent over the prior year.
- Net capital assets, consisting of non-depreciable capital assets and depreciable capital assets net of accumulated depreciation, increased \$137.5 million, or 4.8 percent over the prior year.
- Net investment in capital assets increased \$316.0 million, or 16.2 percent over the prior year.
- Restricted net position increased \$9.6 million, or 38.9 percent over the prior year.
- Unrestricted net position decreased \$127.9 million, or 12.8 percent under the prior year.
- Total outstanding bonded debt decreased by \$183.6 million, or 23.3 percent from the prior year, to \$606.1 million.

Overview of the Basic Financial Statements

OC San operates as a utility enterprise and presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting. As an enterprise fund, OC San's basic financial statements are comprised of two components: financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

In accordance with the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, OC San's financial statements include a Statement of Net Position; Statement of Revenues, Expenses, and Change in Net Position; and a Statement of Cash Flows.

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

The Statement of Revenues, Expenses, and Change in Net Position accounts for the current year's revenues and expenses. This statement measures the success of OC San's operations over the past year and can be used to determine OC San's creditworthiness. It also highlights OC San's dependency on property tax revenues in supplementing user fees and other charges for recovering total cost.

The final required financial statement, the Statement of Cash Flows, reports cash receipts, cash payments, and net changes in cash resulting from operations, investments, and financial activities of the reporting period.

ORANGE COUNTY SANITATION DISTRICT
Management Discussion and Analysis (Unaudited)
June 30, 2024

Net Position

As previously noted, net position increased \$197.8 million, or 6.6 percent over the net position at June 30, 2023, to \$3.2 billion at June 30, 2024.

(Dollars in thousands)

	June 30, 2024	June 30, 2023	Increase (Decrease)	Percentage Increase (Decrease)
Assets				
Current and other assets	\$ 919,344	\$ 1,052,833	\$ (133,489)	-12.7%
Net capital assets	2,993,396	2,855,895	137,501	4.8%
Total assets	3,912,740	3,908,728	4,012	0.1%
Deferred outflows of resources				
	97,104	110,106	(13,002)	-11.8%
Total assets and deferred outflows of resources				
	4,009,844	4,018,834	(8,990)	-0.2%
Liabilities				
Current liabilities	146,735	165,975	(19,240)	-11.6%
Noncurrent liabilities	664,213	852,918	(188,705)	-22.1%
Total liabilities	810,948	1,018,893	(207,945)	-20.4%
Deferred inflows of resources				
	21,449	20,249	1,200	5.9%
Total liabilities and deferred inflows of resources				
	832,397	1,039,142	(206,745)	-19.9%
Net position				
Net investment in capital assets	2,270,960	1,954,939	316,021	16.2%
Restricted for OCERS pension benefits	34,278	24,678	9,600	38.9%
Unrestricted	872,209	1,000,075	(127,866)	-12.8%
Total net position	\$ 3,177,447	\$ 2,979,692	\$ 197,755	6.6%

ORANGE COUNTY SANITATION DISTRICT
Management Discussion and Analysis (Unaudited)
June 30, 2024

Current and other assets decreased \$133.5 million, or 12.7 percent, due primarily to capital outlays of \$264.7 million, bonded debt retirements of \$165.8 million, and interest paid of \$50.5 million, offset by net cash provided by operations of \$105.0 million, proceeds from property taxes of \$131.8 million, interest received of \$25.0 million, unrealized investment gains of \$19.3 million, receipt of capital facilities capacity charges of \$18.0 million, contributions from other governments of \$24.5 million, an increase in due from other governmental agency of \$12.3 million, and an increase in net pension asset of \$7.9 million.

Net capital assets increased \$137.5 million, or 4.8 percent, due mostly to the ongoing capital improvement program construction in progress additions of \$252.9 million, capital equipment of \$3.2 million, and subscription right-to-use assets of \$2.0 million, offset by depreciation of \$116.2 million, loss on asset disposals of \$3.5 million, and \$0.9 million of prior capital project expenses that were written off as expense. Included in total capital outlay additions is the Headworks Rehabilitation at Plant 1 with incurred project costs of \$69.0 million in FY 2023-24 and a total project budget of \$340.0 million. The Headquarters Complex incurred project costs of \$39.0 million in FY 2023-24 with a total project budget of \$171.0 million. This project constructed the new Headquarters Building on the north side of Ellis Avenue to house administrative, engineering, resource protection, and environmental compliance staff. See page 9 for the Schedule of Capital Assets and listing of other major capital additions for FY 2023-24.

Deferred outflows of resources decreased \$13.0 million, or 11.8 percent from the prior year, primarily due to a \$7.2 million or 7.5 percent decrease in pension deferred outflows attributable to the change in projected and actual earnings on pension plan investments and changes of actuarial assumptions and other inputs, and a \$5.8 million or 39.9 percent decrease in the difference between carrying amount of the retired debt and the acquisition price of COP Series.

Current liabilities decreased \$19.2 million, or 11.6 percent, due to a decline in the amount due to other governmental agency Irvine Ranch Water District (IRWD) of \$19.3 million and a decrease in interest payable of \$6.3 million, offset by an increase in accounts payable and other current liabilities of \$6.4 million.

Noncurrent liabilities decreased \$188.7 million, or 22.1 percent, primarily due to bonded debt repayments of \$165.8 million, the refunding of \$30.1 million of Series 2014A Revenue Refunding Obligations and \$127.5 million of 2015A Revenue Refunding Obligations with Series 2024A Refunding Revenue Obligations issued in the amount of \$139.7 million in May 2024, and a decrease in other noncurrent liabilities of \$5.0 million.

Deferred inflows of resources increased \$1.2 million, or 5.9 percent over the prior year, primarily due to a \$5.7 million or 551.6 percent increase in the difference between carrying amount of the retired debt and the acquisition price of COP Series due to 2024A new debt issuance, offset by \$4.2 million or 23.1 percent decrease in pension deferred inflows attributable to the change in projected and actual earnings on pension plan investments and differences between expected and actual experiences, and a \$0.3 million decrease in deferred inflows related to leases.

Net investment in capital assets increased \$316.0 million, or 16.2 percent over the prior year, primarily as a result of the net increase in capital assets of \$137.5 million coupled with a \$178.5 million decrease in related debt.

Restricted net position increased \$9.6 million, or 38.9 percent, due to the increase in amounts restricted for Orange County Employees Retirement System (OCERS) pension benefits.

Unrestricted net position decreased \$127.9 million, or 12.8 percent, due to the overall increase in net position of \$197.7 million, offset by the increase in net investment in capital assets of \$316.0 million and restricted net position of \$9.6 million.

ORANGE COUNTY SANITATION DISTRICT
Management Discussion and Analysis (Unaudited)
June 30, 2024

Change in Net Position

The change in net position increased \$33.3 million in FY 2023-24, or 20.2 percent over the prior year's increase in net position.

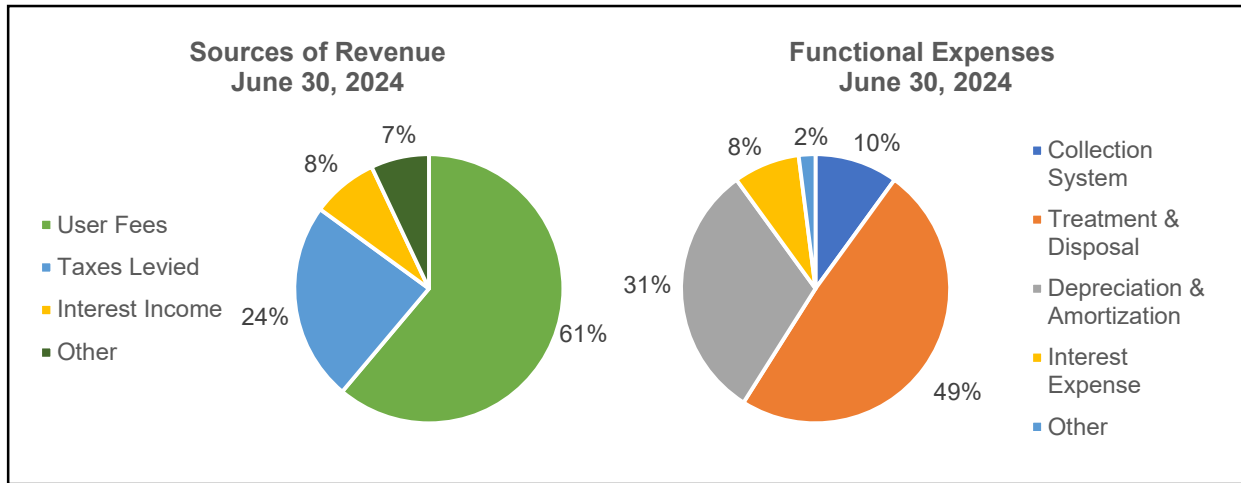
(Dollars in thousands)

	June 30, 2024	June 30, 2023	Increase (Decrease)	Percentage Increase (Decrease)
Revenues:				
Operating revenues				
Service charges	\$ 338,713	\$ 331,382	\$ 7,331	2.2%
Permit and inspection fees	941	1,399	(458)	-32.7%
Total operating revenues	339,654	332,781	6,873	2.1%
Non-operating revenues				
Property taxes	131,608	125,467	6,141	4.9%
Investment and interest income (loss)	46,640	12,027	34,613	287.8%
Contrib. from other governments	29,395	16,066	13,329	83.0%
Other non-operating revenues	6,548	4,605	1,943	42.2%
Total non-operating revenues	214,191	158,165	56,026	35.4%
Total revenues	553,845	490,946	62,899	12.8%
Expenses:				
Operating expenses other than depreciation and amortization	222,673	207,212	15,461	7.5%
Depreciation and amortization	116,205	123,611	(7,406)	-6.0%
Non-operating expenses	35,454	27,882	7,572	27.2%
Total expenses	374,332	358,705	15,627	4.4%
Income before capital contributions	179,513	132,241	47,272	35.7%
Capital contributions	18,242	32,264	(14,022)	-43.5%
Increase in net position	197,755	164,505	33,250	20.2%
Beginning net position	2,979,692	2,815,187	164,505	5.8%
Ending net position	\$ 3,177,447	\$ 2,979,692	\$ 197,755	6.6%

As previously stated, an enterprise fund is used to account for the operations of OC San, which is financed and operated in a manner similar to private business enterprises. This allows OC San to determine that the costs (expenses, including depreciation and amortization) of providing wastewater management services on a continuing basis are financed or recovered primarily through user charges.

Sewer service user fees are evaluated annually based primarily on budget requirements for total operation and maintenance expenses and capital outlays for providing wastewater management services. Property tax revenues are dedicated for the payment of debt service.

ORANGE COUNTY SANITATION DISTRICT
 Management Discussion and Analysis (Unaudited)
 June 30, 2024



Operating revenues increased \$6.9 million, or 2.1 percent in FY 2023-24 from the prior year, primarily due to a 3.2 percent increase in the average sewer user fee rate, offset by a slight decrease in other operating revenues as compared to the prior year.

Non-operating revenues increased \$56.0 million, or 35.4 percent, primarily due to a \$34.6 million or 287.8 percent growth in investment and interest income as a result of higher yields on balances held in the investment portfolios, a \$6.1 million or 4.9 percent increase in property taxes revenue attributable to increased home sales and a rise in total assessed valuation of 6.6 percent over the prior year, a \$13.3 million or 83.0 percent increase in contributions from other governments due to the integration adjustment of Revenue Area 14's equity share in OC San's Joint Works Treatment Facilities based on the flows discharged to OC San and higher IRWD capital outlay revolving fund requirements, and a \$2.0 million or 42.2 percent increase in other revenues mainly as a result of insurance recoveries.

Operating expenses other than depreciation and amortization increased \$15.5 million, or 7.5 percent, primarily due to increases of \$12.2 million or 23.1 percent in supplies, repairs and maintenance due to digester cleaning, repairs, and a rise in chemical costs, \$2.6 million or 9.3 percent in contractual services, and \$2.6 million in other operating services, offset by decreases of \$1.0 million or 6.5 percent in utilities and \$0.9 million or 0.9 percent in salaries and benefits over the prior year.

Non-operating expenses increased \$7.6 million, or 27.2 percent, primarily from an increase of \$5.2 million or 20.0 percent in interest expense due to an early call premium on 2010C debt repayments, offset by repayments and refundings from previous years, and an increase of \$2.4 million in loss from disposal of assets.

Capital contributions decreased \$14.0 million, or 43.5 percent from the prior year, due to a \$7.2 million or 30.6 percent decrease in capital facility capacity charges for connection fees collected from cities and supplemental capital facilities capacity charges assessed to industrial dischargers, and a decrease of \$6.8 million or 77.5 percent in capital contributions from other governments, reflective of reimbursements from Orange County Water District (OCWD) for Groundwater Replenishment System costs.

ORANGE COUNTY SANITATION DISTRICT
Management Discussion and Analysis (Unaudited)
June 30, 2024

Capital Assets

At June 30, 2024, OC San had a net investment of \$3.0 billion in capital assets. This represents a net increase (including additions and deletions) of \$137.5 million, or 4.8 percent over the prior year.

Schedule of Capital Assets
(Net of Depreciation and Amortization)

(Dollars in thousands)

	June 30, 2024	June 30, 2023	Increase (Decrease)	Percentage Increase (Decrease)
Land	\$ 58,153	\$ 58,153	\$ -	0.0%
Construction in progress	677,082	637,405	39,677	6.2%
Sewage collection facilities	531,090	509,389	21,701	4.3%
Sewage treatment facilities	1,500,387	1,567,802	(67,415)	-4.3%
Effluent disposal facilities	24,611	25,984	(1,373)	-5.3%
Solids disposal facilities	229	239	(10)	-4.2%
General and administrative facilities	199,883	55,953	143,930	257.2%
Lease right-to-use asset	104	26	78	300.0%
Subscription right-to-use assets	1,857	944	913	96.7%
Capital assets, net	\$ 2,993,396	\$ 2,855,895	\$ 137,501	4.8%

Major capital asset additions for the current fiscal year included the following:

- \$69.0 million Headworks Rehabilitation at Plant No. 1 (P1-105)
- \$39.0 million Headquarters Complex (P1-128)
- \$18.7 million Primary Treatment Rehabilitation at Plant No. 2 (P2-98)
- \$14.4 million Ocean Outfall System Rehabilitation (J-117)
- \$14.2 million Gisler Red-Hill Interceptor & Baker Force Main Rehabilitation (7-65)
- \$ 8.0 million Central Generation Engine Overhauls at Plants 1 and 2 (J-135)
- \$ 7.9 million TPAD Digester Facility at Plant 2 (P2-128)
- \$ 7.7 million Process Control System Upgrades (J-120)

More detailed information about OC San's capital assets is provided in Notes 1 and 3 of the Notes to Basic Financial Statements.

ORANGE COUNTY SANITATION DISTRICT
Management Discussion and Analysis (Unaudited)
June 30, 2024

Debt Administration

At June 30, 2024, OC San had \$606.1 million outstanding in bonded debt, a net decrease of \$183.6 million, or 23.3 percent from the prior year. This reduction consisted of the accumulation of principal payments made in accordance with the schedule of debt service payments, the refunding of \$30.1 million of Series 2014A Revenue Refunding Obligations and \$127.5 million of 2015A Revenue Refunding Obligations with Series 2024A Refunding Revenue Obligations issued in the amount of \$139.7 million in May 2024, and the early repayment of \$134.2 million of Series 2010C Revenue Obligations (Taxable Build America Bonds) in June 2024.

During OC San's most recent debt refundings, Moody's, Standard and Poor's, and Fitch Ratings all reaffirmed their AAA rating of the Orange County Sanitation District. OC San's long-range financing plan is designed to maintain this high rating. Over the next ten years, OC San is projecting over \$3.2 billion in capital improvements. In accordance with OC San's long-term debt fiscal policy, OC San will restrict long-term borrowing to capital improvements that cannot be financed from current revenue. No new debt issuances are being proposed to assist with the funding of the system improvements scheduled over this time period. For more information on long-term debt activities, see Note 5 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate within the County of Orange is at 4.0 percent in June 2024, an increase from the rate of 3.7 percent in June 2023.
- Inflation for the Los Angeles-Long Beach-Anaheim area increased 3.2 percent in June 2024 over the prior year June 2023 based on the actual percentage change in the consumer price index according to the U.S. Department of Labor, Bureau of Labor Statistics.
- The yield on investments for FY 2023-24 stayed steady at 4.8 percent, matching the 4.8 percent earnings rate from FY 2022-23.

All of these factors are considered in preparing OC San's biennium budget.

OC San's user fee schedule was increased by 3.2 percent for FY 2023-24 over the prior year. The Single Family Residential (SFR) fee, which is the underlying rate for all other user rates, is applicable to OC San's largest customer base: the SFR fee increased by \$11.00, from \$347.00 to \$358.00. The revenue from sewer fees is necessary to support OC San's cash flow needs for operating costs, debt service, and capital improvement outlays. Capital improvement costs are projected to total \$3.2 billion over the next ten years in order to rehabilitate and upgrade existing facilities and maintain full secondary treatment standards.

Requests for Information

The financial report is designed to provide a general overview of OC San's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Management Division, Orange County Sanitation District, 18480 Bandilier Circle, Fountain Valley, CA 92708.

**ORANGE COUNTY SANITATION DISTRICT
BASIC FINANCIAL STATEMENTS**

ORANGE COUNTY SANITATION DISTRICT

Statement of Net Position

June 30, 2024

Current assets:	
Cash and cash equivalents	\$ 123,087,456
Investments	709,770,149
Accounts receivable, net of allowance for uncollectibles	10,148,213
Accrued interest receivable	6,210,455
Connection fees receivable	1,999,479
Property tax receivable	2,118,918
Lease receivable, current portion	341,723
Inventories	11,596,000
Prepaid expenses	2,420,320
Total current assets	<u>867,692,713</u>
Noncurrent assets:	
Restricted:	
Cash and cash equivalents	897,605
Investments	15,192,853
Accrued interest receivable	2,234
Net pension asset - OCERS	18,531,537
Unrestricted:	
Non-depreciable capital assets	735,235,339
Depreciable capital assets, net of accumulated depreciation	2,258,160,210
Due from other governmental agency	16,594,914
Lease receivable, noncurrent portion	422,260
Other noncurrent assets, net	10,344
Total noncurrent assets	<u>3,045,047,296</u>
Total assets	<u>3,912,740,009</u>
Deferred outflows of resources:	
Deferred outflows related to refundings	8,802,449
Deferred outflows related to pensions	84,098,923
Deferred outflows related to OPEB	4,202,234
Total deferred outflows of resources	<u>97,103,606</u>
Total assets and deferred outflows of resources	<u>4,009,843,615</u>
Current liabilities:	
Accounts payable and accrued expenses	45,467,767
Retentions payable	15,103,997
Interest payable	9,083,820
Due to other governmental agency	18,229,514
Long-term obligations, current portion	56,732,046
Total pension liability - ARBA, current portion	1,232,603
Total OPEB liability, current portion	885,432
Total current liabilities	<u>146,735,179</u>
Noncurrent liabilities:	
Long-term obligations, noncurrent portion	640,134,439
Total pension liability - ARBA, noncurrent portion	19,781,076
Total OPEB liability, noncurrent portion	4,297,056
Total noncurrent liabilities	<u>664,212,571</u>
Total liabilities	<u>810,947,750</u>
Deferred inflows of resources:	
Deferred inflows related to leases	708,862
Deferred inflows related to refundings	6,777,704
Deferred inflows related to pensions	13,962,233
Total deferred inflows of resources	<u>21,448,799</u>
Total liabilities and deferred inflows of resources	<u>832,396,549</u>
Net position:	
Net investment in capital assets	2,270,960,561
Restricted for OCERS pension benefits	34,277,644
Unrestricted	872,208,861
Total net position	<u>\$ 3,177,447,066</u>

See Accompanying Notes to Basic Financial Statements.

ORANGE COUNTY SANITATION DISTRICT
Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2024

Operating revenues:	
Service charges	\$ 338,713,310
Permit and inspection fees	940,909
Total operating revenues	339,654,219
Operating expenses other than depreciation and amortization:	
Salaries and benefits	95,983,431
Utilities	14,892,620
Supplies, repairs and maintenance	64,995,443
Contractual services	30,335,241
Feasibility studies	4,479,443
Other operating expenses	11,987,202
Total operating expenses other than depreciation and amortization	222,673,380
Operating income before depreciation and amortization	116,980,839
Depreciation and amortization	116,204,812
Operating income	776,027
Non-operating revenues:	
Property taxes	131,607,529
Investment and interest income	46,640,438
Contributions from other governments	29,395,065
Other non-operating revenues	6,547,472
Total non-operating revenues	214,190,504
Non-operating expenses:	
Interest	31,066,678
Loss on disposal of assets	4,319,214
Other non-operating expenses	68,185
Total non-operating expenses	35,454,077
Income before capital contributions	179,512,454
Capital contributions:	
Capital facilities capacity charges	16,253,760
Capital contributions from other governments	1,988,372
Total capital contributions	18,242,132
Change in net position	197,754,586
Total net position - beginning	2,979,692,480
Total net position - ending	\$ 3,177,447,066

See Accompanying Notes to Basic Financial Statements.

ORANGE COUNTY SANITATION DISTRICT
Statement of Cash Flows
For the Year Ended June 30, 2024

Cash flows from operating activities:	
Receipts from customers and users	\$ 319,981,533
Payments to employees	(94,759,626)
Payments to suppliers	(126,392,390)
Receipts for other activities	6,187,286
Net cash provided by operating activities	<u>105,016,803</u>
Cash flows from noncapital financing activities:	
Proceeds from property taxes	<u>131,847,028</u>
Net cash provided by noncapital financing activities	<u>131,847,028</u>
Cash flows from capital and related financing activities:	
Capital facilities capacity charges	18,026,378
Contributions from other governments	24,453,389
Receipts from lease agreements	391,540
Additions to capital assets	(264,736,825)
Principal payments on debt obligations	(163,874,926)
Payments to bond escrow agent	(159,480,074)
Interest paid	(50,477,432)
Proceeds from debt issuance	139,636,168
Proceeds from premiums on debt issuance	20,309,469
Debt issuance costs	(524,372)
Net cash used in capital and related financing activities	<u>(436,276,685)</u>
Cash flows from investing activities:	
Proceeds from sale of investments	824,476,440
Purchases of investments	(669,749,566)
Interest received	24,970,345
Net cash provided by investing activities	<u>179,697,219</u>
Net decrease in cash and cash equivalents	(19,715,635)
Cash and cash equivalents, beginning of year	<u>143,700,696</u>
Cash and cash equivalents, end of year	<u>\$ 123,985,061</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 776,027
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	116,204,812
Bad debt expense (net recoveries)	(109,438)
Other non-operating revenues	6,119,101
(Increase)/decrease in operating assets and deferred outflows:	
Accounts receivable	(13,023,280)
Inventories	(1,253,703)
Prepaid expenses	306,149
Net pension asset - OCERS	(7,926,736)
Deferred outflows related to pensions	11,358,273
Deferred outflows related to OPEB	(4,202,234)
Increase/(decrease) in operating liabilities and deferred inflows:	
Accounts payable and accrued expenses	2,109,828
Due to other governmental agency	(6,539,968)
Compensated absences	742,650
Claims and judgments	(402,899)
Total pension liability - ARBA	914,896
Total OPEB liability	4,147,606
Deferred inflows related to pensions	(4,204,281)
Net cash provided by operating activities	<u>\$ 105,016,803</u>
<u>Noncash activities:</u>	
Unrealized gain (loss) on the fair value of investments	\$ 19,289,038
Capital assets acquired through accounts payable	(13,532,651)
Capital facilities capacity charges acquired	(1,772,618)

See Accompanying Notes to Basic Financial Statements.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

(1) Summary of Significant Accounting Policies

Reporting Entity

The Orange County Sanitation District (OC San) is a public agency which owns and operates certain wastewater facilities in order to provide regional wastewater collection, treatment, and disposal services to approximately 2.6 million people in the central and northwest portion of the County of Orange, California. OC San is overseen by a Board comprised of directors appointed by the agencies and cities which are serviced by OC San.

OC San's service area was originally formed in 1954 pursuant to the County Sanitation District Act and consisted of seven independent special districts. Two additional districts were formed and additional service areas were added in 1985 and 1986. These special districts were jointly responsible for the treatment and disposal facilities which they each used. In April of 1998, the Board of Supervisors of Orange County passed Resolution 98-140 approving the consolidation of the existing nine special districts into a new, single sanitation district. This action was taken in order to simplify the governance structures, reduce the size of OC San's Board of Directors, ease administrative processes, streamline decision-making and consolidate accounting and auditing processes. Pursuant to the Resolution and Government Code Section 57500, the predecessor special districts transferred and assigned all of their powers, rights, duties, obligations, functions, and properties to OC San, including all assets, liabilities, and equity.

Effective July 1, 1998, the organization became known as the Orange County Sanitation District. The boundaries of one of the previous districts, now known as Revenue Area No. 14, have been maintained separately because their use of OC San's collection, treatment, and disposal system is funded by the Irvine Ranch Water District (IRWD). The boundaries of the other eight districts have been consolidated and are collectively referred to as the Consolidated Revenue Area. OC San utilizes joint operating and capital outlay accounts to pay joint treatment, disposal, and construction costs. These joint costs are allocated to each revenue area based on gallons of sewage flow. The supplemental schedules and statements show internal segregations and are not intended to represent separate funds for presentation as major or non-major funds in the basic financial statements.

The accompanying financial statements present OC San and its blended component unit, the Orange County Sanitation District Financing Corporation (Corporation). The Corporation is a legally separate entity although in substance it is considered to be part of OC San's operations. OC San is considered to be financially accountable for the Corporation which is governed by a board comprised entirely of OC San's board members. There is no requirement for separate financial statements of the Corporation; consequently, separate financial statements for the Corporation are not prepared. The Corporation had no financial activity during the fiscal year ended June 30, 2024, other than principal and interest payments on outstanding certificates of participation and revenue obligations (see Note 5).

OC San is independent of and overlaps other formal political jurisdictions. There are many governmental entities, including the County of Orange, that operate within OC San's jurisdiction; however, financial information for these entities is not included in the accompanying financial statements in accordance with the Governmental Accounting Standards Board (GASB).

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Measurement Focus and Basis of Accounting

OC San operates as an enterprise activity. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Board of Directors is that the costs (expenses, including depreciation and amortization) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

The accounting policies of OC San conform to the Generally Accepted Accounting Principles (GAAP) in the United States of America as applicable to governments. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States.

Operating Plans

Each year, OC San staff prepares an annual operating plan which is adopted by the Board of Directors. The annual operating plan is used to serve as a basis for monitoring financial progress, estimating the levy and collection of taxes, and determining future service charge rates. During the year, these plans may be amended as circumstances or levels of operation dictate.

Cash and Cash Equivalents

Investments with original maturities of three months or less when purchased, money market mutual funds, and external investment pools that can be withdrawn on demand are considered to be cash equivalents.

Investments

Investments are stated at fair value (the price that would be received to sell an asset in an orderly transaction between market participants acting in their economic best interest at the measurement date). Changes in fair value that occur during the fiscal year are reported as part of investment and interest income. Investment and interest income include interest earnings and realized and unrealized gains or losses in fair value. Investment and interest income are recorded as revenues and receivables when declared and realized gains or losses are recorded when the investment is sold.

Accounts Receivable

Accounts receivable is reported net of the allowance for uncollectible receivables. There were no uncollectible receivables at June 30, 2024. Unbilled sewer services through June 30, 2024, are recorded as revenue and receivables. Management determines the allowance for uncollectible receivables by evaluating individual accounts receivable at least one year past due and considering a customer's financial condition, credit history and current economic conditions. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivables previously written off are recorded when received.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Inventories

Inventories, which are held for consumption and not resale, are stated at cost on a weighted-average basis and are expensed when used.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Prepaid expenses are recorded as expenses when consumed rather than when purchased.

Capital Assets

Outlays for property, plant, equipment, and construction in progress are recorded in the revenue area which will use the asset. Such outlays may be for individual revenue area assets or for a revenue area's share of joint assets.

Capital assets of property, plant, and equipment are defined as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of at least three years. Such assets are recorded at cost, except for donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement, which are recorded at acquisition value at the time received. Cost includes labor; materials; outside services; vehicle and equipment usage; other ancillary costs consisting of direct charges such as engineering, purchasing, supervision, or fringe benefits.

Depreciation of plant and equipment is provided for over the estimated useful lives of the assets using the straight-line method in accordance with generally accepted accounting principles. OC San also considers the guidelines of estimated useful lives as recommended in the State of California Controller's Uniform System of Accounts for Waste Disposal Districts, which range from 3 to 75 years. The following are estimated useful lives for major classes of depreciable assets: Sewage collection facilities – 50 years, Sewage treatment facilities – 40 years, Sewage disposal facilities – 40 years, General plant and administrative structures – 40 years, and other General plant and administrative facilities and equipment – 4 to 25 years.

Lease and subscription right-to-use assets are defined as assets with an initial, individual cost of more than \$50,000 and an estimated useful life of at least one year. Such assets are recorded at the present value of the lease or subscription liability and are amortized using the straight-line method over the term, which range from 1 to 5 years.

Restricted Assets

Certain assets are classified as restricted because their use is limited by applicable debt covenants or other legal agreements. Restricted cash and investments are maintained in separate trustee bank accounts. When both restricted and unrestricted resources are available for use, it is OC San's policy to use restricted resources first, then unrestricted resources as they are needed, except in the case of restricted amounts in the Section 115 pension trust, for which OC San will specifically identify amounts to be utilized to fund OCERS pension benefits.

Amortization

Premiums on wastewater refunding revenue obligations are amortized to interest expense over the respective terms of the installment obligations based on the effective interest method (Note 5).

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

OC San has four items that qualify for reporting in these categories; related to refundings, pensions, Other Post-Employment Benefits (OPEB), and leases. For refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and amortized to interest expense based on the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Deferred outflows and inflows related to pensions and OPEB represent differences between estimated and actual investment earnings, changes in actuarial assumptions, and other related changes. Deferred inflows related to leases is associated with the lease receivable from building lease agreements, which is recognized as revenue over the life of the lease terms.

Net Position

Net position represents the total of assets and deferred outflows of resources less liabilities and deferred inflows of resources, and is classified into three categories:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowings or other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted – This amount consists of restricted assets for which constraints are placed on asset use either by external parties or by laws or regulations of other governments. OC San's restricted net position reflects restricted cash and investments and accrued interest in the pension trust and the OCERS net pension asset.

Unrestricted – This amount represents the residual of amounts not classified in the other category and represents the net position available for OC San.

Compensated Absences

OC San's employees, other than operations and maintenance personnel, are granted vacation and sick leave in varying amounts with maximum accumulations of 200 hours and 560 hours for vacation and sick days earned but unused, respectively. Operations and maintenance personnel accrue between 80 and 250 personal leave hours per year depending on years of service, which can be accumulated up to a maximum of 440 hours. All accrued and unused vacation or personal leave is paid to the employee upon termination or retirement of the employee. Accrued and unused sick leave is paid to the employee at a percentage rate based on years of service, as stated in the Memorandum of Understanding for each bargaining group.

Vacation and sick leave benefits and personal days are recorded as an expense and liability when earned by eligible employees. The distribution between current and long-term portions of the liability is based on historical trends.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Claims and Judgments

OC San records estimated losses when it is probable that a claim liability has been incurred and when the amount of the loss can be reasonably estimated. Claims payable includes an estimate for incurred but unreported claims. The distribution between current and long-term portions of the liability is based on historical trends.

Pensions

OC San has two defined benefit pension plans for retirees: the plan maintained through and by the Orange County Employees Retirement System (OCERS) and the Additional Retiree Benefit Account (ARBA) administered directly by OC San. For purposes of measuring the net pension asset/liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of OC San's cost sharing multiple-employer plan with the OCERS plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by OCERS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Deferred outflow and inflow of resources related to pensions result from changes in the components of the net pension asset/liability and are applicable to a future reporting period (Note 6).

Property Taxes

The County is permitted by State law (Proposition 13) to levy taxes at one percent of full market value (at time of purchase) and can increase the assessed value no more than two percent per year. OC San receives a share of this basic levy, proportionate to what was received in the 1976 to 1978 period.

Property taxes are determined annually and attached as enforceable liens on real property as of January 1 and are payable in two installments which become delinquent after December 10 and April 10. The County bills and collects the property taxes and remits them to OC San in installments during the year. Property tax revenues are recognized when levied. The Board of Directors has designated property tax revenue to be used for the annual debt service requirements prior to being used as funding for current operations.

Capital Facilities Capacity Charges

Capital facilities capacity charges represent fees imposed at the time a structure is newly connected to OC San's system, directly or indirectly, or an existing structure or category of use is increased. This charge is to pay for OC San facilities in existence at the time the charge is imposed or to pay for new facilities to be constructed that are of benefit to the property being charged.

Operating and Non-operating Revenues and Expenses

Operating revenues and expenses result from collecting, treating, and disposing of wastewater and inspection and permitting services. OC San's operating revenues consist of charges to customers for the services provided. Operating expenses include the cost of providing these services, administrative expenses, and depreciation and amortization expenses. All revenues and expenses not meeting these definitions, and which are not capital in nature, are reported as non-operating revenues and expenses.

Self-Insurance Plans

For the year ended June 30, 2024, OC San was self-insured for portions of workers' compensation, property damage, and general liability. The self-insurance portion of the workers' compensation

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

exposure is the \$1 million deductible per occurrence under the outside excess insurance coverage to statutory levels. The self-insurance portion of the property damage exposure covering fire and other perils is the \$500,000 per occurrence deductible (for most perils) under the outside excess property insurance coverage to \$1 billion. The self-insurance portion of the property damage exposure covering flood is the \$1 million per occurrence deductible with outside excess property insurance coverage to \$25 million. The self-insurance portion of the property damage exposure covering earthquake is the 5% per structure, minimum \$5 million deductible with outside excess insurance coverage to \$25 million on covered structures. OC San has insured several key structures against the peril of earthquake; all other structures are completely self-insured. The self-insurance portion of the boiler & machinery exposure is the deductible ranging from \$25,000 to \$350,000 under the outside excess boiler & machinery insurance coverage to \$100 million per occurrence combined limit. The self-insurance portion of the general liability exposure is the \$750,000 per occurrence deductible under the outside excess liability coverage to \$40 million per occurrence and aggregate. The self-insurance portion of the pollution liability exposure is the \$250,000 per loss deductible under the outside pollution liability insurance coverage to \$10 million. There were no substantive changes to insurance coverage during the fiscal year ended June 30, 2024.

During the past three fiscal years there have been no settlements in excess of covered amounts. Claims against OC San are processed by General Counsel or an outside claim administrator. These claims are charged to claims expense based on estimated or known amounts which will ultimately be paid. Claims incurred but not yet reported have been considered in determining the accrual for loss contingencies. Workers' compensation reserves and general liability estimated loss accruals are actuarially determined. The estimate of the claims liability also includes any amounts for allocated and non-allocated claim adjustment expenses. OC San management believes that there are no unrecorded claims as of June 30, 2024, that would materially affect the financial position of OC San.

Deferred Compensation Plan

OC San offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The plan permits all employees of OC San to defer a portion of their salary until future years. The amount deferred is not available to employees until termination, retirement, death or for unforeseeable emergency. The assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The plan assets are administered by an outside party and are not subject to the claims of OC San's general creditors. In accordance with GASB Statement No. 97, the plan's assets and liabilities are not included within OC San's financial statements.

New Accounting Pronouncements

OC San implemented the following GASB Statement for the year ended June 30, 2024:

- GASB Statement No. 100, *Accounting Changes and Error Corrections — an amendment of GASB Statement No. 62*.

The following GASB Statements have been issued but are not yet effective for the year ended June 30, 2024. OC San is assessing what financial statement impact, if any, these Statements will have:

- GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ending June 30, 2025.
- GASB Statement No. 102, *Certain Risk Disclosures*, effective for the fiscal year ending June 30, 2025.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

- GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the fiscal year ending June 30, 2026.

(2) Cash and Investments

Cash and investments as of June 30, 2024, are classified within the accompanying Statement of Net Position as follows:

Statement of Net Position:	
Current assets, unrestricted:	
Cash and cash equivalents	\$ 123,087,456
Investments	709,770,149
Subtotal - current, unrestricted	<u>832,857,605</u>
Noncurrent assets, restricted:	
Cash and cash equivalents	897,605
Investments	15,192,853
Subtotal - restricted	<u>16,090,458</u>
Total cash and investments	<u><u>\$ 848,948,063</u></u>

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

Cash on hand	\$ 1,500
Deposits with financial institutions	4,178,443
Managed portfolio - cash and investments	828,677,662
Subtotal - unrestricted cash and investments	<u>832,857,605</u>
Monies held by trustees:	
Fiscal agent - cash and cash equivalents	346,586
Pension trust - cash and investments	15,743,872
Subtotal - restricted cash and investments	<u>16,090,458</u>
Total cash and investments	<u><u>\$ 848,948,063</u></u>

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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

The following table identifies the investment types that are authorized by the California Government Code and OC San's investment policy. This table and the subsequent tables identify certain provisions of either the California Government Code or OC San's investment policy (whichever is more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Investment Type - Authorized by the California Government Code	Maximum Maturity ⁽¹⁾⁽³⁾	Maximum Percentage of Portfolio ⁽¹⁾	Maximum Investment in a Single Issuer ⁽¹⁾
Local Agency Bonds	5 years	10% ⁽²⁾	5% ⁽²⁾
U.S. Treasury Obligations	5 years	No limit	No limit
California State Treasury Obligations	5 years	No limit	No limit
U.S. Agency Securities	5 years	No limit	20% ⁽²⁾
Banker's Acceptances	180 days	40%	5% ⁽²⁾
Commercial Paper	270 days	40%	5% ⁽²⁾
Negotiable Certificates of Deposit	5 years	30%	5% ⁽²⁾
Certificates of Deposit	5 years	No limit	5% ⁽²⁾
Repurchase Agreements	1 year	20% ⁽²⁾	5% ⁽²⁾
Reverse Repurchase Agreements	90 days ⁽²⁾	5% ⁽²⁾	5% ⁽²⁾
Corporate Medium-Term Notes	5 years	30%	5% ⁽²⁾
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	20%
Mortgage Pass-Through Securities/ CMO/Asset-Backed Securities	5 years	20%	5% ⁽²⁾
County Investment Pools	N/A	15% ⁽²⁾	15% ⁽²⁾
Local Agency Investment Fund (LAIF)	N/A	No limit	No limit
Supranational Obligations	5 years	30%	30%
Public Bank Obligations	5 years	No limit	5% ⁽²⁾

Notes

(1) Restrictions are in accordance with the California Government Code unless indicated otherwise.

(2) The restriction is in accordance with OC San's Investment Policy which is more restrictive than the California Government Code.

(3) As allowed by California Government Code Section 53601, the Board of Directors has adopted a policy of a maximum maturity of 5 years for investments purchased by OC San's external money manager for the long-term investment portfolio. The duration of the long-term investment portfolio can never exceed 60 months. Investments purchased for the short-term portfolio are subject to the maturity restrictions noted in this table.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Investments Authorized by Debt Agreements

The investment of debt proceeds held by trustees is governed by provisions of the debt covenant agreements, rather than the general provisions of the California Government Code or OC San's investment policy. The following table identifies the investment types that are authorized for investments held by OC San's debt trustees. This table and the subsequent tables identify certain provisions of the debt covenant agreements that address interest rate risk, credit risk, and concentration of credit risk.

Investment Type - Authorized by the Debt Covenant Agreement	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in a Single Issuer
U.S. Treasury Obligations	No Limit	No limit	No limit
U.S. Agency Securities	No Limit	No limit	No limit
State and Local Agency Bonds	No Limit	No limit	No limit
Certificates of Deposit	No Limit	No limit	No limit
Banker's Acceptances	180 days	No limit	No limit
Repurchase Agreements	1 year	No limit	No limit
Investment Agreements	No Limit	No limit	No limit
Forward Purchase Agreements	No Limit	No limit	No limit
Reserve Fund Put Agreements	No Limit	No limit	No limit
Guaranteed Investment Contracts	No Limit	No limit	No limit
Commercial Paper	270 days	No limit	No limit
Money Market Mutual Funds	N/A	No limit	No limit
Local Agency Investment Fund (LAIF)	N/A	No limit	No limit

Investments in Pension Trust

OC San has established an Internal Revenue Service (IRS) Section 115 trust to fund OCERS pension benefits. The tax-exempt irrevocable trust assets are to be used exclusively for payment of OCERS pension liabilities. OC San has restricted cash and investments held in the trust administered by Public Agency Retirement Services (PARS), with US Bank as the trustee, and managed by PFM Asset Management under guidelines approved by OC San.

OC San has two pension trust portfolios: Moderate and Balanced. Both portfolios are constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers, and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

The primary goal of the Moderate objective is to provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The strategic ranges are as follows: Equity (40% - 60%), Fixed Income (40% – 60 %), and Cash (0% – 20%)

The primary goal of the Balanced objective is to provide growth of principal and income. While dividend and interest income are important components of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return. The strategic ranges are as follows: Equity (50% - 70%), Fixed Income (30% – 50 %), and Cash (0% – 20%)

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

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 an investment has before maturity, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that OC San 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 evenly over time, as necessary to provide the cash flow and liquidity needed for operations.

OC San monitors the interest rate risk inherent in its managed portfolio by measuring the duration of its portfolio. The duration of monies held for shorter term purposes is recommended by OC San's Treasurer and is based on OC San's cash flow requirements in meeting current operating and capital needs. The average duration of monies invested for shorter term purposes may never exceed 180 days. The duration of monies held for longer term purposes is recommended annually by OC San's Treasurer and is based on OC San's five-year cash flow forecast. The average duration may not exceed 120 percent nor be less than 80 percent of the recommended duration. The average duration of monies invested for longer term purposes may never exceed 60 months. There is no stated maximum maturity for the money market mutual funds. The money market mutual funds for BlackRock Institutional Fund and First American Government Obligations Fund are daily liquid funds available on demand.

Following is a table which summarizes OC San's managed portfolio investments by purpose and type with the duration as of June 30, 2024:

Investment Type	Fair Value	Duration (in years)	Duration (in months)
Short-Term Portfolio:			
Local Agency Investment Fund	\$ 43,375,013	0.595	7.13
U.S. Agency Securities*	29,792,550	0.129	1.55
U.S. Treasury Notes	19,998,000	0.010	0.12
Corporate Medium-Term Notes	16,312,456	0.097	1.16
Commercial Paper	15,164,816	0.087	1.05
U.S. Treasury Bills	14,879,716	0.151	1.81
Money Market Mutual Funds	89,329	-	-
Short-term portfolio subtotal	139,611,880	0.251	3.01
Long-Term Portfolio:			
U.S. Treasury Notes	281,480,951	2.980	35.76
Corporate Medium-Term Notes	183,346,154	2.324	27.89
U.S. Agency Securities*	90,725,276	1.692	20.30
Supranationals	66,019,940	2.556	30.67
Asset Backed Securities/CMO/Mortgage Pass-Through*	60,298,229	1.564	18.77
U.S. Treasury Inflation-Protected Securities (TIPS)	4,750,146	0.050	0.60
Commercial Paper	2,195,681	0.044	0.53
Money Market Mutual Funds	249,405	-	-
Long-term portfolio subtotal	689,065,782	2.441	29.29
Total managed investment portfolio	\$ 828,677,662		
<i>* Includes highly sensitive securities.</i>			

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

OC San monitors the interest rate risk inherent in its other investments using maturity of the investments. Following is a table of these investments, all held by trustees, as of June 30, 2024:

	12 Months or Less
Cash equivalents held by fiscal agents:	
Money Market Mutual Funds	\$ 346,586
Cash equivalents held by fiscal agents subtotal	<u>346,586</u>
Cash equivalents and investments held by pension trust:	
Money Market Mutual Funds	551,019
Mutual Funds - Equity	8,476,920
Mutual Funds - Fixed Income	<u>6,715,933</u>
Cash equivalents and investments held by pension trust subtotal	<u>15,743,872</u>
Total held by trustees	<u><u>\$ 16,090,458</u></u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

OC San’s investments (including investments held by trustees) include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

- Mortgage-backed securities: These securities are subject to early payment in a period of declining interest rates. The resulting reduction in expected total cash flows affects the fair value of these securities, making them highly sensitive to change in interest rates. At fiscal year end, the fair value of investments in mortgage-backed securities totaled \$23,347,886 including \$23,109,270 of mortgage pass-through securities, \$197,571 of U.S. agency securities, and \$41,045 of U.S. government backed mortgage pools.

Fair Value of Investments

OC San measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

At June 30, 2024, OC San had the following fair value measurements:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Unobservable Inputs Level 3
Investments in Short-Term Portfolio:				
U.S. Agency Securities	\$ 29,792,550	\$ -	\$ 29,792,550	\$ -
U.S. Treasury Notes	19,998,000	-	19,998,000	-
Corporate Medium-term Notes	16,312,456	-	16,312,456	-
Commercial Paper	15,164,816	-	15,164,816	-
U.S. Treasury Bills	14,879,716	-	14,879,716	-
Investments in Long-Term Portfolio:				
U.S. Treasury Notes	281,480,951	-	281,480,951	-
Corporate Medium-term Notes	183,346,154	-	183,346,154	-
U.S. Agency Securities	90,725,276	-	90,725,276	-
Supranationals	66,019,940	-	66,019,940	-
Asset Backed Securities/CMO/Mortgage Pass-Through	60,298,229	-	60,298,229	-
U.S. Treasury Inflation Protected Securities (TIPS)	4,750,146	-	4,750,146	-
Commercial Paper	2,195,681	-	2,195,681	-
Investments Held By Pension Trust:				
Mutual Funds - Equity	8,476,920	-	8,476,920	-
Mutual Funds - Fixed Income	6,715,933	-	6,715,933	-
Fair Value Hierarchy Totals		<u>\$ -</u>	<u>\$ 800,156,768</u>	<u>\$ -</u>
Investments Not Subject To Fair Value Hierarchy:				
Local Agency Investment Fund (LAIF)	43,375,013			
Money Market Mutual Funds (Short-Term Portfolio)	89,329			
Money Market Mutual Funds (Long-Term Portfolio)	249,405			
Money Market Mutual Funds (Held by Fiscal Agent)	346,586			
Money Market Mutual Funds (Held by Pension Trust)	551,019			
Total Investment Portfolio	<u>\$ 844,768,120</u>			

US Bank is the custodial bank for all of OC San's investments shown above in the managed portfolio, except for LAIF. Investments classified as Level 2 are valued using US Bank's fair value hierarchy matrix based on the asset type classification. The fair value hierarchy level matrix is based on discussions with (1) pricing vendors, (2) broker/dealers, (3) investment managers, (4) industry groups, and (5) independent accounting firms.

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. The following table presents the minimum rating as required by the California Government Code, OC San's investment policy, or debt agreements, and the actual rating as of year-end for each investment type:

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Investment Type and the Lowest Rating Reported at Year End	Fair Value	
Investments with no legal minimum rating & no required disclosure:		
U.S. Treasury Obligations	\$ 321,108,813	
U.S. Agency Securities - GNMA	41,045	
Subtotal		\$ 321,149,858
Investments with no legal minimum rating:		
U.S. Agency Securities (other than GNMA):		
Rating of AA+ (Standard & Poor's)	120,517,826	
Local Agency Investment Fund (LAIF):		
Not rated	43,375,013	
Invested with pension trust:		
Money Market Mutual Funds: Rating of Aaa-mf (Moody's)	551,019	
Mutual Funds - Equity: Not rated	8,476,920	
Mutual Funds - Fixed Income: Not rated	6,715,933	
Subtotal		179,636,711
Investments with a legal minimum rating (or its equivalent) of A:		
Corporate Medium-Term Notes:		
Rating of Aa1 (Moody's)	3,017,203	
Rating of AA+ (Standard & Poor's)	1,966,040	
Rating of Aa2 (Moody's)	10,204,685	
Rating of Aa3 (Moody's)	8,895,946	
Rating of AA- (Standard & Poor's)	10,265,420	
Rating of A1 (Moody's)	19,401,583	
Rating of A+ (Fitch)	6,444,419	
Rating of A2 (Moody's)	36,716,921	
Rating of A (Standard & Poor's)	29,255,085	
Rating of A3 (Moody's)*	30,817,255	
Rating of A- (Standard & Poor's)*	36,153,809	
Rating of Baa1 (Moody's)*	996,800	
Rating of BBB+ (Standard & Poor's)*	5,523,264	
Not rated	180	
Subtotal		199,658,610
Investments with a legal minimum rating (or its equivalent) of AA:		
Asset Backed Securities/CMO/Mortgage Pass-Through:		
Rating of Aaa (Moody's)	16,914,273	
Rating of AAA (Standard & Poor's)	20,036,070	
Rating of AA+ (Standard & Poor's)	23,306,841	
Supranational Obligations:		
Rating of Aaa (Moody's)	66,019,940	
Subtotal		126,277,124
Investments with a legal minimum rating (or its equivalent) of AAA:		
Money Market Mutual Funds:		
Rating of Aaa (Moody's)	338,734	
Invested with fiscal agents:		
Money Market Mutual Funds: Rating of Aaa-mf (Moody's)	346,586	
Subtotal		685,320
Investments with a legal minimum rating (or its equivalent) of "Prime":		
Commercial Paper:		
Rating of Aa2 (Moody's)	4,744,347	
Rating of Aa3 (Moody's)	3,655,816	
Rating of AA- (Standard & Poor's)	1,523,185	
Rating of A1 (Moody's)	4,461,029	
Rating of A2 (Moody's)	2,976,120	
Subtotal		17,360,497
Total		\$ 844,768,120
* Investment was in compliance with legal requirements at the time it was purchased.		

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Concentration of Credit Risk

Limitations on the amount that OC San is allowed to invest in any one issuer have been identified previously in the section “Investments Authorized by the California Government Code and OC San’s Investment Policy” and in the section “Investments Authorized by Debt Agreements”. OC San follows whichever guideline is the most restrictive.

As of June 30, 2024, OC San had no investments representing five percent or more of total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and OC San’s investment policy contain legal requirements that limit the exposure to custodial credit risk for deposits as follows: a financial institution must 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 fair 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 deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and OC San’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of June 30, 2024, in accordance with OC San’s investment policy, none of OC San’s investments were held with a counterparty. All of OC San’s investments were held with an independent third-party custodian bank registered in the name of OC San. OC San uses US Bank as a third-party custody and safekeeping service for its investment securities.

Investment in State Investment Pool

OC San is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of OC San’s investment in this pool is reported in the accompanying financial statements at amounts based upon OC San’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are mortgage-backed securities, other asset-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes. The amounts invested in LAIF are recorded as cash and cash equivalents at June 30, 2024.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

(3) Capital Assets

Capital asset activity for the year ended June 30, 2024, is as follows:

	Beginning Balance at July 1, 2023	Additions / Transfers	Deletions / Transfers	Ending Balance at June 30, 2024
Capital assets not depreciated:				
Cost:				
Land	\$ 58,153,170	\$ -	\$ -	\$ 58,153,170
Construction in progress	637,404,895	252,863,353	(213,186,079)	677,082,169
Total nondepreciable assets	695,558,065	252,863,353	(213,186,079)	735,235,339
Depreciable capital assets:				
Cost:				
Sewage collection facilities	981,437,263	45,015,150	(13,279,814)	1,013,172,599
Sewage treatment facilities	2,871,421,987	14,190,706	(34,979,332)	2,850,633,361
Effluent disposal facilities	96,972,016	-	(810,382)	96,161,634
Solids disposal facilities	3,463,236	-	(133,343)	3,329,893
General and administrative facilities	265,647,129	156,266,797	(19,929,962)	401,983,964
Lease right-to-use asset	86,747	109,897	(86,747)	109,897
Subscription right-to-use assets	1,708,027	1,972,158	(206,182)	3,474,003
Excess purchase price over book value on acquired assets	19,979,000	-	-	19,979,000
Subtotal	4,240,715,405	217,554,708	(69,425,762)	4,388,844,351
Accumulated depreciation and amortization:				
Sewage collection facilities	(472,048,047)	(23,275,971)	13,240,962	(482,083,056)
Sewage treatment facilities	(1,303,619,503)	(78,466,125)	31,839,301	(1,350,246,327)
Effluent disposal facilities	(70,988,409)	(1,372,516)	810,382	(71,550,543)
Solids disposal facilities	(3,224,282)	(9,719)	133,343	(3,100,658)
General and administrative facilities	(209,694,049)	(11,989,174)	19,582,015	(202,101,208)
Lease right-to-use asset	(61,234)	(31,619)	86,747	(6,106)
Subscription right-to-use assets	(763,737)	(1,059,688)	206,182	(1,617,243)
Excess purchase price over book value on acquired assets	(19,979,000)	-	-	(19,979,000)
Subtotal	(2,080,378,261)	(116,204,812)	65,898,932	(2,130,684,141)
Net depreciable assets	2,160,337,144	101,349,896	(3,526,830)	2,258,160,210
Net capital assets	\$2,855,895,209	\$354,213,249	\$(216,712,909)	\$2,993,395,549

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

(4) Lease Receivable

As of June 30, 2024, OC San was engaged as a lessor in two noncancellable leases for building office space. The lessees are required to make fixed monthly payments ranging from \$12,983 to \$17,888 per month. OC San recognized \$353,520 in lease revenue and \$46,823 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2024, the lease receivable is \$763,983 and deferred inflows of resources is \$708,862. The future principal and interest lease payments to be received as of June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 341,723	\$ 30,480	\$ 372,203
2026	352,206	12,738	364,944
2027	70,054	878	70,932
Total	<u>\$ 763,983</u>	<u>\$ 44,096</u>	<u>\$ 808,079</u>

(5) Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2024:

	Beginning Balance, July 1	Additions	Deletions	Ending Balance, June 30	Due within one year	Long-term amount
Compensated absences	\$ 9,650,103	\$ 9,159,770	\$ (8,417,121)	\$ 10,392,752	\$ 9,188,437	\$ 1,204,315
Claims and judgments	5,555,003	2,326,045	(2,728,943)	5,152,105	1,121,620	4,030,485
Lease liability	27,369	109,897	(32,864)	104,402	34,143	70,259
Subscription liability	613,454	1,972,158	(1,776,073)	809,539	252,214	557,325
Certificates of participation / revenue obligations	789,750,000	139,720,000	(323,355,000)	606,115,000	34,085,000	572,030,000
Unamortized premium	79,812,663	20,309,469	(25,829,445)	74,292,687	12,050,632	62,242,055
Totals	<u>\$ 885,408,592</u>	<u>\$ 173,597,339</u>	<u>\$ (362,139,446)</u>	<u>\$ 696,866,485</u>	<u>\$ 56,732,046</u>	<u>\$ 640,134,439</u>

Compensated Absences

OC San's policies related to compensated absences are described in Note 1. OC San's liability at June 30, 2024, is \$10,392,752 with an estimated \$9,188,437 to be paid or used within the next fiscal year.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Claims and Judgments Payable

OC San is self-insured in a number of areas as described in Note 1. The following is a summary of the change in claims and judgments payable for the years ended June 30, 2024, and 2023:

	2023-24	2022-23
Claims and judgments payable at July 1	\$ 5,555,003	\$ 5,273,297
Claims incurred during the fiscal year	2,326,045	3,751,128
Payments on claims during the fiscal year	<u>(2,728,943)</u>	<u>(3,469,422)</u>
Claims and judgments payable at June 30	5,152,105	5,555,003
Less: current portion	<u>(1,121,620)</u>	<u>(540,020)</u>
Total long-term claims and judgments payable	<u>\$ 4,030,485</u>	<u>\$ 5,014,983</u>

Lease Liability

As of June 30, 2024, OC San was engaged in one three-year lease agreement as lessee for property access used to operate a chemical dosing site as part of OC San's sewer collection facilities. Required monthly payments range from \$3,200 to \$3,395 per month. OC San's lease liability at June 30, 2024, is \$104,402. The future principal and interest lease payments as of June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 34,143	\$ 4,449	\$ 38,592
2026	37,075	2,675	39,750
2027	<u>33,184</u>	<u>765</u>	<u>33,949</u>
Total	<u>\$ 104,402</u>	<u>\$ 7,889</u>	<u>\$ 112,291</u>

Subscription Liability

As of June 30, 2024, OC San was engaged in five subscription-based information technology arrangements for the right to use various vendor-provided software including geographic information systems, Microsoft Enterprise licenses, server virtualization licenses, workflow automation, and financial budget software applications. The future principal and interest subscription payments as of June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 252,214	\$ 28,290	\$ 280,504
2026	262,285	15,513	277,798
2027	140,527	8,137	148,664
2028	<u>154,513</u>	<u>644</u>	<u>155,157</u>
Total	<u>\$ 809,539</u>	<u>\$ 52,584</u>	<u>\$ 862,123</u>

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Certificates of Participation / Revenue Obligations

OC San issued certificates of participation and revenue obligations in order to finance construction of the treatment facilities. Each issuance represents a direct and proportionate interest in the semi-annual interest payments. Installment payments for the issues are payable from any source of lawfully available funds of OC San. Certificates of participation and revenue obligations at June 30, 2024, are summarized as follows:

	Amount
2010A wastewater revenue obligations	\$ 80,000,000
2010C wastewater revenue obligations	22,830,000
2016A wastewater refunding revenue obligations	121,485,000
2017A wastewater refunding revenue obligations	65,815,000
2021A wastewater refunding revenue obligations	94,645,000
2022A wastewater refunding revenue obligations	81,620,000
2024A wastewater refunding revenue obligations	139,720,000
Total certificates of participation / revenue obligations	<u>\$ 606,115,000</u>

Outstanding Certificates of Participation and Revenue Obligations

All of the outstanding debt of OC San is senior lien debt with rate covenants that require a minimum coverage ratio of 1.25. The minimum coverage ratio is the ratio of net annual revenues available for debt service requirements to total annual debt service requirements. As of June 30, 2024, the coverage ratio for senior lien debt was 1.73.

May 2010 Wastewater Revenue Obligations, Series 2010A

On May 18, 2010, OC San completed the sale of \$80,000,000 of wastewater revenue obligations under the federally taxable Build America Bonds program. The obligations were issued to finance and reimburse OC San for the acquisition, construction, and installation of additional improvements made to the wastewater system. The stated interest rate on the obligations is fixed and will range from 5.56 percent to 5.58 percent, however, in accordance with their designation as Build America Bonds, OC San expected to receive a cash subsidy from the United States Treasury equal to 35 percent of the interest payable with respect to these revenue obligations, resulting in lower net costs. On March 1, 2013, the federal government implemented certain automatic spending cuts known as the sequester. As a result of the sequester, federal subsidy payments on Build America Bonds have been reduced annually from a high of 8.7 percent for the federal fiscal year end September 30, 2013, to a low of 5.7 percent for the federal fiscal year end September 30, 2021 through 2030. Annual principal payments are due on February 1, beginning February 1, 2034, through February 1, 2040.

The trust agreement for the revenue obligations does not require the establishment of a reserve.

December 2010 Wastewater Revenue Obligations, Series 2010C

On December 8, 2010, OC San completed the sale of \$157,000,000 of wastewater revenue obligations under the federally taxable Build America Bonds program. The obligations were issued to finance and reimburse OC San for the acquisition, construction, and installation of additional improvements made to the wastewater system. The stated interest rate on the

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

obligations is fixed and will range from 6.35 percent to 6.40 percent, however, in accordance with their designation as Build America Bonds, OC San expected to receive a cash subsidy from the United States Treasury equal to 35 percent of the interest payable with respect to these revenue obligations, resulting in lower net costs. Similar to the 2010 Series A certificates of participation, the sequester also reduced the federal subsidy on these Build America Bonds from a high of 8.7 percent for the federal fiscal year end September 30, 2013, to a low of 5.7 percent for the federal fiscal year end September 30, 2021 through 2030. Annual principal payments are due on February 1, beginning February 1, 2031, through February 1, 2044.

On June 20, 2024, OC San prepaid \$134,170,000 of 2010 Series C wastewater revenue obligations using existing resources, leaving a remaining balance outstanding of \$22,830,000. Annual principal payments are due on February 1, beginning February 1, 2031, through February 1, 2032.

The trust agreement for the revenue obligations does not require the establishment of a reserve.

March 2016 Wastewater Refunding Revenue Obligations, Series 2016A

On March 30, 2016, OC San completed the sale of \$145,880,000 of wastewater refunding revenue obligations. The obligations were issued to partially refund \$162,780,000 of the outstanding principal balance of the 2009 Series A certificates of participation. The stated interest rate on the obligations is fixed and will range from 4 to 5 percent. Annual principal payments are due on February 1, beginning February 1, 2020, through February 1, 2039.

The trust agreement for the revenue obligations does not require the establishment of a reserve.

February 2017 Wastewater Refunding Revenue Obligations, Series 2017A

On February 1, 2017, OC San completed the sale of \$66,370,000 of wastewater refunding revenue obligations. The obligations were issued to refund the \$91,620,000 outstanding principal balance of the 2007 Series A certificates of participation. The stated interest rate on the obligations is fixed at 5 percent. Annual principal payments are due on February 1, beginning February 1, 2021, through February 1, 2030.

The trust agreement for the revenue obligations does not require the establishment of a reserve.

2021 Wastewater Refunding Revenue Obligations, Series 2021A

On July 29, 2021, OC San completed the sale of \$133,510,000 of wastewater refunding revenue obligations. The obligations were issued to refund the \$61,575,000 outstanding principal balance of the 2011 Series A certificates of participation and to refund the \$102,200,000 outstanding principal balance of the 2018 Series A revenue refunding certificate anticipation notes. The stated interest rate on the obligations is fixed at 5 percent. Annual principal payments are due on February 1, beginning February 1, 2022, through February 1, 2036.

The trust agreement for the revenue obligations does not require the establishment of a reserve.

2022 Wastewater Refunding Revenue Obligations, Series 2022A

On February 1, 2022, OC San completed the sale of \$81,620,000 of wastewater refunding revenue obligations. The obligations were issued to refund the \$100,645,000 outstanding principal balance of the 2012 Series A certificates of participation and to refund the \$6,670,000 outstanding principal balance of the 2012 Series B certificates of participation. The stated interest rate on the obligations is fixed at 5 percent. Annual principal payments are due on February 1, beginning February 1, 2031, through February 1, 2033.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

The trust agreement for the revenue obligations does not require the establishment of a reserve.

2024 Wastewater Refunding Revenue Obligations, Series 2024A

On May 7, 2024, OC San completed the sale of \$139,720,000 of wastewater refunding revenue obligations. The obligations were issued to refund the \$30,095,000 outstanding principal balance of the 2014 Series A wastewater refunding revenue obligations and to refund the \$127,510,000 outstanding principal balance of the 2015 Series A wastewater refunding revenue obligations. The ending balances of the defeased debt, \$30,095,000 and \$127,510,000, respectively, are held in Escrow accounts until the call date. The stated interest rate on the obligations is fixed at 5 percent. Annual principal payments are due on February 1, beginning February 1, 2025, through February 1, 2037.

The aggregate difference in debt service between the refunding debt and the refunded debt is \$22,760,706. The total future payments for the new debt provide a net present value gain of approximately \$23,087,328 to refund the old debt.

The trust agreement for the revenue obligations does not require the establishment of a reserve.

Annual Amortization Requirements

The annual requirements to amortize all debt related to certificates of participation and revenue obligations as of June 30, 2024, are as follows:

Year Ending June 30,	Principal	Estimated Interest	Total
2025	\$ 34,085,000	\$ 26,824,564	\$ 60,909,564
2026	33,330,000	26,983,247	60,313,247
2027	34,870,000	25,316,747	60,186,747
2028	40,770,000	23,573,247	64,343,247
2029	42,805,000	21,534,747	64,339,747
2030 - 2034	235,175,000	73,665,657	308,840,657
2035 - 2039	171,630,000	21,547,506	193,177,506
2040	13,450,000	487,832	13,937,832
Total	<u>\$ 606,115,000</u>	<u>\$ 219,933,547</u>	<u>\$ 826,048,547</u>

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

(6) Pension Benefits

OC San has two defined benefit pension plans for retirees: the plan maintained through and by the Orange County Employees Retirement System (OCERS) and the Additional Retiree Benefit Account (ARBA) administered directly by OC San.

A summary of pension amounts for OC San’s plans at June 30, 2024, is presented below:

	OCERS	ARBA	Total
Net pension asset - OCERS	\$ 18,531,537	\$ -	\$ 18,531,537
Deferred outflows - pensions	80,677,139	3,421,784	84,098,923
Total pension liability - ARBA	-	21,013,679	21,013,679
Deferred inflows - pensions	9,903,026	4,059,207	13,962,233
Pension expense	9,503,059	1,347,936	10,850,995

A. Orange County Employees Retirement System (OCERS)

Plan Description: All qualified permanent and probationary employees are eligible to participate in OC San’s Employee Pension Plan (Plan), which is a cost-sharing multiple employer defined benefit pension plan administered by the Orange County Employees Retirement System (OCERS). OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937 (CERL). The Plan operates under the provisions of the CERL, the California Public Employees’ Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by OCERS’ Board of Retirement. The Plan’s authority to establish and amend the benefit terms are set by the CERL and PEPRA and may be amended by the California State Legislature. The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

Benefits Provided: OCERS provides service retirement, disability, death, and survivor benefits to plan members who may be public employees or beneficiaries. The CERL and PEPRA establish benefit terms. Benefits are based on years of credited service equal to one year of full-time employment. Members of plans B and H with ten years of service credit are entitled to receive a retirement allowance beginning at age 50; members of plan U with 5 years of service are eligible to receive a retirement allowance at age 52. Members attaining age 70 are eligible to retire regardless of credited service.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Benefits are determined by plan formula, age, years of service and final average salary (FAS) as follows:

	Plan H	Plan B	Plan U
Hire Date	After 9/21/79 Prof/Sup*: Before 10/1/10 OCEA*: Before 8/1/11 501*: Before 7/1/11	Prof/Sup: After 10/1/10 OCEA: After 8/1/11 501: After 7/1/11 All: Before 1/1/2013	On or after 1/1/2013
Final Average Compensation (FAS)	Highest 36 months	Highest 36 months	Highest 36 months
Normal Retirement Age	Age 55	Age 57.5	Age 67
Service Requirement Eligibility	Age 70, any years Age 50, 10 years	Age 70, any years Age 50, 10 years	Age 70, any years Age 52, 5 years
Benefit percent per year of service for normal retirement age	2.5% per year of FAS for every year of service credit	1.667% per year of FAS for every year of service credit	2.5% per year of FAS for every year of service credit
Benefit Adjustments	Reduced before age 55	Reduced before age 57.5	Reduced before age 67
FAS Limitation	Internal Revenue Code Section 401(a)(17)	Internal Revenue Code Section 401(a)(17)	Public Employees Pension Reform Act (PEPRA): 120% of Social Security wage base per year

* Prof/Sup: Professional and Supervisor employee groups, bargaining unit SPMG.

* OCEA: Administrative, Clerical, Engineering, and Technical Services employee groups, bargaining unit OCEA.

* 501: Operations and Maintenance employee groups, bargaining unit International Union of Operating Engineers Local 501.

A cost-of-living adjustment is provided to benefit recipients based on changes in the Consumer Price Index (CPI) up to a maximum of 3% per year. Any increase greater than 3% is banked and may be used in years when the CPI is less than 3%. The increase is established and approved annually by the Board of Retirement.

The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retirees, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the member's years of service and whether or not the cause of death is service related.

At the December 31, 2023, measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	634
Inactive employees entitled to but not yet receiving benefits	161
Active employees	608
Total	<u>1,403</u>

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Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Contributions: Participating employers and active members are required by statute to contribute a percentage of covered salary to the Plan. CERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and be effective on the July 1 following notice of a change in rate. Funding contributions are determined annually on an actuarial basis as of December 31 by OCERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Plan from OC San were \$9,172,411 for the year ended June 30, 2024.

Contribution rates in effect for the fiscal year ended June 30, 2024, are as follows:

	Plan H	Plan B	Plan U
Employer Contribution Rate, 7/1/23 - 6/30/24	13.47%	13.09%	9.82%
Employee Contribution Rate, 7/1/23 - 6/30/24 (2)	6.59-13.37% (1)	7.55-13.79%	6.95-14.77%
Paid by Employer for Employee	3.50%	0.00%	0.00%

(1) Net of employer paid portion of 3.5%.

(2) Employee rates are determined by the age of entry into the retirement system.

For the year ended June 30, 2024, the contributions and average employer's contribution rate as a percentage of covered payroll were as follows:

Plans	Employer Contributions	Employee (Paid by Employer) Contributions	Average Employer Contribution Rate (%)
Plan H	3,762,087	973,474	5.88%
Plan B	982,848	-	1.22%
Plan U	4,427,476	-	5.50%
Total	<u>\$ 9,172,411</u>	<u>\$ 973,474</u>	

Pension Assets/Liabilities: As of June 30, 2024, OC San reported a net pension asset of \$18,531,537 for its proportionate share of OCERS' net pension liability. The net pension asset was measured as of December 31, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. OC San's proportion of the net pension asset was based on a projection of OC San's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined.

At December 31, 2023, OC San's proportion of the net pension liability was negative (0.382%), which was a decrease of 0.185% from its proportion measured as of December 31, 2022. The change in OC San's proportion of the net pension liability during the fiscal year ended June 30, 2024, was caused by contributions and projections noted above.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions: For the year ended June 30, 2024, OC San recognized pension expense of \$9,503,059 for its proportionate share of the pension expense. At June 30, 2024, OC San reported its share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 33,942,756	\$ 9,903,026
Net difference between projected and actual investment earnings on pension plan investments	22,365,002	-
Changes of assumptions (1)	10,975,775	-
Employer contributions paid to OCERS subsequent to the measurement date	13,393,606	-
Total	\$ 80,677,139	\$ 9,903,026

- (1) The monetary effects of changes in actuarial assumptions and method totals \$10,975,775 for deferred outflows and \$0 for deferred inflows of resources. These changes include:
- adjustments to the mortality tables,
 - retirement assumptions for deferred vested members (age at retirement 58, increase of 3.90% in reciprocity, and an increase in compensation increases),
 - % in the rate of marriage for male and female members at retirement or pre-retirement death,
 - an increase in the Consumer Price Index of 2.75% per year, maximum increase is 3%,
 - and a slight increase of .50% in salaries per year.

Detail for these changes is available in the Segal Actuarial Valuation for December 31, 2023, Section 3. This report is available on the OCERS website at www.ocers.org.

The \$13,393,606 reported as deferred outflows of resources related to pensions resulting from OC San's contributions to OCERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OCERS pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ 9,079,208
2026	15,940,192
2027	31,416,059
2028	(1,190,048)
2029	2,135,096
Total	\$ 57,380,507

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Actuarial Assumptions and Methods: The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.00% of net pension plan investment expenses, including inflation
Discount rate	7.00%
Inflation rate	2.50%
Projected salary increases	3.90% to 8.00%
Cost of living adjustment	2.75% of retirement income

OCERS Economic and Demographic Assumptions: On August 17, 2020, the OCERS Board adopted the following significant changes to the economic and demographic actuarial assumptions, used to establish retirement contribution rates effective July 1, 2021:

- Reduced the assumed rate of price inflation from 2.75% to 2.50%.
- Adopted the use of Public Retirement Plans Mortality tables (PUB-2010) published by the Society of Actuaries.

Additionally, the OCERS Board adopted a three-year phase-in of the impact to the contribution rates associated with the Unfunded Actuarially Accrued Liability. The cumulative effect of these changes will have the impact of increasing contribution rates for members and plan sponsors.

The mortality assumptions used in the total pension liability at December 31, 2023, were based on the Amount-Weighted Above-Median Mortality Tables (adjusted for OCERS experience), projected generationally with the two-dimensional mortality improvement scale MP-2021, and adjusted separately for healthy and disabled members. The basis for determining the mortality assumptions used were based on the results of the actuarial experience study for the period January 1, 2020, through December 31, 2022.

Further details of the experience study can be found in the OCERS Annual Comprehensive Financial Report, available on their website at www.ocers.org.

Long-Term Expected Real Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table for the calendar year ended December 31, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	45.00%	7.05%
Investment Grade Bonds	9.00%	1.97%
High Yield Bond	0.50%	4.63%
TIPS	2.00%	1.77%
Emerging Market Debt	0.50%	4.72%
Long-Term Government Bonds	3.30%	2.82%
Real Estate	3.00%	3.86%
Private Equity	15.00%	9.84%
Private Credit	3.50%	6.47%
Value Added Real Estate	3.00%	7.38%
Opportunistic Real Estate	1.00%	9.74%
Energy	2.00%	10.89%
Infrastructure (Core Private)	1.00%	5.98%
Infrastructure (Non-Core Private)	3.00%	8.88%
Global Macro	1.70%	3.17%
CTA (Trend Following)	3.30%	3.15%
Alternative Risk Premia	1.70%	3.24%
Special Situations Lending	1.50%	8.96%
Total	<u><u>100.00%</u></u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.00% for the year ended December 31, 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2023.

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate: The following table represents OC San's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what OC San's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

Net Pension Asset (Liability)	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
December 31, 2023	\$ (109,406,478)	\$ 18,531,537	\$ 123,117,445

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Pension Plan Fiduciary Net Position: Detailed information about OCERS' fiduciary net position is available in a separately issued OCERS Annual Comprehensive Financial Report. That report may be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92708 or at their web site (www.ocers.org).

B. Additional Retiree Benefit Account (ARBA)

Plan Description: The OC San ARBA plan is a single-employer defined benefit plan which was administered by OCERS until February 29, 2008, when OC San began direct administration. This benefit was established by the OC San Board of Directors on October 25, 1992. It provides a monthly payment to retirees towards the premium costs of health insurance for the retiree and eligible dependents. The retiree is not required to use this amount for health insurance premium or to remain on the OC San medical plan. The plan is a funded on a pay-as-you-go plan from general funds and is administered by OC San. Stand-alone financial statements are not issued for the plan.

Benefits Provided: Employees who retire receive \$10 per month for every year of service up to a maximum of 25 years, or \$250 per month. This amount is independent of salary and is fixed at retirement. Because OC San cannot ensure the use of the benefit for payment of eligible health insurance expenses, the benefit is taxable to the retiree. Survivor benefits are provided in the event that a retiree pre-deceases his/her spouse. For retirees hired prior to July 1, 1988, OC San provides health insurance coverage for 2½ months per year of service (see Note 7 – Other Post-Employment Benefits). ARBA benefits begin immediately after this benefit ends. For those hired on or after July 1, 1988, ARBA benefits begin immediately upon retirement and continue for life. Employees hired into the OCEA bargaining group after August 1, 2011, are ineligible for this benefit.

Benefits are determined by hire date, bargaining unit and years of service as follows:

Hire date	All: Prior to 7/1/88	All: After 7/1/88 OCEA*: Before 8/1/11
Benefit amount per year of service for normal retirement age	\$10 per month x years of service up to a maximum of 25 years	\$10 per month x years of service up to a maximum of 25 years
Service requirement eligibility	Age 50 or over with 10 or more years Any age with 30 or more years Age 70 or over, any years	Age 50 or over with 10 or more years Any age with 30 or more years Age 70 or over, any years
Benefit payments	Monthly for life	Monthly for life
Benefit schedule	Immediately after retiree health insurance coverage ends	Immediately upon retirement

* OCEA: Administrative, Clerical, Engineering, and Technical Services employee groups, bargaining unit OCEA.

No cost-of-living adjustment is provided to benefit recipients.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

At the July 1, 2023, actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	494
Active employees	518
Total	1,012

Contributions: There are no employee contributions for this plan; OC San covers 100% of the cost. OC San utilizes a pay-as-you-go method for funding the plan. Contributions to the plan from OC San were \$1,231,320 for the year ended June 30, 2024.

Pension Liabilities: As of June 30, 2024, OC San reported a total pension liability of \$21,013,679 for its ARBA plan with an estimated \$1,232,603 to be paid within the next fiscal year. The total pension liability was determined by an actuarial valuation as of July 1, 2023. OC San funds benefits on a pay-as-you-go basis and elected not to pre-fund its pension obligation. As a result, there are no plan assets and the total pension liability is equal to the net pension liability. Standard actuarial update procedures were used to project/discount from July 1, 2023, to the measurement date of June 30, 2024.

The actuarial valuation performed as of July 1, 2023, used the entry age, level percent of pay cost method. This method represents the present value of all benefits accrued through the valuation date assuming that each employee's liability is expensed from hire date until retirement date as a level percentage of pay.

The following table shows the changes in the total pension liability:

	Total Pension Liability Increase (Decrease)
Beginning balance at July 1, 2023	\$ 20,098,783
Changes in the year:	
Service cost	438,173
Interest on total pension liability	813,972
Difference between expected and actual experience	1,902,002
Changes of assumptions	(1,007,931)
Benefit payments	(1,231,320)
Net changes	914,896
Ending balance at June 30, 2024	\$ 21,013,679

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension: For the year ended June 30, 2024, OC San recognized pension expense of \$1,347,936 for its ARBA plan. At June 30, 2024, OC San reported its share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,124,024	\$ 646,797
Changes of assumptions (1)	1,297,760	3,412,410
Total	<u>\$ 3,421,784</u>	<u>\$ 4,059,207</u>

(1) The monetary effects of changes in actuarial assumptions and method totals \$1,297,760 for deferred outflows and \$3,412,410 for deferred inflows of resources. These changes include passage of time, a change in the discount rate from 3.86% to 3.97%, change in actuarial system, census and other losses.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to ARBA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ (112,461)
2026	(251,132)
2027	(286,415)
2028	(237,845)
2029	111,915
Thereafter	138,515
Total	<u>\$ (637,423)</u>

Actuarial Assumptions and Methods: The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	3.75% per annum
Discount rate	3.86% per annum as of July 1, 2023 (valuation date) 3.97% per annum as of June 30, 2024 (measurement date)
Inflation rate	2.50% per annum
Projected salary increases	3.00% per annum (for service cost only; benefits not pay-related)

The mortality assumptions used in the total pension liability at July 1, 2023, were based on the Pub-2010 General Employee and Healthy Retiree Amount-Weighted Above-Median Mortality Tables for males or females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Discount Rate: The discount rate used to measure the total pension liability was 3.86% as of the valuation date, July 1, 2023, and 3.97% as of the measurement date, June 30, 2024. Because there are no assets held in a trust, the discount rate is based on the 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate: The following table represents the total pension liability calculated using the discount rate of 3.97% as of the measurement date, as well as what total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.97%) or 1 percentage point higher (4.97%) than the current rate:

Total Pension Liability	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
June 30, 2024	\$ 23,645,615	\$ 21,013,679	\$ 18,821,637

(7) Other Post-Employment Benefits (OPEB)

Plan Description: The post-employment medical benefits plan is a single-employer defined benefit plan administered by OC San. This plan was established and may be modified only by action of the OC San Board of Directors. Stand-alone financial statements are not issued.

Benefits Provided: OC San offers medical insurance to active and retired employees, as well as their qualified dependents. All retirees may choose coverage in an OC San medical plan, with retirees paying the full premium. However, for employees hired prior to July 1, 1988, medical benefits begin immediately at retirement with OC San paying 2.5 months of premium for each year of continuous service toward the cost of coverage under OC San medical plans. At the termination of this period the retiree may elect to continue coverage at his/her own expense. For the fiscal year ended June 30, 2024, premiums ranged between \$189 and \$4,468 per month, depending on the plan and number of dependents covered.

At the July 1, 2023, actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits (includes 16 with premiums paid by OC San and 89 under age 65 paying premiums)	105
Active employees	<u>579</u>
Total	<u><u>684</u></u>

Contributions: There are no employee contributions to this plan; OC San covers 100% of the cost for qualifying employees as stated above. Retirees opting to remain with the plan after employment pay 100% of the premium cost, except for those for whom OC San pays for a period (see above). OC San utilizes a pay-as-you-go method for funding the plan. Contributions to the plan from OC San were \$228,929 and the estimated implicit subsidy was \$722,064, resulting in total payments of \$950,993, and retirees contributed \$1,725,775 for the year ended June 30, 2024.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

OPEB Liabilities: As of June 30, 2024, OC San reported total OPEB liability of \$5,182,488 for its post-employment retiree medical benefits plan with an estimated \$885,432 to be paid within the next fiscal year. The total OPEB liability was determined by an actuarial valuation as of July 1, 2023. OC San funds benefits on a pay-as-you-go basis and elected not to pre-fund its OPEB obligation. As a result, there are no plan assets and the total OPEB liability is equal to the net OPEB liability. Standard actuarial update procedures were used to project/discount from July 1, 2023, to the measurement date of June 30, 2024.

The actuarial valuation performed as of July 1, 2023, used the entry age, level percent of pay cost method. This method represents the present value of benefits accrued through the valuation date, assuming that each employee's liability is expensed from hire date until retirement date as a level percentage of pay.

The following table shows the changes in the total OPEB liability:

	<u>Total OPEB Liability Increase (Decrease)</u>
Beginning balance at July 1, 2023	\$ 1,034,882
Changes in the year:	
Service cost	153,009
Interest on total OPEB liability	211,428
Difference between expected and actual experience	3,457,311
Changes of assumptions	1,276,851
Benefit payments (1)	(950,993)
Net changes	<u>4,147,606</u>
Ending balance at June 30, 2024	<u>\$ 5,182,488</u>

(1) As part of the July 1, 2023 actuarial valuation report, Foster & Foster prepared a projection of the expected annual cost to the District to pay OPEB benefits.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended June 30, 2024, OC San recognized OPEB expense of \$896,365 for its post-employment retiree medical benefits plan. At June 30, 2024, OC San reported its share of deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,068,849	\$ -
Changes of assumptions (1)	<u>1,133,385</u>	<u>-</u>
Total	<u>\$ 4,202,234</u>	<u>\$ -</u>

(1) The monetary effects of changes in actuarial assumptions and method totals \$1,133,385 for deferred outflows. These changes include passage of time, a change in the discount rate from 3.86% to 3.97%, change in actuarial system, census and other losses.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ 531,928
2026	531,928
2027	531,928
2028	531,928
2029	531,928
Thereafter	1,542,594
Total	<u>\$ 4,202,234</u>

Actuarial Assumptions and Methods: The total OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	3.75% per annum
Discount rate	3.86% per annum as of July 1, 2023 (valuation date) 3.97% per annum as of June 30, 2004 (measurement date)
Inflation rate	2.50% per annum
Healthcare cost trend rate	5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069, and 4.00% for 2070 and later; Medicare ages: 4.50% for 2024-2029 and 4.00% for 2030 and later years
Projected salary increases	3.00% per annum

The mortality assumptions used in the total OPEB liability at July 1, 2023, were based on the Pub-2010 General Employee and Healthy Retiree Amount-Weighted Above-Median Mortality Tables for males or females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Actuarial assumptions used in the July 1, 2023, valuation were based on a review of plan experience during the period July 1, 2021, through June 30, 2023.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.86% as of the valuation date, July 1, 2023, and 3.97% as of the measurement date, June 30, 2024. Because there are no assets held in a trust, for GASB 75 reporting purposes, the discount rate is based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table represents the total OPEB liability calculated using the discount rate of 3.97% as of the measurement date, as well as what total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.97%) or 1 percentage point higher (4.97%) than the current rate:

Total OPEB Liability	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
June 30, 2024	\$ 5,428,112	\$ 5,182,488	\$ 4,950,895

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table represents the total OPEB liability, as well as what total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

Total OPEB Liability	1% Decrease (1)	Current Trend Rate (2)	1% Increase (3)
June 30, 2024	\$ 4,841,487	\$ 5,182,488	\$ 5,571,090

(1) 4.50% for 2024; Medicare ages: 3.50% for 2024-2029

(2) 5.50% for 2024; Medicare ages: 4.50% for 2024-2029

(3) 6.50% for 2024; Medicare ages: 5.50% for 2024-2029

(8) Transactions with Irvine Ranch Water District – Revenue Area No. 14

Formation of Revenue Area No. 14 & Excess Purchase Price Over Book Value of Acquired Assets

On July 1, 1985, Revenue Area No. 14 was formed as an independent special district as a result of a negotiated agreement between OC San and IRWD. At the time of Revenue Area 14's creation, OC San consisted of eight independent special districts (see Note 1 – Reporting Entity). The eight existing districts sold a portion of the joint treatment facilities and land to the newly created district and recorded capacity rights revenue at the time of the sale.

In accordance with the negotiated agreement between OC San and IRWD, IRWD paid OC San \$34,532,000 for an initial 15 million gallons per day capacity in OC San's joint treatment facilities (with an ultimate collection capacity of 32 million gallons per day) and for a pro-rata interest in real property (based on flow of 32 million gallons per day). The book value of the assets acquired was determined to be \$14,553,000 as of June 30, 1986; these assets were recorded at book value in Revenue Area 14. The excess of the purchase price over the assets' book value was \$19,979,000 and was recorded as an intangible asset in Revenue Area 14. The excess of the purchase price over the assets' book value was amortized over useful lives of the original assets acquired. The excess of purchase price over the assets' book value was fully amortized as of June 30, 2017.

Annual Transactions

IRWD entered into a separate agreement with Revenue Area 14 on January 1, 1986, whereby IRWD agreed to fund quarterly payments of Revenue Area 14's proportionate share of OC San's joint capital outlay revolving fund budget requirements and certain capital improvements during the term of the agreement, for which contributions of \$6,931,334 were recorded as contributions from other governments during the fiscal year ended June 30, 2024. IRWD also agreed to fund the annual integration adjustment of Revenue Area 14's equity share in OC San's Joint Works Treatment Facilities based on the flows discharged to OC San. Integration contributions charged to IRWD of \$22,427,731 from Revenue Area 14 were recognized and reported as contributions from other

ORANGE COUNTY SANITATION DISTRICT
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

governments during the fiscal year ended June 30, 2024. These contributions received from or credited to IRWD for their agreed-upon share of capital assets and equity share in OC San's Joint Works Treatment Facilities are calculated as prescribed in the agreements.

Any amounts credited to IRWD are not refunded in cash but are held as a credit to satisfy future contributions required of IRWD. Amounts owed from IRWD are invoiced on a quarterly or annual basis. As a result, a balance of \$18,229,514 was reported in due to other governmental agency as of June 30, 2024.

Annual Cash Reserve Requirement

The cash reserve contribution requirement from IRWD is \$13.4 million at June 30, 2024, in accordance with Amendment No. 2 to the Agreement between IRWD and OC San Acquiring Ownership Interests, Assigning Rights, and Establishing Obligations. This cash reserve requirement is recognized as a liability to IRWD.

(9) Due From Other Governmental Agency

On July 5, 2023, an amendment to the Groundwater Replenishment System agreement between OC San and the Orange County Water District (OCWD) revised the repayment plan for reimbursements from OCWD to OC San. The amended terms included returning the amount previously reimbursed by OCWD for the Plant 2 Plant Water Pump Station Relocation Project (J-117B) and payment of all J-117B reimbursements, with an accrual of 2% interest, no later than six months after notice of completion for the project, currently anticipated to be in 2027. The previously reimbursed amount of \$10,273,177 was returned to OCWD on August 1, 2023, and revised payment terms were applied to subsequent quarterly invoice amounts. The amount owed from OCWD of \$16,594,914 was reported in due from other governmental agency at June 30, 2024, consisting of \$16,319,445 in outstanding invoices and \$275,469 in accrued interest.

(10) Commitments and Contingencies

Construction Commitments

OC San has active construction projects to add additional capacity, improve treatment, or replace/rehabilitate existing assets. At June 30, 2024, the outstanding commitments with contractors totaled \$402,108,791.

Litigation

Certain claims involving disputed construction costs have arisen in the ordinary course of business. Additionally, OC San is a defendant in lawsuits. Although the outcome of these matters is not presently determinable, management does not expect that the resolution of these matters will have a material adverse impact on the financial condition of OC San.

**ORANGE COUNTY SANITATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

ORANGE COUNTY SANITATION DISTRICT
 Proportionate Share of the Net Pension Liability (Asset)
 Orange County Employees Retirement System (OCERS) Pension Plan
 Last 10 Fiscal Years

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Proportion of the net pension liability (asset)	1.13%	0.74%	(0.20%)	(0.80%)	0.47%
Proportionate share of the net pension liability (asset)	\$ 57,418,760	\$ 42,439,759	\$ (10,384,508)	\$ (39,571,100)	\$ 29,029,147
Covered payroll (1)	\$ 58,641,163	\$ 59,789,927	\$ 60,000,017	\$ 62,341,796	\$ 66,475,479
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	97.92%	70.98%	(17.31%)	(63.47%)	43.67%
OCERS' fiduciary net position as a percentage of the total pension liability	89.61%	92.74%	101.70%	105.96%	95.86%

	Fiscal Year Ended June 30,				
	2020	2021	2022	2023	2024
Proportion of the net pension liability (asset)	(0.97%)	(1.63%)	(8.72%)	(0.20%)	(0.38%)
Proportionate share of the net pension liability (asset)	\$ (49,446,615)	\$ (68,643,378)	\$ (178,731,245)	\$ (10,604,801)	\$ (18,531,537)
Covered payroll (1)	\$ 71,395,906	\$ 73,290,519	\$ 73,539,248	\$ 74,669,376	\$ 77,104,645
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	(69.26%)	(93.66%)	(243.04%)	(14.20%)	(24.03%)
OCERS' fiduciary net position as a percentage of the total pension liability	106.64%	108.50%	121.74%	101.22%	101.98%

(1) Covered payroll represents compensation earnable and pensionable compensation for the measurement period ended December 31. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

ORANGE COUNTY SANITATION DISTRICT
Schedule of District Contributions
Orange County Employees Retirement System (OCERS) Pension Plan
Last 10 Fiscal Years

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 17,201,569	\$ 12,222,849	\$ 7,709,734	\$ 7,525,655	\$ 7,769,431
Contributions in relation to the contractually required contribution	(17,201,569)	(12,222,849)	(7,709,734)	(7,525,655)	(7,769,431)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll (1)	\$ 60,025,942	\$ 60,595,474	\$ 62,266,907	\$ 65,390,144	\$ 69,101,109
Contributions as a percentage of covered payroll	28.66%	20.17%	12.38%	11.51%	11.24%

	Fiscal Year Ended June 30,				
	2020	2021	2022	2023	2024
Contractually required contribution	\$ 8,739,661	\$ 8,479,429	\$ 8,537,920	\$ 8,816,866	\$ 9,172,411
Contributions in relation to the contractually required contribution	(8,739,661)	(8,479,429)	(8,537,920)	(8,816,866)	(9,172,411)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll (1)	\$ 69,688,759	\$ 72,191,190	\$ 74,053,285	\$ 75,739,101	\$ 80,489,089
Contributions as a percentage of covered payroll	12.54%	11.75%	11.53%	11.64%	11.40%

(1) Covered payroll represents compensation earnable and pensionable compensation for the fiscal year ended June 30. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

ORANGE COUNTY SANITATION DISTRICT
 Total Pension Liability
 Additional Retiree Benefit Account (ARBA)
 Last 10 Fiscal Years

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Total pension liability	\$ 16,680,614	\$ 18,313,122	\$ 18,467,361	\$ 20,831,172	\$ 21,577,464
Covered-employee payroll (1)	\$ 62,139,375	\$ 62,977,577	\$ 65,120,945	\$ 68,126,103	\$ 71,948,599
Total pension liability as a percentage of covered-employee payroll	26.84%	29.08%	28.36%	30.58%	29.99%

	Fiscal Year Ended June 30,				
	2020	2021	2022	2023	2024
Total pension liability	\$ 21,434,655	\$ 23,320,422	\$ 20,382,770	\$ 20,098,783	\$ 21,013,679
Covered-employee payroll (1)	\$ 74,602,862	\$ 78,413,423	\$ 79,472,505	\$ 82,806,556	\$ 86,671,018
Total pension liability as a percentage of covered-employee payroll	28.73%	29.74%	25.65%	24.27%	24.25%

(1) This plan is not administered through a trust or equivalent arrangement, thus covered-employee payroll is used. Covered-employee payroll represents total payroll of employees that are provided benefits through the pension plan for the fiscal year ended June 30.

ORANGE COUNTY SANITATION DISTRICT
Changes in Total Pension Liability (2)
Additional Retiree Benefit Account (ARBA)
Last 10 Fiscal Years (1)

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Beginning balance at July 1	\$ 16,680,614	\$ 18,313,122	\$ 18,467,361	\$ 20,831,172	\$ 21,577,464
Changes in the year:					
Service cost	270,223	278,330	553,795	570,409	576,661
Interest on total pension liability	626,386	593,711	649,192	663,852	608,775
Difference between expected and actual experience	-	-	-	-	(2,263,797)
Changes of assumptions	1,230,327	(70,952)	1,889,274	328,481	1,823,672
Benefit payments	(494,428)	(646,850)	(728,450)	(816,450)	(888,120)
Net changes	1,632,508	154,239	2,363,811	746,292	(142,809)
Ending balance at June 30	<u>\$ 18,313,122</u>	<u>\$ 18,467,361</u>	<u>\$ 20,831,172</u>	<u>\$ 21,577,464</u>	<u>\$ 21,434,655</u>

	Fiscal Year Ended June 30,			
	2021	2022	2023	2024
Beginning balance at July 1	\$ 21,434,655	\$ 23,320,422	\$ 20,382,770	\$ 20,098,783
Changes in the year:				
Service cost	703,496	835,711	545,116	438,173
Interest on total pension liability	530,599	496,575	751,286	813,972
Difference between expected and actual experience	-	898,171	-	1,902,002
Changes of assumptions	1,619,642	(4,129,069)	(434,329)	(1,007,931)
Benefit payments	(967,970)	(1,039,040)	(1,146,060)	(1,231,320)
Net changes	1,885,767	(2,937,652)	(283,987)	914,896
Ending balance at June 30	<u>\$ 23,320,422</u>	<u>\$ 20,382,770</u>	<u>\$ 20,098,783</u>	<u>\$ 21,013,679</u>

(1) The amounts presented for each fiscal year were determined as of June 30. Data for fiscal year ended June 30, 2015 is not available in a comparable format.

(2) OC San funds benefits on a pay-as-you-go basis and elected not to pre-fund its pension obligation. As a result, there are no plan assets and the total pension liability is equal to the net pension liability.

ORANGE COUNTY SANITATION DISTRICT

Total OPEB Liability (3)
Post-Employment Medical Benefits Plan
Last 10 Fiscal Years (1)

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
Total OPEB liability	\$ 6,398,694	\$ 5,025,395	\$ 4,013,291	\$ 2,483,644	\$ 1,332,528
Covered-employee payroll (2)	\$ 65,120,945	\$ 68,126,103	\$ 71,948,599	\$ 74,602,862	\$ 78,413,423
Total OPEB liability as a percentage of covered-employee payroll	9.83%	7.38%	5.58%	3.33%	1.70%

	Fiscal Year Ended June 30,		
	2022	2023	2024
Total OPEB liability	\$ 2,077,772	\$ 1,034,882	\$ 5,182,488
Covered-employee payroll (2)	\$ 79,472,505	\$ 82,806,556	\$ 86,671,018
Total OPEB liability as a percentage of covered-employee payroll	2.61%	1.25%	5.98%

- (1) The amounts presented for each fiscal year were determined as of June 30. Data for fiscal years ended June 30, 2015 through 2016 is not available in a comparable format.
- (2) This plan is not administered through a trust or equivalent arrangement, thus covered-employee payroll is used. Covered-employee payroll represents total payroll of employees that are provided benefits through the OPEB plan for the fiscal year ended June 30.
- (3) There are no assets in a trust compliant with GASB codification P52.101. OC San funds benefits on a pay-as-you-go basis and elected not to pre-fund its OPEB obligation. As a result, there are no plan assets and the total OPEB liability is equal to the net OPEB liability.

ORANGE COUNTY SANITATION DISTRICT
Changes in Total OPEB Liability (3)
Post-Employment Medical Benefits Plan
Last 10 Fiscal Years (1)

	Fiscal Year Ended June 30,				
	2018	2019	2020	2021	2022
Beginning balance at July 1	\$ 6,398,694	\$ 5,025,395	\$ 4,013,291	\$ 2,483,644	\$ 1,332,528
Changes in the year:					
Service cost	18,182	16,489	4,334	5,238	8,426
Interest on total OPEB liability	177,395	159,195	98,047	45,840	57,237
Difference between expected and actual experience	-	-	(115,924)	-	2,477,916
Changes of assumptions	(95,279)	78,935	88,289	41,063	(285,984)
Benefit payments (2)	(1,473,597)	(1,266,723)	(1,604,393)	(1,243,257)	(1,512,351)
Net changes	(1,373,299)	(1,012,104)	(1,529,647)	(1,151,116)	745,244
Ending balance at June 30	\$ 5,025,395	\$ 4,013,291	\$ 2,483,644	\$ 1,332,528	\$ 2,077,772

	Fiscal Year Ended June 30,	
	2023	2024
Beginning balance at July 1	\$ 2,077,772	\$ 1,034,882
Changes in the year:		
Service cost	3,803	153,009
Interest on total OPEB liability	55,501	211,428
Difference between expected and actual experience	(77,497)	3,457,311
Changes of assumptions	(15,594)	1,276,851
Benefit payments (2)	(1,009,103)	(950,993)
Net changes	(1,042,890)	4,147,606
Ending balance at June 30	\$ 1,034,882	\$ 5,182,488

(1) The amounts presented for each fiscal year were determined as of June 30. Data for fiscal years ended June 30, 2015 through 2017 is not available in a comparable format.

(2) Benefit payments include implicit subsidy associated with benefits paid.

(3) OC San funds benefits on a pay-as-you-go basis and elected not to pre-fund its OPEB obligation. As a result, there are no plan assets and the total OPEB liability is equal to the net OPEB liability.

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**ORANGE COUNTY SANITATION DISTRICT
SUPPLEMENTARY INFORMATION**

ORANGE COUNTY SANITATION DISTRICT
Combining Area Schedule of Net Position
June 30, 2024

	Revenue Area No. 14	Consolidated Revenue Area	Totals
Current assets:			
Cash and cash equivalents	\$ 2,694,128	\$ 120,393,328	\$ 123,087,456
Investments	15,535,386	694,234,763	709,770,149
Accounts receivable, net of allowance for uncollectibles	-	10,148,213	10,148,213
Accrued interest receivable	-	6,210,455	6,210,455
Connection fees receivable	-	1,999,479	1,999,479
Property tax receivable	-	2,118,918	2,118,918
Lease receivable, current portion	-	341,723	341,723
Inventories	-	11,596,000	11,596,000
Prepaid expenses	-	2,420,320	2,420,320
Total current assets	<u>18,229,514</u>	<u>849,463,199</u>	<u>867,692,713</u>
Noncurrent assets:			
Restricted:			
Cash and cash equivalents	-	897,605	897,605
Investments	-	15,192,853	15,192,853
Accrued interest receivable	-	2,234	2,234
Net pension asset - OCERS	-	18,531,537	18,531,537
Unrestricted:			
Non-depreciable capital assets	25,890,616	709,344,723	735,235,339
Depreciable capital assets, net of accumulated depreciation	83,301,226	2,174,858,984	2,258,160,210
Due from other governmental agency	-	16,594,914	16,594,914
Lease receivable, noncurrent portion	-	422,260	422,260
Other noncurrent assets, net	-	10,344	10,344
Total noncurrent assets	<u>109,191,842</u>	<u>2,935,855,454</u>	<u>3,045,047,296</u>
Total assets	<u>127,421,356</u>	<u>3,785,318,653</u>	<u>3,912,740,009</u>
Deferred outflows of resources:			
Deferred outflows related to refundings	-	8,802,449	8,802,449
Deferred outflows related to pensions	-	84,098,923	84,098,923
Deferred outflows related to OPEB	-	4,202,234	4,202,234
Total deferred outflows of resources	<u>-</u>	<u>97,103,606</u>	<u>97,103,606</u>
Total assets and deferred outflows of resources	<u>127,421,356</u>	<u>3,882,422,259</u>	<u>4,009,843,615</u>
Current liabilities:			
Accounts payable and accrued expenses	-	45,467,767	45,467,767
Retentions payable	-	15,103,997	15,103,997
Interest payable	-	9,083,820	9,083,820
Due to other governmental agency	18,229,514	-	18,229,514
Long-term obligations, current portion	-	56,732,046	56,732,046
Total pension liability - ARBA, current portion	-	1,232,603	1,232,603
Total OPEB liability, current portion	-	885,432	885,432
Total current liabilities	<u>18,229,514</u>	<u>128,505,665</u>	<u>146,735,179</u>
Noncurrent liabilities:			
Long-term obligations, noncurrent portion	-	640,134,439	640,134,439
Total pension liability - ARBA, noncurrent portion	-	19,781,076	19,781,076
Total OPEB liability, noncurrent portion	-	4,297,056	4,297,056
Total noncurrent liabilities	<u>-</u>	<u>664,212,571</u>	<u>664,212,571</u>
Total liabilities	<u>18,229,514</u>	<u>792,718,236</u>	<u>810,947,750</u>
Deferred inflows of resources:			
Deferred inflows related to leases	-	708,862	708,862
Deferred inflows related to refundings	-	6,777,704	6,777,704
Deferred inflows related to pensions	-	13,962,233	13,962,233
Total deferred inflows of resources	<u>-</u>	<u>21,448,799</u>	<u>21,448,799</u>
Total liabilities and deferred inflows of resources	<u>18,229,514</u>	<u>814,167,035</u>	<u>832,396,549</u>
Net position:			
Net investment in capital assets:			
Collection system	12,154,880	590,836,122	602,991,002
Treatment and disposal land	2,402,034	51,337,633	53,739,667
Treatment and disposal system	94,634,928	2,242,029,952	2,336,664,880
Capital-related liabilities	-	(722,434,988)	(722,434,988)
Subtotal	<u>109,191,842</u>	<u>2,161,768,719</u>	<u>2,270,960,561</u>
Restricted for OCERS pension benefits	-	34,277,644	34,277,644
Unrestricted	-	872,208,861	872,208,861
Total net position	<u>\$ 109,191,842</u>	<u>\$ 3,068,255,224</u>	<u>\$ 3,177,447,066</u>

ORANGE COUNTY SANITATION DISTRICT
Combining Area Schedule of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2024

	Revenue Area No. 14	Consolidated Revenue Area	Totals
Operating revenues:			
Service charges	\$ 2,280,199	\$ 336,433,111	\$ 338,713,310
Permit and inspection fees	6,311	934,598	940,909
Total operating revenues	<u>2,286,510</u>	<u>337,367,709</u>	<u>339,654,219</u>
Operating expenses other than depreciation and amortization:			
Salaries and benefits	3,801,225	92,182,206	95,983,431
Utilities	557,064	14,335,556	14,892,620
Supplies, repairs and maintenance	2,268,728	62,726,715	64,995,443
Contractual services	1,159,969	29,175,272	30,335,241
Feasibility studies	134,787	4,344,656	4,479,443
Other operating expenses	371,470	11,615,732	11,987,202
Total operating expenses other than depreciation and amortization	<u>8,293,243</u>	<u>214,380,137</u>	<u>222,673,380</u>
Operating income (loss) before depreciation and amortization	(6,006,733)	122,987,572	116,980,839
Depreciation and amortization	<u>3,627,380</u>	<u>112,577,432</u>	<u>116,204,812</u>
Operating income (loss)	<u>(9,634,113)</u>	<u>10,410,140</u>	<u>776,027</u>
Non-operating revenues:			
Property taxes	4,251,264	127,356,265	131,607,529
Investment and interest income	1,493,118	45,147,320	46,640,438
Contributions from other governments	29,360,104	34,961	29,395,065
Other non-operating revenues	199,311	6,348,161	6,547,472
Total non-operating revenues	<u>35,303,797</u>	<u>178,886,707</u>	<u>214,190,504</u>
Non-operating expenses:			
Interest	1,285	31,065,393	31,066,678
Loss on disposal of assets	133,119	4,186,095	4,319,214
Other non-operating expenses	2,107	66,078	68,185
Total non-operating expenses	<u>136,511</u>	<u>35,317,566</u>	<u>35,454,077</u>
Income (loss) before capital contributions	25,533,173	153,979,281	179,512,454
Capital contributions:			
Capital facilities capacity charges	-	16,253,760	16,253,760
Capital contributions from other governments	60,690	1,927,682	1,988,372
Total capital contributions	<u>60,690</u>	<u>18,181,442</u>	<u>18,242,132</u>
Change in net position	25,593,863	172,160,723	197,754,586
Total net position - beginning	<u>83,597,979</u>	<u>2,896,094,501</u>	<u>2,979,692,480</u>
Total net position - ending	<u>\$ 109,191,842</u>	<u>\$ 3,068,255,224</u>	<u>\$ 3,177,447,066</u>

ORANGE COUNTY SANITATION DISTRICT
Combining Area Schedule of Cash Flows
For the Year Ended June 30, 2024

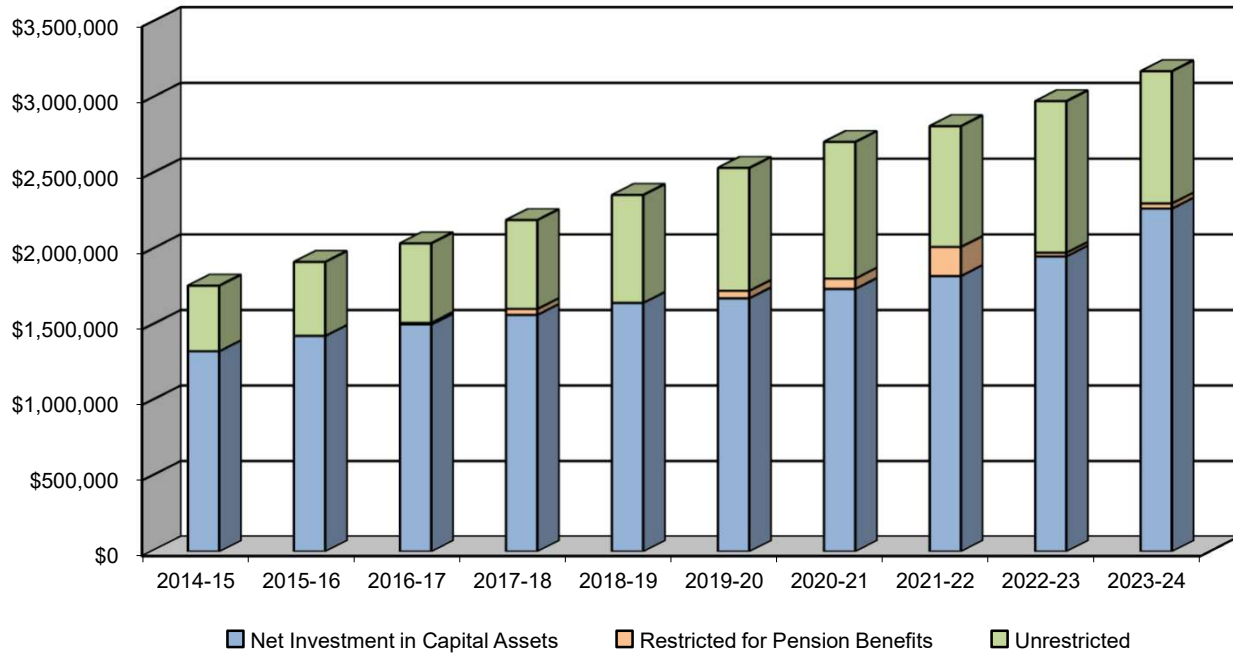
	Revenue Area No. 14	Consolidated Revenue Area	Eliminations	Totals
Cash flows from operating activities:				
Receipts from customers and users	\$ (16,984,306)	\$ 336,965,839	\$ -	\$ 319,981,533
Payments to employees	(3,801,225)	(90,958,401)	-	(94,759,626)
Payments to suppliers	(4,494,125)	(121,898,265)	-	(126,392,390)
Receipts for other activities	191,493	5,995,793	-	6,187,286
Net cash provided by (used in) operating activities	<u>(25,088,163)</u>	<u>130,104,966</u>	<u>-</u>	<u>105,016,803</u>
Cash flows from noncapital financing activities:				
Proceeds from property taxes	4,251,264	127,595,764	-	131,847,028
Net cash provided by (used in) noncapital financing activities	<u>4,251,264</u>	<u>127,595,764</u>	<u>-</u>	<u>131,847,028</u>
Cash flows from capital and related financing activities:				
Capital facilities capacity charges	-	18,026,378	-	18,026,378
Contributions from other governments	29,420,794	1,962,643	(6,930,048)	24,453,389
Receipts from lease agreements	12,682	378,858	-	391,540
Additions to capital assets	(29,357,779)	(264,736,825)	29,357,779	(264,736,825)
Disposal of capital assets	-	22,427,731	(22,427,731)	-
Principal payments on debt obligations	-	(163,874,926)	-	(163,874,926)
Payments to bond escrow agent	-	(159,480,074)	-	(159,480,074)
Interest paid	(1,285)	(50,476,147)	-	(50,477,432)
Proceeds from debt issuance	-	139,636,168	-	139,636,168
Proceeds from premiums on debt issuance	-	20,309,469	-	20,309,469
Debt issuance costs	-	(524,372)	-	(524,372)
Net cash provided by (used in) capital and related financing activities	<u>74,412</u>	<u>(436,351,097)</u>	<u>-</u>	<u>(436,276,685)</u>
Cash flows from investing activities:				
Proceeds from sale of investments	37,066,913	787,409,527	-	824,476,440
Purchases of investments	(19,910,134)	(649,839,432)	-	(669,749,566)
Interest received	883,302	24,087,043	-	24,970,345
Net cash provided by (used in) investing activities	<u>18,040,081</u>	<u>161,657,138</u>	<u>-</u>	<u>179,697,219</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,722,406)</u>	<u>(16,993,229)</u>	<u>-</u>	<u>(19,715,635)</u>
Cash and cash equivalents, beginning of year	5,416,534	138,284,162	-	143,700,696
Cash and cash equivalents, end of year	<u>\$ 2,694,128</u>	<u>\$ 121,290,933</u>	<u>\$ -</u>	<u>\$ 123,985,061</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (9,634,113)	\$ 10,410,140	\$ -	\$ 776,027
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,627,380	112,577,432	-	116,204,812
Bad debt expense (net recoveries)	-	(109,438)	-	(109,438)
Other non-operating revenues	189,386	5,929,715	-	6,119,101
(Increase)/decrease in operating assets and deferred outflows:				
Accounts receivable	(12,730,848)	(292,432)	-	(13,023,280)
Inventories	-	(1,253,703)	-	(1,253,703)
Prepaid expenses	-	306,149	-	306,149
Net pension asset - OCERS	-	(7,926,736)	-	(7,926,736)
Deferred outflows related to pensions	-	11,358,273	-	11,358,273
Deferred outflows related to OPEB	-	(4,202,234)	-	(4,202,234)
Increase/(decrease) in operating liabilities and deferred inflows:				
Accounts payable and accrued expenses	-	2,109,828	-	2,109,828
Due to other governmental agency	(6,539,968)	-	-	(6,539,968)
Compensated absences	-	742,650	-	742,650
Claims and judgments	-	(402,899)	-	(402,899)
Total pension liability - ARBA	-	914,896	-	914,896
Total OPEB liability	-	4,147,606	-	4,147,606
Deferred inflows related to pensions	-	(4,204,281)	-	(4,204,281)
Net cash provided by (used in) operating activities	<u>\$ (25,088,163)</u>	<u>\$ 130,104,966</u>	<u>\$ -</u>	<u>\$ 105,016,803</u>
Noncash activities:				
Unrealized gain (loss) on the fair value of investments	\$ 608,369	\$ 18,680,669		\$ 19,289,038
Capital assets acquired through accounts payable	-	(13,532,651)		(13,532,651)
Capital facilities capacity charges acquired	-	(1,772,618)		(1,772,618)

**ORANGE COUNTY SANITATION DISTRICT
STATISTICAL SECTION**

This part of the Annual Comprehensive Financial Report of the Orange County Sanitation District (OC San) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about OC San's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Position and Trends These schedules contain current and trend information to help the reader understand OC San's financial position and how OC San's financial performance and well-being have changed over time.	62 - 66
Revenue Capacity These schedules contain information to help the reader assess OC San's most significant revenue source of sewer service fees.	67 - 69
Debt Capacity These schedules present information to help the reader assess the affordability of OC San's current levels of outstanding debt and OC San's ability to issue additional debt in the future. All of OC San's debt is recorded in a proprietary fund; consequently, many of the schedules which are applicable to governmental funds are not presented.	70 - 72
Operating Information These schedules contain data to help the reader understand how the information in OC San's financial report relates to the services it provides and the activities it performs.	73 - 76
Demographic and Economic Factors These schedules offer demographic information to help the reader understand the environment within which OC San's financial activities take place.	77 - 80

ORANGE COUNTY SANITATION DISTRICT
Net Position by Component
(Dollars in Thousands)
Last Ten Fiscal Years



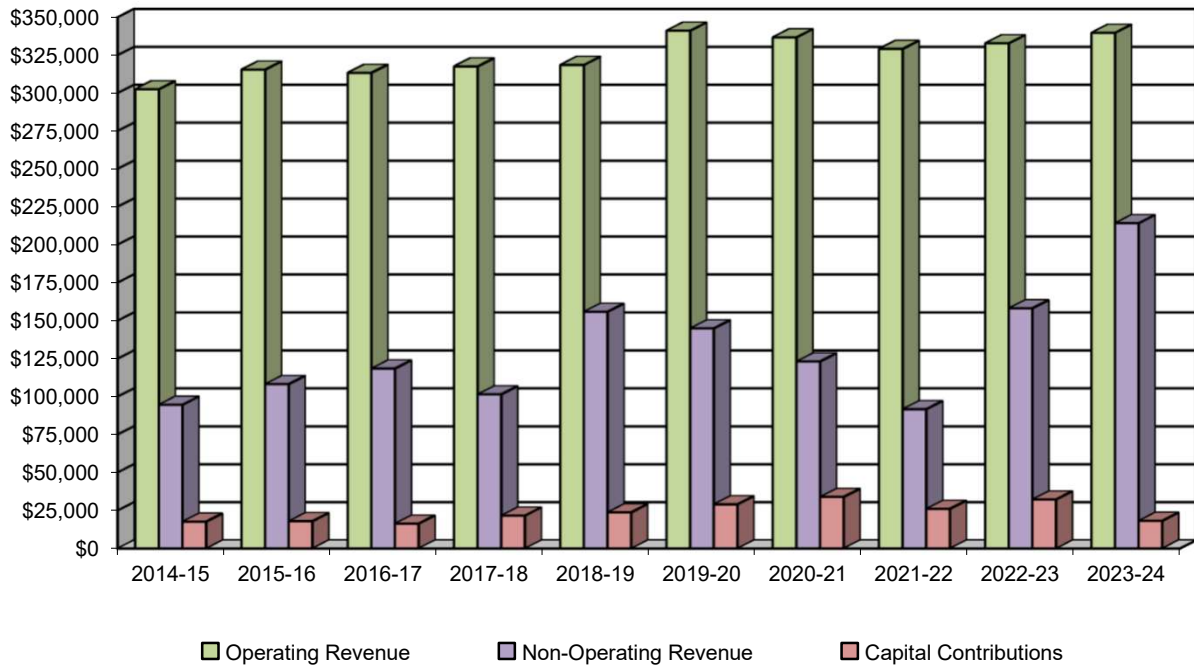
Fiscal Year	Net Investment in Capital Assets	Restricted for Pension Benefits ⁽⁴⁾	Unrestricted ⁽⁴⁾	Total Net Position
2014-15	\$ 1,327,384	\$ -	\$ 434,460	\$ 1,761,844 ⁽¹⁾
2015-16	1,429,269	-	489,303	1,918,572 ⁽²⁾
2016-17	1,504,898	10,385	525,942	2,041,225
2017-18	1,568,118	39,571	587,100	2,194,789 ⁽³⁾
2018-19	1,647,723	-	712,779	2,360,502
2019-20	1,678,041	49,447	811,522	2,539,010
2020-21	1,740,102	68,643	901,637	2,710,382
2021-22	1,825,490	191,802	797,895	2,815,187
2022-23	1,954,939	24,678	1,000,075	2,979,692
2023-24	2,270,960	34,278	872,209	3,177,447

Notes

- ⁽¹⁾ Beginning net position restated due to implementation of GASB 68.
- ⁽²⁾ Beginning net position restated due to implementation of GASB 73.
- ⁽³⁾ Beginning net position restated due to implementation of GASB 75.
- ⁽⁴⁾ FY 2016-17 to 2022-23 net position restated to reflect amounts restricted for OCERS pension benefits.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
Revenues and Gross Capital Contributions by Source
(Dollars in Thousands)
Last Ten Fiscal Years



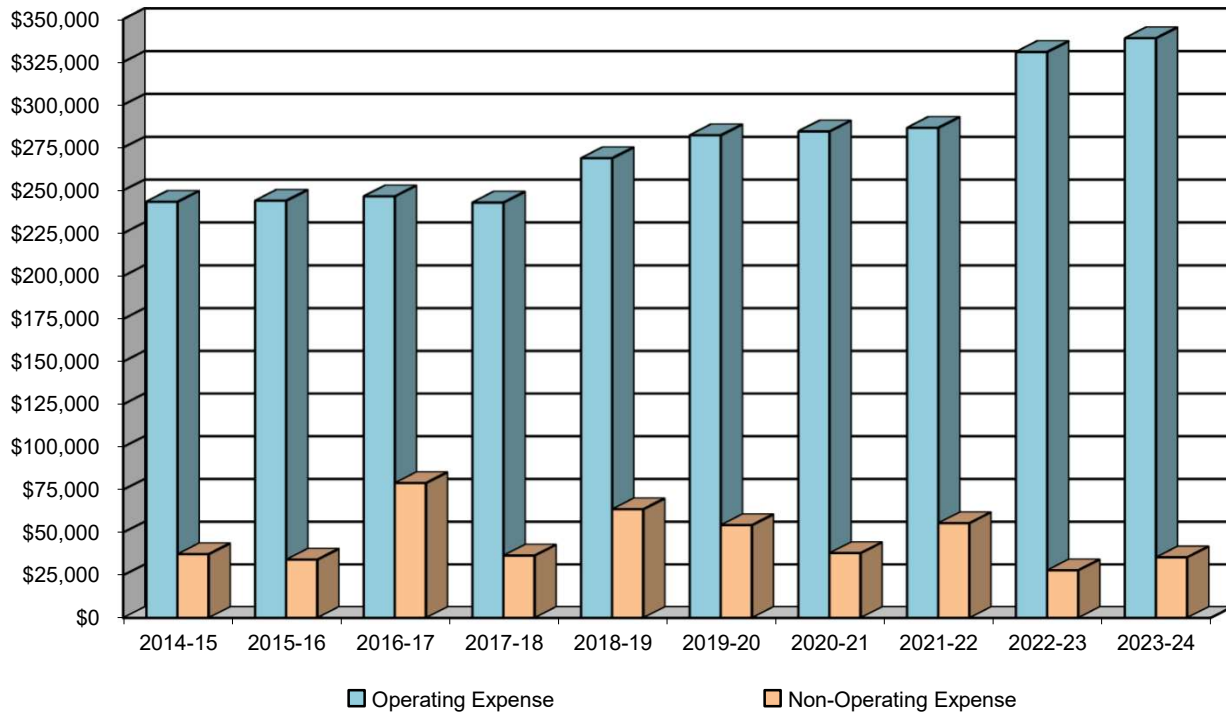
Fiscal Year	Operating Revenue			Non-Operating Revenue			Total Non-Operating	Capital Contributions ⁽¹⁾
	Service Charges	Permit & Inspection Fees	Total Operating	Property Taxes	Investment & Interest Income (Loss)	Other ⁽¹⁾		
2014-15	\$ 301,548	\$ 902	\$ 302,450	\$ 79,835	\$ 4,806	\$ 9,996	\$ 94,637	\$ 17,656
2015-16	314,477	951	315,428	84,407	9,183	14,658	108,248	17,974
2016-17	312,237	1,045	313,282	88,284	3,081	27,146	118,511	16,351
2017-18	316,329	1,170	317,499	94,188	3,230	4,055	101,473	21,633
2018-19	317,291	1,199	318,490	99,534	29,102	27,197	155,833	23,797
2019-20	339,895	1,169	341,064	104,492	33,669	6,731	144,892	29,034
2020-21	335,569	1,131	336,700	110,245	1,694	11,176	123,115	33,936
2021-22	327,824	1,271	329,095	119,186	(35,335)	7,840	91,691	26,083
2022-23	331,382	1,399	332,781	125,467	12,027	20,671	158,165	32,264
2023-24	338,713	941	339,654	131,608	46,640	35,943	214,191	18,242

Notes

⁽¹⁾ FY 2017-18 to 2020-21 restated to reflect capital contributions from other governments. Fluctuations in other non-operating revenue are primarily due to integration contributions charged or credited to the Irvine Ranch Water District, refer to Basic Financial Statements Note 8 for details.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
Expenses by Type
(Dollars in Thousands)
Last Ten Fiscal Years



Fiscal Year	Operating Expense				Non-Operating Expense			
	Salaries & Benefits	Utilities	Maint & Other	Depr & Amort	Total Operating	Interest Expense	Other ⁽¹⁾	Total Non-Operating
2014-15	\$ 79,657	\$ 7,246	\$ 62,323	\$ 94,186	\$ 243,412	\$ 34,112	\$ 3,168	\$ 37,280
2015-16	75,576	7,246	70,679	90,502	244,003	27,597	6,482	34,079
2016-17	74,291	6,119	69,843	96,320	246,573	25,648	53,270	78,918
2017-18	67,418	7,298	70,840	97,399	242,955	35,011	1,483	36,494
2018-19	85,506	7,733	73,347	102,239	268,825	34,466	29,116	63,582
2019-20	82,917	8,622	76,794	113,888	282,221	33,833	20,428	54,261
2020-21	74,772	9,789	83,457	116,452	284,470	34,837	3,072	37,909
2021-22	57,004	11,046	88,065	130,465	286,580	30,027	25,457	55,484
2022-23	96,883	15,924	94,405	123,611	330,823	25,893	1,989	27,882
2023-24	95,983	14,893	111,797	116,205	338,878	31,067	4,387	35,454

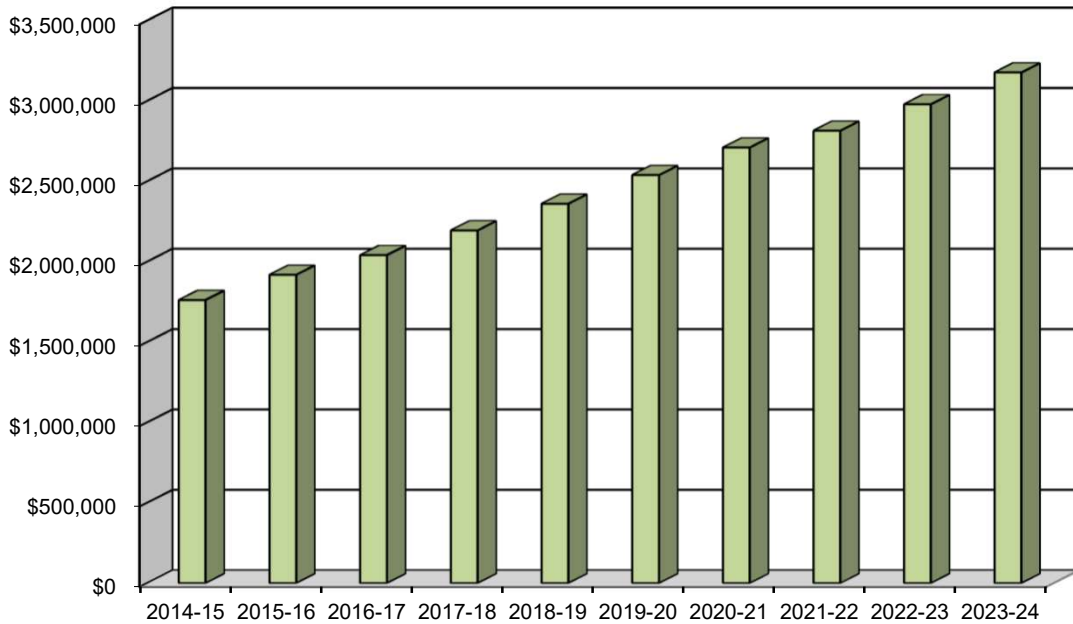
Notes

⁽¹⁾ Fluctuations in other non-operating expense are primarily due to integration contributions charged or credited to the Irvine Ranch Water District, refer to Note 8 of the Notes to Basic Financial Statements for details.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT

Change in Net Position
(Dollars in Thousands)
Last Ten Fiscal Years



Ending Net Position by Fiscal Year

Fiscal Year	Total Revenues	Total Expenses	Change in Net Position	Beginning Net Position	Ending Net Position
2014-15	\$ 414,743	\$ 280,692	\$ 134,051	\$ 1,627,793 ⁽¹⁾	\$ 1,761,844
2015-16	441,650	278,082	163,568	1,755,004 ⁽²⁾	1,918,572
2016-17	448,144	325,491	122,653	1,918,572	2,041,225
2017-18	440,605	279,449	161,156	2,033,633 ⁽³⁾	2,194,789
2018-19	498,120	332,407	165,713	2,194,789	2,360,502
2019-20	514,990	336,482	178,508	2,360,502	2,539,010
2020-21	493,751	322,379	171,372	2,539,010	2,710,382
2021-22	446,869	342,064	104,805	2,710,382	2,815,187
2022-23	523,210	358,705	164,505	2,815,187	2,979,692
2023-24	572,087	374,332	197,755	2,979,692	3,177,447

Notes

- ⁽¹⁾ Beginning net position restated due to implementation of GASB 68.
- ⁽²⁾ Beginning net position restated due to implementation of GASB 73.
- ⁽³⁾ Beginning net position restated due to implementation of GASB 75.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
Cash and Investment Reserve Balances
(Dollars in Millions)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Cash Flow Contingency</u>	<u>Self- Insurance</u>	<u>Capital Improvement Program</u>	<u>Debt Service Requirements</u>	<u>Total</u>
2014-15	\$ 177	\$ 57	\$ 194	\$ 129	\$ 557
2015-16	181	57	190	117	545
2016-17	174	57	173	107	511
2017-18	173	57	350	100	680
2018-19	177	57	429	97	760
2019-20	178	57	552	94	881
2020-21	128	100	639	94	961
2021-22	134	100	659	91	984
2022-23	140	100	685	79	1,004
2023-24	148	100	525	76	849

Notes

The Board of Directors of the Orange County Sanitation District has established the criteria below to determine the total funds required as listed in the Accumulated Funds and Reserves Policy:

The Cash Flow Contingency Reserve is to fund operations, maintenance, and certificates of participation debt service expenses for the first half of the fiscal year, prior to the receipt of the first installment of the property tax allocation and sewer service user fees.

The Self-Insurance Reserve is to provide requirements for property damage including fire, flood and earthquake, general liability and workers' compensation.

The Capital Improvement Program Reserve is to fund annual increments of the capital improvement program with a target level at one half of the average annual capital improvement program over the next 10 years.

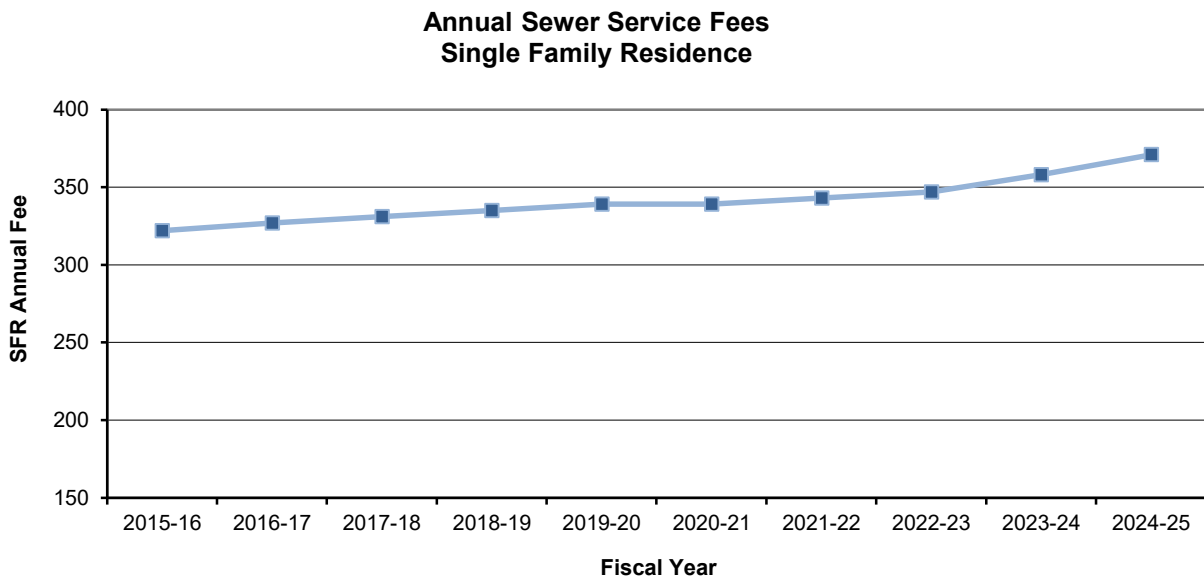
The Debt Service Requirements Reserve is held pursuant to the provisions of certificates of participation issues, and the monies are not available for the general needs of the Orange County Sanitation District.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
 Sewer Service Fees
 Single Family Residence Rate
 Last Nine Fiscal Years and Next Fiscal Year

Sewer service fees are comprised of three categories: residential customers, commercial customers, and industrial customers. Although the majority of sewer service fee revenues are from residential and commercial customers (see the schedule of Number of Accounts and Revenues by Customer Class), the fee paid by each residential and commercial customer is less than the individual fees paid by industrial customers. The rates for commercial and industrial customers are derived from the base sewer service fee charged for a single-family residence and are based on the type of business and the strength and volume of waste that is discharged into the sewer system. Due to the complexity of the rate structure for commercial and industrial customers and since the rates are derivatives of the single-family residence rate, only the single-family residence rate is presented within the statistical section.

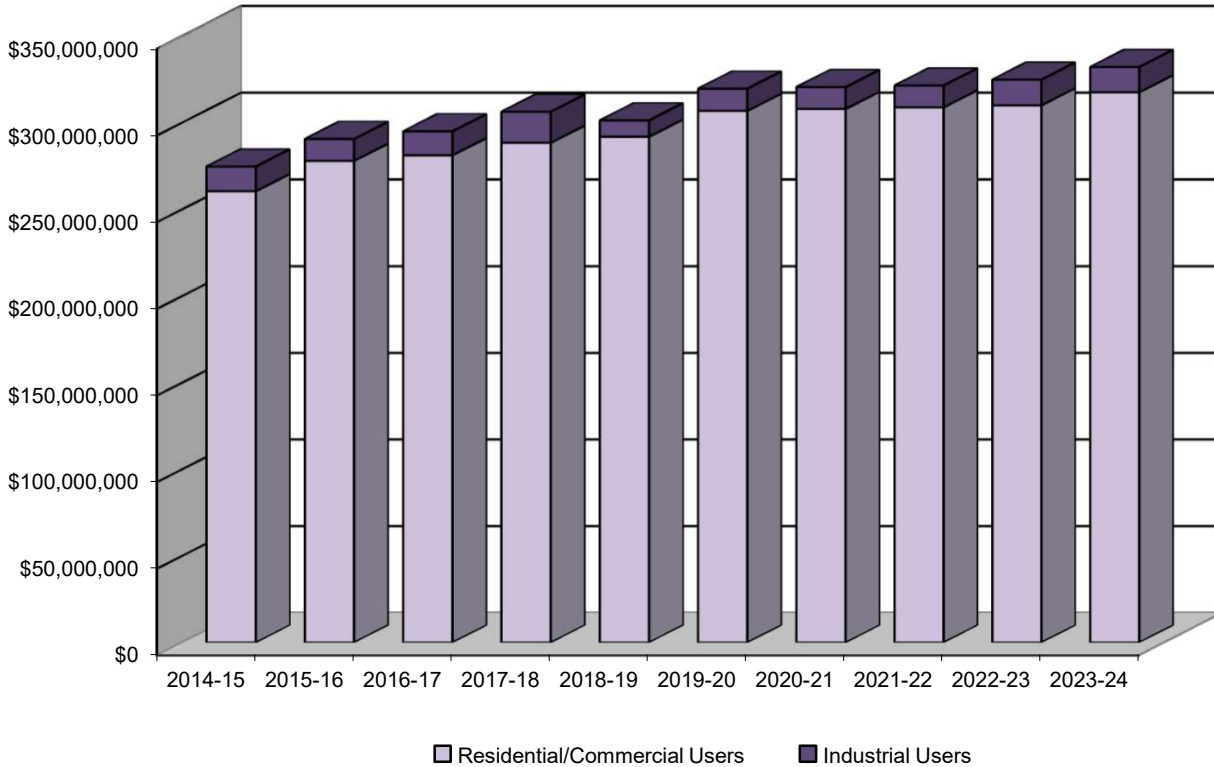
<u>Fiscal Year</u>	<u>Sewer Service Charge</u>
2015-16	\$ 322.00
2016-17	327.00
2017-18	331.00
2018-19	335.00
2019-20	339.00
2020-21	339.00
2021-22	343.00
2022-23	347.00
2023-24	358.00
2024-25	371.00



Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
 Number of Accounts and Revenues by Customer Class
 (Dollars in Millions)
 Last Ten Fiscal Years

Fiscal Year	Residential/Commercial			Industrial		
	Number of Equivalent Single-Family Dwellings (1)	Total Sewer Svc. Charge Revenue	Percentage of Sewer Service Charge Revenues	Number of Customer Accounts	Total Sewer Svc. Charge Revenue	Percentage of Sewer Service Charge Revenues
2014-15	824,465	\$ 260.5	95%	467	\$ 14.2	5%
2015-16	863,317	278.0	96%	450	12.6	4%
2016-17	859,869	281.2	95%	466	13.8	5%
2017-18	871,338	288.4	94%	473	17.9	6%
2018-19	871,312	291.9	97%	476	9.4	3%
2019-20	904,886	306.8	96%	473	12.8	4%
2020-21	908,219	307.9	96%	467	12.6	4%
2021-22	900,327	308.8	96%	462	12.6	4%
2022-23	893,270	310.0	95%	446	14.8	5%
2023-24	886,879	317.5	96%	447	14.6	4%



Notes

(1) - Number of equivalent single-family dwellings is an estimate, calculated by dividing residential/commercial revenue by the sewer service fee for each fiscal year.

Source: Orange County Sanitation District's Financial Management Division.

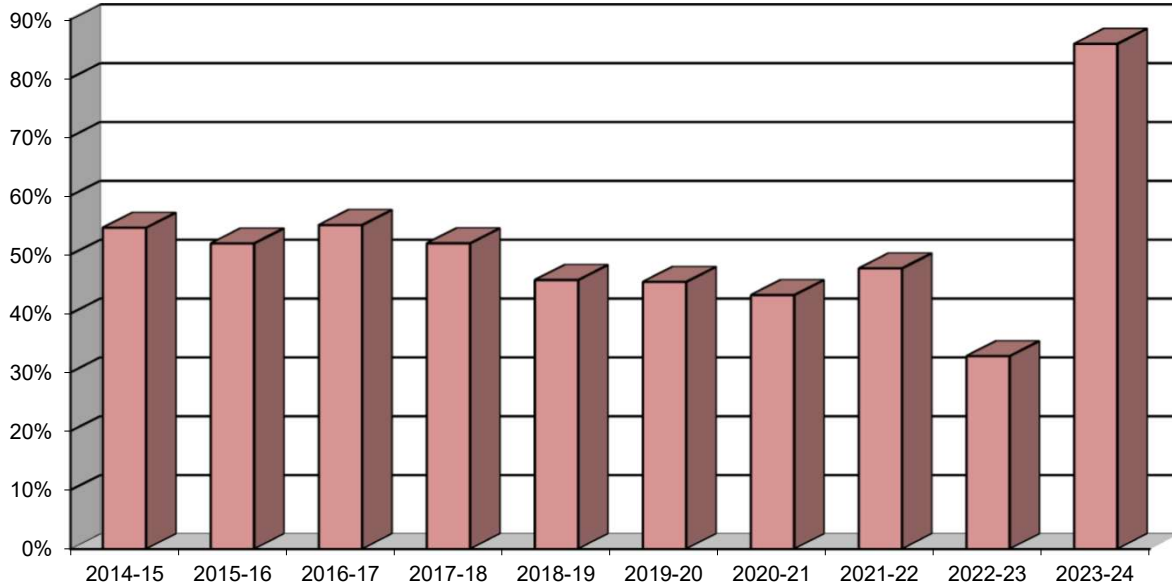
ORANGE COUNTY SANITATION DISTRICT
Principal Sewer Service Customers
For the Current Fiscal Year and Nine Years Ago

Customer	Fiscal Year Ended 6/30/24			Fiscal Year Ended 6/30/15		
	Industrial Permittee Service Charges	Rank	% to Total Service Charge Revenue	Industrial Permittee Service Charges	Rank	% to Total Service Charge Revenue
House Foods America Corp. (East)	\$ 1,529,975	1	0.45%			
House Foods America Corp. (West)	1,159,372	2	0.34%	\$ 1,055,843	1	0.35%
Stremicks Heritage Foods, LLC	1,151,243	3	0.34%	811,061	3	0.27%
Newport Fab, LLC (TowerJazz Semiconductor)	755,941	4	0.22%	521,890	6	0.17%
MBV-CA, LLC	741,941	5	0.22%			
Van Law Food Products, Inc	720,728	6	0.21%			
Koia Anaheim Facility, LLC	545,632	7	0.16%			
Nor-Cal Beverage Company (Main)	447,973	8	0.13%	387,579	10	0.13%
California State University, Fullerton	381,942	9	0.11%			
Brea Power II, LLC	368,080	10	0.11%			
Kimberly-Clark Worldwide, Inc.				1,047,510	2	0.35%
MCP Foods, Inc.				738,346	4	0.24%
Pulmuone Foods USA (Wildwood), Inc. (East)				571,057	5	0.19%
Ameripec, Inc.				517,583	7	0.17%
Nor-Cal Beverage Company (NCB)				461,589	8	0.15%
Alta Dena Certified Dairy, LLC				457,496	9	0.15%
	<u>\$ 7,802,827</u>		<u>2.29%</u>	<u>\$ 6,569,954</u>		<u>2.17%</u>

Although the majority of sewer service fee revenues are from residential and commercial customers (see the schedule of Number of Accounts and Revenues by Customer Class), the fee paid by each residential and commercial customer is customarily less than the individual fees paid by industrial customers. Consequently, this schedule shows the largest industrial sewer service fee customers.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
Ratio of Annual Debt Service to Total Expenses
(Dollars in Thousands)
Last Ten Fiscal Years



<u>Fiscal Year</u>	<u>Principal (1)</u>	<u>Interest (2)</u>	<u>Total Debt Service (3)</u>	<u>Total Operating Expenses (4)</u>	<u>Ratio of Debt Service to Total Operating Expenses</u>
2014-15	\$ 27,875	\$ 53,586	\$ 81,461	\$ 149,226	54.59%
2015-16	29,405	50,301	79,706	153,501	51.93
2016-17	35,575	47,143	82,718	150,253	55.05
2017-18	32,140	43,466	75,606	145,556	51.94
2018-19	31,655	44,481	76,136	166,586	45.70
2019-20	32,730	43,664	76,394	168,333	45.38
2020-21	30,430	42,061	72,491	168,018	43.14
2021-22	33,875	40,564	74,439	156,115	47.68
2022-23	30,035	37,880	67,915	207,212	32.78
2023-24	156,665	34,483	191,148	222,673	85.84

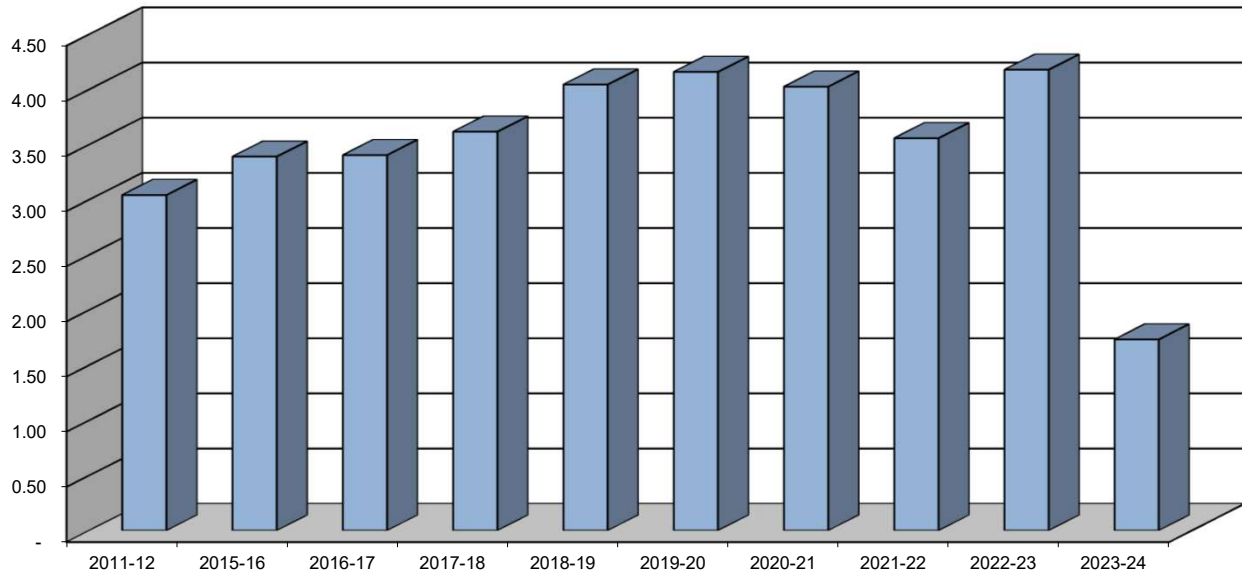
Notes

- (1) - Excludes principal reductions due to debt refundings.
- (2) - Excludes amortization of premium/discount and deferred amount.
- (3) - Debt consists of certificates of participation / revenue obligations.
- (4) - Excludes depreciation and amortization expense.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
Debt Coverage Ratios
(Dollars in Millions)
Last Ten Fiscal Years

The Orange County Sanitation District has no legal debt limits as imposed by state legislation. OC San does have contractual covenants within the existing certificates of participation indenture agreements which require minimum coverage ratios of 1.25. The coverage ratio is calculated as the ratio of net annual revenues available for debt service payments to total annual debt service requirements.



	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating & Non-Operating Revenues:										
Service Charges, Net of Refunds-Regional	\$ 260.5	\$ 278.0	\$ 281.2	\$ 288.4	\$ 291.9	\$ 306.8	\$ 307.9	\$ 308.8	\$ 310.0	\$ 317.5
Service Charges, Net of Refunds-Local (1)	5.5	5.7	1.3	(0.1)	-	-	-	-	-	-
Industrial Sewer Service Charges	14.2	12.6	13.8	17.9	9.4	12.8	12.6	12.6	14.8	14.6
SAWPA Assessment	2.7	3.2	3.3	2.7	2.9	2.6	2.8	2.8	2.9	3.4
IRWD Assessment	26.4	26.6	36.0	9.9	36.3	20.8	16.0	8.6	18.6	31.8
Ad Valorem Taxes	79.8	84.4	88.3	94.2	99.5	104.5	110.2	119.2	125.5	131.6
Interest Earnings (2)	4.8	9.2	3.1	3.2	29.1	33.7	1.7	(35.3)	12.0	46.6
Other Revenues (3)	3.2	4.0	4.8	2.8	5.2	4.8	8.6	4.1	7.1	8.3
Total Revenues	397.1	423.7	431.8	419.0	474.3	486.0	459.8	420.8	490.9	553.8
Operating Expenses (4)	149.2	153.5	150.3	145.6	166.6	168.3	168.0	156.1	207.2	222.7
Net Revenues	\$ 247.9	\$ 270.2	\$ 281.5	\$ 273.4	\$ 307.7	\$ 317.7	\$ 291.8	\$ 264.7	\$ 283.7	\$ 331.1
Debt Service Requirements										
Principal Payments	\$ 27.9	\$ 29.4	\$ 35.6	\$ 32.1	\$ 31.7	\$ 32.7	\$ 30.4	\$ 33.9	\$ 30.0	\$ 156.7
Interest Payments	53.6	50.3	47.1	43.5	44.4	43.7	42.1	40.5	37.9	34.4
Total Debt Service Requirements	\$ 81.5	\$ 79.7	\$ 82.7	\$ 75.6	\$ 76.1	\$ 76.4	\$ 72.5	\$ 74.4	\$ 67.9	\$ 191.1
Coverage Ratios	3.04	3.39	3.40	3.62	4.04	4.16	4.02	3.56	4.18	1.73
Ending Reserves (5)	\$ 428.0	\$ 428.0	\$ 404.0	\$ 580.0	\$ 663.0	\$ 787.0	\$ 867.0	\$ 893.0	\$ 925.0	\$ 773.0

Notes

- (1) - Local Sewer transferred to East Orange County Water District in FY2016-17.
- (2) - Interest earnings include unrealized gains and losses from investments adjusted to market value.
- (3) - FY 2017-18 to 2020-21 other revenues restated to remove capital contributions from other governments.
- (4) - Operating expenses exclude depreciation and amortization expenses.
- (5) - Excludes debt service reserves in accordance with the Orange County Sanitation District's reserve policy.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	(1) COP / Revenue Obligations	(2) Leases	(3) SBITAs	Total Outstanding Debt	(4) Median Family Income (5)	Debt as a Percentage of Median Family Income	(6) Population Estimate (7)	Debt per Capita
2014-15	\$ 1,241,140,357	\$ -	\$ -	\$ 1,241,140,357	\$ 85,900	0.007%	2,521,803	492.16
2015-16	1,206,722,347	-	-	1,206,722,347	85,000	0.007%	2,548,745	473.46
2016-17	1,140,679,773	-	-	1,140,679,773	88,000	0.008%	2,578,681	442.35
2017-18	1,095,737,610	-	-	1,095,737,610	92,700	0.008%	2,609,419	419.92
2018-19	1,050,502,373	-	-	1,050,502,373	97,900	0.009%	2,607,092	402.94
2019-20	1,004,215,901	-	-	1,004,215,901	103,000	0.010%	2,589,011	387.88
2020-21	963,115,533	-	-	963,115,533	106,700	0.011%	2,550,763	377.58
2021-22	913,102,847	58,158	-	913,161,005	119,100	0.013%	2,557,216	357.09
2022-23	869,562,663	27,369	613,454	870,203,486	127,800	0.015%	2,532,334	343.64
2023-24	680,407,687	104,402	809,539	681,321,628	129,000	0.019%	2,550,105	267.17

Notes & Data Sources

(1) - Data Source: Orange County Sanitation District. Debt includes certificates of participation / revenue obligations and is presented net of original issuance premiums.

(2) - FY 2021-22 and 2022-23 restated to reflect implementation of GASB Statement No. 87, *Leases*. Beginning fiscal year ended June 30, 2022, lease contracts previously considered operating are treated as financings of the right to use an asset and, thus, included on this schedule.

(3) - FY 2022-23 restated to reflect implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Beginning fiscal year ended June 30, 2023, contracts for SBITAs are treated as financings of the right to use an asset and, thus, included on this schedule.

(4) - Data Source: U.S. Department of Housing and Urban Development.

(5) - Data is for the entire county of Orange.

(6) - Data Source: Demographic Research Unit, California Department of Finance.

(7) - Data is for the estimated population served by the Orange County Sanitation District.

ORANGE COUNTY SANITATION DISTRICT
 Comparison of the Volume of Wastewater Treated
 With Revenues and Expenses
 Last Ten Fiscal Years

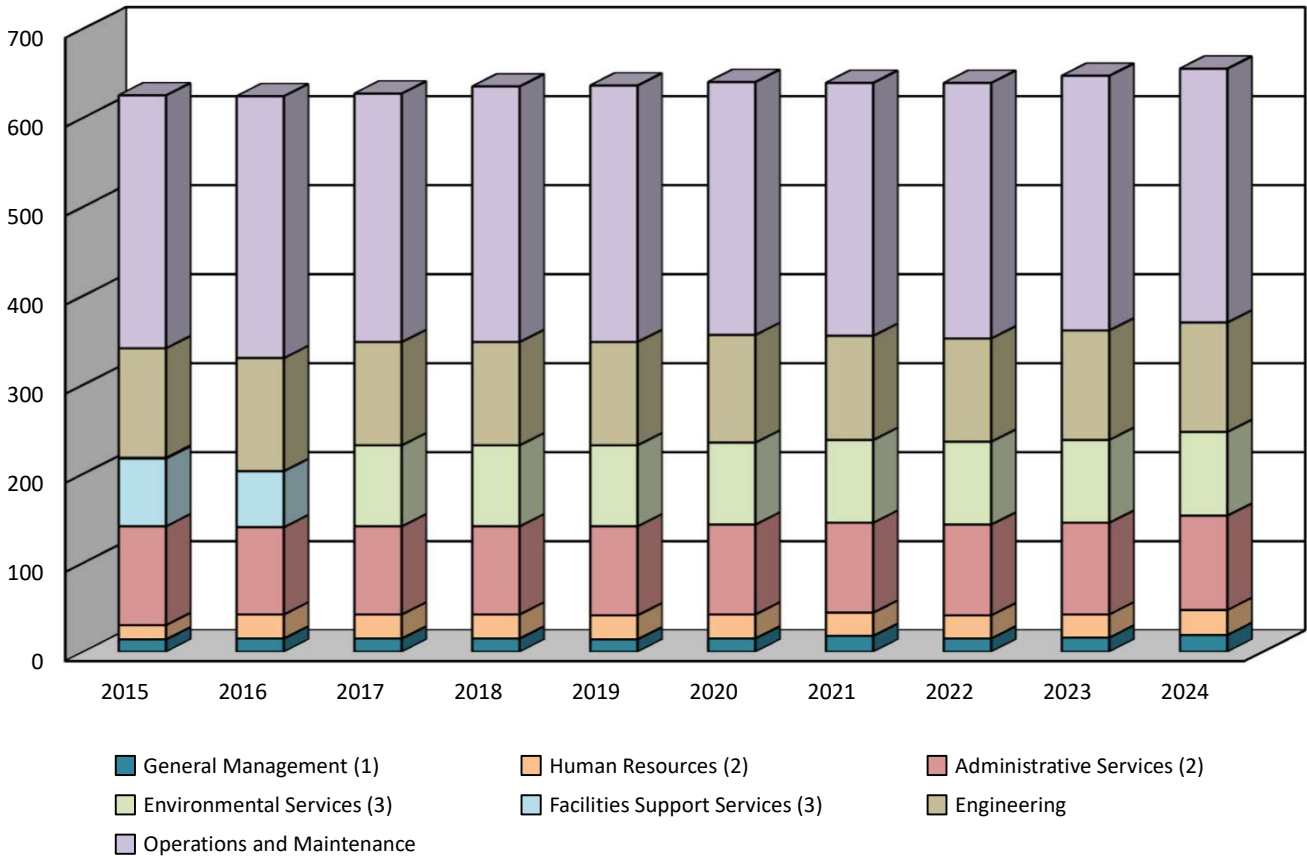
<u>Fiscal Year</u>	<u>Millions of Gallons of Wastewater Treated Per Day</u>	<u>Collection, Treatment & Disposal Cost per Million Gallons</u>	<u>Total Operating Costs (In Thousands)</u>	<u>Total Non-Operating Costs (In Thousands)</u>	<u>Total Operating Revenues (In Thousands)</u>	<u>Total Non-Operating Revenues ⁽¹⁾ (In Thousands)</u>
2014-15	187	\$ 2,070.97	\$ 243,412	\$ 37,280	\$ 302,450	\$ 94,637
2015-16	183	2,110.43	244,003	34,079	315,428	108,248
2016-17	188	2,054.56	246,573	78,918	313,282	118,511
2017-18	185	2,069.30	242,955	36,494	317,499	101,473
2018-19	191	2,274.73	268,825	63,582	318,490	155,833
2019-20	188	2,421.83	282,221	54,261	341,064	144,892
2020-21	182	2,428.28	284,470	37,909	336,700	123,115
2021-22	179	2,254.66	286,580	55,484	329,095	91,691
2022-23	186	2,961.49	330,823	27,882	332,781	158,165
2023-24	193	3,054.47	338,878	35,454	339,654	214,191

Notes

⁽¹⁾ FY 2017-18 to 2020-21 restated to remove capital contributions from other governments.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
 Authorized Full-time Equivalents (FTE) by Function
 Last Ten Fiscal Years



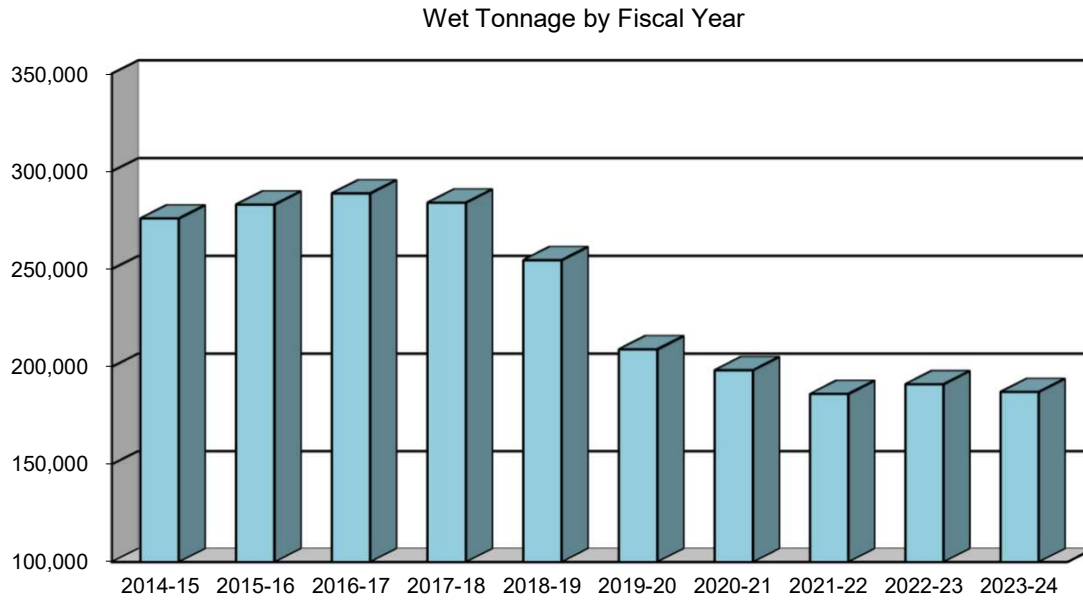
	Fiscal Year Ending June 30,										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
General Management (1)	14	15	15	15	14	15	18	15	16	19	
Human Resources (2)	16	27	27	27	27	27	26	26	26	28	
Administrative Services (2)	111	98	99	99	100	101	101	102	103	106	
Environmental Services (3)	-	-	91	91	91	92	93	93	93	94	
Facilities Support Services (3)	76	63	-	-	-	-	-	-	-	-	
Engineering	123	127	116	116	116	121	117	116	123	123	
Operations and Maintenance	284	294	279	287	288	284	284	287	286	285	
Total FTEs	624	624	627	635	636	640	639	639	647	655	

Notes

- (1) - Management Discretion positions used on a temporary basis have been excluded from FTE count.
- (2) - In 2016, Risk Management moved from Administrative Services to Human Resources Department.
- (3) - In 2017, Divisional reorganization created Environmental Services and eliminated Facilities Support Services.

Source: Orange County Sanitation District's Financial Management Division.

ORANGE COUNTY SANITATION DISTRICT
 Biosolids Produced
 Last Ten Fiscal Years



<u>Fiscal Year</u>	<u>Wet Tonnage</u>
2014-15	275,943
2015-16	283,052
2016-17	288,771
2017-18	284,039
2018-19	254,616 ⁽¹⁾
2019-20	209,000
2020-21	198,306
2021-22	186,128
2022-23	191,098
2023-24	187,156

Notes

⁽¹⁾ Beginning in Fiscal Year 2018-19, biosolids produced were reduced due to the commissioning of dewatering centrifuges at both reclamation plants.

Source: Orange County Sanitation District's Environmental Compliance Division.

ORANGE COUNTY SANITATION DISTRICT
 Capital Asset Statistics
 Last Ten Fiscal Years

Fiscal Year	Miles of Trunk & Subtrunk Sewers	Number of Pump Stations	Primary Treatment Capacity (1)	Secondary Treatment Capacity (1)
2014-15	580	17	376	332
2015-16	570	17	376	332
2016-17	396 (2)	17	376	332
2017-18	396	17	376	332
2018-19	389	17	376	332
2019-20	388	17	376	332
2020-21	388	17	376	332
2021-22	388	17	376	332
2022-23	388	17	376	332
2023-24	388	17	376	332

Notes

(1) - Capacity is presented as million gallons treated per day.

(2) - In FY 2016-17, local sewers were transferred to East Orange County Water District.

Source: Orange County Sanitation District

ORANGE COUNTY SANITATION DISTRICT
Demographic Statistics
Covering The Entire County of Orange (1)
Last Ten Fiscal Years

Fiscal Year	(2) Population Estimates	Total Personal Income (In Thousands)	Per Capita Personal Income	(4) Median Family Income	(5) Public School Enrollment	(6) Unemployment Rate
2014-15	3,148,000	\$ 193,081,000 (3)	\$ 61,334	\$ 85,900	497,116	4.3%
2015-16	3,183,000	200,783,000 (3)	63,080	85,000	493,030	4.4%
2016-17	3,194,000	205,052,000 (3)	64,199	88,000	490,430	3.8%
2017-18	3,221,000	212,807,000 (3)	66,098	92,700	485,835	3.3%
2018-19	3,222,000	221,692,000 (3)	68,840	97,900	478,823	3.0%
2019-20	3,194,000	240,734,000 (3)	73,983	103,000	473,612	13.6%
2020-21	3,153,764	257,834,000 (3)	81,117	106,700	456,572	6.5%
2021-22	3,162,245	263,290,000 (3)	84,479	119,100	448,729	2.9%
2022-23	3,137,164	276,306,000 (3),(7)	84,804	127,800	441,249	3.7%
2023-24	3,150,835	286,490,000 (3),(8)	90,925	129,000	437,276	4.0%

Notes and Data Sources

(1) - The Orange County Sanitation District services 479 square miles or 60% of the total 799.8 square miles that make up the boundaries of Orange County.

(2) - Data Source: Demographic Research Unit, California Department of Finance.

(3) - Data Source: A. Gary Anderson Center for Economic Research, Chapman University.

(4) - Data Source: U.S. Department of Housing and Urban Development.

(5) - Data Source: California Department of Education, Educational Demographics Unit.

(6) - Data Source: State of California, Employment Development Department as of June 30 of each fiscal year.

(7) - Estimate

(8) - Forecast

ORANGE COUNTY SANITATION DISTRICT

Estimated Population Served by the
Orange County Sanitation District
June 30, 2024

	Population as of January 1, 2024
Anaheim	340,160
Brea	47,725
Buena Park	82,689
Costa Mesa	109,423
Cypress	49,345
Fountain Valley	56,333
Fullerton	140,311
Garden Grove	171,024
Huntington Beach	192,503
Irvine	314,550
La Habra	60,901
La Palma	15,071
Los Alamitos	11,947
Newport Beach	82,419
Orange	138,621
Placentia	52,226
Santa Ana	310,797
Seal Beach	24,350
Stanton	40,297
Tustin	78,844
Villa Park	5,705
Westminster	89,490
Yorba Linda	66,087
Subtotal Cities ⁽¹⁾	<u>2,480,818</u>
Estimated Population Served in Unincorporated Areas ⁽²⁾	<u>69,287</u>
	<u><u>2,550,105</u></u>

Data Sources

(1) Demographic Research Unit, State of California Department of Finance

(2) Center for Demographic Research, California State University, Fullerton.

ORANGE COUNTY SANITATION DISTRICT
Principal Orange County Employers (1)
For the Current Fiscal Year and Nine Years Ago

<u>Employers</u>	<u>Fiscal Year Ended 6/30/24</u>			<u>Fiscal Year Ended 6/30/15</u>		
	<u>Number of Employees (2)</u>	<u>Rank</u>	<u>Percentage of Total County Employment (3)</u>	<u>Number of Employees (4)</u>	<u>Rank</u>	<u>Percentage of Total County Employment (5)</u>
Disneyland Resort	34,000	1	2.25%	27,000	1	1.76%
University of California, Irvine	26,072	2	1.72%	22,385	2	1.46%
Providence South Division	23,632	3	1.56%	12,227	4	0.80%
County of Orange	18,000	4	1.19%	18,135	3	1.18%
Kaiser Permanente	10,293	5	0.68%	7,000	5	0.46%
Hoag Memorial Hospital	8,081	6	0.53%			
Albertsons Southern California	7,222	7	0.48%			
Allied Universal	6,145	8	0.41%			
MemorialCare	5,800	9	0.38%	5,650	8	0.37%
CHOC Hospital	5,462	10	0.36%			
The Boeing Company				6,890	6	0.45%
Walmart				6,000	7	0.39%
Bank of America Corp.				5,500	9	0.36%
Target Corp.				5,400	10	0.35%
Total	<u>144,707</u>		<u>9.56%</u>	<u>116,187</u>		<u>7.58%</u>

Notes & Data Sources

- (1) - Data is for the entire county of Orange.
- (2) - Data Source: Orange County Business Journal Book of Lists published November 2023
- (3) - Data Source: State of California, Employment Development Department
- Percentage is calculated by dividing employees by total employment of 1,512,500 as of June 2024.
- (4) - Data Sources: Orange County Business Journal Book of Lists published November 2014; County of Orange
- (5) - Data Source: State of California, Employment Development Department
- Percentage is calculated by dividing employees by total employment of 1,530,800 as of June 2015.

ORANGE COUNTY SANITATION DISTRICT

Operating Indicators

June 30, 2024

District Organization: The Orange County Sanitation District is one consolidated district made up of two revenue areas which service unincorporated county areas and twenty-three cities and related special districts, as follows:

Consolidated Revenue Area

Orange County (unincorporated areas)

Cities:

Anaheim	Huntington Beach	Santa Ana
Brea	Irvine	Seal Beach
Buena Park	La Habra	Stanton
Costa Mesa	La Palma	Tustin
Cypress	Los Alamitos	Villa Park
Fountain Valley	Newport Beach	Westminster
Fullerton	Orange	Yorba Linda
Garden Grove	Placentia	

Special Districts:

- Costa Mesa Sanitary District
- Midway City Sanitary District
- Yorba Linda Water District

Revenue Area No. 14

Orange County (unincorporated areas)

Cities:

- Irvine
- Orange
- Tustin

Special District:

- Irvine Ranch Water District

Governing Body:	25-member Board of Directors
Authorized Full-Time Equivalent Employees:	655
Operational Date:	July 1, 1954
Authority:	California Health & Safety Code Section 4700 et. seq.
Services:	Wastewater collection, treatment, and disposal
Service Area:	479 square miles
Population Served:	2.6 million
Total Miles of Sewers (including force mains):	388 miles
Reclamation Plants:	2
Outlying Pump Stations:	15

Wastewater System Treatment Capacities (Million Gallons per Day)

	<u>Actual Flows</u> FY23-24	<u>Existing Primary</u> <u>Treatment Capacity</u>	<u>Existing Secondary</u> <u>Treatment Capacity</u>
Plant 1	118	208	182
Plant 2	<u>75</u>	<u>168</u>	<u>150</u>
Total	<u>193</u>	<u>376</u>	<u>332</u>

Source: Orange County Sanitation District's Financial Management Division.

**ORANGE COUNTY SANITATION DISTRICT
OTHER DATA & TRENDS**

Information within this section consists of other data and trends including additional annual disclosures as required by the Orange County Sanitation District's debt covenants beyond what is allowed to be reported in the Statistical Section.

ORANGE COUNTY SANITATION DISTRICT

Cash and Investment Portfolio

As of June 30, 2024

	Shares Par	Cost Base	Market Value Base	% of Total	Net Unrealized Gain/(Loss) Base
INVESTMENT PORTFOLIO:					
CASH & CASH EQUIVALENTS (U.S. DOLLAR):					
COMMERCIAL PAPER	\$ 15,200,000	\$ 15,121,132	\$ 15,139,455	1.93%	\$ 18,323
ENERGY	3,751,000	3,730,670	3,734,196	0.48%	3,526
FINANCE	4,609,000	4,587,663	4,590,380	0.58%	2,717
FIRST AMERICAN SHORT TERM FDS	338,734	338,734	338,734	0.04%	-
U.S. AGENCY	30,000,000	29,775,331	29,792,550	3.79%	17,219
U.S. GOVERNMENT	22,050,000	21,924,384	21,937,185	2.79%	12,801
SUBTOTAL - CASH & CASH EQUIVALENTS	<u>75,948,734</u>	<u>75,477,914</u>	<u>75,532,500</u>	<u>9.62%</u>	<u>54,586</u>
FIXED INCOME SECURITIES (U.S. DOLLAR):					
COMMERCIAL PAPER	2,250,000	2,217,900	2,221,042	0.28%	3,142
CONSUMER DISCRETIONARY	17,000,000	17,069,873	16,497,710	2.10%	(572,163)
CONSUMER STAPLES	6,720,000	6,711,547	6,470,489	0.82%	(241,058)
CONVERTIBLE BONDS	1,500,000	1,480,320	1,530,360	0.19%	50,040
FINANCE	111,130,000	110,115,154	106,957,567	13.62%	(3,157,587)
HEALTH CARE	21,000,000	20,972,142	20,626,270	2.63%	(345,872)
INFORMATION TECHNOLOGY	10,000,000	10,598,452	9,834,760	1.25%	(763,692)
MTG RELATED SECURITY	61,640,205	61,758,304	60,296,215	7.68%	(1,462,089)
PRIVATE PLACEMENTS	20,165,000	20,051,426	19,143,864	2.44%	(907,562)
SUPRANATIONAL	69,045,000	67,887,347	66,019,940	8.41%	(1,867,407)
TELECOMMUNICATION SERVICES	5,000,000	4,785,920	4,749,750	0.60%	(36,170)
U.S. AGENCY	95,575,000	94,165,903	90,725,276	11.55%	(3,440,627)
U.S. GOVERNMENT	306,352,029	302,733,700	294,423,496	37.50%	(8,310,204)
U.S. GOVERNMENT TIPS	4,753,188	4,684,689	4,750,146	0.61%	65,457
UTILITY	5,735,000	5,736,523	5,523,264	0.70%	(213,259)
SUBTOTAL - FIXED INCOME SECURITIES	<u>737,865,422</u>	<u>730,969,200</u>	<u>709,770,149</u>	<u>90.38%</u>	<u>(21,199,051)</u>
TOTAL INVESTMENT PORTFOLIO	<u>\$ 813,814,156</u>	<u>806,447,114</u>	<u>785,302,649</u>	<u>100.00%</u>	<u>\$ (21,144,465)</u>
DEMAND DEPOSITS AND CASH ON HAND		4,179,943	4,179,943		
MONIES HELD WITH FISCAL AGENTS		346,586	346,586		
MONIES WITH THE LOCAL AGENCY INVESTMENT FUND		43,535,396	43,375,013		
MONIES WITH THE SECTION 115 TRUST		15,134,972	15,743,872		
TOTAL CASH AND INVESTMENTS		<u>\$ 869,644,011</u>	<u>\$ 848,948,063</u>		

ORANGE COUNTY SANITATION DISTRICT
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

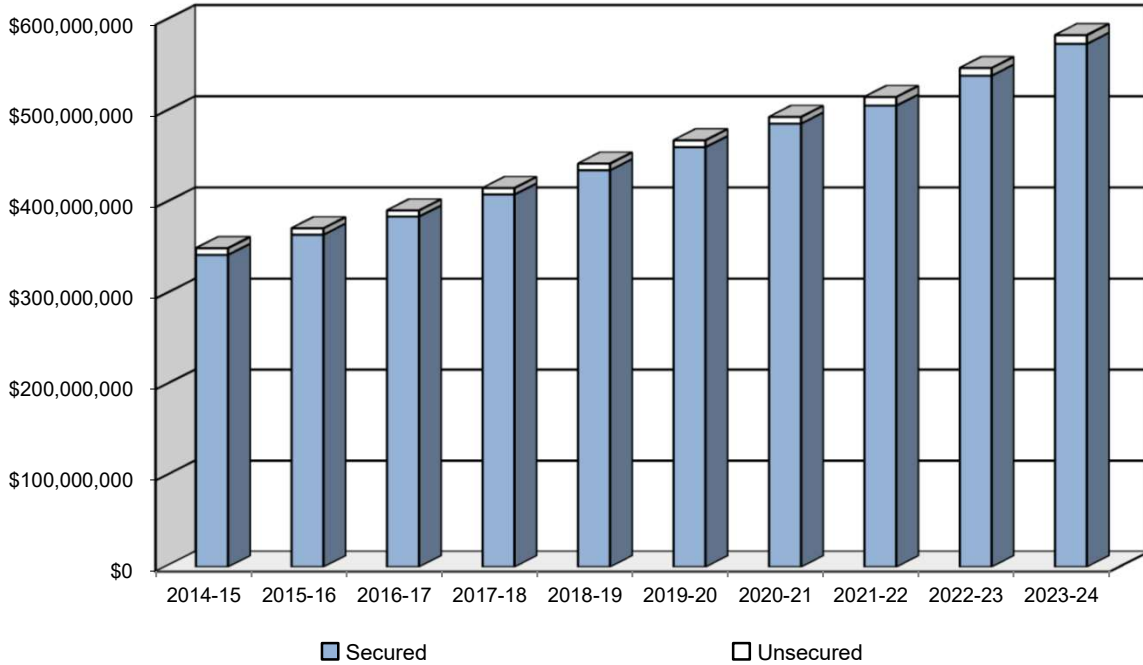
Fiscal Year	Tax Rate			OC San's Average Share of Basic Levy
	Basic Levy	OC San 1958 General Obligation Bonds	Total Tax Rate	
2014-15	1.00%	0.00%	1.00%	1.63%
2015-16	1.00%	0.00%	1.00%	1.62%
2016-17	1.00%	0.00%	1.00%	1.61%
2017-18	1.00%	0.00%	1.00%	1.59%
2018-19	1.00%	0.00%	1.00%	1.59%
2019-20	1.00%	0.00%	1.00%	1.58%
2020-21	1.00%	0.00%	1.00%	1.59%
2021-22	1.00%	0.00%	1.00%	1.61%
2022-23	1.00%	0.00%	1.00%	1.59%
2023-24	1.00%	0.00%	1.00%	1.59%

Notes

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount of assessed value. This 1.00% is shared by all taxing agencies within which the subject property resides. In addition to the 1.00% fixed amount, property owners were charged taxes as a percentage of assessed property values for the payment of OC San general obligation bonds (which were paid in full in fiscal year 1998-99).

Source: Orange County Auditor-Controller's Office.

ORANGE COUNTY SANITATION DISTRICT
 Assessed and Estimated Actual Value of Taxable Property
 (Dollars In Thousands)
 Last Ten Fiscal Years

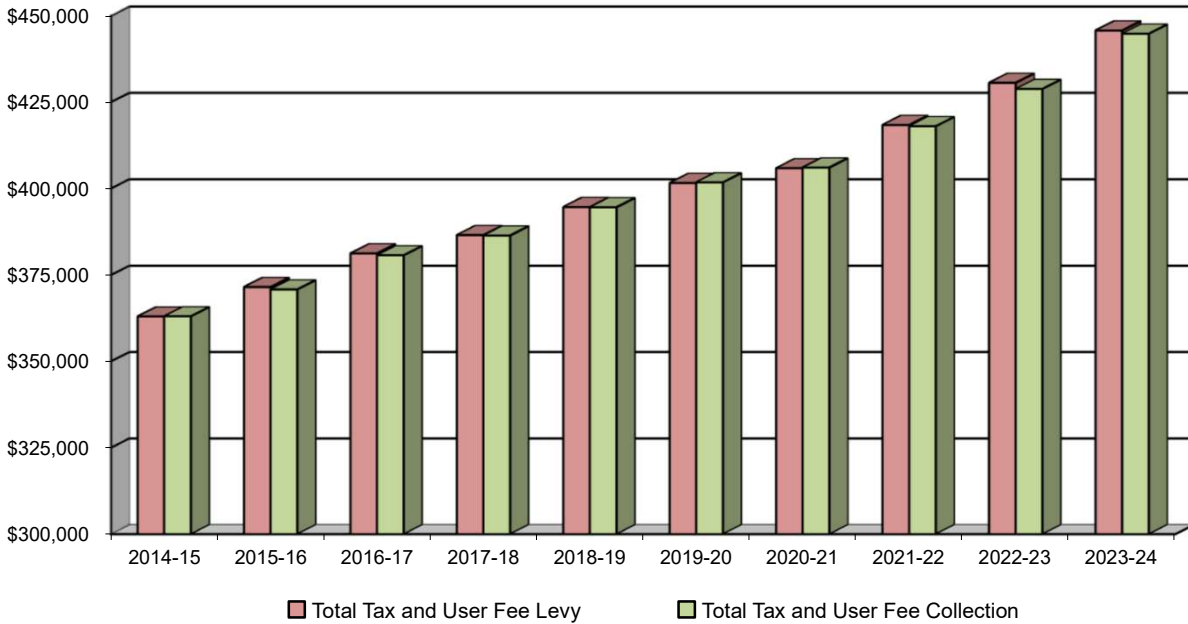


Fiscal Year	Secured	Unsecured	Total	Percent Change in Assessed Value
2014-15	\$ 343,102,030	\$ 7,378,643	\$ 350,480,673	6.44%
2015-16	365,267,850	6,936,768	372,204,618	6.20%
2016-17	385,137,024	6,642,312	391,779,336	5.26%
2017-18	409,310,248	6,990,609	416,300,857	6.26%
2018-19	435,911,818	7,213,037	443,124,855	6.44%
2019-20	461,217,033	7,489,937	468,706,970	5.77%
2020-21	486,958,908	7,289,732	494,248,640	5.45%
2021-22	506,709,716	9,445,337	516,155,053	4.43%
2022-23	539,539,856	8,340,728	547,880,584	6.15%
2023-24	574,442,193	9,531,540	583,973,733	6.59%

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 which is limited to a maximum increase of 2%. With a 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. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above. Consequently, the assessed and estimated values are the same.

Source: Orange County Auditor-Controller's Office.

ORANGE COUNTY SANITATION DISTRICT
Property Tax and User Fee Levies and Collections
(Dollars in Thousands)
Last Ten Fiscal Years



Fiscal Year	Total Tax and User Fee Levy	Current Tax and User Fee Collection	Percent of Levy Collected	Delinquent Collection	Total Tax and User Fee Collection	% of Total Collection to Levy	Outstanding Delinquencies	% of Delinquencies to Levy	(1) Pass-Through Payments
2014-15	\$362,978	\$ 362,927	99.99	\$ 108	\$ 363,035	100.02	\$ 51	0.01	\$ 8,447 (2)
2015-16	371,502	370,170	99.64	637	370,807	99.81	1,332	0.36	9,199 (2)
2016-17	381,226	380,078	99.70	608	380,686	99.86	1,148	0.30	9,751
2017-18	386,538	385,673	99.78	741	386,414	99.97	865	0.22	11,353
2018-19	394,641	393,809	99.79	786	394,595	99.99	832	0.21	12,524
2019-20	401,604	400,865	99.82	931	401,796	100.05	739	0.18	13,469
2020-21	405,878	405,053	99.80	1,035	406,088	100.05	825	0.20	15,034
2021-22	418,400	416,869	99.63	1,177	418,046	99.92	1,531	0.37	18,433
2022-23	430,603	428,681	99.55	143	428,824	99.59	1,922	0.45	18,903
2023-24	445,733	444,560	99.74	242	444,802	99.79	1,173	0.26	20,460

Notes

(1) Upon dissolution of California redevelopment agencies during fiscal year 2011-12, property tax increment formerly remitted to OC San by its member city redevelopment agencies was instead deposited into the newly formed Redevelopment Property Tax Trust Fund (RPTTF) from which the Auditor-Controller makes disbursements on behalf of the successor agencies. There is no tax levy associated with these collections; thus, they have been excluded from the "% of Total Collection to Levy" calculation.

(2) In fiscal year 2014-15 and 2015-16, the County did not bill user fees for wholly exempt agencies not subject to property taxes. In fiscal year 2014-15 and 2015-16, OC San internally billed user fees of \$5 million and \$4.5 million, respectively, to wholly exempt agencies. These amounts have been excluded from the levy and collection amounts above, as only tax and user fees included on County property tax billings are shown in this schedule.

Source: Orange County Auditor-Controller's Office.

ORANGE COUNTY SANITATION DISTRICT
Property Value and Construction
Covering The Entire County of Orange (1)
(Dollars In Thousands)
Last Ten Fiscal Years

Assessed Property Value (2)		Calendar Year	Non- Residential Construction (3)		Residential Construction (3)		Total Construction Value (3)
Fiscal Year	Value		Value	No. of Units	Value		
2014-15	\$ 476,303,290	2015	\$ 2,196,000	10,897	\$ 2,834,000	\$ 5,030,000	
2015-16	504,650,360	2016	2,487,000	12,134	3,160,000	5,647,000	
2016-17	531,052,158	2017	2,062,000	10,294	3,217,000	5,279,000	
2017-18	563,662,044	2018	3,507,000	8,105	2,776,000	6,283,000	
2018-19	598,901,016	2019	3,144,000	10,294	2,650,000	5,794,000	
2019-20	632,758,256	2020	1,929,000	5,907	1,884,000	3,813,000	
2020-21	663,241,179	2021	1,802,000	7,471	2,368,000	4,170,000	
2021-22	689,088,931	2022	1,868,000	6,483	2,195,000	4,063,000	
2022-23	733,634,516	2023	2,126,000	7,670	2,379,000	4,505,000 (4)	
2023-24	778,720,416	2024	1,910,000	7,142	2,243,000	4,153,000 (5)	

Notes and Data Sources

(1) - The Orange County Sanitation District services 479 square miles or 60% of the total 799.8 square miles that make up the boundaries of Orange County.

(2) - Data Source: Orange County Auditor-Controller's Office.

(3) - Data Source: A. Gary Anderson Center for Economic Research, Chapman University.

(4) - Estimate

(5) - Forecast

ORANGE COUNTY SANITATION DISTRICT

Insurance in Force
As of June 30, 2024

Type	Insurer	Deductible	Limit
<u>All-Risk Property</u>			
Fire and Other Perils	Public Entity Property Insurance Program (multiple insurers)	\$500,000 per occurrence	\$1 billion / occurrence
Flood	Public Entity Property Insurance Program	\$1 million per occurrence	\$25 million / occurrence
Boiler & Machinery	Public Entity Property Insurance Program (multiple insurers)	\$25,000 to \$350,000	\$100 million / occurrence
<u>Earthquake</u> (certain structures only)	Multiple insurers	5% per structure, min. \$5 million	\$25 million
<u>Crime Insurance</u>	Alliant Crime Insurance Program	\$25,000	\$5 million
<u>Excess General Liability</u>	Great American Insurance Co. (first \$10 million layer); Gemini Insurance Co. ((\$15 million layer, excess \$10 million) Arch Insurance Company ((\$5 million layer, excess \$25 million) Great American Insurance Co. ((\$10 million layer, excess \$30 million)	\$750,000	\$40 million / occurrence and annual aggregate
<u>Travel & Accident</u>	Federal Insurance Co.	None	Accidental Death & Dismemberment Class 1: Elected Officials \$500,000 per occurrence Class 2: Employees 10X annual 10X annual salary, up to \$500,000 per occurrence
<u>Excess Workers' Compensation</u>	Public Risk Innovation, Solutions, and Management (PRISM)	\$1 million each accident	Unlimited statutory coverage each accident, each employee \$4 million employer's liability
<u>Pollution Liability</u>	Ironshore Specialty Insurance Co.	\$250,000	\$10 million per loss
<u>Watercraft Liability</u>	Atlantic Specialty Insurance Co.	\$2,500 bodily injury \$10,000 all other	\$10 million
Hull & Machinery	Atlantic Specialty Insurance Co.	\$10,000	\$600,000
Pollution Liability	Great American Insurance Co.	\$25,000	\$5 million

Source: Orange County Sanitation District's Financial Management Division.

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**ORANGE COUNTY SANITATION DISTRICT
FINANCIAL MANAGEMENT DIVISION**

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06/30/24