

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

DavisFarr
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Independent Auditor's Report

Municipal Water District of Orange County
Board of Directors
Fountain Valley, California

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As described further in note 1 to the financial statements, during the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101: *Compensated Absences.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of Changes in Net OPEB Liability(asset) and Related Ratios, Schedule of OPEB Contributions, Notes to Schedule for OPEB, Cost Sharing Retirement Plan: Schedule of the District's Proportionate Share of the Net Pension Liability, and Cost Sharing Retirement Plan: Schedule of Contributions* 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.

Report on Summarized Comparative Information

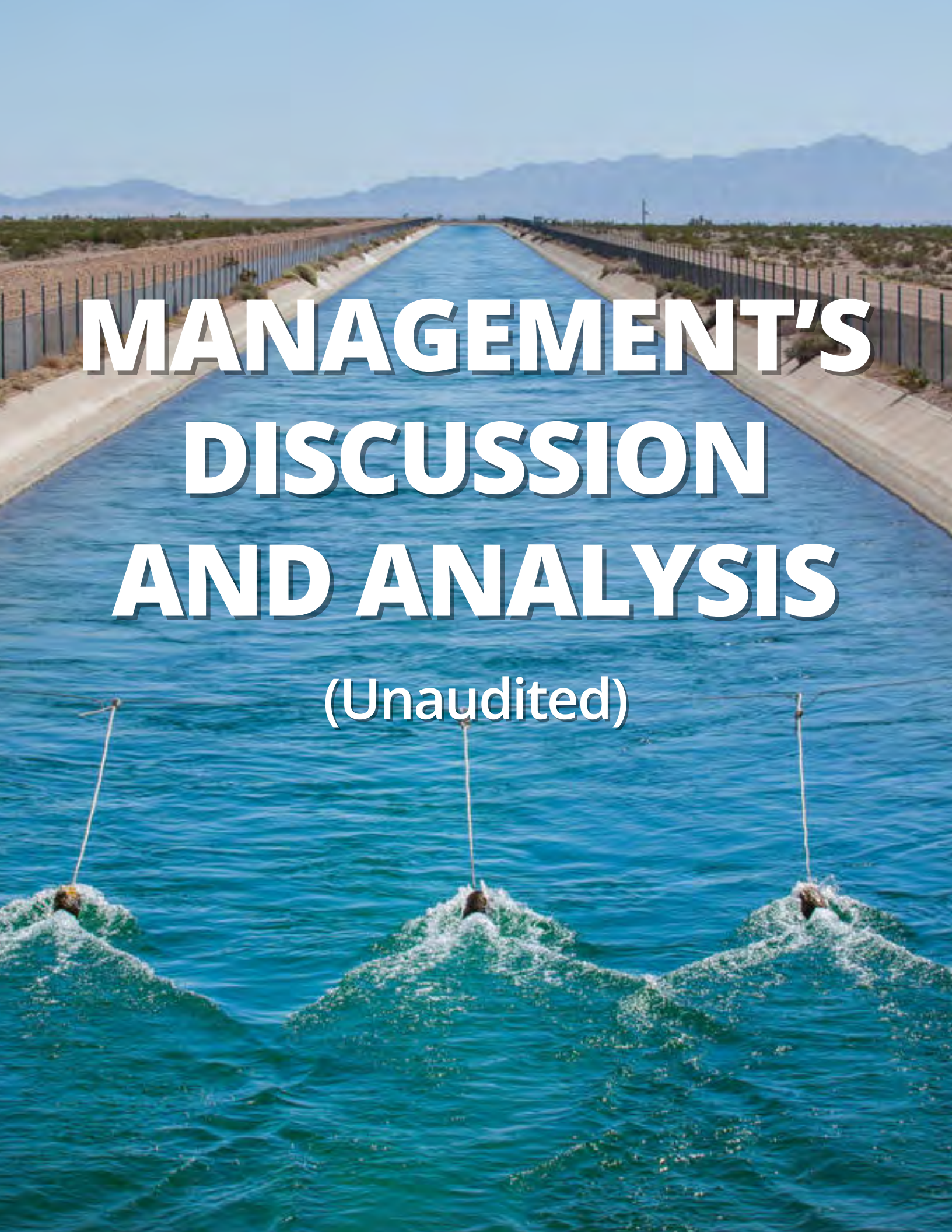
We have previously audited the Municipal Water District of Orange County's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 3, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
December 3, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2025

The following is a brief discussion of the Municipal Water District of Orange County's (District) activities and financial performance for the year ended June 30, 2025. Please read it in conjunction with the District's basic financial statements and accompanying notes, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's revenues were $221.2 million in FY 2024-25, compared to $145.1 million in the prior fiscal year, a 52.5% increase.
- The District's expenses were $220.3 million in FY 2024-25, compared to $143.6 million in the prior fiscal year, a 53.3% increase.
- The District's assets at June 30, 2025, were $52.8 million, a 17.3% increase compared to total assets of $45.0 million at June 30, 2024.
- The District's liabilities at June 30, 2025, were $39.4 million, a 19.2% increase compared to total liabilities of $33.0 million at June 30, 2024.
- The District's net position at June 30, 2025, was $15.2 million, a 6.5% increase compared to net position of $14.3 million at June 30, 2024.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's financial statements, prepared in accordance with generally accepted accounting principles (GAAP), offer key, high-level financial information about the District's activities during the reporting period. The financial statements of the District consist of three interrelated statements designed to provide the reader with relevant information on the District's financial condition and operating results. These statements offer short-term and long-term financial information about the District's activities utilizing the full accrual basis of accounting.

The *Statement of Net Position* includes all of the District's assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference being reported as Net Position. It also provides the basis for computing the rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the District.

All the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Position*. This statement measures the District's operations over the past year and can be used to determine whether the District has successfully recovered all its projected costs through its rates and other service-related charges.

The final required financial statement is the *Statement of Cash Flows*. It presents information about the District's cash receipts and payments during the reporting period, classified as cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities. This statement also provides comparative information on the sources and uses of the District's cash during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is: "Is the District, as a whole, financially better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report on the net position of the District and changes in them. You can think of the District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) as one way to measure financial health or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in economic conditions, population growth, changes in rates and charges, and new or changed government legislation or accounting standards.

STATEMENT OF NET POSITION

Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Over time, it may serve as a useful indicator of a government's financial position. The following is a summary of the District's Statement of Net Position.

TABLE 1
Condensed Statements of Net Positions
(In thousands of dollars)
June 30:

	FY 2025	FY 2024	Variance	Total Percent Change
Current Restricted Assets	$ 5,211	$ 3,973	$ 1,238	31.2%
Current Unrestricted Assets	43,087	36,584	6,503	17.8%
Capital Assets	3,778	3,642	136	3.7%
Other Assets	724	797	(73)	(9.2%)
Total Assets	**52,800**	**44,996**	**7,804**	**17.3%**
Deferred Outflows of Resources	**2,167**	**2,705**	**(538)**	**(19.9%)**
Current Liabilities Payable from Restricted Assets	620	841	(221)	(26.3%)
Current Liabilities Payable from Unrestricted Liabilities	35,157	28,043	7,114	25.4%
Noncurrent Unrestricted Liabilities	3,584	4,131	(547)	(13.2%)
Total Liabilities	**39,361**	**33,015**	**6,346**	**19.2%**
Deferred Inflows of Resources	**362**	**373**	**(11)**	**(2.9%)**
Net Position:				
Net Investment in Capital Assets	3,778	3,642	136	3.7%
Restricted for Trustee Activities	4,591	3,132	1,459	46.6%
Unrestricted	6,875	7,539	(664)	(8.8%)
Total Net Position	**$ 15,244**	**$ 14,313**	**$ 931**	**6.5%**

- Total Assets increased primarily due to elevated water sales billings and the timing of project reimbursements and restricted fund collections received before the fiscal year end.

- Total Liabilities increased mainly from higher accounts payable tied to increased water purchase costs and participation in MET's Reverse Cyclic Program, which resulted in a water inventory purchase. The change aligns with higher water billing activity at year's end.

- Total Net Position increased primarily due to a rise in higher restricted cash from end-of-year early water payments and interest revenue on investment balances.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

While the Statement of Net Position shows the financial position at year-end, the Statement of Revenues, Expenses and Changes in Net Position provides information as to the results of operations of the District during the year. The District reported an increase in net position of $930 thousand for the year ended June 30, 2025, as compared to $1.4 million for the year ended June 30, 2024. The following is a summary of the change in the District's net position.

TABLE 2
Condensed Statements of Revenues
Expenses, and Changes in Net Position
(In thousands of dollars)

	FY 2025	FY 2024	Variance	Total Percent Change
Water Sales	$ 213,421	$ 139,830	$ 73,591	52.6%
Special Project Revenues	6,339	5,510	829	15.0%
Non-operating Revenues/(Expenses)	1,429	(285)	1,714	(601.4%)
Total Revenues	**221,189**	**145,055**	**76,134**	**52.5%**
Operating Expenses	213,616	137,813	75,803	55.0%
Special Projects Expenses	6,339	5,510	829	15.0%
Depreciation Expense	304	339	(35)	(10.3%)
Total Expenses	**220,259**	**143,662**	**76,597**	**53.3%**
Change in Net Position	**930**	**1,393**	**(463)**	**(33.2%)**
Beginning Net Position	**14,313**	**12,920**	**1,393**	**10.8%**
Ending Net Position	**$ 15,243**	**$ 14,313**	**$ 930**	**6.5%**

The sources of change in net position are the following:

- Water Sales Revenues and Operating Expenses are higher due to increased water sales for the whole fiscal year.
- Special Projects Revenue and Expense are higher due to increased conservation and federal grant activity in conservation rebates.
- Non-operating Revenues/(Expenses) are higher due to an increase in interest revenue, and last fiscal year, we issued a refund to Member Agencies.

CAPITAL ASSETS

The following is a summary of the District's capital assets at June 30, 2025, and June 30, 2024.

TABLE 3
Capital Assets
(In thousands of dollars)

	FY 2025	FY 2024	Variance	Total Percent Change
Leasehold Improvements	$ 7,119	$ 7,011	$ 108	1.5%
Furniture, Equipment & Computer Equipment	1,054	724	330	45.6%
Subtotal	**8,173**	**7,735**	**438**	**5.7%**
Less Accumulated Depreciation	**(4,395)**	**(4,092)**	**(303)**	**7.4%**
Net Capital Assets	**$ 3,778**	**$ 3,643**	**$ 135**	**3.7%**

The District acquired WEROC's Mobile EOC, Water Loss Control's Real-Time Water Leak Correlator, and completed a Network Switch Upgrade Project. Additional information regarding capital assets is available in Notes 1 and 4 of the financial statements.

DEBT ADMINISTRATION

The District had no debt outstanding as of June 30, 2025. The District does not plan to issue new debt in the year ending June 30, 2026.

BUDGETARY HIGHLIGHTS

The District is governed by a Board of Directors consisting of seven elected members. The Board adopts an annual appropriated budget prior to the start of the fiscal year. The Budget may be revised by Board action during the fiscal year. All amendments to the budget, or transfers of operating budget appropriations to or from reserve accounts, require Board notification. The General Manager is authorized to transfer budget amounts within programs and cost centers. The legal level of budgetary control is at the total fund level. An actual vs. budget comparison schedule for FY 2024-25 is presented in Table 4 to demonstrate compliance with the adopted budget.

TABLE 4
FY 2025 Actual vs Budget
(In thousands of dollars)

	Actual	Budget	Variance	Total Percent Change
Revenues:				
From Operations	$ 219,760	$ 231,427	$ (11,667)	(5.0%)
Non-operating Revenues/(Expenses)	1,429	822	607	73.8%
Total Revenues	**221,189**	**232,249**	**(11,060)**	**(4.8%)**
Expenses:				
From Operations				
Cost of Water	201,388	208,221	6,833	3.3%
Other Operating	18,567	24,077	5,510	22.9%
Depreciation	304	304	-	-
Total Expenses	**220,259**	**232,602**	**12,343**	**5.3%**
Change In Net Assets	**$ 930**	**$ (353)**	**$ 1,283**	**(363.5%)**

The variances for the budget to actual are as follows:

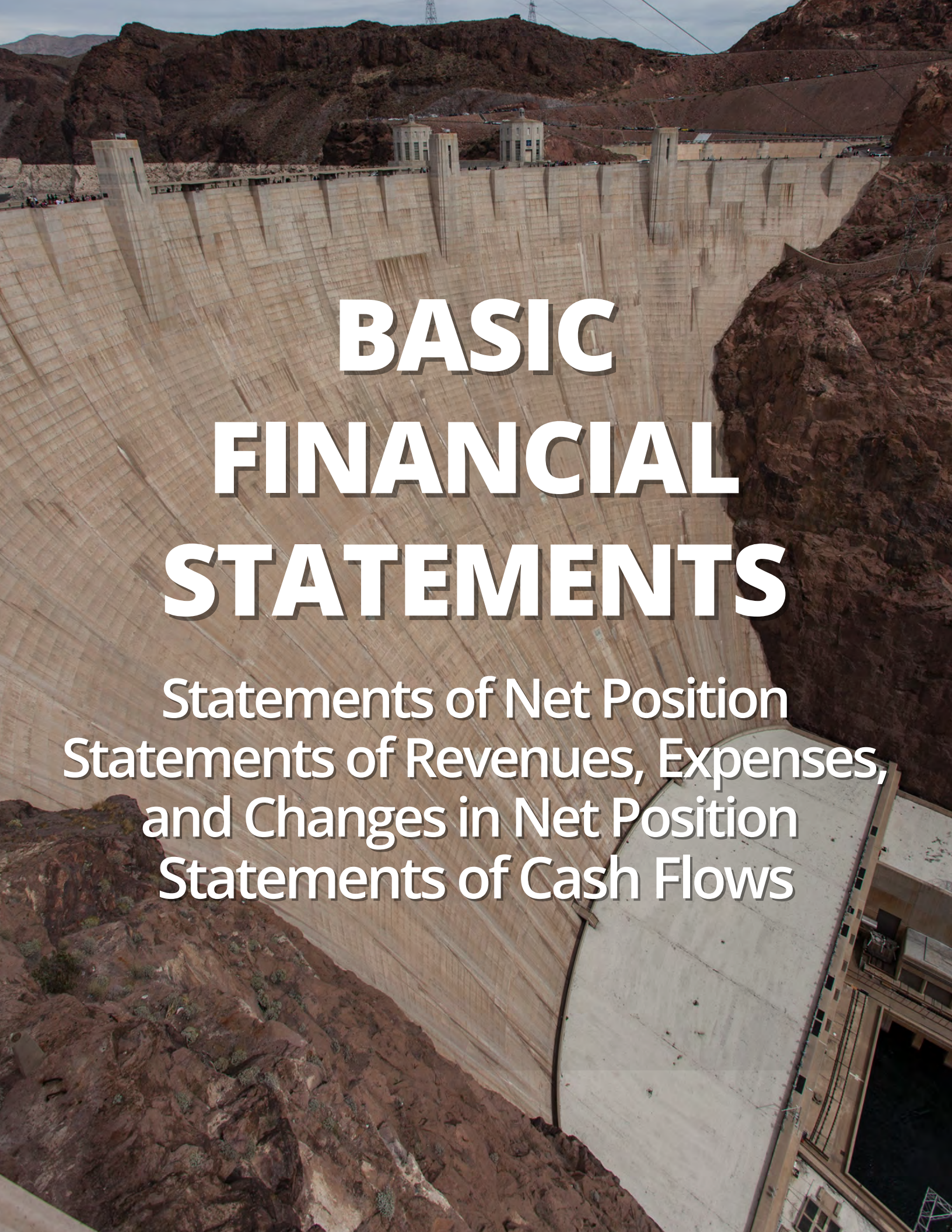
- Non-operating Revenues/Expenses were higher than budget, mainly due to increased interest earnings received during the fiscal year.
- Other Operating Expenses were lower than budget, mainly reflecting a decrease in grant-funded program activities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors during the preparation and approval of the annual budget for FY 2025-26. The budgeted operating expenses and revenues both total $219.9 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is intended to provide the Board of Directors, customers, taxpayers, creditors, and other interested parties with a general overview of the District's financial operations and condition as of and for the year ended June 30, 2025, and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional information, you may contact the Municipal Water District of Orange County, Finance Dept., at 18700 Ward Street, Unit B, Fountain Valley, CA 92708, (714) 963-3058. Or visit our website at www.mwdoc.com.



BASIC FINANCIAL STATEMENTS

Statements of Net Position
Statements of Revenues, Expenses, and Changes in Net Position
Statements of Cash Flows

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Net Position

June 30, 2025

(with comparative data as of June 30, 2024)

	2025	2024
ASSETS		
Current Assets:		
Restricted Assets (Note 3):		
Cash and Cash Equivalents (Note 2)	$ 1,291,599	$ 295,228
Investments (Note 2)	3,844,881	2,114,677
Accounts Receivable Other	74,414	1,562,776
Accrued Interest Receivable	219	220
Total Restricted Assets	5,211,113	3,972,901
Unrestricted Assets:		
Cash and Cash Equivalents (Note 2)	9,293,551	8,970,389
Investments (Note 2)	1,361,472	2,278,463
Water Inventory	622,976	-
Accounts Receivable:		
Water Sales	28,821,700	23,729,343
Other	2,630,740	1,172,521
Accrued Interest Receivable	168,938	199,335
Deposits and Prepaid Expenses	187,198	233,857
Total Unrestricted Assets	43,086,575	36,583,908
Total Current Assets	48,297,688	40,556,809
Noncurrent Assets:		
Unrestricted Assets:		
Capital Assets, Net (Note 4)	3,778,422	3,642,492
Net Other Post Employment Benefits (OPEB) Asset (Note 8)	723,792	797,144
Total Noncurrent Assets	4,502,214	4,439,636
TOTAL ASSETS	52,799,902	44,996,445
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount Related to Pensions (Note 7)	1,978,128	2,694,273
Deferred Amount Related to OPEB (Note 8)	188,814	10,660
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,166,942	2,704,933

See accompanying notes to basic financial statements

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Net Position (Continued)
June 30, 2025
(with comparative data as of June 30, 2024)

	2025	2024
LIABILITIES		
Current Liabilities:		
Payable from Restricted Assets		
Accrued Liabilities	$ 50,981	$ 424,592
Advances from Participants	569,399	416,393
Total Payable from Restricted Assets	620,380	840,985
Unrestricted Liabilities:		
Accounts Payable, Metropolitan Water District of Southern California	32,363,163	24,842,404
Accrued Liabilities	2,793,423	3,200,207
Total Unrestricted Liabilities	35,156,586	28,042,611
Total Current Liabilities	35,776,966	28,883,596
Noncurrent Liabilities:		
Unrestricted Liabilities:		
Net Pension Liability (Note 7)	3,583,673	4,131,092
Total Noncurrent Liabilities	3,583,673	4,131,092
TOTAL LIABILITIES	39,360,639	33,014,688
DEFERRED INFLOWS OF RESOURCES		
Deferred Amount Related to Pensions (Note 7)	207,812	145,973
Deferred Amount Related to OPEB (Note 8)	154,647	227,213
TOTAL DEFERRED INFLOWS OF RESOURCES	362,459	373,186
NET POSITION		
Investment in Capital Assets	3,778,422	3,642,492
Restricted	4,590,733	3,131,916
Unrestricted	6,874,591	7,539,096
TOTAL NET POSITION	$ 15,243,746	$ 14,313,504

See accompanying notes to basic financial statements

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2025
(with comparative data as of June 30, 2024)

	2025	2024
Operating Revenues:		
Water Sales	$ 213,420,966	$ 139,829,601
Special Projects Revenue	5,086,042	5,473,352
Grant Revenue	1,253,378	36,704
Total Operating Revenues	219,760,386	145,339,657
Operating Expenses:		
Cost of Water Sold	201,388,422	128,328,428
Salaries and Employee Benefits	7,636,435	5,995,337
General and Administrative	4,591,483	3,488,755
Special Project Expenses	6,339,420	5,510,056
Depreciation	303,743	338,747
Total Operating Expenses	220,259,503	143,661,323
Operating Income	(499,117)	1,678,334
Nonoperating Revenues/(Expenses):		
Investment Income/(Loss)	1,422,118	1,159,074
Other Income	7,241	12,937
Other Expenses - Refund to Member Agencies (Note 10)	-	(1,456,950)
Total Nonoperating Revenues/(Expenses)	1,429,359	(284,939)
Change in Net Position	930,242	1,393,395
NET POSITION - BEGINNING OF YEAR	14,313,504	12,920,109
NET POSITION - END OF YEAR	$ 15,243,746	$ 14,313,504

See accompanying notes to basic financial statements

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2025

(with comparative data for the Year Ended June 30, 2024)

	2025	2024
Cash Flows from Operating Activities:		
Cash received from member agencies-water deliveries	$ 208,328,609	$ 134,699,758
Cash (payments) to Metropolitan Water District of Southern California	(193,867,663)	(122,386,579)
Cash (payments) for salaries and employee benefits	(7,583,238)	(6,481,988)
Cash (payments) for general and administrative expenses	(4,951,608)	(3,167,067)
Cash received from special projects	5,995,952	6,493,407
Cash (payments) for special projects	(6,186,414)	(6,148,507)
Cash (payments) for Water Inventory	(622,976)	-
Cash payment to Member Agencies (Note 10)	-	(1,456,950)
Other income	7,241	12,937
Net Cash Provided (Used) by Operating Activities	1,119,903	1,565,011
Cash Flows from Capital and Related Financing Activity:		
Acquisition of capital assets	(439,673)	(103,901)
Cash Used by Capital and Related Financing Activity	(439,673)	(103,901)
Cash Flows from Investment Activities:		
Investment income	1,422,118	1,159,074
Investments matured/(purchased)	947,389	533,436
Cash Provided (Used) by Investment Activities	2,369,507	1,692,510
Net increase (decrease) in cash and cash equivalents	3,049,737	3,153,620
Cash and Cash equivalents at beginning of year	11,380,294	8,226,674
Cash and Cash Equivalents at End of Year	$ 14,430,031	$ 11,380,294
Financial Statement Presentation:		
Cash and Cash Equivalents (Restricted)	$ 5,136,480	$ 2,409,905
Cash and Cash Equivalents (Unrestricted)	9,293,551	8,970,389
Totals	$ 14,430,031	$ 11,380,294

See accompanying notes to basic financial statements.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2025

(with comparative data for the Year Ended June 30, 2024)

	2025	2024
Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (499,117)	$ 1,678,334
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	303,743	338,747
Other Income	7,241	12,937
Other Expenses	-	(1,456,950)
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable - Water Sales	(5,092,357)	(5,129,843)
(Increase)/Decrease in Accounts Receivable - Other	(1,458,219)	(713,825)
(Increase)/Decrease in Deposits and Prepaid Expenses	46,659	(64,014)
(Increase)/Decrease in Net OPEB asset	73,352	(594,196)
(Increase)/Decrease in Water Inventory	(622,976)	-
(Increase)/Decrease in Accounts Receivable - Special Projects	1,488,362	607,171
(Increase)/Decrease in Deferred Outflows - Pension/OPEB Related	537,991	(351,051)
Increase/(Decrease) in Accrued and Other Liabilities	(406,784)	1,099,527
Increase/(Decrease) in Restricted Accrued Liabilities	(373,611)	376,180
Increase/(Decrease) in Advances from Participants	153,006	(638,451)
Increase/(Decrease) in Accounts Payable to Metropolitan Water District of Southern California	7,520,759	5,941,849
Increase/(Decrease) in Net Pension Liability	(547,419)	518,468
Increase/(Decrease) in Deferred Inflows - Pension/OPEB Related	(10,727)	(59,872)
Total Adjustments	1,619,020	(113,323)
Net Cash Provided by Operating Activities	$ 1,119,903	$ 1,565,011
Noncash investing activity:		
Unrealized gain/(loss) on investments	$ 147,767	$ 153,101
Total noncash investing activity	$ 147,767	$ 153,101

See accompanying notes to basic financial statements.



NOTES TO BASIC FINANCIAL STATEMENTS

(1) Organization and Summary of Significant Accounting Policies

Reporting Entity

The Municipal Water District of Orange County (the District) was established on January 11, 1951, under the Municipal Water District Act of 1911. The District is a wholesale water supplier and resource planning agency that serves all of Orange County through 27 cities and water agencies (except the Cities of Anaheim, Fullerton, and Santa Ana, which are independent member agencies of the Metropolitan Water District of Southern California (Metropolitan). As a public agency member of Metropolitan, the District purchases imported water from Metropolitan and provides water to the District's 27 member agencies, which provide retail or wholesale water services to nearly 2.36 million residents within the District's service area of approximately 600 square miles. The District's primary sources of water from Metropolitan are the California State Water Project (SWP) and the Colorado River Aqueduct.

The District is an independent special district of the State of California governed by an elected seven-member board. In January 2001, the District merged with the Coastal Municipal Water District (Coastal) under the recommendation of the Local Agency Formation Commission of Orange County (LAFCO) as part of an effort to streamline local government. The consolidation of the two agencies allows the new district to provide wholesale water services more efficiently, benefiting residents living throughout the service area.

The District's reporting entity includes the accounts of the District and the Municipal Water District of Orange County Water Facilities Corporation (WFC). Formed as a separate California nonprofit corporation on April 20, 1978, to assist in the financing of the Allen-McColloch Pipeline (AMP) and the Flow Augmentation Project (FAP), the WFC has no employees. The WFC is governed by a seven-member board comprised of the District's board members. The WFC had no activity or balances for the year ended June 30, 2025, and is kept active for potential future financing arrangements. WFC is a blended component unit of the District, which has operational responsibility for it.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The Basis of Accounting refers to the method of recording transactions, regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Under the economic resources measurement focus, all assets, deferred inflows and outflows of resources, and liabilities (whether current or noncurrent) associated with these activities are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows.

Basic Financial Statements

The District's basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Basic Financial Statements.

(1) Organization and Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

The District's basic financial statements have been prepared on the accrual basis of accounting and are presented on an economic measurement focus reporting all economic resources and obligations as of and for the year ended June 30, 2025.

Net Position

In the Statement of Net Position, net position is classified in the following categories:

- Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets as applicable.

- Restricted net position – This amount consists of restricted assets reduced by liabilities. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported or a resource subject to constraints that are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net position – This amount is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available, the District's policy is to use restricted resources first, followed by unrestricted resources, as needed.

Operating and Nonoperating Revenues and Expenses

The District's primary purpose is to provide a dependable wholesale supply of imported water for its 27 member agencies. Accordingly, operating revenues, such as water sales, result from exchange transactions associated with the District's principal activity: the purchase and resale of imported water to the District's member agencies.

Revenues from federal and state grants, reimbursements from participants, and special projects, along with special project expenses, are defined as operating revenues and expenses, respectively. Nonoperating revenues consist of investment income and other miscellaneous income.

(1) Organization and Summary of Significant Accounting Policies (Continued)

Water Sales and Cost of Water Sold

Historically, the District's primary source of revenue has been from the resale of imported water to the District's 27 member agencies located in Orange County. Based on Metropolitan's cost of water, each year, Metropolitan's Board of Directors approves water rates comprised of a capacity charge, a readiness-to-serve charge, and a per-acre-foot charge. Metropolitan's rates are based on cost-of-service studies conducted biennially. Water rates are not subject to regulation by the California Public Utilities Commission or by any other local, state, or federal agency. Revenue from water sales is recognized on an accrual basis as water is delivered.

The District's revenue is derived from a per-retail-meter connection charge and a groundwater customer charge. Choice services are charged directly to the agencies as a "fee for service" on a subscription basis. The member agencies also pay for the resale of imported water in addition to the other charges noted.

Investments

Fair Value Measurements

The District categorizes the fair value measurements of its investments in accordance with the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investment policy and delegation of investment authority are reviewed and approved each year by the Board of Directors. The investment policy authorizes the Treasurer to invest, reinvest, sell, or exchange permitted fixed income securities in accordance with the California Government Code. Investment income from restricted assets remains restricted.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and short-term, highly liquid investments (i.e., Local Agency Investment Fund and California Asset Management Program) that are readily convertible to cash.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management believes all accounts receivable are collectible. In the event that any accounts receivable are determined to be uncollectible, an allowance is recorded.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and a useful life greater than one (1) year. Upon retirement, sale, or other disposition of capital assets, the cost and related accumulated depreciation are removed from their respective accounts, and any gains or losses are recognized. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which ranges from 3 to 10 years for furniture, fixtures, and equipment, and up to 30 years for leasehold improvements.

(1) Organization and Summary of Significant Accounting Policies (Continued)

Deposits and Prepaid Expenses

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

Deferred Outflows and Inflows of Resources

The District reported deferred outflows and inflows of resources related to pensions and OPEB. A deferred outflow of resources is the District's consumption of net position that is applicable to a future reporting period. A deferred inflow of resources represents the district's acquisition of a net position that is applicable to a future period. Refer to Note 7 and 8 for items identified as deferred inflows and outflows of resources as of June 30, 2025.

Compensated Absences

As vacation leave is a vested employee benefit, the District is obligated to compensate employees for all earned but unused vacation days. Employee vacation days are accrued each pay period and reported as accrued liabilities. Depending on the length of employment, employees earn between 10 and 21 vacation days per year. Accumulated vacation days may not exceed 2 times the number of days earned per year without the prior approval of the General Manager. Sick leave time is a non-vested employee benefit (i.e., accumulated sick leave is not payable in the event of employee termination), is considered a contingent liability, and is reflected in the accompanying financial statements.

The District implemented GASB Statement No. 101: Compensating Absences, during the fiscal year ended June 30, 2025. This adjustment recognized vacation, admin, and sick leave and includes payroll taxes that have not been used but are more likely than not to be used or settled in the future.

Unearned Revenue / Advances from Participants

Unearned revenue and advances from participants represent grant and agency revenues received in advance of the recognition of the related expense.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

(1) Organization and Summary of Significant Accounting Policies (Continued)

for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates. Also, the preparation of financial statements inherently requires rounding and estimates. Management believes that any rounding differences are not material.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

(2) Cash and Investments

Cash and investments at June 30, 2025, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents (restricted)	$	1,291,599
Cash and cash equivalents (unrestricted)		9,293,551
Investments (restricted)		3,844,881
Investments (unrestricted)		1,361,472
Total Cash and Investments	$	15,791,503

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

Cash on hand	$	500
Deposits with financial institutions		740,041
Investments		15,050,962
Total Cash and Investments	$	15,791,503

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy). The table also identifies certain provisions of the California Government Code (or the District's investment policy) that address interest rate risk and concentration of credit risk. The District's investment policy allows for funds to be divided into two categories.

(2) Cash and Investments (Continued)

The Operating Fund authorized investments are below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasuries	5 years	100%	100%
U.S. Government Agencies	5 years	100%	50%
Corporate Securities	5 years	30%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Bankers' Acceptances	180 days	40%	5%
Repurchase Agreements	1 year	20%	10%
Money Market Mutual Funds	N/A	20%	20%
Collective Investment Pool	N/A	20%	10%
County Investment Pool	N/A	100%	100%
State Investment Pool	N/A	100%	100%

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that a change in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater its sensitivity to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturity 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. Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is provided by the following table, which shows the distribution of the District's investments by maturity:

		Remaining Maturity (in Months)		
Investment Type	Total	12 Months or Less	13 to 24 Months	25-60 Months
Negotiable Certificate of Deposits	$ 1,649,252	$ -	$ 193,892	$ 1,455,360
Corporate Securities	1,191,401	991,295	200,106	-
US Government Issues	244,685	244,685	-	-
California Asset Management Program	4,501,883	4,501,883	-	-
State Investment Pool	5,059,359	5,059,359	-	-
PARS Section 115 Trust	2,404,382	2,404,382	-	-
	$ 15,050,962	$ 13,201,604	$ 393,998	$ 1,455,360

(2) Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will default on its obligations to the holder of the investment. This is measured by a rating assigned by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or District's investment policy, or debt agreements, and the actual rating by Standard and Poor's (S&P) as of the year-end of each investment type. The District purchases all investments at the minimum rating, but some investments' ratings may downgrade during their life. However, the District's policy is to hold investments until maturity.

			Ratings as of Year End			
Investment Type	Total	Minimum Rating	AA+	A	A-**	Not Rated
Negotiable Certificate of Deposits	$ 1,649,252	N/A	$ -	$ -	$ -	$ 1,649,252
Corporate Securities	1,191,401	A	-	744,753	446,648	-
US Government Issues	244,685	A	244,685	-	-	-
California Asset Management Program	4,501,883	N/A	-	-	-	4,501,883
State Investment Pool	5,059,359	N/A	-	-	-	5,059,359
PARS Section 115 Trust	2,404,382	N/A	-	-	-	2,404,382
	$15,050,962		$244,685	$744,753	$446,648	$13,614,876

** Investments conformed to the District's Investment Policy at the time of acquisition

Disclosures Relating to Fair Value Measurement and Application

Investments categorized as Level 2 are valued using a market approach using quoted market prices. Values are determined using pricing and discounted cash flow models, incorporating management judgment and estimation. Uncategorized investments are not subject to fair value categorization.

The District had the following recurring fair value measurements as of June 30, 2025:

		Fair Value Application			
Investment Type	Total	1	2	3	Uncategorized
Negotiable Certificate of Deposits	$ 1,649,252	$ -	$1,649,252	$ -	$ -
Corporate Securities	1,191,401	-	1,191,401	-	-
US Government Issues	244,685	-	244,685	-	-
California Asset Management Program	4,501,883	-	-	-	4,501,883
State Investment Pool	5,059,359	-	-	-	5,059,359
PARS Section 115 Trust	2,404,382	-	-	-	2,404,382
	$15,050,962	$ -	$3,085,338	$ -	$ 11,965,624

(2) Cash and Investments (Continued)

Concentration of Credit Risk

The District's investment policy contains limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. At June 30, 2025, the District did not have investments in more than one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represented 5% or more of the District's total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, a government will not be able to recover its deposits or collateral securities held by an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities held by another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, except for the following provision for deposits.

The California Government Code requires a financial institution to secure a deposit made by a state or local governmental unit by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless the governmental unit waives this requirement). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. The Government Code also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, the District's deposits with financial institutions are covered by the Federal Deposit Insurance Corporation up to $250,000; the remaining amounts of $500,617 were collateralized as described above.

Investment in Public Agency Retirement Services

The District is a voluntary participant in Public Agency Retirement Services (PARS) with US Bank as our trustee and PFM Asset Management as our investment manager. The plan administrator is the District's General Manager. The District has an IRC Section 115 Irrevocable Exclusive Benefit Trust for pension and OPEB to supplement our liabilities. Govt Code Section 53216.6 and 53620 govern plan investments within the Trust. Our current investment strategy is Moderate Strategic Blend (Active) in a pooled account. The OPEB plan was established in July 2011, and the Pension plan was established in February 2018. Only the Pension plan is reported as Restricted Investments in these financial statements. Once contributions are placed in the PARS Trust, assets from the Trust can be used only for specific benefit plan purposes.

Investment in the State Investment Pool and California Asset Management Program

The District voluntarily participates in the State of California's Local Agency Investment Fund (LAIF), which operates under Government Code Section 16429 and is overseen by the State Treasurer. LAIF is a government-managed investment pool that is not registered with the Securities and Exchange Commission. Its management is subject to oversight by a committee composed of state officials and representatives from participating agencies. The day-to-day operations and administration of the fund are carried out by the State Treasurer's Office.

(2) Cash and Investments (Continued)

The District also invests in the California Asset Management Program (CAMP) under the oversight of the CAMP Board of Trustees, which is comprised of finance officers and treasurers of California public agencies and members of the Joint Powers Authority. The Pool is a short-term cash reserve portfolio and is a permitted investment for all local agencies under California Government Code Section 53601(p).

The fair market value of the District's investment in these pools is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair market value provided by LAIF and CAMP for the entire LAIF and CAMP portfolios (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and CAMP, which are recorded on an amortized cost basis.

(3) Restricted Assets

Restricted assets are monies held in restricted funds or accounts by the District for the benefit of member agencies and the District's specific benefit plan purposes. As of June 30, 2025, $5,211,113 was reported as restricted assets, which includes the District's PARS Section 115 Trust and member agency activities as shown in Note 2.

(4) Capital Assets

The following is a summary of capital assets at June 30, 2025, with changes therein:

	2024	Additions	Deletions	2025
Furniture,Fixtures and Equipment	$ 724,085	$ 325,236	$ (1,403)	$ 1,047,918
Leasehold Improvements	7,010,783	108,502	-	7,119,285
Construction in Progress	-	5,936	-	5,936
	7,734,868	439,674	(1,403)	8,173,139
Less Accumulated Depreciation:				
Furniture,Fixtures and Equipment	(505,255)	(81,574)	1,403	(585,426)
Leasehold Improvements	(3,587,122)	(222,169)	-	(3,809,291)
	(4,092,377)	(303,743)	1,403	(4,394,717)
Net Capital Assets	$ 3,642,492	$ 135,931	$ -	$ 3,778,422

(5) Deferred Pension Plan

The District sponsors a Money Purchase Pension Plan (the Pension Plan), a defined contribution plan, under Internal Revenue Code Section 401(a). Currently, the MWDOC Board of Directors and MWDOC MET Directors participate in the Pension Plan. In accordance with section 3401(c) of the Internal Revenue Code, the term employee includes officers, whether elected or appointed. The Directors contribute 7.5 percent of their covered compensation to the Pension Plan, in lieu of contributing to Social Security. The Directors' contributions to the Pension Plan totaled $25,687 for the year ended June 30, 2025. Participants become vested in the Pension Plan at a rate of 20% per year of service, reaching full vesting after five (5) years. District employees were previously members of the Pension Plan until March 2003, when they became members of CalPERS. See Note 7.

(6) Risk Management

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

The Insurance Authority bills the District a deposit premium at the beginning of each year, which is placed in a reserve fund to cover the self-insurance portion of any claim. Settlements and/or expenses related to claims during the year are then charged to the reserve. If the balance of the reserve at the end of the year is deemed too low in relation to the amount of outstanding claims, the District is billed for additional premiums. When the claims are fully settled, any amounts remaining in the reserve are refunded to the District.

At June 30, 2025, the District participated in the self-insurance programs as follows:

Property Program - The Insurance Authority has pooled self-insurance for the first $10,000,000 and purchases excess coverage up to $150 million. The coverage limit is $150 million per occurrence. The District has a $1,000 deductible for buildings, personal property, and fixed equipment, and a $500 deductible for licensed vehicles/trailers.

General, Auto, and Public Officials Liability - The Insurance Authority has pooled self-insurance up to $5 million and purchases excess coverage up to $55 million per occurrence, with exceptions.

Crime and Excess Crime Program - The Insurance Authority has a total coverage limit of $3 million per loss. The District has a $1,000 deductible for coverage up to $100,000 per loss. Coverage in excess has a $100,000 deductible.

Cyber Liability – The Insurance Authority has a coverage limit of $3 million maximum per member and a $5 million policy aggregate with a $50,000 to $100,000 deductible based on total insurable values.

Workers' Compensation Program (WC) – The District is a member of the Special District Risk Management Authority (SDRMA) and participates in its Workers' Compensation Program for special districts and other public agencies. The SDRMA provides responsive claims management, cost containment, and a tailored safety and loss prevention program, combined with an unequaled full-service workers' compensation program. All claims are handled by SDRMA claims staff. Comprehensive Coverage includes Statutory Workers' Compensation Limits, $5 million Employer's Liability, Zero Member Deductible, and SDRMA maintains a Self-Insured Retention that is periodically adjusted based on market conditions.

Reconciliations are conducted annually by JPIA, and the District may receive a refund based on the status of pool claims to adjust the pool fund.

The District pays annual premiums for all policy coverages and, to date, has no active or open claims or pending settlements.

(7) Cost-Sharing Defined Benefit Plan

General Information about the Pension Plan

Plan Descriptions – Effective March 1, 2003, all qualified regular full-time employees who work over 1,000 hours in a fiscal year are eligible to participate in the District's employee pension plan, a cost-sharing, multiple-employer defined benefit pension plan administered by CalPERS. The CalPERS Plans (the Plans) consist of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Funds C (PERF C). Benefit provisions under the Plans are established and may be amended by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, membership information, and related financial information that can be found on the CalPERS website at: http://www.calpers.ca.gov.

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, which is equivalent to one year of full-time employment. Members with five years (5) of total service are eligible to retire at age 50 or 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: Basic Death Benefit, 1959 Survivor Benefit, Pre-Retirement Option 2W Death Benefit, or the 1957 Survivor Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Formula	2.0% @55	2.0% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	7.75%
Required employer contribution rates	12.52%	7.87%
Pensionable Compensation Cap	$350,000	$186,096

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in rate. Funding contributions for Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount needed to finance the costs of benefits earned by employees during the year, plus an additional amount to cover any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the employees' contribution rates.

Contributions recognized by the Plans from the employer for the year ended June 30, 2025, were $829,719.

(7) Cost-Sharing Defined Benefit Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows / Inflows of Resources Related to Pensions

As of June 30, 2025, the District's proportionate share of the net pension liability of the Plan is as follows:

	Net Position Liability
Balance at: December 31, 2023	$ 4,131,092
Balance at: December 31, 2024	3,583,673
Net change during 2024	$ (547,419)

The District's net pension liability was measured as the proportionate share of the collective cost-sharing plan's net pension liability. The District's net pension liability was measured as of June 30, 2024. The total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2023, and rolled forward to June 30, 2024, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2024, and 2025 was as follows:

	Miscellaneous
Proportion - June 30, 2024	0.08261%
Proportion - June 30, 2025	0.07409%
Change - Increase (Decrease)	-0.00852%

For the year ended June 30, 2025, the District recognized pension expense of $1,060,284.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 92,108	$ -
Differences between Expected and Actual Experience	309,841	12,090
Differences between Projected and Actual Investment Earnings	206,308	-
Differences between Employers Contributions and Proportionate Share of Contributions	390,148	35,806
Change in Employer's Proportion	150,004	159,917
Pension Contributions Made Subsequent to Measurement Date	829,719	-
Total	$ 1,978,128	$ 207,812

(7) Cost-Sharing Defined Benefit Plan (Continued)

The amount of $829,719 reported as deferred outflows of resources related to contributions subsequent to the measurement date (as shown in the above chart) will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Miscellaneous
2026	$ 369,877
2027	571,011
2028	70,409
2029	(70,699)
	$ 940,597

Actuarial Assumptions – The total pension liabilities in the June 30, 2023, actuarial valuation, with update procedures used to roll forward the total pension liability to June 30, 2024, were based on the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment Rate of Return	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1] The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement, using 80% of the Scale MP 2020 data published by the Society of Actuaries. For more details, refer to the 2021 experience study report on the CalPERS website.

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

(7) Cost-Sharing Defined Benefit Plan (Continued)

Long-Term Expected Rate of Return - In determining the long-term expected rate of return, CalPERS considered long-term market return expectations and expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the expected real rates of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10[1,2]
Global Equity - cap-weighted	30.00%	4.54%
Global Equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2021-22 Asset Liability Management study

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, as well as what the District's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
District's Net Pension Liability/(Asset)	$ 6,554,631	$ 3,583,673	$ 1,138,137

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

(7) Cost-Sharing Defined Benefit Plan (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized systematically over time in pension expense.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

(8) Retiree Medical Plan – Other Post-Employment Benefits (OPEB)

Plan Description:

Effective October 1, 2011, the District established a Post-Retirement Healthcare Plan (Health Plan) and has contributed to an IRC Section 115 Irrevocable Exclusive Benefit Trust to pre-fund post-employment health care costs. Currently, the District provides health benefits for employees, retirees, and their dependents with a choice of medical plans through the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority. Employees and retirees select from the same plans. Retired employees (hired prior to July 1, 2012) who are at least 55 years of age are eligible for these health and welfare benefits based on their years of full-time accrued service. There are two benefit tiers for the years of accrued service:

Tier 1: Employees retiring with at least 10 consecutive years of full-time service with the District earn medical coverage on the following terms: The District will pay for retiree-only or couples' coverage on the same basis as active employees. Retirees and their spouses/domestic partners may continue dental and vision benefits at their own cost, and COBRA coverage is available. Upon becoming Medicare-eligible, the retiree must enroll in Medicare and transition to Medicare coverage. The District will reimburse retirees only up to the annual cap of $3,080.82 for a Medicare Advantage Plan, a supplemental Medigap insurance policy, Medicare Prescription Drug Insurance, or Medicare Part B coverage. If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage, enrollment in another plan, or becoming Medicare eligible.

Tier 2: Employees retiring with at least 25 consecutive years of full-time service with the District earn medical, dental, and vision benefits on the following terms: The District will pay for retiree-only or couples coverage on the same basis as active employees. The District pays the following for dental and vision coverage: Dental coverage for retirees only at 90%; couples coverage at 80%. Vision coverage for retirees only is 100%, while couples coverage is 80%. Retirees and their spouses/domestic partners are required to enroll in Medicare Parts A and B upon eligibility. The District will reimburse for Medicare Part B for both the retiree and their eligible spouse/domestic partner.

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage or enrollment in another plan.

The following guidelines apply to both tiers:

1. The District does not make contributions to Health Savings Accounts on behalf of retirees.
2. Reenrollment is not permitted if a retiree discontinues medical coverage.
3. Annual open enrollment is not permitted for retirees.
4. Reimbursement requires proper verification and is made on a quarterly to yearly basis.

Employees hired on or after July 1, 2012, are ineligible for District-paid retiree health benefits. Plan benefits and contribution requirements of Health Plan members and the District are established, and may be amended, by the District's Board of Directors.

The following parties are responsible for the administration of the Health Plan:

- Public Agency Retirement Services (PARS) serves as Trust Administrator and Consultant
- US Bank serves as Trustee, and
- PFM Asset Management (PFMAM) serves as Investment Manager

PARS issues monthly account reports to the District, and PFMAM publishes quarterly performance reports.

Plan membership at June 30, 2025, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	13
Active plan members	6
Total	19

Funding Policy:

The contribution requirements of Health Plan members and the District are established, and may be amended, by the District's Board of Directors. The District has fully funded the OPEB obligation and will be using its OPEB Designated Reserve account to offset retiree expenses.

Net OPEB Liability/(Asset):

The District's Net OPEB Liability/(Asset) was measured as of June 30, 2025, and the total OPEB Liability/(Asset) used to calculate the Net OPEB Liability/(Asset) was determined by an actuarial valuation as of June 30, 2024. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Actuarial assumptions:

The total OPEB liability/(asset) was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair value of assets
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	2.50 percent
Investment rate of return	6.00 percent, net of OPEB plan investment expense
Healthcare cost trend rate	6.50 percent for 2025; 6.50 percent for 2026; 6.25 percent for 2027; 6.00 percent for 2028; 5.75 percent for 2029; 5.50 percent for 2030; 5.25 percent for 2031; 5.00 percent for 2032; 4.75 percent for 2033; and 4.50 percent for 2034 and later years.
Preretirement Mortality	Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Postretirement Mortality	Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).

Liabilities for FY 2024-25 are based on an actuarial date of June 30, 2024, projected to June 30, 2025, and reflect actual premiums, trend rates, and changes in the discount rate. Liabilities for FY 2023-24 are based on an actuarial date of June 30, 2024, with no adjustments to get to the June 30, 2025, measurement date.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method, in which expected future real rates of return (expected returns net of investment expenses and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Target Allocation	L/T Expected Real Rate of Return
Broad U.S. Equity	50%	N/A
U.S. Fixed	50%	N/A
Total	100%	6.0%

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Discount rate:

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments are compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability/(asset) is based on these requirements and the following information:

Reporting Date	Bond Buyer Go 20-Bond Municipal Bond Index	S&P Municipal Bond 20-Year High Grade Rate Index	Fidelity GO AA 20-Year Municipal Index	Discount Rate
June 30, 2024	3.93%	4.21%	3.86%	6.00%
June 30, 2025	5.20%	4.81%	4.71%	6.00%

Schedule of Changes in Net OPEB Liability/(Asset) (June 30, 2024, to June 30, 2025):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balances at June 30, 2024	$ 2,064,826	$ 2,861,970	$ (797,144)
Changes for the year:			
Service Cost	28,194	-	28,194
Interest	123,012	-	123,012
Differences between expected and actual experience	140,974	-	140,974
Change in assumptions	139,122	-	139,122
Net investment income	-	288,467	(288,467)
Contributions			
Employer - cash subsidy	-	86,917	(86,917)
Benefit payments, including implicit subsidy	(86,917)	(86,917)	-
Administrative expense	-	(17,434)	17,434
Net changes	344,385	271,033	73,352
Balances at June 30, 2025	**$ 2,409,211**	**$ 3,133,003**	**$ (723,792)**

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the net OPEB liability/(asset) to changes in the discount rate:

The following presents the net OPEB liability/(asset), as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability (asset)	$(437,262)	$(723,792)	$(964,812)

Sensitivity of the net OPEB liability/(asset) to changes in the healthcare cost trend rates:

The following presents the net OPEB liability/(asset), as well as what the net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Net OPEB liability (asset)	$(981,367)	$(723,792)	$(412,888)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District made a total contribution of $77,332, which represents actual health care costs for its retirees and their covered dependents. The total contribution, including the implicit subsidy, amounted to $86,917.

At June 30, 2025, the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$ -	$ (89,729)
Differences between expected and actual experience	93,983	(64,918)
Changes in assumptions	94,831	-
Total	$ 188,814	$ (154,647)

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

Fiscal Year ending June 30:	Deferred Outflows of Resources
2026	$ 77,941
2027	32,900
2028	(53,222)
2029	(23,452)
	$ 34,167

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Investments

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 10.13%. The money-weighted rate of return expresses investment performance, net of investment expenses, and is adjusted for changes in the amount invested.

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by the District's management and Board of Directors. The current investment selection is the Moderate Strategic Blend. The dual goals of the Moderate strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, while capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Asset Class	Strategic Asset Allocation Ranges
Equity	40-60%
Fixed income	40-60%
Cash	0-20%

(9) Commitments and Contingencies

The District is involved in various litigation from time to time arising from the normal course of business. In the opinion of management and legal counsel, the District is not involved in any litigation that is expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

(10) Non-operating Expenses

The District's Board of Directors approved a credit to our Member Agencies to absolve the Tier 2 funds the District was holding, and they also approved a revision to the Reserve Policy, which led to a credit to our Member Agencies. Both credits were processed over two fiscal years, and the sum of $1,456,950 is reflected in fiscal year 2023-24 as an expense and cash payment.



REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2025

Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios For the Measurement Periods Ended June 30

Measurement Period	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	$ 28,194	$ 14,595	$ 17,857	$ 15,920	$ 32,103	$ 30,118	$ 34,408	$ 33,406
Interest on the total OPEB liability	123,012	140,661	136,751	159,271	155,170	148,417	140,392	134,254
Actual and expected experience difference	140,974	(389,508)	-	(609,684)	-	(86,201)	-	-
Changes in assumptions	139,122	12,493	-	155,101	-	102,437	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-
Benefit Payments	(86,917)	(85,085)	(87,253)	(108,197)	(97,452)	(71,334)	(71,021)	(59,870)
Net change in total OPEB liability	344,385	(306,844)	67,355	(387,589)	89,821	123,437	103,779	107,790
Total OPEB liability - beginning	2,064,826	2,371,670	2,304,315	2,691,904	2,602,083	2,478,646	2,374,867	2,267,077
Total OPEB liability - ending (a)	2,409,211	2,064,826	2,371,670	2,304,315	2,691,904	2,602,083	2,478,646	2,374,867
Plan Fiduciary Net Position								
Contribution - employer	86,917	85,085	87,253	108,197	97,452	71,334	71,021	59,870
Net investment income	288,467	302,856	180,315	(356,249)	509,846	85,732	140,186	128,809
Benefit payments	(86,917)	(85,085)	(87,253)	(108,197)	(97,452)	(71,334)	(71,021)	(59,870)
Administrative expense	(17,434)	(15,504)	(14,296)	(16,252)	(14,829)	(11,886)	(5,669)	(11,456)
Net change in plan fiduciary net position	271,033	287,352	166,019	(372,501)	495,017	73,846	134,517	117,353
Plan fiduciary net position - beginning	2,861,970	2,574,618	2,408,599	2,781,100	2,286,083	2,212,237	2,077,720	1,960,367
Plan fiduciary net position - ending (b)	3,133,003	2,861,970	2,574,618	2,408,599	2,781,100	2,286,083	2,212,237	2,077,720
Net OPEB liability/(asset) - ending (a)-(b)	$ (723,792)	$ (797,144)	$ (202,948)	$ (104,284)	$ (89,196)	$ 316,000	$ 266,409	$ 297,147
Plan fiduciary net position as a percentage of the total OPEB liability	130.04%	138.61%	108.56%	104.53%	103.31%	87.86%	89.25%	87.49%
Covered-employee payroll	$ 1,559,083	$ 1,466,095	$ 1,379,093	$ 1,351,622	$ 1,889,365	$ 1,975,686	$ 1,956,477	$ 1,933,612
Net OPEB liability as a percentage of covered-employee payroll	-46.42%	-54.37%	-14.72%	-7.72%	-4.72%	15.99%	13.62%	15.37%

Historical information is required only for measurement periods for which GASB 75 is applicable. Information for future years will be displayed for up to 10 years as it becomes available.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2025

Schedule of OPEB Contributions
Last Ten Fiscal Years*

Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ -	$ 13,516	$ 13,122	$ 51,962	$ 50,448	$ 46,537	$ 49,847	$ 48,878
Contributions in relation to the ADC	(86,917)	(85,085)	(87,253)	(108,197)	(97,452)	(71,334)	(71,021)	(59,870)
Contribution deficiency (excess)	$ (86,917)	$ (71,569)	$ (74,131)	$ (56,235)	$ (47,004)	$ (24,797)	$ (21,174)	$ (10,992)
Covered-employee payroll	$ 1,559,083	$ 1,466,095	$ 1,379,093	$ 1,351,622	$ 1,889,365	$ 1,975,686	$ 1,956,477	$ 1,933,612
Contributions as a percentage of covered-employee payroll	5.57%	5.80%	6.33%	8.00%	5.16%	3.61%	3.63%	3.10%

* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown

Notes to Schedule:

The District's Net OPEB Liability was measured as of June 30, 2025, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2024. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

The Total OPEB Liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair Value of Assets
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00%
Inflation Rate	2.30%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Pre-Retirement Mortality	CalPERS Experience Study (2000-2019)
Post-Retirement Mortality	CalPERS Experience Study (2000-2019)

Healthcare Cost Trend:

Year	Pre-Medicare	Medicare
2025	8.00%	6.50%
2026	8.00%	6.50%
2027	7.75%	6.25%
2028	7.50%	6.00%
2029	7.25%	5.75%
2030	7.00%	5.50%
2031	6.75%	5.25%
2032	6.50%	5.00%
2033	6.25%	4.75%
2034	6.00%	4.50%
2035	5.75%	4.50%
2036	5.50%	4.50%
2037	5.25%	4.50%
2038	5.00%	4.50%
2039	4.75%	4.50%
2040+	4.50%	4.50%

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2025

Cost Sharing Retirement Plan
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.07409%	0.08261%	0.07721%	0.05782%	0.06744%	0.06283%	0.05877%	0.05774%	0.05387%	0.05019%
Proportionate share of the net pension liability	$3,583,673	$4,131,092	$3,612,624	$1,097,925	$2,844,833	$2,516,221	$2,214,703	$2,276,032	$1,871,472	$1,376,955
Covered Payroll	$4,937,837	$4,422,761	$4,448,997	$4,204,889	$3,792,545	$3,482,913	$3,295,260	$3,022,872	$2,748,796	$2,640,576
Proportionate share of the net pension liability as a percentage of covered payroll	72.58%	93.41%	81.20%	26.11%	75.01%	72.24%	67.21%	75.29%	68.08%	52.15%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	77.97%	78.19%	90.49%	75.10%	75.26%	75.26%	73.31%	75.87%	78.40%

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2025

Notes to Schedule:

Methods and assumptions used to determine liability:

Fiscal Year End:	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Valuation Date:	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method:	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Dollar Amount	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Asset Valuation Method:	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount Rate:	6.90%	6.90%	6.80%	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%
Projected Salary Increase:	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service
Inflation:	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Payroll Growth:	2.80%	2.75%	2.75%	2.75%	2.75%	2.75%	3.25%	3.00%	3.00%	3.00%
Individual Salary Growth:	The price inflation assumption, plus 0.5% per annum productivity component, and an annual merit increase based on length of service.	The price inflation assumption, plus 0.5% per annum productivity component, and an annual merit increase based on length of service.	The price inflation assumption, plus 0.5% per annum productivity component, and an annual merit increase based on length of service.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2025

Cost Sharing Retirement Plan
Schedule of Contributions
Last Ten Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	$ 829,719	$1,233,081	$ 654,493	$ 622,104	$ 413,399	$ 349,145	$ 302,458	$ 273,125	$ 252,815	$ 220,517
Contributions in relation to the actuarially determined contribution	(829,719)	(1,233,081)	(654,493)	(622,104)	(413,399)	(349,145)	(302,458)	(273,125)	(252,815)	(220,517)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ - [1]
Covered Payroll	$5,522,224	$4,937,837	$4,422,761	$4,448,997	$4,204,889	$3,792,545	$3,482,913	$3,295,260	$3,022,872	$2,748,796
Contributions as a percentage of covered-employee payroll	15.03%	24.97%	14.80%	13.98%	9.83%	9.21%	8.68%	8.29%	8.36%	8.02%

[1] Restated Covered Payroll

Summary of Changes of Benefits or Assumptions

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Changes of Assumptions and Methods: There were no changes to the actuarial assumptions or methods in relation to financial reporting.