

Syphon Reservoir
Improvement Project

Irvine Ranch Water District
Orange County, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

for fiscal year ended June 30, 2026

Irvine Ranch
Water District

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Annual Comprehensive Financial Report

For fiscal year ended June 30, 2026

Irvine Ranch Water District
Irvine, California

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Daniel R. Ferons, Vice President
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Table of Contents

Introductory Section

3 Letter of Transmittal
4 Profile of Irvine Ranch Water District
4 Overview
4 People
5 Services
7 Infrastructure Assets
8 Water Use Efficiency
9 Water Shortage Contingency Planning
9 Legislative and Regulatory Affairs
9 Financial Plan
10 Customer Rates & Charges
12 Factors Affecting Financial Condition
13 Financial Planning & Budgeting
14 Pension and Other Post-Employment Benefits Funding
14 Cash Management Policies and Practices
15 Real Property Investments
15 Debt Management Policies and Practices
16 Risk Management
16 Major Initiatives
17 Water Supply Reliability
19 Community Education and Outreach
21 Awards and Acknowledgments
22 List of Principal Officials
23 Organizational Chart by Function
24 GFOA Certificate of Achievement for Excellence in Financial Reporting

Financial Section

26 Independent Auditor's Report
29 Management's Discussion and Analysis (Required Supplementary Information)
38 Basic Financial Statements:
38 Statement of Net Position
40 Statement of Revenues, Expenses and Changes in Net Position
41 Statement of Cash Flows
43 Statement of Fiduciary Net Position
44 Statement of Changes in Fiduciary Net Position
45 Notes to the Basic Financial Statements
86 Required Supplementary Information:
86 Defined Benefit Pension Plan
90 Other Post-Employment Benefits

Statistical Section

96 Net Position
98 Changes in Net Position
100 Water Sold by Type of Customer
101 Water Rates
102 Largest Water Customers
103 Sewer Rates
104 Largest Sewer Customers
105 Ad Valorem Property Tax Rates
106 Assessed Valuation and Estimated Actual Value of Taxable Property and 1% Property Tax Revenue
107 Direct and Overlapping Property Tax Rates
108 Principal Property Taxpayers
109 Property Tax Collections/Delinquency
110 Outstanding Debt by Type
112 Outstanding General Obligation Bonds by Improvement District
113 Ratio of General Obligation Debt to Assessed Values
116 Ratio of Annual Debt Service Expenditures to Total General Expenditures
117 Debt Service Coverage
119 Principal Employers
120 Demographic and Economic Statistics
121 Operating Indicators by Function - Water and Sewer Service Connections
122 Operating Indicators by Function - New Service Connections
123 Operating Indicators by Function - Average Monthly Usage
124 Source of Supply and Water Deliveries / Sales
125 Capital Asset Statistics
126 Full-Time Employees

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Introductory Section

Irvine Ranch Water District
Fiscal Year Ended June 30, 2026

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November 9, 2026

To the Board of Directors and Customers,
Irvine Ranch Water District:

Management of the Irvine Ranch Water District (IRWD or the District) has prepared an Annual Comprehensive Financial Report of IRWD for the fiscal year ended June 30, 2026. This document, which contains a complete set of basic financial statements, is presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. State law requires that all special-purpose local governments publish these basic financial statements within six months of the close of the agency's fiscal year.

This report contains management's representations concerning the finances of the District. Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable, rather than absolute, basis for making these representations, IRWD management has established a comprehensive framework of internal controls. These controls are designed to protect the District's assets from loss, theft, or misuse, and to ensure sufficiently reliable information for the preparation of the District's basic financial statements in conformity with GAAP. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the basic financial statements are free of any material misstatements. As management, we assert that this financial report is complete and reliable in all material respects.

The District's basic financial statements have been audited by Davis Farr LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the District for the fiscal year ended June 30, 2026 were free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor rendered an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2026 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

A profile of the District is presented in this Introductory Section. In the Financial Section, Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides an overview and analysis of the basic financial statements. This letter of transmittal and introduction is designed to complement the MD&A and should be read in conjunction with it.

Profile of Irvine Ranch Water District

Overview

Irvine Ranch Water District was established in 1961 as a California Water District under the provisions of the California Water Code. As a special district, IRWD focuses on four primary services - providing potable water, collecting sewage, producing and distributing recycled and other non-potable water, and implementing urban runoff source control and treatment programs.

IRWD is an independent public agency governed by a five-member, publicly elected Board of Directors. The members of the Board each have varied professional backgrounds, coupled with an average tenure for the Board members of approximately 18 years. The District is a leader in developing and implementing resource management initiatives such as water recycling, urban runoff control and treatment, water efficiency, energy management, and water banking. The District is a pioneer in financial management practices such as variable rate debt financing and long-term infrastructure replacement program development and funding.

The District serves a 181 square mile area, which includes all of the City of Irvine and portions of the cities of Tustin, Newport Beach, Costa Mesa, Orange and Lake Forest, as well as certain unincorporated areas of Orange County. Extending from the Pacific Coast to the top of the foothills of eastern Orange County, the District's region is semi-arid with a mild climate and an average annual rainfall of approximately 12 inches. The total estimated daytime population served is approximately 639,000 and includes approximately 127,000 drinking water and 7,000 recycled water connections plus 117,000 sewer service connections. The number of service connections has increased by approximately 16% over the last ten years.

The District provides its core services to its customers by focusing on the following areas:

- *Operational Reliability* – having multiple sources of water supply, various sewage treatment alternatives, preventive maintenance programs, and emergency power capabilities to ensure reliable services.
- *Organizational Strength* – having professional staff work in close collaboration with the Board of Directors striving to exceed the expectations of our customers.
- *Long-Term Financial Planning* – ensuring sufficient funds are available to construct, operate, maintain, and replace facilities, while retaining competitive rates now and in the future.

People



IRWD's Staff

The District employed an average of 400 staff who are responsible for administering daily operations and implementing strategic objectives and policies set forth by the Board. The District actively promotes the training and education of employees to increase effectiveness and retention. The average tenure of District employees is approximately eleven years.

Services

The District is functionally organized into four core service areas:

Drinking or "Potable" Water System

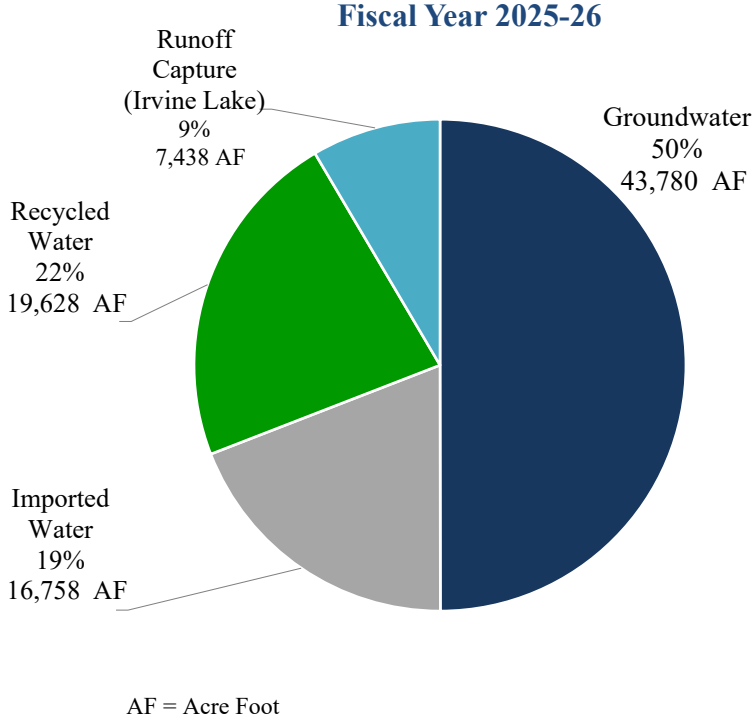
For many years, the District received virtually all of its drinking water from imported sources. To minimize this dependence on imported water, in the early 1980's, the District began developing a series of local wells known as the Dyer Road Wellfield to access high quality groundwater from the Orange County Groundwater Basin, managed by the Orange County Water District (OCWD).

IRWD also operates other groundwater wells, and several groundwater wells require treatment before use. In Fiscal Year (FY) 2025-26, local groundwater accounted for 50% of the District's total water supply (Figure 1).

Currently, groundwater is significantly less expensive, more reliable, and less energy intensive than imported water that is transported over hundreds of miles into Southern California and subsequently treated.

As shown in Figure 1, the District purchased 19% of its water supply in FY 2025-26 from the Municipal Water District of Orange County (MWDOC), the regions local wholesale water supplier who purchases its water from the Metropolitan Water District of Southern California. This water is imported from both the Colorado River, which is transported approximately 240 miles to Southern California, and from the Delta, from which water is transported approximately 400 miles from Northern California.

Figure 1 - Water Supplies
Fiscal Year 2025-26



AF = Acre Foot

Recycled and Non-Potable Water Systems

The District treats sewage to provide water for irrigation, commercial, industrial and agricultural purposes which further reduces its reliance on more expensive imported water and increases its system reliability. Sewage from the community is collected and recycled to California State Water Resources Control Board Title 22 standards at IRWD's Michelson Water Recycling Plant (MWRP) and the Los Alisos Water Recycling Plant, which have the combined capacity to produce nearly 33.5 million gallons of tertiary recycled water per day.

Once treated, the recycled water is distributed throughout the service area and in FY 2025-26 accounted for approximately 22% of the District's total water supply (Figure 1). Approximately 87% of all business and community landscaped areas (parks, school grounds, golf courses, street medians, etc.) within the District's service area are irrigated with recycled water. The District also provides recycled water for various industrial and commercial uses. IRWD's goal is to continue recycling its sewage flows to provide 25% to 30% of its total water supply once the District's service area is fully developed.

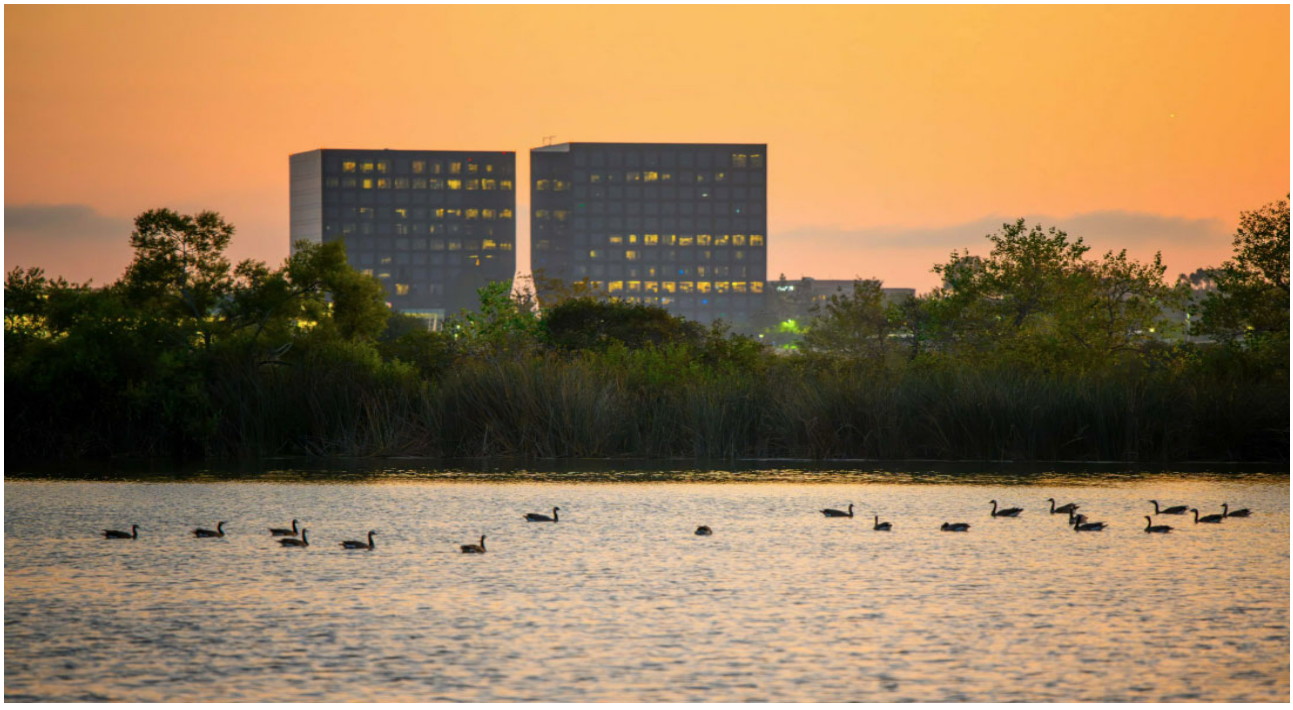
The District operates a non-potable system which includes five wells, five open reservoirs and twelve storage tanks that store water for non-potable uses. In total, the District has approximately 3,500 acre feet of active recycled water storage capacity. IRWD has 100% ownership in Irvine Lake, a 25,000 acre-foot reservoir that can capture and store both stormwater and imported water supplies.

Sewage Collection and Treatment System

The District has an extensive network of gravity sewers, force mains, sewage lift stations, and siphons that convey sewage to two District-owned water recycling plants or to the Orange County Sanitation District (OC San). In FY 2025-26, the District treated approximately 64% of its sewage, and the remainder was diverted for treatment to OC San treatment facilities. The MWRP Biosolids and Energy Recovery Facility treated solids generated at the Michelson Water Recycling Plant which eliminates the need to send them to OC San for treatment. The District plans to expand its treatment capacity when and if necessary to serve its growing population.

Urban Runoff Source Control and Treatment System

IRWD is statutorily authorized to control and treat urban runoff and conduct various projects and programs as part of an effort to protect water quality in the San Diego Creek watershed. In the 1990s, the District-constructed wetlands at the San Joaquin Marsh, where natural biological processes remove a substantial pollutant load from San Diego Creek's dry weather flow before it reaches the environmentally sensitive Upper Newport Bay State Ecological Reserve. In addition, the District operates a regional urban runoff treatment network known as the Natural Treatment System (NTS). As of June 30, 2026, the NTS consists of 45 constructed wetland treatment sites located throughout the San Diego Creek Watershed and one outside the IRWD service area. The Peters Canyon Wash, Muddy Canyon, and Los Trancos diversion facilities add to these sites and pump runoff high in selenium into the OC San's sewers, where it eventually, after treatment, flows to OCWD's groundwater replenishment system.



IRWD's San Joaquin Marsh

Infrastructure Assets

The District builds and maintains significant capital infrastructure in order to provide superior service to its customers. The table below provides key information relating to its water and sewer system assets from 2017 to 2026.

Infrastucture Assets

	2017	2026
Potable System		
Miles of Water Line	1,810	2,270
Number of Storage Tanks	36	38
Maximum Storage Capacity (acre feet)	456	470
Number of Pumping Stations	39	37
Number of Wells	27	27
Well Production Capacity (cfs)	118	123
Water Banking Storage Capacity (acre feet)	126,000	126,000
Potable Treatment Plants	5	6
Non-Potable and Recycled Water Systems		
Miles of Recycled Water Line	540	590
Number of Storage Tanks	11	12
Number of Open Reservoirs	5	5
Maximum Storage Capacity (acre feet)	24,155	24,160
Number of Pumping Plants	20	21
Number of Wells	5	3
Well Production Capacity (cfs)	10.0	6.2
Sewer System		
Miles of Sewer Line	1,081	1,582
Number of Lift Stations	13	11
Treatment Plants	2	3
Treatment Capacity (mgd) (Tertiary)	33.5	33.5
Sewage Flows to IRWD Facilities	69%	64%
Sewage Flows to Orange County Sanitation District	31%	36%
Natural Treatment System		
Urban Runoff Treatment Facilities	N/A	45
Nuisance Water Diversions	N/A	3

1 acre foot = 325,900 gallons
cfs = cubic feet per second
mgd = million gallons per day
N/A = Not Available

Water Use Efficiency

The District continues to be a leader in the innovation and implementation of water use measures that promote the most efficient use of water, both on a per capita and per acre basis.

The District's budget-based tiered rate structure, first implemented in 1991, is carefully designed to promote the efficient use of water by providing customers pricing signals related to over-use of water in a financially sustainable way. This structure is recognized as a model for other agencies to emulate.

In 2018, legislation was passed to "Make Conservation a Way of Life In California". As a result, the State adopted new long-term water efficiency objectives on July 3, 2024. IRWD has a long history of implementing cost-effective water efficiency programs, and is well positioned to meet the newly adopted efficiency standards. The District's customers have one of the lowest residential gallons per capita per day (gpcd) rates in California.

The District's Water Use Efficiency Implementation Plan (Plan), adopted April 2020, provides a comprehensive strategy to implement cost-effective water use efficiency measures for the District and its customers. The Plan addresses:

- Implementing targeted programs to ensure the District meets the new statewide water use efficiency objectives.
- Continuing to implement cost-effective demand management programs that minimize the need to purchase more expensive imported water, and thereby maintain a lower unit cost of water for the District and its customers.
- Focusing on outdoor water use which remains the biggest potential water conservation opportunity for the District, and the associated urban runoff (typically the result of "over-watering") to minimize water quality degradation from fertilizers, pesticides and animal waste in creeks, rivers and the ocean.
- Reducing water demands, which reduces energy usage and related costs needed to convey water.

The basic tenets of the Plan include local, state and national policy development and leadership, focused customer interface, extensive education and outreach, technology advances, and the development of financial incentives. During the past fiscal year, the District provided financial incentives to residential and business customers to install water efficient devices such as irrigation equipment and conversions from high water use turf landscape to water-efficient landscapes. The District has also pioneered the use of recycled water beginning in the late 1960s and presently serves over 6,400 sites, with approximately 20,000 acre feet of recycled water sold in FY 2025-26 representing 22% of the District's total water supply (Figure 1). The use of recycled water reduced the District's need to import more expensive potable supplies. Due to the investments made by the District to diversify its resources, expand the use of recycled water and improve water use efficiency, IRWD is well prepared to withstand the effects of climate change, including more frequent period of drought. IRWD does not project any water shortages and will continue to provide reliable, high quality water to its customers in a cost-effective manner.

Water Shortage Contingency Planning

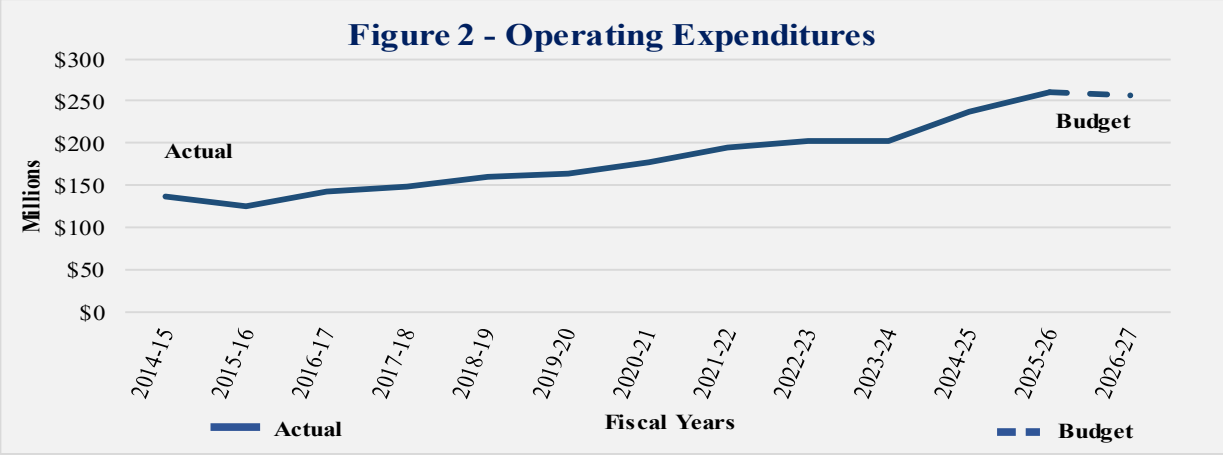
In compliance with California Water Code Section 10632, IRWD adopted an updated Water Shortage Contingency Plan (WSCP) in June 2021. The WSCP allows the District to strategically reduce water use through a number of potential actions that are staged dependent upon the severity of water shortages. The WSCP incorporates six standard water shortage levels corresponding to progressive ranges of up to 10%, 20%, 30%, 40%, 50%, and greater shortages. For each level or shortage, the WSCP includes a list of voluntary measures, non-rate response measures, and potential cost-of-service based rate response strategies. The WSCP provides the Board with the framework to respond to water shortages should they occur. Currently, the State Water Board has no statewide emergency water conservation regulations in place.

Legislative and Regulatory Affairs

The District actively monitors and works to influence local, state and federal legislation, policies and regulatory actions that could affect IRWD's operations, existing and future facilities and strategic planning efforts. The Board of Directors is frequently engaged in, and takes active positions on, relevant pending legislation and regulatory actions. The District continues to engage proactively in policy discussions surrounding water resiliency, wildfire, recycled water, low-income rate assistance and other water policies in California. The District and its Board of Directors also actively participate in state and regional trade associations including the Association of California Water Agencies, the California Association of Sanitation Agencies, the WaterReuse Association, the California Special District Association, the California Municipal Utilities Association, and the Bioenergy Association of California, among others.

Financial Plan

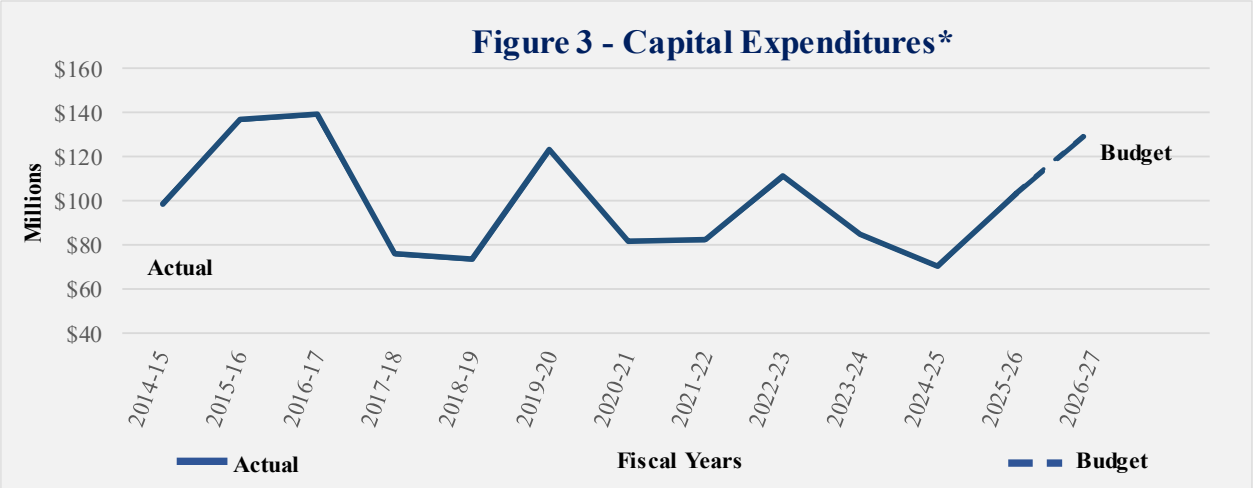
In March 2025, the Board approved a two-year (biennial) operating budget for FY 2025-26 and FY 2026-27. The goal of the District's operating budget process is to appropriately fund the resources required to provide quality service to IRWD customers as cost-efficiently as possible. As shown in Figure 2, the actual operating expenditures through FY 2025-26, as well as the Board approved operating budget for 2026-27.



Increases reflect costs associated with customer growth within the District, as well as an increase in overall operating expenses. Increases have been kept to a minimum by aggressively pursuing reductions in expenses to offset uncontrollable expenses, such as pass-through rate increases from outside agencies.

The approved two-year budget anticipated an increase from $234.5 million in FY 2024-25 to $242.5 million in FY 2025-26 and to $257.0 million in FY 2026-27. The primary reasons were increases in labor, higher costs of water, electricity, and chemicals due to expected rate increases from outside agencies, and increased operating and maintenance costs associated with maintenance of aging infrastructure of facilities.

The Board also approved a two-year capital budget in March 2025 based on new, enhancement and replacement infrastructure needs. As shown in Figure 3, the actual capital expenditures through FY 2025-26 and the budget for FY 2026-27.



* Actual capital expenditures excluding overhead, intangibles and capitalized interest.

The reduced spending in FY 2017-18 from prior years represents the District's completion of several large projects including the Baker Water Treatment Plant. Higher spending beginning in FY 2015-16 represents the construction phases for the Michelson Biosolids and Energy Recovery Facilities, which began construction in FY 2013-14 and spending peaked in FY 2016-17. The Board approved capital budget is $129.4.0 million for FY 2025-26 and $133.1 million for FY 2026-27. Many capital budget projects extend beyond one fiscal year.

Customer Rates & Charges

Customer rates and charges are primarily used to fund the District's operation and maintenance expenses. The District separates the cost of constructing water and sewer infrastructure from the cost of daily operations and maintenance. Customer rates, as discussed below, are billed to customers on a monthly basis, and include a component for the inevitable replacement of existing infrastructure. The District collects replacement funds in advance of their need and invests for future use. This helps stabilize rates and avoid significant potential future rate spikes. In FY 2026, the District completed a detailed cost of service study which confirmed that customer rates billed to customers are based on actual costs to provide the services. The District allocates capital costs within its service area through the use of water and sewer improvement districts, for which general obligation bond authorization is obtained and used as needed to fund new capital projects. Ad valorem property tax rates paid by landowners and connection fees paid by property developers are set biennially by the District and reviewed annually. Generally, the District's policy is to allocate the cost of new infrastructure evenly between the developers/landowners and the ultimate property owners who utilize the water and sewer infrastructure.

Water Rates

The District's rate structure for water use is separated into a commodity charge component and a fixed service charge component. The commodity charge reflects the cost of providing the District's water supplies while the fixed service charge funds the fixed operational and maintenance expenses of the District.

For FY 2025-26, the District's water fixed service charge was $14.90 for a 5/8-inch by 3/4-inch meter. The District has a long history of planning for the inevitable replacement of capital infrastructure and sets monies aside into enhancement and replacement funds for this purpose to avoid large, sudden rate increases in the future. The FY 2025-26 monthly fixed service charge includes a customer enhancement and replacement component of $0.70 and $2.49 respectively, which is intended to fund current and future replacement and refurbishment costs that provide reliability and redundancy to the District's infrastructure. This equates to approximately 21% of the monthly fixed service charge for the water system.

FY 2025-26 Residential Rate Structure – Potable Water (Commodity Charge)

Tier	Percent of Estimated Customer Need	Cost per ccf*
Low Volume	0 - 40%	$2.18
Base Rate	41 - 100%	$2.92
Inefficient	101 - 140%	$8.03
Wasteful	141% +	$19.32

*One ccf (100 cubic feet) = 748 gallons

The District has a four-tiered rate structure that promotes water-use efficiency. A basic use allocation is established for each customer account that provides a reasonable amount of water for the customer's needs based on factors such as the number of occupants, type or classification of use, size of the irrigated area, evapotranspiration rate for the billing period and other consistently applied criteria. As of June 2026, approximately 83% of the District's customers were within the first two tiers and approximately 97% of customers fell within the first three tiers. IRWD residential bills are consistently among the lowest in Orange County. The chart above illustrates the four-tier structure that reflects the FY 2025-26 rates and higher cost associated with usage in the higher tiers.

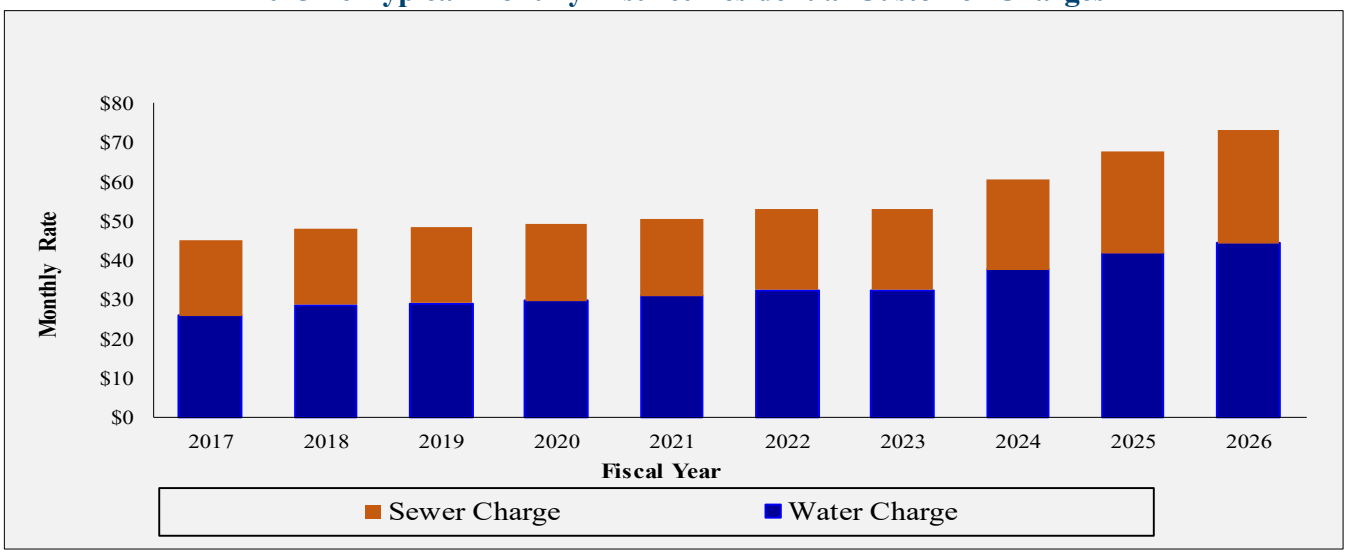
Sewer Rates

The District's sewer service rates are the lowest in Orange County. For a typical residential customer, the fixed monthly service charge was $28.80. The monthly service charge includes a monthly customer enhancement and replacement component of $0.82 and $12.12 respectively, which is intended to fund current and future capital costs to replace, refurbish and upgrade the existing system. This equates to approximately 45% of the monthly sewer service charge.

Historic Rate Trends

The following chart reflects the charge for a typical customer's water and sewer service through FY 2024-25. Increased costs reflect pass-through increases from outside agencies and wholesale supplies and increased operational costs for both water and sewer, including funding for future infrastructure replacement.

FY 2025-26 Typical Monthly District Residential Customer Charges*



* The typical District customer uses 12 ccf water per month, has a 5/8 inch meter, and is in the lowest sewer rate tier.

Factors Affecting Financial Condition

The information presented in the Financial Section is best understood in the context of the economic environment in which the District operates, as discussed below.

State and Local Economy

Orange County is the third most populous county in California with over 3.2 million residents and a varied economy in which no single industry is considered dominant. With a location central to Orange County, the District's service area is the home to numerous corporate headquarters such as Oakley, Edwards Life Sciences, Blizzard Entertainment, Bandai Namco Holdings USA Inc. and Glidewell Laboratories. The District is also home to various educational institutions, including University of California Irvine, Concordia University, two community colleges, and other colleges and universities with satellite campuses. The total estimated daytime population served is over 600,000.

During FY 2025-26, the District continued to expand its operating facilities to accommodate approximately 1,600 new water and sewer service connections constructed within District boundaries. Development and entitlement needs of the builders continue to change and requirements for development have been included in the planning and new facilities are included in the capital budget. The assessed value of land within the District's service area has grown significantly in the last decade from $51.3 billion in 2016 to more than $103.5 billion in 2026, demonstrating the strength of the local economy.

Long-Term Water Use Efficiency

IRWD has a long history of implementing cost-effective water efficiency programs and is well prepared to meet future efficiency standards. The District is well positioned to sustain any potential reduction in revenues and meet future efficiency targets with minimal impact on net revenues due to its rate structure, which effectively splits costs into variable and fixed rate components. Any decrease in consumption would be offset by a decrease in related variable costs while the fixed rate component would cover the fixed operating and maintenance costs.

Financial Planning & Budgeting

Short-Term

The Board of Directors approves operating and capital budgets every two years and allocates required funding accordingly. Board approval is required for any overall increase or substantial changes. Throughout the fiscal year, actual operating expenditures are compared to budget. Variances between budget and actual results are analyzed and evaluated to ensure the District's financial goals and objectives are being met. The budget process is further supported by the District's long-term financial models, enabling the Board to make informed decisions on setting rates and charges that ensure the long-term stability of the District. Funding needs are assessed using these financial planning models.

Long-Term

Meeting the goals of reliable, cost effective long-term water and sewer service requires substantial planning for both capital improvements and changing operating conditions. The District's capital program anticipates the need to update, expand or provide redundancy as well as refurbish and replace existing facilities as they reach the end of their useful life. District staff identify future infrastructure requirements well in advance of needs to ensure the necessary funding for those projects is available. Capital projects are funded through a combination of connection fees, property taxes and customer rates.

The District has a long history of planning for the enhancement and replacement of aging water and sewer infrastructure. Recognizing that infrastructure replacement is both inevitable and costly, the District established infrastructure Enhancement and Replacement Funds to provide funding for updating, expanding, creating redundancy, as well as replacing and refurbishing various components of the water and sewer systems. The objective of the funds is to help moderate the financial impact on future customer rates attributable to expenditures associated with enhancing and replacing capital facilities. For FY 2025-26, the combined funds for water and sewer customer enhancement/replacement were $41.0 million.

Over time, the District has transitioned from a newly developing to a more fully developed area. While projects slated for construction will provide additional capacity for ultimate demands, the focus of the District is transitioning from building new infrastructure projects to ongoing operations and maintenance activities, as well as upgrading and replacing existing infrastructure. The District utilizes a sophisticated financial model to factor in such variables as future development, construction costs, growth rates, inflation, redevelopment and other criteria in order to project rate setting for funding future capital needs.

The District completed a strategic review of its existing current capital funding plan which resulted in a master consolidation plan that combined certain improvement districts to maintain the future financial viability of each area. Diversification of the District's water supply and sewage treatment options are also major objectives of the District's master plan. Those objectives are discussed in further detail in the *Major Initiatives* section of this introduction.

The District's approach to infrastructure replacement and funding is consistent with the industry best practice and illustrates the District's commitment to financial stability and protection of its customers from significant future rate increases.

Pension and Other Post-Employment Benefits Funding

The District recognizes that defined benefit plans and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive approach to address the issue and, in 2013, established an irrevocable Pension Trust to substantially fund its CalPERS unfunded liability. The Pension Trust holds the funding contributions for the District pending future remittance to the CalPERS pension trust fund which will pay all retiree benefit payments to employees associated with the plan and will be transferred from the Pension Trust to CalPERS at the District's discretion. In January 2023, the District approved establishing a new Section 115 Trust to fund a portion of its unfunded Other Post-Employment Benefits (OPEB) liability, collectively known as the 115 Trusts. In addition to being irrevocable, both Trusts provide funding specific to the purpose for which they were formed. Investment policy and asset allocation decisions relating to 115 Trusts will be made by the 115 Trust Board, which is composed of two members from the IRWD Board of Directors (specifically, the members of the Finance and Personnel Committee) and the IRWD General Manager.

The District made initial contributions of $35.0 million to the Pension Trust, and since then has made additional contributions to the Pension Trust ranging from $1.9 million to $12.8 million. As of June 30, 2026, the fair value of the assets in the Pension Trust was approximately $163.4 million. The following schedule shows the recent history of pension plan assets and liabilities including the Pension Trust assets (in millions):

Fiscal Year [1]	Total Pension Liability	Total Pension Assets	Total Pension Assets as a Percentage of the Total Pension Liability
06/30/24	$364.2	$382.3	105.0%
06/30/25	387.7	423.7	109.3%
06/30/26	404.2	474.3	117.3%

[1] As of the measurement date June 30, 2023, 2024, and 2025 respectively.

The District made initial contributions of $10.0 million to the OPEB Trust. As of June 30, 2026, the fair value of the assets in the OPEB Trust was approximately $15.3 million. As of the measurement period ended June 30, 2025, $13.1 million of the OPEB Trust assets as a percentage of $18.7 million of the OPEB liability was 70.1 percent.

Cash Management Policies and Practices

The District is regulated by State law (primarily California Government Code Section 53600, et seq.) as to the types of fixed-income securities in which it can invest cash assets. In addition, the Board of Directors annually adopts an investment policy that may be more restrictive than the State codes. The District's standard practice is to maintain an appropriate balance between safety, liquidity and yield of investments to fund required expenditures in conformance with all applicable State laws, the District's investment policy, and prudent cash management principles.

At June 30, 2026, the District's cash and investments (excluding real property investments) totaled approximately $432.8 million. Cash balances are allocated to various funds including the Replacement Fund, New Capital Fund, Debt Service Fund and others.

Real Property Investments

As a means to match a portion of its long-term replacement cost for water and sewer facilities when they reach the end of their useful lives with long-term funding investments, the District obtained legislative authority from the State to invest a portion of its capital facilities Replacement Fund (up to 30%) in real property located in Orange County.

As of June 30, 2026, the District owns or has an interest in seven properties with an approximate fair value of $358.6 million. The District's income-producing real estate investments have a weighted average return (based on cost) for FY 2025-26 of 14.9%. Net revenues of $16.0 million generated in FY 2025-26 from the District's real estate investments are retained within the Replacement Fund and effectively reduce future increases in customer rates.

Debt Management Policies and Practices

The District strives to minimize the cost of its long-term debt. In 1984, the District obtained State legislation that allowed for the use of variable rate debt to help achieve this goal. The Board minimizes its exposure to interest rate risk by utilizing both fixed and variable rate debt. The District maintains a healthy balance between fixed and variable rate debt. As of June 30, 2026, its debt portfolio included 44.0% of fixed rate debt and 56.0% of variable rate debt. The average all-in cost of debt, including the District's fixed rate payer swaps, was 2.71% for the fiscal year.

The District has a Debt Management Policy Statement (Debt Policy). The Debt Policy objectives formalize District guidelines related to timing and amount of future debt issuance, allowable debt types and structures and spending requirements of bond proceeds. The Debt Policy also addresses underwriter selection and allowable methods of sale, continuing disclosure requirements, financial advisor and credit rating agency relationships and other key debt-related topics.

As of June 30, 2026, the District's rated debt obligations have received the following ratings from the three major rating agencies:

Fitch Ratings:	AAA
Standard and Poor's:	AAA

As of June 30, 2026, there were eight outstanding General Obligation (GO) bond issues consisting of $296.6 million in variable rate mode and $146.2 million in fixed rate mode (excluding any unamortized premium or discount). As of June 30, 2026, the District also had one outstanding Certificate of Participation (COP) issue with a balance of $92.0 million in fixed rate mode.

The District has secured direct pay letters of credit to enhance certain issues of its variable rate debt. The GO bond issues are secured by the District's ability to levy ad valorem property taxes to pay debt service. Although the District has elected to use a combination of ad valorem property taxes and other legally available funds to pay debt service, the legal authority exists to fully fund GO bond debt service through such ad valorem taxes. In addition to the ad valorem tax pledge, certain GO bond issues and the COPs issue are secured by the net revenues of the District. The District is required under its debt covenants to collect revenues sufficient to provide net revenues equal to 125% (1.25 times) of senior debt service coverage during the fiscal year. As of June 30, 2026, the District had net revenues equal to 4.1 times senior debt service coverage.

Prior to FY 2003-04, the District's outstanding debt was all in a variable rate mode and the Board of Directors took certain actions to manage and mitigate the interest rate risk. The District's practice has been to maintain a target amount of cash and fixed income investment assets equal to at least 75% of the District's outstanding unhedged variable rate debt. In addition, in 2004 the District began an interest rate swap program under which LIBOR-based fixed payer interest rate swaps were executed to hedge a portion of the District's variable rate exposure. The current $60 million notional amount of outstanding interest rate swaps allow the District to limit the interest rate risk exposure on approximately $89.5 million of its remaining tax-exempt variable rate debt to 3.81% (assuming a historical ratio for the tax-exempt SIFMA Index versus taxable 1-month LIBOR of 67%).

In 2017, the U.K. Financial Conduct Authority announced that it will no longer require its participating banks to provide daily submissions of LIBOR rates in the future, which will effectively discontinue the LIBOR index when that occurs. In January 2021, IRWD's Board of Directors approved the adherence to the ISDA LIBOR Fallback Protocol, and the District has completed the adherence process. The 1-month LIBOR index was discontinued on July 1, 2023 and the fixed payer swaps transitioned to the selected Fallback Rate (SOFR + spread).

Risk Management

One function of the Human Resources/Risk Management Department is identifying potential risk and loss exposures and safeguarding the District, its capital assets, and employees through its self-insurance and loss control programs, purchasing of appropriate insurance coverages, and developing risk management policies and procedures. The District utilizes a combination of self-insurance and third-party liability insurance to minimize loss exposures from property claims, third-party liability claims, and workers' compensation claims. The District self-insures the first $50,000 per occurrence for applicable property losses, $100,000 per occurrence for third-party liability claims, $125,000 per occurrence for workers' compensation claims, and $250,000 per claim for cyber liability incidents. Various control techniques used to minimize loss include, but are not limited to, regular employee safety meetings and training sessions, the use of uniform language in contracts designed to limit or prevent liability exposure, general risk assessments, and the development of emergency plans. The District also engages an outside firm to periodically evaluate its network security. External network security and cybersecurity assessments coupled with ongoing staff education/awareness, are just a few of the continuous efforts the District enacts to safeguard information.

Major Initiatives

The District's major initiatives during FY 2025-26 include continuing programs to secure water supplies, as well as expanding sewage treatment capacity and diverting sewage flows, water education programs, and the continuing implementation of the Water Use Efficiency Plan.

Water Supply Reliability

Groundwater Program

One of the goals of the District's Water Resources Master Plan is to identify a reliable water supply mix which includes developing sufficient groundwater production capacity to pump IRWD's portion of the Orange County Ground Water Basin, additional local groundwater production, and to have enough capacity to meet demands during outage conditions. Currently, the District meets these goals and has the ability to produce approximately 45,000 – 50,000 acre feet per year (AFY) of potable groundwater and 4,000 – 5,000 AFY of non-potable groundwater.

Per- and polyfluoroalkyl substances, often referred to by the abbreviation PFAS, are human-made chemicals found in food packaging, consumer products, and other applications. As an emerging "contaminant of concern," in 2018 IRWD proactively tested for PFAS and voluntarily shut down one water well that had tested positive for PFAS. That well remained out of service until a groundwater treatment system at the well site was constructed and put into service. This new treatment system removes all PFAS from the water drawn from that location. None of the water IRWD delivers to its customers contains any detectable PFAS.

Water Banking

In addition to developing its local groundwater and recycled water systems, the District has further improved its water supply reliability by developing and operating water banking facilities in Kern County, California. These neighboring projects are known as the Strand Ranch Integrated Banking Project and the Stockdale West Integrated Banking Project (collectively, the IRWD Water Bank). The IRWD Water Bank is situated on groundwater recharge lands that overlie the regional Kern County groundwater basin. The purpose of the IRWD Water Bank is to improve the District's water supply reliability by capturing and storing low cost water available during wet hydrologic periods for use during dry periods. The IRWD Water Bank enhances the District's ability to respond to drought conditions and potential long-term water supply interruptions and enables it to reduce the cost of water delivered under such conditions.

The District has entered into agreements for a 30-year water banking partnership with the Rosedale-Rio Bravo Water Storage District (Rosedale) in Kern County. These agreements provide for Rosedale to operate the IRWD Water Bank on behalf of the District and permits the District: (i) to store up to 126,000 acre feet of water in the aquifer; (ii) to recharge a minimum of 44,600 acre feet of water per year in the aquifer; and (iii) to recover a minimum of 28,750 acre feet of water per year from the aquifer. In addition, these agreements provide an option to extend in 15-year increments upon written agreement of IRWD and Rosedale.

The District has constructed groundwater recharge ponds and related facilities at its IRWD Water Bank that are necessary to divert water from an adjacent canal into the ponds. Groundwater wells have been constructed on the Strand Ranch and Stockdale West properties. The District, in partnership with Rosedale and others, has also constructed additional wells that will increase the ability to recover water from the IRWD Water Bank during peak summer demand periods. The District has secured water from a number of sources for recharge at the IRWD Water Bank.

The District has entered into an agreement with Metropolitan Water District of Southern California (MWD) which allows the District to convey water through Metropolitan facilities from the IRWD Water Bank into the District's service area.

Since 2010, the District has delivered a total of approximately 117,100 acre feet of water to the IRWD Water Bank through its water supply partnerships. The District has approximately 4,700 acre feet of its partner's share of the water and holds approximately 42,000 acre feet of water in storage for future use in IRWD's service area. The District is currently pursuing additional potential water supply opportunities for diversion into the IRWD Water Bank.

Kern Fan Groundwater Storage Project

The Kern Fan Groundwater Storage Project (Kern Fan Project) is a regional water bank being developed in the Kern Fan area to capture, recharge and store unallocated Article 21 water from the State Water Project (SWP) and other water supplies during wet hydrologic periods. Water stored in the Kern Fan Project would be extracted when needed to provide ecosystem, emergency supply and water supply benefits. IRWD's share of the Kern Fan Project will be used in conjunction with the Strand Ranch and Stockdale West Integrated Banking Projects to meet IRWD's contingency storage needs at build-out. IRWD's goal for contingency storage is to secure supplies adequate to backfill the loss of imported supplies for three consecutive years. The Kern Fan Project, along with the IRWD Water Bank will allow IRWD to meet this goal. The project is being developed, implemented, and operated by the Groundwater Banking Joint Powers Authority, which was formed between IRWD and Rosedale-Rio Bravo Water Storage District in April 2020.

In August 2017, IRWD and Rosedale jointly submitted a grant application to the California Water Commission (CWC) for the proposed Kern Fan Project. The application sought Proposition 1 funds available from the CWC through the Water Storage Investment Program (WSIP). The CWC has conditionally awarded $111.4 million to the Kern Fan Project. In addition, in 2023 the first phase of the Kern Fan Project was awarded a total of $8.7 million in federal funding from the Bureau of Reclamation under the Small Surface Water and Groundwater Storage Projects Program. The GBJPA continues to pursue additional funding opportunities.

Water Rights

The District also owns property with rights to State Water Project water which can be stored in the IRWD Water Bank. The water is available as a result of the District's acquisition of property located within the Dudley Ridge Water District, including the rights to use approximately 1,750 acre feet of Table A State Water Project water allocated to Dudley Ridge. The District can store its Table A water in the IRWD Water Bank with half of the water being available for future use in the District's service area. The acquisition also includes certain participation rights in the Kern Water Bank allowing the District to store up to approximately 9,500 acre feet of water.

The District also owns approximately 3,100 acres of agricultural land (Palo Verde Properties) in Riverside County, California. IRWD's Palo Verde Properties are located within Palo Verde Irrigation District (PVID), which has first priority rights on the Colorado River. The properties are included in a Metropolitan Water District of Southern California and PVID fallowing program under which MWD makes payments to landowners (up to approximately 970 acres of IRWD's Palo Verde Properties) in exchange for letting land lie fallow. Water that is conserved through fallowing is available for use within MWD's service area (which includes the District's service area). The District leases the Palo Verde Properties to tenant farmers for agricultural uses.

Syphon Recycled Water Seasonal Storage Reservoir

Syphon Reservoir, constructed in 1943 and located north of Irvine, is a water storage reservoir historically used for agricultural purposes. The District purchased Syphon Reservoir in January 2010, and in 2015 completed the process of converting the reservoir into a recycled water seasonal storage facility. Seasonal storage reservoirs allow the District to store excess recycled water produced in the

winter months for use in higher demand summer months. This will increase water reliability by reducing the District's dependency on imported water from MWD used to supplement the recycled water system. In 2013, the District completed a feasibility study to increase storage capacity in Syphon Reservoir from its current capacity of 450 acre feet to approximately 5,000 acre feet. Additional storage capacity would allow the District to utilize more of the recycled water it produces. An expansion of Syphon Reservoir to approximately 5,000 acre feet would allow for recycling 100% of the sewage flows tributary to MWRP. The District completed the final design for the reservoir expansion and commenced the construction phase in 2026. Construction of the expanded reservoir is anticipated to be complete in Summer 2031.

Community Education and Outreach

IRWD provides community education and outreach programs throughout the year to enhance customer understanding of the value of water and the services we provide. These programs enhance public appreciation and build trust with our customers. They result in customers understanding and valuing the investments we make to ensure a reliable and sustainable water supply for years to come. In Fiscal Year 2025-2026, IRWD continued and expanded its outreach initiatives to reach customers and our community in new and engaging ways:

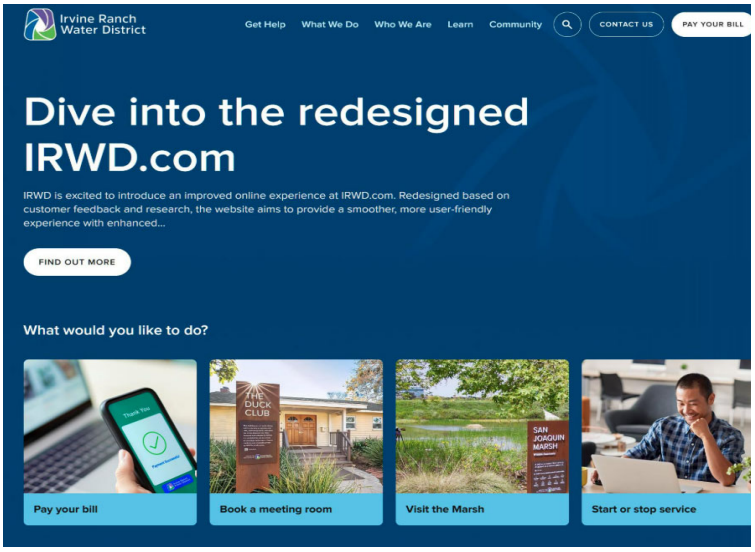
Digital Media: Digital outreach is a key way IRWD reached its customers where they are at. The District continued to see strong social media analytics from this outreach. Two of IRWD's campaigns in particular demonstrate this level of success with impressive results.

The Yardtopia® Initiative, a distinctive brand launched in early 2025 to inspire customers to replace their backyard lawn with spaces they can live in, launched a 2026 spring campaign that yielded 11 million impressions with 90,000 visits to the campaign's website, yardtopia.com. The campaign also helped drive visits to IRWD.com, delivering more than 30,000 page views in the same period.

The District's "Good water. Great Neighborhood" water quality campaign, featuring a young girl named Lucy and her famous lemonade stand, was updated with newer content and reran in early 2026. The campaign's four-week rerun saw about 5.3 million impressions across six digital channels, and earned about 30,000 page views to IRWD's water quality webpage, where they could read the annual water quality report, and learn more about how the District treats and tests its water. Plans are underway to continue the Lucy story in 2026-2027.



Good Water Great Neighborhoods



IRWD Redesigned Website

IRWD.com: In FY 2025-2026, IRWD worked to redesign its website, IRWD.com. The modern design, which was launched in July 2026, was based on customer use of the website to provide a more user-friendly experience with enhanced viewing on mobile devices. The site now helps users get the information they need more quickly.

Children's Education: IRWD has a decades-long history of working with local schools to foster an understanding of and appreciation for the value of water. Since 2007, the District has partnered with Discovery Cube Orange County to provide elementary school programming that has evolved to meet growing demands to align content with state education standards, including Next Generation Science Standards. To date, more than 125,500 students have participated in an IRWD-sponsored assembly, field trip or workshop. In 2025-2026, IRWD expanded this outreach — and achieved record field trip participation — by adding hands-on, science-based watershed field trips for middle school and high school students through a new partnership with Orange County Coastkeeper. The availability of K-12 education also creates a smooth learning continuum that matches state curriculum requirements from the early grades into AP science coursework.

Business Outreach: District continued its business outreach program, IRWD Connect, and worked to reach more businesses through the program. The main event of that outreach is the District's annual Connect Luncheon. This year, business participation in that event increased to include more than 140 potential business partners, creating a mutually beneficial forum to build a more diverse and competitive vendor pool while assisting businesses with information on upcoming projects and other opportunities to do business with IRWD. In addition to the luncheon, small IRWD Connect events help strengthen this expanding business network.



2026 Business Outreach Luncheon

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Irvine Ranch Water District for its annual comprehensive financial report (ACFR) for the fiscal years ended June 30, 2004 through June 30, 2025. In order to be awarded a Certificate of Achievement, IRWD was required to publish an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

Staff would like to acknowledge the IRWD Board of Directors for their support and for maintaining the highest standards of professionalism in the management of the District's operations and finances. We would also like to thank the dedicated employees of the District for their commitment to providing high quality service to the District's customers. The preparation of this report would not have been possible without the efficient and dedicated service of the entire Finance Department staff. We also wish to express our appreciation to all staff that assisted and contributed to the preparation of this report.

Respectfully submitted,

Paul A. Cook
General Manager

Eileen Lin
Director of Accounting

Irvine Ranch Water District

List of Principal Officials

Board of Directors

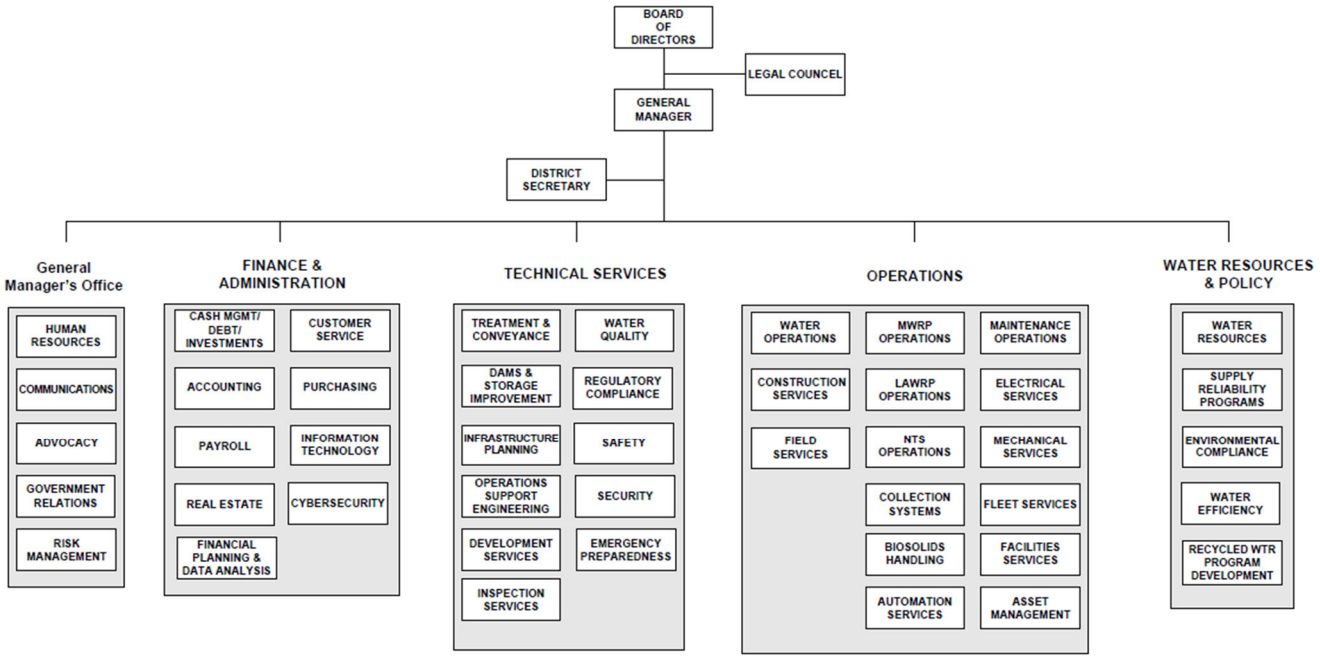
President and Director	Steven E. LaMar
Vice President and Director	Daniel R. Ferons
Director	Cindy L. Miller
Director	Douglas J. Reinhart
Director	Peer A. Swan

Executive Management

General Manager	Paul A. Cook
Executive Director of Technical Services	Kevin L. Burton
Executive Director of Operations	Wendy L. Chambers
Executive Director of Water Policy	Paul A. Weghorst
Director of Safety and Security	Steve S. Choi
Director of Water Quality & Regulatory Compliance	James E. Colston
Director of Strategic Communications & Advocacy/Deputy General Counsel	Christine A. Compton
Director of Information Technology	Lance H. Kaneshiro
Director of Accounting	Eileen Lin
Director of Maintenance	Jason R. Manning
Director of Human Resources	Tiffany A. Mitcham
Director of Water Resources	Fiona M. Nye
Director of Financial Planning & Data Analytics	Christopher F. Smithson
Director of Recycling Operations	Jose Zepeda

Irvine Ranch Water District

Organizational Chart
(By Function)
Fiscal Year 2025-26





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Irvine Ranch Water District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

Financial Section

Irvine Ranch Water District
Fiscal Year Ended June 30, 2026

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

Board of Directors
Irvine Ranch Water District
Irvine, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Irvine Ranch Water District (the District), as of and for the year June 30, 2026, 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 business-type activities and the aggregate remaining fund information of Irvine Ranch Water District, as of June 30, 2026, and the respective changes in financial position and, where applicable, 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, during the year ended June 30, 2026, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 103. 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 pension liability and related ratios, schedule of contributions – defined benefit pension plan, schedule of changes in the OPEB liability and related ratios, and schedule of contributions – OPEB* 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 District's 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the 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 November 3, 2026 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.



Irvine, California
November 3, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis (MD&A) of the Irvine Ranch Water District (District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2026. This section should be read in conjunction with the basic financial statements and notes to the basic financial statements, which follow this analysis.

Overview of the Financial Statements

The basic financial statements of the District consist of the following:

Statement of Net Position depicts the District's financial position at June 30, the end of the District's fiscal year. The statement of net position shows all financial assets and liabilities of the District. Net position represents the District's residual interest after liabilities and deferred inflows of resources are deducted from assets and deferred outflows of resources. Net position is displayed in two components: net investment in capital assets and restricted for net pension assets and water and sewer services.

Statement of Revenues, Expenses and Changes in Net Position provides information on the District's operations and can be used to determine whether the District has recovered all of its costs through operating and nonoperating revenues.

Statement of Cash Flows provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments, and financing activities.

Fiduciary Fund is used to account for assets held by the District as a custodian for the San Joaquin Wildlife Sanctuary (SJWS).

Notes to the Basic Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information includes required supplementary information concerning the District's progress in funding its obligations to provide pension and other post-employment benefits to its employees.

The District's financial statements use the economic resources measurement focus and accrual basis of accounting. They comprehensively report all types of financial statement elements:

- Assets: resources the District controls, from short-term assets like cash to long-term assets like water and sewer capital assets.
- Liabilities: amounts the District owes, from short-term liabilities such as accounts payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.
- Deferred outflows of resources and deferred inflows of resources: flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- Revenues and expenses: inflows and outflows of economic resources, respectively, related to the current year.

More details about the measurement focuses and bases of accounting can be found in Note 1 of the Notes to the Basic Financial Statements.

Analysis of the District's Finances

The following condensed schedules contain summary financial information extracted from the basic financial statements to assist general readers in evaluating the District's overall financial position and results of operations. Increases or decreases in these schedules can be used as performance indicators to assess whether the District's overall financial position has improved or deteriorated. Other external factors such as changes in economic conditions, customer growth, and legislative mandates should also be considered as part of this analysis.

Analysis of the District's Finances (Continued)

Financial Position Summary

The Statement of Net Position reflects the District's financial position as of June 30. The statement includes assets, deferred outflow of resources, liabilities, and deferred inflows of resources. The net position represents the District's net worth including, but not limited to, capital contributions and net investment in capital assets. A condensed summary of the District's total net position at June 30 is set forth below:

Table 1 - Summary of Net Position (in millions)

	2026	2025	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Assets				
Current assets	$ 496.0	$ 486.1	$ 9.9	2.0%
Capital assets, net	2,206.5	2,161.4	45.1	2.1%
Other noncurrent assets	560.3	505.1	55.2	10.9%
Total assets	3,262.8	3,152.6	110.2	3.5%
Deferred Outflows of Resources	46.4	39.8	6.6	16.6%
Liabilities				
Current liabilities	115.5	76.7	38.8	50.6%
Noncurrent liabilities	661.1	682.2	(21.1)	-3.1%
Total liabilities	776.6	758.9	17.7	2.3%
Deferred Inflows of Resources	19.6	10.2	9.4	92.2%
Net Position				
Net investment in capital assets	1,628.7	1,570.2	58.5	3.7%
Restricted for pension trust investments	163.4	139.7	23.7	17.0%
Restricted for OPEB trust investments	15.3	13.1	2.2	16.8%
Restricted for water services	241.3	248.5	(7.2)	-2.9%
Restricted for sewer services	464.3	451.8	12.5	2.8%
Total net position	$ 2,513.0	$ 2,423.3	$ 89.7	3.7%

The District's total assets increased $110.2 million or 3.5 percent during the current fiscal year. Current assets increased $9.9 million or 2.0 percent due primarily to a $39.1 million increase in the District's cash and investments, partially offset by a $29.5 million decrease in due from other agencies relating to cash deposits held by OC San, the District's third-party provider based on the agreements between the two agencies for future obligations.

Capital assets increased $45.1 million or 2.1 percent during the current fiscal year. The District added $93.9 million in water and sewer assets during the year, partially offset by a $68.0 million increase in accumulated depreciation. The largest capital spending during the current fiscal year was $6.6 million for the Santiago Dam Outlet and Spillway, $6.0 million for the Sewer Siphon Rehabilitation Phase 2, and $4.4 million for the MRWP Tertiary Filter Rehabilitation. These three capital projects expenditures accounted for 23.4 percent of total construction in progress additions incurred in the current fiscal year.

Other noncurrent assets increased $55.2 million or 10.9 percent during the current fiscal year. The increase primarily due to a $23.7 million increase in fair value of pension trust investments, a $22.0 million increase in real estate investments, and a $7.6 million increase in investments in joint venture.

Analysis of the District's Finances (Continued)

Financial Position Summary (Continued)

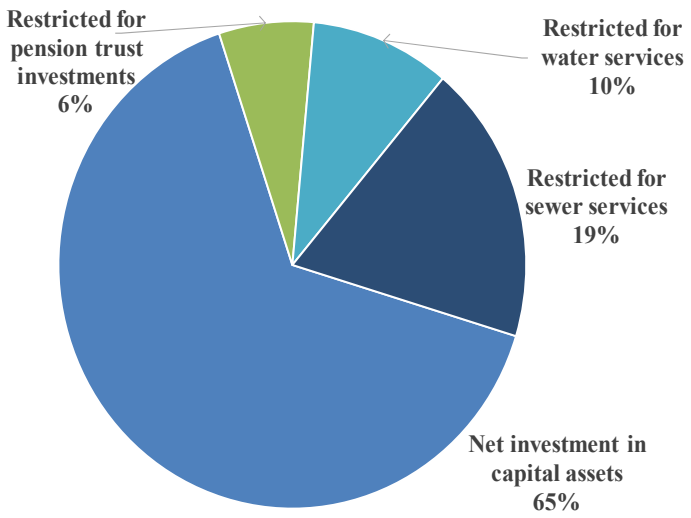
The District's deferred outflows of resources increased by $6.6 million or 16.6 percent over the prior fiscal year. The increase is due primarily to a $16.1 million increase in deferred refunding charges, partially offset by a $7.8 million decrease in pension actuarial related changes in assumptions and experiences, and a $2.0 million accumulated decrease in fair value of swap agreements.

The District's total liabilities increased $17.7 million or 2.3 percent in the current fiscal year. This was due primarily to a $33.9 million increase in accounts payable and accrued expenses and a $4.4 million increase in general obligation bonds, certificates of participation, and notes, lease, and subscription payables, partially offset by a $18.1 million decrease in pension liability and a $2.0 million decrease in swap liability.

The District's deferred inflows of resources increased $9.4 million or 92.2 percent in the current fiscal year. This is primarily due to a $8.2 million increase in pension actuarial related changes in assumptions and experiences, and a $1.4 million increase in OPEB actuarial related changes in assumptions and experiences.

Net position at the end of the current fiscal year increased $89.7 million or 3.7 percent. Net position consists of net investment in capital assets and restricted net positions (Figure 1).

Figure 1 - Net Position at June 30, 2026



Net investment in capital assets are capital assets, net of accumulated depreciation/amortization and liabilities (such as debt) attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets was $1,628.7 million or 65.0 percent of total net position, an increase of $58.5 million from the prior fiscal year. The change is due primarily to a $45.1 million increase in net capital asset additions and a $13.4 million increase in outstanding debt issues to construct capital assets.

Restricted net position for pension trust investments was $163.4 million or 6.0 percent of total net position. Restricted net position for OPEB trust investments was $15.3 million or 0.6 percent of total net position. Restricted net position for water services was $241.3 million or 10.0 percent of total net position. Restricted net position for sewer services was $464.3 million or 19.0 percent of total net position. Restricted net positions are restricted by legislation which imposes requirements that District assets be used only for the specific purposes for which it was formed.

Analysis of the District's Finances (Continued)

Activities and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position summarizes the District's operations during the current fiscal year. A Summary of the District's changes in net position for the fiscal years ended June 30, is included in Table 2 below:

Table 2 - Revenues, Expenses and Changes in Net Position (in millions)

			Increase/(Decrease)	
	2026	2025	Amount	Percentage
Operating revenues				
Water sales and service charges	$ 143.3	$ 136.1	$ 7.2	5.3%
Sewer sales and service charges	122.0	114.4	7.6	6.6%
Total operating revenues	265.3	250.5	14.8	5.9%
Noncapital Subsidies				
Intergovernmental revenue	3.2	1.6	1.6	100.0%
Total operating revenues	3.2	1.6	1.6	100.0%
Nonoperating revenues				
Property taxes	89.2	86.3	2.9	3.4%
Interest income	18.7	21.0	(2.3)	-11.0%
Increase (decrease) in fair value of investments	(5.8)	2.0	(7.8)	-390.0%
Real estate income	22.0	21.4	0.6	2.8%
Increase in fair value of real estate investments	9.4	9.2	0.2	2.2%
Pension trust interest and dividends income	48.9	9.0	39.9	443.3%
Increase (decrease) in fair value of pension trust investments	(25.1)	7.1	(32.2)	-453.5%
OPEB trust interest and dividends income	2.3	0.5	1.8	360.0%
Increase (decrease) in fair value of OPEB trust investments	(0.1)	1.0	(1.1)	-110.0%
Capital contributions	38.3	64.5	(26.2)	-40.6%
Total nonoperating revenues	197.8	222.0	(24.2)	-10.9%
Total revenues	466.3	474.1	(7.8)	-1.6%
Operating expenses				
Water services expenses	162.2	146.4	15.8	10.8%
Sewer services expenses	97.7	90.9	6.8	7.5%
Depreciation	84.8	84.2	0.6	0.7%
Total operating expenses	344.7	321.5	23.2	7.2%
Nonoperating expenses				
Interest expense	18.6	21.0	(2.4)	-11.4%
Real estate expense	9.5	7.6	1.9	25.0%
Gain (loss) from disposal of capital assets	2.1	1.1	1.0	90.9%
Other expense	1.7	0.9	0.8	88.9%
Total nonoperating expenses	31.9	30.6	1.3	4.2%
Total expenses	376.6	352.1	24.5	7.0%
Income before unusual or infrequent items	89.7	122.0	(32.3)	-26.5%
Unusual or infrequent items	-	6.4	(6.4)	100.0%
Change in net position	89.7	128.4	(38.7)	-30.1%
Beginning net position, as restated [(1)]	2,423.3	2,294.9	128.4	5.6%
Ending net position	$ 2,513.0	$ 2,423.3	$ 89.7	3.7%

Note (1): The beginning net position of June 30, 2025 was restated to reflect the implementation of GASB Statement No. 101.

Analysis of the District's Finances (Continued)

Revenues

As shown in Table 2, the District's operating revenues totaled $265.3 million or 56.9 percent of total revenues. Water sales contributed $143.3 million or 54.0 percent to total operating revenues and sewer sales contributed $122.0 million or 46.0 percent to total operating revenues. Operating revenues increased by $14.8 million or 5.9 percent from the prior fiscal year. The increase is primarily due to a Board approved rate increase effective August 2025 and increase in customer sales.

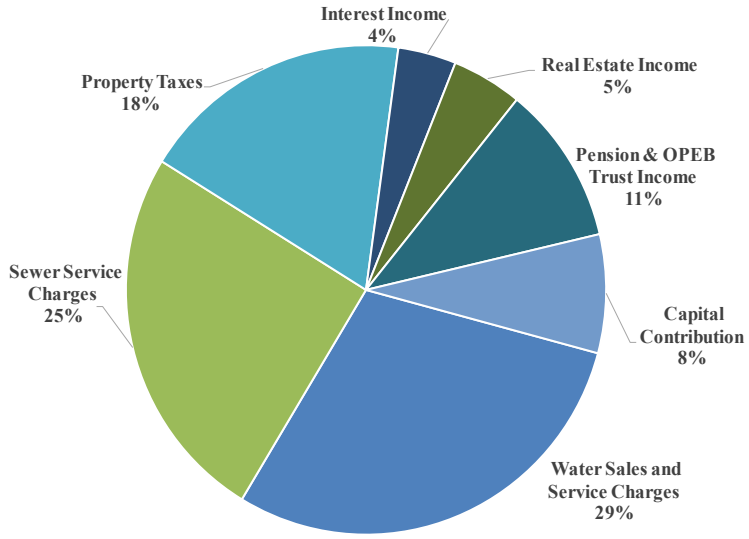
The chart below (Figure 2) illustrates the sources of revenue for the fiscal year ended June 30, 2026.

Noncapital subsidies from federal, state, and local agencies totaled $3.2 million and accounted for 0.7 percent of total revenues for the fiscal year ended June 30, 2026. Noncapital subsidies increased by $1.6 million or 100.0 percent from the prior fiscal year, primarily due to additional operating funding received during the current fiscal year.

Nonoperating revenues totaled $197.8 million and accounted for 42.4 percent of total revenues for the fiscal year ended June 30, 2026. This is a decrease of $24.2 million or 10.9 percent from the prior fiscal year. The decrease in the current fiscal year is due to:

- A decrease of $40.9 million in changes in the fair value of the real estate investments, pension and OPEB trust investments, and District's fixed income investments.
- A decrease of $26.2 million in capital contributions due primarily to a $21.4 million decrease in donated facilities from developers and a $5.5 million decrease in grants from federal, state, and local agencies, partially offset by a $0.7 million increase in connections paid by developers.
- A decrease of $2.3 million in District's fixed income investment earnings.
- An increase of $39.9 million in pension trust investments.
- An increase of 2.9 million in one percent and ad valorem property tax revenue associated with higher assessed values in the District's service area.
- An increase of $1.8 million in OPEB trust investments.
- An increase of $0.6 million in income from real estate investments.

Figure 2 - Revenues for Fiscal Year Ended June 30, 2026
(excluding changes in fair value of investments, real estate investments, and pension and OPEB trust investments)



Analysis of the District's Finances (Continued)

Expenses

As shown in Table 2, operating expenses total $344.7 million, of which $259.9 million relates to the cost of providing water and sewer services to the District's customers. Water service operating costs are 113.2 percent of water operating revenues and sewer service operating costs are 80.1 percent of sewer operating revenues. Water and sewer operating expenses, excluding depreciation, increased by $22.6 million or 9.5 percent over the prior fiscal year.

Water expenses totaled $162.2 million, an increase of $15.8 million or 10.8 percent from the prior fiscal year primarily due to:

- An increase of $6.4 million in expensed water projects associated with the District's capital program.
- An increase of $5.7 million in water purchases and water banking program.
- An increase of $3.4 million in electricity, conservation program, and repair and maintenance expenses.
- An increase of $2.1 million in labor and benefits costs.
- A decrease of $2.6 million in general and administration expenses.
- Other net increases of $0.8 million.

Sewer service expenses totaled $97.7 million, an increase of $6.8 million or 7.5 percent from the prior fiscal year primarily due to:

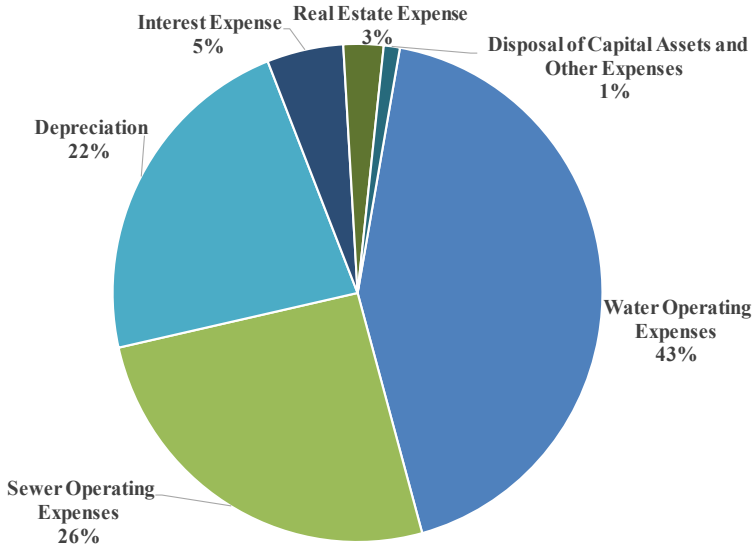
- An increase of $6.1 million in expensed sewer and recycled projects associated with the District's capital program.
- An increase of $4.0 million in the cost of handling, treatment, and disposal of sewage sent to the District's third-party provider OC San due to higher flows.
- An increase of $1.9 million in labor and benefits costs.
- A decrease of $2.9 million in electricity and chemicals expenses.
- A decrease of $2.7 million in general and administration expenses.
- Other net increases of $0.4 million.

Depreciation expense totaled $84.8 million, an increase of $0.6 million or 0.7 percent over the prior fiscal year. The increase is the result of the additions of capital assets.

Nonoperating expenses totaled $31.9 million, an increase of $1.3 million or 4.2 percent from the prior fiscal year primarily due to:

- An increase of $1.9 million in real estate expense.
- An increase of 1.0 million in disposal of capital assets.
- An increase of $0.8 million other expenses.
- A decrease of $2.4 million in interest expense associated with the District's debt.

Figure 3 - Functional Expenses for Fiscal Year Ended June 30, 2026



Significant Capital Asset and Long-Term Financing Activity

The District's investment in capital assets consists of the following as of June 30:

Table 3 - Capital Assets, Net of Depreciation (in millions)

			Increase/(Decrease)	
	2026	2025	Amount	Percentage
Water assets	$ 1,405.3	$ 1,388.0	$ 17.3	1.2%
Sewer assets	1,937.0	1,860.4	76.6	4.1%
Less: accumulated depreciation	(1,437.8)	(1,369.8)	(68.0)	5.0%
Land and water rights	128.8	128.8	-	0.0%
Construction in progress	173.2	154.0	19.2	12.5%
Total	$ 2,206.5	$ 2,161.4	$ 45.1	2.1%

Capital assets, net of depreciation increased $45.1 million or 2.1 percent in the current fiscal year. Construction in Progress added $72.8 million during the current fiscal year. Total projects transferred from Construction in Progress to Capital Assets and depreciated during the fiscal year ended June 30, 2026 were $53.5 million. In addition, the District acquired $47.2 million of jointly funded capital assets from the Orange County Sanitation District. The District's accumulated depreciation increased by $68.0 million for depreciation expense in the current fiscal year. The following is a list of the top ten capital projects expenditures which accounted for 50.7 percent of total capital assets additions incurred in the current fiscal year (in millions):

Project Description	Amount
Santiago Dam Outlet and Spillway	$ 6.6
Sewer Siphon Rehabilitation Phase 2	6.0
MWRP Tertiary Filter Rehabilitation	4.4
Operation Center Purchasing Warehouse Expansion	3.8
Lake Forest Woods Sewer Improvements	3.6
Enterprise Resource Planning Replacement	3.0
Generator Fuel Storage	2.8
Technology and ADA Recycled Water Pipeline Replacement	2.5
Syphon Reservoir Improvements	2.4
San Joaquin Reservoir Filtration Facility	1.8
Total	**$ 36.9**

Additional information on the District's capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

Significant Capital Asset and Long-Term Financing Activity (Continued)

As shown below in Table 4, as of June 30, 2026, the District had total debt outstanding of $590.7 million, an increase of $4.4 million or 0.8 percent from the prior fiscal year.

Table 4 - Outstanding Debt (including current portions) (in millions)

			Increase/(Decrease)	
	2026	2025	Amount	Percentage
General Obligation bonds	$ 468.2	$ 468.1	$ 0.1	0.0%
Certificates of participation	110.1	116.4	(6.3)	-5.4%
Leases payable	1.1	1.3	(0.2)	-15.4%
Subscription payable	11.3	0.5	10.8	2160.0%
Total	$ 590.7	$ 586.3	$ 4.4	0.8%

During the current fiscal year, the District issued $125.0 million of Consolidated Series 2025A Refunding Bonds and $57.9 million of Consolidated Series 2025B Refunding Bonds to refund $171.9 million of outstanding 2010B Build America Bonds (BABS). In addition, the increase in total debt was attributable to a $7.7 million bond premium related to the issuance of the Consolidated Series 2025A and 2025B Refunding Bonds and a $12.3 million increase in subscription payable. The increase was partially offset by $21.8 million in debt service payments, $3.1 million in bond premium amortization, and $1.7 million in lease and subscription liability payments.

As of June 30, 2026, the District's rated debt obligations have received the following ratings from the major rating agencies:

Fitch Ratings:	AAA
Standard and Poor's:	AAA

Additional information on the District's long-term debt can be found in Note 10 of the Notes to the Basic Financial Statements.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general review of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the IRWD Director of Accounting at the Irvine Ranch Water District, 15600 Sand Canyon Avenue, Irvine, California 92618-7500.

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Irvine Ranch Water District

Statement of Net Position

June 30, 2026

(with comparative data as of June 30, 2025)

(in thousands)

	2026	2025
ASSETS		
Current Assets:		
Cash and Investments (note 2)	$ 432,776	$ 393,704
Receivables:		
Customer accounts receivable	15,818	15,110
Interest receivable	2,910	3,006
Notes receivable, current portion	48	92
Due from other agencies (note 6)	-	29,465
Leases receivable, current portion (note 7)	219	209
Other receivables	10,171	10,610
Total receivables	29,166	58,492
Other Current Assets:		
Inventories (note 4)	25,392	23,627
Prepaid items and deposits	8,667	10,235
Total other current assets	34,059	33,862
Total current assets	496,001	486,058
Noncurrent Assets:		
Capital Assets (note 5):		
Water assets	1,405,303	1,388,019
Sewer assets	1,937,007	1,860,401
Subtotal	3,342,310	3,248,420
Less accumulated depreciation	(1,437,826)	(1,369,809)
Total capital assets being depreciated, net	1,904,484	1,878,611
Land and water rights	128,798	128,844
Construction in progress	173,211	153,973
Total capital assets, net	2,206,493	2,161,428
Other Noncurrent Assets:		
Notes receivable, net of current portion	-	77
Leases receivable, net of current portion (note 7)	2,020	2,248
Real estate investments (note 8)	360,217	338,215
Pension trust investments (note 2)	163,420	139,749
OPEB trust investments (note 2)	15,284	13,086
Investment in joint venture (note 9)	19,322	11,717
Total other noncurrent assets	560,263	505,092
Total noncurrent assets	2,766,756	2,666,520
TOTAL ASSETS	3,262,757	3,152,578
DEFERRED OUTFLOWS OF RESOURCES		
Deferred refunding charges	17,393	1,329
Accumulated decrease in fair value of swap agreements (note 3)	2,489	4,507
Pension contributions (note 13)	14,528	13,417
Pension actuarial changes (note 13)	8,839	16,644
OPEB contributions (note 14)	896	839
OPEB actuarial changes (note 14)	2,321	3,095
TOTAL DEFERRED OUTFLOWS OF RESOURCES	46,466	39,831

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Net Position

June 30, 2026

(with comparative data as of June 30, 2025)

(in thousands)

(Continued)

	2026	2025
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	70,785	36,925
Customer deposits and advance payments	7,623	6,352
Accrued interest:		
General obligation bonds	3,183	3,443
Other accrued interest payable	2,063	1,832
Current portion of long-term liabilities:		
General obligation bonds (note 10)	19,484	17,534
Certificates of participation (note 10)	6,601	6,281
Notes payable (note 10)	-	40
Leases payable (note 10)	258	228
Subscription payable (note 10)	1,278	191
Other long term liabilities (note 10)	3,112	2,746
Unearned revenue (note 11)	565	565
Claims liability (note 16)	562	537
Total current liabilities	115,515	76,674
Noncurrent Liabilities:		
General obligation bonds, net of current portion (note 10)	448,735	450,580
Certificates of participation, net of current portion (note 10)	103,459	110,060
Leases payable, net of current portion (note 10)	876	1,111
Subscription payable, net of current portion (note 10)	10,026	288
Other long-term liabilities (note 10)	4,614	4,453
Unearned revenue, net of current portion (note 11)	1,439	2,004
Claims liability, net of current portion (note 16)	1,155	1,071
Net pension liability (note 13)	69,589	87,686
OPEB liability (note 14)	18,718	20,435
Swap liability (note 3)	2,489	4,507
Total noncurrent liabilities	661,100	682,195
TOTAL LIABILITIES	776,614	758,869
DEFERRED INFLOWS OF RESOURCES		
Lease related (note 7)	2,142	2,388
Pension actuarial changes (note 13)	9,364	1,193
OPEB actuarial changes (note 14)	8,062	6,661
TOTAL DEFERRED INFLOWS OF RESOURCES	19,568	10,242
NET POSITION (note 18)		
Net investment in capital assets	1,628,686	1,570,177
Restricted for pension trust investments	163,420	139,749
Restricted for OPEB trust investments	15,284	13,086
Restricted for water services	241,300	248,508
Restricted for sewer services	464,351	451,778
TOTAL NET POSITION	$ 2,513,041	$ 2,423,298

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2026

(with comparative data for the Fiscal Year Ended June 30, 2025)

(in thousands)

	2026	2025
OPERATING REVENUES		
Water sales and service charges	$ 143,299	$ 136,115
Sewer sales and service charges	121,976	114,448
Total operating revenues	265,275	250,563
OPERATING EXPENSES		
Water:		
Water services	139,120	120,720
General and administrative	23,069	25,706
Sewer:		
Sewer services	77,070	67,598
General and administrative	20,608	23,296
Depreciation	84,767	84,188
Total operating expenses	344,634	321,508
Operating income (loss)	(79,359)	(70,945)
NONCAPITAL SUBSIDIES		
Intergovernmental revenue	3,212	1,595
Total noncapital subsidies	3,212	1,595
Operating income (loss) and noncapital subsidies	(76,147)	(69,350)
OTHER NONOPERATING REVENUES (EXPENSES)		
Property taxes	89,227	86,319
Interest income (loss)	18,706	20,952
Increase (decrease) in fair value of investments	(5,777)	1,971
Real estate income (note 8)	22,013	21,442
Increase (decrease) in fair value of real estate investments (note 8)	9,441	9,208
Pension trust interest and dividends income	48,863	9,020
Increase (decrease) in fair value of pension trust investments	(25,131)	7,082
OPEB trust interest and dividends income	2,327	551
Increase (decrease) in fair value of OPEB trust investments	(107)	957
Interest expense	(18,616)	(21,030)
Real estate expense (note 8)	(9,452)	(7,621)
Pension trust expense	(60)	(61)
OPEB trust expense	(23)	(23)
Gain (loss) from disposal of capital assets	(2,122)	(1,082)
Other expenses	(1,741)	(862)
Donated facilities	15,603	37,056
Connection fees	21,834	21,075
Capital grants	905	6,380
Total other nonoperating revenues (expenses)	165,890	191,334
Income (loss) before unusual or infrequent items	89,743	121,984
UNUSUAL OR INFREQUENT ITEMS		
Transfer of capital assets	-	6,414
Increase (decrease) in net position	89,743	128,398
NET POSITION AT BEGINNING OF YEAR, as previously reported	2,423,298	2,295,607
Change in accounting principle (GASB 101)	-	(707)
NET POSITION AT BEGINNING OF YEAR, as restated	2,423,298	2,294,900
NET POSITION AT END OF YEAR	$ 2,513,041	$ 2,423,298

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Cash Flows

For the Fiscal Year ended June 30, 2026

(with comparative data for the Fiscal Year Ended June 30, 2025)

(in thousands)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 265,681	$ 238,736
Cash paid to suppliers of goods and services	(118,117)	(163,637)
Cash paid for employees services	(88,055)	(81,234)
Net cash provided by (used for) operating activities	59,509	(6,135)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncash subsidies received	3,212	5,212
Net cash provided by (used for) noncapital financing	3,212	5,212
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(105,767)	(88,694)
Proceeds from disposition of capital assets	-	132
Property tax receipts	89,227	86,319
Proceeds from long term debt	190,695	3,695
Payment to bond escrow agent	(191,815)	-
Principal payments on long-term liabilities	(24,026)	(44,125)
Interest and fiscal agent costs on long term liabilities	(17,847)	(23,687)
Developer connection fees and related receipts	22,739	27,455
Net cash provided by (used for) capital and related financing activities	(36,794)	(38,905)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	69,909	30,537
Investment earnings in real estate	12,528	18,361
Acquisition and construction of real estate investments	(12,528)	(1,425)
Proceeds from sale or maturity of investments	226,777	217,451
Purchases of investments	(330,569)	(221,340)
Collections on notes receivable	121	92
Net cash provided by (used for) investing activities	(33,762)	43,676
Net increase (decrease) in cash and cash equivalents	(7,835)	3,848
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,986	8,138
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,151	$ 11,986

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Cash Flows

For the Fiscal Year ended June 30, 2026

(with comparative data for the Fiscal Year Ended June 30, 2025)

(in thousands)

(Continued)

	2026	2025
Reconciliation of cash and cash equivalents to amounts reported on the Statement of Net Position:		
Cash and investments	$ 432,776	$ 393,704
Pension trust investments	163,420	139,749
OPEB trust investments	15,284	13,086
Subtotal	611,480	546,539
Less long-term investments	(607,329)	(534,553)
Cash and cash equivalents at end of year	$ 4,151	$ 11,986
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	$ (79,358)	$ (73,724)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Other nonoperating expenses	(1,741)	(2,783)
Depreciation and amortization	84,767	84,188
(Increase) decrease in customer receivables	(708)	(2,085)
(Increase) decrease in leases receivables	218	(94)
(Increase) decrease in other receivables	438	513
(Increase) decrease in inventories	(1,765)	(1,384)
(Increase) decrease due from other agencies	29,465	(12,076)
(Increase) decrease in prepaid expenses and other assets	1,569	(8,888)
(Increase) decrease in investment in joint venture	(7,605)	(2,210)
(Increase) decrease in deferred outflows	7,411	5,080
Increase (decrease) in accounts payable and accrued expenses	35,643	10,249
Increase (decrease) in customer deposits and advance payments	1,270	(791)
Increase (decrease) in compensated absences	851	(22)
Increase (decrease) in claims payable	109	(68)
Increase (decrease) in unearned revenue	(565)	(565)
Increase (decrease) in net OPEB liability	(1,718)	(1,660)
Increase (decrease) in net pension liability	(18,098)	(987)
Increase (decrease) in deferred inflows	9,326	1,172
Net cash provided by (used for) operating activities	$ 59,509	$ (6,135)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital assets from developers	$ 15,603	$ 37,056
Contributions of capital assets from other governments	-	6,414
Change in accounts payable related to capital assets	(1,782)	1,148
Lease and subscription assets acquired through agreements	12,366	766

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Fiduciary Net Position

June 30, 2026

(with comparative data as of June 30, 2025)

(in thousands)

	Custodial Fund	
	2026	2025
ASSETS		
Cash and investments (note 2)	$ 37	$ 1,011
TOTAL ASSETS	37	1,011
NET POSITION		
Restricted for:		
San Joaquin Wildlife Sanctuary	37	1,011
TOTAL NET POSITION	$ 37	$ 1,011

See accompanying notes to the basic financial statements.

Irvine Ranch Water District

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2026
(with comparative data for the Fiscal Year Ended June 30, 2025)
(in thousands)

	Custodial Fund	
	2026	2025
ADDITIONS		
Contributions	$ 1	$ -
Interest and dividends income	-	18
Total additions	1	18
DEDUCTIONS		
Grants to other governments	960	-
Administrative expenses	15	4
Total deductions	975	4
Increase (decrease) in net position	(974)	14
NET POSITION AT BEGINNING OF YEAR	1,011	997
NET POSITION AT END OF YEAR	$ 37	$ 1,011

See accompanying notes to the basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Irvine Ranch Water District (District) was formed in 1961 as a special district under Division 13 of the California Water Code (the Act). The District provides potable and recycled water service as well as sewage collection, treatment, and disposal to users within its boundaries.

The District is divided geographically into eight water and ten sewer improvement districts (IDs), as well as several planning areas (PAs) that function as informal improvement districts. Each improvement district is a sub-fund of the District and their primary purpose is to allocate costs and funding on an equitable basis for the construction of water, sewer, and recycled water infrastructure. Most improvement districts have authority to issue general obligation bonds to finance the construction of capital facilities that were identified and valued in a Plan of Works specific to the improvement district. Each improvement district with authority to issue general obligation bonds also has the authority to levy and collect connection fees and ad valorem taxes on the land within its legal boundaries sufficient to meet its general obligation bond indebtedness.

Connection fees which are paid by developers and property taxes which are paid by property owners vary by improvement district based upon, among other considerations, total capital costs, ratio of developed to undeveloped land, and development densities; however, water and sewer user fees are uniform throughout the District.

Description of the Reporting Entity

The financial statements of the District include the financial activities of the following sub-fund improvement districts and planning areas:

111/222	Area Excluded from IDs
112/212	Former El Toro Marine Base
113/213	Former Tustin Marine Base
125/225	Developed/Underlay
240	Newport Coast/Newport Ridge
252	Santiago Hills
153/253	Irvine Business District /Spectrum /Shady Canyon/Laguna Laurel/East Orange
154	Santiago Canyon(s)
256	Orange Park Acres
185/285	Los Alisos Area
188/288	Portola Hills Commercial
110/210	Overall District Boundary

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

Blended Component Units - Blended component units although legally separate entities, are, in substance, part of the District's operations since they have the same governing board. The District has both financial accountability and operational responsibility for the blended component units. The District has the following blended component units:

The Irvine Ranch Water District Water Service Corporation – In January 1997, the District formed a 501(c)(4) corporation for the purpose of financing and acquiring water, sewer and other public improvements. The Corporation was created to effect the merger of the Santa Ana Heights Water Company and the issuance of the 2002 Certificates of Participation, 2008 Refunding Certificates of Participation, 2010 Refunding Certificates of Participation, and 2016 Certificates of Participation. The Corporation's bylaws mandate that the members of the District's Board of Directors shall constitute the Corporation's five-member Board of Directors. The Irvine Ranch Water District Water Service Corporation does not issue separate financial statements.

Bardeen Partners, Inc. – In March 1991, the District formed a 501(c)(4) corporation for the purpose of accounting for the financial data and transactions for certain District real estate investments, including the investments in Wood Canyon Villas, Sycamore Canyon Apartments, and Irvine Technology Center. Bardeen Partners is governed by a Board of Directors consisting of the five members of the District's Board of Directors. Bardeen Partners does not issue separate financial statements.

(b) Basic Financial Statements

The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and the Notes to the Basic Financial Statements.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District's financial activities are accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The fiduciary fund types include a custodial fund. The custodial fund is used to account for assets held by the District as a custodian for the activities of the San Joaquin Wildlife Sanctuary (SJWS).

Both the enterprise fund and fiduciary custodial fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recognized as they are incurred. Internal activity has been eliminated in the accompanying basic financial statements.

(1) Summary of Significant Accounting Policies (Continued)

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with water and sewer operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include cost of sales and services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

Net position of the District is classified into two components: (1) net investment in capital assets and (2) restricted net position. These classifications are defined as follows:

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of notes or borrowing(s) that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted net position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, the District uses unrestricted resources first, and then restricted resources as they are needed. For capital expenditures, legally available restricted bond proceeds are used first, then other restricted resources, and then unrestricted resources are used if needed.

(d) Property Taxes

The District is authorized under the Act to levy taxes on all taxable property (lands only) within its boundaries for the purposes of paying certain of its debt obligations, subject to certain limitations in the Act, the Revenue and Taxation Code and the California Constitution. The District also receives a portion of the County's 1% ad valorem property taxes from certain lands within its boundaries. Property tax revenue is recognized in the fiscal year in which the taxes are levied. The property tax calendar is as follows:

Lien date:	January 1
Levy date:	July 1
Due date:	First installment – November 1
	Second installment – February 1
Delinquent date:	First installment – December 10
	Second installment – April 10

(1) Summary of Significant Accounting Policies (Continued)

(d) Property Taxes (Continued)

The assessment, levy and collection of property taxes are the responsibility of the County of Orange and are remitted to the District periodically.

(e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of 3 months or less.

(f) District Investments

Investments are reported in the accompanying Statement of Net Position at fair value, except for certain investment contracts that are reported at cost because they are not transferable, and they have terms not affected by changes in market interest rates.

Changes in fair value that occur during the fiscal year are recognized as an increase (decrease) in fair value of investments reported for that fiscal year. Interest income includes interest earnings on the District's investments.

(g) Pension and OPEB Trusts Investments

Investments of the Pension Trust and OPEB Trust are reported in the accompanying Statement of Net Position at fair value.

Changes in fair value that occur during the fiscal year are recognized as an increase (decrease) in fair value of investments reported for that fiscal year. Interest income is recorded on the accrual basis. Dividends are recorded on the payment date.

(h) Real Estate Investments

Real estate investments consist of a wholly-owned apartment complex and four commercial office properties. The District is also a party to a real estate limited partnership in which the District has more than a 50% ownership interest but does not exercise control. All real estate investments are reported at fair value. Changes in fair value that occur during the fiscal year are recognized as increase (decrease) in fair value of real estate investments reported for that fiscal year.

(i) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

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

(1) **Summary of Significant Accounting Policies (Continued)**

(i) **Fair Value Measurements (Continued)**

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

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

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

(j) **Inventory and Prepaid Items**

Water inventory related to water stored in its banking facilities in Kern County is stated at its purchase cost or at a rate equivalent to what the District would charge for storage. The District's warehouse materials and supplies are valued using the average cost method. Inventory is recorded when purchased, and expensed at the time the inventory is consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(k) **Capital Assets and Depreciation**

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated acquisition value on the date received. The District capitalizes all assets including right-to-use lease assets and subscription-based information technology arrangements (SBITA) with a cost of at least $10,000 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Depreciation and amortization are computed utilizing the straight-line method over the following estimated useful lives:

Buildings and Structures	3 to 100 years
Transmissions and Distributions	10 to 75 years
Machinery and Equipment	3 to 50 years

(l) **Compensated Absences**

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits up to certain limits. Earned vacations pay to a maximum of 400 hours (or more with written approval of the General Manager). Sick leave hours accrue at the rate of one day per month and employees may elect to receive cash for accumulated sick leave for up to 96 hours in excess of the first 80 hours accumulated. Fifty percent of accumulated sick leave up to a maximum of 960 hours may be paid upon termination of employment. IRWD records a liability and expense for vacation and sick leave when employees earn the time off and it's more likely they will use it or be paid for it.

(1) Summary of Significant Accounting Policies (Continued)

(m) Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) 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 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.

GASB requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

(n) Other Post-Employment Benefits (OPEB)

The OPEB liability, deferred outflows and inflows of resources relating to OPEB and OPEB expense have been determined by an independent actuary. Benefit payments are recognized when currently due and payable in accordance with the benefit terms.

GASB requires that the reported results pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

(o) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amounts related to refunding charges, accumulated decreases in fair value of swap agreements, employer contributions subsequent to measurement date for pension and OPEB, and actuarial amounts related to pension and OPEB.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred amounts are related to actuarial amounts of pension, OPEB, and leases.

(1) Summary of Significant Accounting Policies (Continued)

(p) Leases

Lessee: The District is a lessee for the noncancellable leases of production well sites, antenna sites, and equipment. The District recognizes a lease liability and an intangible right-to-use the lease asset (lease asset) in the basic financial statements. The District recognizes lease liabilities with an initial, individual value of $10,000 or more and a useful life of at least three years.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has determined is reasonably certain to be exercised. In those situations, the lease is amortized over the useful life of the underlying asset.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments at present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Lessor: The District is a lessor for the noncancellable leases of land properties. The District recognizes a lease receivable and a deferred inflow of resources in the basic financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable is adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

(1) Summary of Significant Accounting Policies (Continued)

(p) Leases (Continued)

Key estimates and judgements include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(q) Subscription Based Information Technology Arrangements (SBITA)

The District enters into software subscription agreements valued at $10,000 or more and useful life of at least three years. it recognizes a SBITA liability and an intangible right-to-use SBITA asset in the basic financial statements. At the commencement of a SBITA, the District measures the liability at a present value of payments expected to be made during the lease term and then reduces the liability when principal payments are made. The SBITA asset is also recorded at the present value of payments to be made after commencement plus any additional costs necessary to place the SBITA in service and is then amortized on a straight-line basis over the SBITA term. SBITA assets are reported with capital assets and SBITA liabilities are reported with long-term liabilities on the Statement of Net Position. If the interest rate charged by the subscription vendor is not provided, the District's incremental borrowing rate is used as the discount rate. The SBITA term includes the non-cancellable period of the subscription, including options to extend, and must be more than 12 months.

(r) Use of Estimates

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

(s) Comparative Financial Statements and Reclassifications

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

(2) Cash and Investments

Cash and investments as of June 30, 2026 are classified in the accompanying financial statements as follows (in thousands):

Proprietary Fund:	
District Cash and Investments	$ 432,776
Pension Trust Investments	163,420
OPEB Trust Investments	15,284
Total Proprietary Fund	611,480
Fiduciary Fund - Custodial Fund:	
Cash and investments	37
Total Cash and Investments	$ 611,517

Cash and investments as of June 30, 2026 consist of the following (in thousands):

Deposits with financial institutions	$ 4,180
Investments	607,337
Total Cash and Investments	$ 611,517

The following table identifies the investment types that are authorized for the District by the California Government Code, the California Water Code, and the District's investment policy, whichever is most restrictive. The table also identifies certain provisions that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity[1]	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Orange County Treasury Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Real Estate Investments	N/A	30% [2]	None

[1] Maximum maturity unless express authority has been granted otherwise by the Board of Directors pursuant to the California Government Code Section 53601.
[2] 30% of Replacement Fund, as authorized by the California Water Code Section 35912.

(2) Cash and Investments (Continued)

Pension and Other Post-Employment Benefits (OPEB) Trusts (The 115 Trusts) Authorized Investment Strategy

The District recognizes that defined benefit plans and the related future pension obligations pose significant issues for many government agencies. The District has taken a proactive approach to address the issue and in 2013, established a Pension Trust to substantially fund its CalPERS unfunded liability. In 2023, the District established a new OPEB section 115 Trust to fund a portion of its unfunded OPEB liability. The 115 Trusts' investment policy authorizes investment of Trust assets in financial instruments in three broad categories: equity, fixed income, and real estate. These financial instruments can include, but are not limited to, corporate bonds, commercial paper, U.S. government securities, common and preferred stock, real estate investment trusts, and mutual funds. Investments may include derivatives, options and futures as portfolio protection strategies. The following is a summary of the 115 Trusts' investment policy.

The 115 Trusts are governed by a 115 Trusts Board (the Board) which consists of two IRWD Board members and the General Manager. The Board designates one or more investment advisors to manage the assets under their supervision subject to the laws of the State of California and Investment Guidelines established by the Board. The long-term asset allocation policy including the minimum-maximum asset allocation range for each asset class is as follows:

Asset Classes	Minimum	Maximum
Cash	0%	30%
Public Equity- Domestic & International	30%	80%
Private Equity	0%	5%
Fixed Income	10%	40%
Real Estate	0%	10%

The asset allocation policy will be pursued by the 115 Trusts on a long-term basis and may be revised if necessary due to market conditions. The Board will monitor the current asset allocation against the long-term allocation policy and rebalance as it deems necessary.

Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher, as established by Moody's or Standard & Poor's. Bankers' acceptances, certificates of deposit and savings accounts must be made of United States banks or financial institutions, or United States branches of foreign banks, which are federally insured with unrestricted capital of at least $50 million. Short-term corporate obligations must be rated A or better by Moody's or by Standard & Poor's. Money Market funds must attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations (NRSRO).

(2) **Cash and Investments (Continued)**

Pension and Other Post-Employment Benefits (OPEB) Trusts (The 115 Trusts) Authorized Investment Strategy (Continued)

Equity investments are restricted to high quality, readily marketable securities of corporations that are actively traded on a major exchange. Not more than 5% of the total stock portfolio valued at fair value may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at fair value may be held in any one industry category. The overall non-U.S. equity allocation should include a diverse global mix of at least 10 countries. The emerging markets exposure as defined by Morgan Stanley Capital International Inc. should be limited to 35% of the non-U.S. portion of the portfolio.

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio, at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets shall be at least "A", according to one of the three rating agencies (Fitch, Moody's or Standard & Poor's). In cases where the yield spread adequately compensates for additional risk, securities where two of the three rating agencies (Fitch, Moody's or Standard & Poor's) have assigned ratings of Baa3 or BBB- ratings, can be purchased up to a maximum of 20% of total fair value of fixed income securities.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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 public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

(2) Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's and 115 Trusts' investments to market interest rate fluctuations is provided by the following table that shows the distribution of the investments by maturity at June 30, 2026 (in thousands):

		Remaining Maturity			
Investment Type	**Amount**	**12 Months Or Less**	**13 to 36 Months**	**37 Months Or More**	**Not Applicable**
Federal Agency Securities	$ 23,141	$ 6,504	$ 9,971	$ 6,666	$ -
Local Agency Investment Fund	74,915	74,915	-	-	-
Treasury Equivalent - MMF	24,090	24,090	-	-	-
US Treasury Note	86,572	5,025	49,250	32,297	-
Municipal Bonds	12,366	7,366	3,791	1,209	-
Commercial Paper	30,107	30,107	-	-	-
Asset-Backed Securities	28,511	-	-	28,511	-
Mortgage-Backed Securities	52,784	-	12,419	40,365	-
Corporate Bonds	96,147	17,959	37,322	40,866	-
Total District Investments	428,633	165,966	112,753	149,914	-
Mutual Funds - Equities	110,346	-	-	-	110,346
Mutual Funds - Fixed Income Bonds	53,056	839	8,549	43,668	-
Cash	18	18	-	-	-
Total Pension Trust Investments	163,420	857	8,549	43,668	110,346
Mutual Funds - Equities	10,318	-	-	-	10,318
Mutual Funds - Fixed Income Bonds	4,963	78	800	4,085	-
Cash	3	3	-	-	-
Total OPEB Trust Investments	15,284	81	800	4,085	10,318
Total Investments	$ 607,337	$ 166,904	$ 122,102	$ 197,667	$ 120,664

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the issuer of the 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.

(2) Cash and Investments (Continued)

Disclosures Relating to Credit Risk (Continued)

Presented below is the actual rating as of year-end for each investment type (in thousands):

District Cash and Investments:

Investment Type	Amount	AAA [1]	AA+, AA, or AA- [1]	A+, A, A-, A-1+, A-1, or A-1- [1]	Not Rated
Federal Agency Securities	$ 23,141	$ -	$ 23,141	$ -	$ -
Local Agency Investment Fund	74,915	-	-	-	74,915
Treasury Equivalent - MMF	24,090	24,090	-	-	-
US Treasury Note	86,572	-	86,572	-	-
Municipal Bonds	12,366	-	12,366	-	-
Commercial Paper	30,107	-	-	30,107	-
Asset-Backed Securities	28,511	28,511	-	-	-
Mortgage-Backed Securities	52,784	-	52,784	-	-
Corporate Bonds	96,147	-	55,302	40,844	-
Total	$ 428,633	$ 52,601	$ 230,165	$ 70,951	$ 74,915

Pension Trust Investments:

Investment Type	Amount	
Mutual Funds - Equities	$ 110,346	[2]
Mutual Funds - Fixed Income Bonds	53,056	[3]
Cash	18	[4]
Total	$ 163,420	

OPEB Trust Investments:

Investment Type	Amount	
Mutual Funds - Equities	$ 10,318	[2]
Mutual Funds - Fixed Income Bonds	4,963	[5]
Cash	3	[4]
Total	$ 15,284	

[1] Average credit rating.

[2] Equity Mutual Funds as of 6/30/2026 include four "index funds" and are each comprised of diversified portfolios of equity securities. Credit ratings are not provided for Equity Mutual Funds.

[3] Fixed Income Mutual Funds are comprised of two diversified portfolios of fixed income securities. As of 6/30/2026, 43.55% of the holdings were rated A-AAA, 54.13% of the holdings were rated B-BBB, and 2.31% of the holdings were rated below B or Not Rated.

[4] Cash is not rated.

[5] Fixed Income Mutual Funds are comprised of two diversified portfolios of fixed income securities. As of 6/30/2026, 43.57% of the holdings were rated A-AAA, 54.12% of the holdings were rated B-BBB, and 2.31% of the holdings were rated below B or Not Rated.

(2) Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows (in thousands):

Issuer	Investment Type	Amount
Federal Home Loan Mortgage Corporation	Mortgage-Backed Securities	27,989
Federal National Mortgage Association	Mortgage-Backed Securities	26,520
	Total	$ 54,509

Disclosures Relating to Fair Value Measurements

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The District has the following fair value measurements as of June 30, 2026 (in thousands):

District Cash and Investments:

		Fair Value Measurements	
Investment Type	**Amount**	**Level 1**	**Level 2**
Federal Agency Securities	$ 23,141	$ -	$ 23,141
Local Agency Investment Fund	74,915 [(1)]	-	-
Treasury Equivalent - MMF	24,090	24,090	-
US Treasury Note	86,572	86,572	-
Municipal Bonds	12,366	-	12,366
Commercial Paper	30,107	-	30,107
Asset-Backed Securities	28,511	-	28,511
Mortgage-Backed Securities	52,784	-	52,784
Corporate Bonds	96,147	-	96,147
Total	$ 428,633	$ 110,662	$ 243,056

Pension Trust Cash and Investments:

		Fair Value Measurements
Investment Type	**Amount**	**Level 1**
Mutual Funds - Equities	$ 110,346	$ 110,346
Mutual Funds - Fixed Income Bonds	53,056	53,056
Cash	18 [(1)]	-
Total	$ 163,420	$ 163,402

[(1)] These are not subject to the fair value measurements classification.

(2) Cash and Investments (Continued)

Disclosures Relating to Fair Value Measurements (Continued)

OPEB Cash and Investments:

Investment Type	Amount		Fair Value Measurements Level 1
Mutual Funds - Equities	$ 10,318		$ 10,318
Mutual Funds - Fixed Income Bonds	4,963		4,963
Cash	3	(1)	-
Total	$ 15,284		$ 15,281

(1) These are not subject to the fair value measurements classification.

(3) Interest Rate Swap Agreements

In September 2003, the District's Board of Directors approved a policy regarding the use of interest rate swap transactions. The policy provides that interest rate swap transactions will be designed to enhance the relationship between risk and return with respect to an investment or a program of investments entered into by the District; and/or to reduce the amount or duration of payment, rate, spread, or similar risk; and/or result in a lower cost of borrowing when used in combination with bonds or other indebtedness of the District. Pursuant to the policy, the Board of Directors may authorize general parameters for interest rate swap transactions while the Finance and Personnel Committee would structure any specific transactions within the Board-authorized parameters. The Treasurer, with the concurrence of the Chairman of the Finance and Personnel Committee, is authorized to enter into interest rate swap transactions that are within all authorized parameters.

The International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, including the schedule and credit support annex, is used as the form of contract with interest rate swap counterparties. The District is compliant with all Dodd-Frank Protocol provisions regarding swap advisor representation and transparency.

The outstanding interest rate swaps are pay-fixed, receive variable swaps ("fixed payer swaps"). As of June 30, 2026, the notional amount and fair value balance of the District's interest rate swaps are $60.0 million and $(2.5) million, respectively. For the year ended June 30, 2026, the increase in fair value of the fixed payer interest rate swaps was $2.0 million.

The fair value of the swap agreements at June 30, 2026 is calculated using a zero-coupon method (Level 2 inputs). This method calculates the future net settlement payments required by the swaps, assuming, for the SOFR fixed payer swaps, that the current SOFR forward rates implied by the SOFR yield curves correctly anticipate future SOFR spot interest rates. These payments are discounted using the spot rates implied by the current yield curves for hypothetical zero-coupon bonds due on the date of each future net settlement of the swaps.

(3) **Interest Rate Swap Agreements (Continued)**

The District's fixed payer swaps were executed in 2004 and became effective in 2007. The purpose of the fixed payer swaps was to hedge a portion of the interest rate risk exposure associated with the District's 100% variable rate debt structure at the time the swaps were executed. The interest rate swap notional amounts and maturities are not specifically related to a particular District debt issue, however, are considered a hedge of a pooled portion of the District's variable rate debt exposure.

The following table displays the objective and terms of the District's interest rate swaps outstanding at June 30, 2026, along with the credit rating of the associated counterparty.

Current Year Active Interest Rate Swaps (in thousands):

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Rating
Fixed Payer	Hedge of changes in cash flows on pool of variable rate debt issues	$30,000	3/10/07	3/10/29	Pay 5.687%; receive 1-Mo. SOFR	Aa2/A+/AA
Fixed Payer	Hedge of changes in cash flows on pool of variable rate debt issues	$30,000	3/10/07	3/10/29	Pay 5.687%; receive 1-Mo. SOFR	Aa3/A+/AA-

The ISDA agreements for the above referenced interest rate swaps include a provision that the counterparties shall be required to post collateral should the mark-to-market value of the total interest rate swap portfolio with the respective counterparty, including any current outstanding swap accruals, exceed a threshold of $(15.0) million. The amount of the collateral posted shall be the amount of the mark-to-market value and outstanding swap accrual amounts in excess of $(15.0) million. As of June 30, 2026, the mark-to-market value of the total interest rate swaps with Citibank N.A. and Bank of America, N.A. as counterparties did not exceed the threshold amount.

Credit risk: The District is exposed to credit risk on interest rate swaps. To minimize its exposure to loss related to credit risk, the District's policy requires that the Finance and Personnel Committee evaluate and approve the counterparty creditworthiness of each counterparty prior to executing an ISDA Agreement, and all current swap agreements include collateral posting provisions. These terms require full collateralization of the fair value of interest rate swaps in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below BBB+ as issued by Fitch Ratings and Standard & Poor's or Baa1 as issued by Moody's Investors Service. Collateral posted is to be in the form of U.S. Treasuries, or other approved securities, held by a third-party custodian.

The District has executed interest rate swap transactions with Bank of America, N.A. and Citibank N.A. Their ratings are Aa2/A+/AA (50% of net exposure to credit risk) and Aa3/A+/AA- (50% of net exposure to credit risk), respectively, as of June 30, 2026.

(3) Interest Rate Swap Agreements (Continued)

Interest rate risk: The District is exposed to interest rate risk on its interest rate swaps. On its fixed payer swaps, as the 1-month SOFR index decreases, the District's net payment on the swap increases. Alternatively, on its fixed payer swaps, as the 1-month SOFR index increases, the District's net payment on the swap decreases.

Basis risk: The District is exposed to basis risk on its fixed payer swaps because the variable-rate payments received by the District on these swaps are based on a rate or index other than interest rates the District pays on its variable-rate debt, which is remarketed daily or weekly.

Termination risk: The District or its counterparties may terminate an interest rate swap if the other party fails to perform under the terms of the contract. If at the time of termination, an interest rate swap is in a liability position, the District would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Collateral requirements: The District's interest rate swaps include provisions that require the District to post collateral in the event its credit rating falls below A as issued by Fitch Ratings and Standard & Poor's or A2 as issued by Moody's Investors Service.

The collateral posted is to be in the form of U.S. Treasuries or other approved securities in the amount of the fair value of interest rate swaps in liability positions net of the effect of applicable netting arrangements. If the District does not post collateral, the swaps may be terminated by the counterparty. The District's credit rating is AAA/AAA; therefore, no collateral has been posted at June 30, 2026.

(4) Inventories

Inventories consist of available water in storage and materials and supplies in the District's warehouse facilities. As of June 30, 2026, the District had 49,189 acre-feet of banked water in various water bank facilities at a cost of $11.4 million. Inventories at June 30, 2026 consisted of the following (in thousands):

Water in storage	$	11,360
Materials and supplies		14,032
Total	$	25,392

(5) Capital Assets

Capital asset activity for the year ended June 30, 2026 is as follows (in thousands):

	Balance June 30, 2025 [1]	Additions	Deletions	Balance June 30, 2026
Capital assets, depreciable:				
Land leasehold	$ 4,860	$ -	$ -	$ 4,860
Leased land	766	-	-	766
Leased equipment	843	-	-	843
Subscription assets	772	12,366	-	13,138
Capacity rights	-	2,400	-	2,400
Buildings and structures	868,954	47,938	(4,997)	911,895
Transmissions and distributions	2,099,296	47,503	(5,303)	2,141,496
Machinery and equipment	272,929	2,840	(8,857)	266,912
Sub-Total	3,248,420	113,047	(19,157)	3,342,310
Less: Accumulated depreciation:				
Land leasehold	(1,941)	(97)	-	(2,038)
Leased land	(126)	(36)	-	(162)
Leased equipment	(175)	(205)	-	(380)
Subscription assets	(246)	(1,056)	-	(1,302)
Capacity rights	-	(4)	-	(4)
Buildings and structures	(412,267)	(18,986)	4,434	(426,819)
Transmissions and distributions	(757,323)	(57,009)	3,037	(811,295)
Machinery and equipment	(197,731)	(7,373)	9,278	(195,826)
Sub-Total	(1,369,809)	(84,766)	16,749	(1,437,826)
Total depreciable capital assets, net	1,878,611	28,281	(2,408)	1,904,484
Capital assets, non-depreciable:				
Land and water rights	128,844	2	(48)	128,798
Construction in progress	153,973	72,761	(53,523)	173,211
Total capital assets, non-depreciable	282,817	72,763	(53,571)	302,009
Total capital assets, net	$ 2,161,428	$ 101,044	$ (55,979)	$ 2,206,493

Note (1): Certain amounts previously reported as of June 30, 2025 have been reclassified within the capital assets category to conform to the current year's classification and presentation.

Total projects transferred from Construction in Progress to Capital Assets and depreciated during the fiscal year ended June 30, 2026 were $53.5 million. The District's proportionate share of the Orange County Sanitation District's jointly funded capital assets increased $47.2 million during the fiscal year ended June 30, 2026.

Certain administrative and general expenses relating to assets under construction are charged to construction-in-progress until the assets are ready for their intended use. The amount of administrative and general expenses capitalized to construction-in-progress for the fiscal year ended June 30, 2026 was $6.2 million.

(6) Orange County Sanitation District (OC San)

The District and OC San negotiated and signed a flow exchange agreement (agreement) dated December 1, 2025. The agreement consolidated and simplified several prior agreements related to the Irvine Business Complex (IBC), Jamboree / Bison area, San Joaquin Hills Planned Community (SJHPC), Harvard Area Trunk Sewer (HATS), Orange Park Acres (OPA), and U.S. Food and Drug Administration Property.

(6) Orange County Sanitation District (OC San) (Continued)

The agreement also established a pathway for IRWD to annex the remaining portion of its Lake Forest service area into OC San's service area. The agreement was mutually beneficial for the parties involved. Most importantly, the charges being paid by the customers receiving sewage collection and treatment services were fairly allocated based on the cost of the services being provided. The capital assets associated with this agreement are co-owned by the two agencies and provide an operational benefit to both agencies. During the fiscal year ended June 30, 2026, the District recognized an equity integration adjustment of $35.4 million related to OC San's capital assets. In addition, the District recognized $11.6 million related to OC San's CORF and collection projects.

The accompanying basic financial statements reflect management's best estimate of balances pertaining to this agreement based upon information provided by OC San. Periodically this information is subjected to further review based on the performance of agreed upon procedures when the records for such review have been made available to the District. Adjustments pertaining to the accounting estimates associated with this agreement are recognized as the information for such adjustments becomes available. As of June 30, 2026, the District's basic financial statements included $164.1 million capital assets representing the District's share of jointly funded capital assets, and a net payable of $23.9 million to OC San which reflected as an accounts payable and accrued expenses liability.

(7) Leases Receivable

The District, as a lessor, entered into non-cancellable lease agreements for farming, recreational activities, and cell sites. These leases expire at various dates through 2041. Payments to the District are based on the terms in each agreement and include certain variable payments not included in the measurement of the lease receivable. During the fiscal year, the District recognized $1.2 million in lease revenue and $0.05 million in interest revenue related to these leases. As of June 30, 2026, the District's receivable for lease payments was $2.2 million. Also, the District has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2026, the balance of the deferred inflow of resources was $2.1 million. The following schedule is the expected future minimum payments under these agreements (in thousands):

Fiscal Year	Principal	Interest	Total
2027	$ 219	$ 50	$ 269
2028	236	46	282
2029	245	40	285
2030	139	34	173
2031	133	31	164
2032-2036	733	106	839
2037-2041	534	29	563
Total	$ 2,239	$ 336	$ 2,575

(8) Real Estate Investments

Real estate investments as of June 30, 2026 consist of the following (in thousands):

Real estate investments at fair value	$ 358,595
Other assets	1,622
Total	$ 360,217

The District has the following fair value measurements for the real estate investments (Level 3 inputs) (in thousands):

	Balance June 30, 2025	Increase / Decrease in Fair Value	Capital Additions	Balance June 30, 2026
Wood Canyon Villas, L.P.	$ 40,726	$ 2,444	$ -	$ 43,170
Sycamore Canyon Apartments	226,932	5,620	1,326	233,878
230 Commerce Office Property	10,200	204	-	10,404
Waterworks Way Business Park	13,770	275	-	14,045
Sand Canyon Professional Center	12,240	245	-	12,485
Sand Canyon General Office	32,640	653		33,293
Edinger Business Property	-	-	11,320	11,320
Total	$ 336,508	$ 9,441	$ 12,646	$ 358,595

Net real estate income as of June 30, 2026 is as follows (in thousands):

Real estate income	$ 22,013
Increase/decrease in fair value of real estate investments	9,441
Real estate expense	(9,452)
Net real estate income	$ 22,002

Included in real estate investments are two apartment properties and five commercial office buildings. The District, through Bardeen Partners, Inc., is the sole limited partner in Wood Canyon Villas, L.P. (Wood Canyon), and the sole owner of both Sycamore Canyon Apartments and a commercial office building (230 Commerce). Separate from Bardeen Partners, Inc., the District is the sole owner of three other commercial office buildings (Waterworks Way Business Park, Sand Canyon Professional Center, Sand Canyon General Office, and Edinger Business Property).

(8) **Real Estate Investments (Continued)**

The construction of Wood Canyon Villas, a 230-unit apartment property, was completed in 1993. The property is located in Orange County, California, and was 95.22% occupied at June 30, 2026. The Wood Canyon partnership agreement provides the District with a 9% cumulative preferred return on its unrecovered contribution accounts, as defined in the agreement ($6.0 million contribution). The property's fair value and the District's partnership interest were based on a fixed growth factor included in the limited partnership agreement.

In 1992, the District acquired a 450-unit apartment property (original cost, $34.1 million) in Orange County, California known as Sycamore Canyon Apartments. The property was 94.3% occupied as of June 30, 2026. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2026.

In 2003, the District completed construction of the 41,000 square foot for-lease 230 Commerce professional office building located in Irvine, California. Land and construction costs for the project totaled $5.6 million. The building was 82.03% occupied as of June 30, 2026. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2026.

In November 2008, the District completed construction of a 37,200 square foot for-lease R&D office building located in Irvine, California known as the Waterworks Way Business Park. The building was constructed on land owned by IRWD adjacent to a District water treatment facility. Land and construction costs for the office project totaled $9.0 million. As of June 30, 2026, the building was 100% occupied. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2026.

In April 2012, the District completed construction of a 16,350 square foot for-lease medical office building located in Irvine, California known as the Sand Canyon Professional Center. Land and construction costs for the project totaled $8.4 million. The building was 100% occupied as of June 30, 2026. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2026.

In August 2020, the District completed construction of a new for-lease 70,000 square foot office building located in Irvine, California known as the Sand Canyon General Office. Land and construction costs for the project totaled $31.4 million. The building was 100% occupied as of June 30, 2026. The property's fair value was determined using an appraisal valuation in 2024 and adjusted with a growth factor in 2026.

On January 14, 2026, the District acquired a 1.853 acres of commercial property located in Tustin, California known as the Edinger Business Property. The total cost of land and building was $11.3 million. The building was 100% occupied as of June 30, 2026. The property's fair value was consistent with its cost as of June 30, 2026.

(9) Investment in Joint Venture

The District is a participant with the Rosedale-Rio Bravo Water Storage District (RRB) in a joint venture to design, build and operate a Kern Fan Groundwater Storage Project. Groundwater Banking Joint Powers Authority (GBJPA), a legally separate public agency, was created for that purpose effective July 1, 2020. GBJPA is governed by a four-member board composed of two appointees from the District and two appointees from the RRB. The District and the RRB are each obligated by contract to provide equal funding (50-50) of the costs and are each entitled to one-half of GBJPA's annual operating income or loss, if any. The District's net investment in the joint venture represents its proportionate share of capital and operating expenses of GBJPA. The District's investment in GBJPA was $19.3 million at June 30, 2026. Complete financial statements for GBJPA can be obtained from GBJPA's office at 849 Allen Road, Bakersfield, CA 93314.

(10) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2026 was as follows (in thousands):

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026	Due within One Year	Due in more than one Year
General Obligation Bonds:						
2008A Refunding	$ 37,000	$ -	$ (2,500)	$ 34,500	$ 2,500	$ 32,000
2009A Consolidated	42,500	-	(2,500)	40,000	2,500	37,500
2009B Consolidated	42,500	-	(2,500)	40,000	2,500	37,500
2010B BABS	171,880	-	(171,880)	-	-	-
2011A-1 Refunding	36,660	-	(2,220)	34,440	2,280	32,160
2011A-2 Refunding	24,440	-	(1,480)	22,960	1,520	21,440
2016 Consolidated	94,110	-	(2,620)	91,490	2,750	88,740
2025A Refunding	-	125,000	-	125,000	-	125,000
2025B Refunding	-	57,890	(3,135)	54,755	3,735	51,020
Unamortized Premium	19,024	7,749	(1,699)	25,074	1,699	23,375
Sub-total	468,114	190,639	(190,534)	468,219	19,484	448,735
Certificates of Participation:						
2016 Certificates	96,935	-	(4,905)	92,030	5,225	86,805
Unamortized Premium	19,406	-	(1,376)	18,030	1,376	16,654
Sub-total	116,341	-	(6,281)	110,060	6,601	103,459
Notes Payable	40	-	(40)	-	-	-
Leases Payable	1,339	-	(205)	1,134	258	876
Subscription Payable	479	12,366	(1,541)	11,304	1,278	10,026
Other Long-Term Liabilities:						
Compensated Absences	6,606	6,669	(5,817)	7,458	2,983	4,475
Other Long-Term Liabilities	593	58	(383)	268	129	139
Sub-total	7,199	6,727	(6,200)	7,726	3,112	4,614
Total Long-Term Liabilities	**$ 593,512**	**$ 209,732**	**$ (204,801)**	**$ 598,443**	**$ 30,733**	**$ 567,710**

(10) Long-Term Liabilities (Continued)

The following summarizes the major terms of outstanding long-term debt at June 30, 2026 (in thousands):

	Date of Issue	Original Issue	Revenue Sources	Final Maturity Date	Interest Rates
General Obligation Bonds:					
2008A Refunding	4/24/2008	60,215	(1)(3)	7/1/2035	Variable
2009A Consolidated	6/4/2009	75,000	(1)(3)	10/1/2041	Variable
2009B Consolidated	6/4/2009	75,000	(1)(3)	10/1/2041	Variable
2011A-1 Refunding	4/15/2011	60,545	(1)(2)(3)	10/1/2037	Variable
2011A-2 Refunding	4/15/2011	40,370	(1)(2)(3)	10/1/2037	Variable
2016 Consolidated	10/12/2016	103,400	(1)(2)(3)	2/1/2046	5.00%-5.25%
2025A Refunding	7/15/2025	125,000	(1)(2)(3)	5/1/2040	Variable
2025B Refunding	7/15/2025	57,890	(1)(2)(3)	5/1/2035	5.00%
Certificates of Participation:					
2016 Certificates	9/1/2016	116,745	(2)	3/1/2046	5.00%

(1) Ad valorem assessments or, in lieu of assessments, in the District's discretion, charges for water or sewer service.
(2) Available water, sewer, and recycled water revenues.
(3) Proceeds from the sale of property.

General Obligation Bonds

The annual debt service requirements for the General Obligation Bonds, including principal and interest payments (based on variable interest rates at June 30, 2026 ranging from 0.71% to 2.57% and the fixed rate for the 2016 Consolidated issue) were as follows (in thousands):

Fiscal Year	Principal	Interest	Hedging Instruments Net	Total
2027	$ 17,785	$ 13,500	$ 1,018	$ 32,303
2028	18,565	12,945	1,018	32,528
2029	19,100	12,357	1,018	32,475
2030	19,745	11,746	-	31,491
2031	20,420	11,108	-	31,528
2031-2036	147,315	26,944	-	174,259
2037-2041	163,155	15,371	-	178,526
2042-2046	37,060	5,323	-	42,383
Sub-total	443,145	109,294	3,054	555,493
Plus: Unamortized premium	25,074	-	-	25,074
Total	$ 468,219	$ 109,294	$ 3,054	$ 580,567

(10) **Long-Term Liabilities (Continued)**

General Obligation Bonds (Continued)
The above table incorporates the net receipts/payments of the hedging instruments that are associated with the variable rate debt issue(s). The amounts assume that current interest rates on variable rate bonds and the current reference rates of the hedging instruments will remain the same for their term. As these rates vary, interest payments on variable rate bonds and net receipts/payments on the hedging instruments will vary. Refer to Note 3 for additional information regarding the hedging instruments associated with the debt of the District.

In July 2025, the Irvine Ranch Water District issued $125.0 million of consolidated Series 2025A refunding bonds (the Series 2025A Refunding Bonds) and $57.9 million of consolidated Series 2025B refunding bonds (the Series 2025B Refunding Bonds) to refund the outstanding 2010B BABs. The District obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $7.2 million.

Certificates of Participation
In September 2016, the Irvine Ranch Water District Service Corporation issued $116.7 million of Certificates of Participation Series 2016 (the Series 2016 Certificates) to finance the cost of certain capital improvements and to refund a portion of the outstanding Certificates of Participation Refunding Series 2010 (the Series 2010 Certificates).

The annual debt service requirements for the Certificates of Participation, including principal and interest payments, were as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2027	$ 5,225	$ 4,602	$ 9,827
2028	5,600	4,340	9,940
2029	5,985	4,060	10,045
2030	6,395	3,761	10,156
2031	6,865	3,441	10,306
2032-2036	19,325	13,165	32,490
2037-2041	18,730	8,877	27,607
2042-2046	23,905	3,703	27,608
Sub-total	92,030	45,949	137,979
Plus: Unamortized premium	18,030	-	18,030
Total	$ 110,060	$ 45,949	$ 156,009

Notes Payable
The District had one outstanding loan, which was assumed because of its consolidation with the Santiago County Water District. The original loan amount was $1.3 million. The loan is payable semi-annually with interest at 2.32%. The loan was paid in full as of June 30, 2026.

(10) Long-Term Liabilities (Continued)

Leases Payable

The District, as a lessee, has entered into noncancellable lease agreements for production well sites, antenna sites, and equipment. These leases expire on various dates through 2043. The District's payments are based on the terms in each agreement and include certain variable payments not included in the measurement of the lease payable. As of June 30, 2026, leased assets and the related accumulated amortization totaled $1.6 million and $0.5 million, respectively. The lease liability on June 30, 2026 was $1.1 million.

The annual lease payment requirements, including principal and interest payments, are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2027	$ 258	$ 26	$ 284
2028	175	19	194
2029	146	15	161
2030	31	13	44
2031	32	12	44
2032-2036	181	49	230
2037-2041	222	25	247
2042-2043	89	3	92
Total	$ 1,134	$ 162	$ 1,296

Subscription-Based Information Technology Arrangements (SBITA) Payable

The District has entered into subscription-based information technology arrangements (SBITAs), to use software for its operational needs. The SBITA arrangements expire at various dates through 2035. As of June 30, 2026, SBITA assets and the related accumulated amortization totaled $13.1 million and $1.3 million, respectively. The subscription payable at June 30, 2026 was $11.3 million.

The annual SBITA payment requirements, including principal and interest payments, are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2027	$ 1,278	$ 290	$ 1,568
2028	1,223	255	1,478
2029	1,200	221	1,421
2030	1,265	187	1,452
2031	1,147	153	1,300
2032-2035	5,191	268	5,459
Total	$ 11,304	$ 1,374	$ 12,678

(11) Unearned Revenue

Unearned revenue at June 30, 2026 consisted of the following (in thousands):

Unearned revenue, current portion	$ 565
Unearned revenue, net of current portion	1,439
Total	$ 2,004

On November 10, 2008, the Board approved the South Orange County – Irvine Ranch Water District Interconnection Projects Participation Agreement (Agreement). The Agreement was effective on November 2008 between the District, City of San Clemente (CSC), Laguna Beach County Water District (LBCWD), Moulton Niguel Water District (MNWD), Santa Margarita Water District (SMWD), South Coast Water District (SCWD), Municipal Water District of Orange County (MWDOC), and Orange County Water District (OCWD). The purpose of the Agreement is to allow the South County water agencies (CSC, LBCWD, MNWD, SMWD, and SCWD) to reserve capacity in the District system and reimburse the District for various new intertie facilities which provide that up to 25 cfs of water supply per month may be made available during a water supply disruption. The total cost of the agreement was paid in full by each party in the fiscal year ended June 30, 2009. The amount of unearned revenue related to the South County Water Agencies is amortized over 20 years, the term of the Agreement. The amount of amortization for the fiscal year ended June 30, 2026 was $0.5 million.

(12) Letters of Credit

The District has letters of credit securing the payment of principal and interest on certain General Obligation Bonds. The letters of credit are issued in favor of the trustees and enable the trustees to make draws against the letters of credit for payment of principal and interest amounts.

The terms of the letters of credit, as of June 30, 2026 are summarized as follows (in thousands):

Letter of Credit	Trustee	Amount	Expiration Date
Bank of America:			
2009 Series A Consolidated	U.S. Bank	$ 40,447	May 1, 2028
2009 Series B Consolidated	U.S. Bank	40,447	May 1, 2028
2011 Series A-1 Refunding	Bank of New York Mellon	34,825	February 8, 2027
2011 Series A-2 Refunding	Bank of New York Mellon	23,271	February 8, 2027
Sumitomo Mitsui:			
2008 Series A Refunding	Bank of New York Mellon	35,010	March 13, 2028
2025 Series A Refunding	U.S. Bank	127,055	July 25, 2029

(13) Defined Benefit Pension Plan

Plan Descriptions

All qualified employees are eligible to participate in the District's agent multiple-employer public employee defined benefit pension plan which is administrated by the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and the District's Board of Directors. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The Plan's provisions and benefits in effect at June 30, 2026, are summarized as follows:

	Hire Date		
	Prior to October 1, 2012	**On or after October 1, 2012 to December 31, 2012**	**On or after January 1, 2013**
Benefit Formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Minimum Retirement Age	50	50	52
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rate	8.00%	7.00%	7.50%
Required Employer Normal Cost Rate	10.16%	10.16%	10.16%

In addition, the District made a $9.3 million unfunded liability contribution during the current fiscal year.

Employees Covered

As of June 30, 2024 (valuation date), the following employees were covered by the benefit terms for the Plan:

Active Employees	388
Inactive Employees or Beneficiaries Currently Receiving Benefits	363
Inactive Employees Entitled to But not Yet Receiving Benefits	286
Total	1,037

(13) Defined Benefit Pension Plan (Continued)

Contributions

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

As of June 30, 2026, the total pension liability was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Price 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	The Lesser of Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

[1] The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

(13) Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the 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.

Asset Class [1]	Assumed Asset Allocation[1]	Long-Term Expected Real Rate of Return [1], [2]
Public Equity	37.00%	4.56%
Private Equity	17.00%	5.56%
Fixed Income	28.00%	2.53%
Real Assets	15.00%	3.03%
Private Debt	8.00%	4.93%
Strategic Leverage	(5.00)%	1.40%
Total	**100%**	

[1] Figures are based on the 2024 Mid-Cycle Asset Liability Management study.
[2] An expected annual rate of price inflation of 2.30% used for this period.

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

(13) Defined Benefit Pension Plan (Continued)

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting report may differ from the plan assets reported in the funding valuation report due to several reasons. For example, for the accounting reports, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as components of the plan's fiduciary net position. These amounts are excluded for rate setting purposes in the funding valuation.

Changes in the Net Pension Liability

The changes in the net pension liability for the Plan were as follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2025	$ 387,688	$ 300,002	$ 87,686
Changes Recognized for the Period:			
Service Cost	7,689	-	7,689
Interest	26,457	-	26,457
Changes of Benefit Terms	-		-
Changes of Assumptions	-	-	-
Difference between Expected and Actual Experience	1,423	-	1,423
Contributions – Employer	-	13,417	(13,417)
Contributions – Employees	-	3,560	(3,560)
Net Investment Income	-	36,904	(36,904)
Benefit Payments, Including Refunds of Employee Contributions	(19,051)	(19,051)	-
Administrative Expense	-	(215)	215
Net Change	16,518	34,615	(18,097)
Balance at June 30, 2026	$ 404,206	$ 334,617	$ 69,589

(13) **Defined Benefit Pension Plan (Continued)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability of the Plan, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate (in thousands):

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Plan's Net Pension Liability	$ 123,789	$ 69,589	$ 24,827

Subsequent Events
On November 19, 2025, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the November 2025 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions, and various other assumptions for public agencies. These new assumptions will be effective as of the June 30, 2025, valuation date and reflected in the June 30, 2026, GASB accounting valuation reports.

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 in pension expense systematically over time.

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

The expected average remaining service lifetime for the measurement period ended June 30, 2025 was 4.4 years, which was obtained by dividing the total service years of 4,614 (the sum of remaining service lifetimes of the active employees) by 1,037 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

(13) **Defined Benefit Pension Plan (Continued)**

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2026, the District recognized pension expense of $11.3 million. At June 30, 2026, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions made Subsequent to the Measurement Date	$ 14,528	$ -
Differences between Expected and Actual Experiences	6,635	(596)
Changes in Assumptions	2,204	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(8,768)
Total	$ 23,367	$ (9,364)

$14.5 million reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2027. ($0.5) million net of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2027	$ 7,996
2028	(1,928)
2029	(3,463)
2030	(3,130)
Total	$ (525)

(14) Other Post-Employment Benefits

Plan Descriptions

The District administers three other post-employment benefits (OPEB) plans which are subject to changes based on the discretion of the Board:

- **PEMHCA:** The District provides an agent multiple-employer defined benefit healthcare plan to retirees through the California Public Employee Retirement System (CalPERS) under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as CalPERS Health. Employees are eligible for this lifetime benefit if they retire from the District and are eligible to begin drawing a CalPERS pension. Participation in PEMHCA is financed in part by the District through a contribution of $162 per month per participating retiree.

- **RHCRP**: The District also administers a single-employer defined benefit Retiree Health Costs Reimbursement Plan (RHCRP), which provides medical benefits to covered employees and their eligible dependents. The duration of the benefit is based on employees' years of service as follows: 12 months of benefits for employees with 3-7 years of service; 24 months of benefits for employees with 8-9 years of services; 36 months of benefits for employees with 10-14 years of service; 48 months of benefits for employees with 15-19 years of service; and 60 months of benefits for employees with at least 20 years of service. Employees are eligible for this benefit if they retire from the District on or after age 55 with at least three years of service. The District reimburses retirees for eligible healthcare costs of up to $160 per month (for retirees with at least three years of service at the District), to a maximum of $600 per month after 25 years of service. On February 27, 2023, the Board approved an enhancement to the RHCRP by increasing each tier by $200 for eligible employees who retire from (and become eligible retirees of) the District on or after July 1, 2023.

- **Death Benefit**: The District administers a single-employer defined benefit Retiree Death Only plan (Death Benefit). Employees hired on or before December 31, 2008 and who retire from the District on or after age 55 with at least 10 years of service at the District are eligible for term life insurance with a face amount equal to 100% of their final annual salary at the time of retirement. Employees hired after December 31, 2008 are not currently eligible for this plan.

(14) Other Post-Employment Benefits (Continued)

Employees Covered

As of the June 30, 2025 measurement date, the following employees were covered by the benefit terms under each Plan:

	PEMHCA	RHCRP	Death Benefit	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	121	49	-	170
Inactive Employees Entitled to But not Yet Receiving Benefits	114	-	131	245
Active Employees	391	391	91	873
Total	626	440	222	1,288

Contributions

The contributions for the District's various other post-employment benefits are based on pay-as-you-go financing requirements.

For the fiscal year ended June 30, 2026, the District's cash contributions were $0.6 million and estimated implied subsidy was $0.3 million resulting in total payments of $0.9 million. The following shows contributions by each OPEB plan (in thousands):

	PEMHCA	RHCRP	Death Benefit	Total
Cash Contributions	$ 219	$ 351	$ 20	$ 590
Estimated Implied Subsidy	306	-	-	306
Total	$ 525	$ 351	$ 20	$ 896

(14) **Other Post-Employment Benefits (Continued)**

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability
The June 30, 2025 measurement date was used to determine the June 30, 2026 total OPEB liability, based on the following actuarial methods and assumptions:

	PEMHCA	RHCRP	Death Benefit
Actuarial Method	Entry Age Normal		
Actuarial Assumptions:			
Contribution Policy	Pay-as-you-go		
Discount Rate	5.20% at June 30, 2025 and 3.93% at June 30, 2024 (Bond Buyer 20-Bond Index)		
Inflation	2.50% Annually		
Mortality, Disability, Termination, Retirement	CalPERS 2000-2019 Experience Study		
Mortality Improvement	Mortality Projected Fully Generational with Scale MP-2021		
Salary Increases	2.75% Annually and CalPERS 2000-2019 Experience Study		
Medical Trend	Non-Medicare - 7.90% for 2026, decreasing to 3.45% in 2076 Medicare - 6.90% for 2026, decreasing to 3.45% in 2076	Not Applicable	
Minimum Increase	3.5% annually	Not Applicable	
Participation at Retirement	Medical Coverage: 90% if eligible for RHCRP. Otherwise, 50% if currently in District's medical plan, 0% if not.	3 years of District Service: 100% Participate	100% Participate

Change in Assumptions
For the fiscal year ended June 30, 2025 measurement period, the discount rate was increased from 3.93 percent to 5.20 percent based on the municipal bond rate.

(14) Other Post-Employment Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20 percent, which was based on the Bond Buyer 20-Bond G.O. Index.

Changes in the OPEB Liability

The changes in the OPEB liability were as follows (in thousands):

	PEMHCA	RHCRP	Death Benefit	Total
Balance at June 30, 2025	$ 14,891	$ 4,475	$ 1,069	$ 20,435
Changes Recognized for the Period:				
Service Cost	880	279	18	1,177
Interest	609	181	42	832
Assumptions Changes	(2,474)	(334)	(83)	(2,891)
Benefit Payments	(510)	(305)	(20)	(835)
Net Change	(1,495)	(179)	(43)	(1,717)
Balance at June 30, 2026	$ 13,396	$ 4,296	$ 1,026	$ 18,718

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability, calculated using a discount rate that is one percentage point lower or one percentage higher than the current rate for the measurement period ended June 30, 2025 (in thousands).

OPEB Liability	Discount Rate - 1% (4.20%)	Current Discount Rate (5.20%)	Discount Rate + 1% (6.20%)
PEMHCA	$ 15,290	$ 13,396	$ 11,837
RHCRP	4,557	4,296	4,053
Death Benefit	1,091	1,026	967
Total	$ 20,938	$ 18,718	$ 16,857

(14) **Other Post-Employment Benefits (Continued)**

Sensitivity of OPEB Liability to Changes in the Healthcare Trend Rates (Continued)
The following presents the OPEB liability, calculated using health care cost trend rates that are one percentage point lower or one percentage higher than the current rate for the measurement period ended June 30, 2025 (in thousands).

OPEB Liability	Healthcare Trend Rates -1%	Current Healthcare Trend Rates	Healthcare Trend Rates +1%
PEMHCA	$ 11,437	$ 13,396	$ 15,877
RHCRP	4,296	4,296	4,296
Death Benefit	1,026	1,026	1,026
Total	$ 16,759	$ 18,718	$ 21,199

Amortization of Deferred Outflows and Deferred Inflows of Resources
Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time.

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

The amortization period differs depending on the source of the gain or loss. Straight line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active and retired) as of the beginning of the measurement period is used for each Plan.

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB
For the fiscal year ended June 30, 2026, the District recognized OPEB expense of $1.3 million which consisted of $1.1 million for PEMHCA, $0.4 million for RHCRP, and $(0.2) million for death benefit.

(14) Other Post-Employment Benefits (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Continued)

On June 30, 2026, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources				Deferred Inflows of Resources			
	PEMHCA	RHCRP	Death Benefit	Total	PEMHCA	RHCRP	Death Benefit	Total
OPEB Contributions made Subsequent to the Measurement Date	$ 525	$ 351	$ 20	$ 896	$ -	$ -	$ -	$ -
Changes in Assumptions	1,438	145	1	1,584	4,797	600	115	5,512
Difference between Expected and Actual Experience	514	223	-	737	2,302	27	221	2,550
Total	$ 2,477	$ 719	$ 21	$ 3,217	$ 7,099	$ 627	$ 336	$ 8,062

The District has $0.9 million reported as deferred outflows of resources related to employer contributions subsequent to the measurement date which will be recognized as a reduction of the OPEB liability in the fiscal year ending June 30,2027. $(5.7) million net of deferred outflows and deferred inflows of resources related to OPEB will be recognized as OPEB expense (income) as follows (in thousands):

Fiscal Year	PEMHCA	RHCRP	Death Benefit	Total
2027	$ (365)	$ (2)	$ (257)	$ (624)
2028	(451)	(1)	(78)	(530)
2029	(584)	(9)	-	(593)
2030	(867)	(15)	-	(882)
2031	(1,044)	(31)	-	(1,075)
Thereafter	(1,836)	(201)	-	(2,037)
Total	$ (5,147)	$ (259)	$ (335)	$ (5,741)

(15) Deferred Compensation Plans

Retirement for Part Time Employees

The District provides pension benefits for all its part-time employees through a defined contribution plan, in lieu of providing social security benefits. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the District's Section 457 plan. All part-time and seasonal employees are eligible to participate from the date of employment. For the year ended June 30, 2026, the District's payroll covered by the plan was $248,401. The District made no employer contributions. Employees contributed $19,847 for the fiscal year ended June 30, 2026.

Deferred Compensation

All regular, full-time District employees are eligible to participate in the District's deferred compensation program pursuant to Section 457 of the Internal Revenue Code (Plan) whereby they can voluntarily contribute a portion of their earnings into a tax-deferred fund administered by the District and invested through a third-party provider. Pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), effective January 1, 2002, employees may contribute the lesser of 100% of includible compensation or the maximum dollar amount allowable under Internal Revenue Code Section 457 in effect for the year. The dollar amount currently in effect for calendar year 2026 is $24,500.

Effective January 1, 2008, for employees with one year or more of services, the District provides 100% matching up to an annual maximum of 3% of the employee's base salary after one year of service. Such employer contribution amounts are deposited into a money purchase plan pursuant to Section 401(a) of the Internal Revenue Code. All full-time employees who have completed two years of regular, full-time service with the District, are eligible for an additional District contribution. Beginning with the first month following an employee's second anniversary date, the District will deposit to the employee's 401 (a) Plan account on a per-pay period basis an amount equal to 1% of the employee's base salary. During the fiscal year ended June 30, 2026, the District contributed $1.6 million to employee accounts under the 401(a) plan.

The assets in both plans are held in trust for the exclusive benefit of the participants and their beneficiaries and are therefore not reported in the basic financial statements of the District.

(16) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District maintains insurance coverage through a combination of pooled and commercial insurance programs.

(16) Risk Management (Continued)

Property, Boiler and Machinery insurance is provided by the Public Risk Innovation, Solutions, and Management (PRISM). Property insurance includes flood insurance for covered properties, and earthquake insurance for the District's real estate investment properties. General and excess liability coverage and excess workers' compensation insurance are provided through participation in the PRISM program. Pollution and legal liability coverage for the Irvine Desalter Project is provided through a policy with Indian Harbor Insurance Company, an AXA XL Company.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated to meet or exceed self-insured retention limits. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Excess coverage insurance policies cover individual general liability claims in excess of $100,000, property claims in excess of $50,000 and workers compensation claims in excess of $125,000.

Changes in the reported liability resulted from the following (in thousands):

Fiscal Year	Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Liability End of Year	Due within One Year	Due in more than One Year
2025	$ 1,676	$ 289	$ (357)	$ 1,608	$ 537	$ 1,071
2026	1,608	1,181	(1,072)	1,717	562	1,155

(17) Commitments and Contingencies

Legal Actions

The District is a defendant in various legal actions arising out of the conduct of the District's operations. Management believes that, based on current knowledge, the outcome of these matters will not have a material adverse effect on the District's financial position.

(18) Net Position

Net position at June 30, 2026 consisted of the following (in thousands):

Net investment in capital assets:	
Property, plant and equipment, net	$ 2,206,493
Outstanding liabilities to construct capital assets:	
General obligation bonds	(468,219)
Certificates of participation	(110,060)
Leases payable	(1,134)
Subscription payable	(11,304)
Deferred refunding charges	17,393
Capital-related accounts payable and retainage payable	(4,483)
Total net investment in capital assets	1,628,686
Restricted net position:	
Restricted for pension trust investments	163,420
Restricted for OPEB trust investments	15,284
Restricted for water services	241,300
Restricted for sewer services	464,351
Total restricted net position	884,355
Total net position	$ 2,513,041

(19) Subsequent Events

In August 2026, the Irvine Ranch Water District issued $54,015,000 of consolidated Series 2026A bonds (the Series 2026A Consolidated Bonds) to finance certain capital improvements and related facilities and reimburse certain capital expenditures that were previously made.

In August 2026, the Irvine Ranch Water District issued $83,640,000 of consolidated Series 2026B refunding bonds (the Series 2026B Refunding Bonds) to refund the outstanding Series 2016 Consolidated Bonds.

In September 2026, the Irvine Ranch Water District Water Service Corporation issued $198,895,000 of Series 2026 revenue certificates of participation (the Series 2026 Certificates) to refund the outstanding Series 2016 Certificates and finance the cost of certain capital improvements.

(1) Defined Benefit Pension Plan – California Public Employees' Retirement System

(a) Schedule of Changes in the Net Pension Liability and Related Ratio (in thousands)

	Measurement Date: June 30				
	2025	2024	2023	2022	2021
Total Pension Liability					
Service Cost	$ 7,689	$ 7,682	$ 7,058	$ 6,872	$ 6,161
Interest	26,457	25,334	23,790	22,582	21,815
Changes of Benefit Terms	-	-	227	-	-
Changes of Assumptions	-	-	-	11,019	-
Difference between Expected and Actual Experience	1,423	7,798	3,008	(2,982)	1,990
Benefit Payments, Including Refunds of Employee Contributions	(19,051)	(17,293)	(15,860)	(14,694)	(13,708)
Net Change in Total Pension Liability	16,518	23,521	18,223	22,797	16,258
Total Pension Liability – Beginning	387,688	364,167	345,944	323,147	306,889
Total Pension Liability – Ending (a)	$ 404,206	$ 387,688	$ 364,167	$ 345,944	$ 323,147
Plan Fiduciary Net Position					
Contributions – Employer	$ 13,417	$ 11,983	$ 11,773	$ 10,467	$ 9,569
Contributions – Employees	3,560	3,404	3,100	3,117	2,855
Net Investment Income	36,904	26,638	16,136	(21,483)	52,638
Benefit Payments, Including Refunds of Employee Contributions	(19,051)	(17,293)	(15,860)	(14,694)	(13,708)
Administrative Expense	(215)	(223)	(193)	(176)	(232)
Other Miscellaneous Income / (Expense) [1]	-	-	-	-	-
Net Change in Fiduciary Net Position	34,615	24,509	14,956	(22,769)	51,122
Plan Fiduciary Net Position – Beginning [2]	300,002	275,493	260,537	283,306	232,184
Plan Fiduciary Net Position – Ending (b)	$ 334,617	$ 300,002	$ 275,493	$ 260,537	$ 283,306
Plan Net Pension Liability – Ending (a) - (b)	$ 69,589	$ 87,686	$ 88,674	$ 85,407	$ 39,841
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.78%	77.38%	75.65%	75.31%	87.67%
Covered Payroll	$ 44,990	$ 44,199	$ 40,357	$ 39,474	$ 38,702
Plan Net Pension Liability as a Percentage of Covered Payroll	154.68%	198.39%	219.72%	216.36%	102.94%

(1) Defined Benefit Pension Plan – California Public Employees' Retirement System (Continued)

(a) Schedule of Changes in the Net Pension Liability and Related Ratio (in thousands) (Continued)

	Measurement Date: June 30				
	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	$ 6,001	$ 5,498	$ 5,098	$ 4,825	$ 4,066
Interest	20,700	19,651	18,570	17,806	17,092
Changes of Benefit Terms	-	-	-	-	-
Changes of Assumptions	-	-	(1,605)	15,182	-
Difference between Expected and Actual Experience	1,509	2,535	(235)	(1,702)	(1,856)
Benefit Payments, Including Refunds of Employee Contributions	(12,655)	(11,807)	(10,770)	(9,721)	(9,089)
Net Change in Total Pension Liability	15,555	15,877	11,058	26,390	10,213
Total Pension Liability – Beginning	291,334	275,457	264,399	238,009	227,796
Total Pension Liability – Ending (a)	$ 306,889	$ 291,334	$ 275,457	$ 264,399	$ 238,009
Plan Fiduciary Net Position					
Contributions – Employer	$ 8,430	$ 7,185	$ 6,157	$ 5,450	$ 4,926
Contributions – Employees	2,741	2,511	2,401	2,280	2,519
Net Investment Income	11,115	13,809	16,707	20,205	946
Benefit Payments, Including Refunds of Employee Contributions	(12,655)	(11,807)	(10,770)	(9,721)	(9,089)
Administrative Expense	(314)	(151)	(308)	(265)	(110)
Other Miscellaneous Income / (Expense) [1]	-	-	(585)	-	-
Net Change in Fiduciary Net Position	9,317	11,547	13,602	17,949	(808)
Plan Fiduciary Net Position – Beginning [2]	222,867	211,320	197,718	179,769	180,577
Plan Fiduciary Net Position – Ending (b)	$ 232,184	$ 222,867	$ 211,320	$ 197,718	$ 179,769
Plan Net Pension Liability – Ending (a) - (b)	$ 74,705	$ 68,467	$ 64,137	$ 66,681	$ 58,240
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.66%	76.50%	76.72%	74.78%	75.53%
Covered Payroll	$ 37,389	$ 33,758	$ 32,213	$ 30,823	$ 28,802
Plan Net Pension Liability as a Percentage of Covered Payroll	199.80%	202.82%	199.10%	216.33%	202.21%

[1] During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Post-employment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

[2] Includes any beginning of year adjustment.

(1) Defined Benefit Pension Plan – California Public Employees' Retirement System (Continued)

(a) Schedule of Changes in the Net Pension Liability and Related Ratio (in thousands) (Continued)

Notes to Schedule of Changes in the Net Pension Liability and Related Ratio

Change of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 through 2025. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15 percent to 6.90 percent. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65 percent for measurement dates June 30, 2015 through June 30, 2016.

(b) Schedule of Contributions (in thousands)

Fiscal Year Ended June 30	2026	2025	2024	2023	2022
Actuarially Determined Contribution [1]	$ 14,528	$ 13,417	$ 11,983	$ 11,773	$ 10,467
Contributions in Relation to the Actuarially Determined Contribution [1]	(14,528)	(13,417)	(11,983)	(11,773)	(10,467)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 51,596	$ 44,990	$ 44,199	$ 40,357	$ 39,474
Contributions as a Percentage of Covered Payroll	28.16%	29.82%	27.11%	29.17%	26.52%

Fiscal Year Ended June 30	2021	2020	2019	2018	2017
Actuarially Determined Contribution [1]	$ 9,569	$ 8,430	$ 7,185	$ 6,157	$ 5,450
Contributions in Relation to the Actuarially Determined Contribution [1]	(9,569)	(8,430)	(7,185)	(6,157)	(5,450)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 38,702	$ 37,389	$ 33,758	$ 32,213	$ 30,823
Contributions as a Percentage of Covered Payroll	24.72%	22.55%	21.28%	19.11%	17.68%

[1] Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

(1) **Defined Benefit Pension Plan – California Public Employees' Retirement System (Continued)**

(b) Schedule of Contributions (in thousands) (Continued)

Notes to Schedule of Contributions
The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2026 were from the June 30, 2023 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Fair Value of Assets
Price Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.80%
Investment Rate of Return	6.80% (net of investment and administrative expenses)
Retirement Age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 15 years of projected on-going mortality improvement using 80% of the Society of Actuaries' scale MP-2020.

Changes in Assumptions: There are no significant changes to the actuarial methods or assumptions for the June 30, 2023 actuarial valuation.

Subsequent Events: This actuarial valuation report reflects fund investment return through June 30, 2023 and statutory / regulatory changes and board actions through January 2024. During the time period between the valuation date and the publication of this report, inflation has been higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2024, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. The 2023 annual benefit limit under Internal Revenue Code (IRS) section 415(b) and annual compensation limits under IRS section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2024 limits , determined in October 2023, are not reflected.

On April 16, 2024, the CalPERS Board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a
board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report has not been modified and still reflects the projected contribution requirements associated with a reduction in the discount rate.

There have been no other subsequent events that could materially affect current or future certifications rendered in this report.

(2) Other Post-Employment Benefits

Schedule of Changes in the OPEB Liability and Related Ratio (in thousands)[1]

PEMHCA

Measurement Date: June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service Cost	$ 880	$ 878	$ 877	$ 1,245	$ 1,194	$ 671	$ 594	$ 472	$ 549
Interest	609	617	574	439	420	484	479	364	310
Assumptions Changes	(2,474)	(599)	(257)	(3,342)	157	2,957	727	682	(1,173)
Expected vs. Actual Experience	-	(1,785)	-	(1,542)	-	1,005	-	951	-
Benefit Payments	(510)	(501)	(513)	(532)	(493)	(467)	(377)	(343)	(304)
Net Change in Total OPEB Liability	(1,495)	(1,390)	681	(3,732)	1,278	4,650	1,423	2,126	(618)
Total OPEB Liability – Beginning	14,891	16,281	15,600	19,332	18,054	13,404	11,981	9,855	10,473
Total OPEB Liability – Ending	$ 13,396	$ 14,891	$ 16,281	$ 15,600	$ 19,332	$ 18,054	$ 13,404	$ 11,981	$ 9,855
Covered Employee Payroll	$50,286	$48,398	$48,115	$41,479	$42,831	$42,190	$37,226	$35,629	$30,823
OPEB Liability as a Percentage of Covered Employee Payroll	26.64%	30.77%	33.84%	37.61%	45.14%	42.79%	36.01%	33.63%	31.97%

RHCRP

Measurement Date: June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service Cost	$ 279	$ 250	$ 185	$ 234	$ 225	$ 176	$ 161	$ 148	$ 161
Interest	181	161	118	80	81	113	125	112	94
Benefit Terms Changes	-	-	1,018	-	-	-	-	-	-
Assumptions Changes	(334)	(76)	(30)	(333)	11	263	69	1	(136)
Expected vs. Actual Experience	-	150	-	(42)	-	164	-	125	-
Benefit Payments	(305)	(299)	(291)	(263)	(288)	(361)	(332)	(306)	(286)
Net Change in Total OPEB Liability	(179)	186	1,000	(324)	29	355	23	80	(167)
Total OPEB Liability – Beginning	4,475	4,289	3,289	3,613	3,584	3,229	3,206	3,126	3,293
Total OPEB Liability – Ending	$ 4,296	$ 4,475	$ 4,289	$ 3,289	$ 3,613	$ 3,584	$ 3,229	$ 3,206	$ 3,126
Covered Employee Payroll	$50,286	$48,398	$48,036	$41,361	$42,795	$41,634	$36,529	$35,629	$30,823
OPEB Liability as a Percentage of Covered Employee Payroll	8.54%	9.25%	8.93%	7.95%	8.44%	8.61%	8.84%	9.00%	10.14%

Death Benefit

Measurement Date: June 30	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service Cost	$ 18	$ 39	$ 39	$ 39	$ 38	$ 29	$ 27	$ 28	$ 32
Interest	42	57	53	39	39	57	58	58	47
Assumptions Changes	(83)	(21)	(11)	(332)	6	160	41	(10)	(92)
Expected vs. Actual Experience	-	(531)	-	(76)	-	(116)	-	(168)	-
Benefit Payments	(20)	-	-	(20)	(20)	-	(10)	(20)	(10)
Net Change in Total OPEB Liability	(43)	(456)	81	(350)	63	130	116	(112)	(23)
Total OPEB Liability – Beginning	1,069	1,525	1,444	1,794	1,731	1,601	1,485	1,597	1,620
Total OPEB Liability – Ending	$ 1,026	$ 1,069	$ 1,525	$ 1,444	$ 1,794	$ 1,731	$ 1,601	$ 1,485	$ 1,597
Covered Employee Payroll	$ 15,534	$ 14,951	$ 16,852	$ 16,167	$ 16,053	$ 18,712	$ 18,455	$ 19,775	$ 16,028
OPEB Liability as a Percentage of Covered Employee Payroll	6.60%	7.15%	9.05%	8.93%	11.18%	9.25%	8.68%	7.51%	9.96%

[1] Historical information is required only for measurement periods to which GASB 75 is applicable. Fiscal Year 2018 was the first year of GASB 75 implementation.

(2) **Other Post-Employment Benefits (Continued)**

Notes to Schedule of Changes in the OPEB Liability and Related Ratio
Benefit Changes:
In February 2023 the Board approved a $200 increase for each tier for retirement after June 30, 2023.

Changes of Assumptions:
For the fiscal year ended June 30, 2025 measurement period, the discount rate was 5.20 percent based on municipal bond rate.

For the fiscal year ended June 30, 2024 measurement period, the discount rate was 3.93 percent based on municipal bond rate.

For the fiscal year ended June 30, 2023 measurement period, the discount rate was 3.65 percent based on municipal bond rate.

For the fiscal year ended June 30, 2022 measurement period, the discount rate was 3.54 percent based on municipal bond rate. The inflation rate decreased from 2.75 percent was 2.50 percent. CalPERS 2000-2019 experience study was used. Medical and PEMHCA minimum trends were updated. Participation assumption was updated. Mortality improvement scale was updated to Scale MP-2021.

For the fiscal year ended June 30, 2021 measurement period, the discount rate was 2.16 percent based on municipal bond rate.

For the fiscal year ended June 30, 2020 measurement period, the discount rate was 2.21 percent based on municipal bond rate. Mortality improvement scale was updated to Scale MP-2020. ACA Excise Tax was removed due to repeal of the law in December 2019.

For the fiscal year ended June 30, 2019 measurement period, the discount rate was 3.50 percent based on municipal bond rate.

For the fiscal year ended June 30, 2018 measurement period, the discount rate was 3.87 percent based on municipal bond rate. CalPERS 1997-2015 Experience Study was used. Mortality improvement scale was updated to Scale MP-2018. Medical claims costs were developed by Axene Health Partners based on demographic data for the CalPERS health plans provided by CalPERS and Axene's proprietary AHP Cost Model. Short term medical trend was developed in consultation with Axene Health Partners' healthcare actuaries. Long-term medical trend developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends. Participation at retirement for medical coverage was updated to 70% if eligible for RHCRP. A 2% load on the cash liability was added to estimate the ACA Excise Tax.

For the fiscal year ended June 30, 2017 measurement period, the discount rate was 3.58 percent based on municipal bond rate.

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Statistical Section

Irvine Ranch Water District
Fiscal Year Ended June 30, 2026

This section of the Irvine Ranch Water District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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

Net Position
Changes in Net Position

Revenue Capacity Schedules – These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property and sales taxes.

Water Sold by Type of Customer
Water Rates
Largest Water Customers
Sewer Rates
Largest Sewer Customers
Ad Valorem Property Tax Rates

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

Assessed Valuation and Estimated Actual Value of Taxable Property and 1% Property Tax Revenue
Direct and Overlapping Property Tax Rates
Principal Property Taxpayers
Property Tax Collections/Delinquency
Outstanding Debt by Type
Outstanding General Obligation Bonds by Improvement District
Ratio of General Obligation Debt to Assessed Values
Ratio of Annual Debt Service Expenditures to Total General Expenditures
Debt Service Coverage

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

Principal Employers
Demographic and Economic Statistics

Operating Information – These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Operating Indicators by Function – Water and Sewer Service Connections
Operating Indicators by Function – New Service Connections
Operating Indicators by Function – Average Monthly Usage
Source of Supply and Demand in Acre Feet
Capital Asset Statistics
Full-Time Employees

Irvine Ranch Water District

Net Position

For the Past Ten Fiscal Years

(in millions)

	Fiscal Year				
	2017 [1]	**2018** [2]	**2019**	**2020**	**2021**
Assets					
Current and other assets	$ 735.1	$ 797.4	$ 803.8	$ 828.7	$ 869.0
Capital assets	1,848.3	1,890.8	1,958.7	1,987.8	2,023.8
Total assets	2,583.4	2,688.2	2,762.5	2,816.5	2,892.8
Deferred Outflows of Resources	61.6	41.7	41.2	47.6	44.9
Liabilities					
Current and other liabilities	78.5	52.5	53.8	56.0	64.4
Long-term liabilities	790.9	831.7	817.4	812.4	797.4
Total liabilities	869.4	884.2	871.2	868.4	861.8
Deferred Inflows of Resources	3.6	4.8	4.5	3.9	1.7
Net Position					
Net investment in capital assets	1,087.9	1,155.5	1,238.8	1,283.8	1,336.7
Restricted net position	684.1	685.4	689.2	708.0	737.5
Total net position	$ 1,772.0	$ 1,840.9	$ 1,928.0	$ 1,991.8	$ 2,074.2

Irvine Ranch Water District

Net Position

For the Past Ten Fiscal Years

(in millions)

(Continued)

	Fiscal Year				
	2022	**2023**	**2024**	**2025** [3]	**2026**
Assets					
Current and other assets	$ 882.3	$ 876.7	$ 941.3	$ 991.2	$ 1,056.3
Capital assets	2,029.8	2,081.7	2,111.7	2,161.4	2,206.5
Total assets	2,912.1	2,958.4	3,053.0	3,152.6	3,262.8
Deferred Outflows of Resources	32.1	48.3	44.4	39.8	46.4
Liabilities					
Current and other liabilities	69.9	60.2	67.2	76.7	115.5
Noncurrent liabilities	732.8	747.0	725.5	682.2	661.1
Total liabilities	802.7	807.2	792.7	758.9	776.6
Deferred Inflows of Resources	29.5	10.0	9.1	10.2	19.6
Net Position					
Net investment in capital assets	1,362.3	1,434.5	1,479.9	1,570.2	1,628.7
Restricted net position	749.7	755.0	815.7	853.1	884.3
Total net position	$ 2,112.0	$ 2,189.5	$ 2,295.6	$ 2,423.3	$ 2,513.0

Source: Irvine Ranch Water District Basic Financial Statements

Notes:

[1] The prior period adjustment for the fiscal year ended June 30, 2017 was related to the reclassification of certain assets from capital assets to real estate investments. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

[2] The District implemented GASB Implementation Guide No. 2017-1 and GASB Statement No. 75 for the fiscal year ended June 30, 2018. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

[3] The District implemented GASB Statement No. 101 for the fiscal year ended June 30, 2025. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

Irvine Ranch Water District

Changes in Net Position

For the Past Ten Fiscal Years

(in millions)

	Fiscal Year				
	2017 [1]	2018 [2]	2019	2020	2021
Operating Revenues					
Water sales and service charges	$ 80.7	$ 88.1	$ 98.0	$ 92.5	$ 97.5
Sewer sales and service charges	73.1	78.1	79.1	79.1	84.1
Total operating revenues	153.8	166.2	177.1	171.6	181.6
Operating Expenses					
Water services expenses	71.4	84.6	83.7	89.6	101.3
Sewer services expenses	51.9	50.4	59.8	66.6	71.1
Depreciation	61.8	63.9	64.8	67.6	68.0
Total operating expenses	185.1	198.9	208.3	223.8	240.4
Operating income (loss)	(31.3)	(32.7)	(31.2)	(52.2)	(58.8)
Noncapital Subsidies					
Intergovernmental revenue	2.6	2.6	2.6	2.3	2.3
Total noncapital subsidies	2.6	2.6	2.6	2.3	2.3
Operating income (loss) and noncapital subsidies	(28.7)	(30.1)	(28.6)	(49.9)	(56.5)
Nonoperating Revenues (Expenses)					
Property taxes	51.3	57.2	63.1	66.4	67.7
Investment income	2.8	4.1	6.2	7.8	5.3
Increase (decrease) in fair value of investments	(1.6)	(1.6)	5.2	2.3	(4.6)
Real estate income	13.4	16.7	17.8	18.2	15.4
Increase (decrease) in fair value of real estate investments	10.1	4.1	6.1	0.6	25.7
Pension trust interest and dividends income	-	3.0	2.1	3.3	4.4
Increase (decrease) in fair value of pension trust investments	-	2.2	3.2	1.5	20.5
OPEB trust interest and dividends income	-	-	-	-	-
Increase (decrease) in fair value of OPEB trust investments	-	-	-	-	-
Interest expense	(18.8)	(26.0)	(25.5)	(22.2)	(20.8)
Real estate expense	(4.4)	(13.3)	(9.4)	(5.6)	(5.6)
Pension trust expense	-	-	(0.1)	(0.1)	(0.1)
Other expenses	(1.6)	0.2	(2.4)	(4.9)	(0.4)
Capital contributions	41.9	60.6	49.4	46.4	31.4
Total nonoperating revenue (expenses)	93.1	107.2	115.7	113.7	138.9
Income (loss) before unusual or infrequent items	64.4	77.1	87.1	63.8	82.4
Unusual or infrequent items	-	-	-	-	-
Change in net position	64.4	77.1	87.1	63.8	82.4
Net position at beginning of year	1,578.3	1,772.0	1,840.9	1,928.0	1,991.8
Restatement	129.3	(8.2)	-	-	-
Net position at end of year	$ 1,772.0	$ 1,840.9	$ 1,928.0	$ 1,991.8	$ 2,074.2

Irvine Ranch Water District

Changes in Net Position (Continued)

For the Past Ten Fiscal Years

(in millions)

	Fiscal Year				
	2022	**2023**	**2024**	**2025** [3]	**2026**
Operating Revenues					
Water sales and service charges	$ 106.3	$ 108.7	$ 118.2	$ 136.1	$ 143.3
Sewer sales and service charges	86.2	84.8	95.2	114.4	122.0
Total operating revenues	192.5	193.5	213.4	250.5	265.3
Operating Expenses					
Water services expenses	107.2	111.2	128.4	146.4	162.2
Sewer services expenses	64.8	72.4	82.1	90.9	97.7
Depreciation	79.0	83.5	82.6	84.2	84.8
Total operating expenses	251.0	267.1	293.1	321.5	344.7
Operating income (loss)	(58.5)	(73.6)	(79.7)	(71.0)	(79.4)
Noncapital Subsidies					
Intergovernmental revenue	2.2	2.0	3.5	1.6	3.2
Total noncapital subsidies	2.2	2.0	3.5	1.6	3.2
Operating income (loss) and noncapital subsidies	(56.3)	(71.6)	(76.2)	(69.4)	(76.2)
Nonoperating Revenues (Expenses)					
Property taxes	70.8	77.0	81.8	86.3	89.2
Investment income	(0.8)	7.3	15.7	21.0	18.7
Increase (decrease) in fair value of investments	(3.8)	2.6	3.7	2.0	(5.8)
Real estate income	16.4	18.7	20.7	21.4	22.0
Increase (decrease) in fair value of real estate investments	7.6	7.8	31.4	9.2	9.4
Pension trust interest and dividends income	5.0	8.3	7.4	9.0	48.9
Increase (decrease) in fair value of pension trust investments	(18.0)	3.7	9.6	7.1	(25.1)
OPEB trust interest and dividends income	-	-	0.5	0.5	2.3
Increase (decrease) in fair value of OPEB trust investments	-	-	1.1	1.0	(0.1)
Interest expense	(20.7)	(22.4)	(22.6)	(21.0)	(18.6)
Real estate expense	(6.6)	(7.3)	(8.1)	(7.6)	(9.5)
Pension trust expense	-	-	-	-	-
Other expenses	(2.1)	(0.9)	(2.6)	(2.0)	(3.8)
Capital contributions	46.3	54.3	43.7	64.5	38.3
Total nonoperating revenue (expenses)	94.1	149.1	182.3	191.4	165.9
Income (loss) before unusual or infrequent items	37.8	77.5	106.1	122.0	89.7
Unusual or infrequent items	-	-	-	6.4	-
Change in net position	37.8	77.5	106.1	128.4	89.7
Net position at beginning of year	2,074.2	2,112.0	2,189.5	2,295.6	2,423.3
Restatement	-	-	-	(0.7)	-
Net position at end of year	$ 2,112.0	$ 2,189.5	$ 2,295.6	$ 2,423.3	$ 2,513.0

Source: IRWD Basic Financial Statements

Notes:

[1] The prior period adjustment for the fiscal year ended June 30, 2017 was related to the reclassification of certain assets from capital assets to real estate investments. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

[2] The District implemented GASB Implementation Guide No. 2017-1 and GASB Statement No. 75 for the fiscal year ended June 30, 2018. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

[3] The District implemented GASB Statement No. 101 for the fiscal year ended June 30, 2025. The District did not restate the prior years' financial statements because the data for the prior years was not readily available.

Irvine Ranch Water District

Water Sold By Type of Customer (in Acre Feet)
For the Past Ten Fiscal Years

	Fiscal Year				
	2017	**2018**	**2019**	**2020**	**2021**
Residential	30,384	32,848	31,642	33,073	35,851
Commercial	8,179	8,769	8,624	7,818	7,744
Industrial	5,084	4,923	4,831	4,636	4,819
Public Authority	2,282	2,633	2,369	1,972	1,617
Construction & Temporary	874	1,292	542	480	543
Landscape	4,126	4,740	4,065	4,229	5,014
Agricultural	1,856	1,839	1,114	1,013	471
Landscape/Agricultural	26,374	29,736	26,153	29,659	31,042
Total	79,159	86,780	79,340	82,880	87,101

	Fiscal Year				
	2022	**2023**	**2024**	**2025**	**2026**
Residential	34,787	31,943	32,258	34,165	33,856
Commercial	7,871	7,785	8,092	8,637	8,511
Industrial	4,931	4,567	4,367	4,712	4,723
Public Authority	1,857	2,157	2,177	2,354	2,038
Construction & Temporary	688	498	331	459	342
Landscape	4,949	3,748	3,471	4,150	3,951
Agricultural	399	291	312	304	214
Landscape/Agricultural	30,298	25,055	25,314	29,400	27,366
Total	85,780	76,044	76,322	84,181	81,001

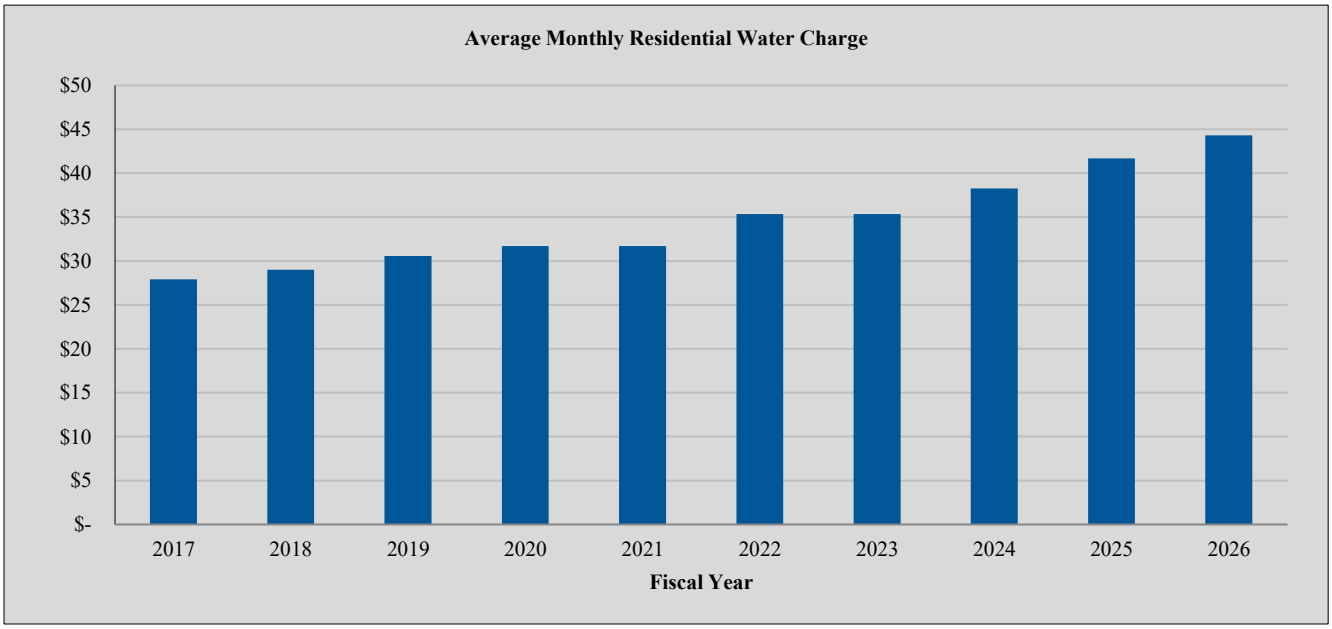
Source: Irvine Ranch Water District

Irvine Ranch Water District

Water Rates [1]

For the Past Ten Fiscal Years

Fiscal Year	Fixed Service Charge	Base Commodity Rate (per ccf)	Average Monthly Residential Charge
2017	$ 10.30	$ 1.65	$ 27.90
2018	10.30	1.70	29.00
2019	10.35	1.89	30.58
2020	10.35	2.00	31.70
2021	10.35	2.00	31.70
2022 [2]	10.75	2.42	35.34
2023	10.75	2.42	35.34
2024	11.85	2.52	38.24
2025	13.20	2.65	41.70
2026	14.90	2.72	44.29



Source: Irvine Ranch Water District

Note:

[1] The water charge to the typical residential customer is based upon an average of 12 ccf per month.
The first 5 ccf are at the District's low volume rate, which is $0.77 less than the commodity base rate in FY 2024.
The fixed monthly service charge includes components that areadded to enhancement and replacement funds for future inevitable repair and replacement of IRWD's infrastructure.

[2] Rate increase effective February 1, 2022 to June 2023.

Irvine Ranch Water District

Largest Water Customers
Current Year and Nine Years Ago

	2026			2017		
Customer Name	**Total Sales**	**Rank**	**Percentage of Water Sales Revenues**	**Total Sales**	**Rank**	**Percentage of Water Sales Revenues**
TIC-The Irvine Company	$ 12,211,851	1	8.52%	$ 6,535,207	1	8.46%
University of California - Irvine	2,272,962	2	1.59%	1,254,292	2	1.62%
Jazz Semiconductor	1,935,989	3	1.35%	1,038,607	3	1.34%
B Braun Medical, Inc	1,731,214	4	1.21%	881,230	4	1.14%
Woodbridge Village Association	735,764	5	0.51%			
City of Irvine	588,347	6	0.41%	272,348	7	0.35%
Irvine Unified School District	511,954	7	0.36%	201,987	8	0.26%
Allergen Sales, LLC	429,912	8	0.30%	285,953	6	0.37%
Foothill Ranch Maint Corp	403,877	9	0.28%			
Garden Communities	386,509	10	0.27%			
ERP Operating LP				289,019	5	0.37%
Royalty Carpet Mills				200,149	9	0.26%
City of Lake Forest				198,112	10	0.26%
Total	$ 21,208,379		14.80%	$ 11,156,904		14.43%

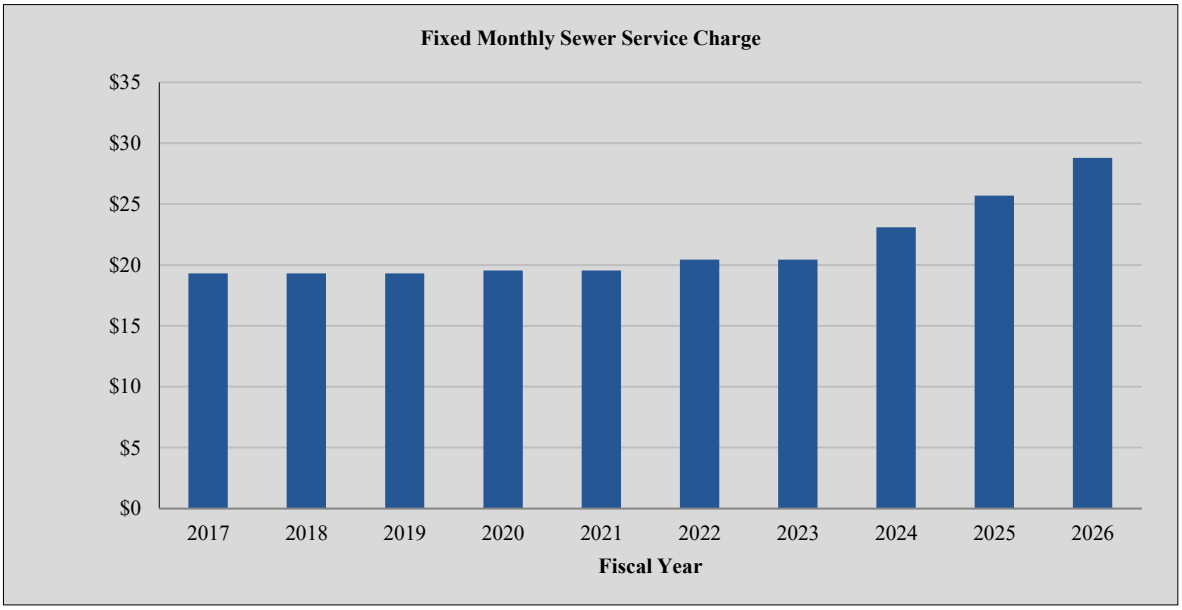
Source: Irvine Ranch Water District

Irvine Ranch Water District

Sewer Rates[1]

For the Past Ten Fiscal Years

Fiscal Year	Fixed Monthly Service Charge
2017	$ 19.30
2018	19.30
2019	19.30
2020	19.55
2021	19.55
2022 [2]	20.45
2023	20.45
2024	23.10
2025	25.70
2026	28.80



Source: Irvine Ranch Water District

Note:

[1] The fixed monthly sewer service charge is based on a typical residential customer's water usage for the lowest three months in the prior calendar year. The fixed monthly service charge includes components that are added to enhancement and replacement funds for future inevitable repair and replacement of IRWD's infrastructure.

[2] Rate increase effective February 1, 2022 to June 2023.

Irvine Ranch Water District

Largest Sewer Customers

Current Year and Nine Years Ago

	2026			2017		
Customer Name	**Total Sales**	**Rank**	**Percentage of Sewer Sales Revenues**	**Total Sales**	**Rank**	**Percentage of Sewer Sales Revenues**
The Irvine Company	$ 18,402,419	1	15.09%	$ 11,639,943	1	16.15%
University of California - Irvine	3,916,181	2	3.21%	1,976,675	3	2.74%
City of Irvine	3,868,196	3	3.17%	2,199,417	2	3.05%
B Braun Medical, Inc	1,092,611	4	0.90%	701,781	4	0.97%
Irvine Unified School District	1,018,699	5	0.84%	612,537	5	0.85%
Great Park Neighborhoods Association	541,361	6	0.44%			
Crystal Cove Community Association	530,288	7	0.43%			
City of Tustin	464,463	8	0.38%			
ERP Operating LP	456,737	9	0.37%	570,833	7	0.79%
Portola Springs Comm Association	455,429	10	0.37%			
Royal Carpet Mills				353,891	6	0.49%
Woodbridge Village Association				332,527	8	0.46%
Allergan Sales,LLC				322,695	9	0.45%
Orange County Produce				321,035	10	0.45%
Total	$ 30,746,385		25.20%	$ 19,031,334		26.40%

Source: Irvine Ranch Water District

Irvine Ranch Water District

Ad Valorem Property Tax Rates
For the Past Ten Fiscal Years

Improvement	Fiscal Year									
District	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
112	$0.03000	$0.03000	$0.03000	$0.03000	$0.01560	$0.01100	$0.01100	$0.01100	$0.01100	$0.01100
113	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000
125	0.01300	0.01300	0.01300	0.01300	0.01300	0.01300	0.01300	0.00850	0.00850	0.00850
153	0.00001	0.02000	0.02000	0.02000	0.00900	0.00900	0.00900	0.00100	0.00100	0.00100
185	0.00001	0.02300	0.02300	0.02300	0.00810	0.00810	0.00810	0.00810	0.00810	0.00810
188	0.21540	0.07350	0.07350	0.07350	0.03090	0.03090	0.03090	0.03090	0.03090	0.02590
212	0.04500	0.04500	0.04500	0.04500	0.04860	0.03650	0.03650	0.03650	0.03650	0.03650
213	0.05900	0.05900	0.05900	0.05900	0.05900	0.05900	0.05900	0.05900	0.05900	0.05900
225	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01950	0.01950	0.01950
240	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01950	0.01950	0.00650
252	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001
253	0.00001	0.02100	0.02100	0.02100	0.01300	0.01300	0.01300	0.02100	0.02100	0.02100
285	0.00001	0.03050	0.03050	0.03050	0.01370	0.01370	0.01370	0.01370	0.01370	0.01370
288	0.01000	0.01000	0.01000	0.01000	0.00850	0.00850	0.00850	0.00850	0.00850	0.00710

Source: Irvine Ranch Water District

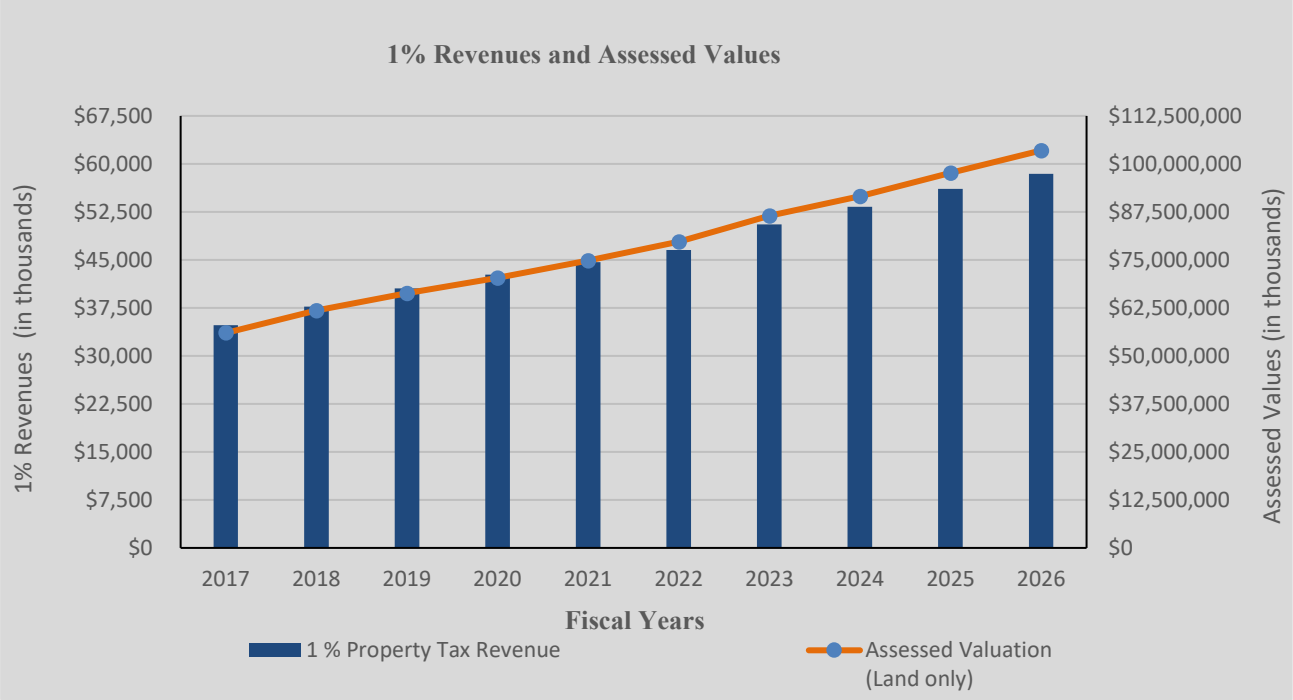
Irvine Ranch Water District

Assessed Valuation and Estimated Actual Value of Taxable Property and 1% Property Tax Revenue

For the Past Ten Fiscal Years

(in thousands)

Fiscal Year	Assessed Valuation (Land only)	1 % Property Tax Revenue
2017	$ 56,028,731	$ 34,761
2018	61,803,980	37,693
2019	66,341,210	40,543
2020	70,305,737	42,669
2021	74,770,230	44,621
2022	79,714,452	46,530
2023	86,464,986	50,548
2024	91,578,795	53,297
2025	97,599,400	56,071
2026	103,507,140	58,421



Source: Orange County Auditor-Controller and Orange County Tax Collector.

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

Irvine Ranch Water District

Direct and Overlapping Property Tax Rates
Fiscal Year Ended June 30, 2026

Direct Rates:	
Irvine Ranch Water District I.D. No. 112	0.01100
Irvine Ranch Water District I.D. No. 113	0.04000
Irvine Ranch Water District I.D. No. 125	0.00850
Irvine Ranch Water District I.D. No. 153	0.00100
Irvine Ranch Water District I.D. No. 185	0.00810
Irvine Ranch Water District I.D. No. 188	0.02590
Irvine Ranch Water District I.D. No. 212	0.03650
Irvine Ranch Water District I.D. No. 213	0.05900
Irvine Ranch Water District I.D. No. 225	0.01950
Irvine Ranch Water District I.D. No. 240	0.00650
Irvine Ranch Water District I.D. No. 252	0.00001
Irvine Ranch Water District I.D. No. 253	0.02100
Irvine Ranch Water District I.D. No. 285	0.01370
Irvine Ranch Water District I.D. No. 288	0.00710
Overlapping Rates:	
School Districts:	
Coast Community College District	0.02343
Rancho Santiago Community College District	0.02746
Rancho Santiago Community College District SFID 1	0.01980
Irvine Unified School District SFID No. 1	0.02734
Laguna Beach Unified School District	0.00885
Newport Mesa Unified School District	0.01730
Orange Unified School District	0.02485
Saddleback Valley Unified School District	0.01946
Santa Ana Unified School District	0.06525
Tustin Unified School District	0.02845
Tustin Unified School District SFID 2002-1	0.01847
Tustin Unified School District SFID 2008-1	0.02185
Tustin Unified School District SFID 2012-1	0.01572

Source: California Municipal Statistics, Inc.

Irvine Ranch Water District

Principal Property Taxpayers

Fiscal Year Ended June 30, 2026

Property Owner's Name	Assessed Valuation of Property, including Land & Improvements	Percentage of Total City Taxable Assessed Value
The Irvine Company	$ 1,939,580,312	1.71%
LBA IV-PPI LLC	753,169,072	0.67%
B Braun Medical Inc	666,855,026	0.59%
Edwards Lifesciences LLC	652,153,534	0.58%
Allergan USA Inc.	560,571,282	0.50%
Irvine Promenade Apartments LLC	501,163,712	0.44%
Park Place Michelson LLC	490,949,409	0.43%
Irvine Apartment Communities LP	489,176,902	0.43%
Jamboree Center LLC	461,641,492	0.41%
Irvine Office Towers LLC	441,482,468	0.39%
	$ 6,956,743,209	**6.15%**

Source: City of Irvine Annual Comprehensive Financial Report (Fiscal Year Ended June 30, 2025).
Data was not yet available for FY 2025/26 from the City of Irvine.
The City of Irvine is only a part of the IRWD service area.

Irvine Ranch Water District

Property Tax Collections/Delinquency

For the Past Ten Fiscal Years

Fiscal Year	Levied During Fiscal Year		Collected During Fiscal Year	
	1 Percent [1]	General Obligation [2]	1 Percent	General Obligation [3]
2017	$ 33,500,000	$ 11,679,081	$ 33,318,168	$ 12,822,313
2018	35,000,000	13,964,731	35,977,694	15,482,916
2019	39,000,000	16,142,433	38,717,848	17,906,438
2020	45,000,000	18,480,090	40,739,166	19,603,125
2021	46,000,000	18,367,833	42,670,804	18,868,884
2022	50,000,000	18,933,891	47,107,934	16,600,820
2023	51,500,000	21,691,577	47,795,279	21,453,267
2024	54,600,000	24,300,000	50,582,191	24,369,008
2025	62,400,000	25,500,708	53,162,228	25,897,791
2026	62,400,000	25,500,708	57,241,777	24,819,101
Total	$ 479,400,000	$ 194,561,052	$ 447,313,089	$ 197,823,663

Fiscal Year	Percentage Collected		Amount of Levy Collected in Subsequent Periods	
	1 Percent	General Obligation	1 Percent	General Obligation
2017	99.46%	109.79%	$ 1,230,854	$ 1,443,272
2018	102.79%	110.87%	1,542,713	1,635,416
2019	99.28%	110.93%	1,510,697	1,911,630
2020	90.53%	106.08%	1,749,765	1,515,136
2021	92.76%	102.73%	2,072,539	1,183,562
2022	94.22%	87.68%	2,254,923	989,922
2023	92.81%	98.90%	2,865,206	1,471,983
2024	92.64%	100.28%	1,422,024	1,157,139
2025	85.20%	101.56%	1,374,931	1,404,131
2026	91.73%	97.33%	1,400,269	1,193,094
Total			$ 17,423,921	$ 13,905,285

Source County of Orange Tax Ledger

Notes:

[1] The estimated levy for one percent revenue is generated internally and it is based on prior year receipts and developer growth projections.

[2] The estimated levy for G.O. tax receipts is based on the county's assessed value projection multiplied by the tax rate assessed within each improvement district.

[3] The General Obligation column for Collected tax receipts includes an unbudgeted utility tax revenue from improvement districts 190/290 that adds approximately $400K per year.

Irvine Ranch Water District

Outstanding Debt by Type [1]

For the Past Ten Fiscal Years

Fiscal Year	Total Service Connections [2]	General Obligation Bonds	GO Debt per Connection	Certificates of Participation	COPS Debt per Connection	Notes Payable	Notes Payable per Connection
2017	215,573	$ 608,118,000	$ 2,821	$ 153,626,000	$ 713	$ 1,209,000	$ 6
2018	222,918	586,493,000	2,631	150,275,000	674	947,000	4
2019	227,749	574,669,000	2,523	146,744,000	644	684,000	3
2020	231,439	562,645,000	2,431	143,028,000	618	419,000	2
2021	235,819	550,421,000	2,334	138,233,000	586	347,000	1
2022	239,735	535,341,000	2,233	133,182,000	556	273,000	1
2023	242,503	520,052,000	2,145	127,867,000	527	197,000	1
2024	244,713	504,353,000	2,061	122,271,000	500	119,000	-
2025	247,042	468,114,000	1,895	116,341,000	471	40,000	-
2026	251,050	468,219,000	1,865	110,060,000	438	-	-

Irvine Ranch Water District

Outstanding Debt by Type [1]

For the Past Ten Fiscal Years

(Continued)

Fiscal Year	Leases Payable	Leases per Connection	Subscription Payable	Subscrip-tion Payable per Connection	Total Debt	Total Debt per Connection
2017	$ -	$ -	$ -	$ -	$ 762,953,000	$ 3,539
2018	-	-	-	-	737,715,000	3,309
2019	-	-	-	-	722,097,000	3,171
2020	-	-	-	-	706,092,000	3,051
2021	-	-	-	-	689,001,000	2,922
2022	494,000	2	-	-	669,290,000	2,792
2023	715,000	3	-	-	648,831,000	2,676
2024	1,031,000	4	358,000	1	628,132,000	2,567
2025	1,339,000	5	479,000	2	586,313,000	2,373
2026	1,134,000	5	11,304,000	45	590,717,000	2,353

Source: Irvine Ranch Water District

Notes:

[1] More detail about the District's long-term liabilities can be found in Note 10 to the Basic Financial Statements.

[2] Per Capita income information for the Irvine Ranch Water District is not readily available. Accordingly, the District presents this schedule by total service connections.

Irvine Ranch Water District

Outstanding General Obligation Bonds by Improvement District

As of June 30, 2026

Improvement District	General Obligation Bonds Authorized	General Obligation Bonds Issued	Remaining Unissued General Obligation Bonds Authorized	Amount Outstanding as of June 30, 2026
112	$ 28,512,300	$ 8,111,000	$ 20,401,300	$ 6,636,000
113	25,769,500	16,300,000	9,469,500	12,106,000
125	735,246,000	429,729,000	305,517,000	146,434,000
153	237,300,000	7,601,000	229,699,000	6,726,000
154	4,839,000	-	4,839,000	-
185	13,500,000	1,493,000	12,007,000	1,321,000
188	8,174,000	4,590,000	3,584,000	1,561,000
Total	$ 1,053,340,800	$ 467,824,000	$ 585,516,800	$ 174,784,000
210	$ 2,000,000	$ 2,000,000	$ -	$ -
212	108,711,800	26,013,000	82,698,800	21,650,000
213	87,647,500	28,565,000	59,082,500	17,631,000
225	856,643,000	493,304,000	363,339,000	213,182,000
240	117,273,000	49,722,000	67,551,000	3,502,000
253	122,283,000	11,877,000	110,406,000	10,509,000
285	21,300,000	1,809,000	19,491,000	1,600,000
288	8,977,000	443,000	8,534,000	287,000
Total	$ 1,324,835,300	$ 613,733,000	$ 711,102,300	$ 268,361,000
Total	$ 2,378,176,100	$ 1,081,557,000	$ 1,296,619,100	$ 443,145,000

Source: Irvine Ranch Water District

Irvine Ranch Water District

Ratio of General Obligation Debt to Assessed Values for the Past Ten Fiscal Years

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
Improvement District 112			
2017	$ 2,077,681,111	$ 7,658,000	0.00368584
2018	2,795,881,726	7,567,000	0.00270648
2019	3,230,805,159	7,476,000	0.00231397
2020	3,706,557,300	7,384,000	0.00199227
2021	3,874,872,238	7,293,000	0.00188213
2022	4,552,071,395	7,152,000	0.00157115
2023	4,929,961,405	7,009,000	0.00142171
2024	5,563,257,127	6,863,000	0.00123363
2025	6,550,655,405	6,660,000	0.00101669
2026	7,952,308,029	6,636,000	0.00083447
Improvement District 113			
2017	$ 1,031,821,023	$ 14,870,000	0.01441141
2018	1,143,798,184	14,597,000	0.01276187
2019	1,186,452,170	14,320,000	0.01206960
2020	1,283,110,993	14,037,000	0.01094015
2021	1,334,069,673	13,750,000	0.01030681
2023	1,408,807,895	13,409,000	0.00951798
2023	1,588,646,528	13,061,000	0.00822146
2024	1,724,504,898	12,706,000	0.00736791
2025	1,852,248,758	12,251,000	0.00661412
2026	2,026,412,639	12,106,000	0.00597410
Improvement District 125			
2017	$ 38,802,873,378	$ 194,719,000	0.00501816
2018	42,983,731,609	187,049,000	0.00435162
2019	45,924,240,097	184,083,000	0.00400841
2020	48,290,836,261	178,837,000	0.00370333
2021	50,618,755,410	174,616,000	0.00344963
2023	54,374,081,019	169,762,000	0.00312211
2023	58,826,902,804	164,842,000	0.00280215
2024	62,336,527,168	159,799,000	0.00256349
2025	66,487,987,841	148,435,000	0.00223251
2026	69,922,955,570	146,434,000	0.00209422

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
Improvement District 212			
2017	$ 2,077,681,111	$ 24,801,000	0.01193687
2018	2,795,881,726	24,558,000	0.00878363
2019	3,230,805,159	24,314,000	0.00752568
2020	3,706,557,300	24,070,000	0.00649398
2021	3,874,872,238	23,827,000	0.00614911
2022	4,552,071,395	23,368,000	0.00513349
2023	4,929,961,405	22,899,000	0.00464486
2024	5,563,257,127	22,418,000	0.00402965
2025	6,550,655,405	21,776,000	0.00332425
2026	7,952,308,029	21,650,000	0.00272248
Improvement District 213			
2017	$ 1,031,821,023	$ 24,950,000	0.02418055
2018	1,143,798,184	24,288,000	0.02123452
2019	1,186,452,170	23,621,000	0.01990894
2020	1,283,110,993	22,947,000	0.01788419
2021	1,334,069,673	22,267,000	0.01669103
2022	1,408,807,895	21,383,000	0.01517808
2023	1,588,646,528	20,487,000	0.01289588
2024	1,724,504,898	19,580,000	0.01135398
2025	1,852,248,758	18,661,000	0.01007478
2026	2,026,412,639	17,631,000	0.00870060
Improvement District 225			
2017	$ 32,838,922,602	$ 268,655,000	0.00818099
2018	36,549,538,031	260,260,000	0.00712075
2019	39,234,190,651	256,320,000	0.00653308
2020	41,383,837,339	250,818,000	0.00606078
2021	43,435,406,719	245,995,000	0.00566347
2022	46,663,295,492	239,979,000	0.00514278
2023	50,684,289,211	233,876,000	0.00461437
2024	53,700,047,342	227,631,000	0.00423893
2025	57,407,311,000	215,071,000	0.00374640
2026	60,277,865,560	213,181,000	0.00353664

Irvine Ranch Water District

Ratio of General Obligation Debt to Assessed Values
for the Past Ten Fiscal Years
(continued)

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
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Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
Improvement District 240			
2017	$ 7,000,292,817	$ 21,271,000	0.00303859
2018	7,667,626,922	17,921,000	0.00233723
2019	8,000,510,347	17,202,000	0.00215011
2020	8,281,189,054	16,177,000	0.00195352
2021	8,600,764,183	15,240,000	0.00177194
2023	9,219,006,303	14,277,000	0.00154865
2023	9,751,138,008	13,313,000	0.00136528
2024	10,343,422,222	12,260,000	0.00118529
2025	10,943,164,500	3,684,000	0.00033665
2026	11,594,874,722	3,502,000	0.00030203
Improvement District 153			
2017	$ 2,893,148,966	$ 7,601,000	0.00262724
2018	4,097,566,306	7,601,000	0.00185500
2019	5,118,350,587	7,601,000	0.00148505
2020	5,812,018,792	7,601,000	0.00130785
2021	6,577,643,858	7,601,000	0.00115558
2022	7,561,167,645	7,443,000	0.00098437
2023	8,891,276,761	7,276,000	0.00081833
2024	9,801,263,572	7,102,000	0.00072460
2025	11,109,314,146	6,918,000	0.00062272
2026	11,851,173,386	6,726,000	0.00056754
Improvement District 253			
2017	$ 2,893,148,966	$ 11,877,000	0.00410522
2018	4,097,566,306	11,877,000	0.00289855
2019	5,118,350,587	11,877,000	0.00232047
2020	5,812,018,792	11,877,000	0.00204357
2021	6,577,643,858	11,877,000	0.00180566
2022	7,561,167,645	11,630,000	0.00153812
2023	8,891,276,761	11,370,000	0.00127878
2024	9,801,263,572	11,097,000	0.00113220
2025	11,109,314,146	10,810,000	0.00097306
2026	11,851,173,386	10,509,000	0.00088675
Improvement District 154			
2017	$ 9,376,883	n/a	n/a
2018	9,529,712	n/a	n/a
2019	9,720,296	n/a	n/a
2020	9,914,693	n/a	n/a
2021	10,017,398	n/a	n/a
2023	10,217,738	n/a	n/a
2023	10,389,872	n/a	n/a
2024	10,600,716	n/a	n/a
2025	10,812,722	n/a	n/a
2026	11,028,968	n/a	n/a

Irvine Ranch Water District

Ratio of General Obligation Debt to Assessed Values
for the Past Ten Fiscal Years
(continued)

Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
Improvement District 185			
2017	$ 836,640,799	$ 1,493,000	0.00178452
2018	1,209,166,559	1,493,000	0.00123473
2019	1,465,394,626	1,493,000	0.00101884
2020	1,262,000,047	1,493,000	0.00118295
2021	1,299,866,233	1,493,000	0.00114858
2023	1,424,002,022	1,462,000	0.00102668
2023	1,563,921,378	1,429,000	0.00091373
2024	1,636,972,734	1,395,000	0.00085218
2025	1,716,373,631	1,359,000	0.00079179
2026	1,780,469,173	1,321,000	0.00074194
Improvement District 188			
2017	$ 196,953,990	$ 1,603,000	0.00813896
2018	212,742,385	1,597,000	0.00750673
2019	246,753,329	1,591,000	0.00644773
2020	255,088,204	1,585,000	0.00621204
2021	284,644,152	1,579,000	0.00554728
2023	329,117,953	1,569,000	0.00476729
2023	388,854,365	1,560,000	0.00401178
2024	409,635,549	1,550,000	0.00378385
2025	433,463,498	1,518,000	0.00350202
2026	468,606,257	1,561,000	0.00333115

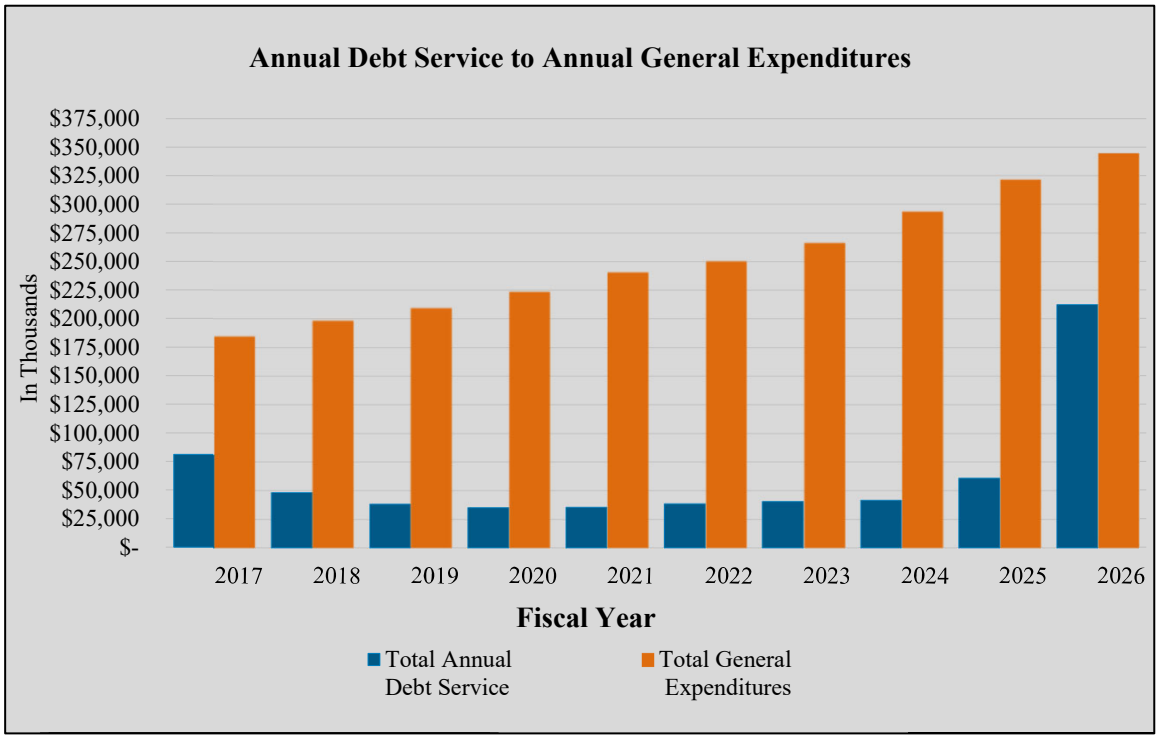
Fiscal Year	Assessed Valuation	General Obligation Debt Outstanding	General Obligation Debt to Assessed Valuation
Improvement District 285			
2017	$ 836,640,799	$ 1,809,000	0.00216222
2018	1,209,166,559	1,809,000	0.00149607
2019	1,465,394,626	1,809,000	0.00123448
2020	1,262,000,047	1,809,000	0.00143326
2021	1,299,866,233	1,809,000	0.00139168
2022	1,424,002,022	1,771,000	0.00124368
2023	1,563,921,378	1,731,000	0.00110683
2024	1,636,972,734	1,690,000	0.00103239
2025	1,716,373,631	1,646,000	0.00095900
2026	1,780,469,173	1,600,000	0.00089864
Improvement District 288			
2017	$ 196,953,990	$ 393,000	0.00199539
2018	212,742,385	383,000	0.00180030
2019	246,753,329	373,000	0.00151163
2020	255,088,204	363,000	0.00142345
2021	284,644,152	353,000	0.00124014
2022	329,117,953	340,000	0.00103306
2023	388,854,365	327,000	0.00084093
2024	409,635,549	314,000	0.00076654
2025	433,463,498	300,000	0.00069210
2026	468,606,257	287,000	0.00061245

Source: Irvine Ranch Water District

Irvine Ranch Water District

Ratio of Annual Debt Service Expenditures to Total General Expenditures
For the Past Ten Fiscal Years
(in thousands)

Fiscal Year	Total Annual Debt Service	Total General Expenditures	Ratio of Total Annual Debt Service to Total General Expenditures
2017	$ 81,029	$ 184,854	43.8%
2018	48,349	198,549	24.4%
2019	38,176	209,413	18.2%
2020	35,247	223,549	15.8%
2021	35,474	240,685	14.7%
2022	38,563	250,269	15.4%
2023	40,683	266,091	15.3%
2024	41,609	293,632	14.2%
2025	60,900	321,508	18.9%
2026	212,356	344,634	61.6%



Source: Irvine Ranch Water District

Irvine Ranch Water District

Debt Service Coverage (in thousands)

For the Past Ten Fiscal Years

	Fiscal Year				
	2017	**2018**	**2019**	**2020**	**2021**
Revenues					
Water sales and service charges	$ 77,252	$ 84,575	$ 94,107	$ 90,213	$ 96,609
Sewer sales and service charges	72,054	76,789	76,841	77,187	82,234
Developer Connection fees	25,563	32,674	18,205	10,943	18,913
Net real estate income	9,076	3,405	8,372	12,549	9,822
Interest income	3,210	4,489	6,992	7,640	3,694
Available 1% property tax revenue	34,247	29,649	42,389	44,463	47,172
Other	7,117	7,504	8,876	6,606	6,336
Total Revenues	228,519	239,085	255,782	249,601	264,780
Expenses					
Water supply services	55,296	63,671	64,004	67,792	79,221
Sewer services	42,752	38,115	43,734	49,497	51,540
Administrative and general	22,664	25,748	28,220	28,336	30,170
Pension and OPEB Expense	5,146	6,173	7,906	9,260	10,373
Other	1,997	174	2,615	5,240	1,432
Total Expenses	127,855	133,881	146,479	160,125	172,736
Net Revenues	$ 100,664	$ 105,204	$ 109,303	$ 89,476	$ 92,044
Applicable *Ad Valorem* Assessments Available for GO Double-Barrel Bonds	$ 8,605	$ 10,499	$ 12,554	$ 13,548	$ 13,009
Parity Obligations					
Certificates of Participation	$ 11,675	$ 7,722	$ 7,821	$ 7,916	$ 9,304
1997 State Loan #3	194	194	194	194	-
Series 2010B Bonds	7,813	7,807	7,792	7,778	7,756
Series 2025A (Variable)	-	-	-	-	-
Series 2025B (Fixed)	-	-	-	-	-
Series 2011-A Index Tender Notes	2,967	3,675	4,045	3,887	3,236
2016 General Obligation	1,605	5,301	5,301	5,301	5,301
Total Parity Obligations Debt Service	24,254	24,699	25,153	25,076	25,597
Remaining Revenues	$ 85,015	$ 91,004	$ 96,704	$ 77,948	$ 79,456
Parity Obligation Coverage	4.5 x	4.7 x	4.8 x	4.1 x	4.1 x
Subordinate Obligations					
Fixed Payer Swap Payments	$ 6,798	$ 5,739	$ 4,513	$ 2,496	$ 3,331
State Loans and SCWD Debt	133	122	122	100	108
Total Subordinate Obligations	6,931	5,861	4,635	2,596	3,439
Remaining Revenues	$ 78,084	$ 85,143	$ 92,069	$ 75,352	$ 76,017
Non-Double-Barrel GO Bonds					
Revenues Pledged to Non-Double-Barrel GO Bonds					
1% Property tax revenues (Pledged to Secured Bonds)	$ 3,128	$ 10,834	$ 1,192	$ 1,141	$ 860
Pro-rata Share *Ad valorem* Assessments for Non-Double-Barrel GO Bonds	5,341	6,265	6,922	7,223	6,693
Sub-total Pledged Revenues	86,553	102,242	100,183	83,716	83,570
Additional Funds Available for Non-Double-Barrel GO Bonds					
Remaining 1% Property Tax Revenues	34,247	29,649	42,389	44,463	47,172
Additional Net Revenues	43,837	55,494	49,680	30,889	28,845
Total with Additional Pledged Revenues	$ 86,553	$ 102,242	$ 100,183	$ 83,716	$ 83,570
Debt Service					
Non-Double-Barrel GO Bond Debt Service	$ 12,385	$ 20,843	$ 11,436	$ 10,781	$ 9,222
GO Bond Coverage	7.0 x	4.9 x	8.8 x	7.8 x	9.1 x
Remaining Revenues	$ 74,168	$ 81,399	$ 88,747	$ 72,935	$ 74,348
Total Debt Coverage	2.7 x	2.6 x	3.2 x	2.9 x	2.9 x

Irvine Ranch Water District

Debt Service Coverage (in thousands)

For the Past Ten Fiscal Years

(Continued)

	Fiscal Year				
	2022	**2023**	**2024**	**2025**	**2026**
Revenues					
Water sales and service charges	$ 103,286	$ 103,623	$ 112,267	$ 133,770	$ 140,972
Sewer sales and service charges	84,955	84,693	94,386	113,176	120,702
Developer Connection fees	10,449	14,355	26,902	21,075	21,834
Net real estate income	9,756	11,398	12,610	13,821	12,561
Interest income	1,860	9,396	15,690	20,952	18,706
Available 1% property tax revenue	49,781	53,045	55,896	41,740	62,810
Other	6,529	7,267	10,255	5,212	6,813
Total Revenues	266,616	283,777	328,006	349,746	384,398
Expenses					
Water supply services	89,186	87,070	107,609	120,720	139,120
Sewer services	48,353	50,751	62,799	67,598	77,070
Administrative and general	29,377	34,533	31,636	34,680	33,913
Pension and OPEB Expense	11,286	12,638	12,830	14,256	15,424
Other	2,791	1,972	2,025	862	1,741
Total Expenses	180,993	186,964	216,899	238,116	267,268
Net Revenues	$ 85,623	$ 96,813	$ 111,107	$ 111,630	$ 117,130
Applicable *Ad Valorem* Assessments Available for GO Double-Barrel Bonds	$ 13,329	$ 15,260	$ 16,388	$ 17,982	$ 19,412
Parity Obligations					
Certificates of Participation	$ 9,341	$ 9,358	$ 9,506	$ 9,630	$ 9,745
1997 State Loan #3	-	-	-	-	-
Series 2010B Bonds	7,764	7,764	7,764	10,884	2,340
Series 2025A (Variable)	-	-	-	-	2,454
Series 2025B (Fixed)	-	-	-	-	5,777
Series 2011-A Index Tender Notes	3,487	5,231	5,778	5,239	5,127
2016 General Obligation	7,456	7,415	7,455	7,456	7,472
Total Parity Obligations Debt Service	28,048	29,768	30,503	33,209	32,915
Remaining Revenues	$ 70,904	$ 82,305	$ 96,992	$ 96,403	$ 103,627
Parity Obligation Coverage	3.5 x	3.8 x	4.2 x	3.9 x	4.1 x
Subordinate Obligations					
Fixed Payer Swap Payments	$ 3,247	$ 1,081	$ 105	$ 501	$ 832
State Loans and SCWD Debt	100	100	100	59	368
Total Subordinate Obligations	3,347	1,181	205	560	1,200
Remaining Revenues	$ 67,557	$ 81,124	$ 96,787	$ 95,843	$ 102,427
Non-Double-Barrel GO Bonds					
Revenues Pledged to Non-Double-Barrel GO Bonds					
1% Property tax revenues (Pledged to Secured Bonds)	$ 1,117	$ 1,427	$ 1,689	$ 18,671	$ -
Pro-rata Share *Ad valorem* Assessments for Non-Double-Barrel GO Bonds	6,602	7,289	7,827	7,927	7,005
Sub-total Pledged Revenues	75,276	89,840	106,303	122,441	109,432
Additional Funds Available for Non-Double-Barrel GO Bonds					
Remaining 1% Property Tax Revenues	49,781	53,045	55,896	41,740	62,810
Additional Net Revenues	17,776	28,079	40,891	54,103	39,617
Total with Additional Pledged Revenues	$ 75,276	$ 89,840	$ 106,303	$ 122,441	$ 109,432
Debt Service					
Non-Double-Barrel GO Bond Debt Service	$ 9,689	$ 12,321	$ 13,325	$ 29,310	$ 10,181
GO Bond Coverage	7.8 x	7.3 x	8.0 x	4.2 x	10.7 x
Remaining Revenues	$ 65,587	$ 77,519	$ 92,978	$ 93,131	$ 99,251
Total Debt Coverage	2.6 x	2.8 x	3.1 x	2.5 x	3.2 x

Source: Irvine Ranch Water District

Irvine Ranch Water District

Principal Employers

Fiscal Year Ended June 30, 2026

Name of Company	Number of Employees	Percentage of Employment
University of California Irvine	22,809	13.77%
Irvine Unified School District	3,675	2.22%
Edwards Lifesciences LLC	3,152	1.90%
Kaiser - Permanente - Irvine	2,300	1.39%
B. Braun Medical Inc.	1,960	1.18%
Hoag Hospital & Orthopedic Institute	1,894	1.14%
City of Irvine	1,331	0.80%
Irvine Valley College	856	0.52%
Albertsons Distribution Center	777	0.47%
Western Digital Technologies	715	0.43%
		23.82%

Source: City of Irvine Comprehensive Annual Financial Report
(Fiscal Year Ended June 30, 2025).
Data was not yet available for FY 2025/26 from the City of Irvine.
The City of Irvine is only a part of the IRWD service area.

Irvine Ranch Water District

Demographic & Economic Statistics

For the Past Ten Fiscal Years

Fiscal Year	IRWD Population [1]	City of Irvine Population	Total Personal Income (in thousands)	County of Orange Unemployment Rate [3]
2017	413,903	267,086	$ 12,840,224	3.2%
2018	420,877	276,176	12,272,130	2.6%
2019	434,018	280,202	12,272,130	2.4%
2020	426,912	281,707	12,788,062	13.7%
2021	435,073	307,670	13,662,292	6.4%
2022	437,564	310,250	13,944,948	2.9%
2023	439,940	303,051	16,321,418	3.7%
2024	446,365	314,550	18,074,961	4.0%
2025	450,323	318,629	19,151,734	4.5%
2026	450,363	N/A [2]	N/A [2]	4.1%

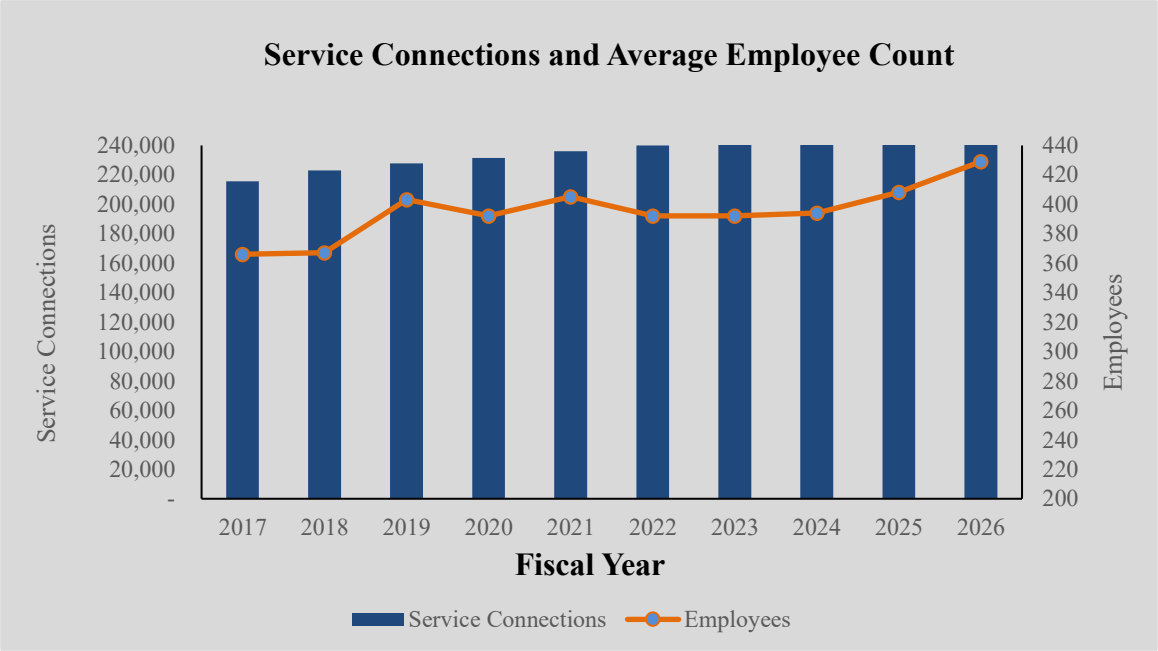
Source: City of Irvine Annual Comprehensive Financial Report (Fiscal Year Ended June 30, 2025) and State of California website.
Data for the entire Irvine Ranch Water District service area is not readily available.
The City of Irvine is only a part of the IRWD service area.

Note:
[1] Demographic Research Center at California State University, Fullerton
[2] City of Irvine Population and Total Personal Income for FY 2026 have not yet been published by the City of Irvine.
[3] State of California Employment Development Department

Irvine Ranch Water District

Operating Indicators by Function
Water and Sewer Service Connections
For the Past Ten Fiscal Years

Fiscal Year	Water	Sewer & Recycled Water	Total Service Connections	Average Employee Population [1]	Service Connections per Employee
2017	110,520	105,053	215,573	366	589
2018	114,164	108,754	222,918	367	607
2019	116,539	111,210	227,749	403	565
2020	118,263	113,176	231,439	392	590
2021	120,437	115,382	235,819	405	582
2022	122,401	117,334	239,735	392	612
2023	123,737	118,766	242,503	392	619
2024	124,854	119,859	244,713	394	621
2025	125,977	121,065	247,042	408	605
2026 [2]	127,364	123,686	251,050	429	585



Source: Irvine Ranch Water District

Note:

[1] Includes permanent, temporary and interns.

[2] Includes Newport North Area.

Irvine Ranch Water District

Operating Indicators by Function

New Service Connections

For the Past Ten Fiscal Years

	Fiscal Year									
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Water										
Residential	2,928	3,355	2,314	1,783	2,077	1,895	1,310	1,085	1,104	772
Commercial/Industrial/ Public Authority	88	133	27	16	27	2	27	5	14	9
Fire Protection	83	99	68	21	57	38	36	21	12	19
Construction & Temporary	14	43	(23)	(28)	(5)	28	(30)	7	(4)	(17)
Landscape Irrigation	5	13	(11)	(65)	21	1	(7)	(1)	(6)	15
Agricultural	0	1	0	(3)	(3)	0	0	0	3	0
Total Water	3,118	3,644	2,375	1,724	2,174	1,964	1,336	1,117	1,123	798
Sewer										
Residential	2,894	3,340	2,314	1,781	2,059	1,899	1,316	1,067	1,101	764
Commercial/Industrial/ Public Authority	84	137	45	21	46	4	34	0	22	15
Construction & Temporary	0	0	0	1	0	0	2	0	(1)	(1)
Landscape Irrigation	0	0	0	0	0	0	0	0	0	0
Agricultural	0	0	0	0	0	1	0	0	0	0
Total Sewer	2,978	3,477	2,359	1,803	2,105	1,904	1,352	1,067	1,122	778
Recycled Water										
Residential	33	14	1	9	15	9	6	5	1	1
Commercial/Industrial/ Public Authority	9	14	12	6	11	2	9	4	2	2
Construction & Temporary	8	(5)	(1)	(9)	(7)	6	(3)	(4)	1	0
Landscape Irrigation	161	199	85	155	86	34	69	22	81	37
Agricultural	(1)	2	0	2	(4)	(3)	(1)	(1)	(1)	(3)
Total Recycled Water	210	224	97	163	101	48	80	26	84	37
Total	6,306	7,345	4,831	3,690	4,380	3,916	2,768	2,210	2,329	1,613

Source: Irvine Ranch Water District

Irvine Ranch Water District

Operating Indicators by Function
Average Monthly Usage (in CCF)
For the Past Ten Fiscal Years

	Fiscal Year									
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Water										
Residential	11	12	11	11	12	11	10	10	11	11
Commercial	57	61	59	51	53	53	52	54	57	57
Industrial	232	213	212	201	211	216	202	195	219	213
Public Authority	260	260	242	164	134	160	209	214	233	234
Construction & Temporary	148	172	75	70	97	111	84	62	84	68
Treated - Landscape Irrigation	82	95	82	76	100	98	74	69	82	78
Treated - Agricultural	402	403	255	283	387	166	107	117	126	110
Untreated - Agricultural	6,315	6,274	4,700	2,953	445	652	547	569	733	856
Total	**7,507**	**7,490**	**5,636**	**3,809**	**1,439**	**1,467**	**1,285**	**1,290**	**1,545**	**1,627**
Recycled water										
Landscape Irrigation	170	195	145	128	168	166	127	120	149	143
Agricultural	3,197	3,292	2,438	2,797	4,414	3,716	2,369	2,634	3,727	3,042
Total	**3,367**	**3,487**	**2,583**	**2,925**	**4,582**	**3,882**	**2,496**	**2,754**	**3,876**	**3,185**

Source: Irvine Ranch Water District

Irvine Ranch Water District

Source of Supply and Water Deliveries / Sales in Acre Feet
For the Past Ten Fiscal Years

Source of Supply

(in Acre Feet)

Fiscal Year	Groundwater	Runoff Capture (Irvine Lake)	Imported Water	Recycled Water	Total Supply
2017	49,208	1,937	19,397	22,006	92,549
2018	48,109	6,109	15,436	25,255	94,909
2019	47,258	4,151	13,937	22,381	87,727
2020	47,810	6,524	13,002	24,627	91,963
2021	47,170	4,508	17,132	26,413	95,223
2022	45,088	75	24,654	26,444	96,261
2023	43,964	1,044	18,258	23,996	87,263
2024	43,573	6,102	12,679	23,778	86,132
2025	42,052	3,881	18,771	25,583	90,287
2026	43,780	7,438	16,758	19,628	87,604

Water Deliveries / Sales

(in Acre Feet)

Fiscal Year	Potable and Untreated	Recycled Water [1]	Total Demand	
2017	51,299	27,860	79,159	
2018	55,138	31,642	86,780	
2019	51,651	27,689	79,340	[1]
2020	51,761	31,119	82,880	
2021	54,506	32,595	87,101	
2022	53,378	32,402	85,780	
2023	49,503	26,541	76,044	[2]
2024	49,721	26,601	76,322	
2025	53,369	30,808	84,177	
2026	52,389	28,760	81,149	

Source: Irvine Ranch Water District
Notes:
[1] Significant rainfall resulted in a decrease in overall demand.
[2] Drought messaging in the first half of the fiscal year and significant rainfall in the second half resulted in a decrease in overall demand.

Irvine Ranch Water District

Capital Asset Statistics

For the Past Ten Fiscal Years

	Fiscal Year									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Potable System										
Miles of Water Line [1]	1,810	1,905	1,919	1,955	1,976	1,979	2,014	2,127	2,216	2,270
Number of Storage Tanks [2]	36	36	36	37	37	37	37	37	38	38
Maximum Storage Capacity (Acre Feet)	456	456	456	467	467	466	466	466	470	470
Number of Pumping Stations	39	39	39	39	39	39	36	36	37	37
Number of Wells	27	27	27	27	27	27	27	27	27	27
Well Production Capacity (cfs)	118	118	118	118	118	118	119	123	123	123
Water Banking Storage (Acre Feet)	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Potable Treatment Plants	5	5	5	5	5	5	5	5	6	6
Non-Potable and Recycled Water Systems										
Miles of Recycled Water Line [1]	540	555	565	570	572	576	583	583	589	590
Number of Storage Tanks	11	12	12	12	12	12	12	12	12	12
Number of Open Reservoirs	5	5	5	5	5	5	5	5	5	5
Maximum Storage Capacity (Acre Feet) [3]	24,155	24,155	24,155	24,155	24,155	24,155	24,160	24,160	24,160	24,160
Number of Pumping Stations	20	19	19	19	19	19	22	21	21	21
Number of Wells [4]	5	5	5	5	5	5	5	3	3	3
Well Production Capacity (cfs)	10.0	10.0	10.0	10.0	10.0	10.0	9.7	6.2	6.2	6.2
Sewer System										
Miles of Sewer Line	1,081	1,123	1,134	1,143	1,153	1,374	1,486	1,518	1,536	1,582
Number of Lift Stations [5]	13	13	13	13	13	13	11	11	11	11
Treatment Plants	2	2	2	2	2	2	3	3	3	3
Treatment Capacity (mgd) (Tertiary)	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5	33.5

Source: Irvine Ranch Water District

Notes:

[1] Miles of Line include laterals.

[2] Total number of tanks excludes IRWD's storage capacity with East Orange County Water District. However, this capacity is accounted for in the maximum storage capacity estimate (467 AF). This number also includes the two 16-MG tanks at the Baker location and the newly constructed 3.7 MG Zone 1 Tank at the existing Zone 1 tank location.

[3] Excludes Serrano Water District's capacity in Irvine Lake, which equals 25% of total capacity.

[4] Accounts for active production wells only (Excludes SGU Injection Well).

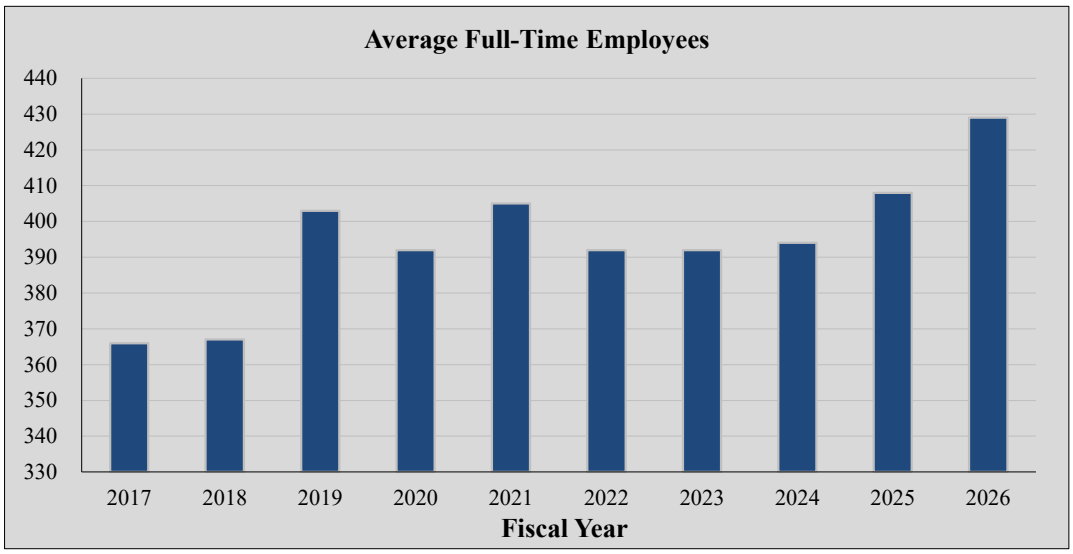
[5] Excludes lift stations serving individual IRWD facilities.

Irvine Ranch Water District

Full-Time Employees

For the Past Ten Fiscal Years

	Fiscal Year									
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Average Full-Time Employees [1]	366	367	403	392	405	392	392	394	408	429



Source: Irvine Ranch Water District

Note:

[1] Includes permanent, temporary and interns.