

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2022



Santa Margarita Water District

Rancho Santa Margarita, California

Santa Margarita Water District
ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022
Prepared by the Finance Department 26111 Antonio Parkway, Rancho Santa Margarita, CA 92688 • www.smwd.com

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BOARD OF DIRECTORS

CHARLES T. GIBSON SAUNDRA F. JACOBS JUSTIN MCCUSKER BETTY H. OLSON, PH.D FRANK URY

DANIEL R. FERONS GENERAL MANAGER



Santa Margarita Water District

December 22, 2022

The Honorable Board of Directors Santa Margarita Water District 26111 Antonio Parkway Rancho Santa Margarita, CA 92688

Dear Members of the Board of Directors:

We are pleased to submit the Santa Margarita Water District (SMWD or the District) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended on June 30, 2022. The ACFR was prepared by the District in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm.

The focus of this report is on the financial performance and position of the District. The ACFR provides an assessment of the District's finances, discusses the District's services and its strategic plans, highlights the District's major initiatives, and offers financial and demographic trend information.

Management Responsibilities

The District is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in the financial position of the District. The necessary disclosures are included to enable the reader to gain an understanding of the District's financial activities.

The accompanying financial statements include all the organization's activities and functions controlled by the District's Board of Directors (Board) in accordance with the Governmental Accounting Standards Board (GASB). For the purpose of this evaluation, control was determined by the Board's taxing authority and responsibility to adopt the budget, rates, and to establish policies.

An audit of the financial records and transactions of the District is conducted annually by independent certified public accountants. The District's Board selected the accounting firm of Macias Gini & O'Connell LLP (MGO), to perform the audit for the fiscal year ended June 30, 2022. The auditor's report on the District's basic financial statements and supplementary information is located on page 1 within the financial section of this report. This report renders an unmodified opinion on the District's basic financial statements for the fiscal year ended June 30, 2022.

Annual Comprehensive Financial Report For the Year Ended June 30, 2022

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

Annexation of San Juan Capistrano's Service Area

On November 15, 2021, SMWD began providing water and wastewater services to all residents and businesses in the City of San Juan Capistrano (the City). SMWD has a long-standing partnership with the City for years providing services from meter reading to assisting with emergency pipeline breaks. When the City decided to divest itself of its drinking water and wastewater utility, SMWD – the largest water district in South Orange County – was a natural fit. SMWD provides the City with long-term water supply planning, increased water reliability and cost control.

Part of the investment in the San Juan Capistrano service area includes an investment in wastewater infrastructure. The District continues to upgrade critical infrastructure throughout the City. In just the first year, SMWD has invested approximately \$5.6 million maintenance, repairs, improvements.

SMWD is upgrading 8,128 feet of buried sewer pipeline in the City over the next several months. There are two methods being used to upgrade the pipelines based on the age, location, and condition of the pipeline: UV cured in-place liner and dig and replace. The work will begin

Santa Margarita Water District SEWER UPGRADE Oct. 18 - Nov 7, 2022 Nov. 8 - 16, 2022 Nov. 17 - 30, 2022 Dec. 1 - 14, 2022 Jan. 10 - 17, 2023 Dec. 12 - 16, 2022 Dec. 15 - 28, 2022 Dec. 28 - 29, 2022 Dec 19 - 23, 2022 Dec. 28, 2022 - Jan.10, 2023 Dec. 30, 2022 - Jan.16, 2023 Jan. 18 - 31, 2023 SMWD.com/SJCsewer

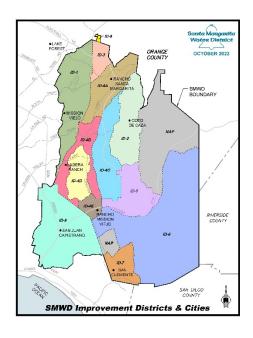
in early November of 2022 and last roughly three months.

Profile of the District

The District was formed in 1964 as a California Water District in the southeast corner of Orange County on a portion of the historic Rancho Mission Viejo (RMV) and other large landholdings. The first Board was composed of major landowners who laid the groundwork for the long-term prosperity of the District and the region. Development began gradually with the first homeowner customers being served in 1973 in what would become the City of Mission Viejo.

Service Area and Customer Base

SMWD is a reliable, innovative, and award-winning public agency that provides water, recycled water, and wastewater services to approximately 203,000 residents. The District is operated as a single entity and charges common rates by customer class to all customers throughout the District. Incorporated on March 25, 1964, the District is an independent California Special District governed by a five-member Board of Directors. Throughout its 58-year history, the District has emphasized developing innovative solutions and longterm strategic planning and goal setting. The District is the second largest retail water agency in Orange County and serves a relatively affluent area of Southern Orange County including the eastern half of the City of Mission Viejo, the City of Rancho Santa Margarita, the City of San Juan Capistrano, the Talega community within the City of San Clemente, and the unincorporated

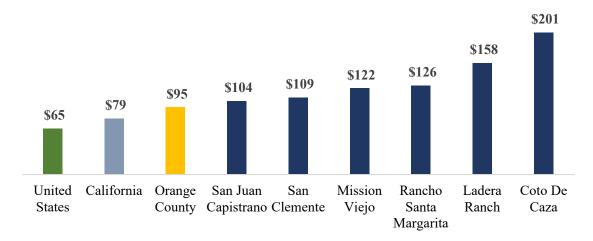


communities of Coto de Caza, Ladera Ranch, Las Flores, and the Villages of Sendero and Esencia. In November 2021, the District acquired the water and wastewater services of the City of San Juan Capistrano. The District currently serves approximately 203,000 residents and is projected to add approximately 38,000 new residents by 2035 due to new development. In addition to providing reliable water, recycled water, and wastewater services to its retail customers, the District currently operates various regional facilities and provides recycled water to adjoining agencies. As such, the District maintains inter-agency coordination and long-range planning to meet future water supply and wastewater treatment needs for its service area.

Local Economy

There are roughly 600,000 residents in South Orange County, of which just over one third are served by the District. The communities within the District's boundaries are relatively affluent. In general, South Orange County enjoys low unemployment, even relative to the California and national average. The household median income (HMI) is strong for the District's service area, at approximately \$137,000, compared to Orange County's HMI of approximately \$95,000 and \$79,000 for California.

Median Household Income (thousands)



Source: US Census Bureau (most recent data available as of 2021).

There are many thriving businesses served by the District, particularly in the Rancho Santa Margarita, Ladera Ranch, Mission Viejo and San Juan Capistrano areas. Most businesses within South Orange County are smaller with under 50 employees. However, there are also some larger and significant companies within the District's borders, such as Applied Medical in Rancho Santa Margarita. Future business growth is expected to serve the new areas of the Villages of Esencia and Sendero and the remainder of the Ranch Plan.

Governance

The District is governed by a five-member Board, all of which were elected at-large by registered voters within the District boundaries for four-year terms. The Board is responsible for recruiting, hiring, and retaining its General Manager, establishing policy, providing strategic planning oversight, and setting direction and vision to ensure that the District meets its mission, fulfills its obligations, and keeps its commitment to its customers.

The Board meets twice monthly, holds a strategic planning workshop annually, and attend other special meetings as needed. In addition, the Board has four standing committees: Engineering and Operations, External and Legislative Affairs, Finance and Administration, and Water Quality and Treatment. The committees provide for detailed review of the applicable subject matter. Meetings are conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Section 54950 et seq.).

District Services

The District provides the following three core services to the community: Domestic or "Potable" Water, Recycled Water, and Wastewater.

Domestic or "Potable" Water System

Like most water purveyors in South Orange County, the majority of the District's current domestic

water supply is imported from northern California via the State Water Project and from the Colorado River via the Metropolitan Water District of Southern California's (MET) Colorado River Aqueduct. The State Water Project, also known as the 444-mile-long California Aqueduct, is the longest aqueduct system in the world; and the Colorado River Aqueduct is a 242-mile water conveyance that brings water from the Colorado River to southern California.

The Municipal Water District of Orange County (MWDOC) wholesales water to the District and to other agencies within Orange County. MWDOC is a member of MET, which wholesales water across southern California.



Currently, MET provides the District with treated water from the Robert B. Diemer Filtration Plant. In addition, the District receives raw water from MET via MWDOC which is treated at the Baker Plant in Lake Forest, operated by the Irvine Ranch Water District, and delivered to the District.

Among the facilities acquired with the annexation of the City of San Juan Capistrano's water system is a domestic water production facility known as the San Juan Groundwater Plant (SJGP). The SJGP provides the District a source of local domestic water to meet a portion of its supply needs.

Major improvements have been made over the last two decades to enhance the reliability of the water supply system. These include the construction of the Upper Chiquita Reservoir, interconnections with the Irvine Ranch Water District (IRWD), purchase of capacity in the El Toro R-6 Reservoir, and participation in the construction of the Baker Water Treatment Plant which treats raw water delivered by MET or, in an emergency, water from Irvine Lake. The Baker Water Treatment Plant became operational in Fiscal Year 2017 and enhances the local reliability by providing a redundant treatment system to MET's Robert B. Diemer Filtration Plant. The Baker Plant, in addition to the District's two emergency storage facilities and the interconnection, ensure customers have an average of 30 days of domestic water supply available in the event of a failure of the imported water delivery system.

SANTA MARGARITA WATER DISTRICT Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

The District's water quality meets or exceeds all the Federal and State requirements for drinking water. A Water Quality Report is issued annually that summarizes the testing requirements. The District operates a certified laboratory to perform most of the testing.

Recycled Water System

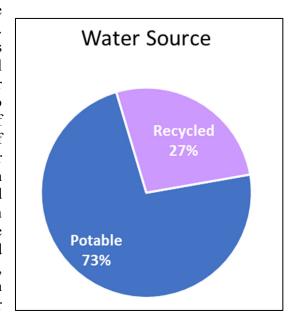
The District produces most of its recycled water in its own treatment plants, but it has also been purchasing approximately 800-900 AF recycled water each year from a few entities per longstanding agreements, RMV Mutual being the most prominent one. With the closure of Oso Creek Water Reclamation Plant through FY 2023, a reduction in our recycled water production will be supplemented through continued recycled water purchases from the District's neighbors, such as IRWD, increasing the total purchase costs for recycled water, partially offset by the reduction in operating expenses from the Oso plant closure.

Two of the District's strategic goals include increasing its recycled water production (to nominally recycle 100% of District wastewater flows) and to increase its water supplies from sources other than MET.

Several projects discussed in this section in detail are intended to meet these strategic goals, including the following selected key projects:

- Oso Creek Water Reclamation Plant (OCWRP) Optimization increases capacity to recycle wastewater flows.
- San Juan Groundwater Plant Maximization increases local water supplies.
- Ranch Water Filtration Plant increases local water supplies.
- Chiquita Water Reclamation Plant (CWRP) Expansion / Upgrades increases capacity to recycle wastewater flows.
- Las Flores Area Conversion to Recycled Water connects customers to recycled water.

Recycled water is an important resource in the District's current and future water supply portfolio. The District plans to recycle and utilize its wastewater to the degree practical, which will provide up to 30% of the District's total water demand. Currently, the District has the capacity to produce up to 7.8 million gallons per day (MGD) of recycled water that meets the quality requirements of Title 22 of the California Code of Regulations for outdoor use. The recycled water supply is from highly treated wastewater and urban return flows and is primarily used for irrigation and construction purposes. Recycled water is produced at the District's two wastewater reclamation plants and stored in the Upper Oso Seasonal Storage Reservoir, the Portola Reservoir, and the Trampas Canyon Dam & Recycled Water Seasonal Storage Reservoir (Trampas Reservoir).



In 2017, the District completed the Lake Mission Viejo Advanced Water Treatment Facility, which can produce an average of 300-acre feet (AF) per year of highly treated water for delivery to Lake Mission Viejo, a swimmable recreational lake. This project is a significant achievement in providing uninterrupted water service to the Lake and has received several awards from industry organizations, such as the Water Reuse Association. The District received the 2019 Clair A. Hill Agency Award for Excellence presented by the Association of California Water Agencies for its creative and sustainable approach to addressing water reliability challenges.

In 2018, the District broke ground on the construction of the Trampas Reservoir and has had significant construction activity through Fiscal Year 2021, when it was completed and placed in service. The Trampas Reservoir is an open-air reservoir expected to provide 5,000 acre-feet of storage and was dedicated on October 9th, 2020. The Trampas Reservoir began filling in Fiscal Year 2021.

The Lake Mission Viejo Advanced Water Treatment Facility project and the Trampas Reservoir project have both moved the District towards accomplishing goals for recycling all its wastewater and creating supply locally. Projects to convert certain irrigation systems from using imported drinking water to recycled water will help improve the reliability of supply while progressing the District towards an increased use of locally developed water. This transition will help towards meeting the District's strategic goal of recycling 100% of its wastewater, providing approximately 30% of the District's water demands.

Wastewater System

The District operates an extensive wastewater collection system as well as three wastewater treatment plants. It is also a member of the South Orange County Wastewater Authority (SOCWA), a Joint Powers Authority, which operates several regional treatment plants. The District has capacity rights in and/or owns or operates the following seven wastewater treatment plants:

- Chiquita Water Reclamation Plant, (owned and operated by the District);
- Oso Creek Water Reclamation Plant, (owned and operated by the District);
 - This treatment plant is currently offline and its current flows are diverted to the 3A
 Water Reclamation Plant and Jay B. Latham Wastewater Reclamation Plant.
- Los Alisos Water Reclamation Plant, (owned and operated by IRWD);
- 3A Water Reclamation Plant, (owned and operated by Moulton Niguel Water District);
- Jay B. Latham Wastewater Treatment Plant, (operated by SOCWA);
- City of San Clemente Wastewater System, (owned and operated by the City of San Clemente);
- Nichols Water Reclamation Plant, (a specialized small plant operated by the District serving Quest Diagnostics under contract with the District).

Operation of the wastewater collection system is a critical activity. The District's video system regularly inspects its pipelines to check for blockages and problem areas. It also maintains a fleet of vacuum trucks to clean the system. Because the District's service area is in a series of hills and valleys, it requires the operation of 20 sewage lift stations to pump wastewater to the various treatment plants. The lift stations are regularly maintained and tested to ensure continuous operation. Back-up power supplies are also maintained by the District in case of outages. All the treatment plants, except the Nichols Water Reclamation Plant, are connected to the SOCWA Dana Point Ocean Outfall for disposal of secondary effluent if the water is not recycled.

Regional Facilities

In addition to providing reliable potable water, recycled water, and wastewater service to its retail customers, the District currently operates various regional facilities and provides recycled water to adjoining agencies. As such, the District maintains inter-agency coordination and long-range planning to meet future water supply and wastewater treatment needs for its service area.

Annual Comprehensive Financial Report For the Year Ended June 30, 2022

Major Initiatives & Projects

In its 58-year history, the District has focused on providing reliable, cost-effective water and wastewater service through innovation and the dedication of the Board and the District's team. Each year, the District reviews the Strategic Plan with long-range goals. The plan includes strategic and core objectives to provide focus and direction to move the District from where we are today to where we need to be for our customers.

Over the next 20 years, the focus will be on:

- Continuing to provide excellent water quality to all our customers;
- Continuing an environmentally responsible quality of life for our customers;
- Providing cost effective services and solutions;
- Providing sustainable water supplies; and
- Supporting community development as approved by the County of Orange and various City authorities within the District's service area.

Strategic Plan

The District annually reviews its strategic goals and objectives. The District is committed to efficiently providing high-quality, reliable water and wastewater service to its customers, and maintaining a strong financial position to ensure its systems are maintained and that emergencies and unforeseen costs will have limited impacts to ratepayers. The District also continues to study, plan, and make progress towards securing local water supplies to reduce its reliance on imported water and meet its strategic goals, which includes the following:

- Nominally, recycle 100% of District wastewater flows;
- Secure 30% of potable water supply from local sources, and up to 50% from sources other than the Metropolitan Water District of Southern California (MET) by 2030; and
- Develop and maintain six months of water supply in storage.

Water Supply and Reliability Projects – Overview

As California continues to experience drought conditions and concerns about water availability, the District continues to pursue projects that will strengthen our local reliability and meet our strategic planning goals with the aim of increasing its local water supplies, including recycled water, domestic water, and water in storage.

Each of the programs may have multiple phases or projects and is evaluated for the potential funding sources, cost of the water, and proposed timing.

San Juan Groundwater Plant Maximization.

Among the facilities acquired with the annexation of the City of San Juan Capistrano's water system is a groundwater extraction facility known as the San Juan Groundwater Plant. The District expects to undertake \$2 million of capital improvements to wells, pumps, and related infrastructure to increase the production capacity of the plant. The SJGP, under City operation, had been producing approximately 2,000 acre-feet (AF) of drinking water per year. The District expects to undertake certain capital improvements to wells, pumps, and related infrastructure to increase the production capacity of the plant. At the higher expected production level of 3,000-4,000 AF per year, the SJGP will produce local potable water at a lower overall cost than imported water.

Ranch Water Filtration Plant

The District has an existing agreement with RMV Mutual Water Company to purchase up to 2,500 acre-feet (AF) per year of groundwater produced by RMV. This project will change the ultimate use from irrigation to potable domestic use, by utilizing treatment of the extracted groundwater to potable water standards. The first phase of the project is currently being designed. Preliminary site preparation work, including grading, has commenced and the District has arranged the purchase certain plant components in advance. Award of contracts for construction of pipelines and construction of the Plant are expected to occur in 2023. The first phase of the project is intended to treat 2,000 AF of source water into 1,600 AF of drinking water. Ultimately, the Plant is expected to treat the full 2,500 AF of available groundwater into 2,000 AF of drinking water.

Oso Creek Water Reclamation Plant (OCWRP) – Optimization

The District has identified the expansion of the OCWRP as the optimum approach to meeting future wastewater treatment needs and its goal of recycling the equivalent of 100% of the District's wastewater. Currently, the project design is nearly complete with an award for construction expected in early 2023. The construction of the expanded OCWRP is expected to result in approximately 1,350 acre-feet per year of additional tertiary effluent for use in the District's recycled water system and will reduce average daily liquid treatment requirements at SOCWA's Jay B. Latham Wastewater Treatment Plant. The additional recycled water production capacity at OCWRP is needed to meet the District's growing recycled water needs, from both new customers in developing areas and the conversion customers currently using more expensive potable water for irrigation purposes.

Chiquita Water Reclamation Plant (CWRP) - Final Expansion

Based on the expected buildout of the District's service area, the treatment capacity of CWRP will need to be expanded. The District intends to undertake the expansion in two phases. The first phase, which consists of the construction of additional aeration basins and secondary clarifiers to increase the CWRP's secondary process capacity, is expected to be completed in early FY 2023. The second phase, which consists of the expansion of the pumping capacity in the lift station, the construction of an additional grit removal system, primary clarifier, and tertiary filter and two

chlorine contact basins, as well as other related improvements, is expected to be completed over the next several years based on the pace of new development within the District's service area.

Recycled Water Conversion and Conveyance Projects

The District is in the process of expanding its recycled water system, in conjunction with the completion of the Trampas Reservoir, which increased the District's recycled water storage to facilitate higher peak-demand seasonal usage. Projects underway include converting irrigation customers using potable water to recycled water, such as in the Las Flores area. The District also recently completed several projects in the Talega service area, including the Pico Recycled Water Pump Station, which created a recycled water intertie with the City of San Clemente.

Existing Facility Capital Repair and Replacement Projects (CRP)

In addition to strategic projects to enhance local water supplies and system reliability, the District proactively develops plans for the maintenance, replacement, or rehabilitation of our existing infrastructure. The District's FY 2023 Budget includes more than \$13.5 million of new projects expected to commence in addition to those currently ongoing. For FY 2022, the District expended \$15 million on over 90 different such projects.

Commitment to Efficiency

The District has operationalized water efficiency in the various policies, programs, and business practices which contribute to ongoing structural water reliability. The District maintains a progressive Water Conservation Program (Ordinance 2021-05-05) that establishes year-round water conservation best management practices that promote water conservation as a permanent way of life. Additionally, the District's water budget-based rate structure is designed to operate as an active demand management tool that proportionately recovers the costs of providing water service to District customers. In terms of SBX7-7 compliance (legislative requirement to achieve a 20% per capita reduction in domestic water use by 2020), the District achieved a 40% savings, ending 2020 with a per capita water use of 129 gallons per capita per day (GPCD) compared to its baseline water use of 210 GPCD. The District is committed to developing, storing, and distributing recycled water which is used to irrigate landscapes throughout the District's service area. In any given year, recycled water sustainably supplies about 25% of the District's total water demands.

Financial Planning & Policies

Financial Planning

The District achieves a balanced budget by setting rates and fees to fund ongoing activities and provide reliable water to our customers. As with other utilities throughout the state, the District must address changing State and Federal water policies, laws, and regulations. The District continues to address these issues by investing in local water supplies, maximizing the use of

recycled water, and developing local, drought-resilient water resources that will reduce its reliance on imported water. Concurrently, the District also engages State and Federal law makers and regulating authorities through a variety of advocacy programs and direct meetings.

The District maintains a long-range financial plan, which forecasts our operational and capital replacement program needs and accounts for changes to the economy, environment, operational requirements, and capital investments. This plan incorporates the District's other planning documents, including the Integrated Resource Plan, Urban Water Management Plan (UWMP), and Long-Range Water Reliability Plan. As part of its long-range financial planning, in September 2020 the District issued Revenue bonds and anticipates issuing further bonds in the upcoming fiscal years to balance funding for the District's strategic plan and the impacts to customer rates.

Budgetary Process and Controls

The District's annually adopted budget reflects the strategic goals and direction of the Board and serves as a key communication tool to its customers and stakeholders. The budget builds upon the District's financial policies and its capital program and utilizes a "zero-based" budgeting approach. This approach analyzes each of the District's activities in the upcoming year and assigns a projected cost to each activity based on need.

Each of the District's four departments developed their operating expense budgets based on normal operating activities, as well as any additional activities or programs that are expected to be implemented during the fiscal year. The District's budget process is highly interactive and is typically a four-month process that enables the District to look at its needs and ways to increase operational efficiencies.

Throughout the fiscal year, management monitors the District's budget by department and division. The District presents its Financial Statements to its Finance and Administration Committee (FAC) monthly and quarterly to the Board for review.

Revenues

The District generates operating revenues primarily from charges related to the sale of water, recycled water, and wastewater services. Other revenues are classified as non-operating revenues and include property taxes, lease rental income, and investment income as well as grants and capital contributions. The District's rates recover the cost of delivering water and wastewater services to customers and are composed of two parts: 1) a fixed monthly charge to each customer to fully cover the related fixed costs; and 2) a variable rate based on the volume of water used and the wastewater discharged by each customer.



Financial Policies

The District's Board adopted and periodically reviews a set of financial policies which includes Reserve and Fiscal Policies, the Purchasing Policy, and the Investment Policy ensuring the District's management and governing body consistently adhere to prudent fiscal practices.

Reserve Policy

The District has two Reserve Policies; one for IDs 1-8 and one for ID 9. A separate Policy was created for ID 9 based on the future reserve usage needs for needed capital improvements throughout the area. The Reserve Policy identifies funding requirements and goals for several categories, including an Operating Reserve, Capital Emergency, Capital Repairs and Replacement, and new Capital Projects.

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The District's current and projected reserve levels for IDs 1-9 meet all the requirements listed below.

Category	IDs 1-8 Funding Requirement	IDs 1-8 Funding Goal	ID 9 Funding Requirement	ID 9 Funding Goal
Operating Reserve	25% / 3 months of Operating Expenses	42% / 5 months of Operating Expenses	16.7% / 2 months of Operating Expenses	42% / 5 months of Operating Expenses
Capital Reserve - Emergency	2% of Net Depreciable Capital Assets	4% of Net Depreciable Capital Assets	2% of Net Depreciable Capital Assets	4% of Net Depreciable Capital Assets
Capital Reserve- Repair & Replacement	10% of upcoming 5-Year Total	20% of upcoming 5-Year Total	10% of upcoming 5-Year Total	20% of upcoming 5-Year Total
Capital Reserve - New Projects	\$12.5 million	\$12.5 million	None	None

Debt Administration

• At June 30, 2022, the District had Revenue bonds and General Obligation bonds outstanding of \$50,570,000 and \$33,090,000, respectively. The District also had \$82,806,534 of loans payable as of June 30, 2022. With the acquisition of the San Juan Capistrano Service Area, the District also acquired a bond payable with an outstanding balance of \$30,548,117.

Accounting Controls

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance about the achievement of the District's objectives with regard to: (1) the reliability of financial records for preparing financial statements and maintaining accountability for assets; (2) effectiveness and efficiency of operations; (3) compliance with applicable laws and regulations; and (4) safeguarding of assets against loss from unauthorized acquisition, use or disposition.

The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Investment Policy

An Investment Policy, as adopted by the Board, gives guidance to the District in terms of how to invest its funds in instruments permitted by the California Government Code Sections §53601 et seq. The investment objective of the District is to preserve capital, maintain liquidity, and maximize the rate of return while maintaining a balanced portfolio. The policy is reviewed at least annually to ensure it continues to meet the District's future needs.

Section 115 Pension Trust

The District established and funded its Section 115 Pension Trust (115 Trust) during FY 2021. This included developing a new Investment Policy Statement for the 115 Trust. The 115 trust was established with the objective of realizing savings for the District's future pension costs as well as investing the District's funds to obtain higher returns than those funds within the District's general fund. The 115 Trust also provides the District an optional, contingency funding source to cover all or a portion of its annual pension costs. As of June 30, 2022, the 115 Trust had a balance of \$6.3 million.

Annual Audit

The District is required by bond covenants and State statutes to conduct an annual audit of its financial statements by an independent certified public accountant. Based on best practices, the Board requires that the District rotate audit partners at least every five years if not more frequently. The accounting firm of Macias Gini & O'Connell LLP conducted this year's audit. Their audit report, which contains an unmodified opinion, is included in the financial section of this report.

Employees

As of June 30, 2022, the District had 176 full time employee equivalents. The employees are highly trained and effectively operate a complex business that delivers a product and service that is vital to the health and safety of the community.

The District, under the direction of the General Manager and executive team, is organized into four primary departments – Administration; Finance; Engineering; and Operations. The General Manager, a thirty-seven-year employee of the District and only the sixth general manager, reports directly to the Board. The executive team provides day-to-day management and leadership over the four departments. The District provides cross-training opportunities to its employees to support the work efforts across departmental lines and functional teams. The management philosophy is

Annual Comprehensive Financial Report For the Year Ended June 30, 2022

to provide employees the resources, support, and opportunities necessary to enable performance at a high level, which results in quality services to its customers.

The District strives for a balance between innovation and efficiency when reviewing staffing plans.



The District is proud to employ plant operators that are well-trained in water treatment and can work across many of the District's owned and/or operated facilities.

The District has recognized one employee bargaining unit: the Santa Margarita Water District Employee Association (SMWDEA). SMWDEA represents the District's hourly and non-confidential employees which makes up roughly two-thirds of the District's employees. The

District and SMWDEA have a current memorandum of understanding extending through June 30, 2024.

Awards and Acknowledgements

The District was named "Recycle Water Agency of the Year at the WateReuse California Conference held on September 12, 2022, for building Orange County's largest recycled water reservoir, Trampas. The award recognizes large agencies that have developed recycled water, on a significant level, as an alternative water source. Trampas Reservoir is the largest in Orange County and the jewel of the District's recycling and reuse assets. At full capacity, the reservoir will hold 1.6 billion gallons of recycled water and moves the District a step closer to its goal of storing and recycling 100% of its treated wastewater.

Annually, the Orange County Taxpayers Associations holds a "Roses & Radishes" dinner at which Rose awards are given to individuals and organizations, public or private, whose programs show high levels of innovation, the ability to



replicated, and/or collaborative efforts that ultimately benefit the taxpayers. At this year's event, the District was awarded a Rose Award for the San Juan Capistrano water utility annexation and the benefits it will provide to the citizens of San Juan Capistrano. The City was also honored for their role in the process.

Annual Comprehensive Financial Report For the Year Ended June 30, 2022

The Orange County Fire Authority has recognized the District and its specially trained Confined Space Entry team for its ongoing partnership. The two agencies have collaborated on special trainings and responses for several years. In late December of 2021, several District employees responded to a call for aid from the fire authority during a trench collapse. A special thanks to the District's very own: Tony, Miles, Jimmy, Abe, and Shawn for their response efforts.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Report to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the 8th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR). This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

We would like to express our appreciation to management and all members of the District's staff, particularly the members of the Finance Department, who participated in the preparation of this report. We would also like to thank the Board for their continued interest and support in all aspects of the District's financial management.

Respectfully submitted,

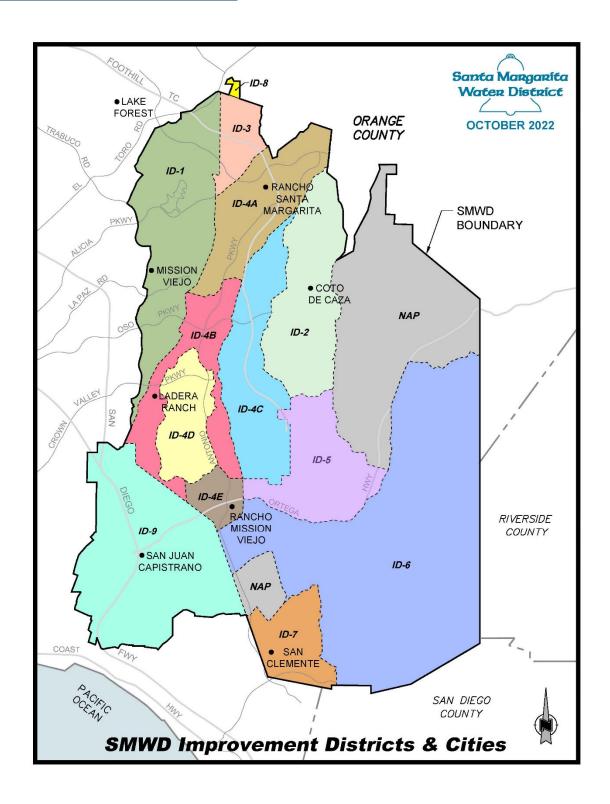
Daniel R. Ferons General Manager Erica Castillo, CPA Chief Financial Officer

Evica Captilla

Christine McIlrevey, CPA

Controller

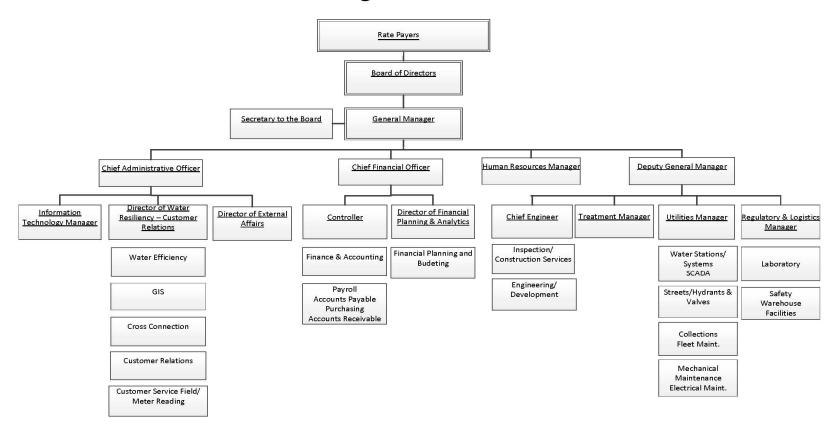
DISTRICT SERVICE AREA MAP



Annual Comprehensive Financial Report For the Year Ended June 30, 2022

DISTRICT ORGANIZATIONAL STRUCTURE

Santa Margarita Water District



DISTRICT OFFICIALS

Elected Board of Directors:

Name	Length of Service	Current Term of Service
Betty H. Olson, Ph.D.	28 Years	2020-2024
Saundra F. Jacobs	26 Years	2018-2022
Charles T. Gibson	10 Years	2020-2024
Justin McCusker	9 Years	2018-2022
Frank Ury	3 Years	2020-2024

District Management:

Name	Position
Daniel R. Ferons	General Manager
Don Bunts	Deputy General Manager
Chip Monaco	Chief Administrative Officer
Erica Castillo	Chief Financial Officer
Tricia Butler	Chief Engineer
Kelly Radvansky	Secretary to the Board
Christine McIlrevey	Controller

CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Santa Margarita Water District California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2021

Christophe P. Morrill
Executive Director/CEO

GLOSSARY OF TERMS USED

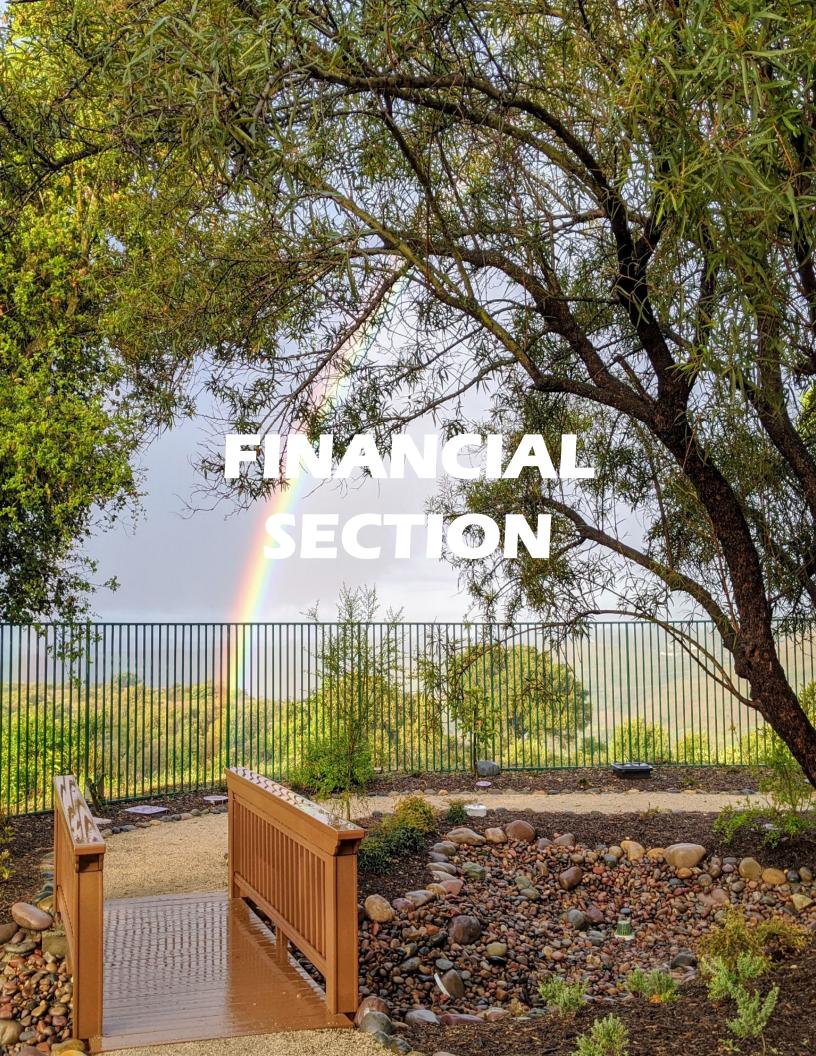
- Accrual Basis of Accounting The basis of accounting by which revenues are recorded when earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.
- Accumulated Depreciation The amount of a long-term asset's cost that has been allocated to depreciation expense since the time the asset is placed into service. A contra-asset account to report the accumulation of periodic credits (depreciation expense) made to reflect the expiration of the estimated service life of capital assets.
- **Asset** Resources with present service capacity that the District presently controls.
- Capital Assets, net Assets including land, operational equipment, infrastructure, and all other tangible or intangible assets that are used in operations with a value of \$5,000 or more and an estimated useful life of more than one year. Net capital assets net the accumulated depreciation with the asset value.
- **Compensated Absences** Paid time off from work for active employees. Includes general leave or sick leave during which no services are required to be rendered.
- Current Assets For accounting and financial reporting purposes, the term current assets are used to designate cash and other assets or resources commonly identified as those that are reasonably expected to be realized in cash or sold or consumed within a year.
- **Current Liabilities** The term current liabilities are used to designate short-term financial obligations that are due within one year or within a normal operating cycle.
- **Debt Service** Debt Service is defined as the total annual payment required on bonds, loans, or other forms of indebtedness, including both principal and interest.
- **Deferred Inflow(s) of Resources** An acquisition of net assets by the District that is applicable to a future reporting period. A deferred inflow of resources has a negative effect on net position, similar to liabilities.
- **Deferred Outflow(s) of Resources** A consumption of net assets by the government that is applicable to a future reporting period. A deferred outflow of resources has a positive effect on net position, similar to assets.

GLOSSARY OF TERMS USED (Continued)

- **Depreciation** (1) Expiration in the service life of capital assets, attributable to wear and tear, deterioration, the action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.
- General Obligation Bonds (GO Bonds) Bonds previously issued by the District based on geographically distinct Improvement Districts (see definition below). General Obligation Bonds are repaid by separate charges the District places on property tax bills. The District has not issued any General Obligation Bonds to fund new projects since 2009.
- Generally Accepted Accounting Principles (GAAP) Uniform minimum standards used by state and local governments for financial recording and reporting that have been established by the Governmental Accounting Standards Board (GASB).
- **Liabilities** Present obligation to sacrifice resources that the District has little or no discretion to avoid.
- **Net Investment in Capital Assets** Capital assets, net of accumulated depreciations, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Net Position** This residual of assets plus deferred outflows of resources, less liabilities, and less deferred inflows of resources. Net position is displayed in three components: net investment in capital assets, restricted (distinguishing between major categories or restrictions), and unrestricted.
- **Net Revenues** All District general operating and non-operating revenues, less operating expenditures. Net revenues are pledged to certain District loan obligations and are a measure of operating margin, prior to debt service payments.
- **Non-Current Assets** The District's long-term investment for which the full value will not be realized within a year. Assets typically cannot easily be converted into cash.
- **Non-Current Liabilities** Long-term financial obligations that are not due for more than a year.

GLOSSARY OF TERMS USED (Continued)

- **Non-Operating Revenues** Non-operating revenues are those not considered integral to operating the District's facilities or providing services. These revenues include property taxes, rental income, and investment income.
- Operating Expenses Operating expenditures are expenses incurred to provide core water and wastewater services of the District. These include expenses such as water purchases, power expenses, salaries and repairs and maintenance.
- Operating Revenues Operating revenues are those received based on providing the core water and wastewater services of the District. Such revenues principally include rates and charges for service, new meter fees, construction plan check fees, and reimbursements by other agencies for operating shared facilities.
- **Revenue Bonds** Revenue Bonds refer to indebtedness which will be repaid by the Net Revenues of the District's general operations.





Independent Auditor's Report

To the Board of Directors Santa Margarita Water District Rancho Santa Margarita, California

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

As discussed in Notes 1 and 4 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note 17 to the basic financial statements, the District annexed the water and wastewater systems of the City of San Juan Capistrano effective on November 15, 2021. The annexation resulted in the District recognizing approximately \$96.9 million of assets and deferred outflow of resources, \$36.7 million of liabilities, and \$60.2 million of net position, on November 15, 2021. 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, the schedule of changes in net pension liability and related ratios, and schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The combining area schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining area schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

Irvine, California

December 22, 2022

Macias Gini & O'Connell LAP

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS – REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

This section of the Santa Margarita Water District's (District) annual comprehensive financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2022 (FY 2022). The MD&A is to be read and considered in conjunction with additional information provided with the letter of transmittal, the basic financial statements, and accompanying notes.

FY 2022 Financial Highlights

- Operations of the City of San Juan Capistrano's (City) water and wastewater system (water system) were transferred to the District on November 15, 2021, when the service area was annexed into the District's area. An additional improvement district (ID 9) was added to the District's financial statements to record financial activity associated with the annexed area. Assets (\$96.9 million), obligations (\$36.7 million) and net position (\$60.2 million) of the water system were transferred to and assumed by the District on November 15, 2021. The net position transferred is included as a Special Item in the District's Statement of Revenues, Expenses and Change in Net Position. For more detail, see Note 17 in the Notes to the Basic Financial Statements. The District's FY 2022 financial statements include the balances transferred in addition to seven and a half months of financial activity associated with the new service area.
- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, recording \$3.5 million in assets and receivables, and \$3.5 million in liabilities and deferred inflows of resources related to the District's leasing activities. See Note 4 in the Notes to the Basic Financial Statements for more information.
- GASB Statement No, 91, *Conduit Debt Obligations*, was early adopted by the District. The 2014 San Juan Basin Authority Lease Revenue Bonds are considered conduit debt under this GASB statement. The District has recorded bonds payable for this bond of \$11.4 million at June 30, 2022. For more detail, see Note 6 in the Notes to the Basic Financial Statements.
- Operating revenues totaled \$105.2 million in FY 2022, an increase of \$17.0 million or 19.3% from the prior fiscal year. The increase was primarily due to rate revenues (\$14.3 million) and other revenues (\$0.6 million) received for the new service area, ID 9. Operating revenues for the other improvement districts increased \$2.0 million primarily due to a Board approved customer rate increase effective January 1, 2022, which was equivalent to 4.0% on an annualized basis.
- Operating expenses increased \$11.8 million or 15.2% from the prior fiscal year (\$89.3 million from \$77.5 million). Water purchases increased \$4.4 million to \$34.9 million, totaling 39.1% of the District's annual expenses. Additionally, wastewater treatment and

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

general and administrative expenses increased by \$2.4 million and \$2.5 million, respectively. These increased expenses were primarily due to the annexation of the City's water system as the District reported seven and a half months of expenses related to ID 9 totaling \$10.7 million in FY 2022.

- Unrestricted cash and investments increased to \$134.6 million at June 30, 2022, or by \$32.9 million (32.4%) compared to the prior year. The District received cash from the City totaling \$26.7 million as part of the annexation of the City's water system. Additionally, the District's unrestricted cash and investments for Improvement District's 1 through 8 (ID's 1-8) increased \$10.7 million, primarily due to reimbursements from bond and loan funds for prior year capital expenditures, helping to ensure the unrestricted cash position remains sufficient to meet planned needs for operations, capital projects, and reserve requirements under the District's financial policies.
- Net capital assets were \$882.0 million at June 30, 2022, an increase of \$85.1 million (10.7%). Most of this increase was due to the annexation of the City's water system, with a balance for ID 9 capital assets transferred to the District in November 2021 of \$66.3 million. The remaining increase was primarily due to a net increase in construction in progress of \$14.5 million in the fiscal year related to ongoing District construction projects.
- The District capitalized an additional \$17.4 million, which was offset by \$26.9 million in depreciation expenses. Depreciation and amortization expense increased \$4.7 million in FY 2022 primarily due to the annexation of the City's water system (\$2.9 million) and the depreciation of the Trampas reservoir, which had a full twelve months of depreciation in FY 2022 (\$1.0 million).
- The District's total liabilities increased by \$23.3 million to \$257.2 million at June 30, 2022, primarily due to the annexation (\$33.6 million increase) and an increase in loans payable to the State Water Resource Control Board for the Trampas Reservoir of \$13.3 million. Increases were primarily offset by bond and loan payments of \$8.5 million and a \$14.2 million (40.4%) reduction in the District's net pension liability due to a positive difference in the California Public Employees' Retirement System (CalPERS) plan's actual investment earnings compared to the investment earnings it had projected for the plan year. See Note 6 and Note 10 in the Notes to the Basic Financial Statements for additional information on the bonds and loans payable and the net pension liability, respectively.

Overview of the Financial Statements

The District is a self-supporting entity that follows enterprise fund accounting and presents its financial statements on the full accrual basis of accounting. As an enterprise fund, the District's basic financial statements are comprised of two components: the financial statements and notes to the basic financial statements. The District's basic financial statements begin on page 14 of this report. The notes to the basic financial statements can be found beginning on page 21 and provide additional information that is essential to a full understanding of the data provided in the basic

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves, which starts on page 64. The District's financial statements offer key, high-level financial information about the District's activities, comprised of the following main statements:

- The Statement of Net Position includes information on the District's assets and liabilities and deferred outflows of resources and deferred inflows of resources. Net Position is defined as the District's total assets plus deferred outflows of resources, less total liabilities, and deferred inflows of resources.
- The Statement of Revenues, Expenses and Change in Net Position shows changes in the District's net position based on its operating and non-operating revenues, expenses, and capital contributions during the fiscal year ended June 30, 2022.
- The Statement of Cash Flows provides the District's changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides information on the sources and uses of the District's cash.

The Statement of Net Position, and the Statement of Revenues, Expenses and Change in Net Position provide a depiction of the District's financial standing. For example, increases in the District's net position is a positive indicator of the District's financial health.

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

Statement of Net Position

Net Position as of June 30, 2022, increased by \$82.0 million, or 10.9%, to \$833.5 million. The annexation of the City's water and wastewater system resulted in an increase of \$61.7 million to net position in FY 2022. The remaining \$20.3 million increase to net position was primarily due to an increase in capital activity. The largest portion of the District's net position (83%) reflects the District's investment in capital assets, net of accumulated depreciation and reduced by related outstanding debt.

Condensed Statement of Net Position

							Percent
	Fiscal Year		Fiscal Year		Increase		Increase
Assets	2022		2 2021		(Decrease)		(Decrease)
Current Assets	\$	209,133,732	\$	179,284,331	\$	29,849,401	16.6%
Capital Assets, Net		882,038,487		796,889,213		85,149,274	10.7%
Non-Current Assets		3,259,423		-		3,259,423	100.0%
Total Assets		1,094,431,642		976,173,544		118,258,098	12.1%
Deferred Outflows of Resources		8,787,394		9,463,993		(676,599)	(7.1%)
Liabilities							
Current Liabilities		33,653,894		28,654,043		4,999,851	17.4%
Non-Current Liabilities		223,541,284		205,278,814		18,262,470	8.9%
Total Liabilities		257,195,178		233,932,857		23,262,321	9.9%
Deferred Inflows of Resources		12,524,500		221,355		12,303,145	5558.1%
Net Position							
Net Investment in Capital Assets		695,693,367		657,883,403		37,809,964	5.7%
Restricted		20,407,414		15,229,473		5,177,941	34.0%
Unrestricted		117,398,577		78,370,449		39,028,128	49.8%
Total Net Position	\$	833,499,358	\$	751,483,325	\$	82,016,033	10.9%

The District's total assets increased \$118.3 million to \$1.1 billion compared with the prior year due to increases in net capital assets, current and non-current assets. The annexation of the City's water system resulted in an increase to current assets and net capital assets of \$26.8 million and \$68.7 million, respectively, primarily due to cash reserve balances and capital assets transferred to the District on the date of annexation. Net capital assets also increased \$16.5 million mainly as a result from construction of the Rienda Lift Station, expansion of the secondary treatment process at the Chiquita Water Reclamation Plant, as well as other capital repair and replacement projects. Lastly, there was an increase of \$3.3 million in non-current assets due to the implementation of GASB Statement No. 87, *Leases*, which resulted in recognition of a lease receivable. These are leases in which the District is the lessor and are primarily related to the District leasing a portion of its facilities for cellular tower antenna sites.

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

The District's total liabilities increased \$23.3 million to \$257.2 million, primarily due to an increase in non-current liabilities of \$18.3 million, or 8.9%. The increase in liabilities is primarily due to the District's annexation of the City's water system. The District assumed the water systems obligations as of the date of annexation, which included three separate debt obligations. This increased the District's overall liabilities by \$30.5 million as of June 30, 2022. Additionally, loans payable increased \$11.0 million due to additional disbursements received for the Trampas Reservoir Project in FY 2022. These increases were offset by a \$14.2 million decrease in the District's net pension liability and by scheduled repayments of the District's Revenue and General Obligation bonds of \$6.1 million.

Deferred outflows of resources decreased by \$0.7 million, or 7.1%, compared to the prior year, primarily due to the amortization of various valuation changes in the District's defined benefit pension plan (contained in the annual Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting Valuation Report prepared by CalPERS), as well as the amortization of deferred losses on defeasance of the District's General Obligation bonds.

Deferred inflows of resources increased by \$12.3 million, to \$12.5 million compared to the prior year of \$0.2 million primarily due to the difference between projected and actual investment earnings in the pension plan. The CalPERS pension plan for the District recognized a \$12.3 million increase between what the plan projected in investment earnings and the actual earnings. This was for a measurement date of June 30, 2021, which is recorded in FY 2022. This difference is recognized over a five-year period. Additionally, the District implemented GASB 87, *Leases*, during the year and reported \$3.5 million in deferred inflows associated with leasing arrangements. See Note 4 in the Notes to the Basic Financial Statements for more information.

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

Condensed Statement of Revenues, Expenses and Change in Net Position

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues:				
Potable Water Charges	\$ 61,422,930	\$ 49,026,077	\$ 12,396,853	25.3%
Recycled Water Charges	12,015,309	10,846,821	1,168,488	10.8%
Wastewater Charges	27,251,110	24,652,362	2,598,748	10.5%
Other Charges or Services	4,478,549	3,642,307	836,242	23.0%
Total Operating Revenues	105,167,898	88,167,567	17,000,331	19.3%
Operating Expenses:				
Water Expenses	41,826,015	36,205,720	5,620,295	15.5%
Wastewater Treatment	6,339,515	3,910,239	2,429,276	62.1%
Maintenance and Operations	11,684,776	9,342,810	2,341,966	25.1%
Regional Participation	287,340	264,610	22,730	8.6%
Compensation	21,916,600	23,048,950	(1,132,350)	(4.9%)
General and Administrative	7,214,289	4,733,643	2,480,646	52.4%
Total Operating Expenses before Depreciation				
and Amortization	89,268,535	77,505,972	11,762,563	15.2%
Depreciation and Amortization	26,873,410	22,215,916	4,657,494	21.0%
Operating (Loss)	(10,974,047)	(11,554,321)	580,274	(5.0%)
Non-Operating Revenues (Expenses)				
Special Assessment for Debt Service	3,100,584	3,339,826	(239,242)	(7.2%)
Property Taxes	9,387,515	9,095,334	292,181	3.2%
Investment Earnings	(3,922,058)	577,079	(4,499,137)	(779.6%)
Other Non-Operating Revenues	865,567	4,505,426	(3,639,859)	(80.8%)
Interest Expense	(4,488,560)	(3,659,245)	(829,315)	22.7%
Total Non-Operating Revenues (Expenses)	4,943,048	13,858,420	(8,915,372)	(64.3%)
Net Income (Loss) before Capital Contributions				
and Special Item	(6,030,999)	2,304,099	(8,335,098)	(361.8%)
Capital Contributions	27,853,152	18,222,969	9,630,183	52.8%
Special Item	60,193,880		60,193,880	100.0%
Change in Net Position	82,016,033	20,527,068	61,488,965	299.6%
Net Position Begining of Year, as restated	751,483,325	730,956,257	20,527,068	2.8%
Net Position End of Year	\$833,499,358	\$751,483,325	\$ 82,016,033	10.9%

Statement of Revenues, Expenses and Change in Net Position

In FY 2022, the District's total operating revenues increased by \$17.0 million, or 19.3%. This increase was primarily due to the annexation of the City's water system, which resulted in an additional \$15.0 million of operating revenues during the year. The remaining \$2.0 million increase is due to higher customer usage as well as increases in both fixed and commodity rates effective January 1, 2022.

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2022

In FY 2022, the District's total operating expenses, before depreciation and amortization, increased by \$11.8 million, or 15.2%, mostly due to the annexation. Operating expenses to maintain the water system transferred to the District in November 2021 totaled \$10.8 million for FY 2022. The remaining \$1.0 million increase was due to an increase in general and administrative costs and water treatment costs. As part of the annexation, the San Juan Groundwater Plant operations were transferred to the District, which resulted in higher treatment costs for the District in FY 2022. This was offset by a decrease in compensation expenses. Compensation expenses decreased a total of \$1.1 million or 4.9% compared to prior year as a result of investment earnings applied by CalPERS in FY 2022 to reduce the District's net pension liability. This resulted in a decrease to pension expense, which is a part of total compensation expense.

Net non-operating revenues decreased by \$8.9 million, or 64.3%, primarily due to a net loss in investment earnings of \$4.5 million in FY 2022. While the District earned more in realized interest income in FY 2022, this was offset by unrealized losses on investments during the year. Secondly, other non-operating revenues decreased \$3.6 million primarily due to a decrease in revenue received from capital grants in FY 2022 compared to the prior fiscal year. During the prior fiscal year, the District had received the last of the capital grant funding for the Trampas Reservoir project, which completed construction in FY 2021. Additionally, capital grants are recorded in capital contributions in FY 2022.

Capital Assets

The District's net capital assets amounted to \$882.0 million, an increase of \$85.1 million over the prior year. A large part of this increase (\$66.3 million) was due to the annexation of the City's water system and the assets acquired as part of the annexation. Additionally, \$17.4 million of projects were completed during the year and transferred from construction in progress to depreciable assets. Some of the projects that were completed during the year include the Trampas Reservoir Pump Station, Rienda Zone 1 Pressure Reducing Station and the Headquarters Ready Room upgrades. Additionally, \$10.8 million of contributed facilities were added to the District's depreciable assets during FY 2022 primarily due to in-tract system improvements in new development areas. The District also purchased \$2.6 million of equipment that was added to capital assets during the year.

Construction in progress had a net increase of \$14.5 million due to additions to construction in progress in FY 2022, due to the construction of projects such as the Rienda Lift Station, expansion of the secondary treatment process at the Chiquita Water Reclamation Plant, as well as other capital repair and replacement projects. These increases were offset by projects that were completed and capitalized in FY 2022.

As of June 30, 2022, there were \$19.3 million of capital asset commitments outstanding.

Additional information regarding the District's capital assets and remaining commitments on construction projects can be found in Note 5 to the Basic Financial Statements.

SANTA MARGARITA WATER DISTRICT Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

				Percent
	Fiscal Year	Fiscal Year	Increase	Increase
	2022	2021	(Decrease)	(Decrease)
Water Plant	\$ 706,485,736	\$ 600,194,486	\$ 106,291,250	17.7%
Sewer Plant	266,255,625	252,159,598	14,096,027	5.6%
Contributed Facilities	223,241,954	193,548,535	29,693,419	15.3%
Operational Equipment	21,205,463	18,596,616	2,608,847	14.0%
Administration Building	11,800,192	10,409,728	1,390,464	13.4%
Capacity Rights	65,380,463	43,311,718	22,068,745	51.0%
Miscellaneous/Master Plan	14,909,854	13,396,072	1,513,782	11.3%
Total Depreciable Assets	1,309,279,287	1,131,616,753	177,662,534	15.7%
Less Accumulated Depreciation & Amortization:				
Depreciation and Amortization	540,490,366	433,327,590	107,162,776	24.7%
Net Depreciable Assets	768,788,921	698,289,163	70,499,758	10.1%
Intangible Asset - Right to Use Leased Asset, Net	33,966			100.0%
Net Amortized Assets	33,966			100.0%
Construction in Progress	45,155,762	30,691,944	14,463,818	47.1%
Land	64,833,594	64,681,862	151,732	0.2%
Land - Administration Building	3,226,244	3,226,244		0.0%
Total Non-Depreciable Assets	113,215,600	98,600,050	14,615,550	14.8%
Total Capital Assets, Net	\$ 882,038,487	\$ 796,889,213	\$ 85,115,308	10.7%

Long Term Debt

Total long-term debt increased by \$37.3 million or 21.5% to \$210.7 million, which was primarily due to an increase of \$33.6 million in bonds payable for debt obligations transferred to the District as part of the annexation of the City's water system. Additionally, loans payable increased \$13.3 million due to additional reimbursements received in FY 2022 from the State Water Resources Control Board for the Trampas Reservoir project. Construction on this project completed in FY 2021 with remaining reimbursements paid from the SWRCB in FY 2022 and FY 2023. Debt was decreased due to repayment of Revenue and General Obligation bonds, loans, and amortization of net premium (discount). The following table summarizes the changes in long-term debt amounts for FY 2022.

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2022

		Balance at ne 30, 2021	 Additions	Trans fers/ Deletions		Balance at ine 30, 2022	Increase Decrease)	Percent Increase (Decrease)
Long-Term Debt:								
Bonds Payable	\$	86,715,000	\$ 33,609,630	\$ (6,116,513)	\$	114,208,117	\$ 27,493,117	31.7%
Loans Payable		71,842,360	13,337,312	(2,373,138)		82,806,534	10,964,174	15.3%
		158,557,360	 46,946,942	(8,489,651)		197,014,651	 38,457,291	24.3%
Net Premium (Discount)		14,822,927	 -	(1,161,618)		13,661,309	 (1,161,618)	(7.8%)
Total Long-Term Debt	\$1	73,380,287	\$ 46,946,942	\$ (9,651,269)	\$2	210,675,960	\$ 37,295,673	21.5%

Additional information on the District's long-term liabilities can be found in Note 6 to the Basic Financial Statements.

Defined Benefit Pension Plan

The District offers employees a defined benefit pension plan, which is administered by the California Public Employees Retirement System (CalPERS). Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 (GASB 68) requires public employers that participate in a defined benefit pension plan to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in the financial statements.

The District's net pension liability at June 30, 2022, was \$21.0 million, a decrease of \$14.2 million (40.4%) from the prior year. Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position. The decrease was due to an increase in plan fiduciary net position of \$19.6 million, netted with an increase in total pension liability of \$5.4 million. The plan's fiduciary net position as a percentage of the total pension liability increased from 68.8% in FY 2021 to 82.2% in FY 2022.

Pension expense includes the District's required payments made to CalPERS during the year, plus a recognition of the change in the net pension liability. Pension expense for the District in FY 2022 totaled \$1.9 million, a decrease of \$4.0 million (68.4%) from the prior year, primarily due to an increase in the recognized differences between projected and actual earnings on plan investments of \$3.3 million. Pension expense is included in the salaries, wages and related benefits operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense systematically over time. These amounts can fluctuate from year to year due to actuarial methods and assumptions determined by CalPERS, such as normal entry age, discount rate, mortality, and inflation. Deferred outflows of resources related to pensions decreased in FY 2022 by \$0.6 million and deferred inflows of resources related to pension increased by \$8.8 million due to the amortization of the various actuarial methods and assumptions made by CalPERS. The primary reason for the change in FY 2022 is due to actual earnings recognized on pension plan investments for the period being significantly higher than CalPERS' projections for the year.

SANTA MARGARITA WATER DISTRICT Management's Discussion and Analysis (Continued)

For the Year Ended June 30, 2022

Additional information on the defined benefit pension plan can be found in Note 10 to the Basic Financial Statements.

Fiduciary Activities

The District is the fiduciary for funds held on behalf of two Community Facilities Districts (CFD), which are related to outstanding bonds of each CFD. The District's fiduciary activities are reported in the Note 13 to the basic financial statements. The District excludes these activities from its financial statements because the District is not liable under any circumstance for the repayment of the outstanding bonds.

Requests for Information

This financial report is designed to provide our customers, investors, and creditors with an overview of the District's financial operations and condition. If you have questions about this report or need additional information you may contact the District's Controller at 26111 Antonio Parkway, Rancho Santa Margarita, CA 92688.



SANTA MARGARITA WATER DISTRICT Statement of Net Position June 30, 2022

ASSETS:

ASSETS.	
Current Assets:	
Cash and investments (Note 2)	\$ 134,581,382
Accrued interest receivable	213,346
Accounts receivable - water and sanitation customers, net of allowance	
for doubtful accounts of \$874,028	14,758,964
Accounts receivable - other, net of allowance for doubtful accounts	
of \$19,400 (Note 3)	2,824,070
Leases receivable, current (Note 4)	243,752
Water and supplies inventory	3,768,722
Prepaid expenses	1,084,332
Restricted - cash and investments (Note 2)	21,561,800
Restricted - unspent bond proceeds (Note 2)	29,810,707
Restricted - property taxes receivable	226,807
Restricted - accrued interest receivable	59,850
Total Current Assets	209,133,732
Non-current Assets:	
Leases receivable, noncurrent (Note 4)	3,259,423
Capital assets, intangible asset - right to use leased asset (Note 4 and 5)	33,966
Capital assets - not depreciated (Note 5)	113,215,600
Capital assets, net of accumulated depreciation and amortization (Note 5)	768,788,921
Total Non-current Assets	885,297,910
Total Assets	 1,094,431,642
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pension (Note 10)	7,613,812
Deferred loss on debt defeasance (Note 6)	1,173,582
Total Deferred Outflows of Resources	8,787,394
	(Continued)

Statement of Net Position (continued) June 30, 2022

LIABILITIES:

Accrued wages and related payables Retentions payable and construction deposits Other deposits payable Unearned revenue Accrued interest payable Advances from others Long-term liabilities - due within one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Compensated absences (Note 7) Bonds payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9):	
Retentions payable and construction deposits Other deposits payable Unearned revenue Accrued interest payable Advances from others Long-term liabilities - due within one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred Inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	18,703,803
Other deposits payable Unearned revenue Accrued interest payable Advances from others Long-term liabilities - due within one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	1,198,769
Unearned revenue Accrued interest payable Advances from others Long-term liabilities - due within one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	1,288,112
Accrued interest payable Advances from others Long-term liabilities - due within one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	638,312
Advances from others Long-term liabilities - due within one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities: Long-term liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities 22 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	81,988
Long-term liabilities - due within one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	1,384,247
Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	42,382
Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Zi Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	
Bonds payable (Note 6) Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Zi Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	9,656
Loans payable (Note 6) Total Current Liabilities Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities 22 Total Liabilities 22 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	1,023,782
Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Zi DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	6,985,031
Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Zi DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	2,297,812
Long-term liabilities - due in more than one year Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities 22 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	33,653,894
Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities ZE DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	
Lease liabilities (Note 4) Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities 22 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	
Compensated absences (Note 7) Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities ZE DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	24,310
Bonds payable (Note 6) Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	694,888
Loans payable (Note 6) Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities Total Liabilities 22 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	20,884,395
Reimbursement agreement advances (Note 6) Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities 22 Total Liabilities 25 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	80,508,722
Accrued interest payable on reimbursement agreements (Note 6) Net pension liability (Note 10) Total Non-current Liabilities 22 Total Liabilities 25 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	380,037
Net pension liability (Note 10) Total Non-current Liabilities 22 Total Liabilities 25 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	56,796
Total Non-current Liabilities 22 Total Liabilities 25 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	20,992,136
DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	223,541,284
Deferred inflows related to pension (Note 10) Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	257,195,178
Deferred gain on debt defeasance (Note 6) Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	
Deferred inflows related to leases (Note 4) Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	8,986,559
Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	34,766
NET POSITION: Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	3,503,175
Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	12,524,500
Net investment in capital assets (Note 8) Restricted for (Note 9): Special assessment for debt service	
Restricted for (Note 9): Special assessment for debt service	695,693,367
Special assessment for debt service	193,093,307
	13,799,713
one	6,607,701
Unrestricted 1	17,398,577
	33,499,358

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenses and Change in Net Position For the Year Ended June 30, 2022

OPERATING REVENUES:		
Potable water charges:		
Potable water commodity charge	\$	37,425,042
Monthly service charge		22,901,750
Transmission charge		1,096,138
Total potable water charges		61,422,930
Recycled water charges:		
Recycled water commodity charge		9,908,102
Monthly service charge		1,636,605
Transmission charge		470,602
Total recycled water charges		12,015,309
Wastewater charges:		
Wastewater commodity charge		5,654,999
Monthly service charge		21,596,111
Total wastewater charges		27,251,110
Other charges or services:		
Jointly owned facilities		1,044,795
Construction related revenues		895,192
Rebates		676,194
Customer related revenues		812,916
Other revenues		1,049,452
Total other charges or services		4,478,549
Total Operating Revenues		105,167,898
OPERATING EXPENSES:		
Source of supply - water purchases		34,894,204
Power		6,931,811
Maintenance and operations		11,684,776
Regional participation		287,340
Wastewater treatment		6,339,515
Salaries, wages and related benefits		21,916,600
General and administrative		7,214,289
Total Operating Expenses before depreciation and amortization expense		89,268,535
		15 000 272
Operating income before depreciation and amortization expense		15,899,363
Depreciation and amortization expense (Note 5) Operating (loss)	<u> </u>	(26,873,410)
Operating (1088)		(10,974,047)
		(Continued)

Statement of Revenues, Expenses and Change in Net Position (Continued) For the Year Ended June 30, 2022

NON-OPERATING REVENUES (EXPENSES):

Special assessment tax revenues for debt service	\$ 3,100,584
Property taxes	9,387,515
Investment losses	(3,922,058)
Capacity lease revenue	209
Rental revenue	1,280,134
Loss on sale of capital assets	(521,438)
Other non-operating revenue	106,662
Capital grants	1,356,906
Interest expense	(4,488,560)
Total non-operating, revenues (expenses)	 6,299,954
Loss before capital contributions and special item	(4,674,093)
CAPITAL CONTRIBUTIONS:	
Contributions from developer	10,772,002
Connection fees	1,794,663
Contributions from agencies	13,654,484
Jointly owned facilities capital reimbursements	275,097
Total capital contributions	26,496,246
SPECIAL ITEM	
Net position from City of San Juan Capistrano's water system (Note 17)	 60,193,880
Change in net position	82,016,033
Net position, beginning of year, as restated (Note 1)	751,483,325
Net position, end of year	\$ 833,499,358

Statement of Cash Flows For the Year Ended June 30, 2022

Cash flows from operating activities:	
Cash receipts from customers	\$ 99,590,722
Cash receipts from others	3,375,407
Cash paid to employees for salaries and wages	(26,134,213)
Cash paid to vendors and suppliers for materials and services	(69,653,600)
Net cash provided by operating activities	 7,178,316
Cash flows from non-capital financing activities:	
Transfer of operations cash received	26,720,213
Property taxes received	9,396,456
Capacity lease revenue	 209
Net cash provided by non-capital financing activities	36,116,878
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(39,999,586)
Capital contributions	13,076,946
Capital grants	1,356,906
Proceeds from sale of capital assets	2,330
Special assessment tax revenues for debt service received	3,100,584
Proceeds from connection fees	1,794,663
Repayments of advances	(108,136)
Proceeds from new loans	13,337,312
Principal paid for bond debt service and loans payable	(8,489,651)
Interest paid for debt service	(6,724,920)
Lease payments	(9,064)
Net cash (used in) capital and related financing activities	(22,662,615)
Cash flows from investing activities:	
Proceeds from the sale and maturity of investment securities	48,080,461
Purchase of investment securities	(70,589,887)
Investment earnings	1,523,862
Rental revenues	1,048,499
Lease receipts	233,205
Net cash (used in) investing activities	(19,703,860)
Net increase in cash and cash equivalents	928,719
Cash and cash equivalents, beginning of year	 1,759,026
Cash and cash equivalents, end of year	\$ 2,687,745
	(Continued)

See accompanying notes to the basic financial statements.

Statement of Cash Flows (Continued) For the Year Ended June 30, 2022

Reconciliation of cash and cash equivalents to amounts reported on the statement of net position:

Reported on the Statement of Net Position:		
Cash and investments	\$	134,581,382
Restricted - cash and investments	Ψ	21,561,800
Restricted - unspent bond proceeds		29,810,707
Total cash and investments - per statement of net position	-	185,953,889
Town cash and investments per statement of net position		100,700,007
Less investments not meeting the definition of cash and cash equivalents:		
Investments		(183,266,144)
Total cash and cash equivalents	\$	2,687,745
December 1 and 1 a		
Reconciliation of operating loss to net cash provided by operating activities:	\$	(10.074.047)
Operating (loss)	Ф	(10,974,047)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation and amortization expense - capital recovery		26,873,410
Other revenue		106,662
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable - water and sanitation customers		(1,098,627)
Accounts receivable - other		(1,180,030)
Water and supplies inventory		145,869
Prepaid expenses		(395,335)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		(2,727,172)
Accrued wages and related payables		173,165
Retentions payable and construction deposits		674,973
Other deposits payable		(73,065)
Unearned revenue		43,291
Net pension liability		(14,200,067)
Deferred outflows/inflows related to pensions		9,575,339
Compensated absences		233,950
Total adjustments		18,152,363
Net cash provided by operating activities	\$	7,178,316
Supplemental disclosure of non-cash capital and related financing and investing activities:		
Amortization of premiums and discounts	\$	1,161,618
Amortization of deferred gain/loss on defeasance	Ψ	(114,467)
Contributed facilities, water plant and sewer plant		12,660,180
Loss on disposal of capital assets		(523,768)
Unrealized gain (loss) on investments		(5,434,667)
Bond principal from transfer of operations		(33,609,630)
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Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Santa Margarita Water District (District) was established on December 23, 1964, under provisions of the California Water District Law (Section §34000, et seq. of the California Water Code). At the time of its formation, the District encompassed approximately 41,400 acres. Its area has been expanded to approximately 71,250 acres through a series of annexations (and one deannexation). Individual improvement districts, of which there are presently 9 with sub-districts, function as a basis for operational and capital planning, as well as the authorization and sale of bonds.

The District recovers uniform monthly user rates across all improvement districts. Debt obligations and annual assessments for general obligation bonds vary by improvement district. The District maintains separate internal debt service accounts for the purposes of complying with applicable legal provisions, Board of Directors' resolutions and other requirements, as well as to ensure that the bond proceeds benefit those improvement districts on which the debt is levied.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of the GASB. The District is a special-purpose governmental unit based on the foundation of a separate governing board that is elected by the citizens in a general popular election. There are no component units associated with the District. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization, or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Basis of Accounting and Measurement Focus

The accounting policies of the District's basic financial statements conform to Accounting Principles Generally Accepted in the United States of America (GAAP) applicable to state and local government agencies using pronouncements issued by the GASB and as such, the District reports its activities as an enterprise fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses result from providing potable water, wastewater and recycled water services associated with the principal activity of the District. Operating revenues include potable water, wastewater and recycled water service charges. Operating expenses include water purchases and wastewater disposal costs, salaries and benefits and depreciation on capital assets.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as special assessments, property taxes, investment income and interest expense, result from non-exchange transactions. Non-exchange transactions are when the District gives (receives) value without directly receiving (giving) value in exchange.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts for revenues and expenses for the reporting period. Actual results may differ from those estimates.

Cash Equivalents and Investments

The District has adopted an investment policy directing the Treasurer to deposit funds in financial institutions.

Substantially all the District's cash is invested in interest bearing cash accounts and is recorded at cost. The District considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

The District records investments at fair value and changes in fair value are recorded as unrealized gains or losses. All demand deposits and certificates of deposit held by a bank are entirely insured or collateralized with securities having a fair value of at least 10% in excess of the total amount of funds on deposit. Investment income is comprised of interest earnings, changes in fair value, and any gains or losses realized upon the liquidation on or sale of investments.

Restricted Section 115 Pension Trust Cash and Investments

All assets in the Section 115 Pension Trust (Trust) are irrevocably dedicated to funding obligations of the District's pension beneficiaries or costs of administering the Trust. The funds are not considered plan assets of the pension plan and are therefore considered restricted assets of the District.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value

The District measures investments at fair value, or the price that would be received to sell an asset or paid to transfer a liability. Valuations are obtained by using quotations obtained from independent published sources. The District values its asset by using the market approach, cost approach or income approach, as appropriate. The District values its investments into 3 categories: level 1, quoted prices for identical assets in active markets; level 2, other than quoted prices included in level 1, including quoted prices for similar assets in active markets and quoted prices for identical assets in markets that are not active; and level 3, unobservable inputs for an asset or liability. Note 2 contains additional information on permissible investments per the California Government Code and District Investment Policy.

Restricted Assets

Amounts shown as restricted assets are to be used for specified purposes, such as servicing general obligation bond debt and the construction of capital assets. Such assets have been restricted by either bond indenture, law or contractual obligation.

Concentration

The District currently purchases most of its potable water from the Metropolitan Water District of Southern California (MET) and is paid through the Municipal Water District of Orange County (MWDOC). The District also acquired the San Juan Groundwater Plant through the annexation of the City of San Juan Capistrano's water and wastewater system, which provides access to groundwater for the District. Additionally, the District has a contract with the Irvine Ranch Water District to purchase water from Irvine Lake in select circumstances. However, this amount of water is currently insignificant.

Inventories

Inventories consist of purchased water and groundwater held in reservoirs, recycled water held in reservoirs, and supplies inventory including water meters, pipe, meter boxes and other materials required to maintain the District's water and sewer system. Non-water related inventories are recorded at historical cost. Water inventory is valued at average cost per acre-foot through the MWDOC. Recycled water inventory is calculated at average cost per acre-foot to produce recycled water.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at historical cost or the estimated historical cost if actual cost is not available. Donated assets which consist of land, tract facilities and other capital assets contributed by developers are recorded as contributed facilities based on acquisition value at date of donation. Depreciation of capital assets is charged as an expense against operations. Depreciation is recorded using the straight-line method based on estimated lives which range from 3 to 100 years, consisting primarily of operational equipment over 4 to 12 years; water plant, power plant and administrative building over 40 years; mains and other conduits over 60 to 75 years; and reservoirs over 100 years. Capital outlays that cost \$5,000 or more and that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The District also owns intangible assets which include capacity rights and right to use assets. Capacity rights are amounts for acquiring rights to water in pipelines owned and maintained by other agencies. The value of capacity rights is equal to the amounts spent for the construction of capital assets, such as pipelines, pumping facilities and storage facilities, and are amortized over the life of the asset or the term of the agreement, whichever is less. Right to use assets are based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right to use intangible asset is amortized each year for the term of the lease.

Accounts Receivable Uncollectible Accounts

The District extends credit to customers in the normal course of operations. The District maintains an allowance for doubtful accounts for amounts outstanding more than 45 days and amounts over \$50 are sent first to collections and are written off once no further amounts are recovered.

Property Taxes and Special Assessments

The County of Orange Assessor's Office assesses all real and personal property within the County each year. The County of Orange Tax Collector's Office bills and collects the District's share of property taxes and special assessments. The County of Orange Treasurer's Office remits current and delinquent tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Secured property tax revenues are recognized on a full accrual basis. At year-end an accrual for the remaining unpaid taxes levied for the tax year is recorded. Ad valorem 1% general property taxes are the secondary pledge to the General Obligation Bonds based on the bond covenants.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes receivable at year-end are related to property taxes and special assessments collected by the County of Orange pertaining to the current tax year, which have not been remitted to the District as of June 30. The property tax calendar is as follows:

Lien date January 1 Levy date July 1

Due dates November 1 and March 1
Delinquent dates December 10 and April 10

Prepaid Expenses and Other Deposits

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

Deferred Gain or Loss on Debt Defeasance

The advance refunding of certain bonds resulted in refunding gains or losses. Losses are included as deferred outflows of resources and gains are included as deferred inflows of resources on the accompanying Statement of Net Position and are amortized over the shorter of maturity of the refunding debt or the remaining maturity of the refunded debt.

Interest Expense

The District incurs interest charges on bonds and notes payable. Interest incurred during the year ended June 30, 2022, totaled \$4,488,560. Bond premiums and discounts on refunded debt are deferred and amortized over the life of the bonds using the effective interest method.

Compensated Absences

The District's personnel policies provide for the accumulation of general leave for vacation and sick time. Full-time employees earn from 140 to 272 hours per year, depending on their length of employment. General leave may be accumulated to a maximum of twice the employee's annual entitlement or 400 hours, whichever occurs first. Eligible part-time employees accrue general leave on a pro-rata based on the number of hours worked in a regular workweek divided by 40 hours. All accrued and unused general leave is paid to the employee upon termination of employment or retirement. The cost of vested or accumulated general leave is accrued as an expense as benefits are incurred to the employee.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to the net pension liability, and pension expenses, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' 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. Deferred outflows of resources and deferred inflows of resources represent the effects on the net pension liability that have occurred after the liability was measured or differences between amounts based on the assumptions versus actual results. These amounts are amortized between a one and five-year period.

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 June 30, 2020 Measurement Date June 30, 2021

Measurement Period July 1, 2020 to June 30, 2021

Net Position

Net position consists of the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Restricted net position is used before unrestricted net position if expenses are incurred for purposes where both restricted and unrestricted net position are available. Net position is categorized as follows:

<u>Net Investment in Capital Assets</u> – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows or resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position.

<u>Restricted</u> – This component of net position consists of assets that have limitations imposed on their use through external restrictions imposed by creditors or other state and federal government regulatory agencies. These are then reduced by liabilities related to those assets.

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

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

Adopted in the Current Year

GASB Statement No. 87, *Leases*. Effective for the District's fiscal year ended June 30, 2022. This GASB statement establishes a single model for lease accounting and is applied retroactively. The statement requires the District as a lessee to recognize a lease liability and an intangible right-to-use lease asset and requires the District as a lessor to recognize a lease receivable and a deferred inflow of resources. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Net position at June 30, 2021, as previously reported	\$ 751,483,325
Add lease receivable under GASB Statement No. 87 at June 30, 2021	2,382,773
Add capital assets, intangible asset - right to use leased asset under GASB Statement	
No. 87 at June 30, 2021	43,030
Less deferred inflows of resources under GASB Statement No. 87 at June 30, 2021	(2,382,773)
Less lease liabilities under GASB Statement No. 87 at June 30, 2021	(43,030)
Net position at June 30, 2021, as restated	\$ 751,483,325

GASB Statement No. 91, Conduit Debt Obligations. The District early adopted this statement for the District's fiscal year ended June 30, 2022, and recognized a bond payable for the 2014 Lease Revenue Bond obligation assumed from the San Juan Basin Authority (SJBA), as a result of the District's annexation of the City of San Juan Capistrano's water and wastewater system; see Notes 6 and 17. The District is a member agency of the SJBA through a joint powers agreement as discussed in Note 12.

GASB Statement No. 92, *Omnibus 2020*. Effective for the District's fiscal year ended June 30, 2022. There was no impact to the District.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Effective for the District's fiscal year ended June 30, 2022. There was no impact to the District.

Effective in Future Years

The GASB has issued pronouncements that may impact future financial presentations. Management has not currently determined the impact, if any, of the newly issued pronouncements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Effective for the District's fiscal year ending June 30, 2023.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. Effective for the District's fiscal year ending June 30, 2023.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 99, *Omnibus 2022*. Effective for the District's fiscal year ending June 30, 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. Effective for the District's fiscal year ending June 30, 2024.

GASB Statement No. 101, Compensated Absences. Effective for the District's fiscal year ending June 30, 2025.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Cash and investments	\$ 134,581,382
Restricted - cash and investments	
Special assessments for debt service	15,240,756
Investments for Section 115 Pension Trust	6,321,044
Bond proceeds for capital projects in non-current	29,810,707
Total cash and investments	\$ 185,953,889
	_
Cash and cash equivalents	\$ 2,687,745
Money market mutual funds	6,275,916
Investments	176,990,228
Total investments	183,266,144
Total cash and investments	\$ 185,953,889

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, which includes quoted prices for similar assets in active markets, quoted prices for identical assets in markets that are not active, or inputs other than quoted prices that are observable for the asset such as, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads; and Level 3 inputs are significant unobservable inputs.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

			Fair Value Measurement						
		9		Significant Other Observable Inputs (Level 2)		Significant Unobservabl Inputs (Level			
U.S. Treasury	\$	25,873,968	\$	25,873,968	\$	-	\$	-	
Federal Agency		8,889,329		-		8,889,329		-	
Remics and Other Govt Paydowns		1,521,231		-		1,521,231		-	
Supranationals		2,741,830		-		2,741,830		-	
Municipal Bonds		4,791,932		-		4,791,932		-	
Negotiable Certificates of Deposit		504,973		-		504,973		-	
IPA - Medium Term Corporate Notes		16,238,569		-		16,238,569			
Asset-Back Securities		5,022,366		-		5,022,366		-	
Section 115 Pension Trust:						-		-	
Mutual Funds - Bonds		3,036,832		3,036,832		-		-	
Mutual Funds - Equities		2,042,502		2,042,502		-		-	
Mutual Funds - Other		442,063		442,063		-		-	
Exchange-Traded Fund - Equity		209,462		209,462		-		-	
Exchange-Traded Fund - Bond		198,168		198,168		-		-	
Sub-Total	\$	71,513,225	\$	31,802,995	\$	39,710,230	\$	-	
Investments Not Subject to Fair Value Hier	archy:								
Joint Powers Authority Investment Pool*	\$	76,101,498							
Local Agency Investment Fund*		29,375,505							
Money Market Mututal Funds*		747,370							

Total	\$ 1	83,266,144
Money Market Mutual Funds*		5,136,529
Held by Fiscal Agent:		
Money Market Mutual Funds*		392,017
Section 115 Pension Trust:		
Money Market Mututal Funds*		747,370
Local Agency Investment Fund*		29,375,505
Joint Powers Authority Investment Pool*	\$	76,101,498
investments frot subject to full value friend	iiciiy.	

^{*} Fair value measurement is based on pricing received from the District's third party vendors. Investments in money market mutual funds are priced using amortized cost which approximates fair value, with a net asset value of \$1.00 (in absolute dollar amounts) per share, and per GASB Statement No. 72 are not subject to the fair value hierarchy. Additionally, the Local Agency Investment Fund is not subject to the fair value hierarchy.

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

The table below identifies the investment types that are authorized for the District by the California Government Code and the District's investment policy. The table also identifies certain provisions of the California Government Code (or the District's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of the debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

SANTA MARGARITA WATER DISTRICT Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
U.S. Treasury	Yes	5 years	80% *	80% *
Federal Agency	Yes	5 years	80% *	80% *
Municipal Bonds	Yes	5 years	30% *	10% *
Medium-Term Corporate Notes***	Yes	5 years	30%	30%
Supranationals	Yes	5 years	30%	30%
Banker's Acceptances***	Yes	180	40%	30% *
Negotiable Certificates of Deposit	Yes	5 years	20%**	20% *
Placement Service Deposits	Yes	5 years	20%**	20% *
Non-negotiable Certificates of	Yes	5 years	40% *	40% *
Commercial Paper***	Yes	270	25% *	25% *
Collateralized Securities	No	N/A	N/A	N/A
Asset-Backed Securities	Yes	5 years	20%	20%
Repurchase Agreements	Yes	1 year	100%	100%
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Mutual Funds	No	N/A	N/A	N/A
Money Market Mutual Funds	Yes	N/A	20%	10% *
County Pooled Investment Funds	No	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	Yes	N/A	100%	Up to \$75 million *
JPA Pools (other investment pools)	Yes	N/A	20% *	20% *

^{*} Represents restriction in which the District's investment policy is more restrictive than the California Government Code.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

^{**} The combined maximum cannot exceed 30%.

^{***} Only allowed if managed externally.

SANTA MARGARITA WATER DISTRICT Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

		Maximum	Maximum
Authorized Investment Type	Maximum Maturity	Percentage Allowed	Investment in One Issuer
U.S. Treasury	None	100%	100%
Federal Agency	None	100%	100%
Municipal Bonds	None	100%	100%
Banker's Acceptances	1 year	100%	100%
Negotiable Certificates of Deposit	365 days	100%	100%
Commercial Paper	270 days	100%	100%
Investment Contracts	None	100%	100%
Repurchase Agreements	None	100%	100%
Money Market Mutual Funds	N/A	100%	100%
Local Agency Investment Fund (LAIF)	None	100%	100%

<u>Investments Authorized by Section 115 Pension Trust</u>

The District has established a Section 115 Pension Trust (Trust). The Trust is intended to provide funding for the District's retirement benefits provided by the California Public Employees Retirement System (CalPERS). Investments of the Trust are governed by the provisions of the Trust's investment policy, rather than the general provisions of the California Government Code or the District's investment policy. The following table identifies the investment types that are authorized by the Trust's Investment Policy.

	Minimum	Maximum
	Percentage	Percentage
Asset Class	Allowed	Allowed
Total Growth Assets	20%	60%
Equities – Domestic	6%	46%
Equities – International	0%	34%
Other	0%	10%
Total Income Assets	40%	80%
Fixed Income	40%	80%
Other	0%	10%
Real Return Assets	0%	10%
Cash Equivalents	0%	20%

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 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 close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District investments by maturity:

			Remaining Maturity in Months					
	Total		12 Months or Less		13 to 24 months		25	to 60 months
U.S. Treasury	\$	25,873,968	\$	-	\$	6,457,638	\$	19,416,330
Federal Agency		8,889,329		1,031,388		3,030,989		4,826,952
Federal Agency MBS		1,521,231		180,850		516,566		823,815
Supranationals		2,741,830		1,155,178		948,522		638,130
Municipal Bonds		4,791,932		-		1,423,002		3,368,930
Medium-Term Corporate Notes		16,238,569		186,725		5,303,758		10,748,086
Negotiable Certificates of Deposit		504,973		504,973		-		-
Asset-Backed Securities		5,022,366		-		890,281		4,132,085
JPA Investment Pool		76,101,498		76,101,498		-		-
Local Agency Investment Fund		29,375,505		29,375,505		-		-
Money Market Mutual Funds		747,370		747,370		-		-
Section 115 Pension Trust:								
Mutual Funds - Bonds		3,036,832		3,036,832		-		-
Mutual Funds - Equities		2,042,502		2,042,502		-		-
Mutual Funds - Other		442,063		442,063		-		-
Money Market Mutual Funds		392,017		392,017		-		-
Exchange-Traded Fund - Equity		209,462		209,462		-		-
Exchange-Traded Fund - Bond		198,168		198,168		-		-
Held by Fiscal Agent:								
Money Market Mutual Funds		5,136,529		5,136,529				
Total	\$	183,266,144	\$	120,741,060	\$	18,570,756	\$	43,954,328

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District uses Standard & Poor's ratings, if available. A Moody Investment Service's rating is used if there is no Standard & Poor's rating available. Presented below is the actual rating as of year-end for each investment type, and the minimum rating required by (where applicable) the California Government Code, the District investment policy, or debt agreements.

			Rating as of Year Ended June 30, 2022						
			Minimum						
			Legal		AAA to				
Investment Type		Total	Rating*	Not Rated	AAAm	AA+	AA to AA-	A+ to A-	A-1 to A-1+
U.S. Treasury	\$	25,873,968	N/A	\$ -	\$ -	25,873,968	\$ -	\$ -	\$ -
Federal Agency		8,889,329	N/A	-	-	8,889,329	-	-	-
Federal Agency CMO		1,521,231	N/A	-	-	1,521,231	-	-	-
Supranationals		2,741,830	AAA	-	2,741,829	-	-	-	-
Municipal Bonds		4,791,932	N/A	-	1,787,227	1,372,985	1,518,487	113,232	-
Medium-Term Corporate Notes		16,238,569	A	-	-	314,690	2,778,283	13,145,595	-
Negotiable Certificates of Deposit		504,973	N/A	-	-	-	-	-	504,973
Asset-Backed Securities		5,022,366	AA	-	5,022,366	-	-	-	-
Joint Powers Authority Pool:									
CAMP		76,101,498	N/A	76,101,498	-	-	-	-	-
Local Agency Investment Fund		29,375,505	N/A	29,375,505	-	-	-	-	-
Money Market Mutual Fund		747,370	AAAm	-	747,370	-	-	-	-
Section 115 Pension Trust:									
Mutual Funds - Bonds		3,036,832	N/A	-	3,036,832	-	-	-	-
Mutual Funds - Equities		2,042,502	N/A	-	2,042,502	-	-	-	-
Mutual Funds - Other		442,063	N/A	-	442,063	-	-	-	-
Money Market Mutual Funds		392,017	N/A	-	392,017	-	-	-	-
Exchange-Traded Fund - Equity		209,462	N/A	-	209,462	-	-	-	-
Exchange-Traded Fund - Bond		198,168	N/A	-	198,168	-	-	-	-
Held by Fiscal Agent:									
Money Market Mutual Funds		5,136,529	AAAm	-	5,136,529	-	-	-	-
Total	\$ 1	83,266,144		\$ 105,477,003	\$ 21,756,365	\$ 37,972,203	\$ 4,296,770	\$ 13,258,827	\$ 504,973

^{*} Minimum legal ratings per the California Government Code or the District's investment policy (when the policy is more restrictive) from any rating NRSRO. Amounts held by Fiscal Agent are governed by its corresponding bond indenture.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

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. Custodial credit risk generally applies only to direct investment in marketable securities. Custodial credit risk does not apply to a local government's indirect investment securities through the use of mutual funds or government investment pools (such as LAIF). The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).
- The 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments held by bond trustee, the bond trustee selects the investments under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the District in a third-party safe keeping account at either Bank of New York, Computershare, Principal or U.S. Bank.

Joint Powers Authority Pool

The District is a voluntary participant in a Joint Powers Authority (JPA), the California Asset Management Program (CAMP), which is a permitted investment under California Government Code §53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers. CAMP determines fair value on its investment portfolio based on amortized cost. The District measures the value of its CAMP investment at the fair value amount provided by CAMP. At June 30, 2022, CAMP had a total portfolio of approximately \$7.3 billion of which all was invested in non-derivative financial products. The average maturity of CAMP investments was 28 days as of June 30, 2022. As of June 30, 2022, the District's total investment in CAMP was \$76,101,498.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section §16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is part of the California Pooled Money Investment Account (PMIA): included in LAIF's investment portfolio are mortgage-backed and other asset-backed securities of \$2.1 billion, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes of \$2.4 billion. At June 30, 2022, LAIF had a total portfolio of approximately \$231.9 billion. The average maturity of PMIA investments was 311 days as of June 30, 2022. The amounts invested in LAIF are recorded as cash and investments. As of June 30, 2022, the District's total investment in LAIF was \$29,375,505, which included investments of debt proceeds held by bond trustees of \$27,103,764.

NOTE 3 – ACCOUNTS RECEIVABLE, OTHER

Accounts receivables - other consists of outstanding billings to other agencies for joint-owned facilities, and charges for customer connections to the District sewer system as follows:

Department of Water Resources	\$	838,227
County of Orange		738,822
Rancho Mission Viejo, LLC		540,596
Trabuco Canyon Water District		180,991
Moulton Niguel Water District		177,378
Quest Diagnostics/Nichols Institute		130,455
South Coast Water District		58,333
Municipal Water District of Orange County		43,584
City of San Juan Capistrano		36,061
State of California Department of Transportation		20,725
Sprint		18,341
Verizon		16,502
Jonathan Magana		11,219
Fenner Valley Water Authority		7,356
Jennifer May		8,181
City of San Clemente		6,874
Other Various		9,825
Allowance for Doubtful Accounts		(19,400)
Total Accounts Receivable - Other, net	\$2	2,824,070

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 4 – LEASES

The District has several leasing arrangements, summarized below:

Lessee:

The District entered into lease agreements to lease three digital copier machines. These are non-cancelable for a period of 5 years each. Under the terms of these leases, the District pays an amount between \$101 and \$467 each month over the life of the agreement. At June 30, 2022, the District has recognized right to use assets of \$23,147 and lease liabilities of \$23,147 related to these agreement. During the fiscal year, the District recorded \$6,769 in amortization expense and \$1,702 in interest expense for the right to use the copier equipment. The District used an incremental discount rate of 0.5281%, based on the implicit interest rate in one of the agreements.

The District entered into an agreement to lease a postage machine. This is a non-cancelable lease for a period of sixty-three months with an automatic extension on a quarter-by-quarter basis. Under the terms of this lease, the District pays \$255 each month over the life of the agreement. At June 30, 2022, the District has recognized a right to use asset of \$10,819 and a lease liability of \$10,819 related to this agreement. During the fiscal year, the District recorded \$2,295 in amortization expense and \$765 in interest expense for the right to use the postage meter. The District used an incremental discount rate of 0.5281%, based on the interest rate for similar lease agreements.

Remaining obligations associated with these leases are as follows:

Fiscal Year					
Ended June 30,	Principal		Interest		Total
2023	\$	9,656	\$	1,875	\$ 11,531
2024		9,076		1,264	10,340
2025		7,923		738	8,661
2026		7,268		226	7,494
2027		43		-	43
Total	\$	33,966	\$	4,103	\$ 38,069

The District amortized the right to use assets as follows during the fiscal year:

	Bal	ance at						
	June (30, 2021,					Bal	ance at
	as r	estated	Add	itions	De	letions	June 30, 2022	
Digital copiers	\$	29,916	\$	-	\$	(6,769)	\$	23,147
Mail postage machine		13,114				(2,295)		10,819
Total, right to use assets	\$	43,030	\$	-	\$	(9,064)	\$	33,966

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 4 – LEASES (Continued)

Lessor:

The District licenses (leases) a portion of its land for cellular tower antenna sites. These cell site leases either have a cancelable or non-cancelable right to use the land. Those that have a cancelable right to use are not subject to GASB 87 and are leases in which either the District or the lessee can cancel the lease within 30 days. These lease payments are recognized as rental revenue when payments are received. Non-cancelable leases are subject to GASB 87 and are those that the District leases the land for a period of between 5 to 10 years, with additional renewal periods of 5 years each. The District believes the licensees of these leases will exercise the renewal options with reasonable certainty. These agreements allow for 3% annual increases to the license payments and, at termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$149,453 in lease revenue and \$70,340 in interest income related to seven non-cancelable lease agreements. At June 30, 2022, the District recorded \$3,293,270 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of between 0.2303% and 0.4273% based on the rates available to finance real estate or machinery and equipment over the same time periods.

The District leases a portion of its headquarters for office space use. This lease is non-cancelable for a period of 10 years, with two additional renewal periods of 5 years each. The District is not reasonably certain that the renewal period will be exercised. The agreement allows for an annual increase based on the Consumer Price Index or 3%, whichever is less. During the fiscal year, the District recognized \$73,680 in lease revenue and \$2,569 in interest income related to these agreements. At June 30, 2022, the District recorded \$58,266 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 0.2177% based on the rates available to finance real estate or machinery and equipment over the same time periods.

The District leases a portion of its land and facilities at Upper Oso Reservoir for use by the Boy Scouts of America. This lease is non-cancelable for a period of 25 years, with an option to extend an additional 15 years. The District is not reasonably certain that the renewal period will be exercised. The agreement is for an agreed upon fixed annual payment to be paid monthly. During the fiscal year, the District recognized \$10,072 in lease revenue and \$9,429 in interest income related to these agreements. At June 30, 2022, the District recorded \$151,639 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of 0.50% based on the rate explicit in the lease agreement.

	_							
	June	e 30, 2021,					В	alance at
	as restated		Additions		Deletions		Jun	e 30, 2022
License agreements	\$	2,089,116	\$	1,353,607	\$	(149,453)	\$	3,293,270
Headquarters office lease agreement		131,946		-		(73,680)		58,266
Upper Oso Reservoir lease agreement		161,711				(10,072)		151,639
Total leases receivable	\$	2,382,773	\$	1,353,607	\$	(233,205)	\$	3,503,175

Balance at

SANTA MARGARITA WATER DISTRICT Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 4 – LEASES (Continued)

Remaining amounts to be received associated with these leases are as follows:

Fiscal Year Ended		
June 30,	Lea	ise Revenue
2023	\$	243,751
2024		199,881
2025		215,006
2026		230,893
2027		185,357
2028-2032		690,957
2033-2037		892,616
2038-2042		844,714
Total	\$	3,503,175

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 5 – CAPITAL ASSETS

Capital assets as of June 30, 2022, consist of the following:

	Balance at			Dispositions/	Balance at
	June 30, 2021 ⁽¹⁾	Additions	Transfers	Retirements	June 30, 2022
Depreciable capital assets:					
Water plant	\$ 600,194,486	\$ 1,278,765	\$ 105,271,059	\$ (258,574)	\$ 706,485,736
Sewer plant	252,159,598	572,961	14,019,637	(496,571)	266,255,625
Contributed facilities	193,548,535	10,772,002	18,921,417	-	223,241,954
Operational equipment	18,596,616	2,627,592	-	(18,745)	21,205,463
Administration building	10,409,728	-	1,390,464	-	11,800,192
Capacity Rights	43,311,718	-	22,068,745	-	65,380,463
Miscellaneous/Master Plan	13,396,072		1,513,782		14,909,854
Total depreciable capital assets	1,131,616,753	15,251,320	163,185,104	(773,890)	1,309,279,287
Less accumulated depreciation:					
Water plant	(180,716,743)	(12,807,495)	(58,358,462)	120,897	(251,761,803)
Sewer plant	(126,572,183)	(5,765,968)	(3,414,032)	110,479	(135,641,704)
Contributed facilities	(97,364,562)	(4,754,030)	(13,940,561)	-	(116,059,153)
Administration building	(8,594,366)	(331,528)	-	-	(8,925,894)
Operational equipment	(13,264,826)	(1,225,584)	-	18,745	(14,471,665)
Capacity Rights	(4,883,768)	(1,329,664)	(4,747,387)	-	(10,960,819)
Miscellaneous/Master Plan	(1,931,142)	(650,077)	(88,109)	_	(2,669,328)
Total accumulated depreciation	(433,327,590)	(26,864,346)	(80,548,551)	250,121	(540,490,366)
Net depreciable capital assets	698,289,163	(11,613,026)	82,636,553	(523,769)	768,788,921
Amortized capital assets:					
Intangible asset - right to use leased asset	43,030	-	-	-	43,030
Total amortized capital assets	43,030	-	-	-	43,030
Less accumulated amortization:					
Intangible asset - right to use leased asset		(9,064)			(9,064)
Total accumulated amortization	-	(9,064)	-	-	(9,064)
Net amortized capital assets	43,030	(9,064)			33,966
Capital Assets Not Being Depreciated:					
Construction in progress	30,691,944	33,379,107	(16,474,418)	(2,440,871)	45,155,762
Land	64,681,862	-	151,732	-	64,833,594
Land - Administration building	3,226,244	_	-	_	3,226,244
Total capital assets - not depreciated	98,600,050	33,379,107	(16,322,686)	(2,440,871)	113,215,600
Total Capital Assets	\$ 796,932,243	\$ 21,757,017	\$ 66,313,867	\$ (2,964,640)	\$ 882,038,487

⁽¹⁾ Restated to retroactively adopt the provisions of GASB Statement No. 87 (See Note 4).

Net capital assets transferred to the District upon the annexation of the City of San Juan Capistrano's water system on November 15, 2021, totaled \$66,313,867. See note 17 to the basic financial statements for more information. Depreciation and amortization expense for the year ended June 30, 2022, was \$26,873,410 based on straight-line depreciation.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 5 – CAPITAL ASSETS (Continued)

The following identifies the District's remaining commitments on construction projects as of June 30, 2022:

	Remaining Project Expenses		
Project Description	Commitment	to Date	
Chiquita Water Reclamation Plant Upgrade Bar Screen Facility	\$ 7,680,198	\$ 2,896,586	
Ranch Water Filtration Plant Phase 1	2,689,591	1,411,447	
Rienda Lift Station	1,345,946	5,787,598	
Coto Lift Station Emergency Storage Basin	1,239,378	4,322,122	
Las Flores Recycled Water Conversions	1,122,860	1,035,560	
Recycled Water Cathodic Protection Sendero	785,775	71,769	
Potable Water Cathodic Protection Sendero	647,875	78,605	
Potable Water Cathodic Protection Esencia	545,228	60,739	
Recycled Water Sendero ZA Pump Station Pump & MCC Install	460,232	40,281	
Oso Creek Water Reclamation Plant Optimization/Improvement	353,319	1,623,838	
Various Other Projects	2,406,169	163,243,456	
	\$ 19,276,571	\$ 180,572,001	

Project costs reflect only the District's portion of the cost of the facilities that are shared with other agencies.

NOTE 6 – LONG TERM LIABILITIES

Bonds payable and changes for the year ended June 30, 2022, was as follows:

					Amount Due	Amount Due
	Balance at	Additions		Balance at	Within One	Beyond One
	June 30, 2021	(See Note 17)	Reductions	June 30, 2022	Year	Year
Revenue Bonds Payable:						
2020 Series A	\$ 52,205,000	\$ -	\$ (1,635,000)	\$ 50,570,000	\$ 1,730,000	\$ 48,840,000
2014A Water Refunding (ID 9)	-	13,547,833	(1,212,891)	12,334,942	741,287	11,593,655
2014 Lease Revenue (ID 9)	-	12,836,797	(1,433,622)	11,403,175	1,489,567	9,913,608
2017 Water Refunding (ID 9)		7,225,000	(415,000)	6,810,000	430,000	6,380,000
Total Revenue Bonds						
Bonds Payable	52,205,000	33,609,630	(4,696,513)	81,118,117	4,390,854	76,727,263
Premium / Discount, net	10,883,985		(686,980)	10,197,005	660,987	9,536,018
Total Revenue Bonds Payable	63,088,985	33,609,630	(5,383,493)	91,315,122	5,051,841	86,263,281
General Obligation (GO) Bonds Payable:						
2014 Series A	6,990,000	-	(440,000)	6,550,000	460,000	6,090,000
2017 Series A	27,520,000		(980,000)	26,540,000	1,025,000	25,515,000
Total General Obligations						
Bonds Payable	34,510,000	-	(1,420,000)	33,090,000	1,485,000	31,605,000
Premium / Discount, net	3,938,942	_	(474,638)	3,464,304	448,190	3,016,114
Total GO Bonds Payable	38,448,942		(1,894,638)	36,554,304	1,933,190	34,621,114
Total Bonds Payable	\$101,537,927	\$ 33,609,630	\$ (7,278,131)	\$127,869,426	\$ 6,985,031	\$120,884,395

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 6 – LONG TERM LIABILITIES (Continued)

2020 Revenue Bonds Series A

In September 2020, the District issued \$53,895,000 of Water and Wastewater Revenue Bonds, Series 2020A (2020A Bonds). The proceeds of the bonds were used to finance the acquisition and construction of certain improvements to the District's water and wastewater system, to prepay three State Water Resources Control Board contracts, and to pay costs incurred in connection with the issuance of the bonds. The 2020A Bonds have interest rates from 3.00% to 5.00% that mature annually on June 1 from 2021 to 2050. The final maturity date is June 1, 2050. The source of repayment of these bonds is from the net revenues of the District's water and wastewater system, which consist of revenues remaining after the payment of operation and maintenance costs of the District's water and wastewater system. All net revenues are irrevocably pledged to the payment of these bonds.

2014A Water Refunding Bonds

The District annexed the City of San Juan Capistrano's (City) water and wastewater system on November 15, 2021, and assumed the obligation of the 2014A Water Refunding Bonds. On November 14, 2014, the City issued \$19,922,771 of Water Refunding Bonds, Series 2014A (2014A Bonds) through a private placement agreement with GE Government Finance, Inc. Proceeds from the issuance were used to refund the 2002 and 2004 Certificates of Participation and pay the cost of issuing the bonds. The 2014A Bonds bear interest at a fixed rate of 3.68% per year payable on June 1 and December 1 of each year commencing on June 1, 2015. The 2014A Bonds mature annually in installments ranging from \$744,000 and \$1,215,000. The source of repayment of these bonds is from the net revenues of the District's Improvement District 9 (ID 9) water system, which consists of revenues remaining after the payment of operation and maintenance costs of ID 9.

2014 Lease Revenue Bonds

The District assumed the obligation of the 2014 Lease Revenue Bonds on November 15, 2021 when it annexed the City's water and wastewater system. In November 2014, the San Juan Basin Authority issued \$20,361,090 in Lease Revenue Bonds (2014 Bonds) with a fixed interest rate of 3.85%. The proceeds of the bonds were used for the refunding of the City's 2002 Lease Revenue Bonds, which had an average interest rate of 5.03%. The final maturity date of the bonds remained the same, at December 2034. The source of repayment of these bonds is from the revenues of the District's ID 9 water system.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 6 – LONG TERM LIABILITIES (Continued)

2017 Water Refunding Bonds

The District assumed the obligation of the 2017 Water Refunding Bonds (2017 Bonds) on November 15, 2021 when it annexed the City's water and wastewater system. On December 1, 2017, the City entered into an installment purchase agreement with City National Bank for \$8,410,000 to defease the remaining \$8,410,000 of the 2009 Certificates of Participation. The 2017 Bonds bear interest at a fixed rate of 3.2% per year payable on June 1 and December 1 of each year commencing on June 1, 2018 and maturing on December 1, 2034. The 2017 Bonds mature annually in installments ranging from \$644,000 to \$653,654. The source of repayment of these bonds is from the net revenues of the District's ID 9 water system, which consists of revenues remaining after the payment of operation and maintenance costs of ID 9.

2014 Refunding General Obligation Bonds Series A

In July 2014, the District issued \$65,340,000 of Refunding General Obligation Bonds 2014 Series A with interest rates from 3.00% to 5.00% that matures annually on August 1 from 2015 to 2032. The proceeds of the bonds were used to refund the 2003 Series A and 2004 Series A bonds (Improvement District Nos. 2, 2A, 3, 3A, 4, 4A & 4B) of the Santa Margarita Water District/Dana Point Authority, which had an interest rate of 1.05% to 5.00%. The final maturity date remains the same, at August 1, 2032. The source of repayment of these bonds is special assessment tax revenues for debt service, which is secured by land.

2017 Refunding General Obligation Bonds Series A

In April 2017, the District issued \$29,375,000 of Refunding General Obligation Bonds 2017 Series A with interest rates from 3.00% to 5.00% that matures annually on August 1 from 2019 to 2038. The proceeds of the bonds were used to partially refund the 2009 Series A bonds (Improvement District Nos. 2, 2A, 3, 3A, 4, 4A & 4B) of the Santa Margarita Water District/Dana Point Authority, which had an interest rate of 2.00% to 5.25%. This refunding legally defeased \$31,635,000 of the 2009 Series A bonds in the year ended June 30, 2017. The final maturity date remains the same, at August 1, 2038. The source of repayment of these bonds is special assessment tax revenues for debt service, which is secured by land.

SANTA MARGARITA WATER DISTRICT Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 6 – LONG TERM LIABILITIES (Continued)

Future maturities based on the terms of bond indentures are as follows:

Revenue Bonds Debt Service Schedule:

Year	Principal	Interest	Total
2023	\$ 4,390,854	\$ 3,140,574	\$ 7,531,428
2024	4,108,601	2,953,782	7,062,383
2025	4,278,333	2,782,394	7,060,727
2026	3,355,667	2,625,000	5,980,667
2027	3,497,216	2,482,072	5,979,288
2028-2032	17,710,485	10,192,226	27,902,711
2033-2037	15,466,961	6,630,760	22,097,721
2038-2042	9,295,000	4,832,900	14,127,900
2043-2047	11,180,000	2,943,600	14,123,600
2048-2050	7,835,000	635,000	8,470,000
Total	\$ 81,118,117	\$ 39,218,308	\$120,336,425

General Obligation Bonds Debt Service Schedule:

Year	Principal	Interest	Total
2023	\$ 1,485,000	\$ 1,489,251	\$ 2,974,251
2024	1,560,000	1,413,126	2,973,126
2025	1,640,000	1,333,126	2,973,126
2026	1,725,000	1,249,001	2,974,001
2027	1,815,000	1,160,501	2,975,501
2028-2032	10,530,000	4,329,085	14,859,085
2033-2037	10,030,000	1,872,756	11,902,756
2038-2039	4,305,000	173,900	4,478,900
Total	\$ 33,090,000	\$ 13,020,746	\$ 46,110,746

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 6 – LONG TERM LIABILITIES (Continued)

Source of Repayment

The District's revenue bonds are payable solely from net revenues of the District's water and wastewater system, which consist of revenues remaining after the payment of operation and maintenance costs of the District's water and wastewater system. All revenues and all amounts on deposit in the revenue fund have been irrevocably pledged to the payment of the revenue bonds. The revenues will not be used for any other purpose while revenue bond installment payments remain unpaid, provided that out of the revenues there may be an apportioned sum for purposes such as payment of operation and maintenance costs of the water and wastewater system. Such pledge constitutes a first lien on revenues. The District is not required to advance any moneys derived from any source of income other than the revenues and the revenue fund for the payment of installment amounts due. The obligation of the District is a special limited obligation of the District payable solely from net revenues of the District's water and wastewater system and does not constitute a debt of the District in contravention of any constitutional or statutory debt limitation or restriction.

The District's general obligation bonds are general obligations of the improvement districts of the District. These bonds are payable from annual ad-valorem assessments levied upon the assessable land within each district based on the assessed value of such land but not the improvements thereon. As additional security for repayment of the bonds, the District has established liens on the following funds received from or attributable to the improvement districts for which the bonds are issued to the extent such funds are received by each district: (i) standby charges, (ii) connection charges, (iii) that district's share of property taxes or special taxes received from Orange County, California, (iv) proceeds from the foreclosure of property to the extent necessary to pay delinquent ad valorem assessments or standby charges and (v) investment earnings, if any, thereon. Generally, the bonds represent several (and not joint) obligations of each district. An event of default with respect to the bonds of a particular improvement district will not result in an event of default with respect to the bond of any other improvement district.

Deferred Gain or Loss on Debt Defeasance

The balance for deferred gain on debt defeasance as of June 30, 2022, is as follows:

General Obligation	Ba	ılance at							Ba	lance at
Bonds	June	30, 2021	Ado	ditions	Red	uctions	Am	ortization	June	30, 2022
2014A Series	\$	41,513	\$	-	\$	-	\$	(6,747)	\$	34,766

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 6 – LONG TERM LIABILITIES (Continued)

The balance for deferred loss on debt defeasance as of June 30, 2022, is as follows:

General Obligation and	Balance at	A	Additions					В	alance at
Revenue Bonds	June 30, 2021	(Se	e Note 17)	Red	uctions	A	mortization	June	e 30, 2022
2017A Series	\$ 1,079,989	\$	-	\$	-	\$	(110,920)	\$	969,069
2017 Water Refunding Bonds			214,807		-		(10,294)		204,513
Total	\$ 1,079,989	\$	214,807	\$	-	\$	(121,214)	\$	1,173,582

Loans Payable:

The District has one outstanding loan with the State Water Resources Control Board and one outstanding loan with the City of Mission Viejo. The outstanding balance of both loans as of June 30, 2022, is as follows:

					Amount Due	Amount Due
	Balance at			Balance at	Within One	Beyond One
	June 30, 2021	Additions	Reductions	June 30, 2022	Year	Year
2017 City of Mission Viejo Loan	\$ 2,363,478	\$ -	\$ (131,577)	\$ 2,231,901	\$ 100,857	\$ 2,131,044
2017 State Water Resources						
Control Board Loan	69,478,882	13,337,312	(2,241,561)	80,574,633	2,196,955	78,377,678
Total	\$ 71,842,360	\$ 13,337,312	\$ (2,373,138)	\$ 82,806,534	\$ 2,297,812	\$ 80,508,722

2017 City of Mission Viejo

In fiscal year 2016, the District entered into a loan agreement with the City of Mission Viejo to provide \$3,000,000 for the design and construction of the Lake Mission Viejo Advanced Water Treatment Facility. The full loan amount was disbursed in fiscal year 2017. This loan is to be repaid over 20 years and accrues interest at a rate of 2.5%. The remaining debt service payments as of June 30, 2022, are as follows:

Year	I	Principal	 Interest	Total
2023	\$	100,857	\$ 41,220	\$ 142,077
2024		137,443	51,994	189,437
2025		140,911	48,526	189,437
2026		144,467	44,970	189,437
2027		148,113	51,994	200,107
2028-2032		798,552	148,633	947,185
2033-2037		761,558	 43,549	805,107
Total		2,231,901	430,886	2,662,787

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 6 – LONG TERM LIABILITIES (Continued)

2017 State Water Resources Control Board Loan

In fiscal year 2017, the District entered into a loan agreement with the State Water Resources Control Board to provide a loan up to \$47,012,000 for the Trampas Canyon Recycled Water Seasonal Storage Reservoir Project under Proposition 1 of the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and the Clean Water State Revolving Fund. In fiscal year 2018, the total loan agreement was increased up to \$96,663,515. This loan is disbursed through installment payments and interest accrues at a rate of 1.0% beginning with each disbursement. The outstanding loan balance as of June 30, 2022, is \$80,574,633. Loan repayments began in December 2021 and will be fully amortized by fiscal year 2051.

Reimbursement Agreement Advances and Accrued Interest

Funds may be advanced by landowners and developers for planning, design and/or construction of facilities or systems for which an improvement district or community facilities district has not yet issued bonds. Such funds are advanced to the District under a reimbursement agreement between the landowner/developer and the District providing that the advances shall be repaid from the next appropriate bond issue. Reimbursement from bond proceeds is dependent upon approval of the facilities by the District's Board of Directors. The reimbursement agreement advances accrue interest, based on the terms of the agreement, from the date of the advance until the repayment date.

Reimbursable advances by the landowner/developer at June 30, 2022, are as follows:

				Expi	iration			Amo	unt Due	F	Amount
B	alance at				/	В	alance at	With	in One	Du	e Beyond
Jun	e 30, 2021	Addi	tions	Pay	ments	Jun	e 30, 2022	Y	'ear	О	ne Year
\$	22,019	\$	-	\$	-	\$	22,019	\$	-	\$	22,019
	158,018		-		-		158,018		-		158,018
	200,000						200,000		-		200,000
\$	380,037	\$		\$		\$	380,037	\$	-	\$	380,037
	Jun	158,018 200,000	June 30, 2021 Addi \$ 22,019 \$ 158,018 200,000	June 30, 2021 Additions \$ 22,019 \$ - 158,018 - 200,000 -	Balance at June 30, 2021 Additions Pay \$ 22,019 \$ - \$ 158,018 - 200,000	June 30, 2021 Additions Payments \$ 22,019 \$ - \$ - 158,018 - - 200,000 - -	Balance at / Balance at June \$ 22,019 \$ - \$ - \$ - \$ - \$ - \$ - \$ 158,018 - - - - - - - \$ 200,000 - - - - - - - -	Balance at June 30, 2021 Additions Payments June 30, 2022 \$ 22,019 \$ - \$ - \$ 22,019 158,018 - - - 158,018 200,000 - - 200,000	Balance at June 30, 2021 Additions Additions Payments Payments June 30, 2022 Year \$ 22,019 \$ - \$ - \$ 22,019 \$ 158,018 \$ 200,000 - - - 200,000	Balance at June 30, 2021 Additions Payments June 30, 2022 Within One Year \$ 22,019 \$ - \$ - \$ 22,019 \$ - 158,018 - - - 158,018 - 200,000 - - 200,000 -	Balance at June 30, 2021 Additions Additions Payments Payments June 30, 2022 Within One Year Dure Year \$ 22,019 \$ - \$ - \$ 22,019 \$ - \$ 158,018 - \$ 200,000 -

Reimbursable accrued interest by the landowner/developer at June 30, 2022, is as follows:

									Amo	unt Due	Am	ount Due
	Ba	lance at			Exp	iration/	Ba	lance at	Witl	hin One	Bey	ond One
Landowner/Developer	June	30, 2021	Ac	ditions	Pay	yments	June	30, 2022		Year		Year
Coto de Caza, Ltd.	\$	55,475	\$	1,321	\$	-	\$	56,796	\$	-	\$	56,796
Total	\$	55,475	\$	1,321	\$	-	\$	56,796	\$	-	\$	56,796

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 7 – COMPENSATED ABSENCES

Changes to compensated absences balances for June 30, 2022, are as follows:

				Amount Due	Amount Due
Balance at			Balance at	Within One	Beyond One
June 30, 2021	Earned	Taken	June 30, 2022	Year	Year
\$ 1,484,720	\$ 1,581,238	\$ (1,347,288)	\$ 1,718,670	\$ 1,023,782	\$ 694,888

NOTE 8 – NET INVESTMENTS IN CAPITAL ASSETS

Net investment in capital assets as of June 30, 2022, is as follows:

Capital assets, net of accumulated depreciation	\$ 882,038,487
Less: Outstanding debt attributable to capital assets:	
Bonds payable	(127,869,426)
Loans payable	(82,806,534)
Accounts payable and accrued expenses	(5,453,086)
Retentions payable	(1,131,631)
Lease liabilities	(33,966)
Add:	
Unspent bond proceeds	29,810,707
Deferred gains and losses on debt defeasances, net	1,138,816
Total net investment in capital assets	\$ 695,693,367

NOTE 9 – RESTRICTED NET POSITION

Restricted net position as of June 30, 2022, consists of the following:

Special assessments for debt service	\$ 15,240,756
Investments for section 115 pension trust	6,321,044
Property taxes receivable	226,807
Restricted accrued interest receivable	59,850
Less:	
Accrued interest payable	(1,384,247)
Accrued interest payable on reimbursement agreements	 (56,796)
	\$ 20,407,414

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 9 – RESTRICTED NET POSITION (Continued)

On June 5, 2019, the District adopted Resolution 2019-06-01 which established the funding level requirements for operating reserves equivalent to 3 months of operating expenses (25% of the previous fiscal year's operating expenses), emergency capital reserves equivalent to 2% of net depreciable capital assets, repair and replacement capital reserves equivalent to 10% of the forecasted 5-year total capital repair and replacement expenditures, new projects capital reserves equivalent to a fixed amount of \$12.5 million and restricted loan/bond reserves as required by bond and loan legal requirements. At June 30, 2022, the District was in compliance with Resolution 2019-06-01.

NOTE 10 – DEFINED BENEFIT PENSION PLAN WITH CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions of all other requirements are established by state statute and the District. 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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. For employees hired after January 1, 2013, who generally have not already been a member of a pension system are subject to the California Public Employees' Pension Report Act of 2013 (PEPRA). All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Basic Death Benefit or the 1959 Survivor Benefit (Level 4). Benefit terms are established and amended through the District's Board of Directors and facilitated through CalPERS.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLAN WITH CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (Continued)

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Hire Date					
	Prior to January 1, 2013	On or after January 1, 2013				
Benefit formula	2.7% @ 55	2.0% @ 62				
Benefit vesting schedule	5 years of service	5 years of service				
Benefit payments	Monthly for life	Monthly for life				
Retirement age	50 - 55	52 - 67				
Monthly benefits, as a % of eligible						
compensation	2.0% to 2.7%	1.0% to 2.5%				
Required employee contribution rates	8.0%	6.25%				
Required employer contribution rates	31.26%	31.26%				

The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Employees Covered

At the June 30, 2021 measurement date for the fiscal year ended June 30, 2022, the following employees were coved by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	135
Inactive employees entitled to but not yet receiving benefits	106
Active employees	150
Total	391

The table above reflects the most recent CalPERS census information available.

Contributions

Section §20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLAN WITH CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (Continued)

The District's actuarially required employer contribution rate for the year ended June 30, 2022, was 31.26%. This rate includes the current employer normal rate of 10.98% and the unfunded rate of 20.28% of annual covered payroll. The contribution requirements of employee participants and the District are established by state statute and may be amended by CalPERS. For the year ended June 30, 2022, the normal cost rate and unfunded accrued liability (UAL) employer contributions were \$1,725,478 and \$2,683,147, respectively. Additionally, the District contributed a lump sum amount of \$2,085,000 to reduce the UAL.

For the employees in the 2.7% at 55 years of service plan, employees are required to contribute 8.0% of their annual covered salary. During the year ended June 30, 2022, the employees contributed the full 8.0% as determined by the memorandum of understanding (MOU) with the employees. For the employees in the 2.0% at 62 years of service the employees paid the full 6.25% contribution rate.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The net pension liability of the District at June 30, 2022, is based on the Plan's measurement date of June 30, 2021, using an actuarial valuation as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined at the valuation date and rolled forward to the measurement date. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

The actuarially determined contributions for the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.5% Payroll Growth 2.75%

Salary Increases Varies by Entry Age and Service

Investment Rate of Return 7.00%

Mortality rates were based on the 2017 CalPERS Experience Study, which assumed future mortality improvements using Society of Actuaries Scale MP-2016. The Experience Study can be obtained at the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLAN WITH CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (Continued)

The following table reflects the long term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

	New Strategic	Real Return	Real Return
Asset Class	Allocation	Years 1–10 ⁽¹⁾	Years 11+(2)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

 $^{^{(1)}}$ An expected inflation of 2.00% used for this period.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increases, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS' website under Forms and Publications.

Changes of Assumptions

For the June 30, 2021 measurement date, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

An expected inflation of 2.92% used for this period.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLAN WITH CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021*	\$112,885,127	\$77,692,924	\$35,192,203
Increase (Decrease) in Pension Liability:			
Service Cost	2,440,773	-	2,440,773
Interest on the Total Pension Liability	7,985,089	-	7,985,089
Differences between Expected and			
Actual Experience	221,029	-	221,029
Contributions from Employer	-	5,967,303	(5,967,303)
Contributions from Employees	-	1,016,170	(1,016,170)
Net Investment Income	-	17,941,095	(17,941,095)
Benefit Payments, including Refunds of			
Employee Contributions	(5,293,978)	(5,293,978)	-
Administrative Expense		(77,610)	77,610
Net changes:	5,352,913	19,552,980	(14,200,067)
Balance at June 30, 2022*	\$118,238,040	\$97,245,904	\$20,992,136

^{*}Represents the District's fiscal year-end date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 7.15% for the Plan, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	Dis	scount Rate -	Cur	rent Discount	Discount Rate						
	1	% (6.15%)	R	ate (7.15%)	+1% (8.15%)						
Net Pension Liability	\$	36,193,086	\$	20,992,136	\$	8,371,868					

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLAN WITH CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Funding of CalPERS Plan and Section 115 Pension Trust

The District established a Section 115 Pension Trust (Trust) in 2021 to provide funding of the District's retirement benefits provided by CalPERS for eligible employees. The Trust provides the District with an alternative to CalPERS that allows for investments in accordance with the Trust's investment policy. The Trust holds the funding contributions for the District pending future remittance to CalPERS pension trust fund which will pay all retiree benefit payments to employees associated with the plan. Future contributions will be transferred from the Trust to CalPERS at the District's discretion.

The total value of the assets in the Trust as of June 30, 2022 was \$6,321,044. The following schedule shows the District's total pension liability, CalPERS assets, Trust assets, and the relationship of the total pension liability (in thousands):

										Total Pension
								CalPERS Assets	Trust Assets as	Assets as a
				1	Net Pension	S	Section 115	as a Percentage	a Percentage of	Percentage of the
	Total Pensi	on			Liability /	Pe	ension Trust	of the Total	the Total	Total Pension
Fiscal Year (1)	Liability	Ca	IPERS Assets		(Asset)		(Trust)	Pension Liability	Pension Liability	Liability
6/30/2022	\$ 118,238,0)40 \$	97,245,904	\$	20,992,136	\$	6,321,044	82.2%	5.3%	87.6%

⁽¹⁾ As of the measurement date June 30, 2021.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLAN WITH CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (Continued)

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

For the year ended June 30, 2022, the District recognized pension expenses of \$1,868,897. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

		red Outflows Resources	Defe	erred Inflows of Resources
District Contributions made Subsequent to				
the Measurement Period (1)	\$	6,493,114	\$	-
Change of Assumptions (2)		-		(29,972)
Differences between Expected and Actual				
Experiences (2)		1,120,698		-
Net Difference between Projected and Actual				
Earnings on Pension Plan Investments (3)	ī-			(8,956,587)
Net changes:	\$	7,613,812	\$	(8,986,559)

⁽¹⁾ District contributions made after the measurement period but before the end of the District's financial reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

⁽²⁾ The expected average remaining service life (EARSL) for the measurement periods ending June 30, 2018, June 30, 2019, June 30, 2020, and June 30, 2021 was 4.2, 4.0, 4.3, and 4.1 years, respectively. This recognition period determines the number of years the deferred outflows and deferred inflows of resources are amortized over.

⁽³⁾ The recognition period of the net difference between projected and actual earnings on pension plan investments for the measurement periods ending June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, and June 30, 2021 was 5.0 years. This recognition period determines the number of years the deferred outflows and deferred inflows of resources are amortized over.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 10 – DEFINED BENEFIT PENSION PLAN WITH CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM (Continued)

Deferred outflows of resources of \$6,493,114 reported as 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, 2023. Deferred outflows of resources of \$1,120,698 and deferred inflows of resources of \$8,986,559 as described above will be recognized as pension expense as follows:

Measurement Period	Deferred Outflows/
Ended June 30	(Inflows) of Resources
2022	\$ (1,595,328)
2023	(1,788,495)
2024	(2,021,239)
2025	(2,460,799)

NOTE 11 – DEFERRED COMPENSATION PLANS

Employees of the District may participate in the District's deferred compensation plan organized under Section §457 of the Internal Revenue Code (457 Plan). The plan is administered by Voya as of September 2019. The plan had previously been administered by Mass Mutual. The plan allows the employees to defer or postpone receipt of income. Such income deferral provides tax advantages and a savings plan for the employees. The plan, available to all District employees, permits employees, as of January 1, 2022, to defer up to the lesser of \$20,500 or 100% of includible compensation, as defined until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In 2001, the District adopted a deferred compensation plan organized under Section §401(a) of the Internal Revenue Code (401(a) Plan). The 401(a) Plan, in conjunction with the 457 Plan allows employees to shelter matching contributions by the District from income taxes. All employees are eligible to participate up to the maximum employer contribution of \$1,740 per year. Withdrawals can be made upon retirement, disability or termination, but not later than 70 ½. For the year ended June 30, 2022, the employer contributions totaled \$208,590. The maximum contribution rate is included in the MOU and can be amended in the MOU and approved by the Board of Directors.

In 2003, the District adopted a deferred compensation plan organized under Section §414(h) of the Internal Revenue Code. Contract "at will" employee(s) may contribute one-time bonus money stipulated by the Board of Directors. Regular earned compensation may not be deferred into the 414(h) account and Contract "at will" employees will not have the option of receiving such amount directly instead of having the District contribute it to the plan. The annual addition that may be contributed or allocated to the participant's individual account under the plan for 2022 shall not exceed \$61,000, as adjusted for increases allowed in the Code.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 12 – JOINT POWERS AGREEMENTS

San Juan Basin Authority

The District is a member of the San Juan Basin Authority (SJBA) which operates under a joint powers agreement with the member agencies consisting of:

Santa Margarita Water District South Coast Water District Moulton Niguel Water District

The City of San Juan Capistrano withdrew from SJBA in fiscal year 2022 after the annexation of its water and wastewater system into the District's service area. The general purpose of the SJBA is to acquire, construct, use, operate and maintain facilities to supply water for irrigation, domestic, and municipal purposes, provide for the development and conservation of water supplies, and to coordinate regional management of the San Juan Creek basin and its tributary waters.

During the year ended June 30, 2022, the District paid \$308,112 to the SJBA for various costs of which the majority related to the development and maintenance of the facilities as well as operating costs. Copies of SJBA annual financial statements can be obtained at the District: San Juan Basin Authority c/o Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, CA 92688.

Santa Margarita/Dana Point Authority

The Santa Margarita/Dana Point Authority (SM/DPA) was created on August 25, 1987, between the Santa Margarita Water District and the Dana Point Sanitary District for the purpose of selling bonds to finance the acquisition of capacity in the Jay B. Latham treatment plant. In addition, SM/DPA issued revenue bonds, Series A and Series B dated July 15, 1994, and Series 1997A dated October 1, 1997 for the purpose of acquiring the 1994 and 1997 refunding Bonds, respectively, issued by the District. In July 2014 the District issued Water and Wastewater Refunding General Obligation Bonds 2014 Series A for the purpose of refunding the 2003 Series A and 2004 Series A Bonds. In April 2017 the District issued Refunding General Obligation Bonds 2017 Series A for the purpose of refunding the 2009 Series A Bonds. In September 2020 the District issued Revenue Bonds for the purpose of financing the acquisition and construction of certain improvements to the District's water and wastewater system and to prepay three State Water Resources Control Board contracts (Note 6). During 1999, the Dana Point Sanitary District was dissolved and the South Coast Water District became the successor agency. The financial statements can be obtained at the Orange County Auditor-Controller website: https://acdcweb01.ocgov.com/.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 12 – JOINT POWERS AGREEMENTS (Continued)

Each member is responsible for the debt service of SM/DPA debt to the extent that the member benefits from the use of the debt proceeds. SM/DPA issuances for which the District is responsible for debt service have been accounted for as a bond payable liability in the financial statements. During the year ended June 30, 2022, the District paid bond principal payments totaling \$3,055,000 and interest payments totaling \$2,637,301 to SM/DPA to service all the District's general obligation bonds.

South Orange County Wastewater Authority

The District is a member of the South Orange County Wastewater Authority (SOCWA), formerly the South East Regional Reclamation Authority, which operates under a joint powers agreement with member agencies consisting of:

City of Laguna Beach (CLB)
City of San Clemente (CSC)
City of San Juan Capistrano (CSJC)
El Toro Water District (ETWD)
Emerald Bay Services District (EBSD)
Irvine Ranch Water District (IRWD)
Moulton Niguel Water District (MNWD)
Santa Margarita Water District (SMWD)
South Coast Water District (SCWD)
Trabuco Canyon Water District (TCWD)

The general purpose of SOCWA is to plan for, acquire, construct, maintain, repair, manage, operate and control facilities for the collection, transmission, treatment and disposal of wastewater, the reclamation of wastewater and the use of reclaimed wastewater for any beneficial purpose. Revenues and expenses are allocated to each member agency based on its participation in the various projects.

During the year ended June 30, 2022, the District paid \$4,675,540 and \$2,314,644 to SOCWA for plant operating costs and capital costs, respectively. Copies of SOCWA's annual financial statements can be obtained by contacting SOCWA at 34156 Del Obispo Street, Dana Point, California 92629.

Fenner Valley Water Authority

The Fenner Valley Water Authority (FVWA) was created on November 14, 2014, between the Santa Margarita Water District and the Fenner Valley Mutual Water Company for the purpose of operating the Cadiz Valley Water Conservation, Recovery and Storage Project and implementing the Project's Groundwater Monitoring, Mitigation and Management Plan. Once completed, the FVWA will lease the Project Facilities from Cadiz, Inc. (Cadiz), which will be used to extract, treat and transport water.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 12 – JOINT POWERS AGREEMENTS (Continued)

Currently, Cadiz is funding all activities of the Fenner Valley Water Authority. The District incurred no costs during the year ended June 30, 2022. Copies of FVWA's annual financial statements can be obtained at the District: Fenner Valley Water Authority c/o Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, California 92688.

NOTE 13 – COMMUNITY FACILITIES DISTRICTS

The District is the lead agency of the Community Facilities District No. 99-1 (Talega) of the Santa Margarita Water District (CFD 99-1) and Community Facilities District No. 2013-1 (Village of Sendero) of the Santa Margarita Water District (CFD 2013-1). These Community Facilities Districts (CFDs) are considered separate legal entities. The CFDs assets, including the unspent bond proceeds, are held by the Bank of New York Mellon Trust Company, N.A. (BNYM) as the Trustee, and are not reported in the District's basic financial statements as of June 30, 2022.

Both CFDs are established under and governed by the Mello-Roos Community Facilities Act of 1982, as amended, and resolutions adopted by the Board of Directors of the District, acting as the legislative body of the CFDs. The source of repayment of the bonds issued by the CFDs is special assessment tax revenues for debt service, which is secured by land. Neither the faith and credit nor the taxing power of the District (except to the extent of the special assessment taxes) is pledged to the payment of the CFD bonds. The CFD bonds outstanding as of June 30, 2022, are not obligations of the District, but are limited obligations payable solely from the special assessment taxes.

Community Facilities District No. 99-1 (Talega)

CFD 99-1 was formed to finance the acquisition or construction of various public improvements and facilities located in or serving the CFD as part of the Talega Valley Planned Development. In 1999, the owners of the property within the boundaries of CFD 99-1 authorized the CFD to incur a bonded indebtedness in an amount not to exceed \$109,000,000, to be levied on parcels within the CFD through a special tax assessment. CFD 99-1 has two special tax refunding bonds as of June 30, 2022: Series 2014B and Series 2017A.

Series 2014B Special Tax Refunding Bonds

In August 2014, CFD 99-1 issued \$32,810,000 of Special Tax Refunding Bonds (Serial \$30,295,000 and term \$2,515,000) with interest rates from 2.00% to 5.00% that matures annually on September 1 from (serial) 2015 to 2033 and (term) ending in 2038. The proceeds of the bonds were used to refund the Series 2011A and Series 2011B Special Tax Refunding Bonds, which had an interest rate of 2.00% to 5.875%. The final maturity date remains the same, at September 1, 2038. The previously required debt reserve of approximately \$5.3 million was utilized in the refunding. The outstanding balance (before deferred bond charges) of this bond at June 30, 2022, is \$22,685,000.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 13 – COMMUNITY FACILITIES DISTRICTS (Continued)

Series 2017A Special Tax Refunding Bonds

In August 2017, CFD 99-1 issued \$37,250,000 of Special Tax Refunding Bonds with interest rates from 3.00% to 5.00% that matures annually on September 1 from 2018 to 2030. The bonds were issued to refund the Series 2007 Special Tax Refunding Bonds, which had an interest rate of 4.00% to 4.75%. The final maturity date remains the same, at September 1, 2030. The outstanding balance (before deferred bond charges) of this bond at June 30, 2022, is \$29,270,000.

Community Facilities District No. 2013-1 (Village of Sendero)

CFD 2013-1 was formed to finance certain public facilities to meet the needs of new development within the CFD. In 2013, the owners of the property within the boundaries of CFD 2013-1 authorized the CFD to incur a bonded indebtedness in an amount not to exceed \$70,000,000, to be levied on parcels within the CFD through a special tax assessment. CFD 2013-1 has one special tax bond as of June 30, 2022: Series 2013.

Series 2013 Special Tax Bonds

In 2013, CFD 2013-1 issued \$57,420,000 of Special Tax Bonds (Serial \$8,090,000 and term \$49,330,000) with an interest rate of 2.00% to 5.625% that mature annually on September 1 from (serial) 2014 to 2027 and (term) ending in years 2029, 2032, 2036 and 2043. The bonds were issued to construct water and wastewater facilities for the Village of Sendero development. Additionally, \$14,650,344 of the bond funds were allocated to construct facilities belonging to the County of Orange. The outstanding balance (before deferred bond charges) of this bond at June 30, 2022, was \$52,820,000.

CFD Financial Statement Summary

A summary of the June 30, 2022, Community Facilities Districts' financial statements are as follows:

Community Facilities District 99-1

Assets	\$ 8,073,392
Deferred outflows of resources	1,860,057
Liabilities	57,153,924
Revenues	6,807,350
Expenses	1,970,054
Net position - beginning	(52,057,771)
Net position - ending	(47,220,478)

SANTA MARGARITA WATER DISTRICT Notes to the Basic Financial Statements (Continued)

For the Year Ended June 30, 2022

NOTE 13 – COMMUNITY FACILITIES DISTRICTS (Continued)

Community Facilities District 2013-1

Assets	\$ 8,659,547
Liabilities	54,259,666
Revenues	3,630,716
Expenses	3,811,330
Net position - beginning	(45,419,505)
Net position - ending	(45,600,119)

TOTAL Community Facilities District

Assets	\$ 16,732,939
Deferred outflows of resources	1,860,057
Liabilities	111,413,590
Revenues	10,438,066
Expenses	5,781,384
Net position - beginning	(97,477,276)
Net position - ending	(92,820,594)

Community Facility District Debt Service Schedule:

Year	 Principal	Interest	Total				
2023	\$ 4,840,000	\$ 5,310,556	\$	10,150,556			
2024	5,275,000	5,085,631		10,360,631			
2025	5,750,000	4,823,206		10,573,206			
2026	6,340,000	4,535,556		10,875,556			
2027	6,855,000	4,220,282		11,075,282			
2028-2032	31,630,000	15,572,582		47,202,582			
2033-2037	14,445,000	10,424,353		24,869,353			
2038-2042	19,800,000	5,632,781		25,432,781			
2043-2044	9,840,000	563,906		10,403,906			
	\$ 104,775,000	\$ 56,168,853	\$	160,943,853			

The CFDs are required to hold monies in a reserve fund based on bond covenants. At June 30, 2022, the BNYM held monies in a reserve fund for the debt reserve requirement of \$5,330,019 and \$2,149,837 for the 2013 Series and 2014 Series B/2017 Series A CFD bonds, respectively.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 14 – 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, injuries to employees, and natural disasters. The District is a member of the California Sanitation Risk Management Authority (Authority) and through the Authority the District participates in several of its programs including liability, property, and worker's compensation insurance. There were no significant settlements or reductions in insurance coverage from settlements for the past three years. The Authority is responsible for all insurance claims and the District is responsible for the deductibles subject to the types of claims as outlined in its insurance policy. The District's risk of loss is limited to its deductible amounts, which includes the following:

The District maintains \$15,500,000, per occurrence, combined for bodily injury, property damage, personal injury and/or public entity errors and omissions with a \$50,000 deductible for general liability insurance and a \$2,500 deductible for errors and omissions. The District's employment related practices insurance and automobile medical payment insurance provides for up to \$15,500,000 and \$25,000 coverage per occurrence, respectively. The District's deductible for employment related practices insurance is \$25,000 and the deductible for automobile medical payments is \$2,500. The District also maintains insurance with a maximum coverage limit of \$15,500,000 per occurrence for dam failure, with a deductible of \$250,000. In addition, excess liability coverage is maintained for \$10,000,000 per occurrence or wrongful act plus an annual pooled aggregate coverage of \$50,000,000.

The District promotes safety in the workplace through an extensive safety program. Management believes that the insurance policies and reserve funds are adequate to cover the cost of claims incurred to date. However, such liabilities are, by necessity, based upon estimates and there can be no assurance that the ultimate cost will not exceed such estimates.

NOTE 15 – CONTINGENCIES

The District's contingencies include lawsuits and disputes that may arise in the ordinary course of business. The District believes there are no existing matters that will have a material adverse effect on the District's financial position.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 16 – COMMITMENT TO PURCHASE WATER

In July 2012, the District Board of Directors approved certain resolutions relating to the commitment to purchase water. Resolution No. 2012-07-02 states the District certification of the Final Environmental Impact Report (FEIR) for the Cadiz Project. Resolution No. 2012-07-03 adopts the California Environmental Quality Act (CEQA) findings, a mitigation monitoring and reporting program, a statement of overriding considerations, approved the water purchases and sale agreements, and approved the updated groundwater management, monitoring and mitigation plan with regard to phase I of the Cadiz Valley Water Conservation, Recovery and Storage Project.

The Cadiz Project is located in Eastern San Bernardino County. Phase 1 of this project would pump an average of 50,000 acre-feet per year of water from the groundwater basin underlying the Cadiz and Fenner Valleys and the adjacent Bristol Valley over a 50-year period and deliver the water to Project participants. Phase II of the Cadiz Project, the Imported Water Storage Component, if considered and approved, would construct spreading basins to recharge surface water into the groundwater basin and convey stored water back to project participants.

Once the project starts delivering water, the District would be required to purchase on an annual take-or-pay basis 5,000 acre-feet of water from the project (to the extent such quantities are available). Management's estimate of the annual cost for this allocation of water is approximately \$6 million per year. This estimate is based upon projections of uncertain future costs, including the cost to be incurred by Cadiz, Inc. to construct the related facilities and the cost to operate and maintain, the facilities to provide the procured water. An additional optional annual allocation of 10,000 acre-feet of water is available to the District at the District's option. Costs of transporting the water are undeterminable at this time.

Delivery of water is subject to development of agreements and/or permitting by federal, regional, and local agencies. If the project is halted, the District would continue its current practice of purchasing water from MET, identified sources, or both.

NOTE 17 – ANNEXED OPERATIONS

Under an intergovernmental agreement between the City of San Juan Capistrano (City) and the District, the City's water and wastewater system was annexed into the District's service area for the purpose of enhancing the provision of those services to the City's citizens. The District offers efficiencies in operations and will undertake deferred maintenance and needed capital projects. The anticipated capital projects include expected capital improvements to the City's Groundwater Recover Plant, which is projected to increase the plant's production by approximately 2,000 acrefeet per year. Additionally, the annexation expands the District's service area to include the majority of San Juan Creek watershed, in which the District continues to study potable reuse opportunities.

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2022

NOTE 17 – ANNEXED OPERATIONS (Continued)

On November 15, 2021, the District received assets and deferred outflows of resources and assumed liabilities comprising the City's water and wastewater operations. As a result of the annexation, the District recorded the following assets and deferred outflows of resources and assumed liabilities as follows:

	Carrying Values			
Assets and Deferred Outflows of Resources				
Cash and investments	\$	26,720,214		
Accounts and loans receivable		3,531,793		
Inventory		127,782		
Capital assets, net		66,313,867		
Deferred loss on debt defeasance		214,807		
Total assets and deferred outflows of resources	\$	96,908,464		
Liabilities				
Accounts payable and accrued expenses		2,283,251		
Accrued wages and related payables		210,351		
Retentions payable and construction deposits		29,769		
Accrued interest payable		581,582		
Long-term debt		33,609,630		
Total liabilities	\$	36,714,583		
Net Position				
Net investment in capital assets		32,919,045		
Unrestricted		27,274,835		
Total net position	\$	60,193,880		



SANTA MARGARITA WATER DISTRICT Schedule of Changes in the Net Pension Liability and Related Ratios For the Year Ended June 30, 2022

(1) Schedule of Changes in the Net Pension Liability and Related Ratios

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, the District will only present information for the years for which information is available.

	Measurement Date June 30, 2021		Measurement Date June 30, 2020		Measurement Date June 30, 2019		Measurement Date June 30, 2018		Measurement Date June 30, 2017		easurement Date June 30, 2016	Measurement Date June 30, 2015		Measurement Date June 30, 2014	
Total Pension Liability								,							
Service Cost	\$	2,440,773	\$	2,394,472	\$	2,231,253	\$	2,247,163	\$ 2,163,764	\$	1,848,648	\$ 1,78),457	\$	1,781,063
Interest		7,985,089		7,620,633		7,209,736		6,765,594	6,398,444		6,127,743	5,89	3,709		5,605,583
Changes in Assumptions		-		-		-		(629,452)	5,244,977		-	(1,42	1,897)		-
Difference Between Expected and Actual Experience		221,029		1,014,632		1,464,166		941,393	(527,866))	(1,579,501)	(77	3,016)		-
Benefit Payments, Including Refunds of Employee Contributions		(5,293,978)		(5,030,069)		(4,550,760)		(3,963,586)	(3,598,196))	(3,328,929)	(2,95),790)		(2,683,647)
Net Change in Total Pension Liability		5,352,913		5,999,668		6,354,395		5,361,112	9,681,123		3,067,961	2,52	5,463		4,702,999
Total Pension Liability – Beginning		112,885,127		106,885,459		100,531,064		95,169,952	85,488,829		82,420,868	79,89			75,192,406
Total Pension Liability – Ending (a)	\$	118,238,040	\$	112,885,127	\$	106,885,459	\$	100,531,064	\$ 95,169,952	\$	85,488,829	\$ 82,42),868	\$	79,895,405
Plan Fiduciary Net Position															<u>.</u>
Net Plan to Plan Resource Movement	\$	-	\$	-	\$	-	\$	(163)	\$ -	\$	-	\$	-	\$	-
Contributions – Employer		5,967,303		3,610,515		3,277,051		2,854,890	2,892,279		2,564,395	2,25),865		1,889,301
Contributions – Employee		1,016,170		1,034,315		1,036,211		954,280	924,284		883,963	92	,137		955,416
Net Investment Income		17,941,095		3,703,793		4,661,877		5,565,499	6,530,660		267,084	1,32	,631		8,393,984
Benefit Payments, Including Refunds of Employee Contributions		(5,293,978)		(5,030,069)		(4,550,760)		(3,963,586)	(3,598,196)		(3,328,929)	(2,95),790)		(2,683,647)
Administrative Expense		(77,610)		(104,998)		(50,028)		(101,268)	(86,112))	(35,332)	(6	5,221)		-
Other Miscellaneous Expense		-		-		163		(192,310)			-		-		-
Net Change in Fiduciary Net Position		19,552,980		3,213,556		4,374,514		5,117,342	6,662,915		351,181	1,47	,622		8,555,054
Plan Fiduciary Net Position – Beginning		77,692,924		74,479,368		70,104,854		64,987,512	58,324,597		57,973,416	56,49			47,941,740
Plan Fiduciary Net Position – Ending (b)	\$	97,245,904	\$	77,692,924	\$	74,479,368	\$	70,104,854	\$ 64,987,512	_	58,324,597	\$ 57,97		\$	56,496,794
Plan Net Pension Liability – Ending (a) - (b)	\$	20,992,136	\$	35,192,203	\$	32,406,091	\$	30,426,210	\$ 30,182,440	\$	27,164,232	\$ 24,44	7,452	\$	23,398,611
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.25%		68.82%		69.68%		69.73%	68.29%		68.22%	7).34%		70.71%
Covered Payroll	\$	13,825,243	\$	13,517,009	\$	13,683,339	\$	12,205,854	\$ 11,917,733	\$	11,283,721	\$ 10,49	,276	\$	9,194,758
Plan Net Pension Liability as a Percentage of Covered Payroll		151.84%		260.35%		236.83%		249.28%	253.26%	•	240.74%	23	2.85%		254.48%

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

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

Changes of Assumptions: None in 2019, 2020 or 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

SANTA MARGARITA WATER DISTRICT Schedule of Contributions For the Year Ended June 30, 2022

(2) Schedule of Contributions

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, the District will only present information for the years for which information is available.

	 Fiscal Year End June 30, 2022		cal Year End ine 30, 2021	Fiscal Year End June 30, 2020		Fiscal Year End June 30, 2019		Fiscal Year End June 30, 2018		Fiscal Year End June 30, 2017		Fiscal Year End June 30, 2016		Fiscal Year End June 30, 2015	
Actuarially Determined Contribution	\$ 4,408,625	\$	3,966,792	\$	3,610,515	\$	3,277,051	\$	2,855,073	\$	2,892,279	\$	2,564,395	\$	2,250,865
Contributions in Relation to the Actuarially Determined Contribution	(6,493,625)		(5,966,792)		(3,610,515)		(3,277,051)		(2,855,073)		(2,892,279)		(2,564,395)		(2,250,865)
Contribution Deficiency (Excess)	\$ (2,085,000)	\$	(2,000,000)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
* Represents the District's fiscal year-end date															
Covered Payroll [1]	\$ 15,672,119	\$	13,825,243	\$	13,517,009	\$	13,683,339	\$	12,205,854	\$	11,917,733	\$	11,283,721	\$	10,499,276
Contributions as a Percentage of Covered Payroll	41.43%		43.16%		26.71%		23.95%		23.39%		24.27%		22.73%		21.44%

Notes to Schedule of Contribution:

Valuation date: June 30, 2020

Methods and assumptions used to actuarially determine contribution rates for fiscal year 2022:

Actuarial Cost Method Entry Age Normal
Amortization Method/Period Level Percent of Payroll
Asset Valuation Method 15 Year Smoothed Market

Inflation 2.59

Salary Increases Varies by Entry Age and Service

Payroll Growth 2.75%

Investment Rate of Return 7.00% Net of Pension Plan Investment and Administrative Expenses

Retirement Age The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of

Mortality projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

[1] In accordance with GASB Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73, we have restated to show covered payroll based on pensionable earnings.



SANTA MARGARITA WATER DISTRICT Combining Area Schedule of Net Position June 30, 2022

ACCEPTE	Improvement District's 1-8	Improvement District 9	Totals
ASSETS: Current Assets:			
Cash and investments	\$ 112,374,455	\$ 22,206,927	\$ 134,581,382
Accrued interest receivable	213,346	\$ 22,200,927	213,346
Accounts receivable - water and sanitation customers, net of allowance	213,340	-	213,340
for doubtful accounts of \$874.028	11,032,979	3,725,985	14,758,964
Accounts receivable - other, net of allowance for doubtful accounts	11,032,979	3,723,963	14,750,904
of \$19,400	2,770,686	53,384	2,824,070
Leases receivable, current	243,752	33,364	243,752
Water and supplies inventory	3,505,719	263,003	3,768,722
Prepaid expenses	1,084,332	203,003	1,084,332
Restricted - cash and investments	20,978,866	582,934	21,561,800
Restricted - unspent bond proceeds	29,810,707	302,751	29,810,707
Restricted - property taxes receivable	226,807	_	226,807
Restricted - accrued interest receivable	59,850	_	59,850
Total Current Assets	182,301,499	26,832,233	209,133,732
Non-current Assets:			
Leases receivable, noncurrent	3,259,423	_	3,259,423
Capital assets, intangible asset - right to use leased asset	33,966	_	33,966
Capital assets - not depreciated	112,021,026	1,194,574	113,215,600
Capital assets, net of accumulated depreciation and amortization	701,326,162	67,462,759	768,788,921
Total Non-current Assets	816,640,577	68,657,333	885,297,910
Total Assets	998,942,076	95,489,566	1,094,431,642
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pension	7,613,812	-	7,613,812
Deferred loss on debt defeasance	969,069	204,513	1,173,582
Total Deferred Outflows of Resources	8,582,881	204,513	8,787,394

Combining Area Schedule of Net Position (continued) June 30, 2022

Current Liabilities:		Improvement District's 1-8		Improvement District 9		Totals
Accounts payable and accrued expenses \$1,508,376 \$3,095,427 \$1,8703,803 Accrued wages and related payables 1,191,793 6,076 1,198,769 Retentions payable and construction deposits 1,206,876 81,236 1,288,112 Other deposits payable 555,948 81,364 638,312 Uneamed revenue 81,988 - 81,988 Accrued interest payable 1,273,382 110,865 1,384,247 Advances from others 42,382 - 9,656 Compensated absences 1,003,742 2,004 1,023,782 Bonds payable 4,324,177 2,660,854 6,985,031 Loans payable 2,297,812 - 2,297,812 Total Current Liabilities 27,597,132 6,056,622 33,653,894 Non-current Liabilities 24,310 - 24,310 Compensated absences 66,2480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 80,508,722 <t< th=""><th>LIABILITIES:</th><th></th><th></th><th></th><th></th><th></th></t<>	LIABILITIES:					
Accrued wages and related payables 1,191,793 6,976 1,198,769 Retentions payable and construction deposits 1,206,876 81,236 1,288,112 Other deposits payable 556,948 81,364 638,312 Unearned revenue 81,988 - 81,988 Accrued interest payable 1,273,382 110,865 1,384,247 Advances from others 42,382 - 42,382 Long-term liabilities - due within one year 1 2,90,56 - 9,656 Compensated absences 1,003,742 20,040 1,023,782 Bonds payable 4,324,117 2,660,854 6,985,031 Loans payable 2,297,812 - 2,297,812 Total Current Liabilities 2,257,132 6,056,762 33,653,894 Non-current Liabilities - due in more than one year Lease liabilities - due in more than one year 2,4310 - 2,4310 Compensated absences 66,2480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 <t< th=""><th>Current Liabilities:</th><th></th><th></th><th></th><th></th><th></th></t<>	Current Liabilities:					
Retentions payable and construction deposits 1,206,876 81,236 1,288,112 Other deposits payable 556,948 81,364 638,312 Uneamed revenue 81,988 - 81,988 Accrued interest payable 1,273,382 110,865 1,384,247 Advances from others 42,382 - 9,656 Long-term liabilities - due within one year 1,003,742 20,040 1,023,782 Bonds payable 4,324,177 2,660,854 6,985,031 Loans payable 2,297,812 - 2,297,812 Total Current Liabilities 22,37,812 - 2,297,812 Loans payable 24,310 - 24,310 Compensated absences 662,480 3,2408 694,888 Bonds payable 92,997,132 27,887,263 120,884,995 Loans payable 80,008,722 2,887,263 120,884,995 Loans payable on reimbursement agreement 360,037 - 360,037 Accrued interest payable on reimbursement agreement 56,796 - 2,992,136	Accounts payable and accrued expenses	\$	15,608,376	\$	3,095,427	\$ 18,703,803
Other deposits payable 556,948 81,364 638,312 Uneamed revenue 81,988 - 81,988 Accrued interest payable 1,273,382 110,865 1,384,247 Advances from others 42,382 - 42,382 Long-term liabilities - due within one year 1,003,742 20,040 1,023,782 Bonds payable 4,324,177 2,660,854 6,985,031 Loans payable 2,297,812 - 2,297,812 Total Current Liabilities 22,297,812 - 2,297,812 Total Current Liabilities 24,310 - 2,297,812 Loans payable 24,310 - 24,310 Compensated absences 662,480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 27,887,263 120,884,395 Loans payable 80,508,722 27,887,263 120,884,395 Net pension liability			1,191,793		6,976	1,198,769
Uneamed revenue	Retentions payable and construction deposits		1,206,876		81,236	1,288,112
Accrued interest payable 1,273,382 110,865 1,384,247 Advances from others 42,382 - 42,382 Long-term liabilities - due within one year - 9,656 - 9,656 Compensated absences 1,003,742 20,040 1,023,782 Bonds payable 4,324,177 2,660,854 6,985,031 Loans payable 2,297,812 - 2,297,812 Total Current Liabilities 27,597,132 6,056,762 33,653,894 Non-current Liabilities 24,310 - 24,310 Compensated absences 662,480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 92,997,132 27,887,263 120,884,395 Loans payable of compensated absences 380,303,7 - 80,508,722 Reimbursement agreement advances 380,303,7 - 380,307 Accrued interest payable on reimbursement agreements 56,796 - 20,992,136 Total Non-current Liabilities 223,218,745 33,976,43	Other deposits payable		556,948		81,364	638,312
Advances from others	Unearned revenue		81,988		-	81,988
Long-term liabilities - due within one year 9,656 - 9,656 Compensated absences 1,003,742 20,040 1,023,782 Bonds payable 4,324,177 2,660,854 6,985,031 Loans payable 2,297,812 - 2,297,812 Total Current Liabilities 27,597,132 6,056,762 33,653,894 Compensated absences Compensated absence Compensated absence	Accrued interest payable		1,273,382		110,865	1,384,247
Lease liabilities 9,656 - 9,656 Compensated absences 1,003,742 20,040 1,023,782 Bonds payable 4,324,177 2,660,854 6,985,031 Loans payable 2,297,812 - 2,297,812 Total Current Liabilities 27,597,132 6,056,762 33,653,894 Non-current Liabilities Long-term liabilities - due in more than one year 24,310 - 24,310 Compensated absences 662,480 32,08 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 - 80,508,722 Reimbursement agreement advances 380,037 - 80,508,722 Reimbursement agreement agreements 56,796 - 56,796 Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred inflows related to leases	Advances from others		42,382		-	42,382
Compensated absences 1,003,742 20,040 1,023,782 Bonds payable 4,324,177 2,660,854 6,985,031 Loans payable 2,297,812 - 2,297,812 Total Current Liabilities 27,597,132 6,056,762 33,653,894 Non-current Liabilities: Lease liabilities 24,310 - 24,310 Compensated absences 662,480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 - 80,508,722 Reimbursement agreement advances 380,037 - 380,037 Accruced interest payable on reimbursement agreements 50,996 - 50,796 Net pension liabilities 223,218,745 33,976,433 257,195,178 DEFERRED INFLOWS OF RESOURCES: Deferred gain on debt defeasance 3,503,175 - 8,986,559 Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred inflows related to leases 3,503,175 - <td< th=""><th>Long-term liabilities - due within one year</th><th></th><th></th><th></th><th></th><th></th></td<>	Long-term liabilities - due within one year					
Bonds payable 4,324,177 2,660,854 6,985,031 Loans payable 2,297,812 - 2,297,812 Total Current Liabilities 27,597,132 6,056,762 33,653,894 Non-current Liabilities Loans training the payabilities - due in more than one year Lease liabilities 24,310 - 24,310 Compensated absences 662,480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 - 80,508,722 Reimbursement agreement advances 380,037 - 380,037 Accrued interest payable on reimbursement agreements 56,796 - 56,796 Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 223,218,745 33,976,433 257,195,178 Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred inflows related to leases <th< th=""><th>Lease liabilities</th><th></th><th>9,656</th><th></th><th>-</th><th>9,656</th></th<>	Lease liabilities		9,656		-	9,656
Loans payable	Compensated absences		1,003,742		20,040	1,023,782
Total Current Liabilities 27,597,132 6,056,762 33,653,894 Non-current Liabilities: Use as liabilities of the in more than one year 24,310 - 24,310 Compensated absences 662,480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 - 80,508,722 Reimbursement agreement advances 380,037 - 380,037 Accrued interest payable on reimbursement agreements 56,796 - 56,796 Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred inflows related to leases 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Special assess	Bonds payable		4,324,177		2,660,854	6,985,031
Non-current Liabilities: Long-term liabilities - due in more than one year Lease liabilities - due in more than one year Lease liabilities 24,310 - 24,310 Compensated absences 662,480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 - 80,508,722 Reimbursement agreement advances 380,037 - 380,037 - 380,037 - 380,037 - 380,037 - 56,796 - 56	Loans payable		2,297,812		-	2,297,812
Lease liabilities - due in more than one year Lease liabilities 24,310 - 24,310 Compensated absences 662,480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 - 80,508,722 Reimbursement agreement advances 380,037 - 380,037 Accrued interest payable on reimbursement agreements 56,796 - 56,796 Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 Total Liabilities 223,218,745 33,976,433 257,195,178 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577 17,39	Total Current Liabilities		27,597,132		6,056,762	33,653,894
Lease liabilities	Non-current Liabilities:					
Compensated absences 662,480 32,408 694,888 Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 - 80,508,722 Reimbursement agreement advances 380,037 - 380,037 Accrued interest payable on reimbursement agreements 56,796 - 56,796 Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701	Long-term liabilities - due in more than one year					
Bonds payable 92,997,132 27,887,263 120,884,395 Loans payable 80,508,722 - 80,508,722 Reimbursement agreement advances 380,037 - 380,037 Accrued interest payable on reimbursement agreements 56,796 - 56,796 Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted <td>Lease liabilities</td> <td></td> <td>24,310</td> <td></td> <td>-</td> <td>24,310</td>	Lease liabilities		24,310		-	24,310
Loans payable 80,508,722 - 80,508,722 Reimbursement agreement advances 380,037 - 380,037 Accrued interest payable on reimbursement agreements 56,796 - 56,796 Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Compensated absences		662,480		32,408	694,888
Reimbursement agreement advances 380,037 - 380,037 Accrued interest payable on reimbursement agreements 56,796 - 56,796 Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Bonds payable		92,997,132		27,887,263	120,884,395
Accrued interest payable on reimbursement agreements 56,796 - 56,796 Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	1 7		80,508,722		-	80,508,722
Net pension liability 20,992,136 - 20,992,136 Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 Total Liabilities 223,218,745 33,976,433 257,195,178 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Special assessment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Reimbursement agreement advances		380,037		-	380,037
Total Non-current Liabilities 195,621,613 27,919,671 223,541,284 Total Liabilities 223,218,745 33,976,433 257,195,178 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: 33,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Accrued interest payable on reimbursement agreements		56,796		-	56,796
Total Liabilities 223,218,745 33,976,433 257,195,178 DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Net pension liability		20,992,136		-	20,992,136
DEFERRED INFLOWS OF RESOURCES: Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500 NET POSITION: 8 657,431,237 38,262,130 695,693,367 Restricted for: 8 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Total Non-current Liabilities		195,621,613		27,919,671	 223,541,284
Deferred inflows related to pension 8,986,559 - 8,986,559 Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Total Liabilities		223,218,745		33,976,433	 257,195,178
Deferred gain on debt defeasance 34,766 - 34,766 Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500	DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows related to leases 3,503,175 - 3,503,175 Total Deferred Inflows of Resources 12,524,500 - 12,524,500	Deferred inflows related to pension		8,986,559		-	8,986,559
NET POSITION: 12,524,500 - 12,524,500 Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Deferred gain on debt defeasance		34,766		-	34,766
NET POSITION: Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Deferred inflows related to leases		3,503,175		-	3,503,175
Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	Total Deferred Inflows of Resources		12,524,500		-	12,524,500
Net investment in capital assets 657,431,237 38,262,130 695,693,367 Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577	NET POSITION:					
Restricted for: Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577			657 431 237		38 262 130	695 693 367
Special assessment for debt service 13,327,644 472,069 13,799,713 Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577			00/,101,20/		30,202,130	0,0,0,0,0,0
Other 6,607,701 - 6,607,701 Unrestricted 94,415,130 22,983,447 117,398,577			13 327 644		472 069	13 799 713
Unrestricted 94,415,130 22,983,447 117,398,577	1				.,2,007	
					22 983 447	
		\$	_	\$		\$

Combining Area Schedule of Revenues, Expenses and Change in Net Position For the Year Ended June 30, 2022

	Improvement District's 1-8	Improvement District 9	Totals
OPERATING REVENUES:			
Potable water charges:			
Potable water commodity charge	\$ 29,078,712	\$ 8,346,330	\$ 37,425,042
Monthly service charge	19,936,606	2,965,144	22,901,750
Transmission charge	1,096,138	-	1,096,138
Total potable water charges	50,111,456	11,311,474	61,422,930
Recycled water charges:			
Recycled water commodity charge	9,292,483	615,619	9,908,102
Monthly service charge	1,583,585	53,020	1,636,605
Transmission charge	470,602	-	470,602
Total recycled water charges	11,346,670	668,639	12,015,309
Wastewater charges:			
Wastewater commodity charge	5,313,242	341,757	5,654,999
Monthly service charge	19,570,343	2,025,768	21,596,111
Total wastewater charges	24,883,585	2,367,525	27,251,110
Other charges or services:			
Jointly owned facilities	1,044,795	-	1,044,795
Construction related revenues	702,046	193,146	895,192
Rebates	575,954	100,240	676,194
Customer related revenues	768,221	44,695	812,916
Other revenues	746,790	302,662	1,049,452
Total other charges or services	3,837,806	640,743	4,478,549
Total Operating Revenues	90,179,517	14,988,381	105,167,898
OPERATING EXPENSES:			
Source of supply - water purchases	29,906,030	4,988,174	34,894,204
Power	6,451,121	480,690	6,931,811
Maintenance and operations	10,308,950	1,375,826	11,684,776
Regional participation	202,001	85,339	287,340
Wastewater treatment	5,307,970	1,031,545	6,339,515
Salaries, wages and related benefits	19,855,620	2,060,980	21,916,600
General and administrative	6,500,121	714,168	7,214,289
Total Operating Expenses before depreciation and amortization expense	78,531,813	10,736,722	89,268,535
Operating income before depreciation and amortization expense	11,647,704	4,251,659	15,899,363
Depreciation and amortization expense	(24,007,908)	(2,865,502)	(26,873,410)
Operating income (loss)	\$ (12,360,204)	\$ 1,386,157	\$ (10,974,047)

(Continued)

Combining Area Schedule of Revenues, Expenses and Change in Net Position (Continued) For the Year Ended June 30, 2022

	Improvement	Improvement	
	District's 1-8	District 9	Totals
NON-OPERATING REVENUES (EXPENSES):			
Special assessment tax revenues for debt service	\$ 3,100,584	\$ -	\$ 3,100,584
Property taxes	9,387,515	-	9,387,515
Investment losses	(3,988,156)	66,098	(3,922,058)
Capacity lease revenue	209	-	209
Rental revenue	1,280,134	-	1,280,134
Loss on sale of capital assets	(521,438)	-	(521,438)
Other non-operating revenue	105,582	1,080	106,662
Capital grants	1,103,294	253,612	1,356,906
Interest expense	(3,781,560)	(707,000)	(4,488,560)
Total non-operating, revenues (expenses)	6,686,164	(386,210)	6,299,954
Income (loss) before capital contributions	(5,674,040)	999,947	(4,674,093)
CAPITAL CONTRIBUTIONS:			
Contributions from developer	10,610,168	161,834	10,772,002
Connection fees	1,432,678	361,985	1,794,663
Contributions from agencies	13,654,484	-	13,654,484
Jointly owned facilities capital reimbursements	275,097	-	275,097
Total capital contributions	25,972,427	523,819	26,496,246
SPECIAL ITEM			
Net position from City of San Juan Capistrano's water system		60,193,880	60,193,880
Change in net position	20,298,387	61,717,646	82,016,033
Net position, beginning of year, as restated	751,483,325	-	751,483,325
Net position, end of year	\$ 771,781,712	\$ 61,717,646	\$ 833,499,358

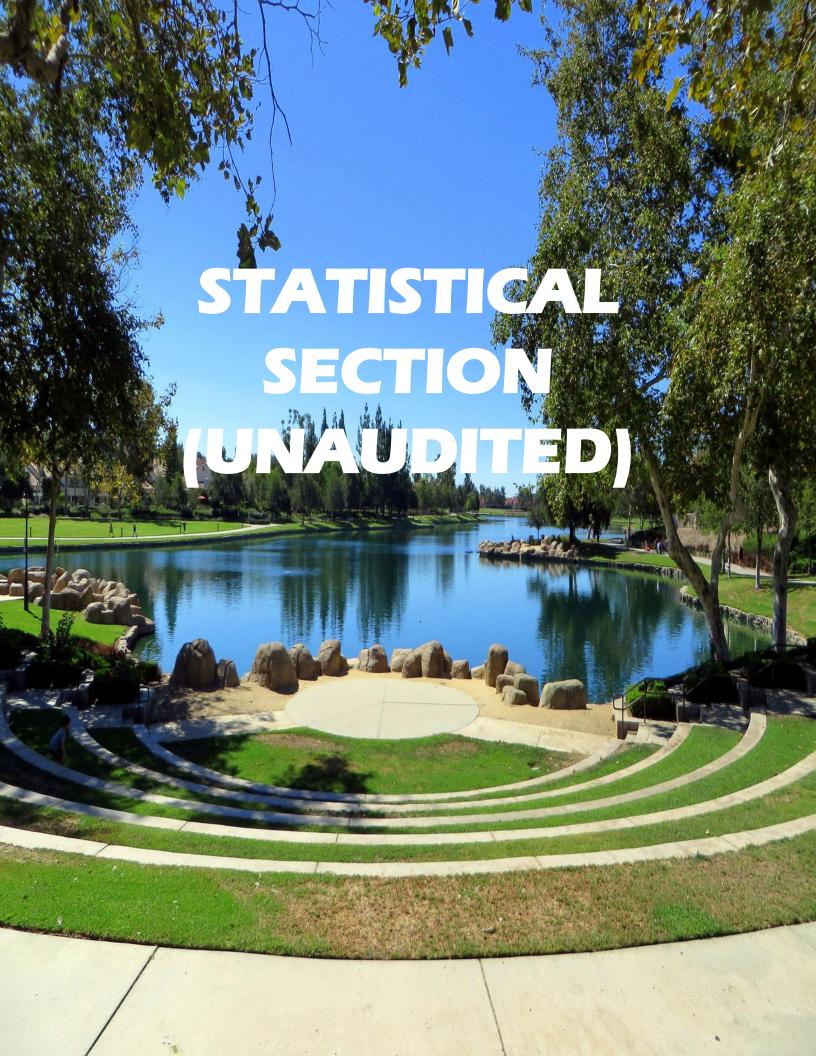
Combining Area Schedule of Cash Flows For the Year Ended June 30, 2022

	Improvement District's 1-8	Improvement District 9	Totals
Cash flows from operating activities:		. <u></u>	
Cash receipts from customers	\$ 85,854,960	\$ 13,735,762	\$ 99,590,722
Cash receipts from others	2,287,920	1,087,487	3,375,407
Cash paid to employees for salaries and wages	(23,922,306)		(26,134,213)
Cash paid to vendors and suppliers for materials and services	(61,706,280)	(7,947,320)	(69,653,600)
Net cash provided by operating activities	2,514,294	4,664,022	7,178,316
Cash flows from non-capital financing activities:			
Transfer of operations cash received	-	26,720,213	26,720,213
Property taxes received	9,396,456	-	9,396,456
Capacity lease revenue	209	-	209
Net cash provided by non-capital financing activities	9,396,665	26,720,213	36,116,878
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(34,952,452)	(5,047,134)	(39,999,586)
Capital contributions	13,076,946	-	13,076,946
Capital grants	1,103,294	253,612	1,356,906
Proceeds from sale of capital assets	2,330	-	2,330
Special assessment tax revenues for debt service received	3,100,584	-	3,100,584
Proceeds from connection fees	1,432,678	361,985	1,794,663
Repayments of advances	(108,136)	-	(108,136)
Proceeds from new loans	13,337,312	-	13,337,312
Principal paid for bond debt service and loans payable	(5,428,138)	(3,061,513)	(8,489,651)
Interest paid for debt service	(5,557,498)	(1,167,422)	(6,724,920)
Lease payments	(9,064)	-	(9,064)
Net cash (used in) capital and related financing activities	(14,002,143)	(8,660,472)	(22,662,615)
Cash flows from investing activities:			
Proceeds from the sale and maturity of investment securities	48,080,461	-	48,080,461
Purchase of investment securities	(49,523,789)	(21,066,098)	(70,589,887)
Investment earnings	1,457,764	66,098	1,523,862
Rental revenues	1,048,499	-	1,048,499
Lease receipts	233,205	-	233,205
Net cash (used in) investing activities	1,296,140	(21,000,000)	(19,703,860)
Net increase in cash and cash equivalents	(795,044)	1,723,763	928,719
Cash and cash equivalents, beginning of year	1,759,026		1,759,026
Cash and cash equivalents, end of year	\$ 963,982	\$ 1,723,763	\$ 2,687,745

(Continued)

Combining Area Schedule of Cash Flows (Continued) For the Year Ended June 30, 2022

		mprovement District's 1-8	Iı	mprovement District 9		Totals
Reconciliation of cash and cash equivalents to amounts reported on the statement of net position:		_				_
Reported on the Statement of Net Position:						
Cash and investments	\$	112,374,455	\$	22,206,927	\$	134,581,382
Restricted - cash and investments		20,978,866		582,934		21,561,800
Restricted - unspent bond proceeds		29,810,707		-		29,810,707
Total cash and investments - per statement of net position	_	163,164,028		22,789,861		185,953,889
Less investments not meeting the definition of cash and cash equivalents:						
Investments		(162,200,046)		(21,066,098)	(183,266,144)
Total cash and cash equivalents	\$	963,982	\$	1,723,763	\$	2,687,745
Reconciliation of operating loss to net cash provided by operating activities:						
Operating income (loss)	\$	(12,360,204)	\$	1,386,157	\$	(10,974,047)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	:					
Depreciation and amortization expense - capital recovery		24,007,908		2,865,502		26,873,410
Other revenue		105,582		1,080		106,662
Change in assets and liabilities:						
(Increase) decrease in assets:						
Accounts receivable - water and sanitation customers		(486,751)		(611,876)		(1,098,627)
Accounts receivable - other		(1,544,330)		364,300		(1,180,030)
Water and supplies inventory		281,090		(135,221)		145,869
Prepaid expenses		(395,335)		-		(395,335)
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses		(3,539,348)		812,176		(2,727,172)
Accrued wages and related payables		376,540		(203,375)		173,165
Retentions payable and construction deposits		623,506		51,467		674,973
Other deposits payable		(154,429)		81,364		(73,065)
Unearned revenue		43,291		-		43,291
Net pension liability		(14,200,067)		-		(14,200,067)
Deferred outflows/inflows related to pensions		9,575,339		-		9,575,339
Compensated absences		181,502		52,448		233,950
Total adjustments		14,874,498		3,277,865		18,152,363
Net cash provided by operating activities	\$	2,514,294	\$	4,664,022	\$	7,178,316
Supplemental disclosure of non-cash capital and related financing and investing activities:						
Amortization of premiums and discounts	\$	1,161,618	\$	-	\$	1,161,618
Amortization of deferred gain/loss on defeasance		(104,173)		(10,294)		(114,467)
Contributed facilities, water plant and sewer plant		11,462,803		1,197,377		12,660,180
Loss on disposal of capital assets		(523,768)		-		(523,768)
Unrealized gain (loss) on investments		(5,434,667)		-		(5,434,667)
Bond principal from transfer of operations		-		(33,609,630)		(33,609,630)



Summary of Statistical Section For the Fiscal Year Ended June 30, 2022

SUMMARY OF STATISTICAL SECTION

This section of the Santa Margarita 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.

<u>Financial Trends Schedules</u> – 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	page 77
Changes in net position	page 78
Operating revenue by source	page 80
Operating expenses by type	page 81

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

Water sales by customer class	page 82
Water and wastewater rates	page 84
Ten largest water and wastewater customers	page 86
Assessed value and assessment rate by improvement district	page 88

<u>Debt Schedules</u> – 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.

Direct and overlapping property tax rates	page 89
Debt service coverage ratio	page 96
Outstanding debt by type	page 97
Outstanding debt ratios	page 98

<u>Demographic and Economic Information</u> – 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.

Demographic and economic statistics	page 99
Principal employers	page 100

Summary of Statistical Section (Continued) For the Year Ended June 30, 2022

<u>Operating Information</u> – 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.

Capital asset statistics	page 101
Water and wastewater connections	page 102
Employee information	page 104

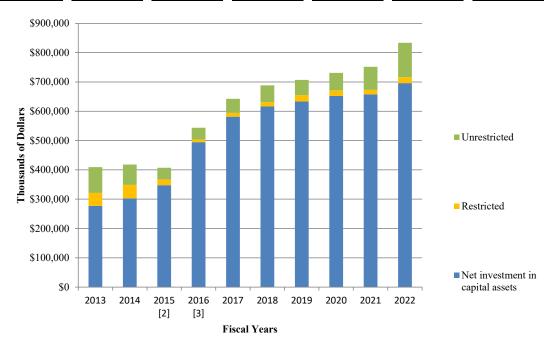
Net Position

(Thousands of Dollars)

Last Ten Fiscal Years

Fisca	ıl Y	ear

	2013	 2014	 2015 [2]	 2016 [3]	 2017	 2018	 2019	 2020	 2021	2022
Net Position [1]	_		 	 _		_				
Net investment in capital assets	\$ 277,328	\$ 302,967	\$ 347,590	\$ 494,624	\$ 581,278	\$ 616,456	\$ 633,048	\$ 652,545	\$ 657,883	\$ 695,693
Restricted	44,250	45,817	19,620	8,931	13,329	14,408	21,955	18,695	15,229	20,407
Unrestricted	 87,714	69,321	39,726	 39,832	 47,951	57,446	 51,752	 59,716	78,371	117,399
Total net position	\$ 409,292	\$ 418,105	\$ 406,936	\$ 543,387	\$ 642,558	\$ 688,310	\$ 706,755	\$ 730,956	\$ 751,483	\$ 833,499



^[1] Current year net position is calculated in note 7 to the basic financial statements.

Source: SMWD Basic Financial Statements

^[2] Amounts include restatement of previously reported net position related to the implementation of GASB 68 and GASB 71. Also, certain amounts were reclassified for comparison purposes.

^[3] Amounts include restatement of previously reported net position related to the removal of Community Facilities District 99-1 and 2013-1 from the District's financial statements.

Changes in Net Position Last Ten Fiscal Years

	Fiscal Year								
	2013	2014	2015	2016 [1]	2017				
Operating Revenues:									
Potable water charges	\$ 32,981,298	\$ 36,178,908	\$ 34,142,144	\$30,957,212	\$ 36,801,755				
Recycled water charges	6,023,082	6,929,490	7,219,456	6,766,438	7,917,181				
Wastewater charges	11,692,841	12,103,730	12,271,262	14,706,977	19,119,039				
Customer related revenues	697,052	698,786	715,686	647,657	766,205				
Construction charges	806,665	708,874	1,150,074	1,121,823	1,030,082				
Other income	1,476,302	2,821,343	2,702,571	4,178,070	3,298,165				
Total operating revenues	53,677,240	59,441,131	58,201,193	58,378,177	68,932,427				
Operating Expenses:									
Water purchases	26,665,738	28,264,492	24,212,121	23,677,839	24,333,744				
Power	4,068,216	4,944,194	5,460,353	5,189,368	5,371,920				
Maintenance and operations	524,473	622,498	1,138,459	1,184,825	733,064				
Regional participation	1,191,408	3,076,129	259,134	175,282	253,717				
Wastewater treatment	2,499,279	2,481,884	2,633,777	2,534,102	2,615,119				
Operating general	1,869,340	2,195,665	2,535,469	2,944,793	3,306,865				
Repair and maintenance	3,144,083	3,465,764	3,489,569	4,060,091	4,522,714				
Employee cost	14,677,928	14,606,120	15,655,872	16,022,443	17,139,918				
Customer relations	398,016	448,664	505,067	354,427	1,043,790				
General and administrative	2,728,996	3,035,753	3,696,633	5,210,550	4,348,537				
Total operating expenses	57,767,477	63,141,163	59,586,454	61,353,720	63,669,388				
Depreciation and amortization	17,101,815	16,985,856	17,081,495	17,177,880	17,884,061				
Operating income (loss)	(21,192,052)	(20,685,888)	(18,466,756)	(20,153,423)	(12,621,022)				
Non-operating Revenues (Expenses)									
Property taxes-ad valorem restricted	26,882,700	29,694,891	23,454,537	19,011,576	17,588,204				
Property taxes-ad valorem 1% general	5,946,208	6,118,055	6,071,301	7,074,733	7,481,907				
Capacity lease income	806,955	809,833	832,103	824,530	5,434				
Investment income (loss)	370,637	1,577,099	1,430,680	2,304,089	87,522				
Rental income	1,188,799	1,199,966	1,107,415	1,087,296	1,204,530				
Gain (loss) on sale of capital asset	-	-	-	-	-				
Other non-operating income	2,123,379	5,133,944	4,655,928	-	8,664,815				
Contributions to other agencies	-	(3,137,767)	(16,387,047)	(944,238)	(2,616)				
Other non-operating expenses	-	(965,681)	(623,934)	(798,665)	-				
Interest revenue (expense)	(14,644,444)	(14,566,035)	(9,303,180)	(228,423)	(1,021,469)				
Total non-operating revenues (expenses)	22,674,234	25,864,305	11,237,803	28,330,898	34,008,327				
Income (loss) before contributed capital	1,482,182	5,178,417	(7,228,953)	8,177,475	21,387,305				
Capital Contributions									
Contributions from developer	488,881	316,913	2,607,632	3,515,481	62,591,102				
Contributions from agencies	-	-	-	11,227,266	13,345,089				
Connection fees	25,500	-	-	-	-				
Jointly owned facilities capital reimbursements	156,995	83,078	9,553,265	2,064,227	646,897				
Capital grants	1,156,820	3,234,854	9,261,561	828,296	1,199,865				
Special Item									
Net position from transfer of operations									
Change in Net Position	\$ 3,310,378	\$ 8,813,262	\$ 14,193,505	\$25,812,745	\$ 99,170,258				

^[1] Amounts include restatement of previously reported change in net position related to the removal of Community Facilities District 99-1 and 2013-1 from the District's financial statements.

Source: SMWD Basic Financial Statements

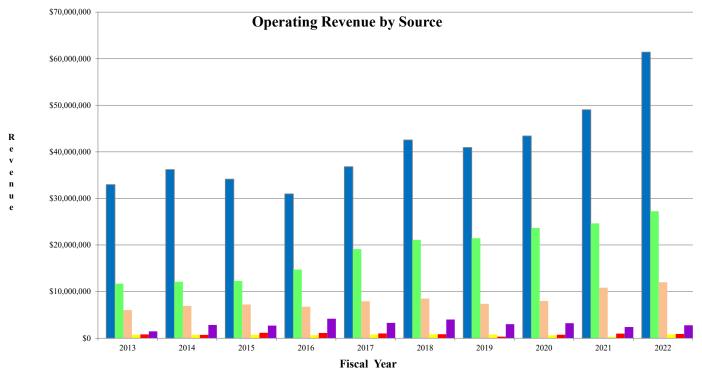
Changes in Net Position (continued) Last Ten Fiscal Years

	Fiscal Year								
•	2018	2019	2020	2021	2022				
Operating Revenues:	_		·						
Potable water charges	\$ 42,532,641	\$ 40,935,472	\$ 43,414,528	\$49,026,077	\$ 61,422,930				
Recycled water charges	8,518,568	7,358,115	7,989,399	10,846,821	12,015,309				
Wastewater charges	21,111,651	21,466,050	23,668,748	24,652,362	27,251,110				
Customer related revenues	821,386	789,675	606,985	277,823	812,916				
Construction charges	855,453	327,665	730,549	991,250	895,192				
Other income	4,003,968	3,001,417	3,227,784	2,373,234	2,770,441				
Total operating revenues	77,843,667	73,878,394	79,637,993	88,167,567	105,167,898				
Operating Expenses:									
Water purchases	24,823,991	25,874,531	27,224,323	30,500,238	34,894,204				
Power	5,698,926	5,184,012	4,996,289	5,705,482	6,931,811				
Maintenance and operations	1,000,939	251,842	412,129	9,342,810	11,684,776				
Regional participation	261,819	354,919	121,451	264,610	287,340				
Wastewater treatment	3,205,993	4,552,922	4,195,526	3,910,239	6,339,515				
Operating general	4,452,531	3,290,440	4,153,245	-	-				
Repair and maintenance	6,190,383	6,118,091	4,419,298	-	-				
Employee cost	19,338,871	20,191,877	22,346,607	23,048,950	21,916,600				
Customer relations	1,093,631	909,760	-	-	-				
General and administrative	3,791,832	4,343,332	5,153,821	4,733,643	7,214,289				
Total operating expenses	69,858,916	71,071,726	73,022,689	77,505,972	89,268,535				
Depreciation and amortization	20,546,739	21,337,294	21,652,406	22,215,916	26,873,410				
Operating income (loss)	(12,561,988)	(18,530,626)	(15,037,102)	(11,554,321)	(10,974,047)				
Non-operating Revenues (Expenses)									
Property taxes-ad valorem restricted	17,647,908	14,246,710	14,249,102	3,339,826	3,100,584				
Property taxes-ad valorem 1% general	7,949,869	8,324,301	8,735,175	9,095,334	9,387,515				
Capacity lease income	1,516	1,438	618	6,961	209				
Investment income (loss)	265,970	3,699,167	4,086,083	577,079	(3,922,058)				
Rental income	1,204,707	1,242,157	1,243,965	1,303,167	1,280,134				
Gain (loss) on sale of capital asset	18,149	(732,355)	88,147	21,516	(521,438)				
Other non-operating income	1,073,576	707,881	2,694,694	3,173,782	1,463,568				
Contributions to other agencies Other non-operating expenses	(1,062)	-	-	-	-				
Interest revenue (expense)	(333,729)	(2,027,006)	(2,050,123)	(3,659,245)	(4,488,560)				
Total non-operating revenues (expenses)	27,826,904	25,462,293	29,047,661	13,858,420	6,299,954				
Income (loss) before contributed capital	15,264,916	6,931,667	14,010,559	2,304,099	(4,674,093)				
Capital Contributions									
Contributions from developer	12,660,109	7,292,210	4,924,149	3,753,058	10,772,002				
Contributions from agencies	5,622,463	116,472	2,278,209	13,841,205	13,654,484				
Connection fees	-	-	_	171,061	1,794,663				
Jointly owned facilities capital reimbursements	892,811	4,105,174	2,987,974	457,645	275,097				
Capital grants	11,312,189	- · · · · · · · · · · · · · · · · · · ·	- -	-	-				
Special Item									
Net position from transfer of operations					60,193,880				
Change in Net Position	\$ 45,752,488	\$ 18,445,523	\$ 24,200,891	\$20,527,068	\$ 82,016,033				

Source: SMWD Basic Financial Statements

Operating Revenue by Source Last Ten Fiscal Years

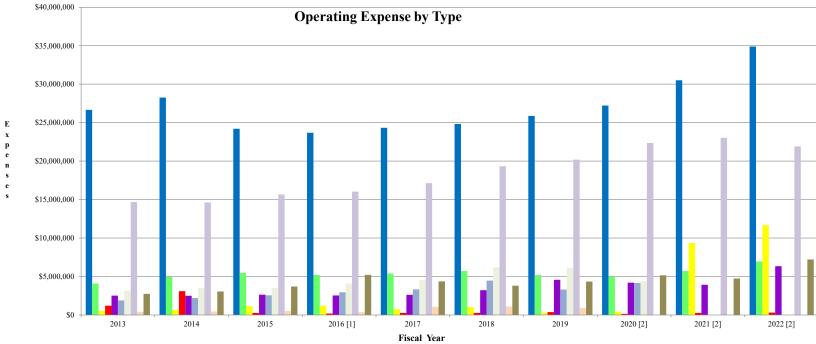
Fiscal Year	Potable Wa Charges		Wastewater Recycled Water Charges Charges						 Customer Related Revenues		Construction Charges		Other Income		Гotal Operating Revenues
2013	\$ 32,981	,298	\$	11,692,841		\$	6,023,082	\$ 697,052		\$	806,665		\$	1,476,302	\$ 53,677,240
2014	36,178	3,908		12,103,730			6,929,490	698,786			708,874			2,821,343	59,441,131
2015	34,142	2,144		12,271,262			7,219,456	715,686			1,150,074			2,702,571	58,201,193
2016	30,957	7,212		14,706,977			6,766,438	647,657			1,121,823			4,178,070	58,378,177
2017	36,801	,755		19,119,039			7,917,181	766,205			1,030,082			3,298,165	68,932,427
2018	42,532	2,641		21,111,651			8,518,568	821,386			855,453			4,003,968	77,843,667
2019	40,935	5,472		21,466,050			7,358,115	789,675			327,665			3,001,417	73,878,394
2020	43,414	1,528		23,668,748			7,989,399	606,985			730,549			3,227,784	79,637,993
2021	49,026	5,077		24,652,362			10,846,821	277,823			991,250			2,373,234	88,167,567
2022	61,422	2,930		27,251,110			12,015,309	812,916			895,192			2,770,441	105,167,898



Source: SMWD Finance Department

Operating Expenses by Type Last Ten Fiscal Years

Fiscal Year	Water purchases	Power	aintenance I operations	Regional articipation	Vastewater treatment	(Operating general	Repair and aintenance	Eı	nployee cost	Customer relations	_	eneral and ninistrative	Total Operating Expense
2013 2014 2015 2016 ^[1] 2017 2018 2019 2020 ^[2]	\$ 26,665,738 28,264,492 24,212,121 23,677,839 24,333,744 24,823,991 25,874,531 27,224,323	\$ 4,068,216 4,944,194 5,460,353 5,189,368 5,371,920 5,698,926 5,184,012 4,996,289	\$ 524,473 622,498 1,138,459 1,184,825 733,064 1,000,939 251,842 412,129	\$ 1,191,408 3,076,129 259,134 175,282 253,717 261,819 354,919 121,451	\$ 2,499,279 2,481,884 2,633,777 2,534,102 2,615,119 3,205,993 4,552,922 4,195,526	\$	1,869,340 2,195,665 2,535,469 2,944,793 3,306,865 4,452,531 3,290,440 4,153,245	\$ 3,144,083 3,465,764 3,489,569 4,060,091 4,522,714 6,190,383 6,118,091 4,419,298	\$	14,677,928 14,606,120 15,655,872 16,022,443 17,139,918 19,338,871 20,191,877 22,346,607	\$ 398,016 448,664 505,067 354,427 1,043,790 1,093,631 909,760	\$	2,728,996 3,035,753 3,696,633 5,210,550 4,348,537 3,791,832 4,343,332 5,153,821	\$ 57,767,477 63,141,163 59,586,454 61,353,720 63,669,388 69,858,916 71,071,726
2020 ^[2] 2021 ^[2] 2022 ^[2]	30,500,238 34,894,204	5,705,482 6,931,811	9,342,810 11,684,776	264,610 287,340	3,910,239 6,339,515		4,133,243	4,419,298 - -		23,048,950 21,916,600	-		4,733,643 7,214,289	73,022,689 77,505,972 89,268,535



^[1] Amounts include restatement of previously reported operating expenses related to the removal of Community Facilities District 99-1 and 2013-1 from the District's financial statements.

Source: SMWD Finance Department

^[2] Certain amounts, such as customer relations and repairs and maintenance, were reclassified in FY 2020 through FY 2022.

Water Sales by Customer Class Last Ten Fiscal Years

Water Consumption by Customer Class by Acre Feet (AF)

Improvement Districts 1 to 8

		F	otable Water [[]	1]		R	Total Water		
_							(2)		
	Res (SF)	Res (MF)	Dom Irr	Comm/Other	Total PW	Irrigation	All other ^[3]	Total RW	Total Water
2013	16,237	2,572	5,797	1,296	25,902	5,883	623	6,506	32,408
2014	16,914	2,565	6,238	1,482	27,199	6,675	707	7,382	34,581
2015	15,333	2,504	5,447	1,806	25,090	6,803	720	7,523	32,613
2016	12,987	2,454	3,834	1,171	20,445	6,538	692	7,230	27,675
2017	13,315	2,454	4,279	1,229	21,277	7,077	749	7,826	29,103
2018	14,667	2,497	5,122	1,142	23,428	7,597	744	8,341	31,769
2019	13,579	2,466	4,021	1,071	21,138	6,159	518	6,676	27,814
2020	14,106	2,595	4,162	1,000	21,862	6,041	744	6,785	28,648
2021	15,483	2,681	5,415	1,079	24,659	7,705	971	8,677	33,335
2022	14,561	2,570	5,104	920	23,155	7,721	769	8,490	31,645

Improvement District 9

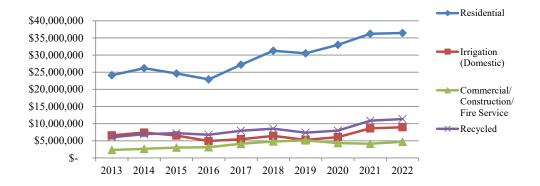
		ſ	Potable Water [[]	1]	R	Total Water			
_							(2)		
	Res (SF)	Res (MF)	Dom Irr	Comm/Other	Total PW	Irrigation	All other [3]	Total RW	Total Water
2022	2,023	2,092	660	768	5,543	4,108	377	4,485	10,028

- [1] Potable is water that is treated to drinking water standards
- [2] Recycled water is water that is not of drinking water quality, but which may still be used for many other purposes
- [3] Includes lakefill (Lake MV) and construction

Historical Water System Sales Revenues Last Ten Fiscal Years

Improvement Districts 1 to 8

			Commercial/			
Fiscal		Irrigation	Construction/			% Increase /
Year	Residential	(Domestic)	Fire Service	Recycled	Total	Decrease
2013	\$ 24,132,217	\$ 6,580,983	\$ 2,334,636	\$ 6,023,082	\$ 39,070,918	12.17%
2014	26,195,274	7,396,809	2,654,246	6,929,490	43,175,818	10.51%
2015	24,632,082	6,533,805	3,049,011	7,219,456	41,434,354	-4.03%
2016	22,904,340	4,922,383	3,130,489	6,766,438	37,723,650	-8.96%
2017	27,197,173	5,475,203	4,129,379	7,917,181	44,718,936	18.54%
2018	31,283,866	6,425,895	4,822,880	8,518,568	51,051,209	14.16%
2019	30,531,822	5,287,438	5,116,212	7,358,115	48,293,587	-5.40%
2020	33,016,704	6,081,224	4,316,601	7,989,399	51,403,927	6.44%
2021	36,233,706	8,651,496	4,140,875	10,846,821	59,872,898	16.48%
2022	36,443,885	8,959,164	4,708,408	11,346,669	61,458,126	2.65%



Improvement District 9

			Commercial/			
Fiscal		Irrigation	Construction/			% Increase /
Year	Residential	(Domestic)	Fire Service	Recycled	Total	Decrease
2022	\$ 7,357,826	\$ 2,159,025	\$ 1,794,623	\$ 668,639	\$ 11,980,113	N/A

Water and Wastewater Rates Last Ten Fiscal Years

Improvement Districts 1 to 8

Water Basic Monthly Charge - Residentia	l Sing	le and M	ulti-	ганну (per account)													
		2013		2014	2015 [1]	2	016 [2]	2	017 2	20	018 [2]	2	019 ^[3]	20	20 [2]	20	021 [4]	20	22 ^[5]
3/4" Meter Size	\$	6.32	\$	6.41	\$ 8.72	\$	14.89	\$	21.79	\$	23.05	\$	23.05	\$	23.13	\$	23.46	\$	24.51
Water Volumetric Charges - Residential S	ingle l	Family a	nd M	Iulti-Fan	nily (per ccf)													
Ü		2013		2014	2015 [1]		016 [2]	2	017 [2]	21	018 [2]	,	019 ^[3]	20	20 [2]	2	021 [4]	20	22 [5]
Tier 1	\$	1.69	\$	1.71			1.86		1.67		1.67		1.67		2.20		2.38	\$	2.46
Tier 2	9	1.81	Ψ	1.84	2.29	Ψ	2.11	Ψ	1.94	Ψ	1.94	Ψ	1.94	Ψ	2.57	Ψ	2.79	Ψ	2.86
Tier 3		2.29		2.32	2.77		2.61		2.44		2.45		2.45		3.36		3.64		3.76
Tier 4		2.79		2.83	3.28		3.12		2.95		2.96		2.96		5.53		6.06		6.17
Tier 5		3.66		3.71	4.50		4.67		4.84		4.85		4.85		-		-		-
MWDOC Surcharge		0.51		0.62	-		0.04		0.10		0.19		0.29		-		-		-
Water Volumetric Charges - Domestic Irr	igatini	(Domes	tic V	Vater) (n	er ccf)														
water volumetric charges - Domestic III	gatio				2015 [1]		016 [2]		017 [2]	2	018 [2]		019 ^[3]	20	20 [2]	2	021 [4]	20	22 [5]
Tion 1	\$	2013	\$	2014		\$		\$				\$		\$				\$	
Tier 1 Tier 2	Þ	1.86	Ф	1.89	\$ 2.51	э	2.23	э	1.67	\$	1.67	э	1.67	э	2.57	\$	2.87	Ф	2.95
		1.86		1.89	2.51		2.32		1.94		1.94		1.94		3.56		3.86		4.01
Tier 3		1.86		1.89	2.51				2.44		2.45		2.45		5.64		6.18		6.59
Tier 4		1.86		1.89	2.51 2.51		2.66 3.29		2.95		2.96		2.96		-		-		-
Tier 5		1.86		1.89					4.84		4.85		4.85		-		-		-
MWDOC Surcharge		0.51		0.62	-		0.04		0.10		0.19		0.29		-		-		-
Recycled Water Volumetric Charges - Irri	gation	(Non-D	omes	stic/Blene	led Water)	(per o	ccf)												
		2013		2014	2015 [1]	2	016 [2]	2	017 2	20	018 [2]	2	019 ^[3]	20	20 [2]	20	021 [4]	20	22 [5]
Tier 1	\$	1.82		1.85			2.24		1.78	\$	1.82	\$	1.82	\$	2.21	\$	2.41		2.47
Tier 2		1.82	-	1.85	2.47	-	2.43		2.34	-	2.39	-	2.39		2.62		2.87		3.28
Tier 3		1.82		1.85	2.47		2.44		2.38		2.44		2.44		4.90		5.22		5.45
Tier 4		1.82		1.85	2.47		2.51		2.60		2.66		2.66		-		-		-
Tier 5		1.82		1.85	2.47		3.38		5.21		5.32		5.32		-		-		-
MWDOC Surcharge		0.51		0.62	-		-		-		-		-		-		-		-
D 11W 11 11 01 01 11		a																	
Recycled Water Volumetric Charges - Irri	gatior	(Non-D	omes	stic Wate															
		2013		2014	2015 [1]		016 [2]		017 [2]		018 [2]		019 ^[3]		20 [2]		021 [4]		22 [5]
Tier 1	\$	1.82	\$	1.85	\$ 1.85	\$	1.83	\$	1.78	\$	1.82	\$	1.82	\$	2.21	\$	2.41	\$	2.47
Tier 2					1 05				2.34		2.39								3.28
		1.82		1.85	1.85		2.01						2.39		2.62		2.87		
Tier 3		1.82		1.85	1.85		2.03		2.38		2.44		2.44		2.62 4.90		5.22		5.45
Tier 4		1.82 1.82		1.85 1.85	1.85 1.85		2.03 2.10		2.38 2.60		2.44 2.66		2.44 2.66						-
		1.82		1.85	1.85		2.03		2.38		2.44		2.44				5.22		
Tier 4 Tier 5	nily an	1.82 1.82 1.82	Fami	1.85 1.85 1.85	1.85 1.85		2.03 2.10		2.38 2.60		2.44 2.66		2.44 2.66				5.22		-
Tier 4	ily an	1.82 1.82 1.82 d Multi-		1.85 1.85 1.85	1.85 1.85 1.85	2.	2.03 2.10 2.97	2:	2.38 2.60 5.21	21	2.44 2.66 5.32	2	2.44 2.66 5.32	20		20	5.22	20	-
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan	ily an	1.82 1.82 1.82		1.85 1.85 1.85	1.85 1.85	2	2.03 2.10	2	2.38 2.60	20	2.44 2.66	2	2.44 2.66	20	4.90	20	5.22	20	-
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter)		1.82 1.82 1.82 d Multi-1		1.85 1.85 1.85 1.85	1.85 1.85 1.85		2.03 2.10 2.97 016 [2]		2.38 2.60 5.21 017 ^[2]		2.44 2.66 5.32		2.44 2.66 5.32 019 [3]		4.90 - - 20 ^[2]		5.22 - - - 021 ^[4]		- - 22 ^[5]
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential	nily an \$	1.82 1.82 1.82 d Multi-1 2013 9.13		1.85 1.85 1.85 1.85 2014	1.85 1.85 1.85 2015 [1] \$ 12.92		2.03 2.10 2.97 016 [2] 20.30	20	2.38 2.60 5.21 017 ^[2] 25.51	20	2.44 2.66 5.32 018 2 25.51	2	2.44 2.66 5.32 019 ^[3] 29.38	20	4.90 - - 20 ^[2] 29.10	20	5.22 - - 021 ^[4] 29.18	20	22 ^[5]
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter)		1.82 1.82 1.82 d Multi- 1 2013 9.13 9.13		1.85 1.85 1.85 1.85 2014 9.26 9.26	1.85 1.85 1.85 2015 [1] \$ 12.92 12.92		2.03 2.10 2.97 016 ^[2] 20.30 20.30		2.38 2.60 5.21 017 ^[2] 25.51 25.51		2.44 2.66 5.32 D18 ^[2] 25.51 25.51		2.44 2.66 5.32 019 [3] 29.38 29.38		4.90 - - 20 ^[2]		5.22 - - - 021 ^[4]		- - 22 ^[5]
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter)		1.82 1.82 1.82 d Multi-1 2013 9.13		1.85 1.85 1.85 1.85 2014	1.85 1.85 1.85 2015 [1] \$ 12.92		2.03 2.10 2.97 016 [2] 20.30		2.38 2.60 5.21 017 ^[2] 25.51		2.44 2.66 5.32 018 2 25.51		2.44 2.66 5.32 019 ^[3] 29.38		4.90 - - 20 ^[2] 29.10 25.96		5.22 - - 021 ^[4] 29.18 26.01		22 ^[5] 30.33 27.21
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit)		1.82 1.82 1.82 d Multi- 1 2013 9.13 9.13		1.85 1.85 1.85 1.85 2014 9.26 9.26	1.85 1.85 1.85 2015 [1] \$ 12.92 12.92		2.03 2.10 2.97 016 ^[2] 20.30 20.30		2.38 2.60 5.21 017 ^[2] 25.51 25.51		2.44 2.66 5.32 D18 ^[2] 25.51 25.51		2.44 2.66 5.32 019 [3] 29.38 29.38		4.90 - - 20 22 22 29.10 25.96 11.43		5.22 - 021 ^[4] 29.18 26.01 11.33		22 ^[5] 30.33 27.21 12.76
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter)		1.82 1.82 1.82 d Multi- 1 2013 9.13 9.13 45.04		1.85 1.85 1.85 1.85 2014 9.26 9.26 45.67	1.85 1.85 1.85 2015 ^[1] \$ 12.92 12.92		2.03 2.10 2.97 016 ^[2] 20.30 20.30 20.30		2.38 2.60 5.21 017 ^[2] 25.51 25.51		2.44 2.66 5.32 D18 ^[2] 25.51 25.51		2.44 2.66 5.32 019 ^[3] 29.38 29.38 29.38		4.90 - - 120 ^[2] 29.10 25.96 11.43 14.53		5.22 - - 021 ^[4] 29.18 26.01 11.33 14.68		22 ^[5] 30.33 27.21 12.76 14.45
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength		1.82 1.82 1.82 d Multi- 2013 9.13 9.13 45.04 45.04		1.85 1.85 1.85 1.85 2014 9.26 9.26 45.67 -	1.85 1.85 1.85 2015 [1] \$ 12.92 12.92 12.92		2.03 2.10 2.97 016 ^[2] 20.30 20.30 20.30		2.38 2.60 5.21 017 ^[2] 25.51 25.51 25.51		2.44 2.66 5.32 D18 ^[2] 25.51 25.51 25.51 -		2.44 2.66 5.32 019 ^[3] 29.38 29.38 29.38 - 29.38		4.90 - 200 ^[2] 29.10 25.96 11.43 14.53 27.79		5.22 - - 021 ^[4] 29.18 26.01 11.33 14.68 27.86		30.33 27.21 12.76 14.45 29.03
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength		1.82 1.82 1.82 d Multi- 1 2013 9.13 9.13 45.04 45.04 45.04		1.85 1.85 1.85 1.85 2014 9.26 9.26 45.67 - 45.67 45.67	1.85 1.85 1.85 2015 11 \$ 12.92 12.92 12.92 12.92 12.92		2.03 2.10 2.97 016 ^[2] 20.30 20.30 20.30 - 20.30 20.30		2.38 2.60 5.21 017 ^[2] 25.51 25.51 25.51 - 25.51 25.51		2.44 2.66 5.32 D18 ^[2] 25.51 25.51 25.51 25.51 25.51		2.44 2.66 5.32 019 ^[3] 29.38 29.38 29.38 29.38 29.38		4.90 - 200 ^[2] 29.10 25.96 11.43 14.53 27.79 85.62		5.22 - - 021 ^[4] 29.18 26.01 11.33 14.68 27.86 86.30		30.33 27.21 12.76 14.45 29.03 86.57
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength		1.82 1.82 1.82 d Multi-l 2013 9.13 9.13 45.04 45.04 45.04		1.85 1.85 1.85 1.85 2014 9.26 9.26 45.67 45.67 45.67	1.85 1.85 1.85 2015 ^[1] \$ 12.92 12.92 12.92 12.92 12.92 12.92		2.03 2.10 2.97 016 [2] 20.30 20.30 20.30 - 20.30 20.30 20.30		2.38 2.60 5.21 017 ^[2] 25.51 25.51 25.51 25.51 25.51 25.51		2.44 2.66 5.32 D18 ^[2] 25.51 25.51 25.51 25.51 25.51 25.51		2.44 2.66 5.32 019 ^[3] 29.38 29.38 29.38 29.38 29.38 29.38		4.90 - 120 121 29.10 25.96 11.43 14.53 27.79 85.62 88.15		5.22 - - 021 ^[4] 29.18 26.01 11.33 14.68 27.86 86.30 88.85		30.33 27.21 12.76 14.45 29.03 86.57 89.08
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational		1.82 1.82 1.82 d Multi-1 2013 9.13 9.13 45.04 - 45.04 45.04 45.04 45.04		1.85 1.85 1.85 1.85 2014 9.26 9.26 45.67 45.67 45.67 45.67	1.85 1.85 1.85 2015 ^[1] \$ 12.92 12.92 12.92 12.92 12.92 12.92		2.03 2.10 2.97 016 ^[2] 20.30 20.30 20.30 20.30 20.30 20.30 20.30		2.38 2.60 5.21 017 ^[2] 25.51 25.51 25.51 25.51 25.51 25.51		2.44 2.66 5.32 D18 ^[2] 25.51 25.51 25.51 25.51 25.51 25.51 25.51		2.44 2.66 5.32 019 [3] 29.38 29.38 29.38 29.38 29.38 29.38 29.38 29.38		4.90 - 120 121 29.10 25.96 11.43 14.53 27.79 85.62 88.15 92.07		5.22 - - 021 ^[4] 29.18 26.01 11.33 14.68 27.86 86.30 88.85 92.81		30.33 27.21 12.76 14.45 29.03 86.57 89.08 92.98
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength C4-High Strength Recreational Volumetric Charge (per ccf)	\$	1.82 1.82 1.82 d Multi-1 2013 9.13 9.13 45.04 - 45.04 45.04 45.04 45.04	\$	1.85 1.85 1.85 ily 2014 9.26 45.67 45.67 45.67 45.67 45.67	1.85 1.85 1.85 2015 [1] \$ 12.92 12.92 12.92 12.92 12.92 12.92	\$	2.03 2.10 2.97 016 ¹² 20.30 20.30 20.30 20.30 20.30 20.30 20.30 20.30	\$	2.38 2.60 5.21 017 ^[2] 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 019 [3] 29.38 29.38 29.38 29.38 29.38 29.38 29.38 29.38 29.38	\$	4.90 - - 201 ²¹ 29.10 25.96 11.43 14.53 27.79 85.62 88.15 92.07 27.77	\$	5.22 - - 021 ^[4] 29.18 26.01 11.33 14.68 86.30 88.85 92.81 27.84	\$	30.33 27.21 12.76 14.45 29.03 86.57 89.08 92.98 29.01
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational		1.82 1.82 1.82 d Multi-1 2013 9.13 9.13 45.04 45.04 45.04 45.04 45.04	\$	1.85 1.85 1.85 ily 2014 9.26 9.26 45.67 45.67 45.67 45.67	1.85 1.85 1.85 2015 [1] \$ 12.92 12.92 12.92 12.92 12.92 12.92 12.92 \$ 1.03	\$	2.03 2.10 2.97 016 2 20.30 20.30 20.30 20.30 20.30 20.30 20.30	\$	2.38 2.60 5.21 017 21 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 D18 ^[2] 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 019 [3] 29.38 29.38 29.38 29.38 29.38 29.38 29.38	\$	4.90 - - 29.10 25.96 11.43 14.53 27.79 85.62 88.15 92.07 27.77	\$	5.22 - - 021 ^[4] 29.18 26.01 11.33 14.68 27.86 86.30 88.85 92.81 27.84	\$	30.33 27.21 12.76 14.45 29.03 86.57 89.08 92.98 29.01
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential Multi-Family Residential (Single Meter)	\$	1.82 1.82 1.82 1.82 d Multi-1 2013 9.13 9.13 45.04 45.04 45.04 45.04 45.04	\$	1.85 1.85 1.85 1.85 ily 2014 9.26 9.26 45.67 45.67 45.67 45.67 45.67	1.85 1.85 1.85 1.85 2015 III	\$	2.03 2.10 2.97 016 2 20.30 20.30 20.30 20.30 20.30 20.30 20.30 20.30	\$	2.38 2.60 5.21 017 ^[2] 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 D18 ^[2] 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 019 [3] 29.38 29.38 29.38 29.38 29.38 29.38 29.38 29.38	\$	4.90 	\$	5.22 - - 021 ^[4] 29.18 26.01 11.33 14.68 86.30 88.85 92.81 27.84	\$	22 ^[5] 30.33 27.21 12.76 14.45 29.03 86.57 89.08 92.98 29.01
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter)	\$	1.82 1.82 1.82 1.82 d Multi-l 2013 9.13 9.13 9.13 45.04 45.04 45.04 45.04 45.04 45.04 45.04	\$	1.85 1.85 1.85 1.85 ily 2014 9.26 9.26 45.67 45.67 45.67 45.67 45.67	1.85 1.85 1.85 2015 III \$ 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92	\$	2.03 2.10 2.97 016 2 20.30 20.30 20.30 20.30 20.30 20.30 20.30 20.30 1.03 1.03	\$	2.38 2.60 5.21 017 [2] 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 019 ^[3] 29.38 29.38 29.38 29.38 29.38 29.38 29.38 29.38 29.38	\$	4.90	\$	5.22 - - 021 41 29.18 26.01 11.33 14.68 27.86 86.30 88.85 92.81 27.84 1.08 1.	\$	22 l ⁵ l 30.33 27.21 12.76 14.45 29.03 86.57 89.08 92.98 29.01
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential (Single Meter) Multi-Family Residential (Common Meter) C1-Med-Low Strength	\$	1.82 1.82 1.82 1.82 d Multi-l 2013 9.13 9.13 9.13 45.04 45.04 45.04 45.04 45.04 1.05 1.05 1.05 1.05	\$	1.85 1.85 1.85 1.85 2014 9.26 9.26 9.26 45.67 45.67 45.67 45.67	1.85 1.85 1.85 2015 [1] \$ 12.92 12.92 12.92 12.92 12.92 12.92 12.92 \$ 1.03 1.03 1.03 0.87	\$	2.03 2.10 2.97 016 2 20.30 20.30 20.30 20.30 20.30 20.30 20.30 20.30 20.30 20.30	\$	2.38 2.60 5.21 017 ^[2] 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 019 [3] 29.38 29.38 29.38 29.38 29.38 29.38 29.38 29.38 29.38	\$	4.90	\$	5.22 - - 021 ^[4] 29.18 26.01 11.33 14.68 27.86 86.30 88.85 92.81 27.84	\$	30.33 27.21 12.76 14.45 29.03 86.57 89.08 92.98 29.01
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential (Single Meter) Multi-Family Residential (Common Meter) C1-Med-Low Strength C2-Med-Low Strength	\$	1.82 1.82 1.82 1.82 d Multi-l 2013 9.13 45.04 45.04 45.04 45.04 45.04 45.05 1.05 1.05 1.25 1.25	\$	1.85 1.85 1.85 1.85 2014 9.26 9.26 9.26 45.67 45.67 45.67 45.67	1.85 1.85 1.85 1.85 2015 III	\$	2.03 2.10 2.97 016 21 20.30 20.30 20.30 20.30 20.30 20.30 20.30 20.30 30.30 20.30	\$	2.38 2.60 5.21 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 26.61 27.61 28.	\$	2,44 2,66 5,32 019 ^[5] 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38	\$	4.90	\$	5.22	\$	30.33 27.21 12.76 14.45 29.03 86.57 89.08 92.98 29.01 1.08 1.08 1.08 0.95 1.16
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C3-Med-High Strength	\$	1.82 1.82 1.82 1.82 d Multi-1 2013 9.13 9.13 45.04 45.04 45.04 45.04 45.04 45.04 45.05 1.05 1.05 1.05 1.25 1.25 1.25	\$	1.85 1.85 1.85 1.85 2014 9.26 9.26 45.67 45.67 45.67 45.67 45.67 45.67 1.06 1.06 1.06 1.27 1.55 2.08	1.85 1.85 1.85 1.85 2015 III S 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.93 1.03 0.87 1.03 1.03 1.03 1.03	\$	2.03 2.10 2.97 20.30 20.30 20.30 20.30 20.30 20.30 20.30 20.30 30.30 20.	\$	2.38 2.60 5.21 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 26.61 26.62 27.62 28.	\$	2,44 2,66 5,32 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38	\$	4.90	\$	5.22	\$	22 ^[5] 30.33 27.21 12.76 14.45 86.57 89.08 92.98 1.08 1.08 1.08 0.95 1.16 1.48
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength C4-High Strength	\$	1.82 1.82 1.82 1.82 d Multi-l 2013 9.13 9.13 45.04 45.04 45.04 45.04 45.04 45.04 1.05 1.05 1.05 1.05 1.25 1.33 2.05 3.68	\$	1.85 1.85 1.85 1.85 2014 9.26 9.26 45.67 45.67 45.67 45.67 45.67	1.85 1.85 1.85 1.85 2015 III S 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92	\$	2.03 2.10 2.97 20.30 20.30 20.30 20.30 20.30 20.30 20.30 30.30 20.30 20.30 20.30 20.30 40.30 20.	\$	2.38 2.60 5.21 25.51 25.51 25.51 25.51 25.51 25.51 25.51 1.03 1.03 0.87 1.03 1.49 2.19	\$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 1.03 0.87 1.03 0.87 1.03	\$	2,44 2,66 5,32 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38	\$	4.90 121 29.10 25.96 11.43 27.79 85.62 88.62 89.07 27.77 1.05 1.05 0.88 1.05 2.34	\$	5.22	\$	30.33 27.21 12.76 29.03 86.57 89.08 92.98 29.01
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C3-Med-High Strength	\$	1.82 1.82 1.82 1.82 d Multi-1 2013 9.13 9.13 45.04 45.04 45.04 45.04 45.04 45.04 45.05 1.05 1.05 1.05 1.25 1.25 1.25	\$	1.85 1.85 1.85 1.85 2014 9.26 9.26 45.67 45.67 45.67 45.67 45.67 45.67 1.06 1.06 1.06 1.27 1.55 2.08	1.85 1.85 1.85 1.85 2015 III S 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.93 1.03 0.87 1.03 1.03 1.03 1.03	\$	2.03 2.10 2.97 20.30 20.30 20.30 20.30 20.30 20.30 20.30 20.30 30.30 20.	\$	2.38 2.60 5.21 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 26.61 26.62 27.62 28.	\$	2,44 2,66 5,32 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38	\$	4.90	\$	5.22	\$	22 ^[5] 30.33 27.21 12.76 14.45 86.57 89.08 92.98 1.08 1.08 1.08 0.95 1.16 1.48
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential Multi-Family Residential (Single Meter) Multi-Family Residential (Common Meter) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength C4-High Strength	s	1.82 1.82 1.82 1.82 d Multi-] 2013 9.13 9.13 45.04 45.04 45.04 45.04 45.04 1.05 1.05 1.05 1.05 1.25 1.25 1.25	\$	1.85 1.85 1.85 1.85 1.85 2014 9.26 9.26 9.26 45.67 45.67 45.67 45.67 45.67 45.67 45.67	1.85 1.85 1.85 1.85 2015 [1] \$ 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 12.92 8 1.03 1.03 0.87 1.03 1.49 2.19 0.84	\$	2.03 2.10 2.97 20.30 20.30 20.30 20.30 20.30 20.30 20.30 30.30 20.	\$	2.38 2.60 5.21 25.51 25.	\$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2,44 2,66 5,32 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38	\$	4.90 121 29.10 25.96 11.43 27.79 85.62 88.62 89.07 27.77 1.05 1.05 0.88 1.05 2.34	\$	5.22	\$	30.33 27.21 12.76 29.03 86.57 89.08 92.98 29.01
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential (Single Meter) Multi-Family Residential (Common Meter) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C3-Med-High Strength C3-Med-High Strength C3-Med-High Strength C4-High Strength Recreational	s	1.82 1.82 1.82 1.82 d Multi-l 2013 9.13 9.13 45.04 45.04 45.04 45.04 45.04 45.05 1.05 1.05 1.25 1.33 2.05 3.68 1.25	\$ \$	1.85 1.85 1.85 1.85 1.85 1.85 1.85 1.85	1.85 1.85 1.85 1.85 2015 III S 12.92	\$ \$	2.03 2.10 2.97 20.30 20.30 20.30 20.30 20.30 20.30 20.30 30.30 20.30 20.30 1.03 1.03 1.03 1.03 1.03 0.87 1.03 1.49 2.19 0.84	\$ \$	2.38 2.60 5.21 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 26.61 26.62 27.62 28.	\$ \$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2,44 2,66 5,32 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 20,72	\$	4.90	\$	5.22	\$	30.33 27.21 12.76 29.03 86.57 89.08 92.98 29.01 1.08 1.08 1.08 1.08 2.59 0.56
Tier 4 Tier 5 Wastewater Monthly Charge - Single Fan Fixed Base Charge (per meter) Single Family Residential Multi-Family Residential (Common Meter) Multi-Family Residential (Dwelling Unit) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C4-High Strength Recreational Volumetric Charge (per ccf) Single Family Residential (Single Meter) Multi-Family Residential (Common Meter) C1-Med-Low Strength C2-Med-Low Strength C3-Med-High Strength C3-Med-High Strength C3-Med-High Strength C3-Med-High Strength C4-High Strength Recreational	s	1.82 1.82 1.82 1.82 d Multi-] 2013 9.13 9.13 45.04 45.04 45.04 45.04 45.04 1.05 1.05 1.05 1.05 1.25 1.25 1.25	\$ \$	1.85 1.85 1.85 1.85 1.85 2014 9.26 9.26 9.26 45.67 45.67 45.67 45.67 45.67 45.67 45.67	1.85 1.85 1.85 1.85 2015 II \$ 12.92 12.92 12.92 12.92 12.92 12.92 12.92 \$ 1.03 1.03 0.87 1.03 1.49 2.19 0.84 on 3/4" me 2015 II	\$ \$	2.03 2.10 2.97 20.30 20.30 20.30 20.30 20.30 20.30 20.30 30.30 20.	\$ \$ \$ 2	2.38 2.60 5.21 25.51 25.	\$ \$	2.44 2.66 5.32 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51 25.51	\$	2,44 2,66 5,32 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38 29,38	\$	4.90 121 29.10 25.96 11.43 27.79 85.62 88.62 89.07 27.77 1.05 1.05 0.88 1.05 2.34	\$	5.22	\$	30.33 27.21 12.76 29.03 86.57 89.08 92.98 29.01

Source: SMWD Water, Recycled Water & Wastewater Service Fees, Prop 218 Notice

^{[1] 2015} Rates effective March 10, 2015 [2] Rates effective January 1st of the Fiscal Year indicated [3] 2019 Rates effective May 1, 2019 [4] 2021 Rates effective March 1, 2021 [5] 2022 Rates effective January 1, 2022

Water and Wastewater Rates Current Fiscal Year

Improvement District 9

Water Basic Monthly Charge - Residential Single and Multi-Family (per account)	
The same of the sa	[1]
2/48.24	2022 [1]
3/4" Meter Size \$	26
Water Volumetric Charges - Residential Single Family and Multi-Family (per ccf)	
	2022 [1]
Tier 1 \$	3
Tier 2	5
Tier 3	6
Tier 4	6
Recycled Water Volumetric Charges - Irrigation (Non-Domestic/Blended Water) (per ccf)	
	2022 [1]
Tier 1 \$	3
Tier 2	3
Tier 3	4
Tier 4	4
Recycled Water Volumetric Charges - Irrigation (Non-Domestic Water) (per ccf)	
	2022 [1]
Tier 1	3
Tier 2	3
Tier 3	4
Tier 4	4
Wastewater Monthly Charge - Single Family and Multi-Family	
	2022 [1]
Fixed Base Charge (per meter)	2022
Single Family Residential \$	25
Multi-Family Residential	19
Commercial	11
Pool - Small	43
Pool - Large (Over 850 Sq Ft Surface Area)	108
Mobile Homes	14
Volumetric Charge (per ccf)	
Commercial \$	2
Ψ	2
Average Single Family Residential Monthly Potable Water Bill (based on 3/4" meter and 15 units (ccf) of water)	
11 orage orage raining residential fronting rotable water bin (based on 5/7 ineter and 15 dints (eef) of water)	
	2022 [1]
\$	94

[1] City of San Juan Capistrano's water and wastewater system was annexed into the Santa Margarita Water District's service area effective November 15, 2021.

Source: San Juan Rate Card

Ten Largest Water and Wastewater Customers Current Fiscal Year and Nine Years Ago

Improvement Districts 1 to 8

2022
Top Ten Domestic Water Customers

2013
Top Ten Domestic Water Customer

	Annual	% of		Annual	% of	
Customer	Revenue	Total	Customer	Revenue	Total	
1 SAMLARC	\$ 1,579,439	3.2%	1 SAMLARC	\$ 1,111,053	3.4%	
2 CZ MASTER ASSOCIATION	652,994	1.3%	2 CASTA DEL SOL HOA	426,531	1.3%	
3 CASTA DEL SOL	569,502	1.1%	3 CZ MASTER HOA	391,668	1.2%	
4 LARMAC	402,999	0.8%	4 CITY OF MISSION VIEJO	378,272	1.1%	
5 CAPISTRANO UNIFIED SCHOOL DISTRICT	328,644	0.7%	5 LAS FLORES MAINTENANCE	262,810	0.8%	
6 CITY OF MISSION VIEJO	309,222	0.6%	6 LAKE MISSION VIEJO	242,486	0.7%	
7 LAS FLORES MAINT.	286,148	0.6%	7 LADERA RANCH MAINTENANCE	233,030	0.7%	
8 APPLIED MEDICAL	213,645	0.4%	8 CAPISTRANO UNIFIED SCHOOL DIST	192,445	0.6%	
9 M.V. ENVIRONMENTAL ASSN	174,880	0.3%	9 VILLA LA PAZ APARTMENTS	166,279	0.5%	
10 WESTERN NATIONAL PROP.	172,224	0.3%	10 CALIFIA HOA	132,248	0.4%	
Total	\$ 4,689,698	9.3%	Total	\$ 3,536,822	10.7%	
TOTAL DOMESTIC WATER SALES	\$ 50.111.456		TOTAL DOMESTIC WATER SALES	\$ 32,981,298		

Top Ten Recycled Water Customers

Ton Ten	Recycled	Water	Customers

Top Ten Recycleu water	Custom	ers		Top Ten Recycled Water Custo	Top Ten Recycled water Customers				
		Annual	% of			Annual	% of		
Customer		Revenue	Total	Customer		Revenue	Total		
1 LARMAC	\$	1,619,671	14.3%	1 LADERA RANCH MAINTENANCE	\$	1,281,027	21.3%		
2 CITY OF MISSION VIEJO		1,188,923	10.5%	2 CZ MASTER HOA		683,159	11.3%		
3 TALEGA MAINTENANCE CORP.		970,901	8.6%	3 CITY OF MISSION VIEJO		670,445	11.1%		
4 RANCHO MISSION VIEJO		921,168	8.1%	4 COTO DE CAZA GOLF & RACQUET		477,167	7.9%		
5 LAKE MISSION VIEJO ASSOC.		919,213	8.1%	5 TALEGA MAINTENANCE		445,381	7.4%		
6 COTO DE CAZA GOLF & RACQUET		726,366	6.4%	6 CASTA DEL SOL HOA		360,625	6.0%		
7 CZ MASTER ASSOCIATION		685,996	6.0%	7 TALEGA GOLF COURSE		276,286	4.6%		
8 CASTA DEL SOL HOA		493,150	4.3%	8 OSO VALLEY GREENBELT HOA		184,126	3.1%		
9 M.V. ENVIRONMENTAL ASSN		381,240	3.4%	9 MISSION VIEJO ENVIRONMENTAL HOA		169,946	2.8%		
10 OSO VALLEY GREENBELT ASSN		345,795	3.0%	10 STONERIDGE @ MISSION VIEJO HOA		137,673	2.3%		
Total	\$	8,252,424	72.7%	Total	\$	4,685,835	77.8%		
TOTAL RECYCLED WATER SALES	\$	11,346,670		TOTAL RECYCLED WATER SALES	\$	6,023,082			

Top Ten Wastewater Customers

Top Ten Wastewater Customers

	Annual	% of		Annual	% of
Customer	Revenue Total Customer		Customer	Revenue	Total
1 WESTERN NATIONAL PROP.	\$ 151,252	0.6%	1 SOUTH COUNTY APARTMENTS	\$ 66,655	0.6%
2 GREYSTAR REAL ESTATE MGMT	120,754	0.5%	2 VILLA LA PAZ APARTMENTS	53,932	0.5%
3 IRVINE COMPANY	120,519	0.5%	3 22751 EL PRADO, LLC	53,901	0.5%
4 VILLA LA PAZ	119,415	0.5%	4 LADERA WNG, LLC	49,502	0.4%
5 LADERA WING	111,591	0.4%	5 WESTERN NATIONAL APARTMENTS	47,764	0.4%
6 AVALON BAY COMMUNITES	76,749	0.3%	6 RALPH GROCERY STORES	40,885	0.3%
7 BRE PROPERTIES	74,567	0.3%	7 VONS GROCERY STORES	37,232	0.3%
8 UDR/PACIFIC LOS ALISOS, L.P.	74,450	0.3%	8 EQUITY RESIDENTIAL PROPERTIES	34,777	0.3%
9 SENDERO GATEWEAY	70,233	0.3%	9 APPLIED MEDICAL	31,006	0.3%
10 EQUITY RESIDENTIAL PROP	68,489	0.3%	10 BRE PROPERTIES	29,325	0.3%
Total	\$ 988,019	4.0%	Total	\$ 444,979	3.9%
TOTAL WASTEWATER SALES	\$ 24,883,585		TOTAL WASTEWATER SALES	\$ 11,692,841	

SANTA MARGARITA WATER DISTRICT Ten Largest Water and Wastewater Customers Current Fiscal Year

Improvement District 9 2022

Top Ten Domestic Water Customers

•			% of
Customer	An	nual Revenue	Total
1 CAPO VILLAS I-III	\$	425,218	3.8%
2 CITY OF SAN JUAN CAPISTRANO		377,051	3.3%
3 CAPISTRANO UNIFIED SCHOOL DISTRICT		113,883	1.0%
4 MARBELLA GOLF & COUNTRY CLUB		103,344	0.9%
5 CASA DE CAPISTRANO HOA		98,653	0.9%
6 PACIFICA SAN JUAN		98,613	0.9%
7 COSTCO WHOLESALE CORP		73,586	0.7%
8 THE ECOLOGY CENTER		69,144	0.6%
9 VILLAS SAN JUAN		68,035	0.6%
10 SAN JUAN HILLS ESTATES HOA		63,081	0.6%
Total	\$	1,490,609	13.3%
TOTAL DOMESTIC WATER SALES	\$	11,311,474	

Top Ten Recycled Water Customers

			% of
Customer	Annu	ıal Revenue	Total
1 MARBELLA GOLF & COUNTRY CLUB	\$	304,047	45.5%
2 CITY OF SAN JUAN CAPISTRANO		55,897	8.4%
3 SUNHOLLOW HOA		25,158	3.8%
4 RANCHO MADRINA COMM ASSOC		21,236	3.2%
5 SAN JUAN HILLS HOA		18,506	2.8%
6 CALTRANS		17,801	2.7%
7 SAN JUAN MESA VERDE HOA		16,095	2.4%
8 SAN JUAN CREEK HOA		15,434	2.3%
9 J SERRA HIGH SCHOOL		12,407	1.9%
10 ASRV, LLC DBA CAPISTRANO SENIOR LIVING		11,041	1.7%
Total	\$	497,621	74.7%
TOTAL RECYCLED WATER SALES	\$	668,639	

Top Ten Wastewater Customers

			% of
Customer	Ann	ual Revenue	Total
1 CAPO VILLAS I-III	\$	131,148	5.5%
2 CASA DE CAPISTRANO HOA		39,407	1.7%
3 SAN JUAN MOBILE ESTATES		35,194	1.5%
4 CASITAS DE ALIPAZ HOA		27,636	1.2%
5 CAPISTRANO VALLEY MOBILE ESTATES		25,944	1.1%
6 COSTCO WHOLESALE CORP		20,718	0.9%
7 J SERRA HIGH SCHOOL		18,885	0.8%
8 SAN JUAN CAPISTRANO HOUSING INVESTORS		17,768	0.8%
9 EL NIDO ESTATES, LLC		17,597	0.7%
10 CAPISTRANO TERRACE ORG		17,146	0.7%
Total	\$	351,442	14.9%
TOTAL WASTEWATER SALES	\$	2,367,525	

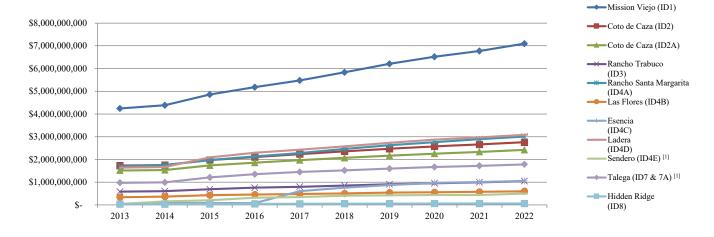
Assessed Value and Assessment Rate by Improvement District Last Ten Fiscal Years

Assessed Value by Improvement District

Fiscal Year	Mission Viejo (ID1)	Coto de Caza (ID2)	Coto de Caza (ID2A)	Rancho Trabuco (ID3)	Rancho Santa Margarita (ID4A)	Las Flores (ID4B)	Esencia (ID4C)	Ladera (ID4D)	Sendero (ID4E) ^[1]	Talega (ID7 & 7A) [1]	Hidden Ridge (ID8)
2013	\$4,246,079,372	\$1,733,186,576	\$1,516,823,350	\$ 584,731,994	\$1,697,614,604	\$ 342,556,495	\$ 30,356,810	\$1,638,801,486	\$ 44,332,116	\$ 974,637,526	\$ 36,008,090
2014	4,385,604,517	1,753,304,514	1,533,937,230	602,615,493	1,749,594,903	364,559,743	84,468,220	1,671,307,674	158,159,741	990,509,069	37,061,718
2015	4,858,429,328	1,974,367,170	1,736,599,316	690,726,758	1,978,850,692	428,287,773	83,039,022	2,089,347,724	205,352,480	1,209,751,858	42,333,665
2016	5,181,106,961	2,106,488,806	1,857,064,409	760,888,289	2,131,183,735	457,208,660	76,475,832	2,297,357,223	317,526,846	1,352,148,665	45,492,946
2017	5,477,312,584	2,236,076,361	1,968,964,693	799,168,581	2,278,789,469	481,335,895	606,398,602	2,427,571,835	348,663,496	1,447,257,074	50,459,381
2018	5,835,619,000	2,353,363,465	2,068,939,915	855,449,272	2,461,320,493	507,360,592	758,305,815	2,574,216,450	411,061,467	1,520,468,757	54,348,170
2019	6,206,022,832	2,468,385,147	2,166,690,140	909,999,028	2,627,290,567	539,485,697	871,604,033	2,733,192,659	423,486,062	1,597,001,961	56,495,273
2020	6,513,755,308	2,578,149,407	2,255,589,923	952,794,717	2,762,516,961	554,200,175	973,371,722	2,874,614,434	434,559,628	1,668,988,719	60,549,330
2021	6,772,455,877	2,661,681,436	2,333,145,112	996,508,563	2,891,858,883	577,659,884	1,007,596,801	2,967,874,629	439,940,980	1,719,994,947	63,350,181
2022	7,095,600,157	2,760,800,111	2,421,400,455	1,045,190,121	3,004,048,103	600,966,101	1,055,947,523	3,086,362,584	500,295,188	1,784,706,029	65,876,586

Assessment Rate by Improvement District per \$100 of Assessed Value

Fiscal Year	Mission Viejo (ID1)	Coto de Caza (ID2)	Coto de Caza (ID2A)	Rancho Trabuco (ID3)	Rancho Santa Margarita (ID4A)	Las Flores (ID4B)	Esencia (ID4C)	Ladera (ID4D)	Sendero (ID4E) ^[1]	Talega (ID7 & 7A) [1] [2]	Hidden Ridge (ID8)
2013	0.0000	0.0948	0.0578	0.4146	0.4491	0.5519	3.6571	0.1997	1.1554	N/A	0.3085
2014	0.0000	0.0243	0.0000	0.4076	0.2841	0.3591	1.1457	0.4070	0.1684	N/A	0.3017
2015	0.0000	0.0211	0.0000	0.3187	0.2193	0.2441	1.1571	0.0299	0.1323	N/A	0.0000
2016	0.0000	0.0211	0.0000	0.3013	0.3381	0.3369	0.3958	0.1216	0.1575	N/A	0.0000
2017	0.0000	0.0203	0.0000	0.2963	0.3103	0.3644	0.13036	0.1316	0.1937	N/A	0.0000
2018	0.0000	0.0110	0.0000	0.2811	0.2979	0.3496	0.13036	0.1225	0.1605	N/A	0.0000
2019	0.0000	0.0110	0.0000	0.2224	0.2411	0.2110	0.0938	0.0929	0.1157	N/A	0.0000
2020	0.0000	0.0110	0.0000	0.217	0.2336	0.2090	0.0889	0.0894	0.1127	N/A	0.0000
2021	0.0000	0.0110	0.0000	0.0263	0.0273	0.0215	0.0188	0.0407	0.0460	N/A	0.0000
2022	0.0000	0.0110	0.0000	0.0244	0.0255	0.0198	0.0174	0.0378	0.0406	N/A	0.0000



[1] Sendero (ID4E) and Talega (ID7 & 7A) are both Community Facilities Districts, separate legal entities. This is a fiduciary activity for the District.

Source: Benefit Analysis Study Fiscal Year 2021-2022

^[2] ID-7 assessment rates are calculated for each individual parcel

Improvement District NO. 2/2A Direct and Overlapping Debt Summary

Overlapping District	FY 2022-23 Total Levy	Amount of Levy on Parcels in the District	Percent of Levy on Parcels in the District	Total Debt Outstanding [1]	District Share of Total Debt Outstanding
Metropolitan Water District G.O. Bond County of Orange CFD No. 87-8 Capistrano Unified School District SFID No. 1 Series B and 2022 Refunding	\$176,718,579 \$0 \$5,061,160	\$202,406 \$0 \$104,287	0.1145% 0.0000% 2.0605%	\$20,175,000 \$0 \$10,033,566	\$23,108 \$0 \$206,745
		ESTIMATED SHARE OF OVERLAPPING DEBT			
Santa Margarita Water District ID No. 2 Santa Margarita Water District ID No. 2A					\$4,225,000 [2] \$0 [2,3]
		TOTAL	DIRECT AND OVI	ERLAPPING DEBT	\$4,454,853
				ESSED VALUE [4] JE-TO-LIEN RATIO	\$2,983,918,670 669.813

Sources: DTA; Santa Margarita Water District; Metropolitan Water District; County Of Orange

 ^[1] Based on principal payments as of September 2, 2022. All districts shown make principal payments on September 1 except for MWD which makes principal payments on March 1
 [2] Based on information provided by the Santa Margarita Water District.
 [3] Bonds issued by ID 2A were fully paid off in 2017
 [4] Based on FY 2022-2023 land value provided by County of Orange Auditor-Controller

Improvement District No. 2A Direct and Overlapping Debt Summary

Overlapping District	FY 2022-23 Total Levy	Amount of Levy on Parcels in the District	Percent of Levy on Parcels in the District	Total Debt Outstanding [1]	District Share of Total Debt Outstanding
Metropolitan Water District G.O. Bond	\$176,718,579	\$176,136	0.0997%	\$20,175,000	\$20,109
Santa Margarita Water District ID No. 2	\$328,231	\$287,893	87.7105%	\$4,225,000	\$3,705,769
County of Orange CFD No. 87-8	\$0	\$0	0.0000%	\$0	\$0
Capistrano Unified School District SFID No. 1 Series B and 2022 Refunding	\$5,061,160	\$52,424	1.0358%	\$10,033,566	\$103,929
			ESTIMATED SHARE OF C	OVERLAPPING DEBT	\$3,829,806
Santa Margarita Water District ID No. 2A					\$0 [2,3]
			TOTAL DIRECT AND	OVERLAPPING DEBT	\$3,829,806
				ASSESSED VALUE [4] ALUE-TO-LIEN RATIO	\$2,617,210,011 683.379

Sources: DTA; Santa Margarita Water District; Metropolitan Water District; County Of Orange

^[1] Based on principal payments as of September 2, 2022. All districts shown make principal payments on September 1 except for MWD which makes principal payments on March 1.

^[2] Based on information provided by the Santa Margarita Water District.

^[3] Bonds issued by ID 2A were fully paid off in 2017.

^[4] Based on FY 2022-2023 land value provided by County of Orange Auditor-Controller.

Improvement District NO. 3/3A Direct and Overlapping Debt Summary

FY 2022-23 Total Levy	Amount of Levy on Parcels in the District	Percent of Levy on Parcels in the District	Total Debi Outstanding [1]	District Share of Total Debt Outstanding
\$176,718,579	\$66,439	0.0376%	\$20,175,000	\$7,585
\$0	\$0	0.0000%	\$0	\$0
\$0	\$0	0.0000%	\$0	\$0
\$0	\$0	0.0000%	\$0	\$0
\$5,061,160	\$86	0.0017%	\$10,033,566	\$170
\$2,986,989	\$102,428	3.4291%	\$22,275,000	\$763,838
	. ,			\$347,542
				\$1,485,666
				\$267,817
* -	* *		* -	\$0
	* *		7.7	\$0
NA	NA	NA	NA	\$114,770
	ESTIMA	ATED SHARE OF OVE	ERLAPPING DEBT	\$2,987,388
				\$2,800,000 [2]
	тот	AL DIRECT AND OVE	ERLAPPING DEBT	\$5,787,388
				\$1,126,900,385 194.717
	Total Levy \$176,718,579 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	FY 2022-23 Total Levy \$176,718,579 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$5,061,160 \$2,986,989 \$1,731,814 \$2,421,491 \$2,421,491 \$83,036 \$623,498 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$ESTIMA	Levy on Parcels in the District Parcels in the District	FY 2022-23 Total Levy Levy on Parcels in the District Levy on Parcels in the District Total Debt Outstanding [1] \$176,718,579 \$66,439 0.0376% \$20,175,000 \$0 \$0 0.0000% \$0 \$0 \$0 0.0000% \$0 \$0 \$0 0.0000% \$0 \$5,061,160 \$86 0.0017% \$10,033,566 \$2,986,989 \$102,428 3.4291% \$22,275,000 \$4,731,814 \$162,260 3.4291% \$10,135,000 \$2,421,491 \$83,036 3.4291% \$43,325,000 \$623,498 \$21,381 3.4292% \$7,810,000 \$0 \$0 0.0000% \$0 \$0 \$0 0.0000% \$0

Sources: DTA; Santa Margarita Water District; Metropolitan Water District; Saddleback Valley USD; County Of Orange

^[1] Based on principal payments as of September 2, 2022. All districts shown make principal payments on September 1 except for MWD which makes principal payments on March 1.

^[2] Based on information provided by the Santa Margarita Water District.

^[3] Based on FY 2022-2023 land value provided by County of Orange Auditor-Controller.
[4] A total of six property owners are participating in the CA HERO Program as of June 30, 2022. DTA is not aware of any property owners in ID No. 3/3A that are participating in other active PACE programs.

Improvement District No. 4/4A/4B

Direct and Overlapping Debt Summary

	FY 2022-23	Amount of Levy on Parcels in	Percent of Levy on Parcels in	Total Debt	District Share of Total Debt
Overlapping District	Total Levy	the District	the District	Outstanding [1]	Outstanding
Metropolitan Water District G.O. Bond	\$176,718,579	\$573,391	0.3245%	\$20,175,000	\$65,461
County of Orange CFD No. 87-5A	\$0	\$0	0.0000%	\$0	\$0
County of Orange CFD No. 87-5B	\$0	\$0	0.0000%	\$0	\$0
County of Orange CFD No. 99-1	\$1,571,364	\$1,571,364	100.0000%	\$9,435,000	\$9,435,000
County of Orange CFD No. 2000-1	\$1,956,119	\$1,956,119	100.0000%	\$12,465,000	\$12,465,000
County of Orange CFD No. 2001-1	\$2,112,989	\$2,112,989	100.0000%	\$16,845,000	\$16,845,000
County of Orange CFD No. 2002-1	\$4,595,825	\$4,595,825	100.0000%	\$42,330,000	\$42,330,000
County of Orange CFD No. 2003-1	\$3,604,099	\$3,604,099	100.0000%	\$35,770,000	\$35,770,000
County of Orange CFD No. 2004-1	\$5,005,881	\$5,005,881	100.0000%	\$50,705,000	\$50,705,000
County of Orange CFD No. 2015-1	\$5,065,370	\$5,065,370	100.0000%	\$84,150,000	\$84,150,000
County of Orange CFD No. 2016-1	\$5,291,738	\$5,291,738	100.0000%	\$89,135,000	\$89,135,000
County of Orange CFD No. 2017-1, IA No. 1	\$4,378,118	\$4,378,118	100.0000%	\$75,260,000	\$75,260,000
County of Orange CFD No. 2017-1, IA No. 2	\$1,062,788	\$1,062,788	100.0000%	\$21,410,000	\$21,410,000
Capistrano Unified School District CFD No. 92-1	\$0	\$0	0.0000%	\$0 [5]	\$0
Capistrano Unified School District CFD No. 98-2	\$7,644,034	\$7,644,034	100.0000%	\$70,803,035 [6]	\$70,803,035
Capistrano Unified School District SFID No. 1 Series B and 2022 Refunding	\$5,061,160	\$242,085	4.7832%	\$10,033,566	\$479,926
Saddleback Valley Unified School District G.O. Bond Series 2016 Refunding	\$2,986,989	\$188,421	6.3081%	\$22,275,000	\$1,405,119
Saddleback Valley Unified School District G.O. Bond Series 2013 Refunding	\$4,731,814	\$298,485	6.3080%	\$10,135,000	\$639,321
Saddleback Valley Unified School District G.O. Bond Series 2013A / 2019 Refunding	\$2,421,491	\$152,749	6.3081%	\$43,325,000	\$2,732,965
Saddleback Valley Unified School District G.O. Bond Series 2016A	\$623,498	\$39,331	6.3080%	\$7,810,000	\$492,658
Saddleback Valley Unified School District CFD No. 88-1	\$0	\$0	0.0000%	\$0	\$0
City of San Juan Capistrano G.O. Bond Series 2017 Refunding	\$1,850,710	\$0 [7]	0.0000%	\$23,495,000	\$0
Santa Margarita Water District CFD No. 2013-1	\$3,697,653	\$3,697,653	100.0000%	\$52,185,000	\$52,185,000
CA HERO Program [8]	NA	NA	NA	NA	\$225,855
		ESTIMAT	ED SHARE OF OVE	RLAPPING DEBT	\$566,534,339
Santa Margarita Water District ID No. 4					\$18,490,000 [2]
Santa Margarita Water District ID No. 4A					\$0 [2,3]
Santa Margarita Water District ID No. 4B					\$6,090,000 [2]
		ТОТА	L DIRECT AND OVE	RLAPPING DEBT	\$591,114,339
			TOTAL LAND ASSI		\$8,814,768,307
			VALU	JE-TO-LIEN RATIO	14.912

Sources: DTA; Santa Margarita Water District; Metropolitan Water District; Saddleback Valley USD; County Of Orange

^[1] Based on principal payments as of September 2, 2022. All districts shown make principal payments on September 1 except for MWD which makes principal payments on March 1.

^[2] Based on information provided by the Santa Margarita Water District.

^[3] Bonds issued by ID 4A were fully paid off in 2020.

^[4] Based on FY 2022-2023 land value provided by County of Orange Auditor-Controller.

^[5] Bonds issued by Capistrano Unified School District CFD No. 92-1 were fully paid off in 2022.

^[6] Principal amount for the outstanding capital appreciation bonds determined by applying accreted value as of September 1, 2022.

^[7] For FY 2022-2023, no parcels in District are considered taxable.

^[8] A total of 19 property owners are participating in the CA HERO Program as of June 30, 2022. DTA is not aware of any property owners in ID No. 4 that are participating in other active PACE programs.

Improvement District NO. 4A

Direct and Overlapping Debt Summary

Overlapping District	FY 2022-23 Total Levy	Amount of Levy on Parcels in the District	Percent of Levy on Parcels in the District	Total Debt Outstanding [1]	District Share of Total Debt Outstanding
Metropolitan Water District G.O. Bond Santa Margarita Water District ID No. 4 County of Orange CFD No. 87-5A County of Orange CFD No. 87-5B Capistrano Unified School District SFID No. 1 Series B and 2022 Refunding Saddleback Valley Unified School District G.O. Bond Series 2016 Refunding Saddleback Valley Unified School District G.O. Bond Series 2013 Refunding Saddleback Valley Unified School District G.O. Bond Series 2013A / 2019 Refunding Saddleback Valley Unified School District G.O. Bond Series 2016A Saddleback Valley Unified School District G.O. Bond Series 2016A Saddleback Valley Unified School District CFD No. 88-1 CA HERO Program [7]	\$176,718,579 \$1,673,297 [5] \$0 \$0 \$5,061,160 \$2,986,989 \$4,731,814 \$2,421,491 \$623,498 \$0 NA	\$190,830 \$764,427 [6] \$0 \$22,845 \$188,421 \$298,485 \$152,749 \$39,331 \$0 NA	0.1080% 45.6839% 0.0000% 0.0000% 0.4514% 6.3081% 6.3080% 6.3081% 6.3080% 0.0000%	\$20,175,000 \$18,490,000 \$0 \$0 \$10,033,566 \$22,275,000 \$10,135,000 \$43,325,000 \$7,810,000 \$0 NA	\$21,786 \$8,446,953 \$0 \$0 \$45,289 \$1,405,119 \$639,321 \$2,732,965 \$492,658 \$0 \$225,855
Santa Margarita Water District ID No. 4A		ESTIMAT	ED SHARE OF OV	ERLAPPING DEBT	\$14,009,945 \$0 [2,3]
		ТОТА	ERLAPPING DEBT	\$14,009,945	
				SESSED VALUE [4] UE-TO-LIEN RATIO	\$3,239,098,526 231.200

Sources: DTA; Santa Margarita Water District; Metropolitan Water District; Saddleback Valley USD; County Of Orange

^[1] Based on principal payments as of September 2, 2022. All districts shown make principal payments on September 1 except for MWD which makes principal payments on March 1

^[2] Based on information provided by the Santa Margarita Water District.
[3] Bonds issued by ID 4A were fully paid off in 2020
[4] Based on FY 2022-2023 land value provided by County of Orange Auditor-Controller
[5] Includes FY 2022-2023 levy for ID 4A, 4B, 4C, 4D, and 4E attributable to ID 4 debt only

^[6] Based on FY 2022-2023 ID 4 rate of \$0.0000/\$100 and ID 4A rate of \$0.0236/\$100 attributable to ID 4 debt only

^[7] A total of 19 property owners are participating in the CA HERO Program as of June 30, 2022. DTA is not aware of any property owners in ID No. 4A that are participating in other active PACE programs

Improvement District NO. 4B [6]

Direct and Overlapping Debt Summary

Overlapping District	FY 2022-23 Total Levy	Amount of Levy on Parcels in the District	Percent of Levy on Parcels in the District	Total Debt Outstanding [1]	District Share of Total Debt Outstanding
Metropolitan Water District G.O. Bond	\$176,718,579	\$307,358	0.1739%	\$20,175,000	\$35,089
Santa Margarita Water District ID No. 4	\$1,673,297 [4]	\$721,616 [5]	43.1254%	\$18,490,000	\$7,973,882
County of Orange CFD No. 99-1	\$1.571.364	\$1.571.364	100.0000%	\$9,435,000	\$9,435,000
County of Orange CFD No. 2000-1	\$1.956.119	\$1.956.119	100.0000%	\$12,465,000	\$12,465,000
County of Orange CFD No. 2001-1	\$2,112,989	\$2,112,989	100.0000%	\$16,845,000	\$16,845,000
County of Orange CFD No. 2002-1	\$4,595,825	\$4,595,825	100.0000%	\$42,330,000	\$42,330,000
County of Orange CFD No. 2003-1	\$3,604,099	\$3,604,099	100.0000%	\$35,770,000	\$35,770,000
County of Orange CFD No. 2004-1	\$5,005,881	\$5,005,881	100.0000%	\$50,705,000	\$50,705,000
Capistrano Unified School District CFD No. 92-1	\$0	\$0	0.0000%	\$0 [7]	\$0
Capistrano Unified School District CFD No. 98-2	\$7,644,034	\$7,644,034	100.0000%	\$70,803,035 [8]	\$70,803,035
Capistrano Unified School District SFID No. 1 Series B and 2022 Refunding	\$5,061,160	\$70,769	1.3983%	\$10,033,566	\$140,297
City of San Juan Capistrano G.O. Bond Series 2017 Refunding	\$1,850,710	\$0 [9]	0.0000%	\$23,495,000	\$0
Santa Margarita Water District CFD No. 2013-1	\$3,697,653	\$3,697,653	100.0000%	\$52,185,000	\$52,185,000
		ESTIMATED	SHARE OF OV	ERLAPPING DEBT	\$298,687,303
Santa Margarita Water District ID No. 4B					\$6,090,000 [2]
		TOTAL D	RECT AND OV	ERLAPPING DEBT	\$304,777,303
		TC		SESSED VALUE [3] E-TO-LIEN RATIO	\$4,447,551,897 14.593

Sources: DTA; Santa Margarita Water District; Metropolitan Water District; County Of Orange

^[1] Based on principal payments as of September 2, 2022. All districts shown make principal payments on September 1 except for MWD which makes principal payments on March 1.

^[2] Based on information provided by the Santa Margarita Water District.

^[3] Based on FY 2022-2023 land value provided by County of Orange Auditor-Controller. Includes land value for property in ID 4B, ID 4D, and ID 4E.

^[4] Includes FY 2022-2023 levy for ID 4A, 4B, 4C, 4D, and 4E attributable to ID 4 debt only.

^[5] Based on FY 2022-2023 ID 4 rate of \$0.0000/\$100 for property in ID 4B, ID 4D, and ID 4E. Also includes ID 4B rate of \$0.0016/\$100, ID 4D rate of \$0.0182/\$100, and ID 4E rate of

^{\$0.0224/\$100} attributable to ID 4 debt only.

^[6] Includes property that pays for ID 4B debt (i.e., ID 4B, ID 4D, and ID 4E).
[7] Bonds issued by Capistrano Unified School District CFD No. 92-1 were fully paid off in 2022.

^[8] Principal amount for the outstanding capital appreciation bonds determined by applying accreted value as of September 1, 2022.

^[9] For FY 2022-2023, no parcels in District are considered taxable.

SANTA MARGARITA WATER DISTRICT Community Facilities District NO. 99-1 (Talega) Overlapping Debt Summary

Overlapping District	FY 2022-2023 Total Levy	Amount of Levy on Parcels in District	Percent of Levy on Parcels in District	Total Debt Outstanding [1]	District Share of Total Debt Outstanding		
Capistrano Unified School District CFD No. 90-2	\$2,649,450	\$2,648,131	99.9503% [4]	\$23,445,000	\$23,433,337		
Capistrano Unified School District CFD No. 90-2 IA No. 2002-1	\$3,584,107	\$3,581,092	99.9159% [4]	\$29,460,000	\$29,435,217		
Metropolitan Water District	\$176,718,579	\$123,421	0.0698%	\$20,175,000	\$14,090		
PACE Programs [3]	NA	NA	NA	NA	\$213,524		
	Estimated Share of Overlapping Debt Allocable to the District						
		Plus CFD	No. 99-1 Refunding	Bonds Series 2014 [2]	\$20,930,000		
		Plus CFD	No. 99-1 Refunding	Bonds Series 2017 [2]	\$26,820,000		
	Estimated Sha	re of Direct and O	verlapping Debt Allo	cable to the District	\$100,846,168		

^[1] As of September 2, 2022.

As of September 2, 2022. Reflects bond call of \$25,000 on September 1, 2020.

[3] A total of three property owners are participating in the CA HERO Program as of June 30, 2022. In addition, there are two property owners participating in the

CaliforniaFirst and PACEFunding Programs as of June 30, 2022. DTA is not aware of any property owners in CFD No. 99-1 that are participating in other active [4] Reflects one parcel that prepaid the Santa Margarita Water District CFD No. 99-1 special tax in full. Such parcel is still subject to the Capistrano Unified School District CFD special taxes.

Debt Service Coverage Ratio Last Ten Fiscal Years

Improvement Districts 1 to 8

							Annual Debt Service *						
Fiscal	To	tal Revenues		Operating	N	et Available							Coverage
Year		[1]	1	Expenses [2]		Revenues		Principal		Interest		Total	Ratio
2013	\$	90,995,918	\$	57,767,477	\$	33,228,441	\$	15,803,677	\$	14,450,735	\$	30,254,412	1.10
2014		103,974,919		63,141,163		40,833,756		17,817,278		13,673,314		31,490,592	1.30
2015		95,753,157		59,586,454		36,166,703		17,461,497		12,820,879		30,282,376	1.19
2016		88,680,401		61,353,720		27,326,681		14,006,201		5,538,441		19,544,642	1.40
2017		103,964,839		63,669,388		40,295,451		15,213,214		5,010,779		20,223,993	1.99
2018		88,154,782		69,858,916		18,295,866		966,203		262,799		1,229,002	14.89
2019		86,643,647		71,071,726		15,571,921		990,440		240,887		1,231,327	12.65
2020		91,365,187		70,955,119		20,410,068		1,015,290		216,038		1,231,328	16.58
2021		100,050,093		75,562,791		24,487,302		2,698,378		1,874,671		4,573,049	5.35
2022		102,605,626		80,897,021		21,708,605		3,974,936		2,908,793		6,883,729	3.15

^{*} Fiscal Years 2013 - 2015: Includes Community Facilities District No. 99-1 and No. 2013-1 Bonds.

(Community Facility Districts were removed from the District's consolidated financial statements in 2016).

Fiscal Years 2013 - 2017: Includes District General Obligation Bonds.

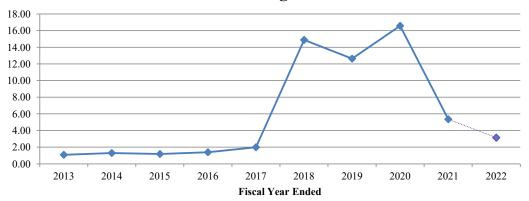
(General Obligation Bonds were removed from the table in 2018 so reported coverage would conform with external loan definitions).

Fiscal Years 2013 - 2022: Includes State Revolving Fund Loans.

Fiscal Year 2021: 2020A Revenue Bonds were added.

Fiscal Year 2022: State Revolving Fund Loan for Trampas Reservoir was added.

Debt Service Coverage Ratio - IDs 1-8



Improvement District 9

						Annual Debt Service **							
Fiscal	Tot	tal Revenues		Operating		et Available							Coverage
Year		[1]	E	Expenses [2]	R	evenues **		Principal		Interest		Total	Ratio
2022	\$	15,055,559	\$	10,736,722	\$	4,318,837	\$	1,913,446	\$	729,639	\$	2,643,085	1.63

^{**} The District assumed the City of San Juan Capistrano's water and wastewater system obligations on November 15, 2021. Net available revenues and annual debt service reflect seven and a half months (62.5%) of activity for the fiscal year ended June 30, 2022.

Source: SMWD Finance Department

^[1] Total Revenues include total operating revenues, ad-valorem general tax receipts, investment income (excluding income related to General Obligation Bonds), connection fees, rental income and other non-operating income.

 $[\]cite{Continuous per person} \end{Constraints} \begin{center} \it{Operating expenses exclude depreciation and amortization and interest expense.} \end{center}$

Outstanding Debt by Type Last Ten Fiscal Years

		ID 1-8				
Fiscal		General			ID 9	
Year	ID 1-8	Obligation	ID 1-8	ID 1-8	Water Fund	
Ended	Revenue Bonds	Bonds	Notes Payable	Total	Revenue Bonds	CFD Bonds *
2013	\$ -	\$ 158,521,091	\$ 11,150,200	\$ 169,671,291	\$ -	\$ 96,210,000
2014 [2]	-	144,091,634	10,383,922	154,475,556	-	151,130,000
2015 [3]	-	126,973,190	9,597,425	136,570,615	-	147,827,394
2016	-	111,822,909	8,791,224	120,614,133	-	141,615,877
$2017^{[4][5]}$	-	97,744,544	12,278,010	110,022,554	-	138,064,068
2018	-	80,884,125	11,311,807	92,195,932	-	130,327,956
$2019^{[6]}$	-	63,738,857	30,390,489	94,129,346	-	126,000,984
$2020^{[6]}$	-	51,331,600	68,456,366	119,787,966	-	119,080,410
2021 [6] [7]	63,088,985	38,448,942	71,842,360	173,380,287	-	114,123,020
2022 [8]	60,767,005	36,554,304	82,806,534	180,127,843	30,548,117	108,835,272

^{*} CFD Bonds are not direct obligations of Santa Margarita Water District. This is a fiduciary activity for the District.

- [1] NOT USED.
- [2] Increase in CFD Bonds in 2014 is due to the issuance of the 2013-1 CFD Bonds.
- [3] Decrease in General Obligation Bonds in 2015 is due to a bond refinancing and issuance of the 2014 Refunding Bonds Series A and Series B.
- [4] Decrease in General Obligation Bonds in 2017 is due to a bond refinancing and issuance of the 2017 Refunding Bonds Series A.
- [5] Increase in Notes Payable in 2017 is due to two new loans in 2017: City of Mission Viejo and State Water Resources Control Board.
- [6] Increase in Notes Payable in 2019, 2020 & 2021 is due to additional loan disbursements received from the State Water Resources Control Board.
- [7] The District issued 2020A Revenue Bonds in Fiscal Year 2021.
- [8] San Juan Water District annexation effective November 15, 2021.

Source: SMWD financial statements

SANTA MARGARITA WATER DISTRICT Outstanding Debt Ratios Last Ten Fiscal Years

Improvement Districts 1 to 8

			Percentage of Assessed		Outstanding Debt per	
Fiscal		Taxable Assessed	Valuation to	Total Water	Water	Debt Service
Year	Total Outstanding Debt	Valuation	Debt	Connections	Connection	Per Capita
2013	\$ 265,881,291	\$ 12,845,128,419	2.07%	52,203	\$ 5,093	\$ 1,756
2014	305,605,556	13,331,122,822	2.29%	52,834	5,784	2,007
2015	284,398,009	15,297,085,786	1.86%	53,266	5,339	1,854
2016 *	120,614,133	16,582,942,372	0.73%	53,675	2,247	768
2017 *	110,022,554	18,121,997,971	0.61%	54,214	2,029	693
2018 *	92,195,932	19,400,453,396	0.48%	54,922	1,679	574
2019 *	94,129,346	20,599,653,399	0.46%	55,555	1,694	579
2020 *	119,787,966	21,629,090,324	0.55%	57,132	2,097	731
2021 *	173,380,287	22,432,067,293	0.77%	56,464	3,071	1,056
2022 *	180,127,843	23,421,192,958	0.77%	56,172	3,207	1,096
Fiscal			Percent			

Fiscal			Percent
Year	Amount Levied	Amount Collected [1]	Collected
2013	\$ 33,747,352	\$ 33,997,213	100.7%
2014	36,436,003	35,845,766	98.4%
2015	34,428,547	33,763,411	98.1%
2016 *	27,049,698	26,168,710	96.7%
2017 *	25,222,843	24,784,692	98.3%
2018 *	25,761,237	25,604,243	99.4%
2019 *	22,707,282	22,378,767	98.6%
2020 *	23,199,407	22,988,944	99.1%
2021 *	12,432,517	12,420,009	99.9%
2022 *	12,426,154	12,370,421	99.6%

Tax receipts are the second largest revenue source

The amounts levied and collected are based on the County tax year which is from August 1 - July 31

[1] Amount collected may include amounts levied in prior years and adjustments for comparison purposes

Improvement District 9

				Οι	ıtstanding		
Fiscal				Deb	t per Water	Deb	t Service
Year	Total	Outstanding Debt	Total Water Connections	Co	onnection	Per	Capita
2022	\$	30,548,117	9,889	\$	3,089	\$	874

Source: County of Orange Tax Ledger Summary

SMWD utility billing system SMWD Finance Department

^{*} Amounts include restatement of previously reported revenues, operating expenses and debt service related to the removal of Community Facilities District (CFD) 99-1 and 2013-1 from the District's financial statements. Fiscal Year 2016 outstanding debt is restated and excludes CFD debt. Fiscal Year 2017 through Fiscal Year 2022 also exclude CFD debt.

Santa Margarita Water District Demographic and Economic Information Last Ten Fiscal Years

City	of	Ranc	ho	Santa

		Margai	Margarita City of Mission		ssion Viejo	City of San Clemente		Clemente		ounty of Orange	
	SMWD							Pe	ersonal Income	Per Capita	
Fiscal Year	IDs 1-8		Median				Median	(thousands of	Personal	Unemployment
Ended	Population	Population	Age	Population	Median Age	Population	Age		dollars)	Income	Rate
2012	151,411	48,079	34.1	94,196	41.6	64,208	39.0	\$	166,345,500	\$ 54,436	8.1%
2013	152,245	48,550	34.6	94,824	42.0	64,542	40.0		168,966,400	54,827	6.7%
2014	153,385	48,834	34.7	95,334	43.0	64,874	40.0		177,412,900	56,973	5.4%
2015	156,949	48,823	35.2	96,652	43.6	65,399	40.0		185,500,000	58,933	4.0%
2016	158,747	48,516	35.8	96,701	43.7	66,245	41.0		190,978,000	59,999	4.4%
2017	160,601	48,602	36.7	95,985	44.2	65,975	38.0		199,492,000	62,458	4.2%
2018	162,454	48,602	36.8	95,987	44.8	65,543	42.0		215,479,000	66,896	3.1%
2019	163,927	48,960	37.0	96,434	45.0	65,405	43.0		230,180,000	71,429	3.0%
2020	164,205	48,793	37.6	94,267	45.0	64,581	44.0		226,531,000	70,917	12.3%
2021	164,304	48,183	38.5	94,119	45.0	64,065	44.0		258,933,000	82,103	6.3%

City of San Juan
Canistrano

		Capistrano					
	SMWD		_				
Fiscal Year	ID 9		Median				
Ended	Population	Population	Age				
2021	34,955	34,955	41.5				

SMWD service area also includes unincorporated portions of the County of Orange

2022 data was not available at the time the report was prepared

Sources:

County of Orange ACFR
City of Rancho Santa Margarita ACFR
City of Mission Viejo ACFR
City of San Clemente ACFR

Principal Employers

Current Fiscal Year and Nine Years Ago

	Fiscal Y	ear 2021	Fiscal Ye	ear 2012
	Number of	Percentage of	Number of	Percentage o
Employer	Employees	Employment	Employees	Employmen
	Rancho Santa M			
Applied Medical	2,400	7.66%	1,698	10.499
Cox Communications	n/a	n/a	783	4.849
O'Connell Landscape	1,000	3.19%	1,033	6.389
Saddleback Valley School District	288	0.92%	344	2.139
Lucas & Mercier Construction	250	0.80%	300	1.859
Control Components Inc. (CCI)	365 255	1.17% 0.81%	268 200	1.66 ^o 1.24 ^o
Target Corporation Car Sound Exhaust System Inc.	150	0.48%	200	1.24
Car Sound Exhaust System Inc. Capistrano Unified School District	215	0.48%	154	0.95
PADI	180	0.69%	200	1.24
Santa Margarita Catholic H.S.	175	0.56%	207	1.28
Kohls	n/a	n/a	110	0.68
Kons	5,278	16.85%	5,504	34.02
Mission Hospital Regional Medical Center	ity of Mission Vi 2,764	5.76%	1,275	2.30
Saddleback College	1,429	2.98%	1,273	3.45
Saddleback Valley Unified School District	917	1.91%	1,245	2.25
Target Corporation	513	1.91%	258	0.47
James Hardie Building Products	436	0.91%	238 n/a	0.47 r
Capistrano Unified School District	432	0.91%	846	1.53
Nordstrom Department Store	362	0.75%	400	0.72
Amazon Delivery Station	266	0.75%	n/a	0.72 r
Macy's Department Store	263	0.55%	225	0.41
City of Mission Viejo	250	0.52%	196	0.41
U.S. Post Office	230 n/a		200	0.33
Vocational Visions	n/a	n/a	156	0.30
vocational visions	7,632	15.90%	6,710	12.12
_				
Capistrano Unified School District (CUSD)	ity of San Cleme 632	2.09%	n/a	n
Glaukos Corp	318	1.05%	n/a	1
ICU Medical	299	0.99%	2,216	7.10
Target Retail Store	226	0.75%	2,210 n/a	7.10
Ralphs	200	0.66%	n/a	1
City of San Clemente	195	0.64%	306	0.98
Walmart Superstore	191	0.63%	190	0.61
Albertsons	183	0.60%	n/a	0.01 I
Fisherman's Restaurants	150	0.50%	195	0.63
Lowe's	150	0.50%	n/a	0.03
First Team San Clemente Real Estate	n/a		4,060	13.01
Don Roberto Jewelers, Inc.	n/a		550	1.76
Cross Section Ventures	n/a		300	0.96
Saddleback Memorial Medical Center	n/a		200	0.64
Quest Diagnostics	n/a		200	0.64
Cameron Health, Inc.	n/a		150	0.48
	2,544	8.41%	8,367	26.81
a.	50 I 0			
Capistrano Unified School District (CUSD)	of San Juan Capi 3,841	23.42%	n/a	1
St. Margaret's Episcopal School	429	2.62%	n/a	1
Costco Wholesale	337	2.05%	229	1.29
Ensign Services	228	1.39%	n/a	1
Junipero Serra Catholic High School	145	0.88%	124	0.70
Fluidmaster Inc HQ	130	0.79%	130	0.73
ASRV, LLC	124	0.76%	n/a	1
Marbella Country Club	106	0.65%	106	0.60
Capistrano Connections Academy	100	0.61%	n/a	1
San Juan Hills Golf Club	95	0.58%	95	0.53
Meggitt, Inc.	n/a		249	1.40
00 ,	n/a		193	1.08
24 Hour Fitness			.,,	1.00
24 Hour Fitness Emeritus at San Juan Capistrano		n/a	154	0.87
Emeritus at San Juan Capistrano	n/a		154 135	0.87 0.76
		n/a	154 135 96	0.87 0.76 0.54

Sources: ACFR's for the City of Rancho Santa Margarita, City of Mission Viejo, City of San Clemente and City of San Juan Capistrano

SMWD service area also includes unincorporated portions of the County of Orange

Certain Businesses in Mission Viejo are not within the District's boundaries.

Capital Asset Statistics Last Ten Fiscal Years

				F	iscal Yea	ars Ende	<u>d</u>			
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Domestic System										
Miles of Water Mains	595	595	615	615	626	626	634	638	642	845
Maximum Storage Capacity (Acre-feet)	1,197	1,197	1,210	1,210	1,222	1,222	1,222	1,222	1,222	1,150
Number of Storage Tanks	32	32	33	33	34	34	34	34	34	43
Number of Pump Stations	21	21	21	21	21	21	21	21	21	29
Non-Domestic System										
Miles of Water Mains	116	116	125	125	129	129	133	133	133	145
Number of Storage Tanks	6	6	7	7	8	8	8	8	8	9
Number of Open Reservoirs	2	2	2	2	2	2	2	2	3	4
Maximum Storage Capacity (Acre-feet)	3,535	3,535	3,547	3,547	3,566	3,566	3,566	3,566	8,566	8,460
Number of Pump Stations	12	12	13	14	14	14	14	14	15	17
Sewer System										
Miles of Sewer Line	605	605	620	620	630	624	632	637	643	641
Number of Lift Stations	17	17	19	19	21	21	21	20	20	22
Treatment Plants	2	2	2	2	2	2	2	2	2	2
Treatment Capacity (MGD)	9	9	9	9	9	9	9	9	9	18
Average Flows (MGD)	8	8	8	8	9	9	9	9	9	12

MGD = million gallons per day

An Acre-foot of water is enough to cover 1 acre of land 1 foot deep and is equivalent to 325,851 gallons

Source: SMWD Engineering and Operations Departments

Water and Wastewater Connections Last Ten Fiscal Years

Improvement Districts 1 to 8

Water Connections by Customer Class

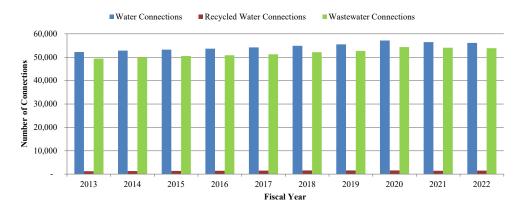
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Commercial	2,169	2,205	2,212	2,225	2,244	2,301	2,306	2,291	2,278	2,274
Domestic Irrigation	1,486	1,495	1,498	1,435	1,396	1,390	1,380	1,449	1,445	1,431
Construction	42	46	39	44	49	45	31	32	27	34
Lakefill	2	2	2	2	2	1	1	1	1	1
Residential Single Family	35,715	36,022	36,138	36,299	36,626	37,068	37,497	38,535	38,056	37,910
Residential Multi Family	12,789	13,064	13,377	13,670	13,897	14,117	14,340	14,824	14,657	14,522
Total Water Connections	52,203	52,834	53,266	53,675	54,214	54,922	55,555	57,132	56,464	56,172

Recycled Water Connections by Customer Class

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Non-domestic Irrigation	1,257	1,283	1,318	1,416	1,479	1,524	1,522	1,536	1,458	1,472
Commercial	5	7	8	9	9	9	10	2	3	3
Construction	-	5	27	37	46	25	14	14	13	12
Total Recycled Water										
Connections	1,262	1,295	1,353	1,462	1,534	1,558	1,546	1,552	1,474	1,487

Wastewater Connections by Customer Class

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Commercial	938	948	993	903	912	1,024	957	926	921	916
Residential Single Family	35,709	36,016	36,132	36,292	36,544	37,060	37,439	38,378	37,953	37,833
Residential Multi Family	12,789	13,064	13,377	13,670	13,813	14,117	14,304	15,039	15,214	15,109
Total Wastewater Connections	49,436	50,028	50,502	50,865	51,269	52,201	52,700	54,343	54,088	53,857



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water Revenue per Water Connection \$	633	\$ 686	\$ 642	\$ 577	\$ 679	\$ 774	\$ 737	\$ 760	\$ 868	\$ 892
Recycled Revenue per Recycled Connection \$	4,773	\$ 5,351	\$ 5,336	\$ 4,628	\$ 5,161	\$ 5,468	\$ 4,759	\$ 5,148	\$ 7,359	\$ 7,630
Wastewater Revenue per Wastewater Connection \$	237	\$ 242	\$ 243	\$ 289	\$ 373	\$ 404	\$ 407	\$ 436	\$ 456	\$ 462

Water and Wastewater Connections Current Fiscal Year

Improvement District 9

Water Connections by Customer Class

	2022
Commercial	413
Construction	21
Fire Service	174
Domestic Irrigation	467
Residential Single Family	7,618
Residential Multi Family	1,197
Master Meter	14
Total Water Connections	9,889

Recycled Water Connections by Customer Class

	2022
Non-domestic Irrigation	69
Total Recycled Water Connections	69
Total recycles water connections	07

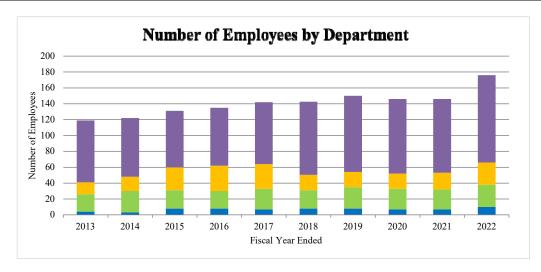
Wastewater Connections by Customer Class

	2022
Commercial	713
Residential Single Family	5,751
Residential Multi Family	2,715
Total Wastewater Connections	9,178

	2022	
Water Revenue per Water Connection	\$	1,144
	2022	
Recycled Revenue per Recycled Connection	\$	9,706
	2022	
Wastewater Revenue per Wastewater Connection	\$	258

Employee Information Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration	4	3	8	8	7	8	8	7	7	10
Finance	22	27	23	22	26	23	27	26	25	28
Engineering	15	18	29	32	31	19.5	19	19	21	28
Operations	78	74	71	73	78	92	96	94	93	110
Total	119	122	131	135	142	142.5	150	146	146	176



	2013	2014		2015	2016	2017	2018	2019	2020	2021	2022	
Water Connections												
per Employee	439	433		407	398	382	385	370	391	387	375	
Recycled Water Connections												
per Employee	11	11		10	11	11	11	10	11	10	9	
Wastewater Connections												
per Employee	415	410		386	377	361	366	351	372	370	358	
Total Revenues												
per Employee \$	764,672	\$ 852,25	3 \$	730,940	\$ 656,892	\$ 732,147	\$ 618,630	\$ 577,624	\$ 625,789	\$ 685,275 \$	668,529)

Excludes the elected Board of Directors

Source: SMWD payroll records



Santa Manganita Waten District

BOARD OF DIRECTORS

JUSTIN MCCUSKER

PRESIDENT, ENGINEERING AND OPERATIONS COMMITTEE, EXTERNAL AND LEGISLATIVE AFFAIRS COMMITTEE

FRANK URY

VICE PRESIDENT, FINANCE AND ADMINISTRATION COMMITTEE, EXTERNAL AND LEGISLATIVE AFFAIRS COMMITTEE

SAUNDRA F. JACOBS

DIRECTOR AND WATER QUALITY AND TREATMENT COMMITTEE

BETTY H. OLSON, PH. D.

DIRECTOR AND WATER QUALITY AND TREATMENT COMMITTEE, ENGINEERING AND OPERATIONS COMMITTEE

CHARLES T. GIBSON

DIRECTOR AND FINANCE AND ADMINISTRATION COMMITTEE

GENERAL MANAGER DANIEL R. FERONS

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