



moulton niguel water district

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For The Fiscal Year
Ended June 30, 2022**





moulton niguel water district

MOULTON NIGUEL WATER DISTRICT
Laguna Hills, California

Annual Comprehensive Financial Report
Year Ended June 30, 2022

Prepared By:
The Finance Department

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**Moulton Niguel Water District
Annual Comprehensive Financial Report**

Year Ended June 30, 2022

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	i
Profile of the District	ii
Factors Affecting Financial Conditions	vi
Major Initiatives	ix
Awards and Acknowledgements	xii
Organization Chart	xiii
Board of Directors	xiii
Service Area (Cities)	xiv

FINANCIAL SECTION

Independent Auditor’s Report	1
Management’s Discussion & Analysis	6
Basic Financial Statements	16
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Net Position	19
Statement of Cash Flows	21
Notes to Financial Statements	24
Required Supplementary Information	62
Pension Plan:	62
Miscellaneous Plan – Schedule of Proportionate Share of the Net Pension Liability	62
Miscellaneous Plan – Schedule of Plan Contributions	63
Other Post Employment Benefit Plan:	64
Schedule of Changes in the Net OPEB Liability and Related Ratios	64
Schedule of Contributions	65
Supplementary Information	66
Schedule of Revenues, Expenses, and Other Sources (Uses) of Funds	66
Operations & Maintenance (O&M) Budget Comparison Report	67

**Moulton Niguel Water District
Annual Comprehensive Financial Report**

Year Ended June 30, 2022

STATISTICAL SECTION

Statistical Section Overview 69

Financial Trends

Net Position by Component – Last Ten Fiscal Years 70

Changes in Net Position – Last Ten Fiscal Years 72

Revenue Capacity

Water and Wastewater Sold by Type of Customer – Last Ten Fiscal Years..... 74

Annual Domestic Consumption in Acre Feet (AF) – Last Ten Fiscal Years..... 76

Water Rates – Last Ten Fiscal Years..... 77

Principal Water Customers - Current Fiscal Year and Nine Years Ago 79

Wastewater Rates - Last Ten Fiscal Years..... 80

Principal Wastewater Customers - Current Fiscal Year and Nine Years Ago..... 82

Recycled Water Rates – Last Ten Fiscal Years 83

Principal Recycled Water Customers – Current Fiscal Year and Nine Years Ago 84

Property Tax Levies and Collections – Last Ten Fiscal Years..... 85

Assessed Valuations and Largest Local Secured Taxpayers – Current Fiscal Year and Nine Years Ago 86

Debt Capacity

Outstanding Debt by Type and Debt per Customer – Last Ten Fiscal Years..... 87

Ratio of Net Direct General Obligation Debt – Last Ten Fiscal Years 88

Direct and Overlapping Debt – Current Fiscal Year 89

Pledged Revenue Coverage – Last Ten Fiscal Years..... 90

Demographic and Economic Information

Demographic and Economic Statistics – Last Ten Fiscal Years 91

Principal Employers – Current Fiscal Year and Nine Years Ago 94

Operating Information

Full Time Employees by Function – Last Ten Fiscal Years..... 95

Operating Indicators – Last Ten Fiscal Years 96

Capital Asset Statistics – Last Ten Fiscal Years..... 97

November 29, 2022

Member of the Board of Directors
Moulton Niguel Water District

We are pleased to present the Moulton Niguel Water District’s (“District”) Annual Comprehensive Financial Report (“ACFR”) for the fiscal year ending June 30, 2022. This report was prepared by District finance staff in conformity with Generally Accepted Accounting Principles (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants.

The Annual Comprehensive Financial Report provides an assessment of the District’s financial condition, informs readers about District services, includes information about current District initiatives, capital improvement projects, and offers financial and demographic trend information. Management at the District is responsible for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. We believe the information and data, as presented, is accurate in all material respects, and is presented in a manner that provides a fair representation of the financial position and operations of the District. We believe we have included all disclosures that are necessary to enhance the understanding of the financial condition of the District.

The District’s financial statements have been audited by Clifton Larsen Allen, LLP (“CLA”), a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ending June 30, 2022, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified, “clean”, opinion that the District’s financial statements for the fiscal year ending June 30, 2022, were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The Management Discussion & Analysis (“MD&A”) includes a narrative introduction, overview, and analysis to provide a better understanding of the accompanying financial statements. The MD&A immediately follows the independent auditor’s report.



Profile of the District

Authority, Services, and Customers

The District was formed on November 16, 1960, under the provisions of the California Water District Law, Division 13, of the Water Code of the State of California, commencing with Section 34000. The District was formed for the purposes of providing a water supply to the communities within its service area. In 1963, the California Water District Act was amended, allowing California water districts to provide wastewater reclamation services. On July 1, 1964, the District began operation and management of wastewater services previously provided by Orange County Sanitation District No. 12.

The District is authorized to acquire, control, store, treat, reclaim, recapture, and salvage any water (including wastewater) for the beneficial use of the District and its customers. The District's water and wastewater customers include retail customers (e.g., residential and commercial) located in incorporated areas within the District's service area. The District is also authorized to levy and collect taxes; to revise and collect rates or other charges for the delivery of water and collection of wastewater, use of facilities or property, or provisions for service. The District may also issue bonds, borrow money, and incur indebtedness.

Governance

The District is governed by a seven-member Board of Directors ("Board"), who are publicly elected by registered voters within the District's service area for staggered four-year terms. Each Director is elected through an at-large voting process.

Policy-making and legislative authority are vested with the Board. The Board has the authority to set rates and charges for water, recycled water, and wastewater services. The Board is responsible for, among other things, setting policies governing the operation of the District, adopting the budget, appointing committees, and hiring the General Manager. The General Manager is responsible for carrying out the policies of the Board, for overseeing the day-to-day operations of the District, and for hiring staff throughout the organization.

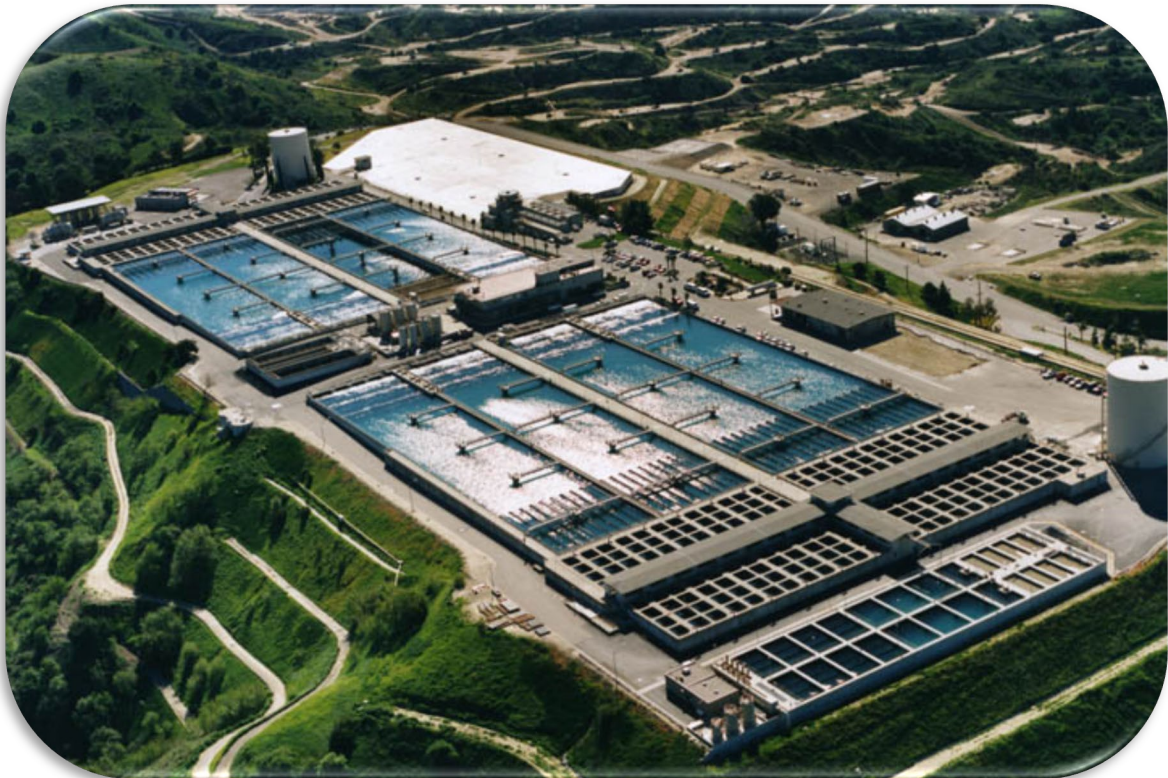


Service Area

The District's service area, located in South Orange County, California, encompasses approximately 37 square miles, serving approximately 170,000 in population within the cities of Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo, San Juan Capistrano, and Dana Point. The District distributes water to over 55,000 accounts, 52,000 of which also receive wastewater service. Elevation within the District ranges from 230 to 904 feet above sea level. Climate is typical of the coastal plains of Southern California, with temperatures mild and relatively uniform. The District's service area experienced a net taxable value increase of 2.8% for the most current tax roll, which was slightly less than the countywide increase of 3.7%. The assessed net taxable valuation of the properties within the District's service area has grown to \$41.6 billion as of June 30, 2022.

Water Supply & Services

The District imports all its potable water from the Municipal Water District of Orange County ("MWDOC"), a wholesale importer of water from the Metropolitan Water District of Southern California ("MET"). The District is a customer agency of MWDOC and, as such, receives water from available sources of MET. MET's sources of water primarily include water imported from the Colorado River and from the State Water Project. All the District's potable water is treated at either the Diemer Filtration Plant ("Diemer") in Yorba Linda, California [pictured below], or the Baker Water Treatment Plant ("Baker WTP") in Lake Forest, California. Diemer is owned and operated by MET and supplies approximately two-thirds of the District's treated potable water. The Baker WTP was completed in October 2016 and provides the remaining one-third of District supply. The Baker WTP, which is owned by the District in partnership with four other water agencies, provides a secondary treatment plant that treats imported MET water and improves local water reliability. All potable water is delivered through three major transmission facilities: the South County Pipeline ("SCP"), East Orange County Feeder #2 ("EOCF#2"), and the Allen-McColloch Pipeline ("AMP").



Delivering safe drinking water is the highest priority of the District. To ensure the District is meeting drinking water quality standards, Moulton Niguel conducts approximately 12,000 water quality tests each year that are independently analyzed at state-of-the-art laboratories. These tests continue to demonstrate that the water provided to the District's customers is safe, clean, and continues to surpass every state and federal water quality standard. In June 2022, the District issued the 2021 Water Quality and Consumer Confidence Report, which provides an overview of the water quality testing and results for the previous calendar year.

Water resilience and reliability planning is paramount to ensuring our customers have water supplies available to them when desired while ensuring appropriate and cost-effective investments in water supply reliability projects. In 2008, the District adopted a policy to evaluate and develop reliability projects and demand management measures that will provide 31 days of average demand water supply to District customers in the event of an outage of imported water supplies. With the implementation of projects like the Baker WTP and Upper Chiquita Reservoir, and other water reliability projects and demand management programs, the District has nearly met that policy objective. In 2015, the District published the first comprehensive Long-Range Water Reliability Plan ("LRWRP") to evaluate water supply and system reliability under a range of scenarios. Since that report, the District has implemented several demand management programs and recycled water projects that have reduced potable and recycled water demands within the service area by over 2,400 acre-feet. Mission Viejo Country Club and El Niguel Country Club began using reclaimed wastewater over 50 years ago. Today, more than 1,390 recycled water meters account for approximately 23% of the District's total water demand. The District has also implemented several water-use efficiency programs, most notably the Water Budget-Based Rate Structure, and extensive rebate programs for its customers.



The District completed the 2020 LRWRP Update based on new forecasted demand projections and water supply information to update its long-term water resources strategy. As a part of that process, the District updated its water resource objectives to develop a target of at least 31 days, but up to 60 days of average demand water supply projects. Additionally, the District will look to develop dry-weather storage programs. The District continues to evaluate other local water supply opportunities as part of its adaptive management strategy to potentially supplement the significant efforts of MET to bring imported water to the MNWD service area.

The District operates and maintains over 650 miles of domestic water distribution pipelines. In addition, the District has 26 steel and 2 pre-stressed concrete operational storage reservoirs for a District-wide total potable water storage capacity of approximately 70 million gallons. The District owns capacity rights in several adjoining water agencies' reservoirs and pipelines, such as El Toro Water District R-6 reservoir, the Santa Margarita Water District Upper Chiquita Reservoir, the Joint Transmission Main, Eastern Transmission Main jointly owned by the District and the City of San Juan Capistrano, the South County Pipeline, which conveys water from the Allen McColloch Pipeline to several south county water agencies, and the Irvine Ranch Water District Interconnection jointly owned with Irvine Ranch Water District. The District also operates 24 pump stations to pump water from lower pressure zones to the higher-pressure zones and 12 pressure reducing stations and flow control facilities to convey water from high to low zones.

Wastewater Services

The District maintains approximately 500 miles of wastewater pipelines. The District's wastewater system has 17 lift stations that pump wastewater over the ridge lines to the various treatment plants for disposal or recycling. The District owns and operates wastewater treatment Plant 3A. The District is also a member of the South Orange County Wastewater Authority ("SOCWA"), a joint powers agency comprised of ten governmental agencies, which owns and operates three regional treatment plants and two ocean outfalls. The District's operations and maintenance ("O&M") expenses to SOCWA are for wastewater treatment and disposal. The capital expenditure is a pro-rata share of the capital costs based on the type and location of each project.

The District has a Sewer System Management Plan ("SSMP"), a requirement from the State Water Resources Control Board. The SSMP incorporates the District's Sanitary Sewer Overflow Prevention Plan and Sanitary Sewer Overflow Response Plan along with existing pretreatment and engineering programs to complete the remaining SSMP requirements. The SSMP facilitates proper funding and management of the District's sanitary sewer system.

Recycled Water Supply and Services

The District promotes the use of recycled water to reduce imported water and maximize the reuse of available resources. The recycled water system consists of two Advanced Water Treatment ("AWT") plants to treat wastewater and supply recycled water, as well as 140 miles of recycled water distribution pipelines with 5 pre-stressed concrete and 6 steel storage reservoirs to service the recycled water system. The Regional Wastewater Treatment Plant provides approximately 20 percent of the total water supply for the District from the production of Title 22 reclaimed water. The District also operates 10 pump stations to pump recycled water from lower pressure zones to the higher-pressure zones. In addition, the District owns 1,000 acre-feet of capacity rights in the Upper Oso recycled water reservoir owned by the Santa Margarita Water District.

The District continues to implement the recommendations from the Recycled Water Master Plan ("RWMP") and identified recycled water as its highest priority alternative water supply source. The RWMP is used to identify further opportunities to expand the system to new customers and the necessary infrastructure to support the expansion, as well as to encourage and open the door to regional cooperation and involvement. The RWMP includes model development, supply and storage assessments, and identification of new recycled water users, along with all associated capital needs.

Factors Affecting Financial Conditions

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Uncertain Economy

As Moulton Niguel continues to respond to COVID-19, the health and safety of our customers and employees remains our top priority. Following the guidance provided by the California Department of Public Health, Moulton Niguel Water District opened its doors to allow for the return of in-person customer service on October 4, 2021.

The Consumer Price Index (“CPI”) for all urban consumers increased 9.1 percent over the last 12 months, ending June 2022, the largest 12-month increase since November 1981. The energy index rose 41.6 percent over the last year, the largest 12-month increase since April 1980. The food index increased 10.4 percent for the 12-months ending June, the largest 12-month increase since February 1981. The District continues to track the trend and work closely with its communities.

Local Community

The District serves communities within South Orange County that historically reports stronger financial indicators than that of the nation and state. There are four major land uses in the District:

- (1) residential (single-family and multi-family);
- (2) commercial (retail and light industrial);
- (3) schools; and
- (4) recreation areas (parks, golf courses, etc.)

Residential development is the predominant land use throughout the District. The highest concentration of commercial use is in the City of Mission Viejo, which includes the Shops at Mission Viejo, and in the City of Aliso Viejo, which includes the Pacific Park Business Center. The highest concentration of schools (students) is in the cities of Mission Viejo and Aliso Viejo, which includes Mission Viejo High School, Capistrano Valley High School, Saddleback Community College, Aliso-Niguel High School, and Soka University. The highest concentration of recreation areas within the service area is in Laguna Niguel and Aliso Viejo, where each has a golf course and regional parks. Future growth will primarily occur on a redevelopment basis of existing property and land.

Fiscal Responsibility

The District currently possesses a AAA-rating from both Fitch and S&P Global Ratings, the highest rating available from each agency. Both agencies cited the District’s financial resiliency, affordable customer bills, infrastructure investments and risk mitigation strategies as key factors in determining those ratings.

The Board adopts an operating and capital budget prior to each new fiscal year, commencing on July 1st. The development of the operating and the capital budgets are guided by the Ten-Year Cash Flow and the Ten-Year Capital Improvement Program. The operating and capital budgets serve as the foundation for the District’s financial planning and control of District operations and enterprise functions. The District reports its water,

wastewater, and recycled water services as a single enterprise fund. On a monthly basis, a budget comparison report is submitted to the Board to provide a year-to-date comparison of the revenues and expenses against the adopted budget, and on a quarterly basis, a capital improvement program progress report is submitted to the Board to provide the status of current infrastructure projects.

The District's annual budget process includes reviewing and updating, if necessary, District policies that govern financial affairs, and contains policies for Reserves, Investments, Purchasing, Capitalization and Surplus, Debt Management and Federal Grants Management. Each of those policies serve as an important tool in managing the financial affairs of the District:

- The main objective of the Reserve Policy is to set target levels for cash reserves to establish a relationship between current and anticipated future risks. The District's reserve categories are discussed in Note 17 of the Notes to Financial Statements. The Board receives monthly updates on the status of the adopted reserve targets.
- The Investment Policy is used to direct the purchasing of securities, while also maintaining the flexibility to fund infrastructure improvements. Investments are covered by Note 2 of the Notes to Financial Statements.
- The Purchasing Policy establishes procedures for acquiring services and materials, equipment, and supplies, and for public works projects for the District.
- The Capitalization and Surplus policy is intended to provide guidance for accounting and treatment related to the District's investments in critical assets.
- The Debt Management Policy is used to document the District's goals and guidelines for the use of debt instruments for financing District water, recycled water, and wastewater infrastructure projects and other financing needs. Long term liabilities including the District's Debt portfolio is covered by Note 7 of the Notes to Financial Statements.
- The Federal Grants Management Policy is designed to provide guidance to District staff in executing projects and utilizing funds provided through Federal grants, and to comply with the provisions of the Uniform Guidance.

Long-term Financial Planning

The District uses various planning documents, i.e., Urban Water Management Plan ("UWMP"), Long Range Water Reliability Plan, and Long-Range Financial Plan ("LRFP") to forecast the District's needs for water use and demand, capital improvement projects, water supply reliability projects, and financial resources. The associated financial models supporting those planning documents are significant assets to the District and have been built internally by District staff, allowing the District and the Board to be proactive, analyze and evaluate different scenarios such as: changes to the economic environment, operational requirements, or capital investments.

The objective of the LRFP is to identify strategies and actions to ensure sufficient financial resources to enable the District to achieve its mission and to utilize those financial resources effectively. Additionally, the LRFP serves as key contextual information to aid in making near-term financial decisions. The LRFP incorporates the District's reserve policies, debt policies, coverage ratios, water demand needs, water rates, capital improvement program, and operating budget to provide a financial forecast for the District. The District has historically maintained a strong financial position based upon conservative planning and budgeting, maintenance of adequate cash balances, and maintaining the proper debt service coverage ratios.

Additionally, the District utilizes a conservation-based rate design, as data has shown that design to be the most effective tool to encourage the efficient use of water resources, while still providing the necessary revenues to recover the District's expenses, regardless of changing water demands. The State Water Resources Control Board ("SWRCB") recognized the District's specific rate design as a best practice amongst more than 400 urban water utilities statewide. The rate design focuses on the cost of service for the efficient use of water as the primary basis for setting rates and identifying costs associated with conservation and water-use efficiency programs as the basis for conservation pricing. The rates are also structured to ensure that an appropriate level of fixed expenses is recovered with fixed revenue. As a result, the District has managed to remain financially strong despite a consistent reduction in per person water use while continuing to maintain water rates among the lowest in the region. The Board annually reviews the financial plan and projected rates through the ten-year cash flow model to ensure the District's financial forecasts are consistent with District policy and objectives while providing a strong foundation.

Internal Controls

Management of the District has established an internal control framework that compiles sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. The District's framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. The Board and District staff continue to evaluate the District's internal control framework to determine if improvements are attainable and implement feasible recommendations.

Major Initiatives

Strategic Planning

The Board provided tactical direction at the 2022 Strategic Planning Session and identified the key initiatives for the Board and District staff to focus efforts. The F.O.C.U.S. initiatives were Fiscal Responsibility, Operational Optimization, Community & Government Relations, Unified Workforce, and Secure & Reliable Service. These objectives are discussed in detail in the District's adopted fiscal year [2022-23 budget](#), available on the District's website.

Drought Conditions

The State of California is in the midst of another drought with all 58 counties in a state of drought. Fortunately, in Southern California, the District, and its neighboring agencies, including MET, have developed water storage and local reliability programs and projects to help the region manage through the existing drought. The efforts taken locally and regionally have required an engaged partnership with the customers and stakeholders. Our customers have made significant efforts, such as replacing turf with native gardens or installing water-saving devices, to help ensure that we are resilient as we address the current drought. The District continues to invest in rebates, water efficiency programs, outreach and education while also working with our local and regional partners to ensure appropriate investments in water supply sources.

Water Education and Efficiency Actions

The District's Board continues to partner with local and regional agencies to provide a variety of water education and water-saving programs and opportunities to District customers, many of which are discussed in detail on the District's website at [Conservation - Moulton Niguel Water District](#) (mnwd.com). This past year provided the District with an opportunity to showcase the improvements made and position ourselves as a leader. The following programs are a sample of the types of programs implemented by the District.

The District continues to host free virtual and in-person landscape workshops to help customers transform their outdoor landscapes into beautiful California native landscapes. The workshops are interactive and informative, focusing on sustainable landscapes suitable to the Orange County climate. Additionally, once a customer attends a landscape workshop, they are also eligible to participate in NatureScape, a direct-install turf-to-native garden program that helps customers replace turf with a California native, low water-use landscape. The District's Board of Directors doubled the rebate offered to customers who participate in NatureScape and other turf programs from \$2 per square foot to \$4 per square foot, as of July 1, 2021. Since the District began working with customers to replace grass with drought-tolerant plants and landscaping, District customers have removed close to 6 million square feet of turf. Those efforts have saved 250 million gallons of water per year.

The District has teamed up with MET, other local water agencies, and the California Native Plant Society to bring more native plants to the region's homes and gardens through the Calscape program. Through the program, staff at participating nurseries will receive training on the proper care, maintenance, watering, and planting of California native plants.

The District held its annual H₂O for HOAs workshop in October 2021 with 160 people in attendance and virtually to accommodate as many people as possible. The workshop partners with over a dozen water agencies and cities, with the District leading the initiative to provide education and inspire conversation and collaboration on water management topics.

Additionally, the District joined forces with the Ministry of Foreign Affairs of Denmark and the California Data Collaborative to virtually host the 6th annual Water Data Summit, *Expecting the Unexpected*. The two-day online event featured interactive panels on how data can power California to a better water future through streamlined operations and more effective water conservation programs.

Recognition and Funding

The District was one of just 45 other agencies to receive approval for a \$1.5 million grant from the United States Bureau of Reclamation through its WaterSmart program for the final phase of the District's Smart meter project. In total, the District received \$2.1 million in funding from the US Bureau of Reclamation as part of the full rollout of the smart meter project. The automated smart meters will help the District detect water leaks, improve operations, and allow customers to monitor their water usage in real-time. The final phase of the project was completed in February 2022 which finalized the installation of over 45,000 residential meters in the District's service area. All of the District's customers now have smart meters with the final phase completion.

The COVID-19 pandemic was difficult for District customers in numerous ways, and it also made it difficult for many District customers to pay their bills due to job loss and other hardships. The California Water and Wastewater Arrearage Payment Program ("Program"), passed as part of Assembly Bill 148 and implemented by the State Water Resources Control Board ("State Board"). The District applied to this Program for its customers and received nearly \$1 million in funding.

In addition, the District received a \$2.8 million Hazard Mitigation Grant award through California Governor's Office of Emergency Services and the Federal Emergency Management Agency for the Potable Water Steel Reservoir Seismic Retrofits project. The scope of work is to construct seismic retrofit improvements at 17 District reservoirs. The seismic retrofit improvements generally include the reconfiguration of inlet/outlet and drain piping to include flexible couplings, as well as extensions of ring wall foundations. During a seismic event, these improvements will ensure the independent movement between reservoirs and their associated piping to prevent shearing of the piping and also provide additional bearing to mitigate potential foundation settlement.

In January 2022, the District was again recognized as a top workplace to work in the United States. More locally, the District was one of the top three workplaces in Orange County. This was the fifth consecutive year the District received the top workplace designation. The top workplace designation has been a key tool in recruitment successes over the past few years. The award program is administered by Energage in partnership with major media outlets, such as the Orange County Register, the Boston Globe, and the Washington Post.

Regional Collaborative Ventures

The District approved an agreement with the Orange County Water District and the City of Santa Ana to collaboratively study the potential of future dry weather storage in the Orange County Groundwater Basin and conveyance of water during an emergency. The District is working with Orange County Water District and the City of Santa Ana to initiate a preliminary design of the emergency interconnection to the groundwater basin at one of the City of Santa Ana's existing facilities. The District is hopeful the additional work will help to provide water from the groundwater basin in the event of an emergency outage of the MET imported water system.

Moulton Niguel is involved in several partnerships, integrated projects and regional programs aimed at protecting water quality and reducing urban runoff. Building on our commitment to environmental stewardship, Moulton Niguel in 2018 launched a pilot program to protect local creeks, watersheds, and beaches from pollution caused by overwatering and urban runoff. A historic Memorandum of Understanding (MOU) signed by the County of Orange, the cities of Aliso Viejo, Dana Point, Mission Viejo, Laguna Hills, and Laguna Niguel, along with the Orange County Coastkeeper and Laguna Bluebelt Coalition, memorializes this intent and the District's efforts to exchange data and enhance education and awareness regarding water efficiency, runoff, and its effects on water quality. As part of this MOU, Moulton Niguel works closely with Municipal Separate Storm Sewer System agencies within its service area to identify opportunities to minimize urban runoff and improve water quality to protect our local watersheds. This collaboration allows for development of a program that integrates information and analytical tools among the partners. The agencies meet quarterly to discuss ongoing efforts and provide input on new efforts. In 2019, Moulton Niguel Water District won the Governor's Environmental and Economic Leadership Award for the urban runoff collaboration efforts.

One of the ongoing projects from this partnership being co-led by Moulton Niguel was the implementation of the Smart Watershed Network Project. This multi-agency collaboration looks at the feasibility of capturing urban runoff for beneficial reuse and protection of water quality. Urban runoff capture has the potential to be an important strategy for watershed protection and pollutant load reduction. This project focuses on data acquisition and analysis to help the agencies explore the water supply and watershed protection benefits associated with potential runoff capture strategies. The Smart Watershed Network is enabling efficient scenario analyses to help the agencies collaboratively plan these types of projects.

Major Capital Investments

The District has implemented an extensive Capital Improvement Program, which is primarily driven by the replacement and/or refurbishment of existing infrastructure. To support the Capital Improvement Program, the District's Asset Management Program uses various business system tools, i.e., Geographic Information System ("GIS") and Computerized Maintenance Management System ("CMMS"). The District is continuing to expand and update Asset Management Program by implementing the CMMS and integrating all business system processes to optimize operations and maintenance practices. The integrated Asset Management Program will provide the tools and data necessary to better assess infrastructure needs, optimize operations, and support short and long-range Capital Improvement Program decisions. This approach to comprehensive asset management will ensure the District maximizes the investment in its assets.

The District has proved to be resilient during the past decade that has included historic droughts and a global pandemic. Despite those challenges, the District has continued to be nimble and adopt strategic and forward-thinking policies implemented by the Board of Directors. The District continues to lead the industry in innovation and prides itself on providing focus on delivering high-quality drinking water, recycled water, and wastewater services to the communities we serve.

Awards and Acknowledgements

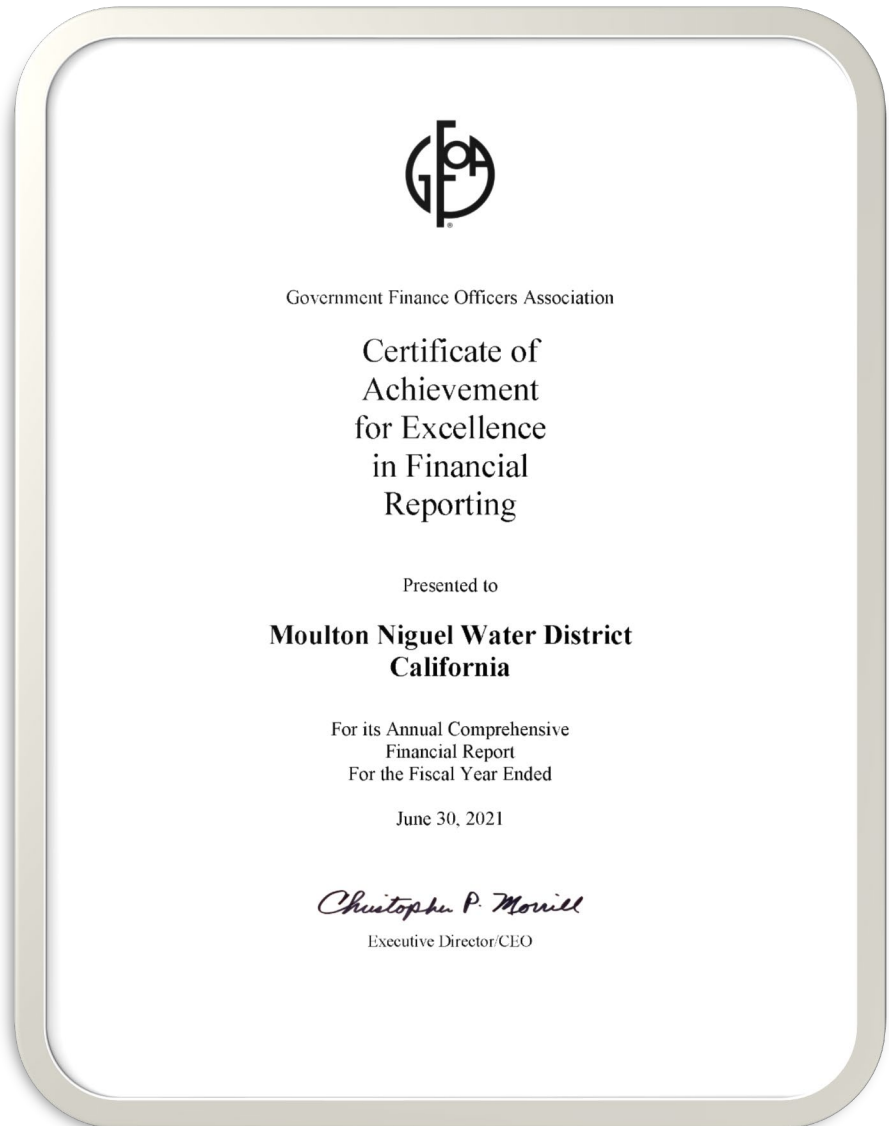
The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to Moulton Niguel Water District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The District believes that the 2022 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program requirements and this report will mark our twelfth consecutive submission to the GFOA to determine its eligibility for another certificate.

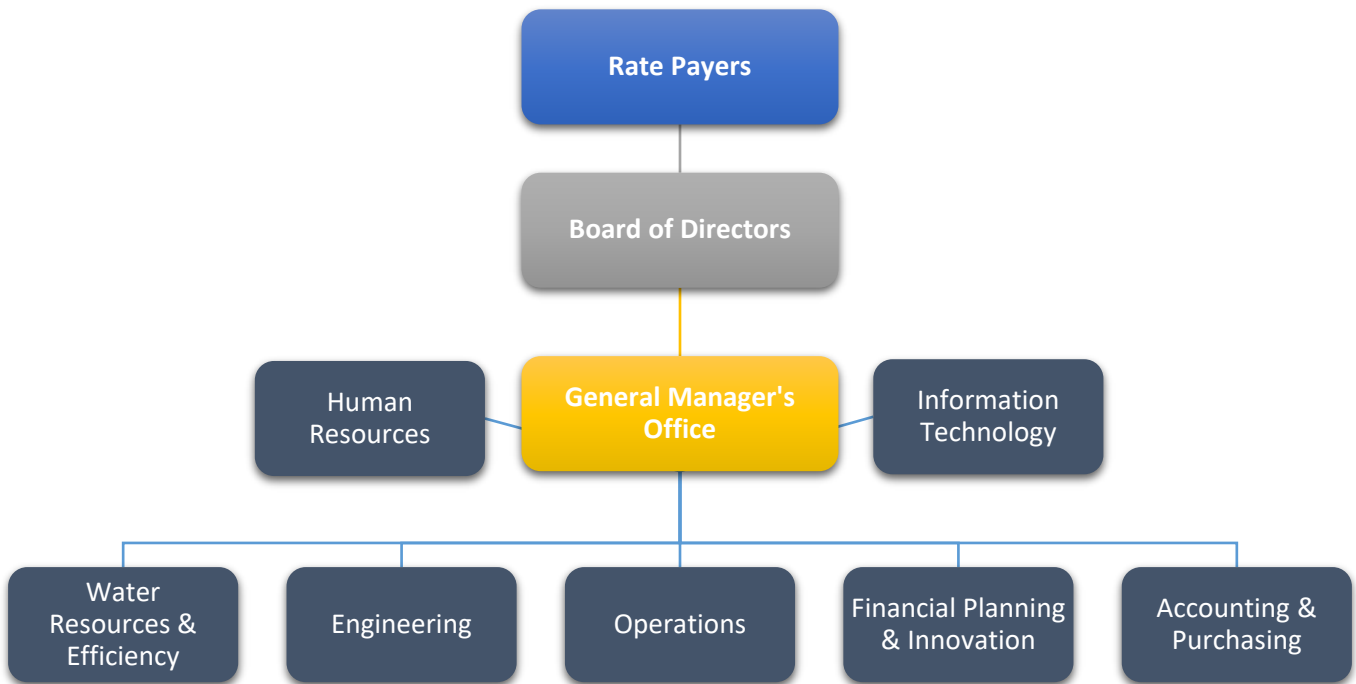
Respectfully submitted,



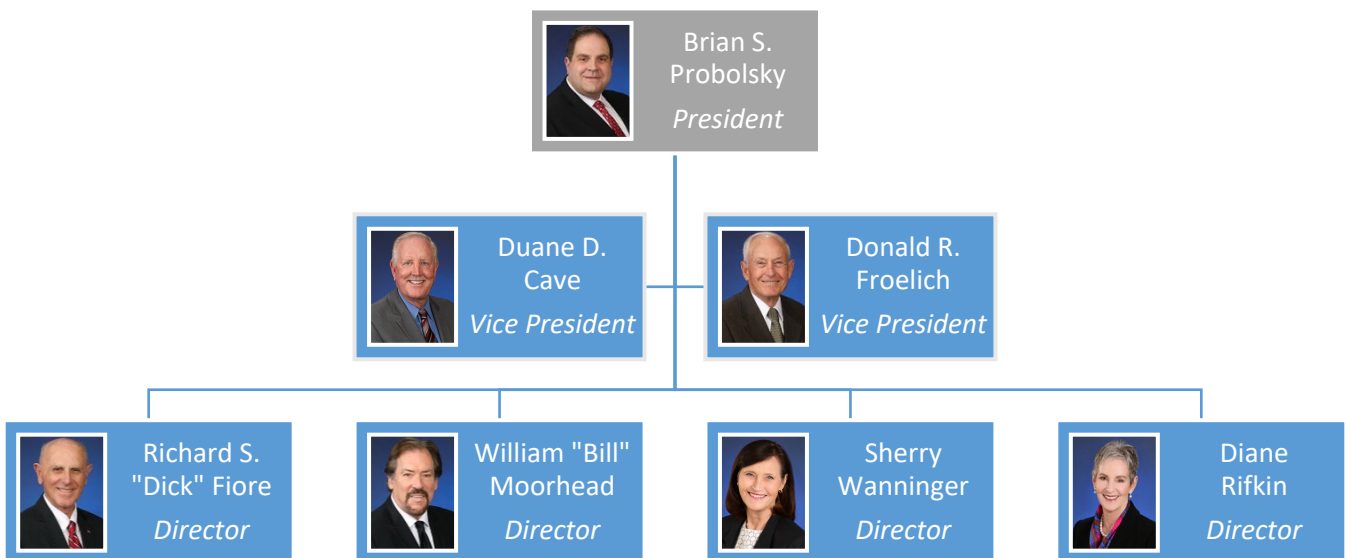
Joone Kim-Lopez
General Manager



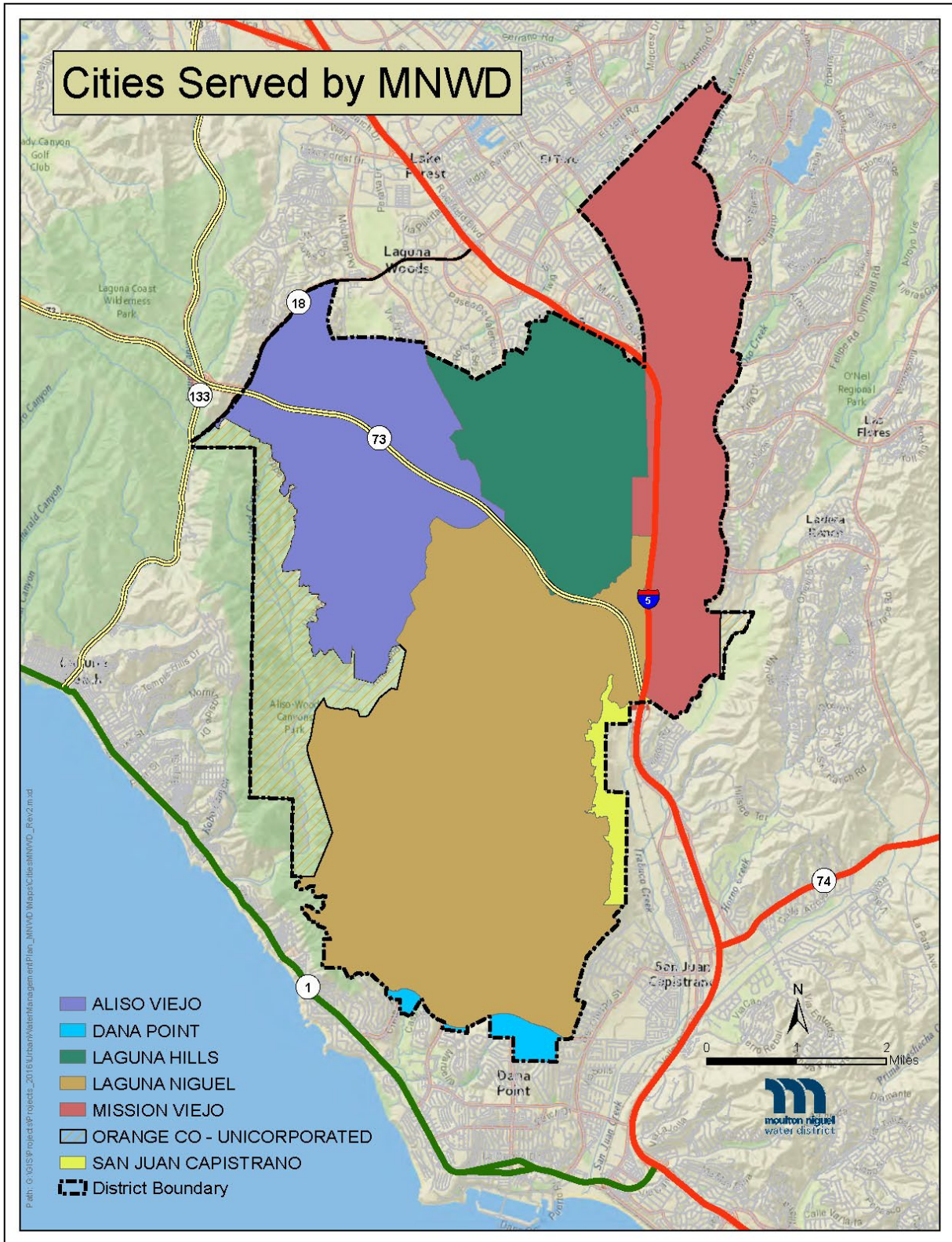
Organization Chart



Board of Directors



Service Area (Cities)



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Moulton Niguel Water District
Laguna Hills, California

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As described in Note 18 to the financial statements, the net position as of July 1, 2021, was restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Moulton Niguel Water 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 Moulton Niguel Water 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 Moulton Niguel Water District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability and schedule of plan contributions for the pension plan, and the schedule of changes in the net OPEB liability and related ratios and schedule of contributions for the OPEB plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 financial statements that collectively comprise the Moulton Niguel Water District's basic financial statements. The accompanying schedule of revenues, expense, and other sources (uses) of funds, and operations & maintenance (O&M) budget comparison report 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 schedule of revenues, expense, and other sources (uses) of funds, and operations & maintenance (O&M) budget comparison report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

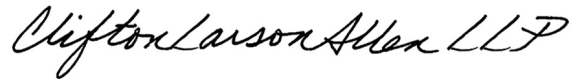
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover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

In connection with our audit of the 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.

Board of Directors
Moulton Niguel Water District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022, on our consideration of Moulton Niguel Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Moulton Niguel Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Moulton Niguel Water District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
November 29, 2022



moulton niguel water district

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2022**

Overview of the Financial Statements

The Moulton Niguel Water District ("District") financial statements are prepared in conformity with Generally Accepted Accounting Principles ("GAAP") and include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Readers should evaluate the financial statements with the accompanying Notes to Financial Statements. The Notes to Financial Statements are an integral part of the financial statements and provide useful explanations and detailed information on the financial statements. The Management's Discussion and Analysis precedes the financial statements, and its purpose is to provide an overall analysis of the District's financial position and results of operations.

Financial Highlights

- Total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$430.2 million (total net position). Net position consists of \$331.0 million in net investment in capital assets, \$0.1 million in restricted for capital projects, and \$99.1 million of unrestricted net position. This is a decrease of \$3.6 million, not including the prior period restatement, or 0.8% below the prior fiscal year total net position of \$433.8 million.
- The District received \$32.1 million for its share of the 1% ad valorem property taxes, an increase of \$0.8 million, or 2.6% over the prior fiscal year.
- Total Expenses increased by \$8.3 million to \$114.0 million, representing an increase of 7.8% as compared to the prior fiscal year. This increase was largely driven by a \$3.1 million (10.5%) increase in General, administrative & other expenses during the year.
- Total capital assets for the year ended June 30, 2022, were \$476.1 million, an increase of \$6.5 million, or 1.4%. The District placed \$30.9 million of assets into service during the fiscal year.

Required Financial Statements

The *Statement of Net Position* states the financial position of the District at June 30, 2022. This statement includes five components: District assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, with the remaining difference between those items being reported as net position. The assets and liabilities are listed in order of their liquidity. Therefore, assets readily convertible to cash, such as cash and investments, appear first.

The *Statement of Revenues, Expenses, and Changes in Net Position* accounts for the annual results of operations. This statement shows the current year's revenues, expenses, capital contributions, and calculates the overall change in net position. The sum of the beginning net position and the current year's change in net position equals the ending net position balance. The same ending net position balance appears on the *Statement of Net Position*. Over time, changes in net position serve as a key indicator of the District's financial health.

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2022**

Both the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Net Position* are shown using the accrual basis of accounting. This means revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts and payments.

By contrast, the *Statement of Cash Flows* presents information about changes in cash and cash equivalents during the year. The statement categorizes changes by operating activities, non-capital financing activities, capital and related financing activities, and investing activities. From this statement the reader can obtain information on the sources and uses of the District's cash.

District Financial Analysis

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

Financial Position Summary:

Table 1 - Condensed Statement of Net Position (In Thousands)				
	2022	2021	Increase/(Decrease)	
			Amount	Percent
Current and noncurrent assets ¹	\$ 196,825	\$ 156,093	\$ 40,732	26.1%
Capital assets, net	476,138	469,686	6,452	1.4%
Total Assets	672,963	625,779	47,184	7.5%
Deferred Outflows of Resources	6,456	6,924	(468)	-6.8%
Current liabilities	20,919	26,302	(5,383)	-20.5%
Long-term liabilities	199,231	156,257	42,974	27.5%
Total Liabilities	220,150	182,559	37,591	20.6%
Deferred Inflows of Resources	29,075	17,619	11,456	65.0%
Net investment in capital assets ¹	327,139	337,686	(10,547)	-3.1%
Restricted for capital projects	133	107	26	24.3%
Unrestricted net position ¹	102,922	96,021	6,901	7.2%
Total Net Position	\$ 430,194	\$ 433,814	\$ (3,620)	-0.8%

¹ The District issued a new bond (2021 COPs) to fund replacement and refurbishment capital projects across the District for \$60 million which is the primary driver for the increase in cash and investments in Current and noncurrent assets. This increase in cash was projected in the District's Long Range Financial Plan.

**Moulton Niguel Water District
Management’s Discussion & Analysis
Year Ended June 30, 2022**

Financial Position Summary (continued):

The Statement of Net Position presents the District’s financial position as of June 30. The statement consists of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Total net position represents the District’s net worth.

As shown above in Table 1 in the condensed Statement of Net Position, the District’s total assets increased \$47.2 million, or 7.5%.

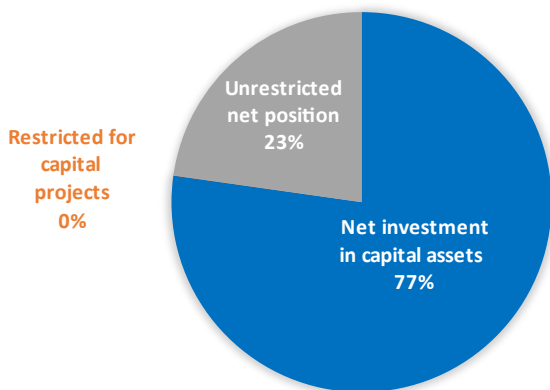
The deferred outflows of resources balance decreased by \$0.5 million, or -6.8% as compared to the prior fiscal year balance of \$6.9 million. This is primarily the result of changes in investment returns through June 30, 2021.

Total liabilities increased by \$38.9 million, or 21.4% as compared to the previous fiscal year. The main driver for this increase was the District’s 2021 Certificates of Participation that were issued during the fiscal year.

Deferred inflows of resources ended the fiscal year at \$29.1 million, increasing \$11.5 million in comparison to the prior fiscal year reported amounts. The main reason for that increase is related to above average investment returns during FY 2020-21 above the discount rate.

The District’s total ending net position at June 30, 2022, amounted to \$430.2 million, decreasing \$3.6 million, or -0.8% during the fiscal year.

**FIGURE 1
NET POSITION
JUNE 30, 2022**



Net position consists of \$331.0 million in net investment in capital assets, \$0.1 million restricted for capital projects, and \$99.1 million in unrestricted net position. Net investment in capital assets reflects capital assets, net of accumulated depreciation or amortization and liabilities attributed to the acquisition, construction, or improvement of those assets. In addition, this amount includes the net amount of regulated assets and intangible right to use assets. The District’s net investment in capital assets balance decreased by \$6.7 million, or -2.0%, and represents 77% of total net position.

Restricted net position ended the year at \$0.1 million. Restricted net position represents the unspent portion of capacity fees paid by developers for connecting to the District’s water and wastewater system. Annually as part of the budget process, the District specifies which capital projects will be funded from this balance.

Unrestricted net position was \$99.1 million at June 30, 2022, an increase of \$3.0 million, or 3.2% from the June 30, 2021, amount. This increase was projected as part of the District’s 2021-2022 adopted budget and as part of the Long-Range Financial Plan. The primary reason for the increase was the reimbursement of bond proceeds from the 2021 COPs. The unrestricted net position balance increased by \$3.0 million while the net investment in capital assets balance decreased by \$6.7 million. Additional information on unrestricted net position can be found in Note 16 in the Notes to Financial Statements.

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2022**

Activities and Changes in Net Position:

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

Table 2 - Revenues, Expenses and Changes in Net Position (In Thousands)				
	2022	2021	Increase/(Decrease)	
			Amount	Percent
Operating Revenues:				
Water charges	\$ 37,130	\$ 37,593	\$ (463)	-1.2%
Recycled charges	6,033	6,180	(147)	-2.4%
Sanitation charges	28,989	28,033	956	3.4%
Other	335	329	6	1.8%
Total Operating Revenues	72,487	72,135	352	0.5%
Non-operating Revenues:				
Property taxes	32,092	31,290	802	2.6%
Investment income ¹	(6,047)	(265)	(5,782)	2181.9%
Interest income	621	643	(22)	-3.4%
Cellular lease income	1,449	1,289	160	12.4%
Intergovernmental revenue ²	1,617	1,044	573	54.9%
Other ³	4,882	212	4,670	2202.8%
Total Non-operating revenues	34,614	34,213	401	1.2%
Total Revenues	107,101	106,348	753	0.7%
Operating expenses				
Water purchases	29,820	29,806	14	0.0%
Utilities ⁴	2,686	2,185	501	22.9%
Wastewater treatment & pumping	15,467	14,722	745	5.1%
Water transmission & distribution	1,137	1,958	(821)	-41.9%
General, administrative & other	32,967	29,844	3,123	10.5%
Amortization	840	1,167	(327)	-28.0%
Depreciation	23,858	21,669	2,189	10.1%
Total Operating Expenses	106,775	101,351	5,424	5.4%
Interest on long-term debt ⁵	5,757	4,140	1,617	39.1%
Other ³	1,419	194	1,225	631.4%
Total Non-operating Expenses	7,176	4,334	2,842	65.6%
Total Expenses	113,951	105,685	8,266	7.8%
Income (loss) before capital contributions	(6,850)	663	(7,513)	-1133.2%
Capital contributions	2,382	1,268	1,114	87.9%
Change in Net Position	(4,468)	1,931	(6,399)	-1045.3%
Beginning Net Position, as restated	434,662	431,883	2,779	0.6%
Ending Net Position	\$ 430,194	\$ 433,814	\$ (3,620)	-0.8%

¹ Investment income includes a \$8.2 million unrealized loss, \$0.6 million realized gain and \$1.6 in investment income.

² Intergovernmental Revenue saw an increase in grant receivables due to arrearage funding from the federal government of approximately \$0.9 million and \$0.7 million in federal grants from FEMA and the US Bureau of Reclamation.

³ Other Revenue increased due to the sale of the District's historical main office building on La Paz Road for approximately \$5 million.

³ Other Expenses includes the write off of customer bills for which the District received grant funding from the State of CA State Water Resources Control Board through the American Rescue Plan Act funds.

⁴ Utilities consists mostly of electricity which saw an increase in price of approximately 20% since the previous fiscal year.

⁵ Interest on Long Term Debt increased due to the amortization schedules of the District's debt portfolio.

**Moulton Niguel Water District
Management’s Discussion & Analysis
Year Ended June 30, 2022**

Activities and Changes in Net Position (continued):

Revenues:

As shown in Table 2, the District’s total revenues increased slightly by \$0.8, or 0.7% in fiscal year 2022, totaling \$107.1 million.

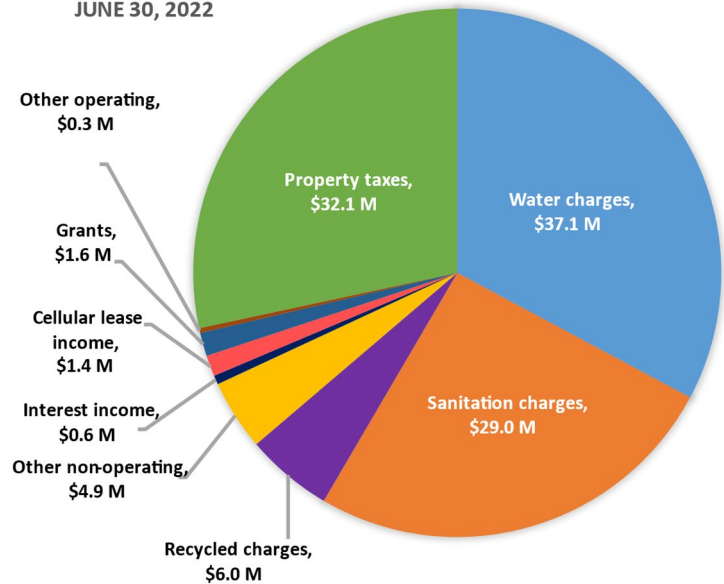
Operating revenues amounted to \$72.5 million for the fiscal year ended June 30, 2022, increasing 0.5% over the prior fiscal year total of \$72.1 million. Total operating revenues represented approximately 68% of total revenues for the fiscal year ended. Figure 2 provides an illustration of the different sources of revenue the District received during the year.

Water charges contributed the largest share of total revenues at \$37.1 million, or 33% of total revenues. The fiscal year total for water charges represented an -1.2% decrease compared to the prior fiscal year amount of \$37.6 million reflecting increased drought response from customers and a significant decrease in non-revenue water loss resulting from the District’s proactive water loss reduction efforts. Fiscal Year 2021-22 saw an increase in evapotranspiration (“ET”) of approximately 6% as compared to Fiscal Year 2020-21, illustrating how the District’s customers continue to go even further to conserve water. Total consumption in Fiscal Year 2020-2021 was 10.05 million billing units, while the consumption decreased to 9.96 million billing units in the current fiscal year due customer drought response.

Recycled water charges decreased slightly by \$0.1 million, or -2.4% over the prior fiscal year, again speaking to the willingness of the District’s customers to reduce overall water use during times of drought. Recycled water customers consumed 2.96 million billing units in Fiscal Year 2021-2022 compared to 2.87 million billing units in the prior fiscal year.

Non-operating revenues totaled \$34.6 million for the fiscal year ended, an increase of 1.2% compared to the prior fiscal year. Non-operating revenues represent approximately 36% of total revenues for the year. The relatively flat level of growth in non-operating revenues is attributed to the offsetting impacts of proceeds from the District’s sale of its former administrative offices in Laguna Niguel and unrealized losses associated with its investment portfolio in the current high interest rate environment. The District records investments at fair market value, so unrealized gains and losses are recorded on investments. For the year, unrealized losses were \$8.2 million, while in Fiscal Year 2021-22, a \$0.6 million gain was recognized and the District received \$1.6 million in investment income. The largest portion of non-operating revenues is from property tax revenues. The District received \$32.1 million in the current year, representing an increase of 2.6% when compared to the prior year. The \$32.1 million is the largest amount of property taxes received by the District in a fiscal year and continues to serve as an important revenue stream that the District uses to offset rate revenue requirements.

**FIGURE 2 - REVENUES
YEAR ENDED
JUNE 30, 2022**

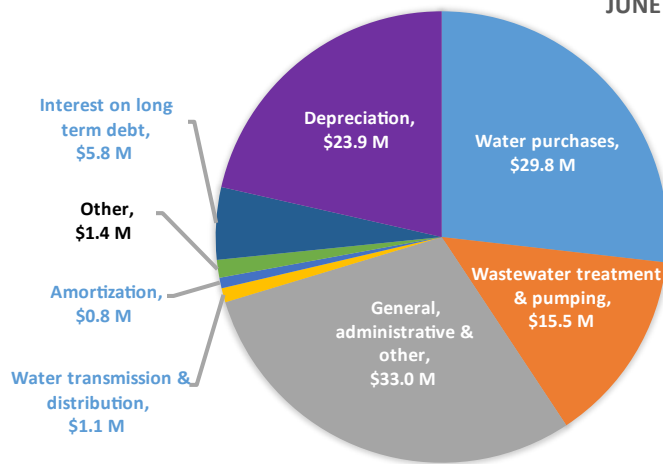


**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2022**

Activities and Changes in Net Position (continued):

Expenses:

**FIGURE 3 - EXPENSES
YEAR ENDED
JUNE 30, 2022**



As seen in Table 2, total expenses for the fiscal year ended June 30, 2022, increased to \$114.0 million, representing an increase of \$8.3 million, or 7.8% over the prior fiscal year. Operating expenses ended the fiscal year at \$106.8 million, an increase of \$5.4 million, or 5.4% over the 2021 total. Water purchases, wastewater treatment and pumping, and water transmission and distribution amount to 42% of total expenses for the District. Water Purchases increased negligibly by \$0.1 million to \$29.8 million for the year ended, primarily due to the increased conservation and proactive water loss reduction efforts noted above in

the revenue section. Utilities increased by \$0.5 million to \$2.7 million for the year ended. This was due to increased rates for utilities and not due to increased recycled water production during the year.

Non-operating expenses increased by \$2.8 million to \$7.2 million, representing a 65.6% increase as compared to the prior fiscal year. Interest on outstanding long-term debt is the primary driver of non-operating expenses. As the District makes its scheduled debt service payments, outstanding liabilities will decrease, resulting in less interest expense on an annual basis.

Capital Contributions:

As noted in Table 2, capital contributions increased to \$2.4 million, an increase of 87.9% as compared to the prior year. This increase was mostly due to reimbursements received from capital related work from facilities that the District jointly participates in with neighboring agencies.

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2022**

Capital Assets:

Table 3 - Condensed Capital Asset Summary (In Thousands)				
	Fiscal Year		Increase/(Decrease)	
	2022	2021	Amount	Percent
Water systems	282,884	273,183	9,701	3.6%
Capacity rights	117,445	116,710	735	0.6%
Buildings	51,057	52,167	(1,110)	-2.1%
Equipment and automobiles ¹	3,913	5,505	(1,592)	-28.9%
Total Net Depreciable Assets	455,299	447,565	7,734	1.7%
Intangible asset - right to use asset ²	17	769	(752)	-97.8%
Total Intangible Assets	17	769	(752)	n/a
Land	1,070	1,092	(22)	-2.0%
Construction in Progress	19,752	20,260	(508)	-2.5%
Total Non-Depreciable Assets	20,822	21,352	(530)	-2.5%
Capital Assets, Net	\$ 476,138	\$ 469,686	\$ 6,452	1.4%

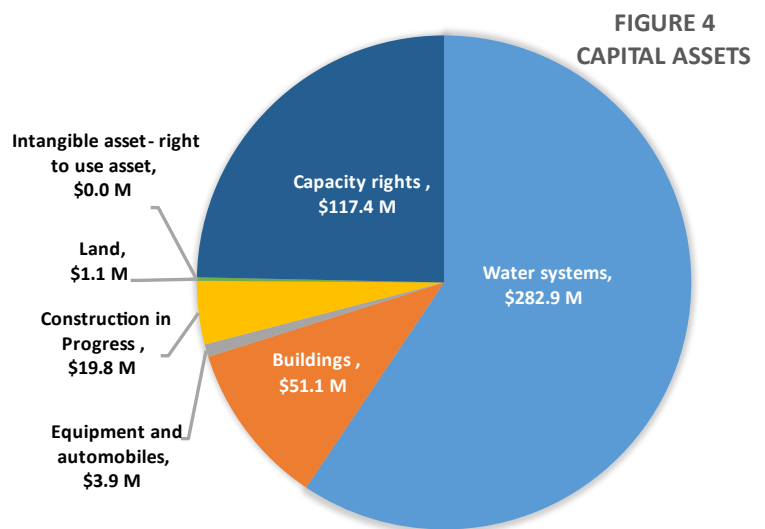
¹ The District invested approximately \$1.3 million into equipment and automobiles during the year, but depreciation for the previously acquired assets was \$2.9 million.

² The intangible assets are related to lease arrangements where the District is the lessee. The decrease of \$0.8 million is due to the amortization of the right to use those leased facilities, in accordance with GASB Statement No. 87.

As shown in Table 3, the District held \$476.1 million in total net capital assets as of June 30, 2022. Total net depreciable assets increased by \$7.7 million, representing a 1.7% increase, net of \$23.9 million in depreciation expense.

Water systems are the largest individual asset type held by the District, totaling \$282.9 million, representing 59% of total capital assets at June 30, 2022.

The District invested \$32.4 million in additional construction in progress expenses during the fiscal year. The District completed over \$30.9 million in projects during the Fiscal Year and transferred those completed assets from construction in progress to depreciable asset categories.



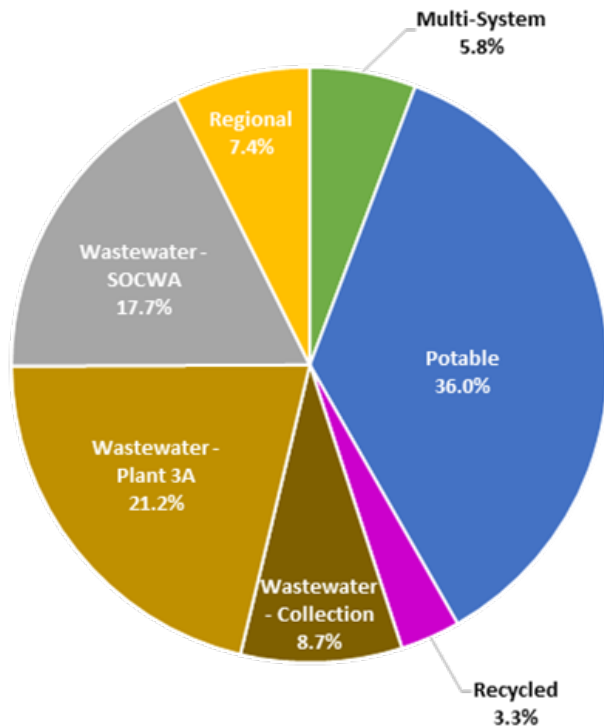
**Moulton Niguel Water District
Management’s Discussion & Analysis
Year Ended June 30, 2022**

Capital Assets (continued):

As shown in Figure 5 below, the District’s Fiscal Year 2022-23 Adopted Budget includes \$58.9 million in capital spending, primarily for potable water and wastewater related projects.

FIGURE 5

SYSTEM	FY23 Proposed Budget
Multi-System	\$3,390,000
Potable Water	\$21,210,000
Recycled Water	\$1,915,000
Wastewater	
Collection	\$5,150,000
Treatment (Plant 3A)	\$12,488,281
Treatment (SOCWA)	\$10,421,507
Regional	
JRWSS, Upper Oso/Upper Chiquita, R6 Reservoir, Baker WTP, etc.	\$4,346,851
Total FY23 Proposed Budget	\$58,921,639



See Note 5 in the Notes to Financial Statements for additional details on capital asset activities.

Long-term Debt:

As noted in Table 4 below, the District’s total long-term liabilities at June 30, 2022, was \$189.0 million, representing an increase of \$56.7 million, or 42.8% when compared to the prior fiscal year. The primary reason for the increase is due to the District’s issuance of its 2021 Certificates of participation. The District’s outstanding debt is rated AAA, by both Fitch and Standard and Poor’s rating agencies. Both Fitch and Standard and Poor’s reaffirmed those ratings in November 2021. AAA is the highest rating available from both rating agencies.

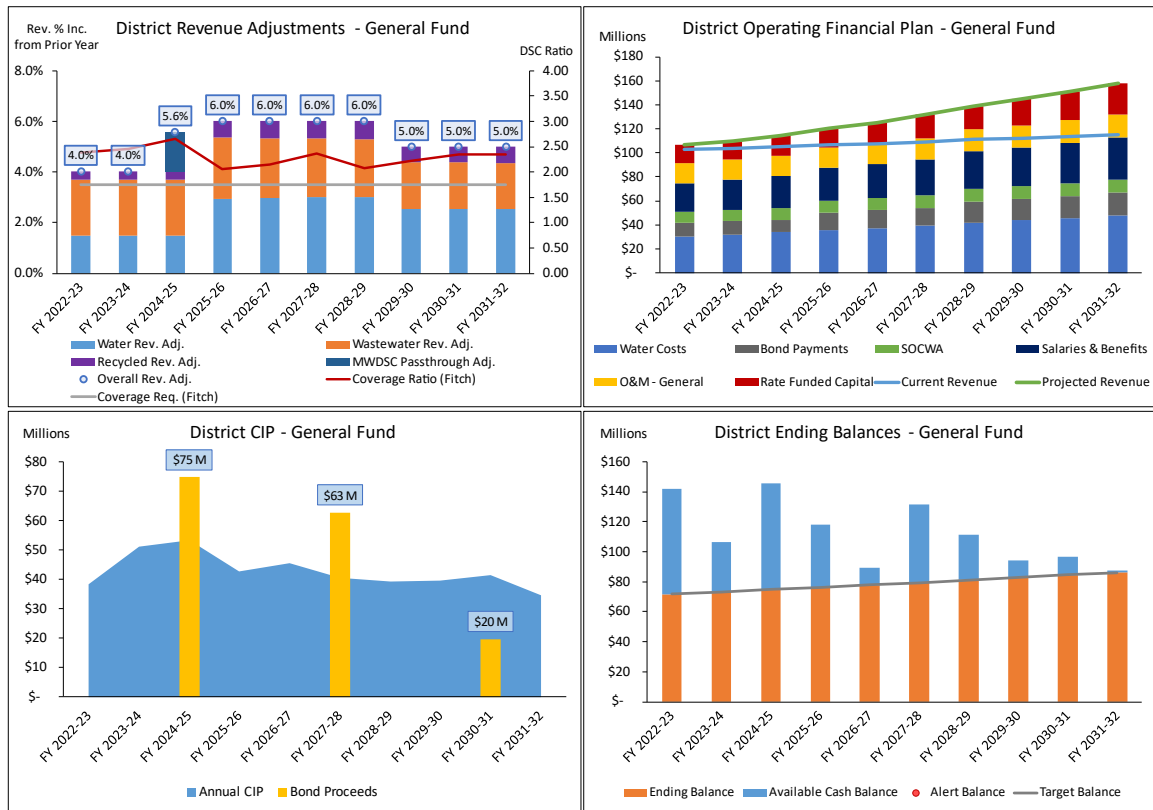
Table 4 - Condensed Long-Term Debt Summary (In Thousands)

	Fiscal Year	Fiscal Year	Increase/(Decrease)	
	2022	2021	Amount	Percent
Bonds Payable	\$ 61,934	\$ 64,778	\$ (2,844)	-4.4%
Certificates of Participation (COP)	127,008	67,508	59,500	88.1%
Total Long-term Liabilities	\$ 188,942	\$ 132,286	\$ 56,656	42.8%

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2022**

Long-term Debt (continued):

FIGURE 6



The District utilizes a Ten-Year Cash Flow model to forecast to plan for future debt issuances, project potential future rate adjustments, and anticipate the District's future debt coverage ratio. Although the official debt covenants in most issuances call for a coverage ratio of 125%, the District's Board of Directors has established a goal of maintaining a coverage of 175%. This means that net revenues would exceed debt service payments on any given year by 175%. As noted in the District's Fiscal Year 2022-2023 Budget Document and above in Figure 6, the District anticipates its debt coverage ratio will be over 175% for at least the next ten years.

See Note 7 in the Notes to Financial Statements for detail on long-term liabilities.

Contacting the District

This financial report is designed to provide the District's elected officials, customers, investors, employees, and creditors with an assessment of the District's financial condition and an accounting of the public's funds. An electronic copy of the Annual Comprehensive Financial Report can be found on the District's website, www.mnwd.com/finance. If you have questions about this report or need additional financial information, please contact the Finance Department at Moulton Niguel Water District at (949) 831-2500.



moulton niguel water district

**Moulton Niguel Water District
Statement of Net Position
Year Ended June 30, 2022**

Assets

Current:

Cash and Investments	\$ 34,188,949
Accounts receivable:	
Water and sanitation charges	8,769,131
Taxes	485,747
Other accounts receivable	3,044,885
Grants receivable	586,836
Interest receivable	353,678
Leases receivable, current	1,449,723
Inventory	2,643,394
Prepaid expenses	651,933
Retrofit loans receivable, current	20,000
	52,194,276

Noncurrent:

Investments	86,004,176
Restricted cash and investments with fiscal agent	42,161,515
Retrofit loans receivable, noncurrent	422,275
Leases receivable, noncurrent	13,892,095
Regulated assets – net of accumulated amortization	2,150,731
Capital assets – net of accumulated depreciation	455,298,733
Capital assets, intangible asset – right to use leased asset	16,719
Capital assets not being depreciated:	
Land	1,070,126
Construction in progress	19,752,374
	620,768,744
Total Noncurrent Assets	620,768,744
	672,963,020

Deferred Outflow of Resources:

Deferred charges on refundings	122,206
Deferred items related to pension	5,645,664
Deferred items related to OPEB	687,678
	6,455,548
Total Deferred Outflows of Resources	6,455,548
	\$ 679,418,568

Moulton Niguel Water District
Statement of Net Position
Year Ended June 30, 2022

Liabilities

Current:

Accounts payable	\$ 12,839,622
Interest payable	2,541,994
Compensated absences	1,332,677
Lease liabilities	9,375
Current portion of long-term debt	
Bonds payable	2,190,000
Certificates of participation	2,005,000

Total Current Liabilities	20,918,668
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Long-Term Liabilities:

Compensated absences	444,226
Long-term debt:	
Bonds payable	59,743,796
Certification of participation	125,002,843
Net pension liability	13,870,143
Net OPEB liability	162,617
Lease liabilities	7,562

Total Long-Term Liabilities	199,231,187
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Total Liabilities	220,149,854
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Deferred Inflow of Resources:

Deferred items related to pension	12,898,447
Deferred items related to OPEB	832,572
Deferred items related to leases	15,343,979

Total Deferred Inflows of Resources	29,074,998
--	-------------------

Net Position:

Net investments in capital assets	327,139,013
Restricted for capital projects	132,953
Unrestricted	102,921,750

Total Net Position	430,193,716
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Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 679,418,568
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See Notes to Financial Statements



moulton niguel water district

Moulton Niguel Water District
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2022

Operating Revenues:	
Water charges	\$ 37,129,591
Recycled charges	6,032,984
Sanitation charges	28,989,216
Other	335,128
	<hr/>
Total Operating Revenues	72,486,919
<hr/>	
Operating Expenses:	
Source of supply:	
Water purchases	29,819,723
Utilities	2,685,600
Pumping water	2,333,920
Wastewater treatment	13,132,670
Water transmission and distribution	1,136,929
Customer service	3,681,645
Water efficiency	5,138,573
General, administrative, and other	24,146,441
Amortization:	
Right to use leased asset	754,089
Regulated assets	86,053
Depreciation	23,858,865
	<hr/>
Total Operating Expenses	106,774,508
	<hr/>
Operating Income (Loss)	(34,287,589)
<hr/>	
Non-Operating Revenues (Expenses)	
Investment income (loss)	(6,091,616)
Investment income – restricted	42,890
Interest income – leases	620,903
Property tax revenue	32,092,257
Interest expense	(5,756,648)
Intergovernmental revenue	1,617,378
Cellular lease and license income	1,449,393
Other non-operating revenues	4,881,357
Other non-operating expenses	(1,418,753)
	<hr/>
Total Non-Operating Revenues (Expenses)	27,437,161
	<hr/>
Income (Loss) Before Capital Contributions	(6,850,428)
<hr/>	
Capital Contributions:	
Developer donated capital facilities	453,115
Capacity fees	152,291
Other contributions	1,777,020
	<hr/>
Total Capital Contributions	2,382,426
	<hr/>
Change in Net Position	(4,468,002)
<hr/>	
Net Position:	
Beginning of fiscal year, as restated	434,661,718
	<hr/>
End of Fiscal Year	\$ 430,193,716
	<hr/>

See Notes to Financial Statements



moulton niguel water district

Moulton Niguel Water District

**Statement of Cash Flows
Year Ended June 30, 2022**

Cash Flows from Operating Activities:

Cash received from customers	\$ 69,147,048
Cash paid to suppliers	(67,721,127)
Cash paid to employees	(22,964,416)

Net Cash Provided By (Used For) Operating Activities	<u>(21,538,495)</u>
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Cash Flows from Non-Capital Financing Activities:

Cash received from property taxes	<u>32,004,970</u>
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Net Cash Provided By (Used For) Non-Capital Financing Activities	<u>32,004,970</u>
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Cash Flows from Capital and Related Financing Activities:

Acquisition and construction of capital assets	(27,717,570)
Acquisition and construction of regulated assets	(865,481)
Proceeds from capital debt	60,937,516
Repayment of notes receivable	15,852
Capital contributions	1,929,311
Principal payments on long-term debt	(4,282,194)
Interest payments on long-term debt	(4,755,327)
Lease payments	(754,089)
Intergovernmental revenue	1,536,333
Proceeds from the sale of assets	<u>5,112,945</u>

Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>31,157,296</u>
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Cash Flows from Investing Activities:

Investment earnings received	2,887,069
Lease receipts	1,451,554
Proceeds from sales and maturities of investments	34,178,291
Purchases of investments	<u>(77,813,889)</u>

Net Cash Provided By (Used For) Investing Activities	<u>(39,296,975)</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	2,326,796
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Cash and Cash Equivalents, Beginning of Year	<u>31,862,153</u>
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Cash and Cash Equivalents, End of Year	<u>\$ 34,188,949</u>
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See Notes to Financial Statement

Moulton Niguel Water District

Statement of Cash Flows
Year Ended June 30, 2022

**Reconciliation of Operating Income (Loss) to Net Cash Provided By
(Used For) Operating Activities:**

Operating income (loss) \$ (34,287,589)

**Adjustments to Reconcile Operating Income (Loss) to
Net Cash Provided By (Used For) Operating Activities:**

Depreciation	23,858,865
Amortization of leases	754,089
Amortization of regulated assets	86,053
Other non-operating revenue	247,169
Other non-operating expense	(1,418,753)
Changes in net pension liability	(10,660,011)
Changes in pension related deferred outflows of resources	387,109
Changes in pension related deferred inflows of resources	11,792,140
Changes in net OPEB liability	(832,659)
Changes in OPEB related deferred outflows of resources	(16,914)
Changes in OPEB related deferred inflows of resources	492,950
Changes in lease liabilities and intangible right to use asset	(536,454)
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, water and sanitation	(427,969)
(Increase) decrease in accounts receivable, other	(1,740,318)
(Increase) decrease in inventory	(562,452)
(Increase) decrease in prepaid expenses	(161,256)
Increase (decrease) in accounts payable	(8,531,905)
Increase (decrease) in compensated absences	19,410

Net Cash Provided By (Used For) Operating Activities \$ (21,538,495)

Non-cash Investing, Capital, and Financing Activities:

Unrealized gain (loss) on investments	\$ (8,243,724)
Developer donated capital facilities	453,115
Amortization of deferred charges on refundings	97,765
Amortization of (premiums) discounts	1,435,982
Capital assets in accounts payable	3,370,807

See Notes to Financial Statement



moulton niguel water district

Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022

I. Significant Accounting Policies

Note 1: Organization and Summary of Significant Accounting Policies

The accounting principles of the Moulton Niguel Water District (the “District”) conform to generally accepted accounting principles (“GAAP”) applicable to governmental-type organizations. The following is a summary of the District’s significant accounting policies.

a. Description of the Reporting Entity

The District was established on November 16, 1960, under the provisions of the California Water District Law, Division 13 of the Water Code. The District provides water and collects, treats, and recycles wastewater to the communities of Aliso Viejo, Laguna Niguel, Laguna Hills, Mission Viejo, Dana Point and San Juan Capistrano. The District is governed by a seven-member Board of Directors.

For financial reporting purposes, the District includes all funds that are controlled by, or dependent on, the District’s Board of Directors. Management has determined that the District is a single enterprise fund reporting unit for financial reporting purposes by applying the criteria set forth in the Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, as amended. This criterion requires the reporting entity to have a separate elected governing body, that it be a legal separate entity, and fiscally independent.

b. Basis of Accounting

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

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal operations. The principal operating revenues of the District consist of water, recycled water, and sanitation charges. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

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

c. MNWD Public Facilities Corporation

The MNWD Public Facilities Corporation (the "Corporation") was incorporated as a California Non-profit Public Facilities Corporation on October 12, 1993 and has received tax exempt status from the Internal Revenue Service and California Franchise Tax Board.

The Corporation was formed for the purpose of providing financing through the issuance of certificates of participation to construct District infrastructure necessary to provide water, wastewater, and recycled water services to existing and future customers within the District. Members of the Board of Directors of the District act as the Corporation's governing board and exert significant influence over its operations. Separate financial statements are prepared for the Corporation. To obtain complete financial information from the Corporation, please contact the District at 26161 Gordon Road, Laguna Hills, Ca, 92653, or via telephone at (949) 831-2500.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14, *The Financial Reporting Entity*, as amended. Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of its relationship with the District. In accordance with those Statements, a component unit should be included in the reporting entity financial statements using the blending method in any of these circumstances:

- i. The component unit's governing body is substantively the same as the governing body of the primary government and (1) there is a financial benefit or burden relationship between the primary government and the component unit, or (2) management of the primary government has operational responsibility for the component unit. Management of a primary government has operational responsibility for a component unit if it manages the activities of the component unit in essentially the same manner in which it manages its own programs, departments, or agencies.
- ii. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. Usually, the services provided by a blended component unit are financing services provided solely to the primary government.
- iii. The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government. Repayment generally occurs through a continuing pledge and appropriation by the primary government to the component unit that, in turn, pledges those appropriation payments as the primary source of repayment for its debt.

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

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

Because the Corporation meets the requirements in circumstances i, ii, and iii, the Corporation has been reported as a blended component unit. In accordance with GASB Statement 61, as amended, condensed financial information is reported in Note 11.

d. Property Taxes

The District is authorized to levy taxes on all taxable property within its boundaries for the purposes of carrying on its operations and paying its obligations, subject to certain limitations in the Water Code, the Revenue and Taxation Code, and the California Constitution. Historically, a portion of the taxes were levied to meet the District's debt service requirements on its general obligation bonds which have been paid off since Fiscal Year 2019-20.

Property taxes are levied annually as of July 1, using a lien date of January 1, and are payable by property owners in two equal installments, which are due by December 10 and April 10. The taxes levied are billed and collected by the County of Orange and remitted to the District throughout the year.

e. Inventory and Prepaid Expenses

Inventory consists of meters, meter components and operating supplies. Inventory is valued at cost on a first-in, first-out method.

Certain payments to vendors, primarily related to services, reflect costs applicable to future accounting periods and are initially recorded as prepaid expenses and expensed through the lifetime of the agreement.

f. Capital Assets

Capital assets are valued at cost where historical records are available, and at an estimated historical cost where no historical records exist. Donated assets are valued at their acquisition value on the date received. The District capitalizes all assets with a historical cost of at least \$3,000 and a useful life of at least five years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed. The District also records the value of intangible right to use assets 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 contract.

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

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

Depreciation for capital assets is computed utilizing the straight-line method over the following estimated useful lives:

Water and wastewater systems	10 to 75 years
Capacity rights	10 to 99 years
Buildings	5 to 40 years
Automobiles and equipment	5 to 20 years

g. Regulated Assets

Regulated assets are created by deferring certain expenses that are recoverable by future rate charges in accordance with the District's rate ordinance. To be considered a regulated asset, expenses must meet the following criteria:

- The District's Board of Directors establish the rates
- The regulated rates are designed to recover the specific regulated activity's costs of providing the regulated service
- The rates must be set at levels that will at least recover the costs over the life of the asset and the associated rates can be charged to and collected from customers
- Future revenues will be provided to permit recovery of the actual regulated cost rather than expected levels of similar service

Amortization is computed utilizing the straight-line method to match the associated revenues and expenses:

Potable regulated assets	15 to 25 years
Wastewater regulated assets	15 to 25 years

h. Compensated Absences

It is the District's policy to permit employees to accrue vacation leave up to 200% of their annual vacation accrual. Vacation accrual schedules vary depending on length of employment and begin on the date of regular full-time employment. Once employees reach the maximum accrual limit, they cease to accrue vacation until vacation is reduced to an amount below the limit. Employees are eligible to be compensated in cash for up to a maximum of their annual vacation accrual, upon meeting certain criteria.

All regular full-time employees are eligible to accrue 96 hours of sick leave per year from the date of employment. Prior to December 31 of each year, employees who have accumulated more than 176 hours of sick leave are eligible to receive compensation equal to 75% of the amount over 176 hours.

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

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

Upon separation from employment, the District pays employees 100% of vacation leave accrued but not taken. In addition, employees who worked for the District for ten or more years, may receive a portion of up to 100% of sick leave accrued but not taken.

All accrued vacation and sick leave pay are recorded as an expense and a liability at the time the benefit is earned.

i. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of three months or less. Investments held by fiscal agent are classified as long-term assets regardless of the maturity date. These investments are typically held as a covenant for long-term debt service and therefore, continually re-invested and held until the maturity of the debt service obligation.

j. Investments

Investment income includes interest earnings, changes in fair value (unrealized gains or losses) and realized gains or losses upon the liquidation or sale of investments.

k. Fair Value Measurement

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

l. Net Pension Liabilities

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan fiduciary net position and additions to/deductions from the pension plan fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

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

m. Net OPEB Liabilities

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

Generally accepted accounting principles require 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	January 1, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020, to June 30, 2021

n. Leases

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

o. Deferred Outflows and Inflows of Resources

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

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of represent an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as inflow of resources in the period that the amounts become applicable.

p. Net Position

Net position of the District is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets represent the capitalized cost of capital assets, net of depreciation and the related outstanding debt balances or other capital related liabilities, including related deferred outflows of resources. Additionally, the District includes the right to use leased assets and regulated asset balances in this balance.

Restricted net position represents net position that is constrained by externally imposed requirements of creditors (such as through debt covenants), laws or regulations of other governments or by law, through constitutional provisions or enabling legislation.

All net position not categorized as net investment in capital assets or restricted are included in unrestricted net position, including amounts reserved in accordance with designations by the Board of Directors included in Note 16.

q. Use of Estimates

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

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

II. Detailed Notes on all Activities

Note 2: Cash and Investments

Cash and Investments are classified in the accompanying Statement of Net Position as follows at June 30, 2022:

Statement of Net Position:	
Cash and Investments-Current	\$ 34,188,949
Investments-Noncurrent	86,004,176
Restricted Cash and Investments with Fiscal Agent	42,161,515
Total Cash and Investments	\$ 162,354,640

Cash and Investments held by the District at June 30, 2022, consisted of the following:

Cash:	
Petty Cash on Hand	\$ 6,183
Deposits with Financial Institutions	1,853,713
Total Cash	1,859,896
Investments:	
State Treasurer's Investment Pool	32,205,061
US Treasury Notes	40,498,059
US Treasury Bills	297,623
Federal Agency Securities	22,056,684
Supranational	803,583
Negotiable CD	596,643
Asset Backed Securities	20,686,710
Commerical Paper	3,089,652
Corporate Bonds	22,519,953
Money Market Funds	17,740,776
Total Investments	160,494,744
Total Cash and Investments	\$ 162,354,640

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

The following table 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. The table below does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy:

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 2: Cash and Investments (Continued)

	*Maximum Maturity	~Maximum Percentage of Portfolio	~Maximum Investment in One Issuer
Municipal Securities	5 years	30%	5%
U.S. Treasury Obligations	10 years**	None	None
Federal Agency Securities	10 years**	None	25%
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Collateralized Bank and Time Deposits	5 years	20%	None
Repurchase Agreements	1 year	None	None
Medium-Term Notes	5 years	30%	5%
Mutual Funds***	N/A	20%	10%
Money Market Mutual Funds***	N/A	20%	None
Asset Backed Securities	5 years	20%	5%
Local Agency Investment Fund (LAIF)	N/A	\$75M	None
Local Government Investment Pools	N/A	None	None
Supranationals	5 years	30%	10%

*Based on state law requirements or investment policy requirements, whichever is more restrictive, except for maturities in excess of 5 years, as described below.

**5 years for the limited maturity fund, up to 10 years and a maximum of 40% exceeding 5 years for the operating reserve fund, as allowed by the investment policy.

***Government code allows a combined total of 20% between mutual funds and money market mutual funds.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees 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 certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
Federal Agency Securities	None	None	None
Bankers Acceptances	360 days	None	None
Municipal Obligations	None	None	None
Money Market Mutual Funds	120 days	None	None
Investment Agreements	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk attributable to changes in market interest rates that will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater sensitivity to fair value when market interest rates fluctuate. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of short-term and long-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 to provide the cash flow and liquidity needed for operations.

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 2: Cash and Investments (Continued)

Information about the sensitivity of the fair values of the District's 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's investments by maturity:

Investment Type	Total	12 Months or Less	13 to 36 Months	37 to 60 Months	More Than 60 Months
Money Market	\$ 624,221	\$ 624,221	\$ -	\$ -	\$ -
US Treasury Bills	297,624	297,624	-	-	-
Negotiable CD	596,643	596,643	-	-	-
Commercial Paper	197,088	197,088	-	-	-
US T Note	18,941,936	597,786	3,799,697	4,799,663	9,744,790
Fed Agency	21,756,453	-	5,111,727	8,776,843	7,867,883
Corp Bonds	22,519,953	189,590	11,306,091	11,024,273	-
Superanational	803,583	-	-	803,583	-
ABS	20,686,710	-	12,174,331	5,491,841	3,020,538
LAIF	32,205,061	32,205,061	-	-	-
Held by Fiscal Agent					
Money Market	17,116,555	17,116,555	-	-	-
US T Note	21,556,123	21,457,853	98,270	-	-
Fed Agency	300,231	199,706	100,525	-	-
Commercial Paper	2,892,564	2,892,564	-	-	-
Total	<u>\$ 160,494,744</u>	<u>\$ 76,374,690</u>	<u>\$ 32,590,641</u>	<u>\$ 30,896,202</u>	<u>\$ 20,633,211</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following table shows the minimum rating required by (where applicable) the California Government Code, the District's investment policy or debt agreements, and the actual rating from Moody's rating agency (or another Nationally Recognized Statistical Ratings Organization if Moody's rating is unavailable) as of year-end for each investment type:

Investment Type	Total	Minimum Legal Rating*	Rating as of Year-End			
			AAA	AA	A	Not Rated
Money Market	\$ 624,221	N/A	\$ -	\$ -	\$ -	\$ 624,221
US Treasury Bills	297,624	N/A	-	-	-	297,624
Negotiable CD	596,643	A	-	-	596,643	-
Commercial Paper	197,088	A	-	-	197,088	-
US T Note	18,941,936	AA	18,941,936	-	-	-
Fed Agency	21,756,453	N/A	21,756,453	-	-	-
Corp Bonds	22,519,953	A	3,864,804	1,760,299	16,894,850	-
Superanational	803,583	AA	803,583	-	-	-
ABS	20,686,710	AA	18,838,710	1,848,000	-	-
LAIF	32,205,061	N/A	-	-	-	32,205,061
Held by Fiscal Agent						
Money Market	17,116,555	N/A	-	-	-	17,116,555
US T Note	21,556,123	N/A	21,556,123	-	-	-
Fed Agency	300,231	N/A	300,231	-	-	-
Commercial Paper	2,892,564	A	1,897,184	995,380	-	-
Total	<u>\$ 160,494,744</u>		<u>\$ 87,959,023</u>	<u>\$ 4,603,679</u>	<u>\$ 17,688,581</u>	<u>\$ 50,243,461</u>

* Minimum legal rating according to California Government Code or Investment Policy

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 2: Cash and Investments (Continued)

Concentration of Credit Risk

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

Investment Type	Year-end Balance
Federal National Mortgage Assoc.	\$ 11,921,759
Federal Home Loan Mortgage Corp.	10,776,002
Federal Home Loan Bank	8,629,566

Disclosures Relating to Fair Value Measurements

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; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The District had the following recurring fair value measurements as of June 30, 2022:

Investment Type	Total	Significant Other Observable Inputs (Level 2)	Not Subject to Fair Value Hierarchy
Money Market	\$ 624,221		\$ 624,221
US Treasury Bills	297,624	297,624	
Negotiable CD	596,643	596,643	
Commercial Paper	197,088	197,088	
US T Note	18,941,936	18,941,936	
Fed Agency	21,756,453	21,756,453	
Corp Bonds	22,519,953	22,519,953	
Supranational	803,583	803,583	
ABS	20,686,710	20,686,710	
LAIF	32,205,061		32,205,061
Held by Fiscal Agent			
Money Market	17,116,555		17,116,555
US T Note	21,556,123	21,556,123	
Fed Agency	300,231	300,231	
Commercial Paper	2,892,564	2,892,564	
Total	\$ 160,494,744	\$ 110,548,907	\$ 49,945,837

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 2: Cash and Investments (Continued)

US Treasuries, Corporate bonds and securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing model and evaluated based on various market and industry inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The State Investment Pool is managed by the State Treasurer, and by law is regulated by the California Government Code. Deposits and withdrawals in the State Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the District's investments in LAIF at June 30, 2022, of \$32,205,061 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. The money market funds held by the District are measured at amortized cost and is listed as uncategorized.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment, or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy limits custodial credit risk by requiring that financial institutions 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 entity deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. For investments, the District's portfolio is held in safekeeping in the District's name by a third-party bank trust department, acting as agent for the District, under the terms of a custody agreement. The District Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

State Treasurer's Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund ("LAIF") that is regulated by the California Government Code 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

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 2: Cash and Investments (Continued)

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.

Investment Earnings

The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments and as a result, realized gains and losses of the current period include unrealized amounts from prior periods. Investment earnings consist of the following for the year ended June 30, 2022:

Investment income	\$	1,580,931
Realized gain (loss)		614,067
Unrealized gain (loss)		<u>(8,243,724)</u>
Total investment income (loss)	\$	<u>(6,048,726)</u>

Note 3: Retrofit Loans

In November 1996, the Board adopted Resolution 96-26, allowing for qualifying non-profit entities and public agency applicants to obtain a loan through the District to finance the cost for on-site recycled water retrofits of the applicant’s irrigation system. The program offers incentive to customers who would otherwise have difficulties financing the cost of the recycled water retrofits. As of the end of the fiscal year, the District has 43 loans outstanding totaling \$442,275 which includes both principal and interest. The re-payment of the loan agreement is structured based on a volumetric consumption amount of recycled water at \$0.25 a billing unit per month. Since re-payment is based on usage, it is difficult to provide a structured repayment schedule. On average, the District receives approximately \$20,000 a year towards the principal and interest portion of the loan.

Most of the loans are re-paid within 10 years with the balance of the loans to be repaid within 30+ years from the date of the agreement.

Note 4: Leases

The District has several leasing arrangements, summarized below:

Lessee:

The District entered a triple net lease agreement to lease office space for forty-eight months, beginning August 2019. The lease terminates July 2023. Under the terms of the lease, the District pays a monthly base fee of \$72,560, increasing 3.0% annually on the anniversary of the agreement. The District also pays a pro rata share of operating expenses and property taxes, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$240,985 during the year towards those variable costs. The District exercised its option to the lease after the thirtieth month. During the

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 4: Leases (Continued)

fiscal the District paid the remaining principal on the lease liability in the amount of \$1,254,184, recorded \$717,674 in amortization expense and \$3,319 in interest expense for the right to use the office space. The District used an incremental discount rate of 0.9867%, based on the true interest cost for its most recent debt issuance for the same time periods.

The District entered an agreement to lease printer and copier machines for thirty-six months, beginning August 2019. The lease terminates August 2022. Under the terms of the lease, the District pays an amount not to exceed \$144,785 over the life of the agreement. At June 30, 2022, the District has recognized a right to use asset of \$4,332 and a lease liability of \$4,396 related to this agreement. During the fiscal year, the District recorded \$26,010 in amortization expense and \$184 in interest expense for the right to use the printer and

copier equipment. The District used an incremental discount rate of 0.9867%, based on the true interest cost for its most recent debt issuance for the same time periods.

The District entered an agreement to lease a postage machine for sixty months, beginning January 2020. The lease terminates December 2024. Under the terms of the lease, the District pays \$424 per month over the life of the agreement. At June 30, 2022, the District has recognized a right to use asset of \$12,387 and a lease liability of \$12,542 related to this agreement. During the fiscal year, the District recorded \$4,955 in amortization expense and \$153 in interest expense for the right to use the storage containers. The District used an incremental discount rate of 1.0060%, based on the true interest cost for its most recent debt issuance for the same time periods.

The District entered an agreement to lease storage containers for thirty-six months, beginning May 2019. The lease terminated in May 2022. During the fiscal the District paid the remaining principal on the lease liability in the amount of \$3,449, recorded \$3,694 in amortization expense and \$16 in interest expense for the right to use the storage containers. The District used an incremental discount rate of 0.9867%, based on the true interest cost for its most recent debt issuance for the same time periods.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ended June 30	Principal	Interest
2023	9,375	108
2024	5,030	53
2025	2,532	7
Total	<u>\$ 16,937</u>	<u>\$ 168</u>

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 4: Leases (Continued)

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

Leasee activities	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Right to use assets				
Office space	\$ 717,674	\$ -	\$ (717,674)	\$ -
Printers and copiers	30,342	-	(26,010)	4,332
Mail postage machine	17,342	-	(4,955)	12,387
Storage bins	3,694	-	(3,694)	-
Totals, right to use assets	<u>\$ 769,052</u>	<u>\$ -</u>	<u>\$ (752,333)</u>	<u>\$ 16,719</u>

Lessor:

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of 10 years, with one renewal period of 5 years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.0% – 4.0% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$1,449,393 in lease revenue and \$620,903 in interest income related to these agreements. At June 30, 2022, the District recorded \$15,341,818 in lease receivables and \$15,343,979 in deferred inflows of resources for these arrangements. The District used an interest rate of between 3.64%, 3.79%, and 4.96%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Leases receivable	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
License agreements	\$ 16,172,656	\$ 618,555	\$ (1,449,393)	\$ 15,341,818
Total leases receivable	<u>\$ 16,172,656</u>	<u>\$ 618,555</u>	<u>\$ (1,449,393)</u>	<u>\$ 15,341,818</u>

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

Fiscal Year Ended June 30	Lease Revenue
2023	1,449,723
2024	1,467,923
2025	1,497,021
2026	1,584,356
2027	1,726,286
2028-2032	6,944,137
2033-2037	672,372
Total	<u>\$ 15,341,818</u>

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2022, is as follows:

Capital Assets	Balance at June 30, 2021	Transfers	Additions	Deletions	Balance at June 30, 2022
Depreciable assets					
Water systems	\$ 633,715,530	\$ 25,312,298	\$ 641,186	\$ (1,566,464)	\$ 658,102,551
Capacity rights	146,046,367	4,729,523	-	-	150,775,891
Building	56,613,373	-	-	(33,475)	56,579,899
Automobiles and equipment	26,690,948	886,021	480,249	(228,124)	27,829,094
Total cost of depreciable assets	863,066,218	30,927,842	1,121,435	(1,828,063)	893,287,435
Less accumulated depreciation					
Water systems	(360,532,760)	-	(15,795,593)	1,109,490	(375,218,863)
Capacity rights	(29,336,467)	-	(3,993,991)	-	(33,330,458)
Buildings	(4,446,046)	-	(1,110,807)	33,475	(5,523,378)
Automobiles and equipment	(21,185,652)	-	(2,958,473)	228,124	(23,916,001)
Total accumulated depreciation	(415,500,925)	-	(23,858,865)	1,371,089	(437,988,701)
Net depreciable assets	447,565,293	30,927,842	(22,737,430)	(456,974)	455,298,733
Amortized assets					
Intangible asset - right to use leased asset	2,806,634	-	-	-	2,806,634
Total amortized assets	2,806,634	-	-	-	2,806,634
Less accumulated amortization					
Intangible asset - right to use leased asset	(2,037,582)	-	(752,333)	-	(2,789,915)
Total accumulated amortization	(2,037,582)	-	(752,333)	-	(2,789,915)
Net amortized assets	769,052	-	(752,333)	-	16,719
Capital assets not depreciated					
Land	1,091,910	-	-	(21,784)	1,070,126
Construction in progress	20,280,160	(30,927,842)	30,400,056	-	19,752,374
Total capital assets net	\$ 469,706,415	\$ -	\$ 6,910,293	\$ (478,758)	\$ 476,137,952

Depreciation and amortization expense were \$23,858,865 and \$752,333, respectively.

Note 6: Regulated Assets

Regulated asset activity for the year ended June 30, 2022, is as follows:

Regulated assets	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Potable meters	\$ 1,445,822	\$ 865,481	\$ -	\$ 2,311,303
Less accumulated amortization	(74,519)	(86,053)	-	(160,572)
Total regulated assets	\$ 1,371,303	\$ 779,428	\$ -	\$ 2,150,731

The District recognized \$86,053 in amortization during the fiscal year.

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2022

Note 6: Regulated Assets (Continued)

The District has approximately 55,000 meters in the potable water system. The District prioritizes the accuracy of the meters within the service area and continues to invest in technology that aims to prevent water loss. As a result, the District maintains a robust meter replacement plan, under which an average of 3,000 meters are replaced each year. The meters that are replaced are determined based on meter route age, with routes aged between 20-25 years.

Note 7: Long-Term Liabilities

Long-Term liabilities for the year ended June 30, 2022, are as follows:

	Balance at June 30, 2021	Addition	Deletion	Ending June 30, 2022	Due Within One Year
Bonds payable:					
2015 Refunding	\$ 6,575,000	\$ -	\$ (2,085,000)	\$ 4,490,000	\$ 2,190,000
Add: Premium	598,460	-	(265,982)	332,478	-
2019 Refunding	48,605,000	-	-	48,605,000	-
Add: Premium	8,999,438	-	(493,120)	8,506,318	-
Total Bonds	<u>64,777,898</u>	<u>-</u>	<u>(2,844,102)</u>	<u>61,933,796</u>	<u>2,190,000</u>
Certificates of Participation:					
2019 COPs	63,660,000	-	(1,215,000)	62,445,000	1,275,000
Add: Premium	3,848,419	-	(136,227)	3,712,192	-
2021 COPs	-	56,495,000	-	56,495,000	730,000
Add: Premium	-	4,442,516	(86,865)	4,355,651	-
Total COPs	<u>67,508,419</u>	<u>60,937,516</u>	<u>(1,438,092)</u>	<u>127,007,843</u>	<u>2,005,000</u>
Compensated Absences:					
Vacation pay	1,239,440	1,701,867	(1,710,457)	1,230,850	923,137
Sick Pay	518,052	811,001	(783,000)	546,053	409,540
Total Compensated Absences	<u>1,757,492</u>	<u>2,512,868</u>	<u>(2,493,457)</u>	<u>1,776,903</u>	<u>1,332,677</u>
Total:	<u>\$ 134,043,809</u>	<u>\$ 63,450,384</u>	<u>\$ (6,775,651)</u>	<u>\$ 190,718,542</u>	<u>\$ 5,527,677</u>

Bonds Payable

2015 Revenue Refunding Bond

On June 1, 2015, the District issued \$12,265,000 of 2015 Revenue Refunding Bonds (“2015 Revenue Bonds”). Proceeds from the issuance were used to refund the 2003 Refunding Certificates of Participation, fund a debt service reserve fund for the Bonds, and pay the costs of issuing the Bonds. Interest on the Bonds is payable on March 1 and September 1 of each year at 5% per annum. The Bonds mature between September 1, 2018, and end on September 1, 2023. The Bonds are special obligations of the District and are payable exclusively from Tax Revenues and Net Revenues of the District, and from amounts on deposit in certain funds and accounts established under the Indenture. The remaining deferred charges related to this refunding at June 30, 2022, is \$122,206, and will be amortized over the life of the bonds.

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 7: Long-Term Liabilities (Continued)

As of June 30, 2021, the Reserve Requirement for the 2015 Revenue Refunding Bond was \$449,000 and the District had \$575,700 in the reserve account.

2019 Revenue Refunding Bonds

In January 2019, the District issued \$48,605,000 of 2019 Revenue Refunding Bonds (“2019 Revenue Bonds”). Proceeds from the issuance were used to refund the 2009 Certificates of Participation, fund a debt service reserve fund for the Bonds, and pay the costs of issuing the Bonds. Interest on the Bonds is payable on March 1 and September 1 of each year at 5% per annum. The Bonds mature starting September 1, 2024, and end on September 1, 2039. The Bonds are special obligations of the District and are payable exclusively from Tax Revenues and Net Revenues of the District, and from amounts on deposit in certain funds and accounts established under the Indenture.

Certificates of Participation

2019 Certificates of Participation

On November 6, 2019, the Corporation issued \$64,570,000 of 2019 Certificates of Participation (“2019 Certificates”) pursuant to an installment sale agreement with the District. The 2019 Certificates were issued to finance the acquisition and construction of certain capital improvements and pay for the costs of issuance. The 2019 Certificates accrue interest at rates between 2% and 5% and mature between September 1, 2020, and September 1, 2049. Interest is payable on September 1 and March 1 of each year.

The Certificates maturing on September 1, 2044 and September 1, 2049, are also subject to mandatory sinking fund prepayment on September 1 in each year on or after September 1, 2040 and September 1, 2045, respectively, by lot, in integral multiples of \$5,000, at a prepayment price equal to the principal amount thereof, without premium, together with accrued interest on the date of prepayment, from the principal component of the Installment Payments to be paid by the District pursuant to the Installment Sale Agreement with respect to each such prepayment, as follows:

Certificates Maturing September 1, 2044		Certificates Maturing September 1, 2049	
Year (September 1)	Principal Amount of Certificates to be Prepaid	Year (September 1)	Principal Amount of Certificates to be Prepaid
2040	\$ 2,490,000	2045	\$ 2,890,000
2041	2,565,000	2046	2,975,000
2042	2,645,000	2047	3,065,000
2043	2,725,000	2048	3,155,000
2044 (Maturity)	2,805,000	2049 (Maturity)	3,250,000

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 7: Long-Term Liabilities (Continued)

2021 Certificates of Participation

On December 2, 2021, the Corporation issued \$56,495,000 of 2021 Certificates of Participation (“2021 Certificates”) pursuant to an installment sale agreement with the District. The 2021 Certificates were issued to finance the acquisition and construction of certain capital improvements and pay for the costs of issuance. The 2021 Certificates accrue interest at rates between 2% and 5% and mature between September 1, 2022, and September 1, 2051. Interest is payable on September 1 and March 1 of each year.

The Certificates maturing on September 1, 2045 are also subject to mandatory sinking fund prepayment on September 1 in each year on or after September 1, 2045 by lot, in integral multiples of \$5,000, at a prepayment price equal to the principal amount thereof, without premium, together with accrued interest on the date of prepayment, from the principal component of the Installment Payments to be paid by the District pursuant to the Installment Sale Agreement with respect to each such prepayment, as follows:

Certificates Maturing September 1, 2045	
Year (September 1)	Principal Amount of Certificates to be Prepaid
2043	2,270,000
2044	2,320,000
2045 (Maturity)	2,370,000

The Certificates maturing on September 1, 2048 are also subject to mandatory sinking fund prepayment on September 1 in each year on or after September 1, 2046 by lot, in integral multiples of \$5,000, at a prepayment price equal to the principal amount thereof, without premium, together with accrued interest on the date of prepayment, from the principal component of the Installment Payments to be paid by the District pursuant to the Installment Sale Agreement with respect to each such prepayment, as follows:

Certificates Maturing September 1, 2048	
Year (September 1)	Principal Amount of Certificates to be Prepaid
2046	\$2,425,000
2047	2,480,000
2048 (Maturity)	2,535,000

The Certificates maturing on September 1, 2051 are also subject to mandatory sinking fund prepayment on September 1 in each year on or after September 1, 2049 by lot, in integral multiples of \$5,000, at a prepayment price equal to the principal amount thereof, without premium, together with accrued interest on the date of prepayment, from the principal

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 7: Long-Term Liabilities (Continued)

component of the Installment Payments to be paid by the District pursuant to the Installment Sale Agreement with respect to each such prepayment, as follows:

Certificates Maturing
September 1, 2051

Year (September 1)	Principal Amount of Certificates to be Prepaid
2049	\$2,595,000
2050	2,650,000
2051 (Maturity)	2,710,000

Compensated Absences

Vacation and sick leave payable are recorded as an expense and a liability at the time the benefit is earned. As of June 30, 2022, the District's compensated absences liability was \$1,776,903.

Remaining Payments on Long-Term Liabilities

The long-term obligations of the District, excluding amortizations of deferred charges, at June 30, 2022, are as follows:

June 30	Bonds Payable		Certificates of Participation Payable		
	Principal	Interest	June 30	Principal	Interest
2023	\$ 2,190,000	\$ 2,600,000	2023	\$ 2,005,000	\$ 4,127,835
2024	2,300,000	2,487,750	2024	2,410,000	3,654,981
2025	2,055,000	2,378,875	2025	2,525,000	3,531,606
2026	2,155,000	2,273,625	2026	2,655,000	3,402,106
2027	2,265,000	2,163,125	2027	2,785,000	3,266,106
2028-2032	13,145,000	8,953,125	2028-2032	16,170,000	14,049,781
2033-2037	16,770,000	5,232,000	2033-2037	19,695,000	10,619,153
2038-2042	12,215,000	935,875	2038-2042	22,605,000	7,707,419
Total	\$ 53,095,000	\$ 27,024,375	2043-2047	25,650,000	4,614,650
			2048-2052	22,440,000	1,174,200
			Total	\$ 118,940,000	\$ 56,147,839

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 8: Rate Covenants

The District is required by certain debt documents to collect revenues which will be at least sufficient to yield net revenues equal to 125% of debt service payable during the fiscal year. The following demonstrates the District's compliance with the rate covenants for the year ended June 30, 2022:

Debt Service Coverage	
Operating Revenues:	
Water sales and service charges	\$ 43,162,575
Wastewater service charges	28,989,216
Meter sales & other	335,128
Total Operating Revenues	<u>72,486,919</u> (A)
Operations & Maintenance Expenses:	
Source of supply	32,505,323
Pumping water	2,333,920
Wastewater treatment	13,132,670
Water transmission & distribution	1,136,929
Customer service	3,681,645
Water efficiency	5,138,573
General, administrative & other	24,900,530
Total Operations & Maintenance Expenses	<u>82,829,590</u> (B)
Net Operating Income (Loss)	(10,342,671) (A-B)
Non-Operating Revenues (Expenses):	
Capacity fees	152,291
Cellular lease income	1,449,393
Interest income	620,903
Investment income (loss)	(6,048,726)
Intergovernmental revenue	1,617,378
Other contributions	2,230,135
Other income	4,881,357
Other expense	(1,418,753)
Total Non-Operating Revenues	<u>3,483,978</u> (C)
Net Revenues	(6,858,693) (A-B+C)
Property Tax Revenues	<u>32,092,257</u>
Sum of Net & Tax Revenues	<u>\$ 25,233,564</u> (D)
Debt Service	
2015 Refunding Revenue Bonds	\$ 2,361,625
2019 Refunding Revenue Bonds	2,430,250
2019 Certificates of Participation	3,320,956
Total Debt Service	<u>\$ 8,112,831</u> (E)
Calculated Debt Service Coverage Percentage	311% (D/E)

Moulton Niguel Water District
Notes to Financial Statements (continued)
Year Ended June 30, 2022

Note 9: Pension Plans

Defined Benefit Plan

Plan Description

All qualified regular and probationary employees are eligible to participate in the District's Miscellaneous Defined Benefit Pension Plan ("Plan"), a cost-sharing, multiple employer defined benefit pension plan administered by the California Public Employees Retirement System ("CalPERS"). Board members are not eligible for participation in CalPERS. The CalPERS Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employers miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Fund C ("PERF C"). 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 agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. The District's Board of Directors has authority over the District's participation in CalPERS, plan amendments and the choice of plan options within CalPERS. The CalPERS annual financial report may be obtained from their website at www.calpers.ca.gov or from their executive Office: 400 P Street, Sacramento, CA, 95814.

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 as early as age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law ("PERL"). Each plan has a 3% annual cost-of-living allowance increase benefit.

The District has three different tiers that employees participate in: First Tier Miscellaneous Plan (hired by the District prior to July 28, 2009), Second Tier Miscellaneous Plan (hired by the District after July 28, 2009, or enrolled in CalPERS or reciprocal plan by January 1, 2013), and PEPRA Miscellaneous Plan (enrolled in CalPERS on or after January 1, 2013). The District's current plans are referred to as the 2% @ 55, which is closed to new CalPERS members as of January 1, 2013, and 2% @ 62 defined benefit plans, where a qualified employee may receive an annual retirement benefit equal to service credits earned, multiplied by the retirement benefit factor by tier, multiplied by the final compensation factor. First and Second Tier plans have a highest 12 consecutive months' compensation period and the PEPRA plan has a highest 36 consecutive months' compensation period.

**Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022**

Note 9: Pension Plans (Continued)

	Miscellaneous cost-sharing plans		
	Tier 1	Tier 2	PEPRA
	Hired by District		
CalPERS enrollment date*	and enrolled prior to July 28, 2009	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.000%	7.000%	7.250%
Required employer contribution rates	12.690%	11.660%	7.700%
Unfunded actuarial liability payment	\$1,738,054	\$25,042	\$25,410

Contribution Description

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, contributions to the plan were \$3,400,809, matching the Actuarially Determined Contribution.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the collective net pension liability as \$13,870,143.

Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022

Note 9: Pension Plans (Continued)

The District's net pension liability at June 30, 2022, for the plan was measured as the proportionate share of the collective cost-sharing plan. The District's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard actuarial update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the actuarially determined projected contributions of all participating employers. The District's proportion of the collective net pension liability as of June 30, 2021, and 2022, was as follows:

	Pension Plans
Proportion - June 30, 2021	0.22545%
Proportion - June 30, 2022	0.25646%
Change - Increase (Decrease)	0.03101%

Recognition of Gains and Losses

Under GASB Statement 68, gains and losses related to changes in total pension liability are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

For the year ended June 30, 2022, the District recognized pension expense of \$4,920,046. At June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,555,388	\$ -
Change in assumptions	-	-
Differences between Projected and Actual Investment	-	(12,107,902)
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(790,545)
Change in Employer's Proportion	689,467	-
Contribution subsequent to measurement date	3,400,809	-
Total	\$ 5,645,664	\$ (12,898,447)

\$3,400,034 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022

Note 9: Pension Plans (Continued)

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

June 30:	Deferred Outflows/(Inflows) of Resources
2023	\$ (2,210,904)
2024	(2,376,655)
2025	(2,720,034)
2026	(3,345,999)
Total	\$ (10,653,592)

The amortization period differs depending on the source of the deferred inflow or outflow of resources. The difference between projected and actual earnings is amortized straight-line over 5 years. All other deferred amounts are amortized straight-line over the expected average remaining service life (“EARSL”) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The EARSL is calculated by dividing the total future service years of active employees by the total number of plan participants in PERF C. Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund. As of the June 30, 2021, measurement period, the EARSL was 3.7 years.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2020, valuation was rolled forward to determine the June 30, 2021, measurement date total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies

¹ The mortality table used was developed based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) on the CalPERS website.

Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022

Note 9: Pension Plans (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class</u> ¹	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10</u> ²	<u>Real Return Years 11+</u> ^{3,4}
Public Equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

¹ In the System's Comprehensive Annual Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% was used for this period.

³ An expected inflation of 2.92% was used for this period.

⁴ Figures are based on the previous ALM of 2017.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022**

Note 9: Pension Plans (Continued)

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

The following table presents the District’s proportionate share of the net pension liability, calculated using the discount rate, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	Discount Rate - 1%	Current Discount	Discount Rate +1%
	6.15%	7.15%	8.15%
District's proportionate share of the Net Pension Liability:	\$ 27,640,048	\$ 13,870,143	\$ 2,486,760

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued CalPERS financial reports. See the CalPERS website for additional information.

Defined Contribution Plan

The District sponsors the Moulton Niguel Water District 401(a) Plan and Trust (“401(a) Plan”), a single employer defined contribution pension plan. The District’s Board of Directors established the 401(a) Plan and is authorized to amend the 401(a) Plan and to name its trustees. All employees participating in the Deferred Compensation Plan and all members of executive management are eligible to participate in the 401(a) Plan. Plan investments are held in trust by Lincoln Financial.

The District matches up to 2% of an employees’ salary to the 401(a) Plan if the employee elects to participate in the District’s 457 Deferred Compensation Plan. Employer contributions were \$298,025 and recognized as pension expense for the year ended June 30, 2022. All contributions are fully vested. The trustee maintains individual accounts for each participant. Each participant provides direction for investment of their account balance. Contributions, plus investment returns, are distributed to participants after separation from employment.

Note 10: Other Post-Employment Benefits (OPEB)

Plan Description

Under the authority of the District’s Board of Directors, the District has established a Retiree Healthcare Plan (HC Plan) and participates in an agent multiple employer defined benefit retiree healthcare plan. These benefits may be amended at the discretion of the Board of Directors. To mitigate the costs of increasing healthcare, the District has imposed a three-tier structure for its employees. Employees hired prior to July 1, 2008, retiring from the District at age 55 with ten years of service to the District, receive post-retirement health benefits for themselves and their dependents.

**Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022**

Note 10: Other Post-Employment Benefits (OPEB) (Continued)

Employees hired after July 1, 2008, but before July 1, 2017, retiring from the District at age 60 with fifteen years of continuous employment, receive post-retirement health benefits for themselves and their dependents. Employees hired on or after July 1, 2017, are not eligible for retiree health benefits. Board members elected after January 1, 1995, are not eligible for retiree health coverage, regardless of age and years of service at retirement.

After age 65, the District provides up to \$235 per month, as a reimbursement, towards a Medicare supplement policy to the retiree or former Board Member. Dependent coverage ceases when the retiree or former Board member reaches age 65.

Employees Covered

As of the January 1, 2021, actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active plan members		104
Inactive employees or beneficiaries currently receiving benefits		42
Total		146

Contributions

The HC Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022, District cash contributions were \$294,554 (including payments made to the trust and retiree payments made outside the trust) and the estimated implied subsidy was \$115,070, resulting in total payments of \$409,624. Contributions are not based on a measure of pay for the HC Plan.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2021, that was rolled forward to determine the June 30, 2021, total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.50%
Inflation	2.50%
Salary Increases	2.80% per year
Investment Rate of Return	6.50% per year based on CERBT asset allocation Strategy 2
Mortality Rate	Derived using CalPERS' Experience Study released in 2017 for all Miscellaneous members
Healthcare Trend Rate	Derived using the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend, 5.75% starting in year 2021 and decreased to 4.00% in year 2073 and beyond

**Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022**

Note 10: Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Cost Method

The actuarial cost method for determining the benefit obligations is the individual Entry Age Normal Cost Method. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit.

The portion of this actuarial present value allocated to a valuation year is called the service costs. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the Fiduciary Net Position, and (b) the actuarial present value of future service costs is called the Net OPEB Liability (NOL). The Fiduciary Net Position is equal to market value of assets as of the Measurement Date.

Economic Assumptions

Assets are invested in the California Employers' Retiree Benefit Trust ("CERBT") Fund Strategy 2. The District used a discount rate of 6.5% for the actuarial valuation dated January 1, 2021. This rate is derived on the fund's investment policy as shown below and includes a 2.5% long-term inflation assumption.

<u>Asset Class</u>	<u>Expected Arithmetic Nominal Return (30 years)</u>	<u>Asset Allocation</u>
Global Equity	8.31%	40.0%
US Fixed Income	4.61%	43.0%
Treasury Inflation-Protected Securities	3.11%	5.0%
Real Estate Investment Trusts	8.24%	8.0%
Commodities	4.23%	4.0%
Arithmetic Return (30 years)	6.29%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50 percent. Under GASB 75, the discount rate should reflect the long-term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits. To the extent that OPEB plan assets along with expected future investment returns and expected future contributions are sufficient to finance all OPEB benefits, the discount rate should be based on the assumed investment return on plan assets. Currently, the District had set a funding policy of funding the OPEB liabilities in an amount equal to the service cost plus an amortization of the Net OPEB Liability. Therefore, current assets and expected future investment returns and expected future contributions are expected to be sufficient to fund all OPEB liabilities.

**Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022**

Note 10: Other Post-Employment Benefits (OPEB) (Continued)

Changes in the OPEB Liability

The changes in the net OPEB liability for the HC Plan are as follows:

	Increase (Decrease)		Net OPEB Liability/(Asset) (c) = (a) - (b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balance at June 30, 2021 <i>(Measurement Date June 30, 2020)</i>	\$ 5,050,582	\$ 4,055,306	\$ 995,276
Changes recognized for the measurement period:			
Service cost	115,348	-	115,348
Interest	322,878	-	322,878
Differences between actual and expected experience with regard to economic or demographic factors	76,298	-	76,298
Changes of assumptions	(148,000)		(148,000)
Benefit payments ¹	(403,490)	(403,490)	-
Contributions from employer	-	403,490	(403,490)
Net investment income	-	797,170	(797,170)
Administrative expense	-	(1,477)	1,477
Net Changes	(36,966)	795,693	(832,659)
Balance at June 30, 2022 <i>(Measurement Date June 30, 2021)</i>	\$ 5,013,616	\$ 4,850,999	\$ 162,617

¹ The amount shown is the OPEB reimbursements outside of the trust and includes actual benefit payments and estimated implicit subsidy payments

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	Discount Rate - 1%	Current Discount Rate	Discount Rate +1%
	5.50%	6.50%	7.50%
Net OPEB Liability (Asset)	\$ 563,002	\$ 162,617	\$ (192,998)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease in Healthcare Costs Trend Rate	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Costs Trend Rate
	Net OPEB Liability (Asset)	\$ (50,998)	\$ 162,617

**Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022**

Note 10: Other Post-Employment Benefits (OPEB) (Continued)

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from the CalPERS website www.calpers.ca.gov under Forms and Publications.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts (if applicable)	Expected average remaining service lifetime (EARSL) (9.45 Years at June 30, 2021)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$53,001. As of fiscal year, ended June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 68,224	\$ (229,543)
Changes of assumptions	209,830	(197,415)
Net difference between projected and actual earnings	-	(405,614)
Contributions made subsequent to measurement date	409,624	-
Total	\$ 687,678	\$ (832,572)

The \$409,624 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021, measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (118,385)
2024	(121,494)
2025	(117,647)
2026	(126,272)
2027	(19,546)
Thereafter	(51,174)
Total	<u>\$ (554,518)</u>

Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022

Note 11: Blended Component Unit

The Corporation has been included as part of the District financial statements as a blended component unit. In accordance with GASB 61, the following summarized information as of June 30, 2022, for the Corporation is required:

Condensed Statement of Net Position at June 30, 2022:

	District Financial Statements	Corporation Financial Statements	Eliminating Activities	Combined District Financial Statements
Assets:				
Current	\$ 52,194,276	\$ 3,655,417	\$ (3,655,417)	\$ 52,194,276
Noncurrent	620,768,744	125,002,843	(125,002,843)	620,768,744
Total assets:	<u>672,963,020</u>	<u>128,658,260</u>	<u>(128,658,260)</u>	<u>672,963,020</u>
Deferred outflows of resources	6,455,548	-	-	6,455,548
Total assets and deferred outflows of resources	<u>679,418,568</u>	<u>128,658,260</u>	<u>(128,658,260)</u>	<u>679,418,568</u>
Liabilities:				
Current	20,918,668	3,655,417	(3,655,417)	20,918,668
Long-term	199,231,187	125,002,843	(125,002,843)	199,231,187
Total liabilities	<u>220,149,854</u>	<u>128,658,260</u>	<u>(128,658,260)</u>	<u>220,149,854</u>
Deferred inflows of resources	29,074,998	-	-	29,074,998
Net position:				
Net investment in capital assets	327,139,013	-	-	327,139,013
Restricted	132,953	-	-	132,953
Unrestricted	102,921,750	-	-	102,921,750
Total net position	<u>430,193,716</u>	<u>-</u>	<u>-</u>	<u>430,193,716</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 679,418,568</u>	<u>\$ 128,658,260</u>	<u>\$ (128,658,260)</u>	<u>\$ 679,418,568</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended June 30, 2022:

Operating revenues				
Water charges	\$ 37,129,591	\$ -	\$ -	\$ 37,129,591
Recycled charges	6,032,984	-	-	6,032,984
Sanitation charges	28,989,216	-	-	28,989,216
Other	335,128	-	-	335,128
Total operating revenues	<u>72,486,919</u>	<u>-</u>	<u>-</u>	<u>72,486,919</u>
Operating expenses				
Operating expenses	82,075,501	-	-	82,075,501
Depreciation and amortization	24,699,007	-	-	24,699,007
Total operating expenses	<u>106,774,508</u>	<u>-</u>	<u>-</u>	<u>106,774,508</u>
Operating income (loss)	<u>(34,287,589)</u>	<u>-</u>	<u>-</u>	<u>(34,287,589)</u>
Nonoperating revenues (expenses)				
Property taxes	32,092,257	-	-	32,092,257
Investment income	(5,427,823)	2,821,170	(2,821,170)	(5,427,823)
Interest expense	(5,756,648)	(2,821,170)	2,821,170	(5,756,648)
Other non-operating revenue (expense)	6,529,375	-	-	6,529,375
Total non-operating revenues (expenses)	<u>27,437,161</u>	<u>-</u>	<u>-</u>	<u>27,437,161</u>
Capital contributions	2,382,426	-	-	2,382,426
Change in net position	<u>(4,468,002)</u>	<u>-</u>	<u>-</u>	<u>(4,468,002)</u>
Restated beginning net position	434,661,718	-	-	434,661,718
Net position, end of year	<u>\$ 430,193,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,193,716</u>

Corporation Condensed Statement of Cash Flows for the Year Ended June 30, 2022:

Net Cash Provided by (Used for):				
Operating activities	\$ (21,538,495)	\$ -	\$ -	\$ (21,538,495)
Non-capital financing activities	32,004,970	(3,320,955)	3,320,955	32,004,970
Capital and related financing activities	31,157,296	-	-	31,157,296
Investing activities	(39,296,975)	3,320,955	(3,320,955)	(39,296,975)
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,326,796</u>	<u>-</u>	<u>-</u>	<u>2,326,796</u>
Cash and Cash Equivalents, Beginning	31,862,153	-	-	31,862,153
Cash and Cash Equivalents, End of Year	<u>\$ 34,188,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,188,949</u>

Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022

Note 12: 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 Association of California Water Agencies Joint Powers Insurance Authority (“ACWA JPIA”), which offers risk management and self-insurance and insured programs. The program provides workers’ compensation, property, and employment liability and general liability coverage for the District. The membership includes 397 public water agencies within California. A Board of Directors consisting of representatives from member agencies governs the ACWA JPIA. The general Board of Directors elects Executive Board members to provide oversight of the operations of the ACWA JPIA, including selection of management and approval of the operating budget.

The District maintains \$55,000,000 in commercial general liability insurance, auto liability, employment practices liability coverage and public official’s error & omissions. The District also has a \$5,000,000 cyber liability commercial insurance policy through ACWA JPIA which, is not a risk-sharing program. The property damage insurance program provided for up to \$500,000,000 in limits, per occurrence, limited to insurable value on structures and contents with a \$25,000 deductible per loss, and underground storage tank pollution liability coverage of \$3,000,000.

The District has a \$50,000 retrospective allocation point (self-insured retention) per claim for general and automobile liability for the year. Workers’ Compensation coverage provides statutory limits for bodily injury by each accident and bodily injury per occurrence, and Employer’s Liability is \$2,000,000 per occurrence. If the District’s deposits are not adequate to meet costs of claims and expenses, a retrospective adjustment to make up the difference can take place. The District promotes safety in the workplace through an extensive safety program. As a result of the program, the District has received retrospective refunds from the ACWA JPIA Rate Stabilization Fund. The District also maintains a self-insurance reserve to provide for expenses incurred to the District for the deductible amounts on insurance claims under \$50,000. See Note 15 on the District’s reserve funds for additional information. Settlements have not exceeded insured limits in the past three fiscal years.

To obtain complete financial information contact ACWA JPIA at P.O. Box 619082, Roseville, CA, 95661, or via telephone at (800) 231-5742. Information may be available at www.acwajpia.com.

The District also holds additional insurance policies amounting to a \$2,000,000 commercial blanket bond for employee dishonesty, forgery and alteration and computer fraud, and a \$30,000 bond for Notary Errors and Omissions that covers four notaries.

**Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022**

Note 13: Commitments and Contingencies

The District considers the following to be material commitments, or existing arrangements to enter into future transactions or events, at June 30, 2022:

Project Name	Total Project Budget	Cumulative Expenses as of June 30, 2022	Outstanding Commitments
Regional Lift Station Force Main Replacement	\$ 18,300,000	\$ 1,216,193	2,222,278
Reservoir Management System Replacement Phase 5	8,500,000	133,010	504,561
Reservoir Management System Replacement Phase III	8,219,756	6,200,568	2,121,806
Plant 3a Subsidence Mitigation	5,346,048	844,038	57,620
Plant 3A Solids Handling Facilities Improvements	23,450,000	2,317,478	1,333,645

Note 14: Joint Powers Authorities and Joint Ventures

South Orange County Wastewater Authority (a California Joint Powers Authority)

The District is one of ten member agencies that participate in SOCWA. SOCWA treats, beneficially reuses, and disposes of wastewater in South Orange County. SOCWA operates three wastewater treatment plants (“WWTP”) and two ocean outfalls in the region. SOCWA has ten member agencies, including three cities and seven water districts. A Board of Directors consisting of representatives from member agencies governs SOCWA. The Board of Directors governs the operations of SOCWA, including selection of management and approval of the annual budget. SOCWA has Project Committees that member agencies participate in financially at various levels, depending on their capacity rights. Each WWTP is a project, as well as various other physical facilities, such as outfall pipelines. The District’s overall participation level is the highest of the member agencies, approximating 42% of SOCWA. The District deposits money with SOCWA to cover its share of operation and capital in the project committees the District participates. At fiscal year-end SOCWA analyzes its actual costs and refunds or collects additional money from its members as appropriate. Construction deposits made to SOCWA for capital projects are recorded as capacity rights capital assets on the District’s financial statements. The District remitted \$15,438,255 to SOCWA for the year ended June 30, 2022, consisting of \$ 9,511,328 for operations and maintenance (“O&M”) and \$ \$5,926,927 for capital projects.

To obtain complete financial information from SOCWA please contact SOCWA at 34156 Del Obispo Street, Dana Point, CA, 92629, or via telephone at (949) 234-5421.

Joint Regional Water Supply System (Formed Using a Trust Agreement)

The District is one of nine members who participate in the Joint Regional Water Supply System (“JRWSS”). JRWSS owns and operates several pipelines, including the Joint Transmission Main that serves the District. The pipelines deliver drinking water to the nine member agencies. South Coast Water District (“SCWD”) serves as Trustee of JRWSS. As Trustee, SCWD maintains the infrastructure, collects money to cover expenses from the member agencies and keeps records for JRWSS.

The District deposits money with JRWSS to cover its share of operation and capital costs. At fiscal year-end, JRWSS analyzes its actual costs and refunds or collects additional money from its members as appropriate. The District remitted \$972,227 to JRWSS for the year ended June 30, 2022, consisting of \$480,134 for capital projects and \$ 492,093 for O&M.

Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022

Note 14: Joint Powers Authorities and Joint Ventures (Continued)

To obtain complete financial information from JRWSS, contact SCWD at P.O. Box 30205, Laguna Niguel, CA, 92607, or via telephone at (949) 499-4555.

San Juan Basin Authority (a California Joint Powers Authority)

The District was also a member of the San Juan Basin Authority (“SJBA”) a joint powers authority formed to secure and develop water rights for its member agencies. On January 13, 2022, the Board of Directors took action to approve the Withdrawal of the District from the SJBA. It currently has permits for using the San Juan Groundwater Basin (“Basin”) and is best classified as an underground stream. It holds a capacity of 40,000 acre-feet, with about half as usable storage, where storm flows are recharged and withdrawn by various production wells. The state has granted SJBA water rights to divert water from the Basin for beneficial purposes. The objective of the District’s membership was to diversify and increase its water sources in the future.

SJBA’s membership included the District along with Santa Margarita Water District, City of San Juan Capistrano, and South Coast Water District. A Board of Directors consisting of representatives from member agencies governs SJBA. The Board of Directors oversees contracts and approves the annual budget. SJBA has Project Committees that member agencies participate in financially at various levels based upon ownership or usage. The District deposits money with SJBA to cover its share of costs in the respective projects. Surplus balances at fiscal year-end are refunded to member agencies or added to their reserves as determined by the Board of Directors. The District remitted \$66,608 to SJBA for the year ended June 30, 2022, consisting entirely of O&M. The District’s participation in future years is contractual to support the regional Salt and Nutrient Management Plan.

To obtain complete financial information from SJBA contact Santa Margarita Water District at 26111 Antonio Parkway, Rancho Santa Margarita, CA, 92688, or via telephone at (949) 459-6400.

Santiago Aqueduct Commission (a California Joint Powers Authority)

The District is a member of the Santiago Aqueduct Commission (“SAC”) with five other member agencies. SAC operates and maintains the Baker Pipeline. The District has 13 cubic feet per second (cfs) of capacity rights in the Baker Pipeline and is responsible for costs to operate and maintain the Baker Pipeline. Irvine Ranch Water District maintains the infrastructure, collects money to cover expenses from the members, and maintains the records for SAC. The District paid \$ 147,304 in operating costs to SAC for the year ended June 30, 2022.

To obtain complete financial information on SAC, contact Irvine Ranch Water District at 15600 Sand Canyon Avenue, Irvine, CA, 92618, or via telephone at (949) 453-5300.

The relationships between the District and the joint powers authorities are such that SOCWA, ACWA/JPIA, JRWSS, SMWD, and SAC are not component units of the District for financial reporting purposes.

**Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022**

Note 15: Net Investment in Capital Assets

The calculation for the amount reported at June 30, 2022, for net investment in capital assets was as follows:

Total capital assets	476,121,233
Add right to use asset	16,719
Add regulated assets	2,150,731
Less capital related debt	(188,941,639)
Less lease liabilities	(16,937)
Add deferred charges related to debt	122,206
Add unspent proceeds (2021 COPs)	41,239,607
Add restricted cash in escrow	296,043
Less non-debt capital related liabilities in accounts payable and retainage payable	<u>(3,848,950)</u>
Total Net Investment in Capital Assets	<u>\$ 327,139,013</u>

Note 16: Restricted Net Position

At June 30, 2022, the District held \$132,953 in unspent capacity fee revenue. By State law the capacity fees must be spent on capital projects. All interest earned on these funds are added to the total restricted fund balance.

Note 17: Unrestricted Net Position

A portion of the District’s unrestricted net position has been designated by the Board of Directors for specific purposes. The detail of unrestricted net position at June 30, 2022, is as follows:

Unrestricted net position:	
Designated for rate stabilization	\$ 15,052,528
Designated for replacement and refurbishment	22,268,283
Designated for self-insurance reserves	122,956
Designated for planning and construction	1,598,331
Designated for water efficiency	4,135,365
Designated for emergency reserves	35,300,000
Designated for operating reserves	<u>24,444,287</u>
Total unrestricted net position	<u>\$ 102,921,750</u>

Rate Stabilization

The Rate Stabilization reserves were established to provide funds to be used specifically for stabilizing potential fluctuation in District water and wastewater service rates that may result from losses or reductions of ad valorem property tax revenues.

Replacement & Refurbishment

The Replacement & Refurbishment fund (“R&R”) was established to fund ongoing costs related to the replacement and refurbishment of existing assets in conjunction with the District’s Capital Improvement Plan. Funding for the R&R fund will be provided from new debt issuances or fund transfers as part of the District annual budget process.

Moulton Niguel Water District
Notes to Financial Statements
Year Ended June 30, 2022

Note 17: Unrestricted Net Position (Continued)

Self-Insurance

The District maintains a Self-Insurance reserve to provide funding for property and liability insurance deductibles, losses exceeding insurance limits, and unemployment benefit payments.

Planning and Construction Reserves

Planning and Construction reserves were established to provide funding for the development of new capital facilities that do not result in new water or recycled water supplies as identified in the District Capital Improvement Plan. Funding for the Planning and Construction reserve will be provided from debt issuances or fund transfers as part of the District annual budget process.

Water Efficiency Fund

The Water Efficiency Fund was established for certain Water-Budget-Based Rate Structure (“WBBS”) revenues. The District’s intent is to use the revenues for purposes generally related to water efficiency, conservation goals and policies, and water reliability projects as specifically directed by the Board under budgetary and other approval programs from time to time.

Water Supply Reliability

The Water Supply Reliability reserves were created to provide funding for the development of new water or recycled water supplies as identified in the District Capital Improvement Plan. Funding for the Water Supply Reliability reserve will be provided from debt issuances or fund transfers as part of the District annual budget process.

Emergency Reserve

The Emergency Reserve was created to provide funds to enable the District to quickly repair critical assets in the event of a natural disaster or facility failure. The target balance of the Emergency Reserve is equal to 2% of the replacement costs of the District’s assets as outlined in current guidelines from the Federal Management Agency (FEMA).

General Operating Reserve

The District will maintain a General Operating Reserve in order to provide sufficient liquidity for funding the day-to-day operating expenses and District cash flow needs during normal operations due to standard delays between the receipt of revenues and the payment of expenses.

The target balance in the General Operating Reserve will equal three months of operating expenses, consistent with best practices in the industry for agencies with monthly rate revenue.

Note 18: Restatement

The District had early implemented GASB 87, Leases, in fiscal year 2019-20, and recorded leases receivable and deferred inflow related to leases accordingly. In fiscal year 2021-22, it was determined the unearned revenue related to leases should have been removed at the time of GASB 87 implementation. As such, beginning net position was restated by \$848,198.



moulton niguel water district

Moulton Niguel Water District
Miscellaneous Plan – Cost Sharing Multiple Employer Benefit Plan
Schedule of Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

Last Ten Fiscal Years¹

	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the Net Pension Liability	0.19721%	0.18844%	0.20318%	0.20884%	0.21156%	0.21914%	0.22545%	0.25646%
Proportionate Share of the Net Pension Liability	<u>\$ 12,251,838</u>	<u>\$ 12,934,337</u>	<u>\$ 17,581,392</u>	<u>\$ 20,711,604</u>	<u>\$ 20,386,747</u>	<u>\$ 22,455,803</u>	<u>\$ 24,530,154</u>	<u>\$ 13,870,143</u>
Covered Payroll	<u>\$ 7,060,907</u>	<u>\$ 7,735,097</u>	<u>\$ 8,936,374</u>	<u>\$ 9,739,736</u>	<u>\$ 11,147,956</u>	<u>\$ 12,330,405</u>	<u>\$ 14,389,775</u>	<u>\$ 15,161,433</u>
Proportionate Share of the net Pension Liability as a Percentage of Covered Payroll	174%	167%	197%	213%	183%	182%	170%	91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability ²	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%	88.29%

Notes to Schedule:

Benefit Changes:
None

Changes of Assumptions:

- a. Discount rate changed from 7.50% at the June 30, 2014, measurement date, to 7.65% at the June 30, 2015, measurement date.
- b. In Fiscal Year 2017, the financial reporting discount for the PERF C was lowered from 7.65% to 7.15%.
- c. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

¹Historical information is required only for measurement to which GASB 68 is applicable. Amounts presented above were determined as of June 30 of each fiscal year. As Fiscal Year 2015 was the first year of implementation, additional years will be presented as they become available.

²Plan represents the total CalPERS risk pool.

Moulton Niguel Water District
Miscellaneous Plan – Cost Sharing Multiple Employer Benefit Plan
Schedule of Plan Contributions
Year Ended June 30, 2022

Last Ten Fiscal Years¹

	2015	2016	2017	2018	2019	2020	2021	2022
All Plans								
Actuarially Determined Contribution	\$ 997,427	\$ 1,351,327	\$ 1,539,047	\$ 1,820,425	\$ 2,224,257	\$ 2,708,761	\$ 3,055,173	\$ 3,400,809
Contribution in Relation to the Actuarially Determined Contribution	<u>(997,427)</u>	<u>(1,351,327)</u>	<u>(1,539,047)</u>	<u>(1,820,425)</u>	<u>(2,224,257)</u>	<u>(2,708,761)</u>	<u>(3,055,173)</u>	<u>(3,400,809)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,735,097	\$ 8,936,374	\$ 9,739,736	\$ 11,147,956	\$ 12,330,405	\$ 14,389,775	\$ 15,161,433	\$ 16,205,703
Contributions as a Percentage of Covered Payroll	12.89%	15.12%	15.80%	16.33%	18.04%	18.82%	20.15%	20.99%

¹Historical information is required only for measurement to which GASB 68 is applicable. Amounts presented above were determined as of June 30 of each fiscal year. As Fiscal Year 2015 was the first year of implementation, additional years will be presented as they become available.

Moulton Niguel Water District
OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
Year Ended June 30, 2022

Last Ten Measurement Periods¹

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service Cost	\$ 104,316	\$ 111,097	\$ 106,229	\$ 113,134	\$ 115,348
Interest on the total OPEB liability	329,346	328,136	327,519	326,684	322,878
Actual and expected experience difference	-	-	(337,990)	-	76,298
Change in assumptions	-	-	(308,962)	(82,784)	(148,000)
Benefit payments	<u>(441,013)</u>	<u>(477,082)</u>	<u>(417,212)</u>	<u>(431,807)</u>	<u>(403,490)</u>
Net change in total OPEB liability	(7,351)	(37,849)	(12,492)	(74,773)	(36,966)
Total OPEB liability – beginning	<u>5,183,047</u>	<u>5,175,696</u>	<u>5,137,847</u>	<u>5,125,355</u>	<u>5,050,582</u>
Total OPEB liability – ending (a)	5,175,696	5,137,847	5,125,355	5,050,582	5,013,616
Plan Fiduciary Net Position					
Contribution - employer	559,297	477,082	417,212	431,807	403,490
Net investment income	225,973	204,998	254,804	207,155	797,170
Benefit payments	(441,013)	(477,082)	(417,212)	(431,807)	(403,490)
Administrative expense	<u>(1,664)</u>	<u>(1,784)</u>	<u>(1,779)</u>	<u>(1,899)</u>	<u>(1,477)</u>
Net change in plan fiduciary net position	342,593	203,214	253,025	205,256	795,693
Plan fiduciary net position – beginning	<u>3,051,218</u>	<u>3,393,811</u>	<u>3,597,025</u>	<u>3,850,050</u>	<u>4,055,306</u>
Plan fiduciary net position – ending (b)	3,393,811	3,597,025	3,850,050	4,055,306	4,850,999
Net OPEB liability – ending (a) – (b)	\$ 1,781,885	\$ 1,540,822	\$ 1,275,305	\$ 995,276	\$ 162,617
Plan fiduciary net position as a percentage of the total OPEB liability	65.6%	70.0%	75.1%	80.3%	96.8%
Covered employee payroll	\$ 10,391,010	\$ 10,389,025	\$ 10,102,781	\$ 10,696,756	\$ 10,534,902
Net OPEB liability as a percentage of covered employee payroll	17.1%	14.8%	12.6%	9.3%	1.5%
Notes to schedule:					
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021

¹Historical information is required only for measurement to which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**Moulton Niguel Water District
OPEB Plan
Schedule of Contributions
Year Ended June 30, 2022**

Last Ten Fiscal Years¹

	2018	2019	2020	2021	2022
Actuarially Determined Contribution (ADC)	\$ 392,230	\$ 403,997	\$ 360,948	\$ 354,388	\$ 253,188
Contributions in relation to ADC	477,082	467,077	431,807	403,490	409,624
Contribution deficiency (excess)	\$ (84,852)	\$ (63,080)	\$ (70,859)	\$ (49,102)	\$ (156,436)
Covered employee payroll	\$ 10,389,025	\$ 10,102,781	\$ 10,696,756	\$ 10,534,902	\$ 10,422,293
Contributions as a percentage of covered-employee payroll	4.6%	4.6%	4.0%	3.8%	3.9%

Notes to schedule:

* Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022 were from the January 1, 2021 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of expected salary for each year of employment between entry age and assumed exit
Discount Rate	6.50%
Inflation	2.50% per annum
Payroll Growth	2.80% per annum
Investment Rate of Return	6.50% per year based on CERBT asset allocation Strategy 2
Healthcare cost-trend rates	Derived from the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend, 5.75% starting in year 2021 and decreased to 4.00% in year 2073 and beyond. According to the retirement rates under the most recent CalPERS pension plan experience study. According to the following retirement tables: Miscellaneous Tier 1: 2.00% @ 55 Miscellaneous Tier 2: 2.00% @ 62
Retirement Age Mortality	Derived from CalPERS Experience Study released in 2021 for all Miscellaneous members

¹Historical information is required only for measurement to which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Moulton Niguel Water District
Schedule of Revenues, Expenses, and Other Sources (Uses) of Funds
Year Ended June 30, 2022

The schedule below is the District's Adopted Budget Summary in the areas of revenues, expenses, debt service, capital improvement projects, and other sources and uses of District funds. It compares the District's projected figures to the actual amounts and is designed to monitor performance during the year and assist in future budget preparations.

	2021-22 Final Budget	2021-22 Actual	Variance with Budget Over/(Under)	% Variance with Budget Over/(Under)
Revenues				
Potable Water Sales	\$ 32,471,606	\$ 32,547,909	\$ 76,303	0.23%
Recycled Water Sales	6,222,975	6,032,984	(189,991)	-3.05%
Wastewater Sales	26,718,392	28,989,216	2,270,824	8.50%
WBBRS Efficiency Funds	4,770,662	4,581,682	(188,980)	-3.96%
Other Operating Income	576,020	335,128	(240,892)	-41.82%
Ad Valorem Property Tax	31,671,356	32,092,257	420,900	1.33%
Investment Income	2,486,866	(6,091,616)	(8,578,482)	-344.95%
Cellular Lease Income	2,016,093	1,449,393	(566,700)	-28.11%
Capacity Fees	45,630	82,459	36,829	80.71%
Demand Offset Fees	5,378	69,832	64,454	1,198.48%
Misc. Non-Operating Income	245,202	5,151,014	4,905,812	2,000.72%
Contributions	-	2,230,135	2,230,135	-
Total Revenues	\$ 107,230,181	\$ 107,470,394	\$ 240,213	
Expenses, Debt Obligations, and Capital Improvement Projects				
Operations and Maintenance	83,121,329	81,677,610	(1,443,719)	-1.74%
Capital Outlay	386,000	492,133	106,133	27.50%
Debt Service	8,150,081	8,705,751	555,670	6.82%
Depreciation and Amortization	-	24,699,007	24,699,007	-
Replacement and Refurbishment Projects	34,090,000	21,130,587	(12,959,413)	-38.02%
Regional Agency Projects	14,561,850	5,078,177	(9,483,673)	-65.13%
Water Supply Reliability Projects	1,891,250	3,768,362	1,877,112	99.25%
Planning and Construction Projects	5,248,594	31,348,262	26,099,668	497.27%
Total Expenses, Debt Obligations, and Capital Improvement	\$ 147,449,104	\$ 176,899,888	\$ 29,450,784	
Net Income (Deficit)*	\$ (40,218,923)	\$ (69,429,494)	\$ (29,210,571)	

*The variance between budgetary basis net income and financial statement net income is due to the inclusion of Debt Service and capital activity as expenses on the budgetary basis.

Moulton Niguel Water District
Operations & Maintenance (O&M) Budget Comparison Report
Year Ended June 30, 2022

The Operations and Maintenance (O&M) Budget Comparison Report was designed to compare the expenses of the District to the budget and/or the adjusted budget figures used by the District to monitor performance during the year. The Notes to the O&M Budget Comparison Report provides explanations for noteworthy items in this report.

	Adopted Budget	Actual Expense	Remaining Budget
General Fund			
Salaries	\$ 15,686,168	\$ 13,736,080	\$ 1,950,088
Retirement Program	3,482,171	4,455,091	(972,921)
Educational Courses	96,075	48,031	48,044
Travel and Meetings	285,016	278,729	6,287
Recruitment and Employee Relations	101,700	33,047	68,653
General Services	481,834	524,350	(42,516)
Annual Audit	52,500	60,065	(7,565)
Member Agencies O&M	598,632	565,395	33,237
Dues and Memberships	124,425	150,967	(26,542)
Election Expenses	-	-	-
Consulting Services	2,008,700	2,065,999	(57,299)
Equipment Rental	47,000	45,141	1,859
District Fuel	340,000	317,442	22,558
Insurance - District	558,300	561,901	(3,601)
Insurance - Personnel	418,524	440,179	(21,655)
Insurance - Benefits	3,401,187	3,867,767	(466,580)
Legal Services	550,000	301,819	248,181
District Office Supplies	713,650	640,887	72,763
District Operating Supplies	1,066,400	940,090	126,310
Repairs and Maintenance - Equipment	1,299,152	1,491,040	(191,888)
Repairs and Maintenance - Facilities	4,121,663	3,807,213	314,450
Safety Program and Compliance Requirements	374,371	498,718	(124,347)
Wastewater Treatment	9,507,471	9,154,157	353,314
Special Outside Assessments	156,602	148,365	8,238
Utilities	3,132,890	3,638,369	(505,479)
Water Purchases	28,897,373	29,817,481	(920,108)
Water Efficiency Fund			
Labor	2,220,426	2,232,219	(11,793)
Educational Courses	3,500	4,717	(1,217)
Travel and Meetings	48,400	47,041	1,359
Dues and Memberships	106,850	88,156	18,694
Consulting Services	1,440,000	583,448	856,552
Legal Services	20,000	22,893	(2,893)
Conservation Supplies	388,250	232,714	155,536
Repairs and Maintenance - Equipment	20,000	11,150	8,850
Safety Program & Compliance Requirements	5,100	3,317	1,783
Water Efficiency	1,367,000	863,633	503,367
Total O&M	\$ 83,121,329	\$ 81,677,610	\$ 1,443,719



moulton niguel water district

**Moulton Niguel Water District
Statistical Section Overview
Year Ended June 30, 2022**

The Statistical Section provides historical information on the District's economic condition.

All of the information presented in the statistical section is organized around five specific objectives:

1. Financial Trends
2. Revenue Capacity
3. Debt Capacity
4. Demographic and Economic Information
5. Operating Information

**Moulton Niguel Water District
Net Position by Component
Last Ten Fiscal Years**

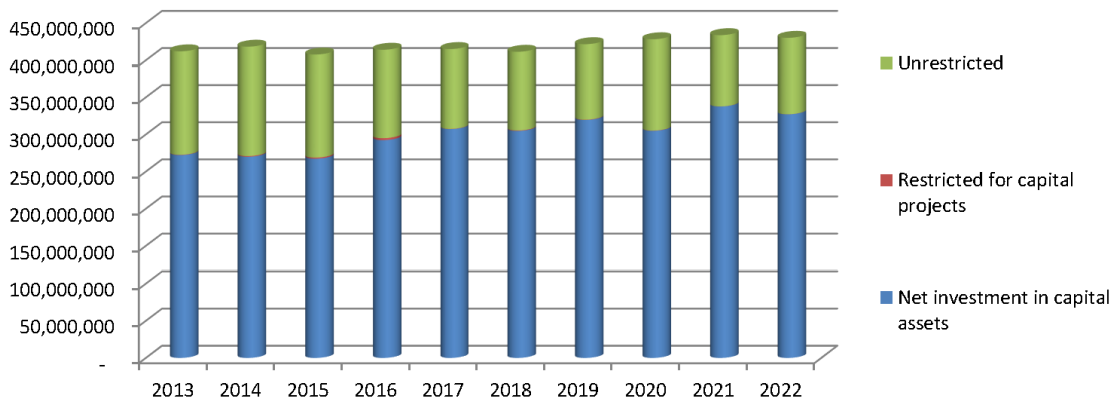
	2013	2014	2015	2016	2017
Assets:					
Current & other assets	\$ 180,037,968	\$ 179,892,333	\$ 166,631,779	\$ 148,655,677	\$ 133,490,291
Capital assets	371,840,527	366,859,960	375,845,562	390,974,342	395,581,587
Total Assets	551,878,495	546,752,293	542,477,341	539,630,019	529,071,878
Deferred Outflows of Resources:	1,318,562	1,136,314	2,920,477	2,356,834	5,269,166
Total Assets and Deferred Outflows of Resources	553,197,057	547,888,607	545,397,818	541,986,853	534,341,044
Liabilities:					
Current and other liabilities	21,174,407	19,459,691	19,942,207	21,768,761	15,499,289
Long-term liabilities	120,022,562	110,150,054	112,757,545	102,531,779	101,316,497
Total Liabilities	141,196,969	129,609,745	132,699,752	124,300,540	116,815,786
Deferred Inflows of Resources:	-	-	4,936,619	3,530,389	2,447,949
Net Position:					
Net investment in capital assets	272,287,164	269,994,246	267,393,560	292,404,060	307,272,958
Restricted for capital projects	424,363	931,603	1,508,109	2,632,947	291,818
Unrestricted	139,288,561	147,353,013	138,859,778	119,118,917	107,512,539
Total Net Position ¹	\$ 412,000,088	\$ 418,278,862	\$ 407,761,447	\$ 414,155,924	\$ 415,077,309

¹ Beginning net position was restated for FY 2013, 2015, 2018, 2021, and 2022.

Source: Moulton Niguel Water District Audited Financial Statements.

**Moulton Niguel Water District
Net Position by Component
Last Ten Fiscal Years**

2018	2019	2020	2021	2022	
					Assets:
\$ 138,223,685	\$ 133,276,189	\$ 186,372,578	\$ 156,092,547	\$ 196,825,067	Current & other assets
387,587,456	395,919,991	435,361,867	469,706,415	476,137,952	Capital assets
525,811,141	529,196,180	621,734,445	625,798,962	672,963,019	Total Assets
7,797,884	6,484,420	6,593,895	6,923,509	6,455,548	Deferred Outflows of Resources:
533,609,025	535,680,600	628,328,340	632,722,471	679,418,568	Total Assets and Deferred Outflows of Resources
					Liabilities:
16,613,298	18,069,016	24,463,158	26,322,307	20,918,668	Current and other liabilities
103,076,293	95,849,390	158,566,143	154,968,059	199,231,187	Long-term liabilities
119,689,591	113,918,406	183,029,301	181,290,366	220,149,856	Total Liabilities
2,201,503	1,200,436	16,992,846	17,618,585	29,074,998	Deferred Inflows of Resources:
					Net Position:
304,821,445	319,601,072	304,969,636	337,705,648	327,139,013	Net investment in capital assets
604,783	375,294	295,848	107,046	132,953	Restricted for capital projects
105,994,889	101,661,014	123,040,709	96,000,825	102,921,750	Unrestricted
\$ 411,717,931	\$ 420,561,758	\$ 428,306,193	\$ 433,813,519	\$ 430,193,716	Total Net Position¹



Moulton Niguel Water District
Changes in Net Position
Last Ten Fiscal Years

	2013	2014	2015	2016	2017
Operating Revenue:					
Water charges	\$ 30,633,036	\$ 30,503,803	\$ 28,604,894	\$ 29,812,128	\$ 32,149,585
Recycled water charges	4,612,874	5,005,391	4,880,742	4,850,326	5,030,973
Sanitation charges	16,941,327	17,135,446	16,182,197	18,963,978	20,156,723
Other	1,035,873	562,871	329,755	415,565	417,705
Total Operating Revenue	53,223,110	53,207,511	49,997,588	54,041,997	57,754,986
Operating Expenses:					
Source of supply ¹	28,049,259	29,770,326	28,610,139	26,357,342	26,681,334
Pumping water	2,135,266	2,100,550	2,596,544	3,177,393	1,629,215
Sewage treatment	9,841,299	9,647,000	9,519,199	10,705,495	11,452,080
Water transmission and distribution	2,299,355	2,138,767	959,193	1,341,220	1,546,693
Customer service	2,711,672	2,750,999	2,839,137	3,047,070	3,094,606
Water efficiency	1,446,759	1,448,498	3,472,838	6,749,664	4,037,455
General, administrative and other	10,652,698	11,236,876	14,702,063	14,947,755	18,319,946
Post-retirement medical benefits (OPEB) ²	-	591,372	361,057	388,058	289,096
Amortization	-	-	-	-	-
Depreciation	13,472,995	16,554,024	16,708,439	17,123,278	17,811,064
Total Operating Expenses	70,609,303	76,238,412	79,768,609	83,837,275	84,861,489
Operating Income (Loss)	(17,386,193)	(23,030,901)	(29,771,021)	(29,795,278)	(27,106,503)
Non-Operating Revenues (Expenses):					
Investment income ³	(533,131)	2,931,831	2,624,306	4,139,084	(438,180)
Interest income ⁴	-	-	-	-	-
Property tax revenue & GOB assessments	28,528,175	29,083,747	28,946,309	30,604,182	28,507,929
Interest on long-term debt	(5,850,174)	(6,781,711)	(6,160,882)	(4,910,737)	(4,629,947)
Intergovernmental Revenue	-	-	6,401,510	3,382,555	1,670,403
Cellular lease income ⁴	1,642,410	1,694,478	1,731,352	1,623,544	1,772,941
Other non-operating revenues	1,522,360	1,361,984	3,661,818	(9,718)	126,847
Other non-operating expenses	-	-	-	-	(85,430)
Total Non-operating Revenues (Expenses)	25,309,640	28,290,329	37,204,413	34,828,910	26,924,563
Income (Loss) before Capital Contributions	7,923,447	5,259,428	7,433,392	5,033,632	(181,940)
Capital Contributions:					
Developer donated capital facilities	60,000	495,000	294,000	-	109,100
Connection fees	83,038	489,346	551,179	1,046,335	331,393
Other contributions	-	35,000	-	314,510	662,832
Change in Net Position	8,066,485	6,278,774	8,278,571	6,394,477	921,385
Net Position - Beginning of Year⁵	403,933,603	412,000,088	399,482,876	407,761,447	414,155,924
Net Position - End of Year	\$ 412,000,088	\$ 418,278,862	\$ 407,761,447	\$ 414,155,924	\$ 415,077,309

¹ Source of Supply includes: water purchases, meter purchases (pre-2020) and utilities.

² GASB 75 was implemented in FY 2018, and modified the presentation of the OPEB expense. OPEB expense is now recorded in General, administrative and other.

³ Interest income is combined with unrealized gain/loss on investments.

For FY 2013, 2017, 2018, 2021, and 2022 the unrealized loss on investments exceeded investment income.

⁴ GASB 87, Leases, was implemented in FY 2020. In previous years, no interest was recorded and those revenues were recognized as cellular lease income.

⁵ Beginning Net Position was restated for FY 2013, 2015, 2018, 2021, and 2022.

Source: Moulton Niguel Water District Audited Financial Statements.

Moulton Niguel Water District
Changes in Net Position
Last Ten Fiscal Years

2018	2019	2020	2021	2022	
\$ 32,317,988	\$ 32,680,545	\$ 32,980,943	\$ 37,593,121	\$ 37,129,591	Operating Revenue:
5,597,493	5,161,153	5,049,306	6,179,569	6,032,984	Water charges
22,623,626	25,463,110	26,695,247	28,033,043	28,989,216	Recycled water charges
468,673	644,182	498,377	329,171	335,128	Sanitation charges
					Other
61,007,780	63,948,990	65,223,873	72,134,904	72,486,919	Total Operating Revenue
					Operating Expenses:
29,446,569	25,879,882	28,192,240	31,991,028	32,505,323	Source of supply ¹
1,656,773	2,108,350	1,714,355	1,692,188	2,333,920	Pumping water
11,733,752	12,221,043	12,680,278	13,029,758	13,132,670	Sewage treatment
1,226,775	2,048,008	1,423,084	1,958,001	1,136,929	Water transmission and distribution
3,346,966	3,413,313	3,555,680	3,619,657	3,681,645	Customer service
3,448,360	4,333,171	4,335,108	4,222,344	5,138,573	Water efficiency
20,436,785	21,605,403	22,543,109	22,002,065	24,146,441	General, administrative and other
237,692	-	-	-	-	Post-retirement medical benefits (OPEB)
-	-	945,595	1,166,506	840,142	Amortization
19,374,985	19,743,524	20,830,890	21,669,259	23,858,865	Depreciation
90,908,657	91,352,694	96,220,339	101,350,806	106,774,508	Total Operating Expenses
(29,900,877)	(27,166,012)	(30,996,466)	(29,215,902)	(34,287,589)	Operating Income (Loss)
(8,721)	6,067,463	7,083,317	(265,694)	(6,048,725)	Non-Operating Revenues (Expenses):
-	-	601,770	642,520	620,903	Investment income ³
28,848,018	30,330,582	30,583,642	31,289,772	32,092,257	Interest income ⁴
(4,517,784)	(4,078,474)	(4,307,575)	(4,139,714)	(5,756,648)	Property tax revenue & GOB assessments
1,335,648	1,342,824	1,223,208	1,044,433	1,617,378	Interest on long-term debt
1,897,765	1,769,978	1,312,711	1,288,542	1,449,393	Intergovernmental Revenue
252,021	78,189	136,200	212,058	4,881,357	Cellular lease income ⁴
(84,765)	(2,943,447)	(104,634)	(194,234)	(1,418,753)	Other non-operating revenues
					Other non-operating expenses
27,722,182	32,567,115	36,528,639	29,877,683	27,437,161	Total Non-operating Revenues (Expenses)
(2,178,695)	5,401,103	5,532,173	661,781	(6,850,428)	Income (Loss) before Capital Contributions
					Capital Contributions:
822,585	2,191,253	400,150	455,688	453,115	Developer donated capital facilities
649,528	200,375	196,953	112,936	152,291	Connection fees
291,790	802,832	539,537	699,855	1,777,020	Other contributions
(414,792)	8,595,563	6,668,813	1,930,260	(4,468,002)	Change in Net Position
411,835,909	413,041,817	421,637,380	431,883,259	434,661,718	Net Position - Beginning of Year⁵
\$ 411,421,117	\$ 421,637,380	\$ 428,306,193	\$ 433,813,519	\$ 430,193,716	Net Position - End of Year

**Moulton Niguel Water District
Water and Wastewater Sold by Type of Customer
Last Ten Fiscal Years**

Water & Wastewater Sales	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	\$ 32,670,666	\$ 32,924,779	\$ 30,767,071	\$ 33,081,103	\$ 35,988,870
Commercial	5,380,650	5,291,358	4,983,870	7,029,909	7,176,604
Multi-Family Commercial	6,576,362	6,468,560	6,154,836	6,126,794	6,241,262
Irrigation ¹	2,903,695	2,910,423	2,842,933	2,516,562	2,887,963
Recycled Water ¹	4,612,874	5,005,391	4,880,742	4,850,326	5,030,973
Hydrant ¹	42,991	44,129	38,381	21,738	11,609
Total Water & Wastewater Sales	\$ 52,187,238	\$ 52,644,640	\$ 49,667,833	\$ 53,626,432	\$ 57,337,281

Metered Accounts	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	47,197	47,305	47,586	47,535	47,333
Commercial	4,901	4,898	4,804	4,738	5,006
Irrigation	1,369	1,367	1,338	1,286	1,313
Recycled Water	1,292	1,299	1,257	1,247	1,356
Hydrant	33	30	34	43	22
Total Metered Accounts	54,792	54,899	55,019	54,849	55,030

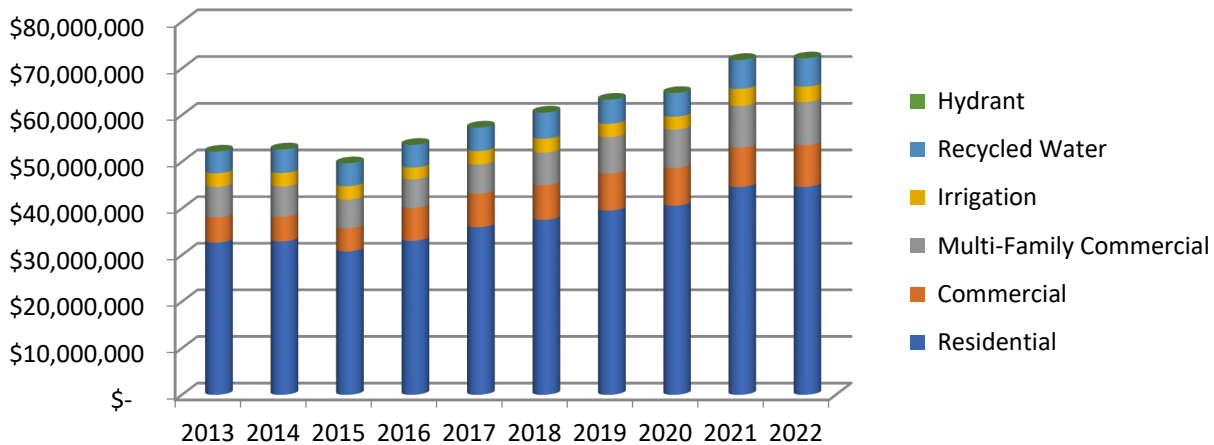
¹ Irrigation, Hydrant, and Recycled Water sales do not include wastewater sales.

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Water and Wastewater Sold by Type of Customer
Last Ten Fiscal Years**

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	Water & Wastewater Sales
\$ 37,563,077	\$ 39,540,259	\$ 40,592,683	\$ 44,590,039	\$ 44,631,047	Residential
7,421,598	7,903,411	8,066,245	8,416,991	8,943,495	Commercial
6,981,747	7,864,301	8,272,824	8,961,213	9,217,621	Multi-Family Commercial
2,957,065	2,818,794	2,719,367	3,631,678	3,302,062	Irrigation ¹
5,597,493	5,161,153	5,049,306	6,179,569	6,032,984	Recycled Water ¹
18,128	16,889	25,071	26,243	24,582	Hydrant ¹
\$ 60,539,108	\$ 63,304,807	\$ 64,725,496	\$ 71,805,733	\$ 72,151,791	Total Water & Wastewater Sales

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	Metered Accounts
47,333	47,332	47,342	47,341	47,333	Residential
5,032	5,060	5,064	5,075	5,073	Commercial
1,294	1,291	1,289	1,291	1,295	Irrigation
1,369	1,380	1,396	1,393	1,394	Recycled Water
39	45	44	42	44	Hydrant
55,067	55,108	55,135	55,142	55,139	Total Metered Accounts



**Moulton Niguel Water District
Annual Domestic Consumption in Acre Feet (AF)
Last Ten Fiscal Years**

Fiscal Year	Usage (AF)	Purchase Price ¹	Average cost per AF	Average AF per		Average Cost per Metered Account
				Metered Accounts	Metered Account	
2013	28,920	\$ 24,434,327	\$ 845	54,792	0.53	\$ 448
2014	29,516	25,689,087	870	54,899	0.54	470
2015	27,285	24,257,752	889	55,019	0.50	445
2016	28,762	21,829,003	759	54,849	0.52	395
2017	22,916	20,933,121	913	55,030	0.42	383
2018	26,797	24,041,011	897	55,067	0.49	440
2019	23,676	22,557,276	953	55,108	0.43	410
2020	23,239	22,982,131	989	55,135	0.42	415
2021	25,519	24,861,840	974	55,142	0.46	448
2022	23,938	24,413,679	1,020	55,139	0.43	439

¹ Purchase price does not include any charges for services.

Source: Moulton Niguel Water District Accounting Department

**Moulton Niguel Water District
Principal Water Customers
Current Fiscal Year and Nine Years Ago**

Residential & Multi-Family Potable Water Rate by Fiscal Year								
Consumption Tiers ¹	2015 ²	2016	2017	2018 ³	2019	2020	2021	2022
Tier 1	\$ 1.41	\$ 1.49	\$ 1.56	\$ 1.69	\$ 1.82	\$ 1.95	\$ 2.08	\$ 2.18
Tier 2	1.61	1.70	1.78	1.94	2.10	2.26	2.42	2.47
Tier 3	2.49	2.62	2.73	3.32	3.41	3.50	3.59	4.09
Tier 4	4.25	4.38	4.49	5.12	5.21	5.30	5.39	6.88
Tier 5	9.04	9.17	9.28	9.59	9.68	9.77	9.86	10.77

Commercial & Irrigation Potable Water Rate by Fiscal Year								
Consumption Tiers ¹	2015 ²	2016	2017	2018	2019	2020	2021	2022
Tier 1	1.54	1.61	1.70	1.78	1.94	2.10	2.26	2.47
Tier 2	2.75	2.49	2.62	2.73	3.32	3.41	3.50	4.09
Tier 3	5.51	4.25	4.38	4.49	5.12	5.21	5.30	6.88
Tier 4	11.02	9.04	9.17	9.28	9.59	9.68	9.77	10.77

¹ Tiers 1 and 2 of budgets are based on the number of persons in the household; amount of irrigated acreage; evapotranspiration rate; and the number of days in the billing cycle. Tiers 3, 4 and 5 apply to usage that exceeds budget.

² A revised Water Budget Based Rate Structure was implemented April 2015. Indoor allowance was lowered to 60 R-GPCD and the Outdoor Allowance was lowered to reflect a plant factor of 0.7.

³ A revised Water Budget Based Rate Structure was implemented January 2018. Indoor allowance was lowered to 55 R-GPCD.

Meter Size	Monthly Basic Service Charge for Potable Water ⁴									
	2015					2016				
	Residential	Multi family	Commercial	Irrigation	Fire Protection	Residential	Multi family	Commercial	Irrigation	Fire Protection
5/8"	\$ 10.79	\$ 6.64	\$ 5.93	\$ 16.88	\$ 3.58	\$ 11.39	\$ 7.01	\$ 6.26	\$ 17.83	\$ 3.78
3/4"	10.79	6.64	5.93	16.88	3.58	11.39	7.01	6.26	17.83	3.78
1"	10.79	6.64	5.93	16.88	3.58	11.39	7.01	6.26	17.83	3.78
1.5"	35.97	22.13	19.77	56.27	11.94	37.98	23.37	20.88	59.42	12.61
2"	57.55	35.41	31.63	90.03	19.11	60.77	37.39	33.40	95.07	20.18
3"	125.89	77.47	69.19	196.94	41.80	132.94	81.81	73.06	207.97	44.14
4"	215.80	132.80	118.60	337.60	71.65	227.88	140.24	125.24	356.51	75.66
6"	449.94	276.89	247.28	703.90	149.27	475.14	292.40	261.13	743.32	157.63
8"	647.40	398.40	355.80	1,012.80	214.95	683.65	420.71	375.72	1,069.52	226.99
10	1,043.39	642.09	573.43	1,632.30	346.31	1,101.82	678.05	605.54	1,723.71	365.70

**Moulton Niguel Water District
Principal Water Customers
Current Fiscal Year and Nine Years Ago**

Meter Size	Monthly Basic Service Charge for Potable Water ⁴									
	2017					2018				
	Residential	Multi family	Commercial	Irrigation	Fire Protection	Residential	Multi family	Commercial	Irrigation	Fire Protection
5/8"	\$ 11.91	\$ 7.33	\$ 6.55	\$ 18.65	\$ 3.95	\$ 11.22	\$ 10.78	\$ 5.54	\$ 18.06	\$ 4.29
3/4"	11.91	7.33	6.55	18.65	3.95	11.22	10.78	5.54	18.06	4.29
1"	11.91	7.33	6.55	18.65	3.95	11.22	10.78	5.54	18.06	4.29
1.5"	39.73	24.45	21.84	62.15	13.19	37.41	25.20	18.46	60.21	14.31
2"	63.57	39.11	34.94	99.44	21.11	59.85	37.56	29.54	96.34	22.90
2.5"	-	-	-	-	33.64	-	-	-	-	36.50
3"	139.06	85.57	76.42	217.54	46.17	130.94	76.70	64.61	210.76	50.10
4"	238.36	146.69	131.00	372.91	79.14	224.46	128.19	110.76	361.29	85.88
6"	497.00	305.85	273.14	777.51	164.88	467.62	262.09	230.76	752.68	178.92
8"	715.10	440.06	393.00	1,118.72	237.43	673.37	375.38	332.29	1,083.86	257.65
10	1,152.50	709.24	633.39	1,803.00	382.52	1,084.87	601.96	535.36	1,746.22	415.10

Meter Size	Monthly Basic Service Charge for Potable Water ⁴									
	2019					2020				
	Residential	Multi family	Commercial	Irrigation	Fire Protection	Residential	Multi family	Commercial	Irrigation	Fire Protection
5/8"	\$ 10.71	\$ 10.59	\$ 4.91	\$ 17.24	\$ 4.42	\$ 10.22	\$ 10.41	\$ 4.29	\$ 16.46	\$ 4.56
3/4"	10.71	10.59	4.91	17.24	4.42	10.22	10.41	4.29	16.46	4.56
1"	10.71	10.59	4.91	17.24	4.42	10.22	10.41	4.29	16.46	4.56
1.5"	35.69	24.22	16.35	57.45	14.74	34.08	23.30	14.31	54.85	15.18
2"	57.11	35.91	26.16	91.93	23.59	54.53	34.36	22.90	87.76	24.30
2.5"	-	-	-	-	37.60	-	-	-	-	38.72
3"	124.95	72.93	57.23	201.11	51.60	119.29	69.36	50.10	192.00	53.15
4"	214.19	121.63	98.10	344.75	88.46	204.49	115.42	85.89	329.14	91.11
6"	446.23	248.27	204.38	718.24	184.29	426.03	235.16	178.94	685.71	189.82
8"	642.56	355.42	294.31	1,034.25	265.38	613.47	336.48	257.67	987.42	273.34
10	1,035.24	569.72	474.17	1,666.30	427.55	988.38	539.13	415.14	1,590.84	440.38

Meter Size	Monthly Basic Service Charge for Potable Water ⁴									
	2021					2022				
	Residential	Multi family	Commercial	Irrigation	Fire Protection	Residential	Multi family	Commercial	Irrigation	Fire Protection
5/8"	\$ 9.77	\$ 10.26	\$ 3.71	\$ 15.72	\$ 4.69	\$ 9.64	\$ 10.04	\$ 3.64	\$ 15.58	\$ 5.44
3/4"	9.77	10.26	3.71	15.72	4.69	9.64	10.04	3.64	15.58	5.44
1"	9.77	10.26	3.71	15.72	4.69	9.64	10.04	3.64	15.58	5.44
1.5"	32.56	22.45	12.36	52.41	15.64	32.13	21.51	12.15	51.93	18.13
2"	52.10	32.90	19.77	83.86	25.02	51.42	31.34	19.44	83.09	29.01
2.5"	-	-	-	-	39.88	-	-	-	-	46.24
3"	113.98	66.00	43.25	183.45	54.75	112.49	62.47	42.52	181.79	63.48
4"	195.39	109.55	74.14	314.48	93.85	192.83	103.42	72.89	311.62	108.81
6"	407.06	222.78	154.46	655.16	195.51	401.72	209.91	151.86	649.22	226.69
8"	586.16	318.59	222.42	943.43	281.54	578.48	300.01	218.68	934.87	326.44
10	944.36	510.22	358.35	1,519.98	453.59	932.00	480.22	352.32	1,506.19	525.93

⁴ Prior to the April 2015 rate change all potable water meters were charged the same meter size-based charge. Monthly service charges are now determined by both customer class and meter size.

Note: 1 Billing Unit (B.U.) is = 100 Cubic Feet = 748 gallons.

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Principal Water Customers
Current Fiscal Year and Nine Years Ago**

Fiscal Year 2022

<u>Customer</u>	<u>Type of Property</u>	Total Water <u>Sales¹</u>	Percentage of Total Water <u>Sales</u>
Soka University Of America	Private University	\$ 166,822	0.45%
Idyllwillow LP	Multi Family Residential	160,141	0.43%
Moritz Associates LLC	Multi Family Residential	159,688	0.43%
Heather Ridge Condo Assn	Multi Family Residential	152,218	0.41%
City Of Mission Viejo	Parks, Slopes, Medians	143,992	0.39%
Mission Hospital Reg Med Ctr	Medical Facility	141,011	0.38%
Bre Properties	Multi Family Residential	136,999	0.37%
ERP Operating LP LN	Multi Family Residential	134,859	0.36%
City Of Laguna Niguel	Parks, Slopes, Medians	129,673	0.35%
Shea Properties/City Lights	Multi Family Residential	<u>129,470</u>	<u>0.35%</u>
		\$ 1,454,873	3.92%

Total Water Sales for FY 2021-22 \$ 37,129,591

Fiscal Year 2013

<u>Customer</u>	<u>Type of Property</u>	Total Water <u>Sales¹</u>	Percentage of Total Water <u>Sales</u>
Soka University of America	Private University	\$ 107,407	0.35%
Mission Hospital Reg Med Ctr	Medical Facility	82,855	0.27%
SOCWA	Public Utility	73,792	0.24%
The Shops at Mission Viejo	Retail Center	58,525	0.19%
Saddleback Community College	Public College	54,530	0.18%
General Services Administration	Government Facility	49,364	0.16%
Shea Properties	Multi Family Residential	39,873	0.13%
Mission Imports	Retail Center	38,604	0.13%
Renaissance Hotel Operating Co.	Retail Business	36,723	0.12%
Mission Viejo Christian School	School	<u>22,982</u>	<u>0.08%</u>
		\$ 564,655	1.85%

Total Water Sales for FY 2012-13 \$ 30,633,036

¹ Total water sales include only potable water sales.

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Wastewater Rates
Last Ten Fiscal Years**

RESIDENTIAL WASTEWATER RATES										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Basic Service Charges	\$ 11.14	\$ 11.14	\$ 22.68	\$ 24.83	\$ 26.22	\$ 14.36	\$ 15.15	\$ 15.99	\$ 16.86	\$ 19.05
Per Person Charge ¹						\$ 4.31	\$ 4.55	\$ 4.80	\$ 5.06	\$ 5.08
Volumetric Charge										
1-25 B.U.	0.88	0.88	-	-	-	-	-	-	-	-
26+ B.U.										
Maximum per month	33.14	33.14	-	-	-	-	-	-	-	-

COMMERCIAL AND MULTI-FAMILY WASTEWATER		
	2013	2014
Basic Service Charge	\$ 22.28	\$ 22.28
Volumetric Charge - All B.U.'s		
Class 1	0.88	0.88
Class 2	1.19	1.19
Class 3	1.51	1.51
Class 4	1.82	1.82

COMMERCIAL AND MULTI-FAMILY WASTEWATER RATES										
	2015					2016				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
Basic Service Charge	\$ 22.28	\$ -	\$ -	\$ -	\$ -	\$ 22.28	\$ -	\$ -	\$ -	\$ -
Meter Size										
5/8"	24.72	17.87	38.07	78.32	84.49	27.07	19.56	41.69	85.76	92.52
3/4"	24.72	17.87	38.07	78.32	84.49	27.07	19.56	41.69	85.76	92.52
1"	24.72	17.87	38.07	78.32	84.49	27.07	19.56	41.69	85.76	92.52
1.5"	75.90	53.05	120.39	254.54	275.11	83.11	58.09	131.83	278.72	301.25
2"	119.77	83.22	190.96	405.60	438.53	131.15	91.12	209.10	444.14	480.19
2.5"	119.77	83.22	190.96	405.60	438.53	131.15	91.12	209.10	444.14	480.19
3"	258.72	178.75	414.46	884.04	956.06	283.30	195.73	453.84	968.02	1,046.88
4"	441.52	304.43	708.50	1,513.46	1,636.92	483.47	333.35	775.81	1,657.24	1,792.43
6"	916.83	631.22	1,473.04	3,150.05	3,407.27	1,003.93	691.18	1,612.98	3,449.31	3,730.96
8"	1,319.01	907.72	2,119.93	4,534.81	4,905.21	1,444.31	993.95	2,321.33	4,965.62	5,371.20
10"	2,123.37	1,460.74	3,413.76	7,304.41	7,901.16	2,325.09	1,599.51	3,738.07	7,998.33	8,651.77

Meter Size	2017					2018				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
5/8"	28.58	20.66	44.02	90.56	97.70	16.94	20.84	49.92	107.85	117.98
3/4"	28.58	20.66	44.02	90.56	97.70	16.94	20.84	49.92	107.85	117.98
1"	28.58	20.66	44.02	90.56	97.70	16.94	20.84	49.92	107.85	117.98
1.5"	87.76	61.35	139.21	294.33	318.12	51.38	64.39	161.31	354.40	388.15
2"	138.50	96.23	220.81	469.01	507.08	80.91	101.73	256.81	565.75	619.76
2.5"	-	-	-	-	-	-	-	-	-	-
3"	299.17	206.69	479.25	1,022.23	1,105.51	174.42	219.98	559.23	1,235.12	1,353.26
4"	510.54	352.02	819.25	1,750.04	1,892.81	297.44	375.55	957.11	2,115.74	2,318.26
6"	1,060.15	729.89	1,703.30	3,642.47	3,939.89	617.32	780.05	1,991.64	4,405.47	4,827.39
8"	1,525.19	1,049.61	2,451.32	5,243.70	5,671.99	887.98	1,122.30	2,866.98	6,342.87	6,950.43
10"	2,455.30	1,689.08	3,947.40	8,446.24	9,136.27	1,429.31	1,806.83	4,617.72	10,217.77	11,196.63

**Moulton Niguel Water District
Wastewater Rates
Last Ten Fiscal Years**

Meter Size	2019					2020				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
5/8"	17.87	21.99	52.66	113.78	124.46	18.85	23.20	55.56	120.04	131.31
3/4"	17.87	21.99	52.66	113.78	124.46	18.85	23.20	55.56	120.04	131.31
1"	17.87	21.99	52.66	113.78	124.46	18.85	23.20	55.56	120.04	131.31
1.5"	54.20	67.94	170.18	373.89	409.50	57.19	71.67	179.54	394.45	432.02
2"	85.35	107.33	270.93	596.87	653.84	90.05	113.23	285.83	629.70	689.80
2.5"	-	-	-	-	-	-	-	-	-	-
3"	184.01	232.08	589.99	1,303.05	1,427.69	194.13	244.84	622.44	1,374.72	1,506.21
4"	313.80	396.20	1,009.75	2,232.10	2,445.76	331.06	417.99	1,065.29	2,354.87	2,580.28
6"	651.27	822.95	2,101.18	4,647.77	5,092.90	687.09	868.21	2,216.75	4,903.40	5,373.01
8"	936.82	1,184.03	3,024.67	6,691.73	7,332.71	988.34	1,249.15	3,191.03	7,059.77	7,736.01
10"	1,507.92	1,906.21	4,871.69	10,779.75	11,812.45	1,590.86	2,011.05	5,139.64	11,372.64	12,462.13

Meter Size	2021					2022				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
5/8"	19.89	24.47	58.62	126.64	138.53	21.82	24.79	57.64	124.93	141.52
3/4"	19.89	24.47	58.62	126.64	138.53	21.82	24.79	57.64	124.93	141.52
1"	19.89	24.47	58.62	126.64	138.53	21.82	24.79	57.64	124.93	141.52
1.5"	60.33	75.62	189.42	416.15	455.78	65.84	75.75	185.22	409.51	464.81
2"	95.00	119.46	301.55	664.33	727.74	103.58	119.43	294.60	653.47	741.96
2.5"	-	-	-	-	-	-	-	-	-	-
3"	204.81	258.31	656.68	1,450.33	1,589.06	223.11	257.77	640.98	1,426.09	1,619.68
4"	349.27	440.98	1,123.88	2,484.39	2,722.20	380.35	439.77	1,096.69	2,442.54	2,774.41
6"	724.88	915.96	2,338.67	5,173.08	5,668.52	789.20	912.99	2,281.58	5,085.47	5,776.86
8"	1,042.70	1,317.85	3,366.53	7,448.06	8,161.49	1,135.15	1,313.40	3,284.15	7,321.72	8,317.32
10"	1,678.35	2,121.66	5,422.32	11,998.13	13,147.55	1,827.05	2,114.24	5,289.35	11,794.34	13,398.37

Wastewater Classes:

Class 1: Typical users include residential, banks, car washes, churches, department and retail stores, laundromats, professional offices, schools and colleges.

Class 2: Typical users include beauty and barber shops, hospitals and convalescent facilities, commercial laundry, repair shops, service stations and veterinary hospitals.

Class 3: Typical users include hotels with dining facilities, markets with garbage disposals, mortuaries and fast-food restaurants.

Class 4: Typical users include restaurants, auto steam cleaning facilities and bakeries. Classifications are subject to change upon inspection by the District in order to comply with the intent of MNWD's rules and regulations and regulatory mandates.

¹ Per Person Wastewater Charge applies to Residential and Multi-Family Residential Customers

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Principal Wastewater Customers
Current Fiscal Year and Nine Years Ago**

Fiscal Year 2022

<u>Customer</u>	<u>Type of Property</u>	Total Wastewater <u>Sales</u>	Percentage of Total <u>Wastewater Sales</u>
Moritz Associates LLC	Multi-family Residential	\$ 281,108	0.97%
Barcelona LLC	Multi-family Residential	204,728	0.71%
Heather Ridge Condo Assn	Multi-family Residential	149,195	0.51%
Laguna Gardens Apartments	Multi-family Residential	143,768	0.50%
Aliso Creek - Sares	Multi-family Residential	137,056	0.47%
Bre Properties	Multi-family Residential	132,021	0.46%
Shea Properties/City Lights	Multi-family Residential	130,154	0.45%
ERP Operating LP LN	Multi-family Residential	128,991	0.44%
Aliso Meadows Condo Assoc	Multi-family Residential	117,086	0.40%
Alize at Aliso Viejo	Multi-family Residential	<u>114,825</u>	<u>0.40%</u>
		\$ 1,538,932	5.31%

Total Wastewater Sales for FY 2021-22 \$ 28,989,216

Fiscal Year 2013

<u>Customer</u>	<u>Type of Property</u>	Total Wastewater <u>Sales</u>	Percentage of Total <u>Wastewater Sales</u>
The Shops at Mission Viejo	Shopping Mall	\$ 53,449	0.32%
Mission Hospital Regional Med Center	Hospital and Medical Offices	50,166	0.30%
Renaissance Hotel Operating Co.	Retail Business	31,642	0.19%
Soka University of America	Private University	29,418	0.17%
Shea Properties/City Lights	Multi-family Residential	22,914	0.14%
Saddleback Community College	Public College	21,670	0.13%
K&M Royal Group LLC	Retail Center	18,645	0.11%
Crown Valley Holding LLC	Retail Center	14,122	0.08%
Mission Imports	Retail Center	12,194	0.07%
Sunrise Assisted Living	Retirement Community	<u>10,315</u>	<u>0.06%</u>
		\$ 264,535	1.57%

Total Wastewater Sales for FY 2012-13 \$ 16,941,327

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Recycled Water Rates
Last Ten Fiscal Years**

Consumption Tiers	2013 ¹	2014 ¹	2015 ^{1,2}	2016	2017	2018	2019	2020	2021	2022
Tier 1	1.23	1.23	1.17	1.24	1.29	1.39	1.47	1.55	1.63	1.73
Tier 2	1.23	1.23	1.66	1.74	1.81	2.51	2.69	2.87	3.05	3.19
Tier 3	2.20	2.20	3.42	3.50	3.57	4.31	4.49	4.67	4.85	5.98
Tier 4	4.41	4.41	8.21	8.29	8.36	8.78	8.96	9.14	9.32	9.87
Tier 5	8.81	8.81	-	-	-	-	-	-	-	-

¹ A Water Budget Based Rate Structure was implemented July 2011. Tiers 1 and 2 apply to usage within budget, while Tiers 3, 4, and 5 apply to usage in excess of budget.

² A revised Water Budget Based Rate Structure was implemented April 2015. Outdoor Allowance was lowered to reflect a plant factor of 0.8 or 1.0.

Recycled Water Basic Service Charge										
Meter Size	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
5/8"	\$ 10.36	\$ 10.36	\$ 16.88	\$ 17.83	\$ 18.65	\$ 18.06	\$ 17.24	\$ 16.46	\$ 15.72	\$ 15.58
3/4"	10.36	10.36	16.88	17.83	18.65	18.06	17.24	16.46	15.72	15.58
1"	10.36	10.36	16.88	17.83	18.65	18.06	17.24	16.46	15.72	15.58
1.5"	34.53	34.53	56.27	59.42	62.15	60.21	57.45	54.85	52.41	51.93
2"	55.25	55.25	90.03	95.07	99.44	96.34	91.93	87.76	83.86	83.09
3"	120.87	120.87	196.94	207.97	217.54	210.76	201.11	192.00	183.45	181.79
4"	207.20	207.20	337.60	356.51	372.91	361.29	344.75	329.14	314.48	311.62
6"	431.37	431.37	703.90	743.32	777.51	752.68	718.24	685.71	655.16	649.22
8"	621.60	621.60	1,012.80	1,069.52	1,118.72	1,083.86	1,034.25	987.42	943.43	934.87
10"	1,001.47	1,001.47	1,632.30	1,723.71	1,803.00	1,746.22	1,666.30	1,590.84	1,519.98	1,506.19

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Principal Recycled Water Customers
Current Fiscal Year and Nine Years Ago**

Fiscal Year 2022

<u>Customer</u>	<u>Type of Property</u>	<u>Total Recycled Water Sales</u>	<u>Percentage of Total Sales</u>
Aliso Viejo Comm Assn	Parks, Slopes, Medians	\$ 812,458	13.47%
City Of Laguna Niguel	Parks, Slopes, Medians	394,649	6.54%
City Of Mission Viejo	Parks, Slopes, Medians	297,991	4.94%
Mission Viejo Country Club	Golf Course	244,622	4.05%
El Niguel Country Club	Golf Course	213,923	3.55%
City Of Laguna Hills	Parks, Slopes, Medians	209,492	3.47%
Marina Hills PCA	Parks, Slopes, Medians	208,760	3.46%
Aliso Viejo Country Club	Golf Course	188,350	3.12%
Beacon Hill Planned Comm	Landscape	119,696	1.98%
Arroyo Trabuco Golf Club	Golf Course	<u>117,560</u>	<u>1.95%</u>
		\$ 2,807,501	46.53%

Total Recycled Water Sales for Fiscal Year 2021-22 \$ 6,032,984

Fiscal Year 2013

<u>Customer</u>	<u>Type of Property</u>	<u>Total Recycled Water Consumption¹</u>	<u>Percentage of Total Consumption</u>
Aliso Viejo Community Association	Parks, Slopes, Medians	363,058	11.71%
Aliso Viejo Country Club	Golf Course	150,315	4.85%
Mission Viejo Country Club	Golf Course	144,579	4.66%
El Niguel Country Club	Golf Course	129,015	4.16%
Marina Hills PCA	Golf Course	81,798	2.64%
Arroyo Trabuco Golf Club	Golf Course	78,125	2.52%
City of Mission Viejo	Parks, Slopes, Medians	68,874	2.22%
Soka University of America	Private University	64,946	2.10%
County of Orange	Parks, Slopes, Medians	48,370	1.56%
Caltrans District 12	Slopes, Medians	<u>48,267</u>	<u>1.56%</u>
		1,177,347	37.98%

Total Recycled Water Consumption for Fiscal Year 2012-13 3,099,715 CCF

Source: Moulton Niguel Water District Billing Department.

¹ 2013 data is only available for largest ten recycled water customers based on consumption.

**Moulton Niguel Water District
Property Tax Levies and Collections
Last Ten Fiscal Years**

Levy Year	Collected within the Levy Year			<u>Total Collections to Date</u>		
	<u>Total Tax Levy</u>	<u>Amount</u> ¹	Percentage of <u>Levy</u>	Collections from <u>Prior Years</u> ²	<u>Amount</u>	Percentage <u>of Levy</u>
2013	22,511,515	21,304,598	94.64%	555,032	21,859,630	97.10%
2014	22,890,247	22,311,794	97.47%	211,474	22,523,268	98.40%
2015	24,520,773	23,957,232	97.70%	54,284	24,011,516	97.92%
2016	25,996,107	24,906,067	95.81%	391,998	25,298,065	97.31%
2017	27,121,477	26,078,739	96.16%	355,371	26,434,110	97.47%
2018	28,757,033	27,513,830	95.68%	412,403	27,926,233	97.11%
2019	29,303,633	28,633,242	97.71%	477,414	29,110,656	99.34%
2020	30,793,007	29,439,004	95.60%	468,149	29,907,153	97.12%
2021	31,343,103	30,771,290	98.18%	518,482	31,289,772	99.83%
2022	32,215,936	31,590,618	98.06%	501,639	32,092,257	99.62%

¹ Property Tax revenue is the District's second major revenue source.

² Collections from prior years does not include penalty revenue.

Source: Moulton Niguel Water District Finance Department and Orange County Auditor-Controller's office.

Moulton Niguel Water District
Assessed Valuations and Largest Local Secured Taxpayers
Current Fiscal Year and Nine Years Ago

<u>Land Use</u>	<u>Assessed Land Values by Use ¹</u>	
	<u>FY 2022</u>	<u>FY 2013</u>
	<u>Secured Assessed Value</u>	
Residential	\$ 22,064,360,639	\$ 13,021,368,106
Commercial	2,364,783,260	1,333,347,498
Industrial	441,099,013	334,019,325
Vacant/Other	19,052,641	24,794,909
Total	\$ 24,889,295,553	\$ 14,713,529,838

Principal Local Secured Taxpayers
For Fiscal Year 2022

<u>Rank</u>	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1	Moritz Associates LLC	Apartments	\$ 133,489,163	0.54%
2	Barcelona LLC	Apartments	112,045,119	0.45%
3	BRE-FMCA LLC	Apartments	81,767,117	0.33%
4	Enterprise Office Owner LLC	Commercial	67,275,426	0.27%
5	HTA-Mission Mob LLC	Commercial	63,794,947	0.26%
6	Aliso Viejo Pkwy I LLC	Commercial	58,701,916	0.24%
7	Monarch Coast I Owner LLC	Apartments	44,894,105	0.18%
8	BDC/Aliso Biejo (WC) LLC	Commercial	44,097,163	0.18%
9	Shops at Mission Viejo LLC	Commercial	42,722,891	0.17%
10	Idyllwillow LP	Apartments	<u>41,641,504</u>	<u>0.17%</u>
			\$ 690,429,351	2.77%

Fiscal Year 2021-22 Total Local Secured Net Taxable Value: \$ 24,889,295,553

Principal Local Secured Taxpayers
For Fiscal Year 2013

<u>Rank</u>	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1	Shea Homes LP & Shea Homes Vantis Inc.	Residential	\$ 52,284,496	0.36%
2	OC/SD Holdings LLC	Apartments	46,340,913	0.31%
3	BRE - FMCA LLC	Apartments	44,280,746	0.30%
4	Moritz Associates LLC	Apartments	43,537,354	0.30%
5	Barcelona, LLC	Apartments	37,620,842	0.26%
6	Laguna Cabot Road Business Park LP	Industrial	37,047,658	0.25%
7	Sequoia Equities - Alize	Commercial	28,818,270	0.20%
8	Sequoia Equities - Alicante	Apartments	26,514,160	0.18%
9	Costco Wholesale Corp.	Apartments	26,282,229	0.18%
10	Monarch Coast I LLC	Apartments	<u>24,459,800</u>	<u>0.17%</u>
			\$ 367,186,468	2.51%

Fiscal Year 2012-13 Local Secured Net Taxable Value: \$ 14,713,529,838

¹ Values are for land only and do not include any improvements.

Source: HDL and California Municipal Statistics, Inc.

**Moulton Niguel Water District
Outstanding Debt by Type and Debt per Customer
Last Ten Fiscal Years**

Fiscal Year					Total			
	<u>Bonds Payable</u>	<u>Certificates of Participation ²</u>	<u>Loans Payable</u>	<u>Total Debt</u>	<u>Total Customer Accounts</u>	<u>Debt per Customer Accounts</u>	<u>Est. District Population ¹</u>	<u>Debt per Capita</u>
2013	\$ 27,775,000	\$ 84,065,864	\$ 17,160,816	\$ 129,001,680	54,792	\$ 2,354	168,174	\$ 767
2014	22,816,846	82,198,457	14,998,798	120,014,101	54,899	2,186	169,212	709
2015	31,326,483	65,836,049	12,794,395	109,956,927	55,019	1,999	170,326	646
2016	24,890,785	63,928,642	10,688,013	99,507,440	54,849	1,814	170,610	583
2017	18,327,964	61,946,234	8,693,016	88,967,214	55,030	1,617	171,178	520
2018	16,632,769	60,000,000	6,660,906	83,293,675	55,067	1,513	172,324	483
2019	71,646,102	-	5,088,318	76,734,420	55,108	1,392	171,661	447
2020	67,527,000	68,554,646	-	136,081,646	55,135	2,468	171,746	792
2021	64,777,898	67,508,419	-	132,286,317	55,142	2,399	172,030	769
2022	61,933,796	127,007,843	-	188,941,639	55,139	3,427	172,314	1,096

¹ Estimated District Population is based on the most recent available data

² The 2009 Certificates of Participation were fully refunded by the 2019 Revenue Refunding Bonds

Source: Moulton Niguel Water District Finance Department and California Municipal Statistics, Inc.

Moulton Niguel Water District
Ratio of Net Direct General Obligation Debt
Last Ten Fiscal Years

Fiscal Year	Total General Obligation Bonds Outstanding ¹	General Obligation Debt Service ⁴	Assessed Value ²	Percent of General Obligation Debt to Assessed Value	Population ³	Net General Obligation Debt per Capita
2013	\$ 27,775,000	\$ 6,416,000	\$ 6,093,356,189	0.11%	56,114	\$ 114
2014	22,816,846	6,466,700	6,300,950,763	0.10%	56,675	114
2015	16,867,130	6,227,747	5,749,154,516	0.11%	57,236	109
2016	10,697,414	6,240,500	6,159,717,218	0.10%	57,613	108
2017	4,400,575	6,365,900	6,559,781,425	0.10%	57,709	110
2018	2,971,362	1,419,500	7,001,618,675	0.02%	58,289	24
2019	1,465,000	1,449,875	1,794,786,384	0.08%	58,483	25
2020	-	1,490,375	1,871,398,638	0.08%	58,512	25
2021	-	-	-	-	58,580	-
2022	-	-	-	-	58,677	-

¹ The repayment of the General Obligation Bonds debt is a voter approved property tax assessment to the property owners residing in the service areas in which the debt applies.

² Assessed valuations are only property related to the General Obligation Bond (GOB) debt.

³ The District population is estimated by the California State University at Fullerton, Center for Demographic Research (CDR) and I based on the most recent available data.

⁴ Amount represents total debt service paid by the District during the fiscal year.

Source: Orange County Auditor-Controller, CDR and Moulton Niguel Water District Accounting Department

**Moulton Niguel Water District
Direct and Overlapping Debt
Current Fiscal Year**

2021-22 Assessed Valuations: \$24,930,870,313 (Land only)

Direct & Overlapping Tax and Assessment Debt:

(Based on all property assessed valuation of \$41,680,131,458)

	Total Debt 06/30/2022	% Applicable ¹	District's Share of Debt 06/30/2022
Metropolitan Water District	\$ 20,175,000	1.229%	\$ 247,951
Capistrano Unified School District School Facilities Improvement District No. 1	13,015,244	29.424%	3,829,605
Laguna Beach Unified School District	14,035,000	1.689%	237,051
Saddleback Valley Unified School District	92,040,000	20.297%	18,681,359
City of San Juan Capistrano	24,440,000	0.011%	2,688
City of Aliso Viejo Community Facilities District No. 2005-01	28,240,000	100.000%	28,240,000
<i>Total Direct & Overlapping Tax and Assessment Debt</i>			<u>\$ 51,238,654</u>

Direct & Overlapping General Fund Debt:

Orange County General Fund Obligations	\$ 376,780,000	6.115%	\$ 23,040,097
Orange County Pension Obligation Bonds	521,784,000	6.115%	31,907,092
Orange County Board of Education Certificates of Participation	11,620,000	6.115%	710,563
Capistrano Unified School District Certificates of Participation	23,295,000	30.759%	7,165,309
City of Aliso Viejo Certificates of Participation	11,785,000	97.979%	11,546,825
City of Laguna Hills Certificates of Participation	1,075,000	69.334%	745,341
City of Mission Viejo Certificates of Participation	44,623,635	34.910%	15,578,111
City of San Juan Capistrano Certificates of Participation and Judgment Obligations	340,843	0.011%	37
Moulton-Niguel Water District General Fund Obligations²	53,095,000	100.000%	53,095,000
<i>Total Direct & Overlapping General Fund Debt</i>			143,788,375

TOTAL DIRECT DEBT			\$ 53,095,000
TOTAL OVERLAPPING DEBT			141,932,029
Combined Total Debt ³			\$ 195,027,029

Ratios to Land Only Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt 0.12%

Ratios to All Property Assessed Valuation:

Total Direct Debt (\$55,180,000) 0.13%

Combined Total Debt 0.47%

¹ The percentage of overlapping debt applicable to the District is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping District's assessed value that is within the boundaries of the water district divided by the overlapping District's total taxable assessed value.

² Excludes accreted value.

³ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

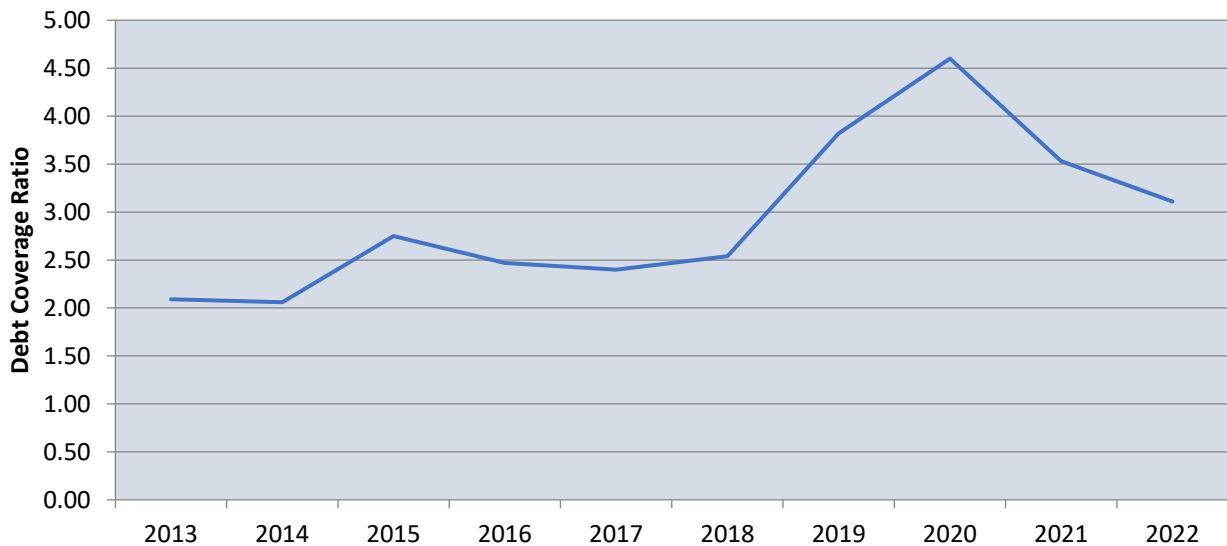
**Moulton Niguel Water District
Pledged Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Total Revenues ¹	Operating Expenses ²	Net Available Revenues	Annual Debt Service ³			Coverage Ratio
				Principal	Interest	Total	
2013	76,664,834	57,089,327	19,575,507	3,572,972	5,790,836	9,363,808	2.09
2014	78,969,108	59,633,768	19,335,340	3,918,909	5,475,003	9,393,912	2.06
2015	88,604,859	63,060,170	25,544,689	3,821,389	5,478,923	9,300,312	2.75
2016	88,604,859	66,713,997	21,890,862	3,766,711	5,093,380	8,860,091	2.47
2017	88,339,002	67,050,425	21,288,577	3,849,998	5,027,110	8,877,108	2.40
2018	94,089,864	71,533,672	22,556,192	3,957,110	4,914,398	8,871,508	2.54
2019	105,512,586	74,314,925	31,197,661	3,377,588	4,792,953	8,170,541	3.82
2020	106,624,872	75,474,164	31,150,708	3,178,260	3,599,396	6,777,656	4.60
2021	107,615,014	79,821,180	27,793,834	2,900,000	4,967,831	7,867,831	3.53
2022	109,481,907	84,248,343	25,233,564	3,300,000	4,812,831	8,112,831	3.11

¹ Total Revenues include all operating revenues, interest income and other non-operating revenues, but excludes general obligation bond assessment revenues used to repay the general obligation bond debt.

² Operating expenses exclude depreciation and amortization expense.

³ Principal and Interest amounts do not include debt obligations related to general obligation bonds.



Source: Moulton Niguel Water District Finance Department.

**Moulton Niguel Water District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2012	165,272
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746
2020	172,030
2021	172,314

City of Laguna Niguel ¹				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2012	63,691	3,172,067	49,804	6.8%
2013	64,065	3,236,436	50,518	4.4%
2014	64,460	3,280,305	50,889	3.9%
2015	64,449	3,215,232	49,888	5.0%
2016	66,142	3,327,443	50,308	4.1%
2017	66,689	3,337,813	50,050	3.7%
2018	65,377	3,380,822	51,713	3.3%
2019	66,748	3,496,077	52,377	2.8%
2020	65,316	3,654,152	55,946	2.7%
2021	65,168	3,920,887	60,165	7.7%

¹ The District serves 100% of the City of Laguna Niguel which represents approximately 38% of the total District population.

Source: City of Laguna Niguel Finance Department. Based on most recent available data.

CSUF Center for Demographic Research. Based on most recent available data.

City of Aliso Viejo ²				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2012	47,823	2,002,825	40,884	4.6%
2013	48,988	2,100,002	42,444	3.0%
2014	49,951	2,100,839	42,058	2.6%
2015	49,939	2,181,535	43,684	3.5%
2016	50,509	2,223,991	44,032	3.6%
2017	50,312	2,274,460	45,207	3.1%
2018	51,950	2,311,366	44,492	2.6%
2019	51,372	2,385,153	46,429	2.8%
2020	50,044	2,447,088	48,899	2.1%
2021	49,813	2,559,352	51,379	7.5%

² The District serves 98% of the City of Aliso Viejo which represents approximately 29% of the total District population.

Source: City of Aliso Viejo Finance Department. Based on most recent available data.

Note: The District boundaries encompass five cities: Aliso Viejo, Dana Point, Laguna Hills, Laguna Niguel, and Mission Viejo. Aliso Viejo, Laguna Hills, Laguna Niguel, and Mission Viejo represent approximately 99% of the total District population.

**Moulton Niguel Water District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2012	165,272
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746
2020	172,030
2021	172,314

City of Laguna Hills ³				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2012	30,341	1,445,996	47,227	6.6%
2013	30,410	1,363,858	44,421	4.8%
2014	30,857	1,320,001	42,778	4.2%
2015	30,848	1,336,181	43,315	5.0%
2016	30,681	1,373,184	44,757	4.1%
2017	31,544	1,479,761	46,911	3.7%
2018	31,818	1,587,577	49,896	2.6%
2019	31,572	1,661,606	52,629	2.2%
2020	31,508	1,724,666	54,737	12.2%
2021	31,073	1,835,890	59,083	7.4%

³ The City of Laguna Hills represents approximately 18% of the total District population.

Source: City of Laguna Hills Finance Department. Based on most recent available data.

CSUF Center for Demographic Research. Based on most recent available data.

City of Mission Viejo ⁴				
Fiscal Year	Population	Total Personal Income (in thousands) ⁵	Per Capita Income	Unemployment Rate
2012	94,196	161,700,000	52,342	5.7%
2013	94,824	165,300,000	53,032	4.7%
2014	95,334	173,300,000	55,096	3.9%
2015	96,652	181,300,000	57,133	4.2%
2016	96,701	189,800,000	59,303	4.1%
2017	95,985	208,700,000	65,011	3.4%
2018	95,987	220,700,000	69,268	3.1%
2019	96,434	227,700,000	72,028	3.0%
2020	94,267	242,300,000	77,391	8.6%
2021	94,119	257,100,000	81,189	5.5%

⁴ The City of Mission Viejo represents approximately 55% of the total District population.

⁵ City of Mission Viejo's most recent financial report did not have total personal income for the City. Instead, County of Orange data is shown in the City's financial report.

Source: City of Mission Viejo Finance Department. Based on most recent available data.

Note: The District boundaries encompass five cities: Aliso Viejo, Dana Point, Laguna Hills, Laguna Niguel, and Mission Viejo. Aliso Viejo, Laguna Hills, Laguna Niguel, and Mission Viejo represent approximately 99% of the total District population.

**Moulton Niguel Water District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2012	165,272
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746
2020	172,030
2021	172,314

City of Dana Point ⁶				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2012	33,054	1,663,000	50,312	5.5%
2013	33,398	1,723,000	51,590	5.9%
2014	33,625	1,699,000	50,528	5.5%
2015	33,710	1,649,000	48,917	5.2%
2016	33,415	1,742,949	52,161	4.2%
2017	34,902	1,811,000	58,218	3.8%
2018	34,619	1,841,000	61,088	3.2%
2019	34,359	1,927,000	59,496	2.7%
2020	34,139	2,078,000	62,138	2.6%
2021	33,745	2,175,000	65,140	7.8%

⁶ The City of Dana Point represents approximately 20% of the total District population.

Source: City of Dana Point Finance Department. Based on most recent available data.

CSUF Center for Demographic Research. Based on most recent available data.

Note: The District boundaries encompass five cities: Aliso Viejo, Dana Point, Laguna Hills, Laguna Niguel, and Mission Viejo. Aliso Viejo, Laguna Hills, Laguna Niguel, and Mission Viejo represent approximately 99% of the total District population.

**Moulton Niguel Water District
Principal Employers
Current Fiscal Year and Nine Years Ago**

FY 2021^{1,2}

<u>Rank</u>	<u>Employer</u>	<u>Operating City</u>	<u>Number of Employees</u>	<u>Percent of Each City's Employment</u>
1	Mission Hospital Regional Medical Center	City of Mission Viejo	2,764	5.76%
2	United States Government	City of Laguna Niguel	2,200	6.47%
3	MemorialCare Saddleback Medical Center	City of Laguna Hills	1,781	10.93%
4	Saddleback College	City of Mission Viejo	1,429	2.98%
5	United Parcel Service	City of Aliso Viejo	1,000	4.04%
6	Saddleback Valley Unified School District	City of Mission Viejo	917	1.91%
7	Pacific Life	City of Aliso Viejo	811	3.28%
8	Monarch Beach Resort (former St. Regis)	City of Dana Point	800	6.74%
9	Capistrano Unified School District	City of Mission Viejo	679	2.75%
10	Costco Wholesale Corporation	City of Laguna Niguel	657	1.93%

FY 2012^{1,2}

<u>Rank</u>	<u>Employer</u>	<u>Operating City</u>	<u>Number of Employees</u>	<u>Percent of Each City's Employment</u> ³
1	Saddleback College	City of Mission Viejo	1,909	3.45%
2	Mission Hospital Regional Medical Center	City of Mission Viejo	1,275	2.30%
3	Saddleback Valley Unified School District	City of Mission Viejo	1,245	2.25%
4	MemorialCare Saddleback Medical Center	City of Laguna Hills	1,020	6.14%
5	Ritz-Carlton-Laguna Niguel	City of Dana Point	970	
6	Capistrano Unified School District	City of Mission Viejo	846	1.53%
7	Pacific Life Insurance	City of Aliso Viejo	811	4.59%
8	Monarch Beach Resort	City of Dana Point	800	
9	Capistrano Unified School District	City of Aliso Viejo	679	3.85%
10	Quest Software Inc.	City of Aliso Viejo	630	3.40%

¹ Principal Employers represents blended most recent available data from the five cities the District serves: Aliso Viejo, Laguna Niguel, Laguna Hills, Mission Viejo, and Dana Point.

² The District used data from the FYE 2012 – 2021 ACFRs for the cities of Aliso Viejo, Laguna Niguel, Laguna Hills, Mission Viejo, and Dana Point.

**Moulton Niguel Water District
Full Time Employees by Function
Last Ten Fiscal Years**

<u>Function</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Office of the General Manager	3	6	6	7	6	6	8	7	8	9
Human Resources	2	2	2	2	2	2	2	3	3	2
Customer Service - Admin	3	2	1	1	1	1	1	1	1	1
Utility Billing	7	6	-	-	-	-	-	-	-	-
Customer Service - Field	19	16	16	16	16	16	16	16	18	18
Customer Accounts	5	6	12	12	13	13	14	14	15	16
Engineering - Admin	14	11	9	8	10	10	4	4	4	3
Engineering	-	-	-	-	-	-	12	12	12	12
Inspection	9	12	11	12	13	13	13	13	14	14
Purchasing	2	3	3	3	3	4	2	2	2	3
Information Technology	3	3	3	4	6	6	7	7	8	8
Finance & Planning	2	2	3	3	3	3	4	4	4	5
Accounting	7	7	6	6	6	6	6	6	6	6
Operations - Admin	6	4	6	8	6	6	2	2	3	6
Operations - Facilities	11	17	18	19	16	16	19	20	21	22
Operations - Utilities	20	18	19	22	28	28	28	31	28	26
Water Efficiency	-	-	3	6	9	9	8	10	10	11
Wastewater Treatment Plant Operations	-	-	-	-	-	-	6	6	6	5
Total	113	115	118	129	138	139	152	158	163	167

Source: Moulton Niguel Water District Human Resources Department

**Moulton Niguel Water District
Operating Indicators
Last Ten Fiscal Years**

FISCAL YEAR	SERVICE CONNECTIONS	NET INCREASE PIPELINE (MILES)	MONTH OF PEAK CONSUMPTION	PEAK MONTHLY CONSUMPTION (M.G.D.)	AVERAGE DAILY CONSUMPTION (M.G.D.) ²	AVG. DAILY SEWAGE (M.G.D.)	AVG. DAILY POTABLE IMPORT (M.G.D.)	TAKEOUTS
2013	54,790	~1,400	August	43.50	25.10	13.6	25.19	13
2014	54,899	~1,400	July	35.30	25.58	11.9	25.6	13
2015	55,019	~1,300	August	39.94	29.10	11.2	24.03	13
2016	54,849	~1,300	June	31.66	24.75	11.2	20.72	13
2017	55,030	~1,300	September	37.32	24.28	10.9	22.47	9
2018	55,067	~1,300	September	35.44	26.28	10.8	22.94	9
2019	55,108	~1,300	August	38.34	23.69	10.6	21.30	9
2020	55,135	~1,300	August	35.85	22.67	10.7	20.80	11
2021	55,142	~1300	July	34.21	26.01	10.6	24.70	11
2022	55,139	~1300	July	37.61	26.50	10.3	21.40	11

FISCAL YEAR	PUMP STATIONS ¹			RESERVOIRS ¹		NO. OF FIRE HYDRANTS	TREATMENT PLANTS ¹	MILES OF WATER	MILES OF WASTEWATER	MILES OF RECYCLED
	RECYCLED	POTABLE	LIFT	RECYCLED	POTABLE					
2013	12	30	19	13	28	7,211	4	700	537	148
2014	12	30	19	13	28	7,141	4	700	537	148
2015	10	25	18	11	28	7,112	4	663	504	140
2016	10	25	18	11	28	7,149	4	668	505	141
2017	9	23	17	11	28	7,154	4	655	501	142
2018	9	23	17	11	28	7,163	4	656	501	142
2019	9	23	17	11	28	7,148	4	656	501	142
2020	9	25	17	11	28	7,159	4	656	501	142
2021	9	25	17	11	28	7,166	4	656	500	141
2022	10	25	17	11	28	7,170	4	656	500	141

Note: MGD = Millions of Gallons per Day.

¹ The District wholly owns or has capacity rights in its pump stations, reservoirs, and treatment plants.

² Consumption includes Recycled Water

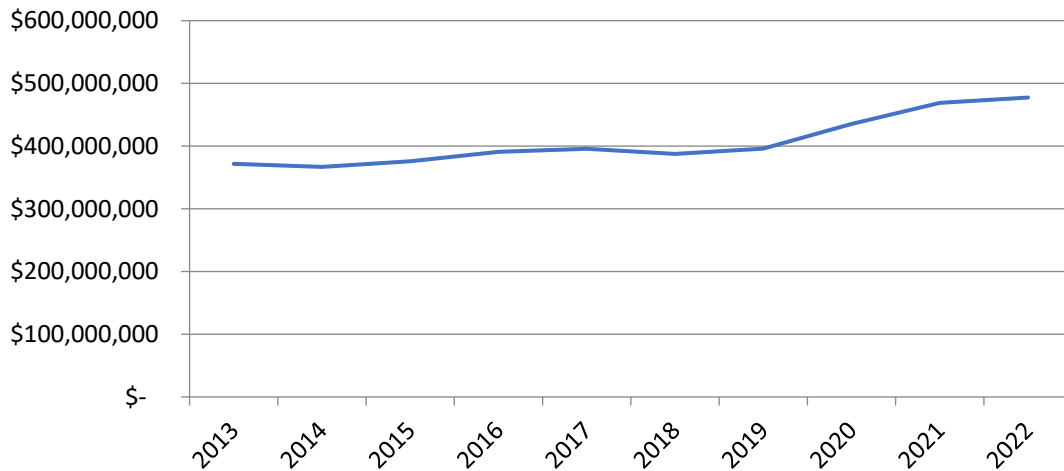
Source: Moulton Niguel Water District Operations and Billing Departments

**Moulton Niguel Water District
Capital Asset Statistics
Last Ten Fiscal Years**

Fiscal Year	Water Systems	Capacity Rights	Buildings	Automobiles & Equipment	Intangible Asset ¹	Land	Construction in Progress	Capital Assets, Net of Depreciation
2013	\$ 330,699,738	\$ 27,149,621	\$ 3,119,398	\$ 2,722,514	\$ -	\$ 1,091,910	\$ 7,057,346	\$ 371,840,527
2014	319,084,402	26,607,341	2,864,432	2,426,058	-	1,091,910	14,785,817	366,859,960
2015	311,408,504	26,065,062	2,689,869	2,947,705	-	1,091,910	31,642,242	375,845,292
2016	271,113,215	63,993,270	2,408,058	7,232,783	-	1,091,910	45,135,106	390,974,342
2017	267,966,653	67,862,518	2,126,682	11,685,232	-	1,091,910	44,848,592	395,581,587
2018	261,018,260	106,002,867	1,845,743	10,174,076	-	1,091,910	7,454,600	387,587,456
2019	260,190,540	110,611,241	1,565,874	8,952,263	-	1,091,910	13,508,163	395,919,991
2020	260,332,469	115,164,617	1,469,712	7,156,152	1,880,958	1,091,910	48,266,047	435,361,865
2021	273,182,770	116,709,901	52,167,328	5,505,294	-	1,091,910	20,137,100	468,794,303
2022	282,883,688	117,445,433	51,056,521	3,913,092	769,052	1,091,910	20,280,160	477,439,856

¹ The District implemented GASB 87, Leases, during Fiscal Year 2019-20, and recognized an intangible asset for the right to use leased assets.

Capital Assets, Net of Depreciation



Source: Moulton Niguel Water District Accounting Department