



# Annual Comprehensive Financial Report

For The Year Ended June 30, 2024

With Report on Audit by Independent Certified Public Accountants

Prepared by: Finance Department

South Coast Water District | Laguna Beach, CA



DOHENY OCEAN  
**DESALINATION**  
PROJECT

*Local Water, Local Control.*

Sponsored by South Coast Water District

*Future Project Site*





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# SOUTH COAST WATER DISTRICT

*Partnering With The Community*

February 6, 2025

Members of the Board of Directors and Residents of  
South Coast Water District

## Introduction

The Annual Comprehensive Financial Report (ACFR) of the South Coast Water District (District) for the fiscal year ended June 30, 2024, is hereby submitted. This report was prepared pursuant to the guidelines set forth by the Governmental Accounting Standards Board (GASB).

District staff prepared this financial report in conjunction with an unmodified opinion issued by the independent audit firm Clifton Larson Allen LLP. The independent auditor's report is at the front of this document's Financial Section. The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes responsibility for the completeness and reliability of information presented in this report. To provide a reasonable basis for making these representations, the District has established a comprehensive internal control framework that is designed to protect assets from loss, theft, or misuse, and to compile sufficient, reliable information for preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal control should not outweigh its benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South Coast Water District for its comprehensive annual financial report for the fiscal year ended June 30, 2023. This is the sixth consecutive year that the District has achieved this prestigious award. To be awarded a Certificate of Achievement, a government agency 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 one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

## District Structure and Leadership

The District is an independent special district, which operates under the authority of Division 12, Section 30000 et seq. of the California Water Code. The District provides water and sewer services to the City of Dana Point and portions of the cities of Laguna Beach, San Juan Capistrano, and San Clemente. The District was established in 1932

### **Board of Directors**

Doug Erdman  
*President*

Scott Goldman  
*Vice President*

Rick Erkeneff  
*Director*

William Green  
*Director*

Joe Muller  
*Director*

(i)



949.499.4555



SCWD.ORG



31592 West St. Laguna Beach, CA 92651

and subsequent consolidations have increased the original service area. Since March 2000, the District has also been the designated operator of the former Tri-Cities Municipal Water District, now known as the Joint Regional Water Supply System (JRWSS), on behalf of nine (9) public water agencies & large customers.

A five-member Board of Directors is elected from each district within the District's service area for staggered four-year terms. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employs a full-time-equivalent staff of 96 employees, including 8 assigned to JRWSS. Full-time-equivalent staff comprise both full-time and part-time employees. The Board of Directors meet on the second and fourth Thursdays of each month. Meetings are publicly noticed, and citizens are encouraged to attend. The meetings can also be viewed in real-time or on demand via the District's website, [www.scwd.org](http://www.scwd.org).

The District provides water, sewer, or a combination of both services to residents and businesses within its service area, which includes approximately 5,300 acres of land comprising 8.8 square miles. The District serves a population of approximately 42,000 and currently provides water service through approximately 13,850 residential, commercial, and irrigation connections and 19,360 sewer connections.

#### District Services

Residential customers make up approximately 90% of the District's customer base for water services and consume approximately 66% of the water provided annually by the District. The District obtained approximately 73.9% of its water supply from the Metropolitan Water District (MWD) through the Municipal Water District of Orange County (MWDOC), 5% from SMWD (to serve the newly acquired customers who were previously San Juan Capistrano customers), 9.1% from treated brackish groundwater, and 12% from recycled water for large landscape irrigation. During Fiscal Year (FY) 2024, the District provided approximately 5,561 acre-feet (AF) of water to its customers.

Residential customers make up approximately 97% of the District's customer base for sewer collection services. Wastewater treatment services are provided for the region by the South Orange County Wastewater Authority (SOCWA), a joint powers authority, of which the District is a member agency.

#### Economic Condition and Outlook

The County of Orange has had a consistently strong economic base over time. The unemployment rate continued to increase from 3.8% in November 2023 to 4.0% in November 2024. Median household income for the City of Dana Point in 2023 was \$127,246 compared to \$96,334 for California. The median property value for owner-occupied housing units in the City of Dana Point in 2023 was \$1,200,900. Median data was obtained from the United States Census Bureau.

Tourism is a major part of the District's service area economy due to the area's harbor, beaches, golf courses, resorts, hotels, and visitor-oriented commercial and retail establishments. Property values are high with limited availability of space. The majority of the service area is built out, however, there are areas within the District that are experiencing redevelopment of single-family residences, condominiums, townhomes, and commercial areas that resulted in minor

fluctuations in water and sewer connections in FY 2024. The economic outlook for the area is positive in the long term based on the above-mentioned activities.

#### Water Supply

In 2023, the District approved rates for the period from July 1, 2023 through June 30, 2026, which were adjusted to allocate fixed charges across all service classes, cover all fixed costs, stabilize revenue, maintain ongoing operational and infrastructure needs, and protect customers from rate volatility. This resulted in roughly 60% fixed rates compared to 40% volumetric rates. The District and MWDOC implement aggressive water conservation programs and drought response measures during dry times. As a result, a permanent water conservation ethic appears to have taken place in the District's service area. Hence, water usage has not rebounded to pre-drought levels. District staff forecasts that the service area water demands will remain at these levels over the long-term, partially due to ongoing State Water Conservation mandates.

The District imports the majority of its potable water from the MWD through the MWDOC. The District purchased 4,479 acre feet (AF) of potable water from MWDOC in FY 2024, an increase of 334 AF from the prior fiscal year. The District also pumps potable groundwater from the Groundwater Reclamation Facility (GRF). The GRF produced 555 AF of potable water in FY 2024, a decrease of 211 AF from the prior fiscal year.

The District continues working toward the construction of a 5 million gallons a day (MGD) desalination plant on District-owned property near Doheny State Beach in the City of Dana Point to provide a local source of drought-proof water and reduce dependency on imported water sources. Of the 5 MGD, the District is projected to use up to 3 MGD and project participants will use the remaining capacity. The District has entered into cost-share agreements with two agencies who will participate in the project – Eastern Municipal Water District and Laguna Beach County Water District. To-date, the District has been awarded a total of \$40.1 million in grants for the purpose of building a desalination plant, \$10 million from the State of California and \$30.1 million from the Federal Government. The Federal Government also approved the District for a Water Infrastructure Finance and Innovation Act (WIFIA) low interest loan. The District has achieved all significant permits, including the State Water Board NPDES permit in March 2022, California Coastal Commission (CCC) Coastal Development Permit (CDP) in October 2022, and the State Lands Commission General Land Lease in December 2022.

The project delivery is a progressive design, build, operate, maintain (PDBOM) project. In December 2024, a contract Notice-to-Proceed was issued to a PDBOM firm composed of Hazen, J.R. Filanc, and Acciona (Filanc-Acciona Team). The project will tentatively be completed and operational in FY 2029.

#### Mission/Vision Statements and Major Initiatives

Activities of the Board and staff of the District are driven by its Mission Statement: "We are entrusted by our community to provide water resources essential for sustaining life," and its Vision Statement: "Recognized as a premier water district unsurpassed in customer service, reliability, environmental stewardship, and organizational excellence." The Mission and Vision Statements dictate the following five core values of the District:

1. Accountability – We are answerable for our behavior, actions, decisions, and producing excellence in all we do.

2. Customer Service – We will demonstrate outstanding customer service through dedication, respect, courteous communication, and timely response.
3. Integrity – We commit to the highest standards of ethics, professionalism, and character in working with each other and the public.
4. Leadership – We inspire and guide individuals to work together to achieve our goals, attain excellence in our craft, and push the boundaries of innovation.
5. Teamwork – We work together collaboratively – where planning, decisions, and actions are accomplished more effectively as a group than individually.

#### Major Accomplishments and Future Projects

During FY 2024, the District accomplished the following:

- Completion of the Tunnel Replacement Project
- Completion of the Los Monteros Recycled Water Main Replacement Project
- Completion of the Reservoir 5B Rehabilitation Project

Major capital improvement projects in progress during FY 2024 included the following:

- Tunnel Replacement Project
- Lift Station 2 Replacement Project
- Reservoir 2B Replacement Project

District priorities for FY 2025 are noted below:

1. **STRATEGIC PLAN:** Finalize the annual strategic plan and the District's Long-term Strategic Plan diligently and efficiently, including the re-alignment of the District's Key Performance Indicators and Continuous Improvement Plans with the American Water Works Association (AWWA) Effective Utility Management handbook. The plan will be completed in a way that aligns with the District's commitment to reliable and safe water service, environmental stewardship, and proactive community engagement, positioning the District for sustainable success in the long term.
2. **COMMUNITY SUSTAINABILITY OPPORTUNITIES:** Continue to monitor and participate in external stakeholder discussions as they relate to South Coast Water District. Actively engage in SOCWA discussions related to future structure and agreements that result in the best possible outcome for District ratepayers. Identify an approach that would be most appropriate for low income and limited English proficiency District customers.
3. **DOHENY OCEAN DESALINATION PROJECT:** Successfully initiate the first phase of the Doheny Ocean Desalination Project Progressive Design Build Operate Maintain contract. Key items include securing partners, financing and legal agreements, and applying for additional Federal grant funding.



4. **CONSOLIDATED OPERATIONS HQ & WEST STREET FACILITIES PLAN:** To ensure industry standards are achieved in efficient and effective utility management, the District will complete appraisals for all District-owned properties and complete a conceptual level cost estimate for a Consolidated Operations Facility. Additionally, the District will continue to rehabilitate existing District-staffed facilities to support employee health, safety and functionality.
5. **FINANCIAL STUDIES & POLICIES:** Ensure the continued financial viability of the District, Staff will complete a Feasibility and Rate Structure Study and updated Financial Policies.
6. **PROFESSIONAL DEVELOPMENT:** Promote continued organizational excellence now and in the future by actively encouraging all staff to participate in the Professional Development Series (PDS), Quarterly All Hands Meetings, and Quarterly Lunch & Learn Meetings. Redevelop and launch the Leadership Focus, encourage employee development and training, and ensure that all industry certifications are active and current.
7. **METER TECHNOLOGY UPGRADE IMPLEMENTATION:** Continue to replace failing AMR meter technology throughout the District and fully upgrade to new AMI meter technology to ensure accuracy, supporting our current rate and future structure (peaking), providing equity to all ratepayers and allowing them to monitor their usage via a customer portal (allowing even minute leak detection).
8. **SECURITY, SYSTEMS, EMERGENCY RESPONSE & COMPLIANCE:** Prioritize enterprise resiliency and other security vulnerabilities including emergency response by identifying, prioritizing, and implementing areas of concern based on the periodic regulatory agencies' recommendations and update the Cyber-Security Response Plan, Security Plan, and Emergency Action Plan.

FY 2025 estimated revenues for the Water Fund are \$40.8 million and budgeted expenditures are \$33.3 million. FY 2025 estimated revenues for the Wastewater Fund are \$30.4 million and budgeted expenditures are \$22.6 million. Capital projects for FY 2025 are budgeted at \$33.8 million (\$18 million Water Fund and \$15.8 million Wastewater Fund) and funded by revenues exceeding expenses, undesignated equity, and debt issuance. Major FY 2025 projects include the following:

- Lift Station 2 Rehabilitation and Replacement (\$12 million)
- Reservoir 2B Replacement (\$5.5 million)
- Doheny Ocean Desalination Project (\$4 million)
- Water Meter Replacement/Technology Replacement (\$2.5 million)
- SOCWA Large Capital Projects (\$2.2 million)
- Dana Point Harbor Sewer Replacements /Relocations (\$1million)

#### Water and Sewer Rates

The District conducted a water and sewer rate study during FY 2023 through the Proposition 218 process. New rates were adopted through a public hearing on June 22, 2023, effective for FY 2024 through FY 2026. The goals of the new rates were to cover fixed costs to keep the

District financially stable while maintaining high-quality service, fairly allocate fixed charges across all services classes, and protect against rate volatility. The current rate structure yields approximately 60% of the District's revenues from fixed charges and 40% from commodity sales.

Three components comprise water charges:

- Variable – the price per unit of water.
- Fixed – based on meter size. This charge reflects the costs to recover expenses that exist without the sale of water, such as repairs, maintenance, and rehabilitation of distribution systems.
- Peak Demand – based on a customer's second highest usage month in the previous year. This charge reflects costs incurred to provide, transport, treat, and store water to be able to provide service for all peak demand times throughout the year.

Sewer rates consist of:

- Variable Block – for single family residences, based on calculated winter usage
- Variable Rate – for multi-family residences, based on water usage
- Fixed – for multi-family residences, based on the number of dwelling units
- Low/Medium/High Strength – for commercial customers based on water usage and type of use, such as office, mixed use, and restaurants

During FY 2024, the average monthly water and sewer bill for residential customers using 10 hundred cubic-feet (CCF) including fixed charges was \$88.52 (water) and \$83.93 (sewer). The average monthly bill for commercial customers using 66 CCF was \$457 (water) and \$628 (sewer). The fixed charges include the Peak Demand charge. The average monthly Peak Demand charge was \$24.98 for residential customers and \$164.84 for commercial customers.

#### Internal Control Structure

District management is responsible for the establishment and maintenance of an internal control structure that ensures that assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

#### Budgetary Control

The District Board of Directors adopts an Operating and Capital Budget every fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and financial statement presentation.

#### Investment Policy

The Board has adopted an Investment Policy that conforms to state law, prudent money management, and the “prudent person” standards. The objectives of the policy are safety, liquidity, and then yield. Currently, funds are invested in various securities as authorized by the policy and are managed by Chandler Asset Management.

#### Audit and Financial Reporting

State law and bond covenants require the District to obtain annual audits of its financial statements by an independent certified public accountant. The accounting firm of Clifton Larson Allen LLP has conducted an audit of the District’s financial statements. Their unmodified (clean) Independent Auditor’s Report appears in the Financial Section.

#### Other References

More information is contained in the Management’s Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section of the report.

#### Acknowledgements

I wish to express my appreciation to the entire SCWD Finance and Customer Service Department staff for their contributions to the department during the year. Their efforts are reflected in this report and in other documents resulting from the annual audit process. Special thanks are due to Jackie Tong, Senior Accountant; Elizabeth Andrews C.P.A., Part-time Senior Accountant; Brandi Villegas, Accountant; Tina Gonzalez, Customer Service Supervisor; Monica De Cencak, Senior Payroll Accountant/Finance Analyst; McCabe Forrester, Data Technician Specialist; and Erin Kincade, Senior Accounting Technician. Their significance in preparing final financial documents reflects the quality of this report.

The Board of Directors are to be commended for their interest and support in conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

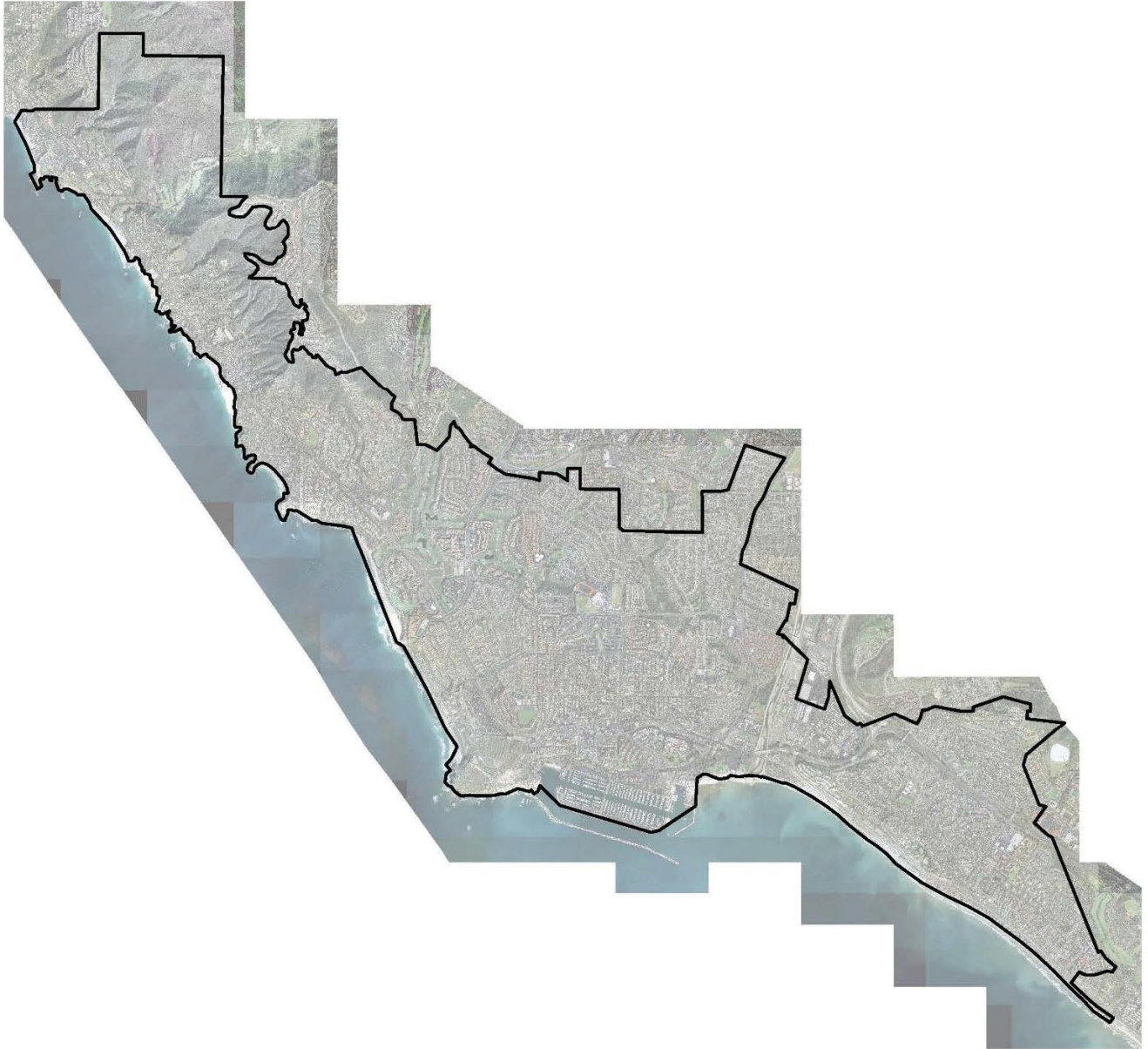
A handwritten signature in black ink, appearing to read "Jenny Pan".

Jenny Pan  
Accounting Manager

A handwritten signature in blue ink, appearing to read "Rick Shintaku".

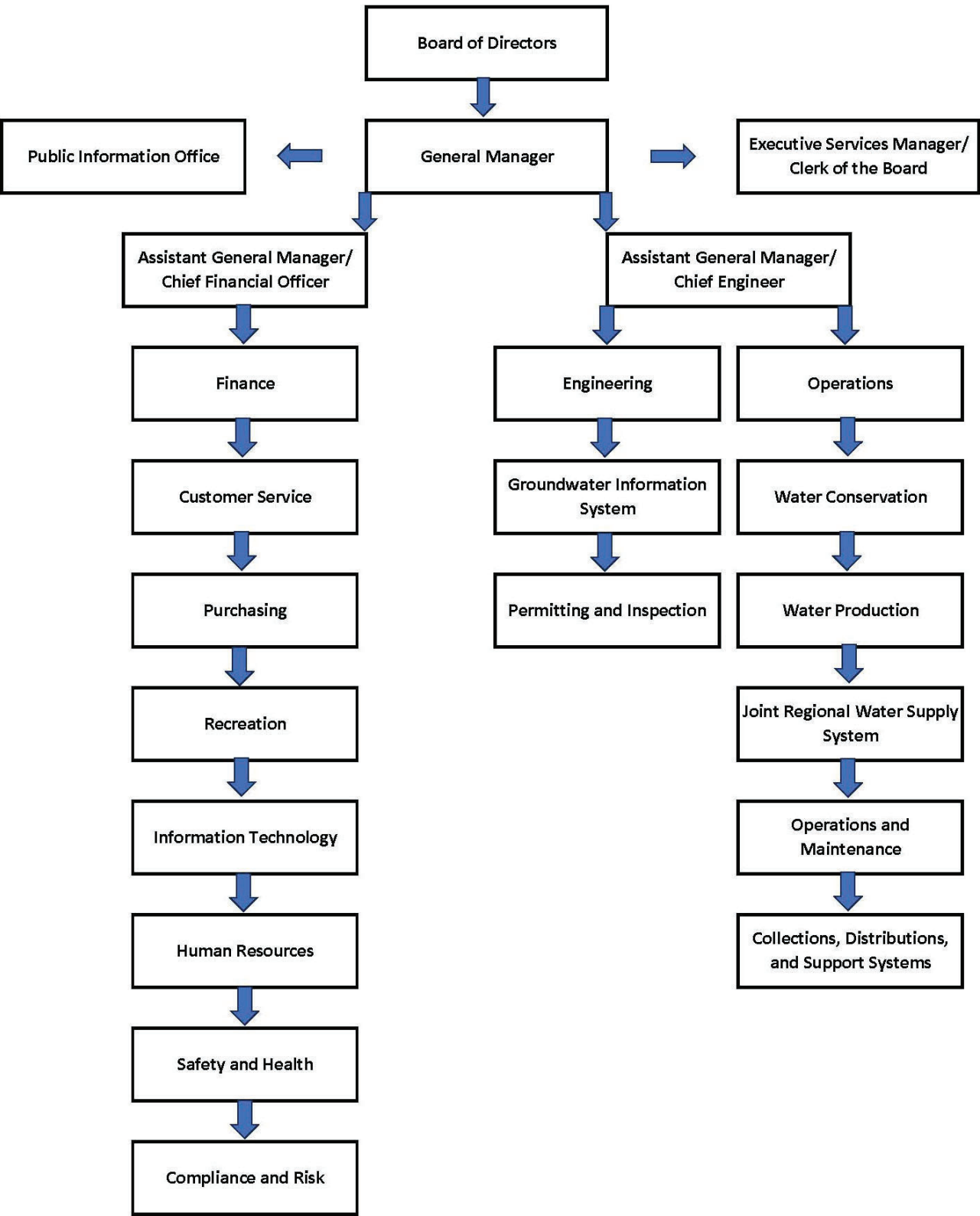
Rick Shintaku, PE  
General Manager

# SOUTH COAST WATER DISTRICT SERVICE AREA





**SOUTH COAST WATER DISTRICT**  
**ORGANIZATION CHART**



## South Coast Water District

### Board of Directors



Doug Erdman  
President



Scott Goldman  
Vice President



Rick Erkeneff  
Director



William Green  
Director



Joe Muller  
Director

### Executive Staff

General Manager  
Assistant General Manager / Chief Engineer

Rick Shintaku  
Marc Serna



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**South Coast Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
South Coast Water District  
Laguna Beach, California

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the South Coast Water District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2024, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***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 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 District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions – pension, schedule of changes in the net OPEB liability and related ratios, and schedule of contributions – OPEB be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual 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 does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Irvine, California  
February 6, 2025



**SOUTH COAST WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
JUNE 30, 2024**

The following discussion and analysis of the financial performance of the South Coast Water District (District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. This section should be read in conjunction with the basic financial statements, notes to the basic financial statements, and the Transmittal Letter in the Introductory Section of this report.

**Financial Highlights**

- Total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$201.7 million (net position), consisting of \$120.7 million in net investment in capital assets, \$4.0 million in restricted for debt service/covenants/OPEB, and \$77.0 million in unrestricted net position. This is an increase of \$10.4 million, or 5.4%, over the prior fiscal year's net position of \$191.4 million.
- Total assets are \$399 million, an increase of \$12.6 million, or 3.3%, from the prior fiscal year. The increase in assets is primarily due to an increase in capital assets of \$22.9 million, a decrease in cash and investments of \$12.1 million, and other smaller fluctuations. The increase in capital assets is due to ongoing construction for a variety of capital projects including the Tunnel Rehabilitation and Sewer Pipeline Replacement project (Tunnel Project). More detailed information related to capital assets is discussed in the Capital Assets section of this document. The decrease in cash and investments was primarily due to construction drawdowns from bond funds. More information regarding cash activity can be found in the Statement of Cash Flows.
- Total liabilities are \$205.1 million, an increase of \$1.8 million, or 0.9%, from the prior fiscal year. This increase is primarily due to the addition of \$1.2 million in accrued construction interest to the Tunnel Project loan, an increase of \$1.5 million in the net pension liability, and an increase of \$0.7 million in accounts payable due to the timing of payments, offset by bond payments of \$1.6 million made during the year.
- Total revenues are \$63.3 million, an increase of \$9 million, or 16.6%, from the prior fiscal year. Operating revenues have an increase of \$4.0 million primarily due to water and sewer rate increases. The \$2.3 million increase in investment income is related to the ongoing effect of higher interest rates. Grant revenues have an increase of \$2.1 million from amount received for the Desalination Plant Construction Study and the Bottleneck No. 2 project. The remaining difference of \$0.6 million is related to property tax increases offset by a decrease in other revenues.
- Total expenses are \$53.4 million, an increase of \$2.5 million, or 4.9%, from the prior fiscal year. Operating expenses have an increase of \$2.1 million primarily due to higher water purchases/costs of \$1.4 million, depreciation of \$1.7 million, sewer treatment plant projects of \$0.6 million, and transmission and distribution costs of \$0.5 million. These increases are offset by decreases in general and administrative costs of \$2.2 million. The remaining difference of \$0.1 million is related to other smaller variations. Non-operating expenses increase by \$0.4 million, primarily related to an increase in interest expenses of \$0.3 million. More detailed information can be found in the Activities and Changes in Net Position section of this document.
- Net income before capital contributions is \$9.9 million, up from \$3.4 million in the prior fiscal year. The increase is due to the increase in total revenues as discussed above.

**SOUTH COAST WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
JUNE 30, 2024**

**Required Financial Statements**

The annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The financial statements consist of one fund for the District's activities, combining the Water and Sewer funds. The District maintains its accounting records on an enterprise basis, as it is the intent of the Board of Directors that the costs of providing water and sewer services to customers of the District are financed primarily through user charges.

The Statement of Net Position includes all investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. This statement also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing liquidity and financial flexibility.

The Statement of Revenues, Expenses, and Changes in Net Position accounts for all current year revenues and expenses. This statement measures the performance of operations over the past year and is used to determine if the District has successfully recovered all its costs through its rates and other charges. Other uses for this statement are to evaluate profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period by reporting cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities. This statement provides answers to such questions as where cash came from, what cash was used for, and the change in cash balance during the reporting period.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements are on pages 20 through 54.

**Financial Analysis of the District**

One of the most important questions asked about District finances is, "Is the District better or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All current year revenues and expenses are considered regardless of when the cash is received or paid.

These two statements report *net position* and changes during the fiscal year. You can think of net position (the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources), as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will also need to consider other non-financial factors such as changes in

**SOUTH COAST WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
JUNE 30, 2024**

economic conditions, conservation mandates, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

The following condensed schedules contain summary financial information extracted from the basic financial statements to assist general readers in evaluating the District's overall financial position and results of operations as described in this Management's Discussion and Analysis (MD&A). Increases or decreases in these schedules can be used as performance indicators to assess whether the 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 a part of this analysis.

### Financial Position Summary

The Statement of Net Position reflects the District's financial position as of June 30, 2024. This statement includes assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position represents net worth including, but not limited to, capital contributions and investments in capital assets. A condensed summary of the District's total net position is set forth below:

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 109,680,808	\$ 120,255,269	\$ (10,574,461)	-8.8%
Capital assets:				
Not depreciable	38,897,205	129,543,067	(90,645,862)	-70.0%
Being depreciated (net of accumulated depreciation)	241,720,743	128,178,048	113,542,695	88.6%
Other assets				
Leases Receivable	377,289	402,216	(24,927)	-6.2%
Equity in joint venture	8,206,697	7,666,324	540,373	7.0%
Net OPEB Asset	135,955	360,058	(224,103)	-62.2%
<b>Total assets</b>	<u>399,018,697</u>	<u>386,404,982</u>	<u>12,613,715</u>	3.3%
Deferred outflows of resources:				
Deferred amounts on refunding, pension & OPEB	<u>10,729,455</u>	<u>11,914,189</u>	<u>(1,184,734)</u>	-9.9%
Liabilities:				
Current liabilities	19,978,898	15,247,327	4,731,571	31.0%
Non-current liabilities	185,142,559	188,065,606	(2,923,047)	-1.6%
<b>Total liabilities</b>	<u>205,121,457</u>	<u>203,312,933</u>	<u>1,808,524</u>	0.9%
Deferred inflows of resources:				
Deferred amounts on pension, OPEB & leases	<u>2,901,461</u>	<u>3,654,716</u>	<u>(753,255)</u>	-20.6%
Net position:				
Net investment in capital assets	120,730,589	118,808,393	1,922,196	1.6%
Restricted for debt service/covenants/OPEB	3,981,139	4,143,232	(162,093)	-3.9%
Unrestricted	77,013,506	68,399,897	8,613,609	12.6%
<b>Total net position</b>	<u>\$ 201,725,234</u>	<u>\$ 191,351,522</u>	<u>\$ 10,373,712</u>	5.4%

As noted earlier, net position may serve as a useful indicator over time of a government's financial position. In the case of the District, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$201.7 million as of June 30, 2024. The net change between fiscal year (FY) 2024 and 2023 is an increase of \$10.4 million or 5.4%. This increase is primarily related to total revenues exceeding expenses by \$9.9 million for FY 2024 as described in the Financial Highlights section of this document.

**SOUTH COAST WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
JUNE 30, 2024**

Assets increase by \$12.6 million or 3.3%, from FY 2023. Primary reasons for this increase are as follows:

- Cash and investments are \$80 million, an increase of \$12.1 million, or 17.8%, primarily due to excess revenues over expenses during the year. Cash and investments restricted by debt agreements are \$19.8 million, a decrease of \$23.6 million, or -54.3%, due to construction drawdowns from bond funds.
- Capital assets not being depreciated are \$38.9 million, a decrease of \$90.6 million, or -70%, from the prior fiscal year due to completion and capitalization of projects of \$121.5 million, offset by additions to ongoing construction of \$30.9 million. Capital Assets being depreciated (net of accumulated depreciation) are \$241.7 million, an increase of \$113.5 million from FY 2023 primarily due to infrastructure additions of \$120.3 million noted above offset by net depreciation expense of -\$8.3 million. The remaining amount of \$1.5 million is related to smaller fluctuations in various asset classes. More detailed information can be found in the Capital Assets section of this document.

Liabilities increase by \$1.8 million, or 0.9%, from FY 2023. Primary reasons for this increase are as follows:

- Current Liabilities increase by \$4.7 million, or 31%, due to Tunnel Project loan principal payments of \$2.3 million beginning in FY 2025, accrued interest of \$1.4 million primarily related to construction interest added to the Tunnel Project loan, and an increase of \$0.7 million in accounts payable resulting from the timing of payments made by the District. The remaining amount of \$0.3 million is related to smaller fluctuations in various areas.
- Non-current Liabilities decrease by \$2.9 million, or -1.6%, from prior fiscal year. This is primarily due to the Tunnel Project loan's first principal payment of \$2.3 million due in 2025 being reported as a current liability as noted above, bond principal payments of \$1.6 million, and an increase in the net pension liability pursuant to GASB 68. The remaining amount of \$0.4 million is related to smaller fluctuations in other non-current liabilities.

By far the largest part of the District's net position (59.8% as of June 30, 2024) reflects the investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets. The District uses these capital assets to provide services to customers within its service area; so, these assets are *not* available for future spending.

Restricted net position decreases by \$.0.2 million or -3.9% due to the decrease in net position restricted for OPEB.

**SOUTH COAST WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
JUNE 30, 2024**

**Activities and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position summarizes operations during the current fiscal year. A summary of the District's changes in net position for the fiscal year ended June 30, 2024, is included below:

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Revenues:</b>				
Operating revenues:				
Water sales	\$ 21,912,644	\$ 20,520,885	\$ 1,391,759	6.8%
Sewer service charges	20,575,587	18,030,330	2,545,257	14.1%
Recycled water	2,132,750	2,042,287	90,463	4.4%
Recreation facilities	362,042	350,383	11,659	3.3%
Total operating revenues	<u>44,983,023</u>	<u>40,943,885</u>	<u>4,039,138</u>	9.9%
Non-operating revenues:				
Investment income/(loss)	3,756,027	1,487,587	2,268,440	152.5%
Grant revenues	2,581,007	528,351	2,052,656	388.5%
Property taxes - general and bond levy	8,681,108	8,188,332	492,776	6.0%
Rental income (net of expenses)	1,725,076	1,448,705	276,371	19.1%
Other revenues	1,559,220	1,668,319	(109,099)	-6.5%
Total non-operating revenues	<u>18,302,438</u>	<u>13,321,294</u>	<u>4,981,144</u>	37.4%
<b>Total revenues</b>	<u>63,285,461</u>	<u>54,265,179</u>	<u>9,020,282</u>	16.6%
<b>Expenses:</b>				
Operating expenses:				
Source of supply (purchased water)	8,286,004	6,919,548	1,366,456	19.7%
Groundwater recovery facility	1,286,698	1,298,695	(11,997)	-0.9%
Recycled water	1,861,101	1,492,669	368,432	24.7%
Pumping expense	1,180,270	1,169,565	10,705	0.9%
Sewer treatment plant	5,014,262	4,427,761	586,501	13.2%
Transmission and distribution	5,544,935	5,080,955	463,980	9.1%
Operations support	3,118,927	3,210,820	(91,893)	-2.9%
Recreation facilities	367,747	328,087	39,660	12.1%
Engineering and consulting	1,584,731	1,717,815	(133,084)	-7.7%
General and administrative	12,497,370	14,650,070	(2,152,700)	-14.7%
Depreciation	8,272,355	6,610,367	1,661,988	25.1%
Total operating expenses	<u>49,014,400</u>	<u>46,906,352</u>	<u>2,108,048</u>	4.5%
Non-operating expenses:				
Interest expense	4,351,724	4,018,391	333,333	8.3%
Loss/(Gain) on disposal of capital assets	(14,969)	(71,600)	56,631	-79.1%
Total non-operating expenses	<u>4,336,755</u>	<u>3,946,791</u>	<u>389,964</u>	9.9%
<b>Total expenses</b>	<u>53,351,155</u>	<u>50,853,143</u>	<u>2,498,012</u>	4.9%
 <b>Income before capital contributions</b>	 9,934,306	 3,412,036	 6,522,270	 191.2%
Capital contributions	439,406	179,099	260,307	145.3%
<b>Change in net position</b>	<u>10,373,712</u>	<u>3,591,135</u>	<u>6,782,577</u>	188.9%
<b>Net position at beginning of year</b>	<u>191,351,522</u>	<u>187,760,387</u>	<u>3,591,135</u>	1.9%
<b>Net position at end of year</b>	<u>\$ 201,725,234</u>	<u>\$ 191,351,522</u>	<u>\$ 10,373,712</u>	5.4%



**SOUTH COAST WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The Statement of Revenues, Expenses, and Changes of Net Position details how net position changed during the fiscal year. Net position has an increase of \$10.4 million (5.4%) for the fiscal year ended June 30, 2024. A closer examination of the sources of changes in net position reveals that:

- Water sales increase by \$1.4 million, or 6.8%, from the prior fiscal year. This is primarily due to the implementation of the first of a three-year rate increase for single family, multi-family, and commercial businesses. Rates for FY 2024 are 7% higher than in FY 2023.
- Sewer service charges increase by \$2.5 million, or 14.1%, from the prior fiscal year. This is primarily due to the implementation of the first of a two-year rate increase for single family, multi-family, and commercial businesses. Rates for FY 2024 are 12% higher than in FY 2023.
- Investment income increases by \$2.3 million, or 152.5%, from FY 2023 primarily due to the continuing higher interest rate environment of investments.
- Grant revenues increase by \$2.1 million, or 388.5%, from the prior fiscal year due to significant grant revenues received from the United States Bureau of Reclamation in FY 2024 for reimbursement of planning costs for the Doheny Desalination Plant Construction Study and for the Bottleneck No. 2 project.
- Other revenues decrease by \$0.1 million, or -6.5%, from the prior fiscal year.
- Source of supply costs for purchased water increase by \$1.4 million, or 19.7%, from the prior fiscal year. This increase is primarily due to water purchases from the Municipal Water District of Orange County (MWDOC) of \$1.2 million. The remaining amount of \$0.2 million is related to smaller fluctuations in other accounts.
- General and administrative costs decrease by \$2.2 million, or -14.7%, during FY 2024 due to decreases of \$1.6 million in consulting costs, \$1 million in the CalPERS pension expense account, and \$0.6 million in legal fees, offset by increases of \$0.7 million in salaries and benefits and \$0.2 million in OPEB costs. The remaining amount of \$0.1 million is related to smaller fluctuations in other areas. The decrease in consulting costs and legal fees is primarily due to capitalization/reduction of Doheny Desalination expenses into capital assets in FY 2024. The decrease in the CalPERS pension expense account is related to activity required by GASB 68. The increase in salaries and benefits is related to new hires and cost of living and merit increases for the District. The increase in OPEB costs is related to activity required by GASB 75.
- Depreciation expense increases by \$1.7 million, or 25.1%, from the previous year primarily due to completion and the initiation of depreciation for \$120.3 million in infrastructure assets.

**SOUTH COAST WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
JUNE 30, 2024**

**Capital Assets**

Changes in capital asset amounts for FY 2024 are as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2024</u>
Capital assets:				
Capital assets, not being depreciated	\$ 129,543,067	\$ 30,888,158	(121,534,020)	\$ 38,897,205
Capital assets, being depreciated	289,720,774	121,856,420	(2,066,442)	409,510,752
Less accumulated depreciation	<u>(161,542,726)</u>	<u>(8,272,355)</u>	<u>2,025,072</u>	<u>(167,790,009)</u>
Total capital assets, net	<u>\$ 257,721,115</u>	<u>\$ 144,472,223</u>	<u>\$ (121,575,390)</u>	<u>\$ 280,617,948</u>

At the end of FY 2024, the District's capital assets are \$280.6 million (net of accumulated depreciation). The capital assets include land, treatment systems, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, vehicles, subscription-based information technology agreements (SBITA), and construction-in-process, etc.

Major capital asset projects completed and capitalized in fiscal year 2024 include:

- \$4.8 million – Golden Lantern/Stonehill RW Bottleneck
- \$0.9 million – Los Monteros Recycled Water Main Replacement
- \$112.5 million – Tunnel Stabilization and Sewer Pipeline and Repairs (All Phases)
- \$1.8 million – Meter Replacement

Activity in capital assets, not being depreciated, consisted of transactions for construction in progress. Major additions to construction in progress include:

- \$4.7 million – Tunnel Stabilization and Sewer Pipeline-Phase 3
- \$6.0 million – Lift Station No. 2 Replacement and Rehabilitation
- \$3.3 million – Golden Lantern/Stonehill RW Bottleneck
- \$1.8 million – SOCWA Projects
- \$1.3 million – Reservoir 5 B Rehabilitation
- \$3.5 million – Reservoir 2B Replacement
- \$1.7 million – Meter Replacement
- \$3.9 million – Doheny Desalination Study/Planning

Major deletions/transfers from capital assets, not being depreciated (\$121.5 million) include the completed and capitalized projects noted above.

See Note 4 in the Notes to the Basic Financial Statements for additional information regarding capital assets.

**SOUTH COAST WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(REQUIRED SUPPLEMENTARY INFORMATION)  
JUNE 30, 2024**

**Long-Term Debt**

Changes in long-term debt amounts for the year ended June 30, 2024, are as follows:

	<b>Balance 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 2024</b>
2016 State Resources Funding Loan	\$ 89,657,744	\$ 121,621		\$ 89,779,365
Notes Payable	-			-
2016A Refunding Revenue Bonds	6,985,000		(1,030,000)	5,955,000
2019A Revenue Bonds	41,680,000		-	41,680,000
2020A Revenue Bonds	30,810,000		(590,000)	30,220,000
Subtotal	169,132,744	121,621	(1,620,000)	167,634,365
Add (Less):				
2016A Refunding Revenue Bonds Premium	999,895		(179,085)	820,810
2019A Revenue Bonds Premium	3,166,711		(123,379)	3,043,332
2020A Revenue Bonds Premium	2,247,145		(82,338)	2,164,807
Total	175,546,495	121,621	(2,004,802)	173,663,314
Subscriptions Payable	510,171	53,822	(88,933)	475,060
Compensated Absences	1,666,531	1,281,186	(1,139,461)	1,808,256
Total	2,176,702	1,335,008	(1,228,394)	2,283,316
Total	\$ <u>177,723,197</u>	\$ <u>1,456,629</u>	\$ <u>(3,233,196)</u>	\$ <u>175,946,630</u>

The District's long-term liabilities decrease by \$2.9 million, or -1.6%, for the fiscal year ended June 30, 2024. Activity during the fiscal year consists of scheduled debt payments, amortization, subscription payables, and compensated absence usage and accruals.

See Note 5 in the Notes to the Basic Financial Statements for additional information regarding long-term debt.

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders, and other interested parties with an overview of financial operations and conditions. Questions regarding the information included in this report or requests for additional information should be directed to the District at 31592 West Street, Laguna Beach, California 92651, or the Finance Department at (949) 499-4555.

## **BASIC FINANCIAL STATEMENTS**

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**SOUTH COAST WATER DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2024**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and Investments	\$ 79,954,028
Utility Accounts Receivable	2,685,676
Property Taxes Receivable	700,790
Grants Receivable	262,772
Accrued Interest Receivable	258,309
Other Receivables	5,376,686
Leases Receivable	24,928
Prepaid Expenses and Other Assets	605,237
Cash and Investments Restricted by Debt Agreements	<u>19,812,382</u>
Total Current Assets	109,680,808

**NONCURRENT ASSETS**

Capital Assets:	
Not Being Depreciated	38,897,205
Being Depreciated/Amortized	
(Net of Accumulated Depreciation/Amortization)	<u>241,720,743</u>
Net Capital Assets	280,617,948
Other Assets:	
Leases Receivable	377,289
Equity in Joint Venture	8,206,697
Net OPEB Asset	<u>135,955</u>
Total Noncurrent Assets	<u>289,337,889</u>
 Total Assets	 399,018,697

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Refunding Charges	1,165,165
Pension Related	8,112,170
OPEB Related	<u>1,452,120</u>
Total Deferred Outflows of Resources	10,729,455

*See accompanying Notes to Basic Financial Statements.*

**SOUTH COAST WATER DISTRICT  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2024**

**LIABILITIES, DEFERRED INFLOWS OF  
RESOURCES, AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable	\$ 11,100,858
Accrued Salaries and Benefits	390,483
Advances from Developers	92,455
Customer Deposits	411,478
Accrued Interest Payable	2,649,288
Unearned Revenue	20,316
Current Portion of Loans Payable	2,318,935
Current Portion of Bonds Payable	1,695,000
Current Portion of Subscriptions Payable	160,626
Current Portion of Compensated Absences	1,139,459
Total Current Liabilities	<u>19,978,898</u>

**NONCURRENT LIABILITIES**

Loans Payable	87,460,430
Bonds Payable	82,188,949
Subscriptions Payable	314,434
Compensated Absences	668,797
Net Pension Liability	14,509,949
Total Noncurrent Liabilities	<u>185,142,559</u>

Total Liabilities	205,121,457
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**DEFERRED INFLOWS OF RESOURCES**

Pension Related	1,472,816
OPEB Related	1,071,776
Leases Related	356,869
Total Deferred Inflows of Resources	<u>2,901,461</u>

**NET POSITION**

Net Investment in Capital Assets	120,730,589
Restricted for OPEB	135,955
Restricted for Debt Service	3,845,184
Unrestricted	<u>77,013,506</u>
Total Net Position	<u><u>\$ 201,725,234</u></u>

*See accompanying Notes to Basic Financial Statements.*

**SOUTH COAST WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2024**

**OPERATING REVENUES**

Water Sales	\$ 21,912,644
Sewer Service Charges	20,575,587
Recycled Water	2,132,750
Recreation Facilities	362,042
Total Operating Revenues	<u>44,983,023</u>

**OPERATING EXPENSES**

Source of Supply (Purchased Water)	8,286,004
Groundwater Recovery Facility	1,286,698
Recycled Water	1,861,101
Pumping Expense	1,180,270
Sewer Treatment Plant	5,014,262
Transmission and Distribution	5,544,935
Operations Support	3,118,927
Recreation Facilities	367,747
Engineering and Consulting	1,584,731
General and Administrative	12,497,370
Depreciation and Amortization	8,272,355
Total Operating Expenses	<u>49,014,400</u>

**LOSS FROM OPERATIONS** (4,031,377)

**NONOPERATING REVENUES (EXPENSES)**

Property Taxes	8,681,108
Grants Revenue	2,581,007
Investment Income	3,756,027
Other Revenues	1,559,220
Rental Income, Net	1,725,076
Interest Expense	(4,351,724)
Gain on Disposal of Capital Assets	14,969
Total Nonoperating Revenues (Expenses)	<u>13,965,683</u>

**INCOME BEFORE CAPITAL CONTRIBUTIONS** 9,934,306

**CAPITAL CONTRIBUTIONS**

Connection Fees	439,406
Total Capital Contributions	<u>439,406</u>

**CHANGE IN NET POSITION** 10,373,712

Net Position - Beginning of Year 191,351,522

**NET POSITION - END OF YEAR** \$ 201,725,234

See accompanying Notes to Basic Financial Statements.

**SOUTH COAST WATER DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Customers	\$ 40,310,358
Cash Payments to Suppliers for Goods and Services	(36,904,341)
Cash Payments to Employees for Services	(8,088,017)
Other Operating Revenues	<u>1,559,220</u>
Net Cash Used by Operating Activities	(3,122,780)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Proceeds from Property Taxes	<u>8,543,124</u>
Net Cash Provided by Noncapital Financing Activities	8,543,124

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisitions and Construction of Capital Assets	(24,406,058)
Proceeds from Capital Grant	2,939,139
Proceeds from Sale of Capital Assets	56,338
Receipt of Loan Receivable	3,563,062
Repayment of Loans, Bonds, Subscriptions Payable	(1,708,927)
Interest Paid	(3,124,639)
Water and Sewer Connection Fees Received	439,406
Rental Income Received	1,714,400
Receipt (Return) of Customer Deposits and Developer Advances	<u>(73,931)</u>
Net Cash Used by Capital and Related Financing Activities	(20,601,210)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Redemptions and Sales	10,834,289
Investment Purchases	(10,806,512)
Interest Income Received	<u>2,771,673</u>
Net Cash Provided by Investing Activities	<u>2,799,450</u>

**DECREASE IN CASH AND CASH EQUIVALENTS**

(12,381,416)

Cash and Cash Equivalents - Beginning of Year

89,051,103

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 76,669,687

*See accompanying Notes to Basic Financial Statements.*

**SOUTH COAST WATER DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**RECONCILIATION OF LOSS FROM**

**NET CASH USED BY OPERATING ACTIVITIES**

Loss from Operations	\$ (4,031,377)
Adjustments to Reconcile Loss from Operations to	
Net Cash Used by Operating Activities:	
Operating Activities:	
Depreciation	8,272,355
Other Revenues	1,559,220
Changes in Assets, Deferred Outflows of Resources,	
Liabilities, and Deferred Inflows of Resources:	
(Increase) Decrease in Utility Accounts Receivable	(347,818)
(Increase) Decrease in Other Receivables	(4,194,968)
(Increase) Decrease in Prepaid Expenses and Other Assets	(139,110)
(Increase) Decrease in Investment in Joint Venture	(540,373)
Increase (Decrease) in Net OPEB Asset	224,103
(Increase) Decrease in Deferred Outflows of Resources	1,062,447
Increase (Decrease) in Accounts Payable	(5,985,784)
Increase (Decrease) in Accrued Salaries and Benefits	194,471
Increase (Decrease) in Customer Deposits	(120,254)
Increase (Decrease) in Unearned Revenue	(9,625)
Increase (Decrease) in Compensated Absences	141,725
Increase (Decrease) in Net Pension Liability	1,486,690
Increase (Decrease) in Deferred Inflows of Resources	<u>(694,482)</u>
Net Cash Used by Operating Activities	<u><u>\$ (3,122,780)</u></u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS  
TO STATEMENT OF NET POSITION**

Cash and Investments	\$ 79,954,028
Cash and Investments Restricted by Debt Agreements	19,812,382
Less: Investments with Maturities Greater than Three Months	<u>(23,096,723)</u>
Cash and Cash Equivalents	<u><u>\$ 76,669,687</u></u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL  
AND RELATED FINANCING AND INVESTING ACTIVITIES**

Capital Assets in Accounts Payable	<u><u>\$ 6,725,545</u></u>
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*See accompanying Notes to Basic Financial Statements.*

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1    REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.    Organization and Description of Reporting Entity**

South Coast Water District (the District) was formed in 1932 under the California Water Code. The District serves an area of approximately 8.8 square miles, encompassing the City of Dana Point and portions of the Cities of Laguna Beach, San Clemente, and San Juan Capistrano.

Effective July 1, 1976, the District was designated as successor to the South Laguna Sanitary District for the purpose of succeeding to all rights, duties and obligations of the South Laguna Sanitary District under Orange County Reorganization No. 31. These functions are performed by the District under the title of the South Coast Water District Improvement District No. 1-S. The Improvement District serves an area of approximately 2,750 acres located within the water operation boundaries.

In February 1997, the District entered into an agreement for the District-served Laguna Sur/Monarch Point Community to be annexed by the Moulton Niguel Water District (the Reorganization RO 96-05). This reorganization was effective July 1, 1997.

In June 1998, the District was the primary filing applicant in a request for consolidation filed with the Local Agency Formation Commission of Orange County (LAFCO). In October 1998, LAFCO adopted resolution RO 97-18, effective January 1, 1999, which provided for the consolidation of the District and Capistrano Beach Water District, and the dissolution of the Dana Point Sanitary District. The District was the successor agency to this consolidation.

Following the consolidation, the District established four separate financial zones, each separately accounting for assets, reserves, bond obligations, and operations. Rates, charges, and assessments for water and sewer services varied between financial zones. Based on a Financial Equalization Study completed in 2002, the District implemented an Asset Equalization Charge and no longer maintained separate accounting by service area.

On July 1, 1999, a portion of the service area of the District that is within the City of Laguna Beach was annexed by the city for delivery of services. The agreement between the District and the City of Laguna Beach provides for the District to continue to provide both water and sewer service to this area for several years. The agreement provides for annual extensions of services unless terminated by either party.

Effective November 15, 2021, through a resolution adopted by LAFCO, the City of San Juan Capistrano (CSJC) transferred their water and wastewater services to the Santa Margarita Water District. Through this process, customers whose water service was provided by CSJC but located in the District's service area were made the District's water customers.



**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1    REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**A.    Organization and Description of Reporting Entity (Continued)**

The majority of the District's water supply is purchased from the Metropolitan Water District through the Municipal Water District of Orange County and 10% to 15% of the annual water is produced by the District's Groundwater Recovery Facility.

The financial statements present the District and its component units. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority on the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District.

The District's reporting entity includes the South Coast Water District Financing Authority (the Financing Authority), a California nonprofit public benefit corporation, formed for the purpose of providing financial assistance to the District. Although the District and the Financing Authority are legally separate entities, the District's board of directors is financially responsible for the Financing Authority and, therefore, the accompanying financial statements include the accounts and records of the Financing Authority using the blending method as required by accounting principles generally accepted in the United States of America. There are no separate financial statements for the Financing Authority.

The South Coast Water District owns and operates the Dana Hills Tennis Center (Tennis Center). The Tennis Center operates tennis courts and related facilities, charging fees to the public.

**B.    Basis of Accounting, Measurement Focus, and Financial Statement Presentation**

**Proprietary Fund**

The District's activities are reported in an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to business enterprises, where the intent of providing goods and services to the general public on a continuing basis is financed or recovered primarily through user charges.

The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with the District's activities are included on the statement of net position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when the liability is incurred regardless of the timing of cash flow.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1    REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**B. Basis of Accounting, Measurement Focus, and Financial Statement Presentation  
(Continued)**

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, delivering water, and collecting, treating and disposing of wastewater in connection with the District's principal ongoing operations. The District's principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses, and Changes in Net Position.

**C. Joint Powers Agreements**

The District is a participant in both the South Orange County Wastewater Authority (SOCWA) and the San Juan Basin Authority (SJBA) for the purposes of (1) operating and maintaining wastewater delivery, treatment and disposal facilities and (2) management of regional groundwater and recycled water facilities.

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

The District is a member of SOCWA, which collects, 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 seven member agencies, including two cities, four water districts, and one community services district, which appoints representatives to the board of directors. The board of directors controls the operations of SOCWA, including selection of management and approval of the annual budget. SOCWA has project committees through which member agencies participate in financially supporting operations and capital investment 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 deposits money with SOCWA to cover its share of operations and for capital in the project committees in which it participates. Construction deposits made to SOCWA for capital projects are recorded as capital assets. To obtain complete financial information from SOCWA please contact SOCWA's Finance Controller at 34156 Del Obispo Street, Dana Point, CA 92629.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1    REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**C. Joint Powers Agreements (Continued)**

San Juan Basin Authority (a California Joint Powers Authority)

The District is also a member of the SJBA, which is a joint powers authority formed to secure and develop water rights for its member agencies. It currently has permits for usage of the San Juan Groundwater Basin as an underground storage reservoir. Its board of directors consists of representatives from member agencies that govern 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.

The District has no equity interest in SJBA and does not receive a share of operating results. Construction deposits made to SJBA for capital projects are recorded as capital assets. To obtain complete financial information from SJBA contact South Coast Water District's Assistant General Manager/Chief Financial Officer.

**D. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at fair value. In the financial statements, changes in fair value that occur during a fiscal year are recognized as investment income reported for the fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**E. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**F. Allowance for Doubtful Accounts**

An allowance for doubtful accounts has not been established for utility accounts receivable, as District management believes all amounts are collectible. Accounts having balances outstanding over 60 days are not significant for the fiscal year ended June 30, 2024.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1    REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**G. Revenue Recognition**

Revenues are recognized when earned and recorded as meters are read. Metered water accounts are read and billed monthly on 30-day cycles. Residential wastewater customers fixed charges are included on their property tax bills. Commercial wastewater customers fixed charges are billed on a monthly basis. In certain areas of the District, the wastewater billing is handled by another water utility agency but is estimated and accrued as revenues by the District each month. These third-party collections are forwarded to the District monthly, based on actual receipts. Unbilled water and wastewater charges are accrued for the period from the last meter reading through year-end and are included in accounts receivable. Unbilled accounts receivable amounted to \$1,023,223 at June 30, 2024, which is included in utility accounts receivable in the accompanying statement of net position.

**H. Compensated Absences**

The District has a policy whereby employees can accumulate sick leave and vacation. The sick leave is to be used for extended periods of sickness. Upon an employee's termination or retirement, a portion of the earned and accrued benefits will be paid out in cash. Upon completion of employment, employees with three years or more service will be paid for 50% of the then unused sick leave at regular payroll rates in effect at the date of the termination. The District has accounted for these future benefits by accruing the following unused sick leave and vacation costs, which are included in compensated absences in the accompanying statement of net position:

Unused Sick Leave	\$ 866,432
Unused Vacation	941,824
Total	<u>\$ 1,808,256</u>

**I. Capital Assets**

Capital assets are stated at cost with an initial cost of \$5,000 or more. Contributed capital assets are recorded at acquisition value as of date received and consist primarily of potable water, recycled water, and sewer systems contributed by real estate developers. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of capital assets as follows:

Treatment Plants	40-50 Years
Buildings and Structures	30-40 Years
Infrastructure	40-100 Years
Machinery and Equipment	5-10 Years
Vehicles	10-15 Years

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1    REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**I.    Capital Assets (Continued)**

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-based information technology arrangement (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**J.    Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The category of deferred outflow of resources reported in the statement of net position is related to debt refunding, pensions, and other postemployment benefits. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 8 and 9.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 8 and 9. The statement of net position also report a deferred inflow of resources related to leases which are more fully discussed in Note 3.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1    REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**K.    Net Position**

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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

*Restricted Net Position* - Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

*Unrestricted Net Position* - Is the amount of net position that does not meet the definition of the two preceding categories.

**L.    Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**M.    Property Taxes**

Property tax in California is levied in accordance with Article XIIA of the state constitution at 1% of countywide assessed valuations. Property taxes collected by the levying agency are placed in a pool, and then allocated to the local governmental units. Property tax revenue is recognized in the fiscal year in which taxes are levied.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment – November 10 Second Installment – February 10
Delinquent Date:	First Installment – December 10 Second Installment – April 11



**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1    REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**N. Pensions**

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

**O. Postemployment Benefits Other Than Pensions (OPEB)**

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

**P. Use of Estimates**

The financial statements are prepared in accordance with generally accepted accounting principles in the United States and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

**NOTE 2    CASH AND INVESTMENTS**

Cash and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 79,954,028
Cash and Investments Restricted by Debt Agreements	19,812,382
Total Cash and Investments	<u>\$ 99,766,410</u>

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

Cash on Hand	\$ 1,600
Deposits with Financial Institutions	3,103,011
Investments	76,849,419
Investments Held by Bond Fiscal Agents	19,812,380
Total Cash and Investments	<u>\$ 99,766,410</u>

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

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

The table on the following page identifies investment types available to the District as authorized by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The District's investment policy also contains certain allocation goals or targets that are viewed to be general guidelines to promote diversification, rather than restrictions. The District determines conformity to any percentage limitations or guidelines contained in its investment policy, or the California Government Code, by comparing the specified investment balance as of a given date to the total par value of the District's cash and investment portfolio as of the beginning of the fiscal year containing that date.

This table does not address investments of debt proceeds held by bond trustees 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.

Investment Types Authorized by State Law or the District's Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Municipal Bonds	5 Years	30%	5%
U.S. Treasury Obligations	5 Years	None	None
Federal Agency Securities	5 Years	None	30%
Banker's Acceptances	180 Days	40%	5%
Commercial Paper	270 Days	25%	5%
Negotiable Certificates of Deposit	5 Years	30%***	5%**
Certificates of Deposit Placement Service	5 Years	30%***	N/A
Repurchase Agreements	1 Year	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75,000,000
Medium-Term Corporate Notes	5 Years	30%	5%
Mortgage Pass-Through Securities	5 Years	20%	5%
Money Market Mutual Funds	N/A	20%	None
Supranational Securities	5 Years	30%	10%
Local Government Investment Pools (CAMP)	N/A	None	None

\* Based on state law requirements or investment policy requirement, whichever is more restrictive.

\*\* Allowed up to FDIC limit.

\*\*\* The 30% maximum percentage of portfolio is applicable to negotiable certificates of deposit and certificates of deposit placement service in aggregate.

N/A - Not Applicable

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**B. Investments Authorized by Debt Agreements**

Investments of debt proceeds held by bond trustees are governed by the provisions of debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. Investments authorized for funds held by bond trustees include U.S. Treasury obligations, U.S. government-sponsored agency securities, certificates of deposit, banker's acceptance, commercial paper, money market mutual funds, prefunded municipal bonds, investment agreements, local agency investment funds, and local government investment pools. There are no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed, or the maximum maturity of an investment, except for the maturity of commercial paper, which are limited to 270 days.

**C. Disclosures Relating to Interest Rate Risk**

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

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table, which shows the distribution of the District's investments by maturity as of June 30, 2024.

Investment Type	Remaining Maturity				Total
	6 Months or Less	7 to 12 Months	13 to 24 Months	25 to 60 Months	
Money Market Mutual Funds	\$ 153,157	\$ -	\$ -	\$ -	\$ 153,157
U.S. Treasury Obligations	2,373,100	360,443	2,723,469	2,789,315	8,246,327
Medium-Term Corporate Notes	783,098	974,005	717,975	2,701,207	5,176,285
Federal Agency Securities	391,887	390,852	967,963	5,732,159	7,482,861
Supranational Securities	296,645	-	499,115	446,771	1,242,531
Negotiable Certificates of Deposit	-	-	706,508	-	706,508
Commercial Paper	-	242,211	-	-	242,211
CAMP	48,461,015	-	-	-	48,461,015
LAIF	5,138,525	-	-	-	5,138,525
Held by Bond Trustee:					
Money Market Mutual Funds	19,812,379	-	-	-	19,812,379
Total	<u>\$ 77,409,806</u>	<u>\$ 1,967,511</u>	<u>\$ 5,615,030</u>	<u>\$ 11,669,452</u>	<u>\$ 96,661,799</u>

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**D. 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. Presented below is the minimum rating required by, where applicable, the California Government Code, the District's investment policy, or debt agreements and Standard and Poor's actual rating as of year-end for each investment type:

Investment Type	Total	Minimum					
		Legal Rating	AAA	AA	A	BBB	Not Rated*
Money Market Mutual Funds	\$ 153,157	AAA	\$ 153,157	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Obligations	8,246,327	N/A	-	-	-	-	8,246,327
Medium-Term Corporate Notes	5,176,285	A	-	494,131	4,682,154	-	-
Federal Agency Securities	7,482,861	N/A	237,540	7,245,321	-	-	-
Supranational Securities	1,242,531	AA	1,242,531	-	-	-	-
Negotiable Certificates of Deposit	706,508	N/A	-	-	-	706,508	-
Commercial Paper	242,211	A	242,211	-	-	-	-
CAMP	48,461,015	N/A	48,461,015	-	-	-	-
LAIF	5,138,525	N/A	-	-	-	-	5,138,525
Held by Bond Trustee:							
Money Market Mutual Funds	19,812,379	AAA	19,812,379	-	-	-	-
Total	<u>\$ 96,661,799</u>		<u>\$ 70,148,833</u>	<u>\$ 7,739,452</u>	<u>\$ 4,682,154</u>	<u>\$ 706,508</u>	<u>\$ 13,384,852</u>

\* U.S. Treasury Obligations are exempt from credit risk disclosure requirements.

**E. 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. The District did not have investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**F. 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and CAMP).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2024, all of the District's deposits were insured or collateralized as required by California law.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the District.

**G. Investment in State 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 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.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**H. Investment in California Asset Management Program (CAMP)**

The District is a voluntary participant in CAMP that is regulated by the California Government Code. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based on the District's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis. CAMP invests primarily in certificates of deposit, commercial paper, and U.S. government and agency obligations.

**I. Fair Value Measurement**

The District categorizes its fair value measurement of investments utilizing the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of each asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets and liabilities through corroboration with market data; and Level 3 inputs are significant unobservable inputs. All investments classified in Level 2 of the fair value hierarchy are valued using specified fair market value factors or institutional bond quotes.

The District has the following recurring fair value measurements as of June 30, 2024:

	Fair Value	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
Investment Type (Subject to Hierarchy):				
U.S. Treasury Obligations	\$ 8,246,327	\$ -	\$ 8,246,327	\$ -
Medium-Term Corporate Notes	5,176,285	-	5,176,285	-
Federal Agency Securities	7,482,861	-	7,482,861	-
Supranational	1,242,531	-	1,242,531	-
Negotiable Certificates of Deposit	706,508	-	706,508	-
Commercial Paper	242,211		242,211	
Total Subject to Hierarchy	23,096,723	<u>\$ -</u>	<u>\$ 23,096,723</u>	<u>\$ -</u>
Uncategorized (Not Subject to Hierarchy):				
Money Market Mutual Funds	153,157			
LAIF	5,138,525			
CAMP	48,461,015			
Held by Bond Trustee:				
Money Market Mutual Funds	19,812,379			
Total Investment Portfolio	<u>\$ 96,661,799</u>			



**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 3 LEASE RECEIVABLES**

The District, acting as lessor, leases land under long-term, noncancelable lease agreements. The leases expire at various dates through 2035 and provide for renewal options ranging up to 20 years. During the year ended June 30, 2024, the District recognized \$58,773 and \$16,712 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 24,928	\$ 15,507	\$ 40,435
2026	27,597	14,456	42,053
2027	30,440	13,295	43,735
2028	33,467	12,017	45,484
2029	36,690	10,614	47,304
2030-2034	239,394	27,068	266,462
2035	9,701	16	9,717
Total	<u>\$ 402,217</u>	<u>\$ 92,973</u>	<u>\$ 495,190</u>

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 4 CAPITAL ASSETS**

Changes in capital assets for the year ended June 30, 2024, were as follows:

	Balance at June 30, 2023	Additions	Deletions/ Transfers	Balance at June 30, 2024
Capital Assets, Not Depreciated:				
Land and Land Rights	\$ 4,606,065	\$ -	\$ -	\$ 4,606,065
Construction in Progress	124,937,002	30,888,158	(121,534,020)	34,291,140
Total Capital Assets, Not Depreciated	129,543,067	30,888,158	(121,534,020)	38,897,205
Capital Assets, Being Depreciated or Amortized:				
Treatment Plants	89,975,602	-	-	89,975,602
Buildings and Structures	7,572,527	820,508	-	8,393,035
Infrastructure	172,417,153	120,292,000	(1,609,128)	291,100,025
Machinery and Equipment	12,676,471	601,255	-	13,277,726
Vehicles	6,314,638	63,705	(191,237)	6,187,106
Right-to-Use SBITAs	764,383	78,952	(266,077)	577,258
Total Capital Assets, Being Depreciated/Amortized	289,720,774	121,856,420	(2,066,442)	409,510,752
Less Accumulated Depreciation/Amortization for:				
Treatment Plants	(52,748,672)	(1,533,357)	-	(54,282,029)
Buildings and Structures	(5,594,121)	(130,212)	-	(5,724,333)
Infrastructure	(88,142,585)	(5,274,051)	1,567,758	(91,848,878)
Machinery and Equipment	(10,310,551)	(607,033)	-	(10,917,584)
Vehicles	(4,599,783)	(435,826)	191,237	(4,844,372)
Right-to-Use SBITAs	(147,014)	(291,876)	266,077	(172,813)
Total Accumulated Depreciation/Amortization	(161,542,726)	(8,272,355)	2,025,072	(167,790,009)
Total Capital Assets, Being Depreciated/Amortized, Net	128,178,048	113,584,065	(41,370)	241,720,743
Capital Assets, Net	\$ 257,721,115	\$ 144,472,223	\$ (121,575,390)	\$ 280,617,948

Depreciation and amortization expense for the depreciable and amortizable capital assets were \$8,272,355 for the year ended June 30, 2024.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 LONG-TERM DEBT**

The following is a summary of long-term debt at June 30, 2024:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Direct Borrowings:					
State Revolving Loan -					
Tunnel Project	\$ 89,657,744	\$ 121,621	\$ -	\$ 89,779,365	\$ 2,318,935
Bonds Payable	79,475,000	-	(1,620,000)	77,855,000	1,695,000
Plus: Unamortized Premium	6,413,751	-	(384,802)	6,028,949	-
Subscriptions Payable	510,171	53,822	(88,933)	475,060	160,626
Compensated Absences	1,666,531	1,281,186	(1,139,461)	1,808,256	1,139,459
Totals	<u>\$ 177,723,197</u>	<u>\$ 1,456,629</u>	<u>\$ (3,233,196)</u>	<u>\$ 175,946,630</u>	<u>\$ 5,314,020</u>

**A. State Revolving Loan – Tunnel Project**

In November 2016, the District entered into an agreement with the State Water Resources Control Board (SWRCB) for the construction of the Tunnel Stabilization and Pipeline Replacement project. The District may borrow up to the lesser of \$102,560,000 or the eligible costs of the project. At June 30, 2024, the SWRCB had disbursed \$85,849,727 under the loan contract and added a total of \$3,929,638 of accrued interest to the principal. The loan has an interest rate of 1.7% with a repayment period of 30 years after project completion. The outstanding balance totaled \$89,779,365, as of June 30, 2024. The District is also required to have a reserve of one year's debt service. The District's reserve of \$3,845,184 as of June 30, 2024, included in the sewer system's operating reserves, meets this requirement. The annual requirements to service the outstanding balance at June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 2,318,935	\$ 1,526,249	\$ 3,845,184
2026	2,358,357	1,486,827	3,845,184
2027	2,398,449	1,446,735	3,845,184
2028	2,439,222	1,405,962	3,845,184
2029	2,480,689	1,364,495	3,845,184
2030-2034	13,050,544	6,175,376	19,225,920
2035-2039	14,198,203	5,027,717	19,225,920
2040-2044	15,446,787	3,779,133	19,225,920
2045-2049	16,805,170	2,420,750	19,225,920
2050-2054	18,283,009	942,911	19,225,920
Total	<u>\$ 89,779,365</u>	<u>\$ 25,576,155</u>	<u>\$ 115,355,520</u>

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**B. State Revolving Loan – Recycled Water Distribution**

In May 2024, the District entered into an agreement with the State Water Resources Control Board for the construction of the Monarch Beach Drive/Stonehill Recycled Water Distribution project. The agreement consists of a maximum loan amount of \$4,375,000 and a \$1,225,000 grant for eligible project costs. As of June 30, 2024, the SWRCB has not disbursed any amounts related to this agreement and there is zero outstanding balance on the loan.

**C. 2016A Refunding Revenue Bonds**

In October 2016, the District issued \$13,325,000 of Refunding Revenue Bonds, Series 2016A (2016A Bonds). The 2016A Bonds were issued to provide funds (1) to advance refund all of the outstanding South Coast Water District Financing Authority Refunding Revenue Bonds, Series 2010A (2010A Bonds); and (2) to pay costs of issuance of the 2016A Bonds. The 2016A Bonds proceeds were invested in an escrow fund with a trustee to pay interest and principal on the 2010A Bonds until February 1, 2020. The 2010A Bonds were redeemed in full on February 1, 2020.

The reacquisition price exceeded the net carrying amount of the old debt by \$668,860 and is amortized as interest expense over the remaining life of the 2016A Bonds. The remaining balance at June 30, 2024, is \$310,425.

The 2016A Bonds repayments include principal installments due in varying amounts from \$880,000 to \$1,295,000 annually from February 1, 2017, to February 1, 2029, with interest ranging from 2.0% to 5.0%.

Total 2016A Bonds outstanding as of June 30, 2024, net of unamortized premium, are as follows:

Principal Outstanding at June 30, 2024	\$ 5,955,000
Plus: Unamortized Premium	<u>820,810</u>
Net Bonds Outstanding at June 30, 2024	<u><u>\$ 6,775,810</u></u>

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**C. 2016A Refunding Revenue Bonds (Continued)**

The annual requirements to service the outstanding Bonds at June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 1,085,000	\$ 260,400	\$ 1,345,400
2026	1,135,000	206,150	1,341,150
2027	1,195,000	149,400	1,344,400
2028	1,245,000	101,600	1,346,600
2029	1,295,000	51,800	1,346,800
Total	<u>\$ 5,955,000</u>	<u>\$ 769,350</u>	<u>\$ 6,724,350</u>

**D. 2019A Revenue Bonds**

In February 2019, the South Coast Water District Financing Authority, on behalf of the District, issued \$41,680,000 of Revenue Bonds, Series 2019A (2019A Bonds). The 2019A Bonds were issued to provide funds (1) to finance the acquisition and construction of certain improvements to the District's Water System and Wastewater System; (2) to refund all of the South Coast Water District Financing Authority Revenue Bonds, Series 2010B (2010B Bonds); and (3) to pay costs of issuance of the 2019A Bonds. The 2019A Bonds proceeds were invested in an escrow fund with a trustee to pay interest and principal on the 2010B Bonds until February 1, 2020. The 2010B Bonds were redeemed in full on February 1, 2020.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,146,131 and is amortized as interest expense over the remaining life of the 2010B Bonds. The remaining balance at June 30, 2024, is \$854,740.

The 2019A Bonds repayments include principal installments due in varying amounts from \$1,335,000 to \$3,015,000 annually from February 1, 2030, to February 1, 2049, with interest ranging from 3.5% to 5.0% subject to mandatory sinking fund redemption requirements.

Total 2019A Bonds outstanding as of June 30, 2024, net of unamortized premium, are as follows:

Principal Outstanding at June 30, 2024	\$ 41,680,000
Plus: Unamortized Premium	<u>3,043,332</u>
Net Bonds Outstanding at June 30, 2024	<u>\$ 44,723,332</u>

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**D. 2019A Revenue Bonds (Continued)**

The annual requirements to service the outstanding 2019A Bonds at June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ -	\$ 1,801,375	\$ 1,801,375
2026	-	1,801,375	1,801,375
2027	-	1,801,375	1,801,375
2028	-	1,801,375	1,801,375
2029	-	1,801,375	1,801,375
2030-2034	7,390,000	8,304,125	15,694,125
2035-2039	9,160,000	6,536,625	15,696,625
2040-2044	11,175,000	4,514,575	15,689,575
2045-2049	13,955,000	1,735,000	15,690,000
Total	<u>\$ 41,680,000</u>	<u>\$ 30,097,200</u>	<u>\$ 71,777,200</u>

**E. 2020A Revenue Bonds**

In October 2020, the South Cost Water District Financing Authority, on behalf of the District, issued \$32,845,000 of Revenue Bonds, Series 2020A (2020A Bonds). The 2020A Bonds were issued to provide funds (1) to finance the acquisition and construction of certain improvements to the District's Water System and Wastewater System, and (2) to pay costs of issuance of the 2020A Bonds.

The 2020A Bonds repayments include principal installments due in varying amounts from \$925,000 to \$4,595,000 annually from February 1, 2021 to February 1, 2050, with interest ranging from 3.0% to 5.0% subject to mandatory sinking fund redemption requirements.

Total 2020A Bonds outstanding as of June 30, 2024, net of unamortized premium, are as follows:

Principal Outstanding at June 30, 2024	\$ 30,220,000
Plus: Unamortized Premium	<u>2,164,807</u>
Net Bonds Outstanding at June 30, 2024	<u>\$ 32,384,807</u>



**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**E. 2020A Revenue Bonds (Continued)**

The annual requirements to service the outstanding 2020A Bonds at June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 610,000	\$ 958,906	\$ 1,568,906
2026	640,000	934,506	1,574,506
2027	670,000	902,506	1,572,506
2028	700,000	869,006	1,569,006
2029	735,000	834,006	1,569,006
2030-2034	4,265,000	3,627,481	7,892,481
2035-2039	5,180,000	2,705,831	7,885,831
2040-2044	6,025,000	1,859,844	7,884,844
2045-2049	6,800,000	1,091,131	7,891,131
2050-2054	4,595,000	114,875	4,709,875
Total	<u>\$ 30,220,000</u>	<u>\$ 13,898,092</u>	<u>\$ 44,118,092</u>

**F. Subscription-Based Information Technology Arrangements**

The District has entered into subscription based-information technology arrangements (SBITAs) for various software. The SBITA arrangements expire at various dates through 2027. As of June 30, 2024, SBITA assets and the related accumulated amortization totaled \$577,258 and \$172,813, respectively. The future subscription payments under SBITA agreements are as follow:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 160,626	\$ 9,938	\$ 170,564
2026	162,020	4,779	166,799
2027	152,414	-	152,414
Total	<u>\$ 475,060</u>	<u>\$ 14,717</u>	<u>\$ 489,777</u>

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6    PLEDGED REVENUES**

The District has pledged its revenues, net of specified operating expenses, to repay \$89.8 million in state revolving loan, \$6 million in water refunding revenue bonds issued in 2016, \$41.7 million in water revenue bonds issued in 2019, and \$30.2 million in water revenue bonds issued in 2020. The loan, notes, and bonds are payable from District net revenues and are payable through 2054. Coverage of net revenues for annual principal and interest payments in future years are expected to approximate that of the current year (see below).

Debt service paid and net revenues for the year ended June 30, 2024, are as follows:

Gross Revenues	\$ 63,739,837
Less: Excluded Revenues	(3,020,413)
Includable Revenues	<u>60,719,424</u>
All Expenses	53,366,123
Less: Excludable Expenses	(12,624,079)
Includable Expenses	<u>40,742,044</u>
Net Revenues	<u>\$ 19,977,380</u>
 Debt Service	 <u>\$ 6,249,241</u>
 Coverage Percentage	 320%
 Required Coverage Percentage	 125%

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 EQUITY IN JOINT VENTURE**

The District is a member in the Joint Regional Water Supply System (JRWSS), a joint venture providing potable water to its members. There are eight other members who participate in JRWSS. In a series of restructuring and consolidations, initiated in March 2000, JRWSS was formed to succeed two water districts, Tri-Cities Municipal Water District and the Coastal Municipal Water District, with substantially all assets and liabilities of predecessor districts transferred to JRWSS. The District's participation in JRWSS is accounted for as a joint venture with an equity interest and is reflected on the statement of net position as "equity in joint venture" in the amount of \$8,206,697 at June 30, 2024.

Financial information for the operation of JRWSS for the fiscal year ended June 30, 2024, is as follows:

Total Assets	<u>\$ 39,001,022</u>
Total Liabilities	<u>\$ 4,627,555</u>
Total Net Position	<u>\$ 34,373,467</u>
Total Revenues	\$ 10,828,347
Total Expenses	<u>(7,153,932)</u>
Change In Net Position	<u>\$ 3,674,415</u>

Since March 2000, the District has been responsible for the administration and operations of JRWSS. Separate financial statements of JRWSS may be obtained at South Coast Water District, 31592 West Street, Laguna Beach, CA 92651.

**NOTE 8 DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plan**

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. Benefit provisions under the plan are established by state statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefits provisions, assumptions and membership information that can be found on the CalPERS website at <https://www.calpers.ca.gov/page/investments/about-investment-office/investment-financial-reports>.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8    DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**A.    General Information about the Pension Plan (Continued)**

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The plan provisions and benefits in effect as of fiscal year ended June 30, 2024, are summarized as follows:

	Miscellaneous	
	Hire Date	
	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 to 55	52 to 67
Monthly Benefits, as a Percentage of Eligible Compensation	1.426% to 2.000%	1.000% to 2.500%
Required Employee Contribution Rates	7.00%	6.75%
Required Employer Contribution Rates	12.47%	7.68%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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 the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. Contributions for the fiscal year ended June 30, 2024, included \$792,058 for the UAL and \$1,045,394 for the normal cost rate resulting in a total amount paid of \$1,837,452.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8    DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension**

As of June 30, 2024, the District reported a net pension liability of \$14,509,949 for its proportionate share of the net pension liability of the CalPERS administered miscellaneous plan.

The District's net pension liability for the plan is measured as the proportionate share of the net pension liability of the CalPERS administered miscellaneous plan. The net pension liability of the plan is measured as of June 30, 2023, and the total pension liability of the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the plan as of the measurement dates June 30, 2023 and 2022, were as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.27832 %
Proportion - June 30, 2023	0.29017 %
Increase	<u>0.01185 %</u>

For the year ended June 30, 2024, the District recognized pension expense of \$4,112,400. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,837,452	\$ -
Differences between Actual and Expected Experience	741,247	(114,985)
Change in Assumptions	876,031	-
Change in Employer's Proportion	2,308,149	-
Differences between the Employer's Contributions and Proportionate Share of Contributions	-	(1,357,831)
Net Differences between Projected and Actual Earnings on Plan Investments	2,349,291	-
Total	<u>\$ 8,112,170</u>	<u>\$ (1,472,816)</u>

\$1,837,452 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 ending June 30, 2025.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8    DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)**

Differences between projected and actual investment earnings are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 1,831,784
2026	1,191,179
2027	1,711,528
2028	67,411

**Actuarial Assumptions**

The total pension liability for the June 30, 2023, measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8    DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (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 took into account both short- term and long-term market return expectations. Using historical returns all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return (a) (b)
Global Equity - Cap-Weighted	30.00 %	4.45 %
Global Equity - Non-Cap-Weighted	12.00 %	3.84 %
Private Equity	13.00 %	7.28 %
Treasury	5.00 %	0.27 %
Mortgage-Backed Securities	5.00 %	0.50 %
Investment Grade Corporates	10.00 %	1.56 %
High Yield	5.00 %	2.27 %
Emerging Market Debt	5.00 %	2.48 %
Private Debt	5.00 %	3.57 %
Real Assets	15.00 %	3.21 %
Leverage	(5.00)%	(0.59)%
Total	100.00 %	

(a) An expected inflation rate of 2.30% is used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

Discount Rate

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



**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8    DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)**

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

The following presents the District's proportionate share of the net pension liability for the plan, calculated using the discount rate for the plan, 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% lower or 1% higher than the current rate:

1% Decrease	5.90%
Net Pension Liability	<u>\$ 24,451,924</u>
Current Discount Rate	6.90%
Net Pension Liability	<u>\$ 14,509,949</u>
1% Increase	7.90%
Net Pension (Asset) Liability	<u>\$ 6,326,850</u>

Pension Plans Fiduciary Net Position

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

**C. Payable to the Pension Plan**

At June 30, 2024, the District had no outstanding amount of contributions to the pension plans due for the year ended June 30, 2024.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**A. General Information About the OPEB Plan**

Plan Description

The District provides an agent multiple-employer defined postemployment health care plan that provides postemployment health care benefits to retirees with requirements depending on the retiree's initial employment date. The plan is managed through the California Employers' Retiree Benefit Trust (CERBT). The plan does not issue separate financial statements.

For employees of record as of May 18, 1988, five years of full-time continuous employment with the District is required. The employee must be at least 50 years of age and have participated in the CalPERS plan for at least five years, as well as receiving service retirement benefits pursuant to the terms and conditions of the District CalPERS plan. The District provides medical insurance for the retired employee and employee's eligible spouse from the date of retirement until both become eligible to receive Medicare benefits. The obligation of the District is to provide the plan of insurance, and the specific terms and conditions may vary from time to time. Thereafter, the District pays the full premium cost of Medicare supplemental coverage. Certain retirees, who were participants in legacy benefit plans, also receive dental coverage (retiree only) for life.

For employees commencing employment subsequent to May 18, 1988, 20 years of full-time continuous employment is required. The employee must be at least 50 years of age and have participated in CalPERS for at least five years, as well as receiving service retirement benefits pursuant to CalPERS plan requirements. The District provides medical insurance for the retired employee from the date of retirement until the retired employee is eligible to receive Medicare benefits. The obligation of the District is to provide the plan of insurance, and the specific terms and conditions may vary from time to time. Thereafter, Medicare supplement insurance is provided at the District's expense. A separate financial report is not prepared for the plan.

For employees hired on or after July 1, 2020 who are at least 55 years old with a minimum of 10 years of continuous District employment, will be eligible to continue receiving medical insurance benefits, which are equal to the value of the least costing medical benefit provided to active employees, until the retiree is eligible for Medicare. For employees hired on or after July 1, 2020 who are at least 60 years old with a minimum of 15 years of continuous District employment, will be eligible to continue to receive health insurance benefits, which are equal to the value of any medical benefit provided to active employees, until the retiree is eligible for Medicare. When eligible retirees who were hired on or after July 1, 2020, reaches age 65 (Medicare age), the District will provide a reimbursement of up to \$350 per month for the costs associated with a supplemental Medicare policy.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**A. General Information about the OPEB Plan (Continued)**

Employees Covered

As of measurement date June 30, 2023, the following numbers of participants were covered by the benefit terms under the plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	45
Inactive Employees or Beneficiaries Entitled to But Not Yet Receiving Benefits	1
Active Employees	<u>80</u>
Total	<u><u>126</u></u>

Contributions

The contribution requirements of the District are established and may be amended annually by the board of directors. Currently, contributions are not required from plan members. The annual contribution is based on the actuarially determined contributions. For the fiscal year ended June 30, 2024, the District contributed \$337,325 to the trust, received a net reimbursement from the trust of \$27,431, and the estimated implied subsidy was \$70,000, resulting in total contributions of \$379,894.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**B. Net OPEB Liability (Asset)**

The District's net OPEB liability (asset) is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability (asset) was measured as of June 30, 2023, using an actuarial valuation as of June 30, 2023. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023, measurement period was determined by an actuarial valuation as of June 30, 2023. The total OPEB liability was based on the following assumptions, applied to all periods included in the measurement, unless other specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Actuarial Assumptions:	
Discount Rate	6.25%
Long-Term Expected Rate of Return on Investments	6.25%, Net of Investment Expenses
Inflation	2.50%
Projected Salary Increase:	
Aggregate	2.75% Annually
Merit	CalPERS 2000-2019 Experience Study
Medical Trend:	
Non-Medicare	8.5% for 2025, Decreasing to 3.45% in 2076
Medicare	7.5% for 2025, Decreasing to 3.45% in 2076
Mortality, Disability, Termination, and Retirement	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality Projected Fully Generational with Scale MP-2021

The actuarial assumptions used in the June 30, 2023, valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**B. Net OPEB Liability (Asset) (Continued)**

Long-Term Expected Rate of Return

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of measurement date June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation CERBT - Strategy 1	Long-Term Expected Real Rate of Return
Global Equity	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**C. Changes in the Net OPEB Liability (Asset)**

The changes in the net OPEB liability are as follows:

		Increase	
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2022 (Measurement Date)	\$ 7,391,602	\$ 7,751,660	\$ (360,058)
Changes in the Year:			
Service Cost	226,989	-	226,989
Interest on the Total OPEB Liability	463,323	-	463,323
Actual vs. Expected Experience	149,378	-	149,378
Changes in Assumptions	483,578	-	483,578
Contribution - Employer	-	581,000	(581,000)
Net Investment Income	-	520,431	(520,431)
Benefit Payments	(410,834)	(410,834)	-
Administrative Expenses	-	(2,266)	2,266
Net Changes	912,434	688,331	224,103
Balance at June 30, 2023 (Measurement Date)	<u>\$ 8,304,036</u>	<u>\$ 8,439,991</u>	<u>\$ (135,955)</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB Liability (Asset)	<u>\$ 885,663</u>	<u>\$ (135,955)</u>	<u>\$ (991,329)</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health-Care Cost Trend Rates

The following presents the net OPEB liability (asset) of the District as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (7.5%/6.5% Decreasing to 2.45%)	Current Healthcare Cost Trend Rates (8.5%/7.5% Decreasing to 3.45%)	1% Increase (9.5%/8.5% Decreasing to 4.45%)
Net OPEB Liability (Asset)	<u>\$ (1,085,923)</u>	<u>\$ (135,955)</u>	<u>\$ 1,025,582</u>

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2024, the District recognized OPEB expense of \$183,704. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contributions Subsequent to Measurement Date	\$ 379,894	\$ -
Differences Between Actual and Expected Experience	130,936	(989,151)
Change in Assumptions	460,228	(82,625)
Differences Between Projected and Actual Earnings	481,062	-
Total	<u>\$ 1,452,120</u>	<u>\$ (1,071,776)</u>

An amount of \$379,894 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Differences between projected and actual investment earnings are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (27,615)
2026	(69,041)
2027	210,603
2028	(131,893)
2029	(63,744)
Thereafter	82,140

**E. Payable to the OPEB Plan**

At June 30, 2024, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.



**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 10 DEFERRED COMPENSATION**

The District offers a 457 deferred compensation plan to employees. Nationwide Retirement Solutions, Inc. acts as the third-party administrative services provider for the defined contribution plan. Employees can contribute up to the IRS determined limits to the plan. The District will match contributions up to a certain amount as determined by the District's board of directors. Distributions under the plan may generally not be made prior to the earlier of the employee's attainment of age 70½ or the employee's termination of employment. Total District contributions to the plan during fiscal year 2023-2024 were \$149,559.

**NOTE 11 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. In an effort to manage its risk exposure, the District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Section 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. On June 30, 2024, the District participated in the self-insurance programs of the Insurance Authority as follows:

- *Property Loss* – The Insurance Authority has pooled self-insurance up to \$10,000,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000. The District has the following deductibles: \$5,000 for real and personal property, \$1,000 for mobile equipment, and licensed vehicles and trailers; \$25,000 for boiler and machinery or \$50,000 for turbine or power generation equipment; 5% of total insurable value for earthquake; and \$100,000 for flood.
- *General and Auto Liability* – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$55,000,000. The District has no deductible.
- *Public Official's Errors and Omissions* – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$55,000,000. The District has no deductible.
- *Underground Storage Tank Pollution Liability* – The Insurance Authority has pooled self-insurance up to \$500,000 per occurrence and has purchased excess insurance coverage up to \$3,000,000. The District has a \$10,000 deductible.
- *Crime* – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.
- *Workers' Compensation* – The Insurance Authority has pooled self-insurance up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit with a \$4,000,000 program aggregate limit for Employer's Liability. The District has no deductible.

**SOUTH COAST WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 RISK MANAGEMENT (CONTINUED)**

- *Dam Failure Liability* – The Insurance Authority has purchased insurance coverage up to \$4,000,000 per occurrence with a \$1,000,000 retention.
- *Cyber Liability* – The Insurance Authority has purchased insurance coverage up to \$3,000,000 per member and up to \$5,000,000 in aggregate. The retention is based on total insurable values.

The District pays annual premiums for coverage. There have been no settlements that exceeded the District's insurance coverage and no reduction in the District insurance coverage for the past three years.

**NOTE 12 CONTINGENCIES AND COMMITMENTS**

**A. Lawsuits**

The District is a defendant in various lawsuits, some of which have outcomes not presently determinable and other that may result in settlements against the District. As of June 30, 2024, there is a potential claim estimated at \$996,000 related to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) for hazardous waste.

**B. Contract Commitments**

The District had \$62,013,367 of outstanding contract commitments at June 30, 2024. The three largest contracts outstanding include:

Project	Contract Amount	Balance to Complete
Tunnel Stabilization & Sewer Pipeline Replace PH 3	\$ 40,895,685	\$ 669,452
Lift Station No. 2 Replacement Project	33,402,940	21,463,378
Sewer Tunnel Stabilization Rehab Project	12,744,190	8,191,753

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH COAST WATER DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS**

Fiscal Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Plan's Proportion of the Net Pension Liability	0.29017%	0.27832%	0.11560%	0.23115%	0.20735%
Plan's Proportionate Share of the Net Pension Liability	\$ 14,509,949	\$ 13,023,259	\$ 2,194,985	\$ 9,749,879	\$ 8,303,488
Plan's Covered Payroll	\$ 9,410,122	\$ 8,815,002	\$ 8,724,094	\$ 9,095,601	\$ 8,817,816
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	154.20%	147.74%	25.16%	107.19%	94.17%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.26%	81.46%	96.70%	84.62%	75.26%

**NOTES TO SCHEDULE**

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From Fiscal Year June 30, 2020, to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

**SOUTH COAST WATER DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)  
LAST TEN FISCAL YEARS**

Fiscal Year Ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	0.18471%	0.19048%	0.31882%	0.29779%	0.12543%
Plan's Proportionate Share of the Net Pension Liability	\$ 6,961,317	\$ 7,508,964	\$ 11,075,496	\$ 8,170,473	\$ 7,805,073
Plan's Covered Payroll	\$ 8,547,122	\$ 8,688,674	\$ 7,022,391	\$ 6,941,886	\$ 7,086,467
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	81.45%	86.42%	157.72%	117.70%	110.14%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.26%	73.31%	74.06%	78.40%	83.03%

**NOTES TO SCHEDULE**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

From Fiscal Year June 30, 2015, to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From Fiscal Year June 30, 2016, to June 30, 2017:

There were no changes in assumptions.

From Fiscal Year June 30, 2017, to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

From Fiscal Year June 30, 2018, to June 30, 2019:

There were no significant changes in assumptions.

**SOUTH COAST WATER DISTRICT  
SCHEDULE OF CONTRIBUTIONS – PENSION  
LAST TEN FISCAL YEARS**

Fiscal Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually Required Contribution (Actuarially Determined)	\$ 1,837,452	\$ 1,784,441	\$ 1,530,643	\$ 1,445,111	\$ 1,273,193
Contributions in Relation to the Actuarially Determined Contributions	(1,837,452)	(1,784,441)	(1,530,643)	(1,445,111)	(1,273,193)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 9,891,583	\$ 9,410,122	\$ 8,815,002	\$ 8,724,094	\$ 9,095,601
Contributions as a Percentage of Covered Payroll	18.58%	18.96%	17.36%	16.56%	14.00%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
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**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.300%	2.500%	2.500%	2.500%	2.625%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.80% (3)	7.00% (3)	7.00% (3)	7.00% (3)	7.25% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) 2% @ 55 And 2% @ 62

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

**SOUTH COAST WATER DISTRICT  
SCHEDULE OF CONTRIBUTIONS – PENSION (CONTINUED)  
LAST TEN FISCAL YEARS**

Fiscal Year Ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution (Actuarially Determined)	\$ 1,053,692	\$ 1,436,610	\$ 1,075,499	\$ 934,063	\$ 937,929
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,053,692)</u>	<u>(1,436,610)</u>	<u>(6,075,499)</u>	<u>(934,063)</u>	<u>(937,929)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 8,817,816	\$ 8,547,122	\$ 8,688,674	\$ 7,022,391	\$ 6,941,886
Contributions as a Percentage of Covered Payroll	11.95%	16.81%	69.92%	13.30%	13.51%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Fair Value
Inflation	2.750%	2.750%	2.750%	2.750%	2.750%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) 2% @ 55 And 2% @ 62

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.



**SOUTH COAST WATER DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	June 30, 2024	June 30, 2023
Measurement Period	June 30, 2023	June 30, 2022
Total OPEB Liability:		
Service Cost	\$ 226,989	\$ 220,914
Interest on Total OPEB Liability	463,323	446,326
Changes of Assumptions	483,578	-
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	149,378	-
Benefit Payments	(410,834)	(391,875)
Net Change in Total OPEB Liability	912,434	275,365
Total OPEB Liability - Beginning of Year	7,391,602	7,116,237
Total OPEB Liability - End of Year (a)	8,304,036	7,391,602
Plan Fiduciary Net Position:		
Contributions - Employer	581,000	643,000
Net Investment Income	520,431	(1,169,791)
Benefit Payments	(410,834)	(391,875)
Administrative Expenses	(2,266)	(2,199)
Net Change in Plan Fiduciary Net Position	688,331	(920,865)
Plan Fiduciary Net Position - Beginning of Year	7,751,660	8,672,525
Plan Fiduciary Net Position - End of Year (b)	8,439,991	7,751,660
Net OPEB (Asset) Liability - Ending (a)-(b)	<u>\$ (135,955)</u>	<u>\$ (360,058)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	101.64%	104.87%
Covered - Employee Payroll	\$ 10,706,030	\$ 10,906,346
Net OPEB Liability as a Percentage of Covered - Employee Payroll	-1.27%	-3.30%

**NOTES TO SCHEDULE**

**Benefit Changes:**

Fiscal Year June 30, 2022: District approved a new tier in August 2020 for employees hired on or after July 1, 2020.

**Changes In Assumptions:**

From Fiscal Year June 30, 2022, to June 30, 2023:

There were no changes in assumptions.

From Fiscal Year June 30, 2023, to June 30, 2024:

Updated medical trend.

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

**SOUTH COAST WATER DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)**  
**LAST TEN FISCAL YEARS\***

Fiscal Year Ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:					
Service Cost	\$ 245,176	\$ 242,070	\$ 252,517	\$ 245,162	\$ 238,021
Interest on Total OPEB Liability	531,452	514,032	534,021	506,612	479,880
Changes of Assumptions	55,482	(101,340)	(56,574)	-	-
Changes in Benefit Terms	(78,282)	-	-	-	-
Differences Between Expected and Actual Experience	(1,060,300)	-	(645,038)	-	-
Benefit Payments	(410,943)	(388,632)	(352,626)	(353,515)	(304,511)
Net Change in Total OPEB Liability	(717,415)	266,130	(267,700)	398,259	413,390
Total OPEB Liability - Beginning of Year	7,833,652	7,567,522	7,835,222	7,436,963	7,023,573
Total OPEB Liability - End of Year (a)	7,116,237	7,833,652	7,567,522	7,835,222	7,436,963
Plan Fiduciary Net Position:					
Contributions - Employer	610,943	392,500	637,422	665,097	596,000
Net Investment Income	1,845,629	225,823	375,599	408,823	509,829
Benefit Payments	(410,943)	(388,632)	(352,626)	(353,515)	(304,511)
Administrative Expenses	(2,526)	(3,134)	(1,247)	(9,388)	(2,461)
Net Change in Plan Fiduciary Net Position	2,043,103	226,557	659,148	711,017	798,857
Plan Fiduciary Net Position - Beginning of Year	6,629,422	6,402,865	5,743,717	5,032,700	4,233,843
Plan Fiduciary Net Position - End of Year (b)	8,672,525	6,629,422	6,402,865	5,743,717	5,032,700
Net OPEB (Asset) Liability - Ending (a)-(b)	\$ (1,556,288)	\$ 1,204,230	\$ 1,164,657	\$ 2,091,505	\$ 2,404,263
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	121.87%	84.63%	84.61%	73.31%	67.67%
Covered - Employee Payroll	\$ 10,058,458	\$ 9,023,421	\$ 9,899,581	\$ 9,811,343	\$ 8,688,674
Net OPEB Liability as a Percentage of Covered - Employee Payroll	-15.47%	13.35%	11.76%	21.32%	27.67%

**NOTES TO SCHEDULE**

**Benefit Changes:**

Fiscal Year June 30, 2022: District approved a new tier in August 2020 for employees hired on or after July 1, 2020.

**Changes In Assumptions:**

From Fiscal Year June 30, 2018, To June 30, 2019:

There were no changes in assumptions.

From Fiscal Year June 30, 2019, To June 30, 2020:

The mortality improvement scale was updated to Scale MP-2019 from MP-2017. The healthcare trend changed from 7.50% non-Medicare and 6.50% Medicare to 7.25% non-Medicare and 6.30% Medicare.

From Fiscal Year June 30, 2020, to June 30, 2021:

PPACA high cost excise tax repealed.

From Fiscal Year June 30, 2021, to June 30, 2022:

Inflation rate changed from 2.75% to 2.5%, discount rate, medical/dental trend and salary pay increases reduced by 0.25%,

Experience study updated to 2000-2019 CalPERS table and mortality scale updated to scale MP-2021

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

**SOUTH COAST WATER DISTRICT  
SCHEDULE OF CONTRIBUTIONS – OPEB  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	June 30, 2024	June 30, 2023
Actuarially Determined Contribution	\$ 427,000	\$ 417,000
Contributions in Relation to the Actuarially Determined Contributions	<u>(379,894)</u>	<u>(581,000)</u>
Contribution Deficiency (Excess)	<u>\$ 47,106</u>	<u>\$ (164,000)</u>
Covered - Employee Payroll	\$ 11,390,066	\$ 10,706,030
Contributions as a Percentage of Covered - Employee Payroll	3.34%	5.43%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2021	June 30, 2021
Methods and Assumptions Used to Determine Contribution Rates:		
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	(1)	(1)
Amortization Period	Layered Bases	Layered Bases
	2-14 Years	3-15 Years
Asset Valuation Method	(2)	(2)
Discount Rate	6.25%	6.75%
Inflation	2.50%	2.50%
Medical Trend	(8)	(8)
Mortality	(9)	(9)
(1) Level Percentage of Payroll		
(2) Investment Gains and Losses Spread over Five-Year Rolling Period		
(8) Non-Medicare - 6.50% for 2023, Decreasing to 3.75% in 2076 and Later		
Medicare - 5.65% for 2023, Decreasing to 3.75% in 2076 and Later		
(9) CalPERS 2000-2019 Experience Study		

\*Fiscal Year 2018 was the first year of implementation; therefore, only seven years are shown.

**SOUTH COAST WATER DISTRICT  
SCHEDULE OF CONTRIBUTIONS – OPEB (CONTINUED)  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially Determined Contribution	\$ 572,000	\$ 557,000	\$ 623,000	\$ 605,000	\$ 573,000
Contributions in Relation to the Actuarially Determined Contributions	<u>(643,000)</u>	<u>(610,943)</u>	<u>(392,500)</u>	<u>(637,422)</u>	<u>(665,097)</u>
Contribution Deficiency (Excess)	<u>\$ (71,000)</u>	<u>\$ (53,943)</u>	<u>\$ 230,500</u>	<u>\$ (32,422)</u>	<u>\$ (92,097)</u>
Covered - Employee Payroll	\$ 10,906,346	\$ 10,058,458	\$ 9,023,421	\$ 9,899,581	\$ 9,811,343
Contributions as a Percentage of Covered - Employee Payroll	5.90%	6.07%	4.35%	6.44%	6.78%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017	June 30, 2015
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Amortization Period	Three-Year	Four-Year	Seven-Year	Eight-Year	Ten-Year
	Average Fixed	Average Fixed	Average Fixed	Average Fixed	Average Fixed
Asset Valuation Method	(2)	(2)	(2)	(2)	(2)
Discount Rate	6.75%	6.75%	6.75%	6.75%	7.25%
Inflation	2.75%	2.75%	2.75%	2.75%	3.00%
Medical Trend	(5)	(5)	(4)	(4)	(3)
Mortality	(7)	(7)	(7)	(7)	(6)

- (1) Level Percentage of Payroll
- (2) Investment Gains and Losses Spread over Five-Year Rolling Period
- (3) Non-Medicare - 7.0% for 2017, Decreasing to 5.0% in 2021 and Later  
Medicare - 7.2% for 2017, Decreasing to 5.0% in 2021 and Later
- (4) Non-Medicare - 7.5% for 2019, Decreasing to 4.0% in 2076 and Later  
Medicare - 6.5% for 2019, Decreasing to 4.0% in 2076 and Later
- (5) Non-Medicare - 7.25% for 2021, Decreasing to 4.0% in 2076 and Later  
Medicare - 6.3% for 2021, Decreasing to 4.0% in 2076 and Later
- (6) CalPERS 1997-2011 Experience Study
- (7) CalPERS 1997-2015 Experience Study

\*Fiscal Year 2018 was the first year of implementation; therefore, only seven years are shown.

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## **SUPPLEMENTARY INFORMATION**

**SOUTH COAST WATER DISTRICT  
COMBINING SCHEDULE OF NET POSITION  
JUNE 30, 2024**

<b>ASSETS</b>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 30,106,190	\$ 49,847,838	\$ 79,954,028
Utility Accounts Receivable	1,940,242	745,434	2,685,676
Property Taxes Receivable	432,297	268,493	700,790
Grants Receivable	262,772	-	262,772
Accrued Interest Receivable	97,531	160,778	258,309
Other Receivables	1,530,892	3,845,794	5,376,686
Leases Receivable	24,928	-	24,928
Prepaid Expenses and Other Assets	320,690	284,547	605,237
Cash and Investments Restricted by Debt Agreements	<u>5,059,979</u>	<u>14,752,403</u>	<u>19,812,382</u>
Total Current Assets	39,775,521	69,905,287	109,680,808
<b>NONCURRENT ASSETS</b>			
Capital Assets:			
Not Being Depreciated	15,051,428	23,845,777	38,897,205
Being Depreciated/Amortized (Net of Accumulated Depreciation/Amortization)	<u>65,813,108</u>	<u>175,907,635</u>	<u>241,720,743</u>
Net Capital Assets	80,864,536	199,753,412	280,617,948
Other Assets:			
Leases Receivable	377,289	-	377,289
Equity in Joint Venture	8,206,697	-	8,206,697
Net OPEB Asset	<u>71,376</u>	<u>64,579</u>	<u>135,955</u>
Total Noncurrent Assets	<u>89,519,898</u>	<u>199,817,991</u>	<u>289,337,889</u>
Total Assets	129,295,419	269,723,278	399,018,697
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Refunding Charges	633,867	531,298	1,165,165
Pension Related	4,258,889	3,853,281	8,112,170
OPEB Related	<u>762,363</u>	<u>689,757</u>	<u>1,452,120</u>
Total Deferred Outflows of Resources	5,655,119	5,074,336	10,729,455



**SOUTH COAST WATER DISTRICT  
COMBINING SCHEDULE OF NET POSITION (CONTINUED)  
JUNE 30, 2024**

	Water	Sewer	Total
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 6,514,370	\$ 4,586,488	\$ 11,100,858
Accrued Salaries and Benefits	239,715	150,768	390,483
Advances from Developers	92,455	-	92,455
Customer Deposits	241,225	170,253	411,478
Accrued Interest Payable	570,627	2,078,661	2,649,288
Unearned Revenue	20,316	-	20,316
Current Portion of Loans Payable	-	2,318,935	2,318,935
Current Portion of Bonds Payable	698,034	996,966	1,695,000
Current Portion of Subscriptions Payable	84,328	76,298	160,626
Current Portion of Compensated Absences	727,505	411,954	1,139,459
Total Current Liabilities	<u>9,188,575</u>	<u>10,790,323</u>	<u>19,978,898</u>
<b>NONCURRENT LIABILITIES</b>			
Loans Payable	-	87,460,430	87,460,430
Bonds Payable	35,831,139	46,357,810	82,188,949
Subscriptions Payable	165,078	149,356	314,434
Compensated Absences	460,225	208,572	668,797
Net Pension Liability	7,617,723	6,892,226	14,509,949
Total Noncurrent Liabilities	<u>44,074,165</u>	<u>141,068,394</u>	<u>185,142,559</u>
Total Liabilities	53,262,740	151,858,717	205,121,457
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related	773,228	699,588	1,472,816
OPEB Related	562,682	509,094	1,071,776
Leases Related	356,869	-	356,869
Total Deferred Inflows Of Resources	<u>1,692,779</u>	<u>1,208,682</u>	<u>2,901,461</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	47,035,943	73,694,646	120,730,589
Restricted for OPEB	71,376	64,579	135,955
Restricted for Debt Service	-	3,845,184	3,845,184
Unrestricted	32,887,700	44,125,806	77,013,506
Total Net Position	<u>\$ 79,995,019</u>	<u>\$ 121,730,215</u>	<u>\$ 201,725,234</u>

**SOUTH COAST WATER DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2024**

	Water	Sewer	Total
<b>OPERATING REVENUES</b>			
Water Sales	\$ 21,912,644	\$ -	\$ 21,912,644
Sewer Service Charges	-	20,575,587	20,575,587
Recycled Water	2,132,750	-	2,132,750
Recreation Facilities	362,042	-	362,042
Total Operating Revenues	<u>24,407,436</u>	<u>20,575,587</u>	<u>44,983,023</u>
<b>OPERATING EXPENSES</b>			
Source of Supply (Purchased Water)	8,286,004	-	8,286,004
Groundwater Recovery Facility	1,286,698	-	1,286,698
Recycled Water	1,861,101	-	1,861,101
Pumping Expense	407,716	772,554	1,180,270
Sewer Treatment Plant	-	5,014,262	5,014,262
Transmission and Distribution	3,710,794	1,834,141	5,544,935
Operations Support	2,169,768	949,159	3,118,927
Recreation Facilities	367,747	-	367,747
Engineering and Consulting	694,459	890,272	1,584,731
General and Administrative	6,651,711	5,845,659	12,497,370
Depreciation and Amortization	4,553,670	3,718,685	8,272,355
Total Operating Expenses	<u>29,989,668</u>	<u>19,024,732</u>	<u>49,014,400</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(5,582,232)	1,550,855	(4,031,377)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Property Taxes	3,732,072	4,949,036	8,681,108
Grants Revenue	2,580,057	950	2,581,007
Investment Income	1,211,233	2,544,794	3,756,027
Other Revenues	962,221	596,999	1,559,220
Rental Income, Net	1,725,076	-	1,725,076
Interest Expense	(1,496,929)	(2,854,795)	(4,351,724)
Gain (Loss) on Disposal of Capital Assets	28,437	(13,468)	14,969
Total Nonoperating Revenues (Expenses)	<u>8,742,167</u>	<u>5,223,516</u>	<u>13,965,683</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	3,159,935	6,774,371	9,934,306
<b>CAPITAL CONTRIBUTIONS</b>			
Connection Fees	<u>282,051</u>	<u>157,355</u>	<u>439,406</u>
<b>CHANGE IN NET POSITION</b>	3,441,986	6,931,726	10,373,712
Net Position - Beginning of Year	<u>76,553,033</u>	<u>114,798,489</u>	<u>191,351,522</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 79,995,019</u></u>	<u><u>\$ 121,730,215</u></u>	<u><u>\$ 201,725,234</u></u>

**SOUTH COAST WATER DISTRICT  
COMBINING SCHEDULE OF CASH FLOWS  
YEAR ENDED JUNE 30, 2024**

	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 23,435,604	\$ 16,874,754	\$ 40,310,358
Cash Payments to Suppliers for Goods and Services	(18,809,332)	(18,095,009)	(36,904,341)
Cash Payments to Employees for Services	(5,154,189)	(2,933,828)	(8,088,017)
Other Operating Revenues	962,221	596,999	1,559,220
Net Cash Provided (Used) by Operating Activities	434,304	(3,557,084)	(3,122,780)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Proceeds from Property Taxes	3,561,047	4,982,077	8,543,124
Cash Transfers In (Out) Between Funds	14,287,144	(14,287,144)	-
Net Cash Provided (Used) by Noncapital Financing Activities	17,848,191	(9,305,067)	8,543,124
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisitions and Construction of Capital Assets	(15,149,780)	(9,256,278)	(24,406,058)
Proceeds from Grants	2,938,189	950	2,939,139
Proceeds from Sale of Capital Assets	28,437	27,901	56,338
Receipt of Loan Receivable	-	3,563,062	3,563,062
Repayment of Loans, Bonds, Subscriptions Payable	(709,185)	(999,742)	(1,708,927)
Interest Paid	(1,418,789)	(1,705,850)	(3,124,639)
Water and Sewer Connection Fees Received	282,051	157,355	439,406
Rental Income Received	1,714,400	-	1,714,400
Receipt (Return) of Customer Deposits and Developer Advances	(73,931)	-	(73,931)
Net Cash Used by Capital and Related Financing Activities	(12,388,608)	(8,212,602)	(20,601,210)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment Redemptions and Sales	1,569,758	9,264,531	10,834,289
Investment Purchases	(3,809,134)	(6,997,378)	(10,806,512)
Interest Income Received	898,893	1,872,780	2,771,673
Net Cash Provided (Used) by Investing Activities	(1,340,483)	4,139,933	2,799,450
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,553,404	(16,934,820)	(12,381,416)
Cash and Cash Equivalents - Beginning of Year	22,471,515	66,579,588	89,051,103
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 27,024,919</u>	<u>\$ 49,644,768</u>	<u>\$ 76,669,687</u>

**SOUTH COAST WATER DISTRICT  
COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

	Water	Sewer	Total
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Income (Loss) from Operations	\$ (5,582,232)	\$ 1,550,855	\$ (4,031,377)
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:			
Depreciation	4,553,670	3,718,685	8,272,355
Other Revenues	962,221	596,999	1,559,220
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
(Increase) Decrease in:			
Utility Accounts Receivable	(137,462)	(210,356)	(347,818)
Other Receivables	(824,105)	(3,370,863)	(4,194,968)
Prepaid Expenses and Other Assets	(82,243)	(56,867)	(139,110)
Equity in Joint Venture	(540,373)	-	(540,373)
Net OPEB Asset	117,654	106,449	224,103
Deferred Outflows of Resources	557,785	504,662	1,062,447
Increase (Decrease) in:			
Accounts Payable	823,699	(6,809,483)	(5,985,784)
Accrued Salaries and Benefits	114,681	79,790	194,471
Customer Deposits	(640)	(119,614)	(120,254)
Unearned Revenue	(9,625)	-	(9,625)
Compensated Absences	65,366	76,359	141,725
Net Pension Liability	780,512	706,178	1,486,690
Deferred Inflows of Resources	(364,604)	(329,878)	(694,482)
Net Cash Provided (Used) by Operating Activities	<u>\$ 434,304</u>	<u>\$ (3,557,084)</u>	<u>\$ (3,122,780)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>			
Cash and Investments	\$ 30,106,190	\$ 49,847,838	\$ 79,954,028
Cash and Investments Restricted by Debt Agreements	5,059,979	14,752,403	19,812,382
Less: Investments with Maturities Greater than Three Months	(8,141,250)	(14,955,473)	(23,096,723)
Cash and Cash Equivalents	<u>\$ 27,024,919</u>	<u>\$ 49,644,768</u>	<u>\$ 76,669,687</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Assets in Accounts Payable	<u>\$ 2,731,179</u>	<u>\$ 3,994,366</u>	<u>\$ 6,725,545</u>

**STATISTICAL SECTION (UNAUDITED)**

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**SOUTH COAST WATER DISTRICT  
DESCRIPTION OF STATISTICAL SECTION CONTENTS  
YEAR ENDED JUNE 30, 2024**

This part of the District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures say about the government's overall financial health.

**Contents**

<b>Financial Trends</b>	74
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	78
These schedules contain information to help the reader assess the District's most significant local revenue source from water and sewer commodity and fixed charges.	
<b>Debt Capacity</b>	87
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	95
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information</b>	97
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	



**SOUTH COAST WATER DISTRICT  
NET POSITION  
LAST TEN FISCAL YEARS**

<b>Net Position:</b>	<b>Fiscal Year</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Assets :				
Current Assets	\$ 109,680,808	\$ 120,255,269	\$ 121,011,749	\$ 106,418,099
Noncurrent Assets:				
Net Capital Assets	280,617,948	257,721,115	239,302,990	225,285,113
Other Assets	8,719,941	8,428,598	9,956,356	7,812,245
Total Assets	<u>399,018,697</u>	<u>386,404,982</u>	<u>370,271,095</u>	<u>339,515,457</u>
Deferred Outflows of Resources:				
Deferred Refunding Charges	1,165,165	1,287,452	1,409,740	1,532,026
Pension Contributions Subsequent to Measurement Date		1,784,441	1,530,643	1,445,111
Pension Related	8,112,170	7,601,197	1,764,264	2,120,886
Other Post-Employment Benefits Contributions Subsequent to Measurement Date	1,452,120	1,241,099	692,105	718,124
Total Deferred Outflows of Resources	<u>10,729,455</u>	<u>11,914,189</u>	<u>5,396,752</u>	<u>5,816,147</u>
Liabilities:				
Current Liabilities	19,978,898	15,247,327	11,476,116	10,480,978
Noncurrent Liabilities	185,142,559	188,065,606	169,983,783	155,430,665
Total Liabilities	<u>205,121,457</u>	<u>203,312,933</u>	<u>181,459,899</u>	<u>165,911,643</u>
Deferred Inflows of Resources:				
Deferred Refunding Charges	-	-	-	-
Pension Related	1,472,816	1,958,026	3,465,523	1,630,002
Other Post-Employment Benefits Related	1,071,776	1,281,048	2,490,716	639,292
Leases Related	356,869	415,642	491,322	-
Total Deferred Inflows of Resources	<u>2,901,461</u>	<u>3,654,716</u>	<u>6,447,561</u>	<u>2,269,294</u>
Net Position:				
Net Investment in Capital Assets	120,730,589	118,808,393	116,126,546	127,940,920
Restricted for Other Post-Employment Benefits	135,955	360,058	-	-
Restricted for Debt Service/Covenants	3,845,184	3,783,174	3,127,385	2,096,140
Unrestricted	77,013,506	68,399,897	68,506,456	47,113,607
Total Net Position	<u>\$ 201,725,234</u>	<u>\$ 191,351,522</u>	<u>\$ 187,760,387</u>	<u>\$ 177,150,667</u>

(Continued)

Source: District Audited Financial Statements

**SOUTH COAST WATER DISTRICT  
NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS**

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 66,578,752	\$ 60,049,653	\$ 54,344,998	\$ 50,040,724	\$ 63,046,515	\$ 67,720,317
210,592,371	189,089,119	165,166,397	155,831,742	144,780,028	142,637,218
7,927,333	7,951,147	8,219,287	8,630,100	8,822,497	8,489,128
285,098,456	257,089,919	227,730,682	214,502,566	216,649,040	218,846,663
1,654,314	1,776,601	716,800	784,529	-	-
1,273,194	1,053,692	1,436,610	6,075,499	934,063	937,929
1,204,122	1,455,169	2,760,767	1,675,168	86,953	41,748
392,500	637,422	617,000	-	-	-
4,524,130	4,922,884	5,531,177	8,535,196	1,021,016	979,677
14,020,195	11,465,539	8,026,333	7,811,739	6,214,723	7,421,520
101,422,108	79,153,539	53,272,612	44,726,428	42,029,933	43,496,920
115,442,303	90,619,078	61,298,945	52,538,167	48,244,656	50,918,440
-	-	-	-	508,116	536,748
689,762	609,782	1,368,335	1,355,999	2,078,899	2,755,478
736,322	180,776	171,432	-	-	-
-	-	-	-	-	-
1,426,084	790,558	1,539,767	1,355,999	2,587,015	3,292,226
127,589,910	134,820,840	121,807,991	122,393,683	109,822,913	107,007,231
-	-	-	-	-	-
1,516,254	563,373	457	573,681	784,475	770,667
43,648,035	35,218,954	48,614,699	46,176,232	56,230,997	57,537,776
<u>\$ 172,754,199</u>	<u>\$ 170,603,167</u>	<u>\$ 170,423,147</u>	<u>\$ 169,143,596</u>	<u>\$ 166,838,385</u>	<u>\$ 165,315,674</u>

**SOUTH COAST WATER DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

<b>Changes in Net Position:</b>	<b>Fiscal Year</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Operating Revenues				
Water Sales	\$ 21,912,644	\$ 20,520,885	\$ 20,594,297	\$ 19,527,900
Sewer Service Charges	20,575,587	18,030,330	17,183,484	15,465,736
Recycled Water	2,132,750	2,042,287	2,664,716	2,179,970
Recreation Facilities	362,042	350,383	333,243	257,294
Operating Expenses				
Source of Supply (Purchased Water)	8,286,004	6,919,548	6,779,009	6,878,289
Groundwater Recovery Facility	1,286,698	1,298,695	1,197,018	1,110,828
Recycled Water	1,861,101	1,492,669	1,562,009	1,313,227
Pumping Expense	1,180,270	1,169,565	1,013,483	989,363
Sewer Treatment Plant	5,014,262	4,427,761	4,186,641	4,132,637
Transmission and Distribution	5,544,935	5,080,955	4,421,617	4,520,965
Operations Support	3,118,927	3,210,820	2,951,525	2,517,593
Recreation Facilities	367,747	328,087	305,075	321,871
Engineering and Consulting	1,584,731	1,717,815	2,078,071	2,110,391
General and Administrative	12,497,370	14,650,070	4,471,153	10,926,420
Depreciation	8,272,355	6,610,367	6,486,096	6,534,708
Income From Operations	(4,031,377)	(5,962,467)	5,324,043	(3,925,392)
Nonoperating Revenues (Expenses)				
Property Taxes-General and Bond Levy	8,681,108	8,188,332	7,472,760	7,154,483
Standby Charges	-	-	-	-
Investment Income	3,756,027	1,487,587	(899,882)	65,916
Other Revenues	1,559,220	1,668,319	1,175,408	1,360,422
Rental Income	1,725,076	1,448,705	1,181,093	948,241
Grant Revenue	2,581,007	528,351	252,183	1,371,927
Interest Expense	(4,351,724)	(4,018,391)	(4,055,723)	(3,509,829)
Gain (Loss) on Disposal of Capital Assets	14,969	71,600	36,130	(246,253)
Share of Joint Venture Income (Expenses)	-	-	-	-
Other Expenses	-	-	-	-
Total Nonoperating Revenues (Expenses)	13,965,683	9,374,503	5,161,969	7,144,907
Income Before Capital Contributions	9,934,306	3,412,036	10,486,012	3,219,515
Capital Contributions	439,406	179,099	123,708	679,463
<b>Change in Net Position</b>	<b>\$ 10,373,712</b>	<b>\$ 3,591,135</b>	<b>\$ 10,609,720</b>	<b>\$ 3,898,978</b>

(Continued)

Source: District Audited Financial Statements

**SOUTH COAST WATER DISTRICT  
CHANGES IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS**

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 18,482,268	\$ 17,518,158	\$ 16,415,394	\$ 14,133,228	\$ 14,105,212	\$ 16,236,389
15,202,153	14,702,662	13,839,953	12,421,268	12,070,688	12,812,048
1,855,007	1,770,840	1,907,580	1,640,610	1,358,360	1,439,432
244,999	294,177	291,564	215,069	208,811	251,604
5,549,902	6,085,677	5,804,144	5,616,206	5,579,348	5,934,856
1,330,142	1,011,303	686,714	570,996	437,110	531,460
1,015,881	942,374	621,481	1,082,906	1,024,908	1,101,808
1,169,994	1,111,566	1,101,671	1,043,175	956,397	1,124,003
4,551,238	5,400,627	4,421,065	3,169,418	2,592,137	2,084,904
5,431,867	4,854,330	4,217,828	4,727,882	4,249,310	4,561,273
2,612,869	2,932,001	2,409,490	-	-	-
277,255	294,565	365,952	453,661	316,364	317,364
2,159,615	2,314,667	2,577,966	1,515,371	-	-
10,977,290	8,216,031	7,058,374	9,109,631	8,523,132	8,191,511
6,583,151	6,259,702	6,384,604	6,639,471	7,367,975	7,315,469
(5,874,777)	(5,137,006)	(3,194,798)	(5,518,542)	(3,303,610)	(423,175)
6,774,772	6,558,495	6,332,296	6,021,573	6,128,107	5,626,192
-	-	1,605	10,601	8,976	8,904
1,556,273	1,412,028	353,704	358,885	290,475	194,283
969,321	2,044,497	819,595	572,107	624,843	795,491
774,641	832,059	782,842	788,711	785,393	759,253
-	-	-	-	-	204,593
(2,786,364)	(2,294,818)	(1,337,020)	(825,110)	(900,665)	(604,012)
(196,441)	(2,430,233)	(12,354)	(57,550)	26,438	77,542
(73,606)	(571,241)	(393,387)	(282,950)	183,361	(233,290)
(2,042)	(404,292)	(124,755)	(121,012)	(3,188,858)	(98,819)
7,016,554	5,146,495	6,422,526	6,465,255	3,958,070	6,730,137
1,141,777	9,489	3,227,728	946,713	654,460	6,306,962
1,009,255	757,263	745,969	1,358,498	868,251	340,665
\$ 2,151,032	\$ 766,752	\$ 3,973,697	\$ 2,305,211	\$ 1,522,711	\$ 6,647,627

**SOUTH COAST WATER DISTRICT  
WATER SOLD BY TYPE OF CUSTOMER (IN ACRE FEET)  
LAST TEN FISCAL YEARS**

<b>Customer Type</b>	<b>Fiscal Year</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Single Family Residential	2,735	2,700	3,021	3,024	2,734
Multi-Family Residential	849	849	945	1,008	957
Commercial/Industrial	813	837	870	746	814
Irrigation/Other	1,125	1,119	1,655	1,623	1,329
<b>Total</b>	<b>5,522</b>	<b>5,505</b>	<b>6,491</b>	<b>6,401</b>	<b>5,834</b>

(Continued)

Source: District Billing System

**SOUTH COAST WATER DISTRICT  
WATER SOLD BY TYPE OF CUSTOMER (IN ACRE FEET) (CONTINUED)  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>				
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
2,679	2,798	2,504	2,350	3,103
952	971	960	961	1,137
902	928	914	917	1,115
1,332	1,640	1,385	1,402	1,953
<u>5,865</u>	<u>6,337</u>	<u>5,763</u>	<u>5,630</u>	<u>7,308</u>

**SOUTH COAST WATER DISTRICT  
WATER RATES  
LAST TEN FISCAL YEARS**

Description	Fiscal Year				
	2024	2023	2022	2021	2020
Potable Water:					
Single Family Residence (Variable) <sup>1</sup>					
Tier 1	\$ 3.20	\$ 2.99	\$ 2.88	\$ 3.19	\$ 3.10
Tier 2	4.07	3.80	3.65	3.37	3.28
Tier 3	4.17	3.90	3.75	3.56	3.46
Tier 4	-	-	-	-	-
Tier 5	-	-	-	-	-
Multi-Family (Variable) <sup>1</sup>	3.52	3.29	3.16	3.22	3.13
Commercial (Variable) <sup>1</sup>	3.58	3.35	3.22	3.46	3.36
Irrigation (Variable) <sup>1</sup>					
Tier 1	3.78	3.53	3.39	3.59	3.49
Tier 2	-	-	-	-	-
Tier 3	-	-	-	-	-
Fixed Charges <sup>2</sup>					
5/8"	378.42	-	-	-	-
3/4"	378.42	353.66	340.06	324.10	314.85
1"	666.48	622.88	598.93	540.20	524.75
1 1/2"	1,107.36	1,034.92	995.11	1,080.35	1,049.45
2"	1,948.36	1,820.90	1,750.86	1,728.55	1,679.10
3"	4,329.09	4,045.88	3,890.27	3,781.15	3,673.00
4"	9,692.69	9,058.59	8,710.18	6,806.05	6,611.35
6"	18,796.21	17,566.55	16,890.92	14,044.15	13,642.50
Peak Demand Charges (Fixed) <sup>2/3</sup>	29.97	28.01	26.93	23.10	22.45
Recycled Water:					
Variable Charges	6.07	5.67	5.45	4.55	4.51
Fixed Charges <sup>2</sup>					
5/8"	31.54	-	-	-	-
3/4"	31.54	353.66	340.06	324.10	314.85
1"	55.54	622.88	598.93	540.20	524.75
1 1/2"	92.28	1,034.92	995.11	1,080.35	1,049.45
2"	162.36	1,820.90	1,750.86	1,728.55	1,679.10
3"	360.76	4,045.88	3,890.27	3,781.15	3,673.00
4"	807.72	9,058.59	8,710.18	6,806.05	6,611.35
6"	1,566.35	17,566.55	16,890.92	14,044.15	13,642.50

(Continued)

Notes:

- <sup>1</sup> Variable rates are based on usage by centum cubic feet (CCF). One CCF equals 100 cubic feet or 748 gallons.
- <sup>2</sup> Fixed charges are based on meter size.
- <sup>3</sup> Peak demand charges are based on the second highest demand month during the preceding fiscal year.

Source: District records



**SOUTH COAST WATER DISTRICT  
WATER RATES (CONTINUED)  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>				
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016<sup>1</sup></b>	<b>2015</b>
\$ 2.93	\$ 2.74	\$ 2.54	\$ 2.25	\$ 2.25
3.09	2.89	2.68	4.18	4.18
3.27	3.05	2.83	6.27	6.27
-	-	-	8.36	8.36
-	-	-	10.45	10.45
2.95	2.76	2.56	4.13	4.13
3.17	2.96	2.75	4.13	4.13
3.29	3.08	2.85	4.18	4.18
-	-	-	6.27	6.27
-	-	-	8.36	8.36
-	-	-	-	-
297.25	278.05	257.70	294.20	294.20
495.40	463.40	429.50	529.56	529.56
990.80	926.80	859.00	1,182.69	1,182.69
1,585.25	1,482.85	1,374.35	2,100.69	2,100.69
3,467.70	3,243.70	3,006.40	4,727.83	4,727.83
6,241.85	5,838.65	5,411.50	8,399.48	8,399.48
12,880.00	12,048.00	11,166.55	18,896.62	18,896.62
21.15	19.80	18.35	-	-
4.35	4.16	3.94	3.72	3.72
-	-	-	-	-
297.25	278.05	257.70	-	-
495.40	463.40	429.50	-	-
990.80	926.80	859.00	-	-
1,585.25	1,482.85	1,374.35	-	-
3,467.70	3,243.70	3,006.40	-	-
6,241.85	5,838.65	5,411.50	-	-
12,880.00	12,048.00	11,166.55	-	-

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**SOUTH COAST WATER DISTRICT  
TEN LARGEST WATER CUSTOMERS  
CURRENT AND NINE YEARS AGO**

**FY 2023/2024**

	<b>Customer Name</b>	<b>Business Type</b>	<b>Annual Revenues</b>	<b>% of Total Revenues</b>
1	Monarch Beach Golf Links	Golf Course	\$ 475,854	1.97%
2	City of Dana Point	Government	325,731	1.35%
3	MMB Management LLC	Residential Properties	293,875	1.22%
4	Niguel Shores Community Association	Homeowners' Association	261,995	1.09%
5	Montage Laguna Beach	Hotel	166,592	0.69%
6	Waldorf Astoria Monarch Beach Resort & Club	Hotel	156,672	0.65%
7	Laguna Beach Golf & Bungalow Village, LLC	Hotel/Golf Course	133,302	0.55%
8	Ritz Carlton	Hotel	126,412	0.52%
9	County of Orange	Government	119,400	0.50%
10	Seascape Homeowners' Association	Homeowners' Association	116,686	0.48%
			<u>\$ 2,176,519</u>	<u>9.03%</u>

**FY 2014/2015**

	<b>Customer Name</b>	<b>Business Type</b>	<b>Annual Revenues</b>	<b>% of Total Revenues</b>
1	Monarch Beach Golf Links	Golf Course	\$ 553,108	3.06%
2	City of Dana Point	Government	456,114	2.52%
3	Monarch Beach Resort and Club	Hotel	266,214	1.47%
4	Niguel Shores Community Association	Homeowners' Association	249,632	1.38%
5	Montage Laguna Beach	Hotel	243,349	1.35%
6	Ritz Carlton	Hotel	235,457	1.30%
7	County of Orange	Government	233,556	1.29%
8	Seascape Homeowners' Association	Homeowners' Association	167,440	0.93%
9	Laguna Beach Golf & Bungalow Village, LLC	Hotel/Golf Course	154,424	0.85%
10	St Joseph Health Mission Hospital	Hospital	140,989	0.78%
			<u>\$ 2,700,283</u>	<u>14.94%</u>

Source: District Billing System

**SOUTH COAST WATER DISTRICT  
SEWER RATES  
LAST TEN FISCAL YEARS**

Description	Fiscal Year				
	2024	2023	2022	2021	2020
Single Family Residence					
Fixed <sup>1</sup>	\$ -	\$ -	\$ -	\$ -	\$ -
Variable Block Rate (Fixed) <sup>1</sup>					
Tier 1 - 0-5 CCF	923.55	824.60	774.27	696.00	676.00
Tier 2 - 6-10 CCF	1,007.19	899.28	844.39	758.00	736.00
Tier 3 - 11+ CCF	1,177.53	1,051.37	987.20	868.00	843.00
Variable		-	-	-	-
Multi-Family					
Variable <sup>2</sup>	1.66	1.48	1.39	1.30	1.26
Fixed <sup>3</sup>	506.22	451.98	424.39	453.25	440.00
Duplex	-	-	-	-	-
Triplex	-	-	-	-	-
Fourplex	-	-	-	-	-
Multi-Plex	-	-	-	-	-
Commercial					
Variable <sup>4</sup>					
Low Strength	9.52	8.50	7.99	8.59	8.34
Medium Strength	12.40	11.07	10.39	9.74	9.46
High Strength	16.55	14.78	13.88	12.58	12.22
Various Business Types	-	-	-	-	-
Fixed	-	-	-	-	-

(Continued)

Notes:

- <sup>1</sup> The annual variable block rate replaced the fixed charge in 2017. It includes both variable and fixed charges based on a winter quarter average (average of prior year usage during December, January, and February).
- <sup>2</sup> The variable rates for multi-family residences is based on water usage by centum cubic feet (CCF). One CCF equals 100 cubic feet or 748 gallons.
- <sup>3</sup> The annual fixed charge for multi-family residences is based on the number of dwelling units per meter.
- <sup>4</sup> The variable rate for commercial is based on CCF. There are three categories: low, medium, and high strength.

Source: District records

**SOUTH COAST WATER DISTRICT  
SEWER RATES (CONTINUED)  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>				
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ -	\$ -	\$ -	\$ 446.46	\$ 446.46
638.00	597.00	554.00	-	-
695.00	650.00	603.00	-	-
796.00	744.00	690.00	-	-
-	-	-	1.20	1.20
1.19	1.11	1.03	1.20	1.20
415.25	388.25	360.00	-	-
-	-	-	296.53	296.53
-	-	-	309.89	309.89
-	-	-	314.19	314.19
-	-	-	231.91	231.91
7.87	7.36	6.83	-	-
8.93	8.35	7.74	-	-
11.53	10.78	9.99	-	-
-	-	-	6.54 to 8.31	6.54 to 8.31
-	-	-	446.46	446.46

**SOUTH COAST WATER DISTRICT  
TEN LARGEST SEWER CUSTOMERS  
CURRENT AND NINE YEARS AGO**

**FY 2023/2024**

	<u>Customer Name</u>	<u>Business Type</u>	<u>Annual Revenues</u>	<u>% of Total Revenues</u>
1	Waldorf Astoria Monarch Beach Resort &	Hotel	\$ 499,808	2.43%
2	Montage Laguna Beach	Hotel	375,750	1.83%
3	Ritz Carlton	Hotel	367,123	1.78%
4	State of California	Government	195,337	0.95%
5	MMB Management LLC	Residential	177,574	0.86%
6	St Joseph Health Mission Hospital	Hospital	152,650	0.74%
7	Laguna Cliffs Resort	Hotel	137,367	0.67%
8	Hometown Laguna Terrace LLC	Homeowners' Association	121,235	0.59%
9	The Marina at Dana Point	Commercial/Harbor	118,920	0.58%
10	Capistrano Unified School District	Government	100,061	0.49%
			<u>\$ 2,245,825</u>	<u>10.91%</u>

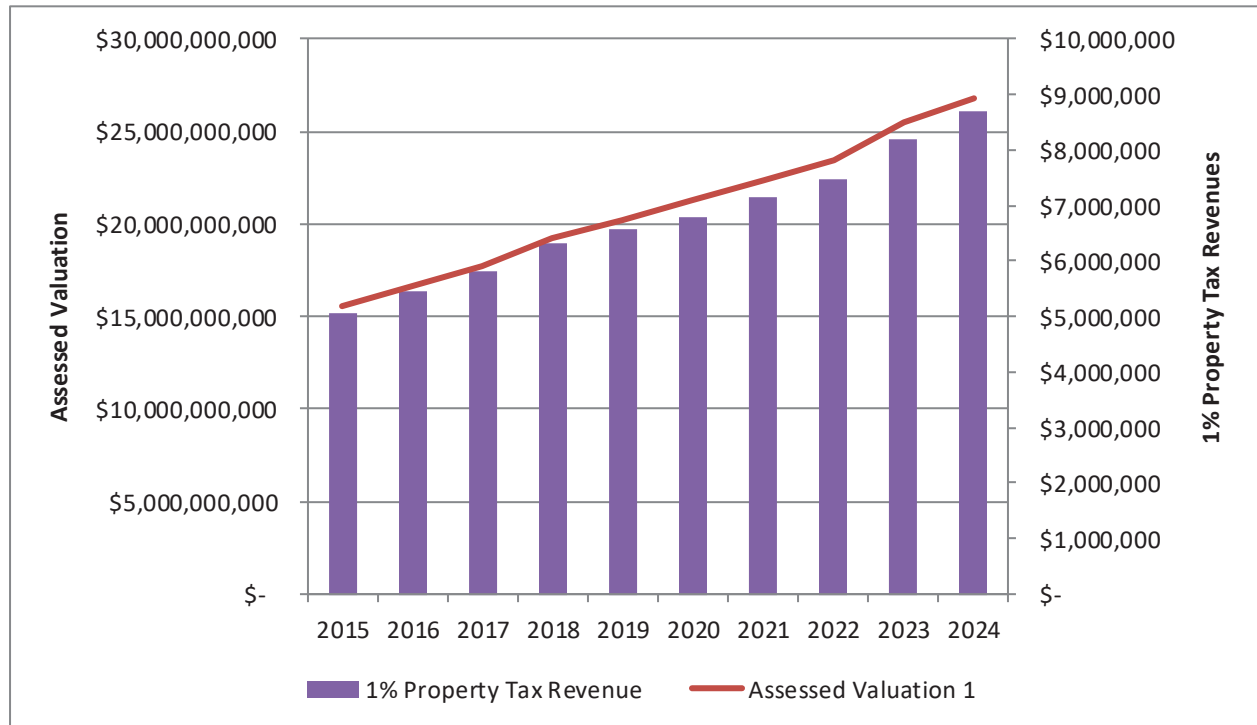
**FY 2014/2015**

	<u>Customer Name</u>	<u>Business Type</u>	<u>Annual Revenues</u>	<u>% of Total Revenues</u>
1	Monarch Beach Resort and Club	Hotel	\$ 422,930	3.28%
2	Laguna Beach Resorts-LLC	Hotel	377,506	2.93%
3	Ritz Carlton	Hotel	361,967	2.81%
4	Laguna Cliffs Resort	Hotel	248,161	1.92%
5	St Joseph Health Mission Hospital	Hospital	223,200	1.73%
6	Capo Unified School District	Government	112,542	0.87%
7	Beachwood Mobile Home Park	Homeowners' Association	95,951	0.74%
8	County of Orange	Government	90,349	0.70%
9	Riviera Beach & Spa Resort	Hotel	84,152	0.65%
10	Hometown Laguna Terrace LLC	Homeowners' Association	79,835	0.62%
			<u>\$ 2,096,593</u>	<u>16.25%</u>

Source: District Billing System and Finance Department

**SOUTH COAST WATER DISTRICT  
ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY AND 1% PROPERTY TAX REVENUE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Assessed Valuation <sup>1</sup></b>	<b>1% Property Tax Revenue</b>
2015	\$ 15,532,963,472	\$ 5,059,693
2016	16,621,482,278	5,465,332
2017	17,759,225,858	5,826,837
2018	19,187,754,184	6,328,065
2019	20,220,387,463	6,561,125
2020	21,318,051,681	6,774,773
2021	22,363,169,559	7,154,484
2022	23,406,201,296	7,472,758
2023	25,458,071,235	8,188,333
2024	26,752,936,511	8,681,106



Note:

<sup>1</sup> Estimated market values for the assessed valuation are not available.

Source: California Municipal Statistics, Inc.  
County of Orange  
District Finance Department



**SOUTH COAST WATER DISTRICT  
TYPICAL TAX RATES PER \$100 ASSESSED VALUE  
FISCAL YEAR ENDED JUNE 30, 2024**

Tax Rate Area 5-031	Rate
General Tax Rate	1.00000
Laguna Beach Unified School District	0.00883
Metropolitan Water District	0.00350
Total Tax Rate	<u>1.01233</u>

Tax Rate Area 28-114	Rate
General Tax Rate	1.00000
Capistrano Unified School District SFID No. 1	0.00633
Metropolitan Water District	0.00350
	<u>1.00983</u>

Notes:

The District includes 76 Tax Rate Areas. Tax Rate Areas 5-031 and 28-114 are among the largest within the District (in terms of assessed valuation) for fiscal year 2023-24. Combined, the two Tax Rate Areas account for 18.01% of the total assessed valuation of the District in fiscal year 2023-24.

Source:

California Municipal Statistics, Inc.

**SOUTH COAST WATER DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
CURRENT AND NINE YEARS AGO**

**FY 2023/2024**

Agency/District	Rate
Direct Rate:	
South Coast Water District	\$0.00000
Overlapping Rates:	
Capistrano Unified School District SFID No. 1	\$0.00633
Laguna Beach Unified School District	\$0.00883
Metropolitan Water District	\$0.00350

**FY 2014/2015**

Agency/District	Rate
Direct Rate:	
South Coast Water District	\$0.00722
Overlapping Rates:	
Capistrano Unified School District SFID No. 1	\$0.00900
Laguna Beach Unified School District	\$0.01461
Metropolitan Water District	\$0.00350

Source: California Municipal Statistics, Inc.

**SOUTH COAST WATER DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND NINE YEARS AGO**

**FY 2023/2024**

	<b>Property Owner Name</b>	<b>Business Type</b>	<b>Assessed Valuation <sup>1</sup></b>	<b>Percent of Total Assessed Value</b>
1	Dana Point Beach Resort LLC	Hotel	\$ 417,918,929	1.59%
2	SHC Laguna Niguel 1 LLC	Hotel	281,527,698	1.07%
3	Villa San Clemente LLC	Outlet Stores	172,626,326	0.66%
4	Regency Laguna LP	Hotel	125,518,386	0.48%
5	Raintree Del Prado LLC	Commercial	70,164,159	0.27%
6	Gordon Crawford	Residential	51,117,411	0.19%
7	HC Dana Point Hotel LLC	Hotel	46,041,565	0.17%
8	Camino de Estrella Dana Point LLC	Assisted Living Facility	35,305,138	0.13%
9	Norm Christensen	Residential	35,191,020	0.13%
10	Christopher R. Redlich, Jr.	Residential	34,545,849	0.13%
			<u>\$ 1,269,956,481</u>	<u>4.82%</u>

**FY 2014/2015**

	<b>Property Owner Name</b>	<b>Business Type</b>	<b>Assessed Valuation <sup>1</sup></b>	<b>Percent of Total Assessed Value</b>
1	MMB Management LLC	Residential Properties	\$ 276,888,251	1.82%
2	SHC Laguna Niguel 1 LLC	Hotel	239,548,022	1.57%
3	WH MBR LLC	Golf Resort	197,343,263	1.30%
4	Regency Laguna LP	Hotel	173,851,379	1.14%
5	LV Marblehead LLC	Residential Development	153,694,325	1.01%
6	Headlands Reserve LLC	Commercial	37,755,769	0.25%
7	Kenneth L. Wagner	Residential	35,112,168	0.23%
8	St. Apartments LLC	Apartments	27,155,896	0.18%
9	Cagney Enterprises LLC	Commercial	25,808,018	0.17%
10	Raymond Taccolini	Residential	25,315,858	0.17%
			<u>\$ 1,192,472,949</u>	<u>7.83%</u>

Note:

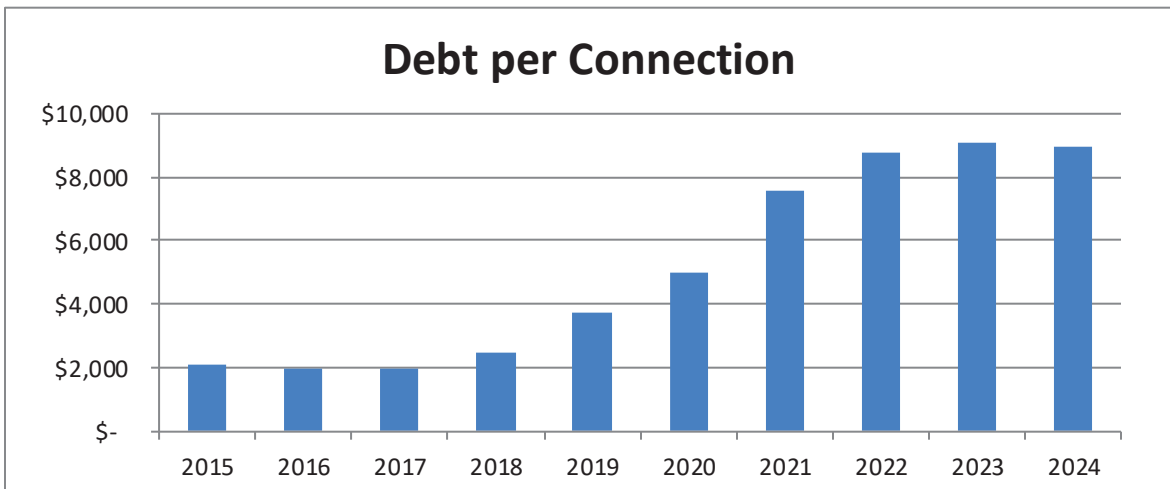
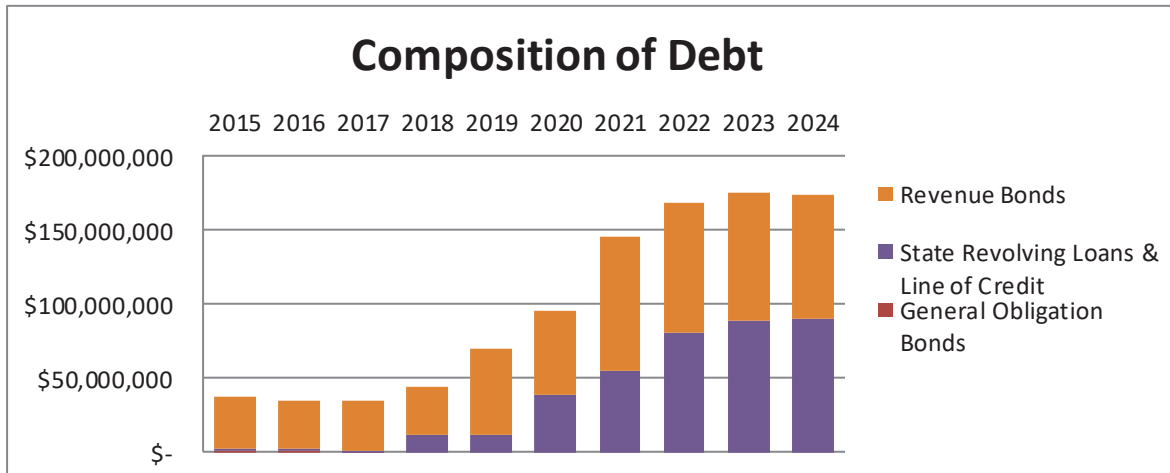
<sup>1</sup> Local secured assessed valuations

Source:

California Municipal Statistics, Inc.

# **SOUTH COAST WATER DISTRICT RATIO OF OUTSTANDING DEBT LAST TEN FISCAL YEARS**

Fiscal Year	State Revolving Loans & Line of Credit	General Obligation Bonds	Revenue Bonds	Totals		
				Total Debt	Per Connection	Per Capita
2015	\$ 1,774,884	\$ 1,442,164	\$ 34,026,532	\$ 37,243,580	\$ 2,104	\$ 1,064
2016	1,423,419	843,590	33,133,378	35,400,387	1,970	1,000
2017	1,071,952	220,000	33,501,237	34,793,189	1,955	971
2018	11,659,593	-	32,416,070	44,075,663	2,448	1,216
2019	12,633,761	-	57,910,851	70,544,612	3,701	1,925
2020	38,927,560	-	56,788,082	95,715,642	5,000	2,796
2021	55,212,795	-	89,957,135	145,169,930	7,567	4,218
2022	80,300,275	-	88,132,029	168,432,304	8,755	4,868
2023	89,657,744	-	85,888,751	175,546,495	9,100	5,047
2024	89,779,365	-	83,883,949	173,663,314	8,972	4,966



Sources: District Audited Financial Statements  
District billing system  
Demographics data

# SOUTH COAST WATER DISTRICT DIRECT AND OVERLAPPING DEBT LAST TEN FISCAL YEARS

2023-2024 Assessed Valuation: \$14,805,093,073

	<b>Total Debt 6/30/24</b>	<b>% Applicable <sup>1</sup></b>	<b>District's Share of Debt 6/30/24</b>
<u>Direct and Overlapping Tax and Assessment Debt:</u>			
Metropolitan Water District	\$ 18,210,000	0.383%	\$ 69,744
Capistrano Unified School District School Facilities Improvement District No. 1	6,712,860	11.429	767,213
Laguna Beach Unified School District	9,940,000	20.426	2,030,344
South Coast Water District	-	100.00	-
Dana Point Community Facilities District No. 2006-1	34,830,000	99.049	34,498,768
City of Laguna Beach 1915 Act Bonds (Estimated)	3,095,000	14.159-100.000	2,471,372
Total Direct and Overlapping Tax and Assessment Debt			\$ 39,837,441
<u>Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$ 440,385,000	1.923%	\$ 8,468,604
Orange County Board of Education General Fund Obligations	10,030,000	1.923	192,877
Capistrano Unified School District School District Certificates of Participation	19,365,000	8.036	1,556,171
City of Laguna Beach General Fund Obligations	11,660,000	27.718	3,231,919
Moulton-Niguel Water District General Fund Obligations	48,605,000	1.71	831,146
Total Overlapping General Fund Debt			\$ 14,280,717
Total Direct Debt			\$ -
Total Overlapping Debt			\$ 54,118,158
Combined Total Debt			\$ 54,118,158 <sup>2</sup>

<sup>1</sup> 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 District divided by the overlapping district's total taxable assessed value.

<sup>2</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2023-2024 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.27%
Combined Total Debt	0.37%

Source: California Municipal Statistics, Inc.

**SOUTH COAST WATER DISTRICT  
DEBT COVERAGE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Revenues <sup>1</sup></b>	<b>Operating &amp; Maint. Costs <sup>2</sup></b>	<b>Net Revenues</b>	<b>Debt Service</b>			<b>Coverage Ratio</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2015	\$ 38,071,049	\$ 24,410,343	\$ 13,660,706	\$ 1,814,718	\$ 1,618,378	\$ 3,433,096	3.98
2016	35,440,172	26,867,564	8,572,608	1,870,358	1,561,255	3,431,613	2.50
2017	36,150,005	27,496,480	8,653,525	2,094,758	1,310,775	3,405,533	2.54
2018	40,740,301	29,795,181	10,945,120	1,630,398	1,319,362	2,949,760	3.71
2019	45,132,916	35,392,699	9,740,217	1,273,078	2,028,192	3,301,270	2.95
2020	45,859,434	35,348,142	10,511,292	2,720,733	2,852,759	5,573,492	1.89
2021	47,457,452	35,067,837	12,389,615	1,845,000	3,688,635	5,533,635	2.24
2022	49,993,432	28,965,601	21,027,831	1,500,000	4,258,542	5,758,542	3.65
2023	54,336,779	40,295,985	14,040,794	1,560,000	4,590,204	6,150,204	2.28
2024	60,719,422	40,742,045	19,977,377	1,620,000	4,629,241	6,249,241	3.20

Notes:

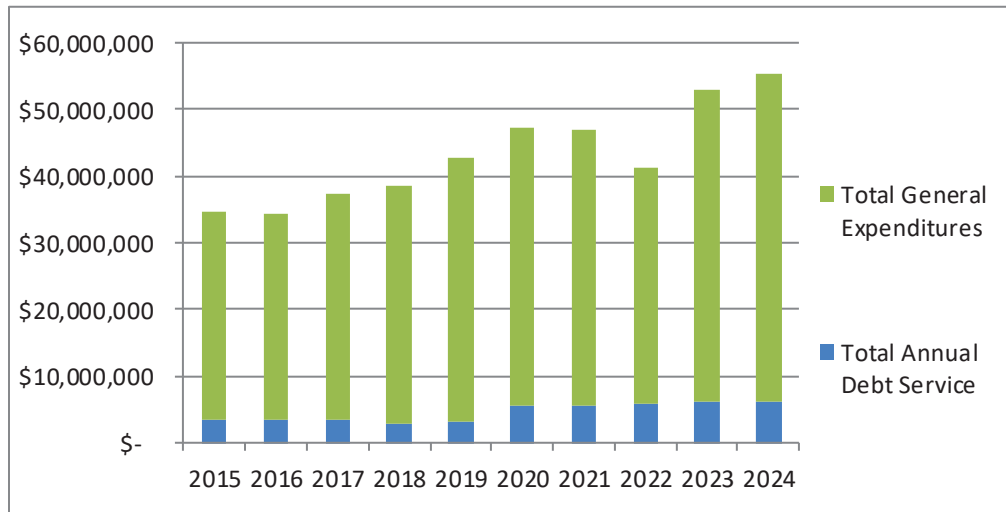
<sup>1</sup> Excludes grant revenue

<sup>2</sup> Excludes depreciation and debt service payments

Sources: Audited Financial Statements  
District Finance Department

**SOUTH COAST WATER DISTRICT  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL EXPENDITURES  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Total Annual Debt Service</b>	<b>Total General Expenditures</b>	<b>Ratio of Total Annual Debt Service to Total General Expenditures</b>
2015	\$ 3,433,095	\$ 31,162,648	11.0%
2016	3,431,613	31,046,681	11.1%
2017	3,405,533	33,928,717	10.0%
2018	2,949,760	35,649,289	8.3%
2019	3,301,270	39,422,843	8.4%
2020	5,573,492	41,659,204	13.4%
2021	5,533,635	41,356,292	13.4%
2022	5,758,542	35,451,697	16.2%
2023	6,150,204	46,906,352	13.1%
2024	6,249,241	49,014,400	12.7%



Sources: District Finance Department  
District Audited Financial Statements

**SOUTH COAST WATER DISTRICT  
DEMOGRAPHICS  
LAST TEN FISCAL YEARS**

South Coast Water District

<b>Year</b>	<b>Estimated District Population</b>	<b>City of Dana Point Population <sup>1</sup></b>	<b>City of Dana Point Personal Income (in Millions) <sup>1</sup></b>	<b>Personal Income per Capita <sup>1</sup></b>
2015	35,004	33,710	\$ 1,649	\$ 47,109
2016	35,415	34,264	1,743	49,216
2017	35,828	34,902	1,811	50,547
2018	36,240	34,619	1,841	50,800
2019	36,651	34,359	1,928	52,604
2020	34,232	34,139	2,078	60,703
2021	34,416	33,745	2,175	63,197
2022	34,600	33,765	2,195	63,439
2023	34,785	33,882	2,249	64,654
2024	34,969	32,596 <sup>2</sup>	<sup>3</sup>	- <sup>3</sup>

County of Orange

<b>Year</b>	<b>Population</b>	<b>Unemployment Rate</b>	<b>Personal Income (in Thousands)</b>	<b>Personal Income per Capita</b>
2015	3,147,655	4.0%	\$ 185,500,000	\$ 58,933
2016	3,183,011	4.4%	190,978,000	59,999
2017	3,194,024	4.2%	199,492,000	62,458
2018	3,221,103	3.1%	215,479,000	66,896
2019	3,222,498	3.0%	230,180,000	71,429
2020	3,194,332	12.3%	226,531,000	70,917
2021	3,153,764	6.3%	258,933,000	82,103
2022	3,162,245	2.8%	267,143,000	84,479
2023	3,137,164	3.6%	266,043,000	84,804
2024	3,150,835 <sup>2</sup>	4.0% <sup>4</sup>	<sup>3</sup>	- <sup>3</sup>

Notes: <sup>1</sup> City of Dana Point information has been used since approximately 90% of the District's customers are within its borders.

<sup>2</sup> California Department of Finance data for January 1, 2024

<sup>3</sup> Information not available.

<sup>4</sup> California Employment Development Department

Sources: District Infrastructure Master Plan Update 2017  
District 2020 Urban Water Management Plan  
City of Dana Point Annual Comprehensive Financial Reports  
County of Orange Annual Comprehensive Financial Reports  
State of California, Employment Development Department  
State of California, Department of Finance



**SOUTH COAST WATER DISTRICT  
TEN LARGEST EMPLOYERS  
2024 AND NINE YEARS AGO**

Rank	Employer	2024 <sup>1</sup>		2015 <sup>2</sup>	
		Employees	% of Total Labor Force	Employees	% of Total Labor Force
1	Capistrano Unified School District <sup>3</sup>	4,200	24.56%	-	0.00%
2	Waldorf Astoria Monarch Beach Resort (Former St. Regis)	1,200	7.02%	800	4.40%
3	Montage Laguna Beach	602	3.52%	759	4.17%
4	Ritz-Carlton-Laguna Niguel	600	3.51%	970	5.33%
5	Spa at Laguna Cliffs	350	2.05%	-	0.00%
6	Mission Hospital <sup>4</sup>	335	1.96%	565	3.10%
7	Marriott-Laguna Cliffs Resort	250	1.46%	250	1.37%
8	Dana Hills High School	200	1.17%	200	1.10%
9	Harpoon Henry's Seafood Restaurant	150	0.88%	150	0.82%
10	Wind & Sea Restaurant	150	0.88%	125	0.69%
	Total	8,037	47.00%	3,819	20.99%

Notes:

<sup>1</sup> Most current available data is from 2023 Annual Comprehensive Financial Reports of cities noted below. Labor force consists of City of Dana Point employment information.

<sup>2</sup> Data shown above for 2015 consists of information available for Fiscal Year 2024 top 10 employers only.

<sup>3</sup> Includes 4,000 in the City of San Juan Capistrano and 200 in the City of Dana Point.

<sup>4</sup> Employees shown above for Mission Hospital in 2015 consist of the amount reported in 2014. The 2015 report showed 2,500 employees which likely include of all campuses not only Laguna Beach.

Sources:

City of Laguna Beach Annual Comprehensive Financial Reports

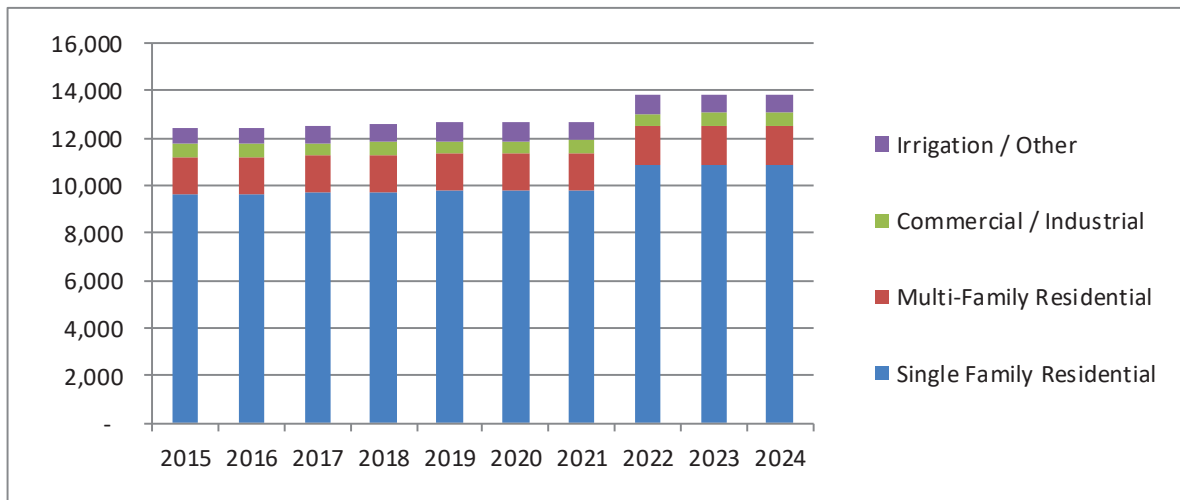
City of Dana Point Annual Comprehensive Financial Reports

City of San Juan Capistrano Finance Department/Annual Comprehensive Financial Report

City of San Clemente Annual Comprehensive Financial Reports

**SOUTH COAST WATER DISTRICT  
NUMBER OF WATER CONNECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Single Family Residential</b>	<b>Multi-Family Residential</b>	<b>Commercial / Industrial</b>	<b>Irrigation / Other</b>	<b>Total Connections</b>
2015	9,636	1,588	526	654	12,404
2016	9,637	1,544	579	651	12,411
2017	9,673	1,584	513	704	12,474
2018	9,712	1,588	513	801	12,614
2019	9,767	1,591	510	822	12,690
2020	9,777	1,593	515	821	12,706
2021	9,793	1,599	514	793	12,699
2022	10,877	1,602	536	796	13,811
2023	10,898	1,603	538	794	13,833
2024	10,865 <sup>1</sup>	1,645 <sup>1</sup>	545	793	13,848



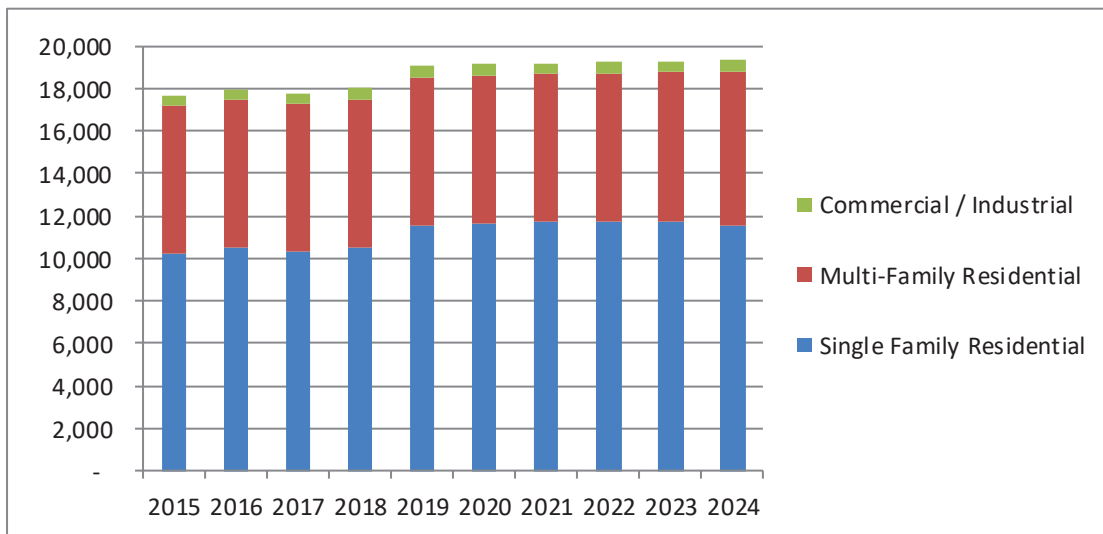
Notes: <sup>1</sup> In the City of Dana Point, accessory dwelling unit connections changed from Single Family Residential to Multi-Family Residential during 2023/2024.

Source: District Billing System

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**SOUTH COAST WATER DISTRICT  
NUMBER OF SEWER CONNECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Single Family Residential</b>	<b>Multi-Family Residential</b>	<b>Commercial / Industrial</b>	<b>Total Connections</b>
2015	10,209	6,953	540	17,702
2016	10,500	6,952	514	17,966
2017	10,336	6,951	514	17,801
2018	10,542	6,951	513	18,006
2019	11,591	6,958	510	19,059
2020	11,664	6,964	515	19,143
2021	11,704	6,967	514	19,185
2022	11,731	6,972	536	19,239
2023	11,743	7,010	538	19,291
2024	11,561 <sup>1</sup>	7,251 <sup>1</sup>	545	19,357 <sup>1</sup>



Notes: <sup>1</sup> In the City of Dana Point, accessory dwelling unit connections changed from Single Family Residential to Multi-Family Residential during 2023/2024.

Source: District Billing System

**SOUTH COAST WATER DISTRICT  
AVERAGE MONTHLY USAGE (IN CCF)  
LAST TEN FISCAL YEARS**

Customer Type	Fiscal Year				
	2024	2023	2022	2021	2020
Water:					
Single Family Residential	9	9	10	11	10
Multi-Family Residential	19	20	22	24	22
Commercial/Industrial	50	52	54	48	53
Irrigation/Other	46	44	66	70	59
Total	124	125	152	153	144
Recycled Water:					
Irrigation/Other	128	126	182	178	150
Total	128	126	182	178	150

(Continued)

Source: District Billing System

**SOUTH COAST WATER DISTRICT  
AVERAGE MONTHLY USAGE (IN CCF) (CONTINUED)  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>				
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
10	10	9	12	12
22	22	22	23	26
64	66	64	58	77
80	98	99	111	150
<u>176</u>	<u>196</u>	<u>194</u>	<u>204</u>	<u>265</u>
143	177	155	160	198
<u>143</u>	<u>177</u>	<u>155</u>	<u>160</u>	<u>198</u>

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**SOUTH COAST WATER DISTRICT  
SOURCE OF SUPPLY AND WATER DELIVERIES/SALES IN ACRE FEET  
LAST TEN FISCAL YEARS**

Source of Supply (in Acre Feet)				
Fiscal Year	Imported	Groundwater	Recycled	Total Supply
2015	5,728	175	861	6,764
2016	4,935	- <sup>1</sup>	822	5,757
2017	4,893	272	822	5,987
2018	4,867	727	943	6,537
2019	5,035	235	775	6,045
2020	4,504	847	827	6,178
2021	4,935	876	945	6,756
2022	4,811	771	982	6,564
2023	4,145	766	717	5,628
2024	4,475	554	726	5,755

Water Deliveries/Sales (in Acre Feet)			
Fiscal Year	Potable Water	Recycled Water	Total
2015	5,788	861	6,649
2016 <sup>2</sup>	4,814	822	5,636
2017	4,947	822	5,769
2018	5,395	943	6,338
2019	5,078	775	5,853
2020	5,063	827	5,890
2021	5,456	945	6,401
2022	5,517	982	6,499
2023	4,813	717	5,530
2024	4,833	726	5,559

Notes: <sup>1</sup> The Groundwater Recovery Facility was not in operation during fiscal year 2015-2016 due to a lack of precipitation that resulted in low groundwater levels in the San Juan groundwater basin

<sup>2</sup> Decreases beginning in 2016 reflect the impact of mandatory conservation measures.

Sources: District records



**SOUTH COAST WATER DISTRICT  
CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS**

Description	Fiscal Year				
	2024	2023	2022	2021	2020
Potable System					
Miles of Water Line	159.00	159.00	159.00	159.00	159.00
Number of Storage Tanks	13.00	13.00	13.00	13.00	13.00
Maximum Storage (MG)	21.90	21.90	21.90	21.90	21.90
Capacity (MG)	50.00	50.00	50.00	50.00	50.00
Number of Pumping Plants	9.00	9.00	9.00	9.00	9.00
Number of Wells	1.00	1.00	1.00	1.00	1.00
Well Production Capacity (MGD)	0.85	0.85	0.85	0.85	0.85
Potable Treatment Plants	1.00	1.00	1.00	1.00	1.00
Non-Potable and Recycled Systems					
Miles of Recycled Line	21.00	21.00	21.00	21.00	21.00
Number of Storage Tanks	3.00	3.00	3.00	3.00	3.00
Maximum Storage (MG)	3.70	3.70	3.70	3.70	3.70
Capacity (MG)	4.70	4.70	4.70	4.70	4.70
Number of Pumping Plants	3.00	3.00	3.00	3.00	3.00
Sewer System					
Miles of Sewer Line	141.00	141.00	141.00	141.00	141.00
Number of Lift Stations	13.00	13.00	13.00	13.00	13.00

(Continued)

Notes:

    MG - Million Gallons

    MGD - Million Gallons per Day

Source:

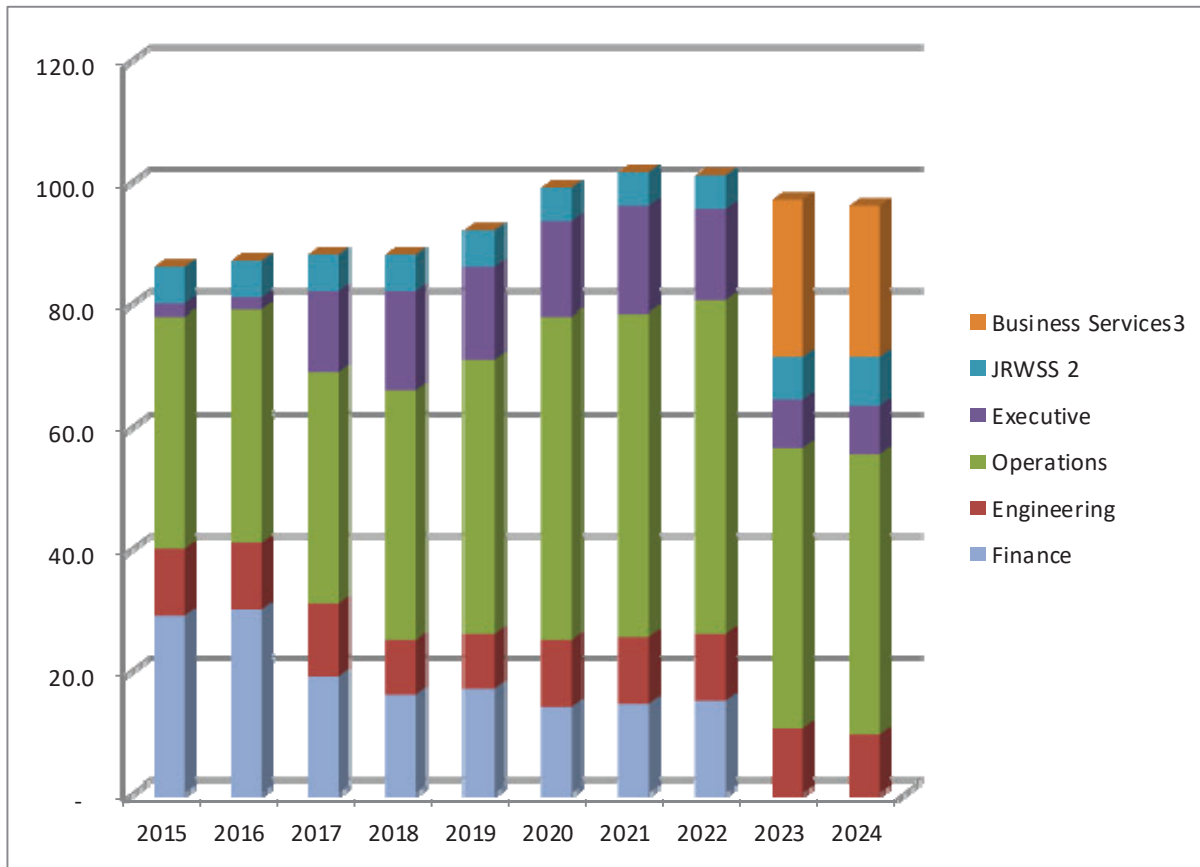
    District Records

**SOUTH COAST WATER DISTRICT  
CAPITAL ASSET STATISTICS (CONTINUED)  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>				
<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
158.00	158.00	158.00	158.00	158.00
13.00	13.00	13.00	13.00	13.00
21.60	21.60	21.60	21.60	21.60
50.00	50.00	50.00	50.00	50.00
9.00	9.00	9.00	9.00	9.00
1.00	1.00	1.00	1.00	1.00
0.85	0.85	0.85	0.85	0.85
1.00	1.00	1.00	1.00	1.00
17.00	17.00	17.00	17.00	16.00
3.00	3.00	3.00	3.00	3.00
3.70	3.70	3.70	3.70	3.70
4.70	4.70	4.70	4.70	4.70
3.00	3.00	3.00	3.00	3.00
141.00	141.00	141.00	141.00	140.00
13.00	13.00	13.00	13.00	13.00

**SOUTH COAST WATER DISTRICT  
NUMBER OF EMPLOYEES  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Executive</b>	<b>Business Services<sup>3</sup></b>	<b>Finance</b>	<b>Engineering</b>	<b>Operations</b>	<b>JRWSS<sup>2</sup></b>	<b>Total</b>
2015	2.0	-	29.0	11.0	38.0	6.0	86.0
2016	2.0	-	30.0	11.0	38.0	6.0	87.0
2017	13.0	-	19.0	12.0	38.0	6.0	88.0
2018	16.0	-	16.0	9.0	41.0	6.0	88.0
2019	15.0	-	17.0	9.0	45.0	6.0	92.0
2020	15.5	-	14.0	11.0	53.0	5.5	99.0
2021	17.5	-	14.5	11.0	53.0	5.5	101.5
2022	15.0	-	15.0	11.0	54.5	5.5	101.0
2023	8.0	25.5	-	10.5	46.0	7.0	97.0
2024	8.0	24.5	-	9.5	46.0	8.0	96.0



Notes:

<sup>1</sup> Number of employees in each department consist of authorized positions.

<sup>2</sup> Joint Regional Water Supply System personnel are employees of the District. Reimbursements are received from JRWSS.

<sup>3</sup> Business Services division includes Information & Technology, Finance, Customer Service, Dana Hills Tennis Center, Health & Safety, Human Resources, Purchasing departments.

Source: District Annual Budgets



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