



**FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
December 16, 2015
8:30 AM
Approximate Meeting Time: 2 Hours**

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE NOVEMBER 18, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

3. PUBLIC COMMENTS

Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

PRESENTATION ITEMS

4. Update on University of California, Riverside Study

DISCUSSION/ACTION ITEMS

5. COMPREHENSIVE ANNUAL FINANCIAL REPORT

It is recommended that the Board of Directors receive and file the CAFR.

INFORMATION ITEMS

6. Evapotranspiration Background
7. Water Usage Update
8. Outreach Update

9. Monthly Financial Report
 - a. Summary of Financial Results
 - b. Budget Comparison Report
 - c. Financial Statements
 - d. Restricted Cash and Investments with Fiscal Agent
 - e. Unrestricted and Restricted Fund Balances
 - f. Summary of Disbursements November 2015
10. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
11. Late Items (Appropriate Findings to be Made)
 - a. Need to take immediate action; and
 - b. Need for action came to District's attention after Agenda Posting. [Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

ADJOURNMENT

The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 831-2500 at least forty-eight (48) hours prior to the scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least forty-eight (48) hours prior to the scheduled meeting.

Agenda exhibits and other writings that are disclosable public records distributed to all, or a majority of, the members of the Moulton Niguel Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the District Office, 27500 La Paz Road, Laguna Niguel, CA ("District Office"). If such writings are distributed to members of the Board less than seventy-two (72) hours prior to the meeting, they will be available in the reception area of the District Office at the same time as they are distributed except that, if such writings are distributed immediately prior to, or during the meeting, they will be available in the Board meeting room and on the District website at www.mnwd.com.



DRAFT
MINUTES OF THE REGULAR MEETING OF THE
FINANCE & INFORMATION TECHNOLOGY BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT

November 18, 2015

A Regular Meeting of the Finance & Information Technology Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 8:30 AM on November 18, 2015. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director
Larry Lizotte	Director

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Marc Serna	Director of Engineering & Operations
Gina Hillary	Director of Human Resources
Paige Gulck	Board Secretary
Trevor Agrelius	MNWD
Drew Atwater	MNWD
Tim Bonita	MNWD
Johnathan Cruz	MNWD
Eva Plajzer	MNWD
Megan Schneider	MNWD
Carole Wayman-Piascik	MNWD
Andrew Zelinko	MNWD
Michael Bell	Michael Bell Consulting, Inc.
Deborah Harper	Lange, Soll & Lunghard
Jayson Schmidt	Chandler Asset Management

#2.

1. CALL MEETING TO ORDER

The meeting was called to order by Richard Fiore at 8:30 a.m.

2. APPROVE THE MINUTES OF THE OCTOBER 14, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY SCOTT COLTON, MINUTES OF THE OCTOBER 14, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTOR GARY KURTZ ABSTAINED.

3. PUBLIC COMMENTS

None.

PRESENTATION ITEMS

4. Quarterly Investment Report - Chandler Asset Management

Jayson Schmidt from Chandler Asset Management presented the Quarterly Investment Report. Key topics presented were the account profile, portfolio holdings, and economic update.

DISCUSSION/ACTION ITEMS

5. Comprehensive Annual Financial Report

Joone Lopez gave a brief introduction of the item. Trevor Agrelius presented the Comprehensive Annual Financial Report. Financial highlights and notable changes were discussed. The Board will adopt the final report in December.

6. COMMUNICATION FACILITIES LICENSE PROGRAM UPDATE

It is recommended that the Board of Directors approve the resolution entitled "Adopting the 2015 Communication Facilities License Program Policy and Procedures for Communication Facilities Licenses with Moulton Niguel Water District Properties" and authorize the General Manager or her designee to implement the program and execute agreements on behalf of the District.

This item was pulled by staff and will be discussed at the December Finance & Information Technology Board meeting.

INFORMATION ITEMS

7. Bi-monthly to Monthly Conversion

Joone Lopez introduced the item. Johnathan Cruz presented the benefit of converting commercial, irrigation, and multi-family customers from bi-monthly to monthly billing. Currently, all single family residents are billed monthly.

Gary Kurtz left the meeting at 10:07 a.m.

8. Rate Stabilization Reserve Overview

Johnathan Cruz presented the Rate Stabilization Reserve Overview.

9. Outreach Update

Joone Lopez and Megan Schneider provided an update on outreach efforts.

10. Operations Center Consolidation Improvement Project Update

Matt Collings provided an update on the Operations Center Consolidation Improvement Project. Newport Real Estate Services is working on refining the project budget and schedule and is helping coordinate some of the design activities that are ongoing. Soil boring will be done Monday, November 23, 2015. We are finalizing the scope and contract for Phase one of the environmental services. We are providing email updates to the local Homeowner's Associations during the holidays. The next scheduled meeting is the end of January.

11. Joint Powers Authority Quarterly Update

Matt Collings presented the Joint Powers Authority Quarterly Update.

12. Monthly Financial Report

Trevor Agrelius presented the monthly financial report.

13. Future Agenda Items (Any items added under this section are for discussion at future meetings only)

None.

14. Late Items (Appropriate Findings to be Made)

Staff has none.

#2.

ADJOURNMENT

The meeting was adjourned at 11:30 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

DRAFT



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors **MEETING DATE:** December 16, 2015

FROM: Trevor Agrelius, Controller

SUBJECT: Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015

DIVISION: District-wide

SUMMARY:

Issue: Final Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2015.

Recommendation: It is recommended that the Board of Directors receive and file the CAFR.

Fiscal Impact: No fiscal impact to the District.

BACKGROUND:

A CAFR is a widely recognized financial reporting medium, which complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (“GASB”).

DISCUSSION:

The CAFR has been finalized and is now available to receive and file. The report was prepared in accordance with the guidelines set forth by GASB. Lance, Soll and Lunghard, LLP, have conducted an independent audit and have expressed an unmodified opinion on the District’s financial statements for fiscal year ended June 30, 2015. An unmodified opinion is a judgment that the District’s financial records and statements are fairly and appropriately presented in accordance with Generally Accepted Accounting Principles (“GAAP”).

Attachments:

1. Final CAFR for Fiscal Year Ended June 30, 2015
2. Audit Communication Letter
3. Auditors’ Report on Internal Control



MOULTON NIGUEL WATER DISTRICT

27500 La Paz Road, Laguna Niguel, CA 92677

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2015

#5.



Moulton Niguel Water
Leading the Way in Service

**MOULTON NIGUEL WATER DISTRICT
LAGUNA NIGUEL, CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

**Prepared By:
The Finance Department**

27500 La Paz Road
Laguna Niguel, CA 92677
www.mnwd.com

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MOULTON NIGUEL WATER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

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MOULTON NIGUEL WATER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

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Moulton Niguel Water
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Laguna Niguel, CA 92677
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BOARD OF DIRECTORS

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Director

Scott Colton
Vice President

Richard Fiore
Director

Donald Froelich
President

Gary R. Kurtz
Director

Larry Lizotte
Director

Brian S. Probolsky
Vice President

November 18, 2015

Members of the Board of Directors
Moulton Niguel Water District

We are pleased to present the Moulton Niguel Water District's ("District") Comprehensive Annual Financial Report ("CAFR") for the fiscal year ending June 30, 2015. This report was prepared by District staff in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of certified public accountants.

The CAFR provides an assessment of the District's financial condition, informs readers about District services, includes information about capital improvement projects, discusses current initiatives, and offers financial and demographic trend information. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the information and data, as presented, is accurate in all material respects, and it is presented in a manner that provides a fair representation of the financial position and operations of the District. Included are all disclosures we believe are necessary to enhance your understanding of the financial condition of the District.

The District's financial statements have been audited by Lance, Soll & Lunghard, LLP., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ending June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's financial statements for the fiscal year ending June 30, 2015, were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The Management Discussion & Analysis ("MD&A") includes a narrative introduction, overview, and analysis to provide a better understanding of the accompanying financial statements. The MD&A immediately follows the Independent Auditors' Report.

Profile of Moulton Niguel Water District

Authority, Services, and Customers

The District was formed on November 16, 1960, under the provisions of the California Water District Law, Division 13, of the Water Code of the State of California, commencing with Section 34000. The District was formed for the purposes of providing a water supply to the communities within its service area. In 1963, the California Water

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District Act was amended, allowing California water districts to provide water and wastewater reclamation services. On July 1, 1964, the District began operation and management of wastewater services previously provided by Orange County Sanitation District No. 12. The District is authorized to acquire, control, store, treat, reclaim, recapture, and salvage any water (including wastewater) for the beneficial use of the District and its inhabitants. The District's water and wastewater customers include retail customers (e.g. residential and commercial) located in incorporated areas within the District's service area.

The District is also authorized to levy and collect taxes; to revise and collect rates or other charges for the delivery of water and collection of wastewater, use of facilities or property, or provisions for service. The District may also issue bonds, borrow money, and incur indebtedness.

Governance

The District is governed by a seven-member Board of Directors, who are publicly elected by registered voters within the District's service area for staggered four-year terms. Each Director represents a geographical division based upon comparable populations, which is determined by the District and approved by the Registrar of Voters.

Policy-making and legislative authority are vested with the Board of Directors. The Board of Directors has the authority to set rates and charges for water, recycled water, and wastewater services. The Board of Directors is responsible for, among other things, adopting resolutions, adopting the budget, appointing committees, and hiring the General Manager. The General Manager is responsible for carrying out the policies of the Board of Directors, for overseeing the day-to-day operations of the District, and for hiring staff for the various divisions (e.g. Finance, Human Resources, and Engineering & Operations).

Service Area

The District's service area, located in South Orange County, California, encompasses approximately 37 square miles, serving 170,000 in population within the cities of Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo, and Dana Point. The District distributes water to 55,559 meters, 52,470 of which also receive wastewater service. Elevation within the District ranges from 230 to 904 feet above sea level. Climate is typical of the coastal plains of Southern California, with temperatures mild and relatively uniform. The assessed net taxable valuation of the District has grown to \$31.2 billion as of June 30, 2015.

Water Supply and Services

The District imports all of its potable water from the Metropolitan Water District of Southern California ("MET") through its member agency, the Municipal Water District of Orange County ("MWDOC"), a wholesale importer of water from MET. The District is a customer agency of MWDOC and, as such, is entitled to receive water from available sources of MET. MET's sources of water primarily include water imported from the Colorado River and from the State Water Project. All of the District's potable water is treated at the Diemer Filtration Plant in Yorba Linda, California and delivered through three major transmission facilities, the South County Pipeline ("SCP"), East Orange County Feeder #2 ("EOCF#2"), and the Allen-McColloch Pipeline ("AMP").

California is in the midst of a historic drought, with the last two years being the warmest two consecutive years on record. On April 1, 2015, the California Department of Water Resources measured the Sierra snowpack at 5% of the historical average, lower than any year in records dating back to 1950. In addition, court rulings to protect fish in the Delta region of Northern California have decreased water supplies from the State Water Project system. As a result of these factors, reservoir levels throughout the southwest continue to be low. On April 1, 2015, the Governor issued an Executive Order, which included mandating a 25% statewide reduction in urban water usage as well as directives to various state departments in

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support of statewide water conservation. The State Water Resources Control Board (“SWRCB”) was tasked with implementing the mandated reductions, which they did through individual reduction targets to each urban water utility. The District fell into the 20% reduction tier, which means that the District must reduce its water consumption from June 2015 through February 2016 by 20% from the consumption in those months in 2013. Over the years, the District has undertaken significant efforts to reduce dependence on imported water supplies. Approximately 25% of the District’s total water demand is met by recycled water. The District has implemented several water-use efficiency programs, most notably the Water Budget-Based Rate Structure and extensive rebate programs for its customers. The District continues to review various alternative local water supplies to identify additional opportunities to reduce dependence on imported water as well as implement demand management strategies and outreach programs to reduce water usage.

The District operates and maintains over 700 miles of domestic water distribution pipelines. In addition, the District has 26 steel and 2 pre-stressed concrete operational storage reservoirs for a total potable water storage capacity within the District of approximately 70 million gallons. The District owns capacity rights in several adjoining water agencies’ reservoirs and pipelines, such as El Toro Water District R-6 reservoir, the Santa Margarita Water District Upper Chiquita Reservoir, the Joint Transmission Main (a joint powers agreement between the District and other water agencies), Eastern Transmission Main jointly owned by the District and the City of San Juan Capistrano, the South County Pipeline, which conveys water from the AMP to several south county water agencies, and the Irvine Ranch Water District Interconnection jointly owned with Irvine Ranch Water District. The District also operates 30 pump stations to pump water from lower pressure zones to the higher pressure zones and 20 pressure reducing stations and flow control facilities to convey water from high to low zones.

Wastewater Services

The District maintains approximately 540 miles of wastewater pipelines. The District’s wastewater system has 19 lift stations that pump wastewater over the ridge lines to the various treatment plants for disposal or recycling. The District participates in the South Orange County Wastewater Authority (“SOCWA”), a joint powers agency comprised of ten governmental agencies, which owns and operates three regional treatment plants and two ocean outfalls. The District’s cost to SOCWA for wastewater treatment and disposal is approximately 50% of the total operations and maintenance (“O&M”) costs for SOCWA and a pro-rata share of the capital costs based on the type and location of each project. The District also utilizes a fourth wastewater treatment plant, Plant 3A, with the Santa Margarita Water District (SMWD) providing contract operations services for the treatment plant.

Recycled Water Supply and Services

It is the policy of the District to promote the use of recycled water to provide for the conservation and reuse of all water resources and to utilize this resource for any approved purpose to the maximum extent possible under the laws of the State of California. The District has constructed approximately 150 miles of recycled water distribution pipelines with five pre-stressed concrete and six steel storage reservoirs to service the recycled water system. In addition, it owns 1,000 acre-feet of capacity rights in the Upper Oso recycled water reservoir owned by Santa Margarita Water District. The District operates 13 recycled-water pump stations. The District has 2 Advanced Wastewater Treatment (“AWT”) facilities providing recycled water to landscaped areas in the District. The projected annual demand of the recycled water system will be approximately 8,000 acre feet per year over the next few years. The District has initiated a Recycled Water Master Plan to evaluate additional recycled water supply sources and available opportunities to expand its system.

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Factors Affecting Financial Conditions

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

Local Economy

The District serves affluent communities within South Orange County. The median household income in the area is 88% above the national average, and unemployment rates have historically been lower than those of the region, state, and nation. There are four major land uses in the District: (1) residential (single-family and multiple-family); (2) commercial (retail and light industrial); (3) schools; and (4) recreation areas (parks, golf courses, etc.). Residential development is the predominant land use throughout the District. The highest concentration of commercial use is in the City of Mission Viejo, which includes the Shops at Mission Viejo, an affluent shopping mall, and in the City of Aliso Viejo, which includes the Pacific Park Business Center. The highest concentration of schools (students) is in the cities of Mission Viejo and Aliso Viejo, which includes Mission Viejo High School, Capistrano Valley High School, Saddleback Community College, Aliso-Niguel High School, and Soka University. The highest concentration of recreation areas is in Laguna Niguel and Aliso Viejo, where each has a golf course and numerous community parks. Future growth will primarily occur on a redevelopment basis of existing property and land.

Budget Process

The Board of Directors adopts an operating and capital budget prior to the new fiscal year commencing on July 1st. The development of the operating budget and the capital budget are guided by the Ten-Year Cash Flow and the Ten-Year Capital Improvement Program. The operating and capital budgets serve as the foundation for the District's financial planning and control of District operations and accountability for the District's enterprise functions. The District reports its water, wastewater, and recycled water services in a single enterprise fund. On a monthly basis, a budget comparison report is submitted to the Board of Directors to provide a year-to-date comparison of the revenues and expenses against the adopted budget.

Ten-Year Cash Flow and Rate Adjustments

The District developed a Cost of Service and Rate Design Study that reviewed and proposed modifications to the current rate structure, the allocation factors within the structure, and the allocation of costs between the various customer classes. The Board of Directors adopted the proposed modifications at a Proposition 218 public hearing in February of 2015. The new rates further promote conservation and provided fiscal stability as water consumption is anticipated to decrease. The SWRCB has recognized the District's specific rate design as a best practice amongst the 411 urban water utilities statewide. In putting together the 2015 Urban Water Management Plan Guidebook, the California Department of Water Resources put together a case study in the appendices noting the success of the District's rate structure and Water Shortage Contingency Plan. Additionally, the District annually reviews rates through its ten-year cash flow model that supports the District's financial plan, which was recently updated and presented to the Board. This financial model allows the District staff to run various scenarios to help plan for Capital Improvement Project funding options, Debt Service coverage requirements, and determining future rate adjustments or debt issuances. This will help ensure that the District recovers the full cost of operations and maintenance and can meet its capital improvement needs.

Long-term Financial Planning

The District's financial plan includes the establishment of reserve funds in accordance with the District's Reserve Policy. On August 18, 2014, the Board approved an update to the Reserve Policy. The main objective of the Reserve Policy is to set target levels for cash reserves to balance current risks and to

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anticipate future risks. The District has six different reserve categories that are discussed in Note 14 in Notes to Financial Statements. District staff presents an update on the balances in each of these Reserve funds to the Board of Directors on a monthly basis.

The District uses various planning documents, i.e. Urban Water Management Plan, Long Range Water Reliability Plan, Long Range Financial Plan, and the Ten-Year Cash Flow, to forecast the District's needs for water use and demand, capital improvement projects, water supply reliability projects, and financial resources. The Long Range Financial Plan is a pro-active financial management approach to ensure the District has resources available to meet its current and future needs. The Long Range Financial Plan utilizes the Ten-Year Cash Flow Model, which incorporates the District's reserve policies, debt policies, coverage ratios, water demand needs, water rates, capital improvement program, and operating budget, to provide a financial forecast for the District.

The Urban Water Management Plan and the Long Range Water Reliability Plan provide tools to identify potential gaps in water supplies under various demand conditions, and to evaluate water reliability projects and initiatives to better manage resources to meet those gaps. Potential supply and demand scenarios that are considered include drought conditions or allocations from MET, interruptions in service from the Diemer Water Filtration Plant, and natural disasters impacting supplies from the Bay Delta, State Water Project, or the Colorado River Aqueduct. The District has also adopted a policy to evaluate and develop reliability projects and demand management measures that will provide 31 days of average demand water supply to the District's customers. The planning documents will serve to guide future decisions and planning associated with various water reliability projects the District is currently investigating, including recycled water expansion, direct/indirect potable reuse, groundwater banking, and desalination.

Debt Issuances and Credit Rating

On May 20, 2015, the District refunded the remaining portion of the 2003 Certificates of Participation to take advantage of lower interest rates. Due to the District's affluent service area, strong financial performance, debt service coverage, strong liquidity position, and a manageable capital improvements plan, the District's ratings of 'AA+' from Standard & Poor's rating agency and 'AAA' from Fitch rating agency were reaffirmed.

Internal Controls

Management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their 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. The most recent audits have not uncovered any weaknesses in internal controls that would cause concern. However, recommendations for improvement are always welcome and are implemented when feasible.

Major Initiatives

The District currently utilizes a water budget based rate structure, which was implemented in July 2011 and updated in April of 2015, to encourage efficient use of water by the District's customers by defining a monthly water usage calculation based on individual customer needs and assessing increased water rates to customers who exceed the defined budget. As a result, the District has seen a reduction in water demands by more than 20% over the past five years, with additional reductions more recently.

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In July 2014, the SWRCB adopted regulations mandating urban water utilities that serve more than 3,000 connections to implement mandatory water restrictions. However, agencies with water budget based rates were given the opportunity to submit an Alternate Plan that demonstrates superior results through the use of water-use efficiency programs and other water reduction programs, i.e. recycled water expansion and water loss control programs. The District applied for and had its Alternate Plan accepted by the SWRCB. The District's Alternate Plan was one of only two Plans accepted by the State. The SWRCB also recognized the District's rate structure as a best practice in the water industry. In the Alternate Plan, the District presented an integrated and adaptive planning tool to implement a number of demand management strategies to manage water resources through this unprecedented statewide drought. Additionally, the Water Shortage Contingency Plan was updated through the public ordinance process in conjunction with the rate review process to allow the District to implement escalating drought response stages as the drought or other factors require further reductions in water consumption.

In response to the drought regulations discussed earlier, the District's Board of Directors implemented the Water Shortage Contingency Plan on May 1, 2015. The Plan was implemented in a phased approach, starting with Stage 1 of the Plan. Stage 1 removed bill adjustments and required customers with recycled water available to not use potable water as of June 1, 2015. Stage 2 was implemented on July 1, 2015, which implemented penalties for any water usage above customer's individually calculated water budgets. To date, the District has met its target conservation level each month, with an average reduction of 24%. Due to the District's rate design, with fixed costs recovered using fixed revenues and variable costs recovered through volumetric revenues, the District will not experience any net financial impact even with a 24% reduction in water use.

In support of the District's integrated drought response strategy, the District escalated its outreach and operational demand management strategies. In connection with the drought and statewide water reduction mandates, the District sent out weekly postcards to customers, and implemented targeted messages to certain customer segments, such as those with a yard and approaching the maximum allotted water budgets. Additionally, the District was awarded a grant from the United States Bureau of Reclamation through its WaterSmart program for an Advanced Meter Infrastructure pilot program. This program will allow the District to install a fixed base meter on all potable and recycled water irrigation customer meters, which provides hourly water usage information through a customer portal. The project is scheduled to be completed by June 2017. As a number of integrated demand management strategies have been implemented, the District has initiated research studies with Stanford University and the University of California Riverside. These studies will research water conservation rebates to maximize participation and water savings and examine marketing strategies for the District's conservation messages.

The District has initiated several internal efforts to review and reduce imported water from MET, which would reduce dependence on the State Water Project and Colorado River Basin. The District's Long Range Water Reliability Plan, completed in 2015, will serve as a guide in developing future water resource policies and support the District's involvement in various local water supply projects to provide supply and system reliability during droughts, natural disasters, or other supply reductions. These projects and objectives include increased water use efficiency, expanded recycled water deliveries, indirect potable reuse, regional resource management strategies, and desalination. The District continues to investigate the economic and technical viability of these alternatives as a source of supply. Recently, the District initiated the development of a comprehensive Recycled Water Master Plan to assess existing and future system requirements to expand overall recycled water use. The Master Plan will include model development, supply and storage assessments, and identification of new recycled water users, along with all associated capital needs. The District is also involved with the San Juan Basin Groundwater Optimization Analysis to consider recycled water recharge opportunities that will help offset imported water demands. The project will consider enhancing basin water supplies, protecting and enhancing water quality, and maximizing basin storage for use locally and regionally. The District also initiated a Water Loss Control Program that will review current District data sources and water tracking tools to evaluate how the District accounts for water imported into

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for Moulton Niguel Water District
November 18, 2015**

the system to minimize the potential for water loss. Finally, the District continues to develop and implement a Capital Improvement Program, which is primarily driven by the replacement and/or refurbishment of existing infrastructure. To support the Capital Improvement Program, the District's Asset Management Program uses various business system tools, i.e. Geographic Information System (GIS) and Computerized Maintenance Management System (CMMS). The District is in the process of expanding and upgrading the Asset Management Program by selecting and implementing a new CMMS that will be integrated with all business system processes to optimize operations and maintenance practices. The integrated Asset Management Program will provide the tools and data necessary to better assess infrastructure needs, optimize operations, and support short and long-range Capital Improvement Program decisions.

The Operations Center Consolidation and Improvement (OCCI) project is a critical initiative to address the increasing challenges associated with our current operations and administration facilities, including significant maintenance requirements and a lack of critical spaces to manage the District's day-to-day business. The District has initiated planning contracts to further design concepts for a new administration building along with additional site elements, i.e. maintenance shops, warehouse upgrades, fleet maintenance building, and site improvements. An environmental review will be conducted during the upcoming year to support the necessary planning permits from the City of Laguna Hills.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Moulton Niguel Water District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,



Joone Lopez
General Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Moulton Niguel Water District
California**

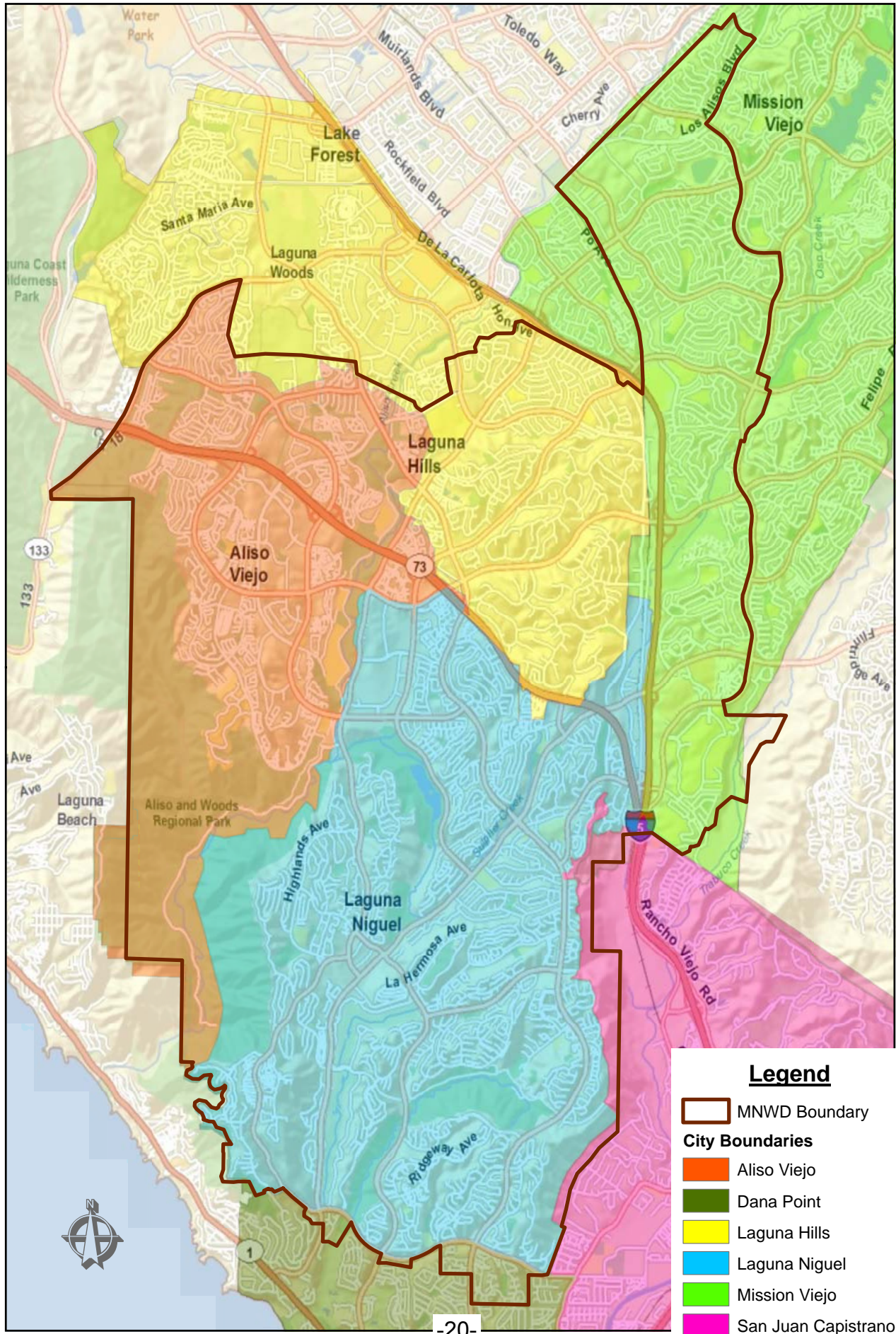
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



MNWD Boundary Map w/ Cities Served

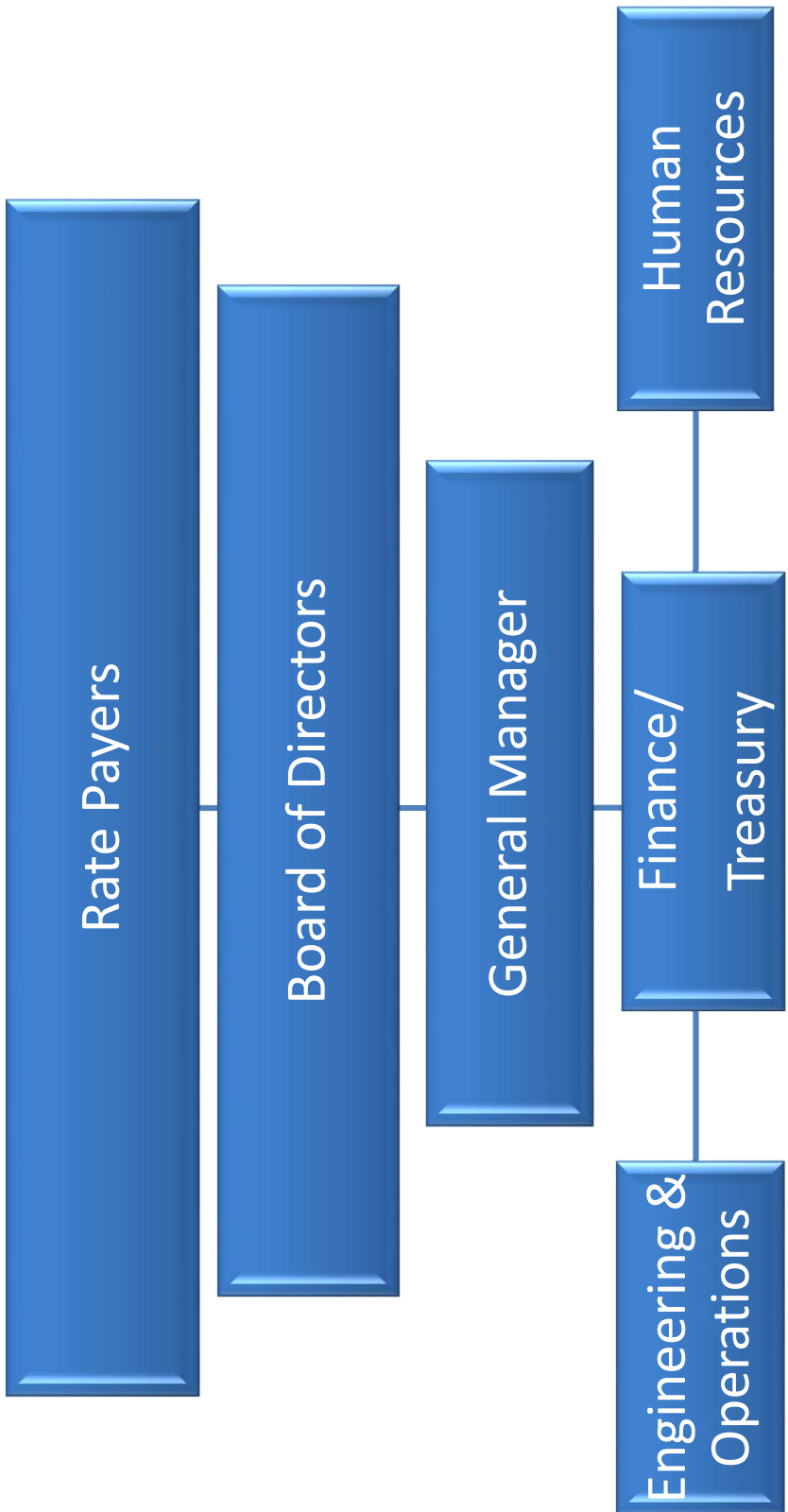


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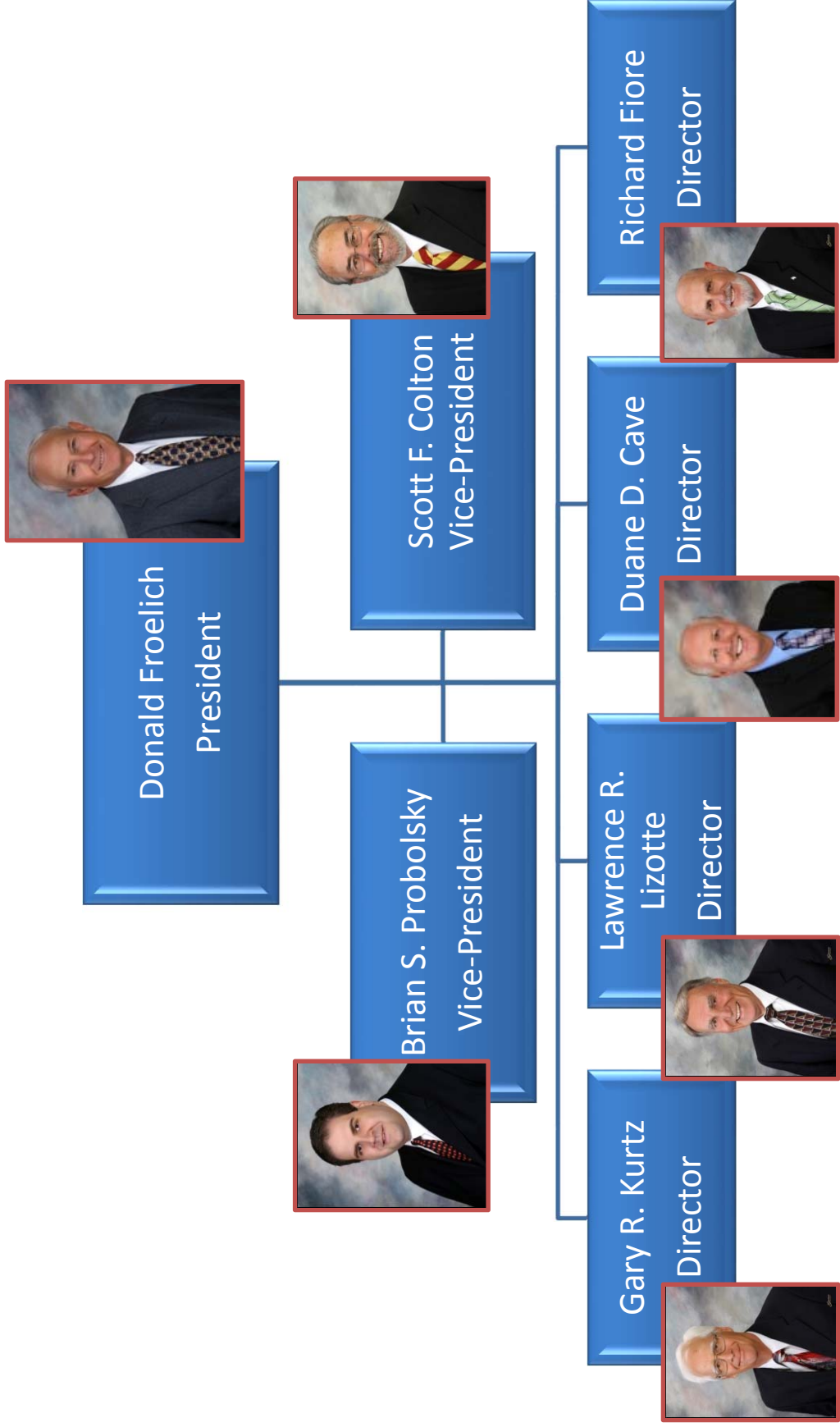
- MNWD Boundary
- City Boundaries**
- Aliso Viejo
- Dana Point
- Laguna Hills
- Laguna Niguel
- Mission Viejo
- San Juan Capistrano

Moulton Niguel Water District

Organization Chart



Moulton Niguel Water District Board of Directors



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Moulton Niguel Water District
Laguna Niguel, California

Report on Financial Statements

We have audited the accompanying financial statements of the Moulton Niguel Water District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Moulton Niguel Water District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Board of Directors
Moulton Niguel Water District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Plan Contributions be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information (Schedule of Revenues, Expenses, and other Sources (Uses) of Funds and Operations and Maintenance (O&M) Budget Comparison Report) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#5.



Board of Directors
Moulton Niguel Water District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 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 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 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 District's internal control over financial reporting and compliance.

Lance, Soll & Luyhard, LLP

Brea, California
December 3, 2015

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MOULTON NIGUEL WATER DISTRICT
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FINANCIAL HIGHLIGHTS

The District receives its drinking water from the Metropolitan Water District of Southern California ("MET"), which serves as a wholesaler for the Municipal Water District of Orange County ("MWDOC"). MET imports its water from Northern California and the Colorado River. The State of California has endured severe drought conditions for several years and as a result, supplies are depleting in MET's water reservoirs. In April of 2015, the District updated its water budget based rate structure to further encourage efficient use of water by the District's customers. The update to the rate structure increased the financial stability of the District in its operations and service to customers.

In fiscal year 2014-2015, the District implemented a new accounting standard, GASB 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*". The most significant impact to the District related to this standard is the reporting of the District's Net Pension Liability. It is important to note that this standard affected accounting and financial reporting, but not funding or budgetary standards for the District's CalPERS defined benefit pension plan. The Net Pension Liability is not a current liability and does not have a "maturity" date. It represents the unfunded amount of retirement benefits to be paid to current and former employees. The District will continue to monitor the Net Pension Liability through contributions to CalPERS and expects that liability to decrease in the future. For more detailed information related to GASB 68 and the District's Net Pension Liability refer to Note 8 in the Notes to Financial Statements and the Required Supplementary Information section that directly follows the Notes to Financial Statements.

Other highlights for the year include:

- Total net income, including capital contributions, was \$8.3 million during the year, due to an increase in property tax revenues and intergovernmental revenues.
- Net position on the report decreased \$10.5 million or 3% from prior year, due to the implementation of GASB 68.
- The District invested \$24.7 million towards water and wastewater infrastructure during the year to maintain the highest level of quality service, resulting in total capital assets, net of depreciation, of \$375.8 million.
- Total debt was \$110 million, a decrease of \$10 million due to the refunding of the 2003 Certificates of Participation and principal payments made during the year. During the year, the District's ratings of "AA+" and "AAA" were reaffirmed with Standard & Poor's and Fitch rating agencies, respectively. These reaffirmations demonstrate the strong financial position the District has established and can be attributed to the prudent financial planning and strong financial policies implemented by the District's Board of Directors.

REQUIRED FINANCIAL STATEMENTS

The *Statement of Net Position* states the financial position of the District at June 30, 2015. This statement includes five components. The District's assets plus deferred outflow of resources, less liabilities and deferred inflows of resources, with the difference reported as net position. The list of assets and liabilities

MOULTON NIGUEL WATER DISTRICT
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2015

are in order of their liquidity. Therefore, assets readily convertible to cash, such as cash and investments, appear first.

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

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

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

DISTRICT FINANCIAL ANALYSIS

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities. Measuring the change in the District's net position, the difference between assets and deferred outflow of resources versus the liabilities and deferred inflow of resources is one way to measure financial health or financial position.

#5.

**MOULTON NIGUEL WATER DISTRICT
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2015**

Statement of Net Position:

The analysis begins with the District's Statement of Net Position as presented below:

Condensed Statement of Net Position (in thousands)				
	Fiscal Year 2015	Fiscal Year 2014*	Dollar Change	Percent Change
Current and noncurrent assets	\$ 166,631	\$ 179,893	\$ (13,262)	-7.37%
Capital assets, net	375,846	366,860	8,986	2.45%
Total Assets	542,477	546,753	(4,276)	-0.78%
1 Deferred outflows of resources	2,921	1,136	1,785	157.13%
Total Deferred outflows of Resources	2,921	1,136	1,785	157.13%
Total Assets and Deferred Outflows of Resources	545,398	547,889	(2,491)	-0.45%
Current liabilities	19,942	19,460	482	2.48%
1 Long-term liabilities	112,758	110,150	2,608	2.37%
Total liabilities	132,700	129,610	3,090	2.38%
1 Deferred inflows of resources	4,937	-	4,937	100.00%
Total Deferred Inflows of Resources	4,937	-	4,937	100.00%
Net investment in capital assets	267,393	269,994	(2,601)	-0.96%
Restricted for capital projects	1,508	932	576	61.80%
2 Unrestricted net position	138,860	147,353	(8,493)	-5.76%
Total Net Position	\$ 407,761	\$ 418,279	\$ (10,518)	-2.51%

*The fiscal year 2014 numbers do not account for changes related to GASB 68 as this information was not made available by CalPERS.

- 1** The District implemented GASB 68, which was discussed under Financial Highlights. This statement changed the reporting representation for the District's defined benefit plan, and the District reported a Net Pension Liability totaling \$12.3 million. Another reporting change as a result of the implementation was under deferred outflows of resources related to pension, which was \$1.4 million at June 30, 2015, and deferred inflows of resources, which was \$4.9 million at fiscal year-end. These balances represent contributions made from the District to fund the annual required contribution with CalPERS, and adjustments related to interest income, and the changes in the District's proportionate share of the CalPERS Net Pension Liability based on the District's contributions to the plan.
- 2** The net position as of June 30, 2014 was restated by \$18.8 million to implement GASB 68, which led to an overall decrease in the reporting of \$10.5 million in net position as compared to the ending fiscal year 2014 balance.

MOULTON NIGUEL WATER DISTRICT
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2015

Revenues

	Condensed Total Revenues (in thousands)			
	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Dollar <u>Change</u>	Percent <u>Change</u>
Operating Revenues:				
Water charges	\$ 28,605	\$ 30,504	\$ (1,899)	-6.23%
Recycled charges	4,881	5,005	(124)	-2.48%
Sanitation charges	16,182	17,135	(953)	-5.56%
1 Other	330	563	(233)	-41.39%
Total Operating Revenues	49,998	53,207	(3,209)	-6.03%
Non-operating Revenues:				
Property taxes	24,012	22,523	1,489	6.61%
GOB assessment	4,935	6,561	(1,626)	-24.78%
Investments	2,624	2,932	(308)	-10.50%
Cellular lease income	1,731	1,695	36	2.12%
2 Intergovernmental revenue	6,401	1,321	5,080	384.56%
3 Other	3,662	41	3,621	8831.71%
Total Non-operating Revenues	43,365	35,073	8,292	23.64%
Capital Contributions	845	1,019	(174)	-17.08%
Total Revenues	\$ 94,208	\$ 89,299	\$ 4,909	5.50%

The District finances operations through user charges, property tax receipts, and other income. Total revenue increased by \$4.9 million as compared to the prior year.

- 1** The District received a reimbursement from ACWA JPIA for \$0.13 million in fiscal year 2014 related to emergency repairs made on Aliso Creek Road.
- 2** The District received an increase in intergovernmental revenues, which related to grant funding received by the District totaling \$5.1 million. \$4.9 million of that amount was received from the Prop 50 State grant related to the IRWD Interconnection and Upper Chiquita Reservoir.
- 3** During the fiscal year, the District received a \$3.5 million refund related to Metropolitan Water District meter inaccuracies at the South County Pump Station.

#5.

**MOULTON NIGUEL WATER DISTRICT
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2015**

Expenses

	Condensed Total Expenses (in thousands)			
	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Dollar <u>Change</u>	Percent <u>Change</u>
Operating Expenses:				
Water purchases	\$ 25,978	\$ 27,089	\$ (1,111)	-4.10%
Meters	662	795	(133)	-16.73%
Utilities	1,970	1,887	83	4.40%
Sewage treatment & pumping	12,116	11,747	369	3.14%
1 Water transmission & distribution	959	2,139	(1,180)	-55.17%
2 General, administrative & other	21,375	16,027	5,348	33.37%
Depreciation	16,708	16,554	154	0.93%
Total Operating Expenses	79,768	76,238	3,530	4.63%
Non-operating Expenses:				
Interest on long-term debt	6,161	6,782	(621)	-9.16%
Total Non-operating Expenses	6,161	6,782	(621)	-9.16%
Total Expenses	\$ 85,929	\$ 83,020	\$ 2,909	3.50%

Total operating expenses increased by \$2.9 million.

- 1** The decrease in the current year was due to a change in reporting for certain paving expenses, which were allocated to other operating expenses during the year. The current year paving expenses totaled \$0.7 million.
- 2** The primary reason this line item increased was for water efficiency rebates, which increased by \$1.8 million from fiscal year 2014. The District made a concerted effort to educate customers regarding the extreme drought conditions facing California and the conservation incentive rebates available. Another reason for the increase in expenses was related to increased customer communication and the Recycled Water Master Plan.

MOULTON NIGUEL WATER DISTRICT
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2015

Changes in Net Position

	Condensed Changes in Net Position (in thousands)			
	Fiscal Year <u>2015</u>	Fiscal Year <u>2014*</u>	Dollar <u>Change</u>	Percent <u>Change</u>
Beginning Net Position	\$ 418,279	\$ 412,000	\$ 6,279	1.52%
Restatement due to change in				
1 accounting principle	(18,796)	-	(18,796)	-100.00%
Income (loss) before capital				
2 contributions	7,433	5,260	2,173	41.31%
Donated facilities	294	495	(201)	-40.61%
Connection fees	551	489	62	12.68%
Other contributions	-	35	(35)	0.00%
1 Change in Net Position	<u>(10,518)</u>	<u>6,279</u>	<u>(16,797)</u>	<u>-267.51%</u>
Ending Net Position	<u>\$ 407,761</u>	<u>\$ 418,279</u>	<u>\$ (10,518)</u>	<u>-2.51%</u>

*The fiscal year 2014 numbers do not account for changes related to GASB 68 as this information was not made available by CalPERS.

- 1 The net position as of June 30, 2014, was restated by \$18.8 million to implement GASB 68 (discussed earlier in Financial Highlights), which was reflected in the report as an overall decrease of \$10.5 million in net position as compared to the ending fiscal year 2014 balance. Please refer to Note 15 of the Notes to Financial Statements for more information related to the restatement of Net Position.
- 2 Income before capital contributions was \$7.4 million for the current fiscal year, which represented a year over year increase in that category by \$2.2 million, or 41%. This figure demonstrates that the District managed its operating and maintenance costs properly and the financial health of the District is stable despite the historic drought and changes in accounting principles.

#5.

MOULTON NIGUEL WATER DISTRICT Management's Discussion & Analysis Fiscal Year Ended June 30, 2015

Capital Assets

	Condensed Capital Asset Summary (in thousands)			
	Fiscal Year	Fiscal Year	Dollar	Percent
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Change</u>
Net Depreciable Assets:				
Water systems	\$ 311,409	\$ 318,903	\$ (7,494)	-2.35%
Capacity rights - infinite	19,173	19,440	(267)	-1.37%
Capacity rights - limited	6,892	7,167	(275)	-3.84%
Buildings	2,690	2,656	34	1.28%
Equipment and automobiles	2,948	2,816	132	4.69%
Total Net Depreciable Assets	343,112	350,982	(7,870)	-2.24%
Non-Depreciable Assets:				
Land	1,092	1,092	-	0.00%
¹ Construction in Progress	31,642	14,786	16,856	114.00%
Total Non-Depreciable Assets	32,734	15,878	16,856	106.16%
Capital Assets, Net	\$ 375,846	\$ 366,860	\$ 8,986	2.45%

The District's net capital assets increased by \$9.0, million (net of \$16.7 million of depreciation) during the current fiscal. See Note 5 in the Notes to Financial Statements for detail on capital asset activities.

¹ The District invests a significant portion of revenues received to fund projects that will improve the useful life of its water and wastewater infrastructure. The largest addition to the construction in progress balance was related to the Baker Pipeline Water Treatment Facility, which had \$13.2 million in additional costs for the fiscal year. The project has not been completed as of June 30, 2015. The most significant capital asset additions were the completion of capital facilities totaling \$3.7 million managed by South Orange County Wastewater Authority, the District's wastewater treatment plant operator.

MOULTON NIGUEL WATER DISTRICT
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2015

Debt Administration

	Condensed Long-term Liabilities Summary (in thousands)			
	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>	Dollar <u>Change</u>	Percent <u>Change</u>
1 Certificates of Participation (COP)	\$ 65,836	\$ 82,198	\$ (16,362)	-19.91%
1 General Obligation Bonds (GOB)	31,326	22,817	8,509	37.29%
Loans	<u>12,794</u>	<u>14,999</u>	<u>(2,205)</u>	<u>-14.70%</u>
Total Long-term Liabilities	<u>\$ 109,956</u>	<u>\$ 120,014</u>	<u>\$ (10,058)</u>	<u>-8.38%</u>

The District's total long-term liabilities as of June 30, 2015 was comprised of \$110 million in COPs, GOBs, and loans. During the year, the District's ratings were reaffirmed at "AA+" through Standard & Poor's rating agency and "AAA" through Fitch rating agency, demonstrating strong financial positioning. Annual principal payments in all debt service accounts during the year further reduced the outstanding balance. See Note 6 in the Notes to Financial Statements for detail on long-term liabilities.

1 During fiscal year ending 2015, the District issued \$12,265,000 of General Obligation Bonds to refund the outstanding \$14,520,000 of 2003 Certificates of Participation, realizing a savings of \$1.4 million for the District's tax payers. The General Obligation Bonds are a voter approved assessment specifically for the residents that live within certain service areas of the District.

CONTACTING THE DISTRICT

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

#5.

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MOULTON NIGUEL WATER DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2015**Assets:**

Current:

Cash and investments (Note 2)	\$ 22,824,739
Restricted cash and investments with fiscal agent (Note 2)	8,777,679
Accounts receivables:	
Water and sanitation charges	3,392,611
Taxes and acreage assessments	300,842
Other accounts receivable	222,169
Grant receivable	405,068
Interest receivable	620,930
Current portion of AMP receivable (Note 3)	1,302
Inventory	1,703,635
Prepaid expenses	480,124

Total Current Assets**38,729,099**

Noncurrent:

Investments (Note 2)	127,305,643
Retrofit loans receivable (Note 3)	597,037
Capital assets - net of accumulated depreciation (Note 5)	343,111,410
Capital assets not being depreciated (Note 5):	
Land	1,091,910
Construction in progress	31,642,242

Total Noncurrent Assets**503,748,242****Total Assets****542,477,341****Deferred Outflows of Resources:**

Deferred charges on refunding	1,488,900
Deferred items related to pension (Note 8)	1,431,577

Total Deferred Outflows of Resources**2,920,477****Total Assets and Deferred Outflows of Resources****\$ 545,397,818**

#5.**MOULTON NIGUEL WATER DISTRICT****STATEMENT OF NET POSITION****JUNE 30, 2015****Liabilities, Deferred Inflows of Resources, and Net Position:****Liabilities:**

Current:

Accounts payable	\$ 8,162,699
Interest payable	1,830,740
Compensated absences (Note 6)	373,162
Current portion of long-term debt (Note 6):	
Bonds payable	5,685,000
Loans payable	2,110,606
Certificates of participation	1,780,000
	<u>19,942,207</u>

Total Current Liabilities

Long-Term Liabilities

Compensated absences (Note 6)	124,386
Long-term debt (Note 6):	
Bonds payable	25,641,483
Loans payable	10,683,789
Certificates of participation	64,056,049
Net pension liability (Note 8)	12,251,838
	<u>112,757,545</u>

Total Long-Term Liabilities**Total Liabilities****132,699,752****Deferred Inflows of Resources:**

Deferred items related to pension (Note 8)	<u>4,936,619</u>
--	------------------

Total Deferred Inflows of Resources**4,936,619****Net Position:**

Net investment in capital assets	267,393,560
Restricted for capital projects (Note 13)	1,508,109
Unrestricted (Note 14)	<u>138,859,778</u>

Total Net Position**407,761,447****Total Liabilities, Deferred Inflows of Resources, and Net Position****\$ 545,397,818**

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#5.**MOULTON NIGUEL WATER DISTRICT****STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015**

Operating Revenues:

Water charges	\$ 28,604,894
Recycled charges	4,880,742
Sanitation charges	16,182,197
Other	329,755

Total Operating Revenues**49,997,588**

Operating Expenses:

Source of supply:	
Water purchases	25,978,276
Meter purchases	662,151
Utilities	1,969,712
Pumping water	2,596,544
Sewage treatment	9,519,199
Water transmission and distribution	959,193
Customer service	2,839,137
Water efficiency	3,472,838
General, administrative, and other	14,702,063
Post retirement medical benefits (OPEB)	361,057
Depreciation	16,708,439

Total Operating Expenses**79,768,609**

Operating Income (Loss)

(29,771,021)**Nonoperating Revenues (Expenses):**

Investment income (loss)	2,573,621
Investment income - restricted	50,685
Property tax revenue and acreage assessments	24,011,516
General obligation bond assessments	4,934,793
Interest on long-term debt	(6,160,882)
Intergovernmental revenue	6,401,510
Cellular lease income	1,731,352
Other non-operating revenues (expenses)	3,661,818

Total Nonoperating Revenues (Expenses)**37,204,413**

Income (Loss) Before Capital Contributions

7,433,392

Capital Contributions

Developer donated capital facilities	294,000
Connection fees	551,179

Change in Net Position

8,278,571

Net Position:

Beginning of Year, as originally reported	418,278,862
Restatements (Note 15)	(18,795,986)

Beginning of Fiscal Year, as restated

399,482,876

End of Fiscal Year**\$ 407,761,447**

MOULTON NIGUEL WATER DISTRICT

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015**Cash Flows from Operating Activities:**

Cash received from customers	\$ 57,563,965
Cash paid to suppliers	(47,136,211)
Cash paid to employees	<u>(16,092,918)</u>
Net Cash Provided (Used) by Operating Activities	<u>(5,665,164)</u>

Cash Flows from Non-Capital Financing Activities:

Cash received from property taxes	<u>24,065,800</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>24,065,800</u>

Cash Flows from Capital and Related Financing Activities:

Acquisition and construction of capital assets	(25,400,041)
Proceeds from capital debt	14,481,517
Cash received from general obligation bonds assessments	4,934,793
Repayment of notes receivable	98,397
Capital contributions	551,179
Principal payments on long-term debt	(24,538,691)
Intergovernmental revenue	5,996,442
Interest payments on long-term debt	<u>(6,139,195)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(30,015,599)</u>

Cash Flows from Investing Activities:

Investment earnings received	2,935,640
Proceeds from sales and maturities of investments	33,321,926
Purchase of investments	<u>(48,638,010)</u>
Net Cash Provided (Used) by Investing Activities	<u>(12,380,444)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(23,995,407)</u>

Cash and Cash Equivalents at Beginning of Year	<u>55,597,825</u>
Cash and Cash Equivalents at End of Year	<u>\$ 31,602,418</u>

#5.

MOULTON NIGUEL WATER DISTRICT

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2015

Reconciliation of Operating Income to Net Cash Provided (Used) by

Operating Activities:	
Operating income (loss)	<u>\$(29,771,021)</u>
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	16,708,439
Other non-operating revenue	5,393,170
Contributions made after measurement date to net pension liability	(997,427)
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, water and sanitation	2,163,158
(Increase) decrease in accounts receivable, other	10,049
(Increase) decrease in inventory	(191,886)
(Increase) decrease in prepaid expense	(177,480)
Increase (decrease) in accounts payable	1,230,205
Increase (decrease) in compensated absences	<u>(32,371)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,665,164)</u>
Non-Cash Investing, Capital, and Financing Activities:	
Unrealized gain (loss) on investments	\$ (227,454)
Developer donated capital facilities	294,000
Amortization of loss on refunding	(352,586)
Bad debt expense	(67,318)
Amortization of (premiums)discounts	(617,398)
Changes in net pension liability	(93,209)

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MOULTON NIGUEL WATER DISTRICT**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

I. SIGNIFICANT ACCOUNTING POLICIES**Note 1: Organization and Summary of Significant Accounting Policies**

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

a. Description of the Reporting Entity

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

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

b. Basis of Accounting

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

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

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

c. MNWD Public Facilities Corporation

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

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

The Corporation was formed for the purpose of providing financing through the issuance of certificates of participation to construct District infrastructure necessary to provide water, wastewater, and recycled water services to existing and future customers with the District. Members of the Board of Directors of the District act as the Corporation's governing board and exert significant influence over its operations. Separate financial statements are prepared for the Corporation.

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board ("GASB") Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39 and GASB Statement 61. Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of its relationship with the District. A component unit should be included in the reporting entity financial statements using the blending method in any of these circumstances:

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

Based upon the application of the criteria listed above, the Corporation has been reported as a blended component unit.

d. Property Taxes

The District is authorized to levy taxes on all taxable property within its boundaries for the purposes of carrying on its operations and paying its obligations, subject to certain limitations in the Water Code, the Revenue and Taxation Code, and the California Constitution. A portion of the taxes are levied to meet the District's debt service requirements on its general obligation bonds.

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

MOULTON NIGUEL WATER DISTRICT**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)**e. Inventory and Prepaid Expenses**

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

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

f. Capital Assets

Capital assets are valued at cost where historical records are available, and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The District capitalizes all assets with a historical cost of at least \$5,000 and a useful life of at least three years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed.

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

Water and wastewater systems	10 to 75 years
Capacity rights – limited	10 to 99 years
Capacity rights – infinite	10 to 99 years
Buildings	5 to 40 years
Automobiles and equipment	3 to 10 years

g. Compensated Absences

It is the District's policy to permit employees to accrue vacation leave up to 200% of their annual vacation accrual. Once employees reach the maximum accrual limit, they cease to accrue vacation until vacation is reduced to an amount below the limit. Employees are eligible to be compensated in cash for up to a maximum of 120 hours of accrued vacation, provided the employee has used at least 40 hours of vacation during the 12 months preceding May 31. In addition, an employee is eligible to transfer up to 80 hours of accrued vacation into his/her deferred compensation plan, provided the employee has used at least 40 vacation hours during the fiscal year and provided that the employee maintains 40 hours of accrued vacation following the transfer. Sick leave hours accrue at a rate of 3.7 hours per pay period.

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

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

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (Continued)**h. Cash and Cash Equivalents**

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

i. Investments

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

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

j. Net Pension Liabilities

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

k. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

l. Net Position

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

MOULTON NIGUEL WATER DISTRICT**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

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

Net investment in capital assets represent the capitalized cost of capital assets, net of depreciation and the related outstanding debt balances.

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

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

m. Use of Estimates

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

n. New Accounting Pronouncements

The District implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of revenues, expenses and changes in net position.

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

II. DETAILED NOTES ON ALL ACTIVITIES

Note 2: Cash and Investments

Cash and Investments are classified in the accompanying Statement of Net Position as follows at June 30, 2015:

Statement of Net Position:	
Cash and Investments-Current	\$ 22,824,739
Investments-Noncurrent	127,305,643
Cash and Investments with Fiscal Agent	8,777,679
	<hr/>
Total Cash and Investments	\$ 158,908,061
	<hr/> <hr/>

Cash and Investments held by the District at June 30, 2015, consisted of the following:

Cash:	
Petty Cash on Hand	\$ 800
Deposits with Financial Institutions	735,473
	<hr/>
Total Cash	\$ 736,273
	<hr/> <hr/>
Investments:	
State Treasurer's Investment Pool	\$ 22,096,771
US Treasury Notes	28,074,161
Federal Agency Securities	51,530,415
Medium Term Notes	32,656,364
Asset Backed Securities	12,127,442
Commerical Paper	2,557,568
Money Market Funds	9,129,067
	<hr/>
Total Investments	158,171,788
	<hr/>
Total Cash and Investments	\$ 158,908,061
	<hr/> <hr/>

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

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

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 2: Cash and Investments (Continued)

Investment Types Authorized by State Law	Authorized by Investment Policy	*Maximum Maturity	Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	10 years	None	None
U.S. Agency Securities	Yes	10 years	None	None
Bankers Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	10%	None
Reverse Repurchase Agreements	Yes	90 days	10%	None
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	\$50 million
JPA Pools (other investment pools)	No	N/A	None	None

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 2: Cash and Investments (Continued)**

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Total	Remaining Maturity (In Months)			
		12 Months or Less	13 to 36 Months	37 to 60 Months	More Than 60 Months
State Investment Pool	\$ 22,096,771	\$ 22,096,771	\$ -	\$ -	\$ -
US Treasury Notes	28,074,161	-	5,508,164	8,117,907	14,448,090
Federal Agency Securities	51,530,415	3,054,545	21,687,778	14,448,166	12,339,926
Medium Term Notes	32,656,364	5,060,846	14,132,333	13,463,185	-
Asset Backed Securities	12,127,442	-	6,527,544	5,599,898	-
Commercial Paper	2,557,568	2,557,568	-	-	-
Money Market Funds	351,388	351,388	-	-	-
Held by Fiscal Agent:					
Money Market Funds	8,777,679	8,777,679	-	-	-
Total	\$ 158,171,788	\$ 41,898,797	\$ 47,855,819	\$ 41,629,156	\$ 26,788,016

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year End			
			AAA	AA	A	Not Rated
State Investment Pool	\$ 22,096,771	N/A	\$ -	\$ -	\$ -	\$ 22,096,771
US Treasury Notes	28,074,161	N/A	28,074,161	-	-	-
Federal Agency Securities	51,530,415	A	48,150,675	3,379,740	-	-
Medium Term Notes	32,656,364	A	-	10,318,167	22,338,197	-
Asset Backed Securities	12,127,442	AAA	12,127,442	-	-	-
Commercial Paper	2,557,568	A	2,557,568	-	-	-
Money Market Funds	351,388	AAA	351,388	-	-	-
Held by Fiscal Agent:						
Money Market Funds	8,777,679	AAA	8,777,679	-	-	-
Total	\$ 158,171,788		\$ 100,038,913	\$ 13,697,907	\$ 22,338,197	\$ 22,096,771

Concentration of Credit Risk

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

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 2: Cash and Investments (Continued)

<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage Co.	\$ 13,310,983
Federal National Mortgage Assoc.	13,253,280
Federal Home Loan Bank	11,451,321
Tenn. Valley Authority	8,390,028
Medium Term Notes/Corporate Bonds	32,656,364
Asset-backed Securities	12,127,442

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy limits custodial credit risk by requiring that financial institutions secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. For investments, the District's portfolio is held in safekeeping in the District's name by a third party bank trust department, acting as agent for the District, under the terms of a custody agreement. The District Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

State Treasurer's Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund ("LAIF") that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment Earnings

The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments and as a result, realized gains and losses of the current period include unrealized amounts from prior periods.

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 2: Cash and Investments (Continued)**

Investment earnings consist of the following for the year ended June 30, 2015:

Interest income	\$ 2,831,819
Realized gain (loss)	19,941
Unrealized gain (loss)	<u>(227,454)</u>
Total	<u>\$ 2,624,306</u>

Note 3: Other ReceivablesAllen-McCulloch Pipeline (AMP)

Before fiscal year 1995, the District was a part owner and participant in the 27-mile AMP used by the Metropolitan Water District ("MWD") to deliver potable water to the participants. In fiscal year 1995, the participants sold the AMP to MWD. Under the sale agreement the District will receive \$16,158,563 over 37 years. This represents an approximate 13.6% ownership of AMP. During the year, the District received \$66,191 leaving the year end AMP receivable of \$1,302. The sale agreement also provides for the District to continue to have AMP flow capacity rights, but MWD has no obligation to deliver an actual quantity of water.

Retrofit Loans

In November 1996, the Board adopted Resolution 96-26 which allowed for qualifying non-profit entities and public agency applicants to obtain a loan through the District to finance the cost for on-site recycled water retrofits of the applicant's irrigation system. The program offers incentive to customers who would otherwise have difficulties financing the cost of the recycled water retrofits. The District has 33 loans outstanding totaling \$597,037 which includes both principal and interest. The re-payment of the loan agreement is structured based on a volumetric consumption amount of recycled water at \$0.25 a billing unit per month. Since re-payment is based on usage, it is difficult to provide a structured repayment schedule. On average, the District receives approximately \$30,000 a year towards the principal and interest portion of the loan. The majority of the loans are re-paid within 11 years with the balance of the loans to be repaid within 20+ years from the date of the agreement.

Note 4: Operating leases

The District leases a portion of its facilities for cellular tower antennas sites. Lessees purchase and install the wireless equipment. These leases are non-cancelable for a period of 10 years with inception dates ranging from 2000 to the present. Generally the leases are renewable for one 5 year period. The lease agreement allows for a 3% annual CPI increase to the lease payments. At the lease termination, lessees must remove all equipment and restore the site to its original state. The District is transitioning these agreements to licenses and any new agreement or renewal after June 30, 2015, will be a license. The total cellular lease revenue for the fiscal year was \$1,731,352. Future minimum lease payments are as follows:

Fiscal Year Ended June 30	Amount
2016	\$ 1,660,096
2017	1,569,878
2018	1,546,570
2019	1,476,486
2020	1,494,355
Thereafter	<u>8,230,559</u>
Total	<u>\$ 15,977,944</u>

#5.**MOULTON NIGUEL WATER DISTRICT****NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015****Note 5: Capital Assets**

Capital asset activity for the year ended June 30, 2015, is as follows:

Capital Assets	Balance at June 30, 2014	Transfers	Additions	Deletions	Balance at June 30, 2015
Depreciable assets					
Water systems	\$ 589,500,038	\$ 6,960,550	\$ 293,997	\$ (30,350)	\$ 596,724,235
Capacity rights - Infinite	19,972,448	-	-	-	19,972,448
Capacity rights - Limited	8,279,403	-	-	-	8,279,403
Building	5,755,374	-	-	-	5,755,374
Automobiles and equipment	11,179,210	539,758	1,045,572	(148,814)	12,615,726
Total cost of depreciable assets	634,686,473	7,500,308	1,339,569	(179,164)	643,347,186
Less accumulated depreciation					
Water systems	(270,415,636)	-	(14,928,168)	28,073	(285,315,731)
Capacity rights - Infinite	(532,600)	-	(266,299)	-	(798,899)
Capacity rights - Limited	(1,111,910)	-	(275,980)	-	(1,387,890)
Buildings	(2,890,942)	-	(174,563)	-	(3,065,505)
Automobiles and equipment	(8,753,152)	-	(1,063,429)	148,560	(9,668,021)
Total accumulated depreciation	(283,704,240)	-	(16,708,439)	176,633	(300,236,046)
Net depreciable assets	350,982,233	7,500,308	(15,368,870)	(2,531)	343,111,140
Capital assets not depreciated					
Land	1,091,910	-	-	-	1,091,910
Construction in progress	14,785,817	(7,500,308)	24,356,733	-	31,642,242
Capital assets net	\$ 366,859,960	\$ -	\$ 8,987,863	\$ (2,531)	\$ 375,845,292

Depreciation expense for the year ended June 30, 2015, was \$16,708,439.

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 6: Long-Term Liabilities**

Long-Term liabilities for the year ended June 30, 2015, are as follows:

	Balance at June 30, 2014	Defeased	Addition	Deletion	Ending June 30, 2015	Due Within One Year
Bonds payable:						
2014 GOB	\$ 21,315,000	\$ -	\$ -	\$ (5,465,000)	\$ 15,850,000	\$ 5,685,000
Add: Premiums						
2014 GOB	1,501,846	-	-	(484,716)	1,017,130	-
2015 Refunding	-	-	12,265,000	-	12,265,000	-
Add: Premiums						
2015 Refunding	-	-	2,216,517	(22,164)	2,194,353	-
Total Bonds	<u>22,816,846</u>	<u>-</u>	<u>14,481,517</u>	<u>(5,971,880)</u>	<u>31,326,483</u>	<u>5,685,000</u>
Certificates of Participation:						
2003 COPs	14,520,000	(14,520,000)	-	-	-	-
2009 COPs	60,000,000	-	-	-	60,000,000	-
2010 COPs	7,275,000	-	-	(1,715,000)	5,560,000	1,780,000
Add: Premiums						
2010 COPs	403,457	-	-	(127,408)	276,049	-
Total COPs	<u>82,198,457</u>	<u>(14,520,000)</u>	<u>-</u>	<u>(1,842,408)</u>	<u>65,836,049</u>	<u>1,780,000</u>
Loans Payable:						
CIEDB	1,371,604	-	-	(154,764)	1,216,840	159,260
Dept. of Water Resources	450,461	-	-	(298,441)	152,020	152,022
State Revolving Fund	13,197,846	-	-	(1,768,088)	11,429,758	1,799,324
Less: Discounts						
Dept. of Water Resources	(21,113)	-	16,890	-	(4,223)	-
Total Loans	<u>14,998,798</u>	<u>-</u>	<u>16,890</u>	<u>(2,221,293)</u>	<u>12,794,395</u>	<u>2,110,606</u>
Compensated Absences:						
Vacation pay	263,037	-	617,548	(747,890)	132,695	99,521
Sick Pay	266,882	-	366,474	(268,503)	364,853	273,641
Total Compensated Absences	<u>529,919</u>	<u>-</u>	<u>984,022</u>	<u>(1,016,393)</u>	<u>497,548</u>	<u>373,162</u>
Total:	<u>\$ 120,544,020</u>	<u>\$ (14,520,000)</u>	<u>\$ 15,482,429</u>	<u>\$(11,051,974)</u>	<u>\$ 110,454,475</u>	<u>\$ 9,948,768</u>

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)***Bonds Payable***2014 Consolidated Refunding (General Obligation) Bonds

On February 4, 2014, the District issued \$21,315,000 of 2014 Consolidated Refunding Bonds ("2014 Refunding Bonds") general obligation bonds. The issuance refunded the 2003 Consolidated Refunding Bonds and to pay costs of issuing the Bonds. The Bonds constitute the consolidated several obligations of Improvement District Number 6 and Improvement District Number 7. A voter approved tax assessment is levied each year to pay the debt service on these bonds. The serial bonds accrue interest at rates between 3% and 5% and mature between September 1, 2014 and September 1, 2019. Interest is payable on September 1 and March 1 of each year. The advance refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$1,340,878 and a reduction of cash flow payments of approximately \$1,367,358.

2015 Revenue Refunding Bond

On June 1, 2015, the District issued \$12,265,000 of 2015 Revenue Refunding Bonds ("2015 Revenue Bonds"). Proceeds from the issuance will be used to refund the 2003 Refunding Certificates of Participation, fund a debt service reserve fund for the Bonds, and pay the costs of issuing the Bonds. Interest on the Bonds is payable on March 1 and September 1 of each year at 5% per annum. The Bonds mature starting September 1, 2018 and end on September 1, 2023. The Bonds are special obligations of the District and are payable exclusively from Tax Revenues and Net Revenues of the District and from amounts on deposit in certain funds and accounts established under the Indenture. The reacquisition price exceeded the net carrying amount of the old debt by \$1,839,060. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The economic gain due to the refunding is \$1,542,811.

As of June 30, 2015, the Reserve Requirement for the 2015 Revenue Refunding Bond was \$1,226,500 and the District had \$1,226,500 in the reserve account.

Certificates of Participation2003 Refunding Certificates of Participation (COP)

On August 1, 2003, the Corporation sold \$25,145,000 of 2003 Refunding Certificates of Participation ("2003 Refunding COP") to refund a portion of its 1993 Certificates of Participation, to fund a debt service reserve fund and pay for delivery costs related to the COPs. They will remain under the 1993 Indenture \$12,625,000 aggregate principal amount of Moulton Niguel Water District 1993 Certificates of Participation. The serial certificates accrue interest at rates between 3% and 5%, and interest is payable on March 1 and September 1 of each year. Principal is repaid annually on September 1, from 2004 and 2008, and then in 2012 and 2013, and finally between 2018 and 2023.

This bond was defeased in fiscal year ending June 30, 2015, and refunded with the 2015 Revenue Refunding Bonds.

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)2009 Certificates of Participation (COP)

In December 2009, the District issued \$60,000,000 of Certificates of Participation federally taxable "Build America Bonds" to construct projects that provide greater water supply reliability for the distribution of potable and recycled water. The District has adopted a resolution which states the intention to develop adequate capacity to sustain at least a 31-day average potable water supply outage and be able to sustain a 7-day interruption in Metropolitan Water District deliveries. The serial certificates accrue interest at rates between 5.982% and 6.332%. Interest is payable on March 1 and September 1 of each year. The true interest cost ("TIC") is 4.49%. This rate reflects the interest cost net of the subsidy. Under Section 54AA(g)(2) of the Tax Code, the District is eligible for a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Certificates. The subsidy, when received, is recorded as intergovernmental revenue. Principal is repaid annually on September 1 from 2024 through 2039. The COPs were issued as a level debt service with the District's other outstanding debt. Level debt service reduces large fluctuations in annual debt obligations by delaying the payment of the principal portion until other debt service principal portions are paid.

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the federal government pursued certain automatic reductions that took place starting March 1, 2013. This sequester reduction affected the Build America Bonds refundable credit payments under Internal Revenue Code section 6531. As determined by the Office of Management and Budget, payments to issuers of Build America Bonds are subject to a 7.3% reduction as of October 1, 2014, through September 30, 2015, resulting in a refundable credit equal to 32.45%.

As of June 30, 2015, the Reserve Requirement for the 2009 COPs was \$6,000,000. At June 30, 2015, the District had \$6,023,356 in the reserve account.

2010 Refunding Certificates of Participation (COP)

On November 1, 2010, the Corporation sold \$8,965,000 of the 2010 Refunding Certificates of Participation ("2010 Refunding COPs") to refund the remaining portion of the 1993 COPs, to refinance the 1993 Installment Payments and 1993 Certificates; to fund a debt service reserve fund for the Certificates; and pay certain costs of executing and delivering the Certificates. The interest for the 2010 Refunding COPs will be calculated from November 1, 2010, at rates from 2%-4% payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2011, and end on the date of maturity or prepayment, whichever is earlier.

As of June 30, 2015, the Reserve Requirement for the 2010 Refunding COPs was \$556,000. At June 30, 2015, the District had \$896,059 in the reserve account.

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)***Loans Payable***California Infrastructure and Economic Development Bank (CIEDB)

The District obtained two loans from the California Infrastructure and Economic Development Bank to finance the construction of certain capital projects related to water and wastewater infrastructure. The loan obtained for the construction of water infrastructure in the amount of \$1,700,000 accrues interest at 2.73%. The loan was obtained for the on-site sodium hypochlorite generation-reservoir management system; phase II - installation of ClorTec chlorination tank recirculation systems, which include on-site sodium hypochlorite generation and ammonia injection units on 16 reservoirs at 14 sites in the District service area. The loan obtained for the construction of wastewater infrastructure in the amount of \$1,111,340 accrues interest at 3.17%. Both loans are due March 1, 2022. Principal is repaid annually on March 1 and interest payments are due semi-annually on March 1 and September 1.

Department of Water Resources Loan (DWR)

The District obtained a loan for \$4,821,611, due October 1, 2015, from the Department of Water Resources to fund projects for a multi-zone reclaimed water distribution system for non-potable uses (i.e. irrigation of parks, golf course greenbelts, etc.) pursuant to Chapter 4.7 of Part 6 of Division 6 of the California Water Code. The project will replace existing potable water with reclaimed water that meets Title 22, Division 4, of Article 4 of the California Code of Regulation requirements for water quality. The loan accrues interest at a rate of 2.5%. Principal and interest payments of \$153,927 are due semi-annually on April 1 and October 1.

State Revolving Fund Loans (SRF)

The District obtained three State Revolving Fund loans totaling \$36,053,400 with the State Water Resources Control Board. They were used to finance the Phase III Revised Expansion Project, consisting of expanding the District's reclamation system to serve an additional 500 irrigated landscape sites with 4,502 acre-feet per year of reclaimed water and Phase 4 Expansion of the Reclaimed Water Distribution System. The loans accrue interest at rates ranging from 1.727% to 1.811%. Principal and interest payments are due annually through October 16, 2017.

Compensated Absences

It is the policy of the District to permit employees to accumulate earned but unused vacation and sick leave benefits. Vested or accumulated vacation and sick leave are reported as noncurrent liabilities and current liabilities for the portion expected to be paid within one year on the statement of net position.

Vacation accrual schedules vary depending on length of employment and begin on date of employment. Maximum vacation accruals may not exceed more than 200% of an employee's annual vacation accrual. In June of each year, employees are eligible to receive compensation for unused vacation leave, not to exceed compensation equivalent to 120 hours, upon meeting certain criteria. All regular full-time employees are eligible to accrue 96 hours of sick leave a year from the date of employment. On January 1 of each year, employees who have accumulated more than 176 hours of sick leave are eligible to receive compensation equal to 75% of the hours over 176 hours.

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 6: Long-Term Liabilities (Continued)**

The long-term obligations of the District, excluding amortizations of deferred charges, at June 30, 2015, are as follows:

June 30	Bonds Payable	
	Principal	Interest
2016	\$ 5,685,000	\$ 1,000,106
2017	6,060,000	919,150
2018	1,275,000	757,750
2019	3,170,000	653,000
2020	3,360,000	501,000
2021-2025	8,565,000	882,375
Total	<u>\$ 28,115,000</u>	<u>\$ 4,713,381</u>

June 30	Certificates Participation	
	Principal	Interest
2016	\$ 1,780,000	\$ 4,285,776
2017	1,855,000	4,213,076
2018	1,925,000	4,137,476
2019	-	4,098,976
2020	-	4,098,976
2021-2025	2,645,000	20,415,767
2026-2030	15,015,000	17,364,479
2031-2035	18,780,000	11,601,565
2036-2040	23,560,000	4,254,140
Total	<u>\$ 65,560,000</u>	<u>\$ 74,470,231</u>

June 30	Loans Payable	
	Principal	Interest
2016	\$ 2,110,606	\$ 239,125
2017	1,995,422	200,803
2018	2,031,843	163,680
2019	1,572,557	125,865
2020	1,283,388	95,977
2021-2025	3,804,802	137,992
Total	<u>\$ 12,798,618</u>	<u>\$ 963,442</u>

#5.**MOULTON NIGUEL WATER DISTRICT****NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015****Note 7: Rate Covenants**

The District is required by certain debt documents to collect revenues which will be at least sufficient to yield net revenues equal to 125% of debt service payable during the fiscal year. The following demonstrates the District's compliance with the rate covenants for the year ended June 30, 2015:

Debt Service Coverage

Operating Revenues:	
Water sales and service charges	\$ 33,485,636
Wastewater service charges	16,182,197
Meter sales & other	329,755
Total Operating Revenues	<u>49,997,588</u>
Non-Operating Revenues:	
Connection fees	551,179
Cellular lease income	1,731,352
Investment income	2,624,306
Intergovernmental revenue	6,401,510
Other income (expense)	3,661,818
Total Non-Operating Revenues	<u>14,970,165</u>
Total Revenues	<u>64,967,753</u> (A)
Operations & Maintenance Expenses:	
Source of supply	28,610,139
Pumping water	2,596,544
Sewage treatment	9,519,199
Water transmission & distribution	959,193
Customer service	2,839,137
Water efficiency	3,472,838
General, administrative & other	14,702,063
Total operations & Maintenance Expenses	<u>62,699,113</u> (B)
Net Revenues	2,268,640 (A-B)
Property Tax Revenues	24,011,516
Sum of Net & Tax Revenues	<u>\$ 26,280,156</u> (C)
Debt Service On Parity Obligations	
2003 COP (refunded with 2015 Revenue bond)	\$ 726,000
2009 COP	4,098,976
2010 Refunding COP	1,971,700
Governmental loans	2,507,751
2015 Refunding Revenue Bonds	-
Total Existing Parity Obligations	<u>\$ 9,304,427</u> (D)
Calculated Debt Service Coverage Percentage	282% (C/D)

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 8: Pension PlansDefined Benefit Plan***Plan Description***

The District contracts with California Public Employees Retirement System ("CalPERS") to provide qualified permanent and probationary employees with a specified package of benefits upon retirement. The District's First Tier Miscellaneous Plan (employed prior to July 28, 2009), Second Tier Miscellaneous Plan (employed on or after July 28, 2009 but before January 1, 2013) and PEPRA Miscellaneous Plan (employed on or after January 1, 2013) are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. The District's Board of Directors has authority over the District's participation in CalPERS, plan amendments and the choice of plan options within CalPERS. The District's current plans are referred to as the 2% @ 55, which is closed to new CalPERS members as of January 1, 2013, and 2% @ 62 defined benefit plans, where a qualified employee may receive an annual retirement benefit equal to 2% of his/her final year compensation times the number of years of service at age 55 or 62, depending on which tier the employee participates. The CalPERS annual financial report may be obtained from their website at www.calpers.ca.gov or from their executive Office: 400 P Street, Sacramento, CA, 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 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 each plan are applied as specified by the Public Employees' Retirement Law. Each plan has a 3% annual cost-of-living allowance increase benefit. 2% @ 55 plans have a highest 12 consecutive months' compensation period and 2% @ 62 has a highest 36 consecutive months' compensation period.

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 8: Pension Plans (Continued)

	Miscellaneous cost-sharing plans		
	Tier 1	Tier 2	PEPRA
Hire date	Prior to July 28, 2009	July 28, 2009 but prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	6.891%	6.891%	6.308%
Required employer contribution rates	12.667%	11.709%	6.700%

Contribution Description

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for all plans was \$857,740.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Proportionate Share of Net Pension Liability	
Tier 1	\$ 12,154,558
Tier 2	96,538
PEPRA	742
Total Net Pension Liability:	\$ 12,251,838

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 8: Pension Plans (Continued)**

the pension plans relative to the actuarially determined projected contributions of all participating employers. The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014, was as follows:

	Miscellaneous Plans			
	Tier 1	Tier 2	PEPRA	Total Plans
Proportion - June 30, 2013	\$ 16,607,497	\$ 131,905	\$ 1,014	\$ 16,740,416
Proportion - June 30, 2014	12,154,558	96,538	742	12,251,838
Change - Increase(Decrease)	(4,452,939)	(35,367)	(272)	(4,488,578)

For the year ended June 30, 2015, the District recognized a total pension expense of \$1,002,639 for all plans in total. At June 30, 2015, the District reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ (4,117,186)
Adjustment due to Difference in Proportions	335,731	(88,889)
Difference between actual and proportionate share contribution	-	(730,544)
Contribution subsequent to measurement date	1,095,846	-
Total	\$ 1,431,577	\$ (4,936,619)

\$1,095,846 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (1,133,386)
2017	(1,133,386)
2018	(1,151,018)
2019	(1,183,096)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014, (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013, total pension liability. The June 30, 2013 and the June 30, 2014, total pension liabilities were based on the following actuarial methods and assumptions:

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 8: Pension Plans (Continued)**

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.75% thereafter

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

(2) Net of Pension Plan investment and administrative expenses; includes inflation.

(3) The mortality table used was developed based on CalPERS' specific data.

The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 8: Pension Plans (Continued)**

reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18, fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (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 as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

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 each Plan, calculated using the discount rate for each 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% point lower or 1% point higher than the current rate:

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 8: Pension Plans (Continued)

Miscellaneous plans Net Pension Liability/(Asset)	Discount Rate - 1%		Current Discount	Discount Rate +1%		
	6.50%			8.50%		
Tier 1	\$	21,655,664	\$	12,154,558	\$	4,269,542
Tier 2		172,000		96,538		33,911
PEPRA		1,321		742		260
TOTAL:	\$	21,828,985	\$	12,251,838	\$	4,303,713

Pension Plan Fiduciary Net Position

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

Defined Contribution Plan

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

The District matches up to 2% of an employees' salary to the Money Purchase Plan if the employee elects to participate in the plan. Employer contributions were \$146,783 and recognized as pension expense for the year ended June 30, 2015. All contributions are fully vested. The trustee maintains individual accounts for each participant. Each participant provides direction for investment of their account balance. Contributions, plus investment returns, are distributed to participants upon termination of employment and age 55, at disability, or at age 65.

Note 9: Other Post-Employment Benefits (OPEB)

To mitigate the costs of increasing healthcare, the District has imposed a two-tier structure for its employees. Employees hired prior to July 1, 2008, retiring from the District at age 55 with ten years of service to the District, receive post-retirement medical benefits for themselves and their dependents. Employees hired subsequent to July 1, 2008, retiring from the District at age 60 with fifteen years of continuous employment, receive post-retirement medical benefits for themselves and their dependents.

Under the authority of the District's Board of Directors, post-retirement medical benefits are provided to eligible employees. These benefits may be amended at the discretion of the Board of Directors. The District participates in the CalPERS California Employers' Retiree Benefit Trust ("CERBT") fund – an investment vehicle that can be used by all California public employers to prefund future retiree health and Other Post Employment Benefit ("OPEB") costs. The CERBT fund is a Section 115 Trust – set up for the purpose of receiving employer contributions that will prefund health and OPEB costs for retirees and their beneficiaries.

Eligibility and Benefits: Generally the District provides retiree medical coverage to former full-time employees and Board Members ("OPEB Participants") and their dependents when retirement is from the District in good standing. OPEB Participants receive this benefit on or after age 55 with 10 years of service if hired before July 1, 2008, or elected before

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 9: Other Post-Employment Benefits (OPEB) (Continued)**

January 1, 1995. OPEB Participants receive this benefit on or after age 60 with 15 years of service if hired after July 1, 2008. After age 65, the District provides \$235 per month, cash allotment towards a Medicare supplement policy to the retiree or former Board Member. Dependent coverage ceases when the retiree or former Board member reaches age 65.

Membership of the plan consisted of the following at June 30, 2015:

Retirees and dependents receiving benefits	33
Active plan members	119
Total	<u>152</u>

District's Funding Policy: The contribution requirements of the District, OPEB Participants, employees, and Board Members are established and may be amended by the District Board of Directors. On October 16, 2008, the Board of Directors amended its policy to fund the Annual Required Contribution ("ARC") for these benefits, rather than its previous practice of funding on a pay-as-you-go basis. This change serves to decrease the District's Unfunded Actuarial Accrued Liability over time. For the fiscal year ending 2015, the District contributed a total of \$261,080 in current premiums. The District pays the full cost for OPEB Participants using the Health Maintenance Organization ("HMO"). OPEB Participants electing coverage through the Preferred Provider Organization ("PPO") contributed \$3,063 toward the cost of the coverage (approximately 15% of total premiums). CalPERS publishes separate audited financial statements for CERBT. The report is available online at www.calpers.ca.gov or by contacting CalPERS at 1-888-CalPERS.

Annual OPEB Cost and Net OPEB Obligation: The District has implemented Government Accounting Standard Board's Statement No. 45 ("GASB 45"), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The District's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined to comply with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over not more than thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for these benefits:

Annual Required Contribution (ARC)	\$	402,959
Contribution made (including premium paid)		<u>(402,959)</u>
Change in net OPEB obligation		-
Net OPEB obligation beginning of year		<u>-</u>
Net OPEB obligation end of year	\$	<u>-</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015, are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 601,596	100%	\$ -
6/30/2014	621,148	100%	-
6/30/2015	402,959	100%	-

#5.**MOULTON NIGUEL WATER DISTRICT****NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015****Note 9: Other Post-Employment Benefits (OPEB) (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented on the following table as required supplementary information, presenting multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits. Actuarial methods and assumptions as of the last actuarial valuation date. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and OPEB Participants) and include the type of benefits provided at the time of each valuation, and the historical pattern of sharing of benefit costs between the District and OPEB Participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The Entry Age Normal Cost Method actuarial cost method is used for determining the benefit obligations. The actuarial assumptions included a 5% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate between 5% and 6%, as well as an inflation rate of 2.8%. The UAAL is being amortized over an initial 30 years using the level-percentage-of-pay method on a closed-basis. The remaining amortization period is assumed to be 16 years. It is assumed the District's payroll will increase 3% per year. Seventy-five percent of future retirees are assumed to have a spouse. The valuation as of June 30, 2013, was done using the eligibility criteria at that time. In the future, this will serve to decrease the Actuarial Accrued Liability of the plan. Plan assets are as reported by CERBT using the market value of trust investments.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entity Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll
01/01/10	\$ 388,139	\$ 4,988,183	\$ 4,600,044	8%	\$ 6,387,000	72%
06/30/11	1,131,224	6,857,673	5,726,449	16%	6,819,000	84%
06/30/13	2,115,096	5,539,489	3,424,393	38%	6,730,000	51%

Note 10: Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA"/"JPIA"), which offers a common risk management and insurance program. The program provides workers' compensation and property and liability insurance for the District. For each of the most recent years, settlements did not exceed insurance coverage. The membership includes 363 public water agencies within California. A Board of Directors

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 10: Risk Management (Continued)**

consisting of representatives from member agencies governs the JPIA. The general Board of Directors elects Executive Board members to provide oversight of the operations of the JPIA, including selection of management and approval of the operating budget.

The District maintains \$60,000,000 in primary comprehensive general liability insurance, auto liability, and public officials liability. The property damage insurance program provided for up to \$91,145,564 in coverage on structures and contents with a \$25,000 deductible per loss, and underground storage tank coverage of \$1,000,000. The District has a \$50,000 retrospective allocation point (self-insured retention) per claim for general and automobile liability for the year. The District's Statutory workers' compensation level of coverage and Employer's Liability coverage of \$2,000,000 for bodily injury by each accident and \$2,000,000 for bodily injury per occurrence from the JPA Pool. If the District's deposits are not adequate to meet costs of claims and expenses, a retrospective adjustment to make up the difference can take place. The District promotes safety in the workplace through an extensive safety program. As a result of the program, the District has received retrospective refunds from its Rate Stabilization Fund. The District also maintains a self-insurance reserve to provide for expenses incurred to the District for the deductible amounts on insurance claims under \$50,000. See Note 14 on the District's reserve funds for additional information. Settlements have not exceeded insured limits in the past three fiscal years.

To obtain complete financial information contact ACWA/JPIA at P.O. Box 619082, Roseville, CA 95661-9082 or via telephone at (800) 231-5742. Information may be available at www.acwajpia.com.

The District also holds additional insurance policies amounting to a \$3,000,000 commercial blanket bond for employees and a \$30,000 bond for Notary Errors and Omissions that covers two notaries.

Note 11: Commitments and ContingenciesCapital Improvement Projects

The following material commitments existed at June 30, 2015:

<u>Project Name</u>	<u>Projected amounts</u>	<u>Cumulative Expenses as of June 30, 2015</u>	<u>Remaining Commitments</u>
Beacon Hill PS Pump/Generator Replacement	\$ 611,098	\$ 54,404	\$ 556,694
East Aliso Creek Reservoir Recoating	2,550,000	1,621,064	928,936

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 12: Joint Powers Authorities and Joint VenturesSouth Orange County Wastewater Authority (a California Joint Powers Authority)

The District is a member of the South Orange County Wastewater Authority ("SOCWA"). SOCWA collects, treats, beneficially reuses and disposes of wastewater in South Orange County. SOCWA operates three wastewater treatment plants ("WWTP") in the region. SOCWA has ten member agencies, including three cities and seven water districts. A Board of Directors consisting of representatives from member agencies governs SOCWA. The Board of Directors controls the operations of SOCWA, including selection of management and approval of the annual budget. SOCWA has Project Committees that member agencies participate in financially at various levels, depending on their capacity rights. Each WWTP is a project, as well as various other physical facilities, such as outfall pipelines. The District's overall participation level is the highest of the member agencies, approximating 46% of SOCWA. The District deposits money with SOCWA to cover its share of operation and capital in the project committees the District participates. At fiscal year-end SOCWA analyzes its actual costs and refunds or collects additional money from its members as appropriate. Construction deposits made to SOCWA for capital projects are recorded as capital assets.

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

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

The District is one of nine members who participate in the Joint Regional Water Supply System ("JRWSS"). JRWSS owns and operates several pipelines including the Joint Transmission Main that serves the District. The pipelines deliver drinking water to the nine member agencies. The District has approximately 49% ownership rights to the Joint Transmission Main. South Coast Water District ("SCWD") serves as Trustee of JRWSS. As Trustee SCWD maintains the infrastructure, collects money to cover expenses from the member agencies and keeps records for JRWSS. The District deposits money with JRWSS to cover its share of operation and capital costs. At fiscal year-end JRWSS analyzes its actual costs and refunds or collects additional money from its members as appropriate.

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

San Juan Basin Authority (a California Joint Powers Authority)

The District is also a member of the San Juan Basin Authority ("SJBA") a joint powers authority formed to secure and develop water rights for its member agencies. It currently has permits for using the San Juan Groundwater Basin as an underground storage reservoir. A capacity of 40,000 acre-feet is classified as usable storage, where water can be routinely put into it by groundwater recharge basins and withdrawn by a number of high production wells to be drilled in the future. The state has also given SJBA water rights to divert water from the Basin for beneficial purposes. The objective of the District's membership is to diversify and increase its water sources in the future.

SJBA's membership includes the District along with Santa Margarita Water District, City of San Juan Capistrano and South Coast Water District. A Board of Directors consisting of representatives from member agencies governs SJBA. The Board of Directors oversees contracts and approves the annual budget. SJBA has Project Committees that

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**Note 12: Joint Powers Authorities and Joint Ventures (Continued)**

member agencies participate in financially at various levels based upon ownership or usage. The District deposits money with SJBA to cover its share of costs in the respective projects. Surplus balances at fiscal year-end are refunded to member agencies or added to their reserves as determined by the Board of Directors.

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

Santiago Aqueduct Commission (a California Joint Powers Authority)

The District is a member of the Santiago Aqueduct Commission ("SAC") with five other member agencies. SAC operates and maintains the Baker Pipeline. The District has 13 cubic feet per second (cfs) of capacity rights in the Baker Pipeline and is responsible for costs to operate and maintain the Baker Pipeline. Irvine Ranch Water District maintains the infrastructure, collects money to cover expenses from the members, and maintains the records for SAC.

To obtain complete financial information on the SAC contact Irvine Ranch Water District at 15600 Sand Canyon Avenue, Irvine, CA 92618-3102 or via telephone at (949) 453-5300.

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

Note 13: Restricted Net Position

At year end the District held \$1,508,109 in unspent connection fee revenue. By State law these amounts must be spent on capital projects. All interest earned in this fund is added to the total restricted fund balance.

Note 14: Unrestricted Net Position

A portion of the District's unrestricted net position has been designated by the Board of Directors for specific purposes. The detail of unrestricted net position at year end is as follows:

Unrestricted net position:	
Designated for rate stabilization	\$ 11,000,281
Designated for replacement and refurbishment	17,088,815
Designated for self insurance reserves	249,855
Designated for planning and construction	29,128,883
Designated for water efficiency	7,180,191
Designated for water supply reliability	801,631
Designated for emergency reserve	6,884,925
Unrestricted, undesignated	66,525,197
Total unrestricted net position	<u>\$ 138,859,778</u>

MOULTON NIGUEL WATER DISTRICT**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 14: Unrestricted Net Position (Continued)Rate Stabilization

The Rate Stabilization reserves were established to provide funds to be used specifically for stabilizing potential fluctuation in water service rates of the District that may result in the future due to changing wholesale water rates charged by MWD and passed through to the District by MWDOC.

Replacement & Refurbishment

The Replacement & Refurbishment fund was established to replace existing assets, and to refurbish existing assets by materially extending the useful life of the asset. Any repairing of an asset that does not extend the useful life of the asset will be classified as an O&M expense. The asset value must be \$5,000 or more and have a useful life of at least 3 years. The District anticipates an increase in these projects as infrastructure maximizes its useful life. The reserves are increased by revenue from tax revenues equal to the appropriation limit.

Self-Insurance

The District maintains a Self-Insurance reserve to provide for expenses incurred to the District for the deductible amounts on insurance claims under \$50,000 for repairs to facilities by outside contractors and expenses related to the State Unemployment Insurance for unemployment claims made against the District.

Planning and Construction Reserves

Planning and Construction reserves were established to provide funding for new construction projects. The reserves are increased by Federal and State P.L. 660 funds and clean water grants if and when received. Designated (budgeted) and emergency construction and planning expenses decrease the reserves. These reserves can be increased by tax revenues equal to the appropriation limit. An annual review of fund balance and budgeted projects will determine the need for any fund transfers from the General fund.

Water Efficiency Fund

The Water Efficiency Fund was established for certain Water-Base-Budget Rate Structure ("WBBRS") revenues. The District's intent is to use the revenues for purposes generally related to water efficiency or conservation goals and policies, as specifically directed by the Board under budgetary and other approval programs from time to time.

Water Supply Reliability

The Water Supply Reliability reserves were created to provide funding for certain projects that will enhance the District's ability to provide water to its customers during emergency or planned outages or reductions of the imported water supplies to the District. The reserves were initially seeded with a \$5 million transfer from the Planning and Construction fund.

MOULTON NIGUEL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 14: Unrestricted Net Position (Continued)Emergency Reserve

The Emergency Reserve was created to provide funds to enable the District to quickly repair critical assets in the event of a natural disaster or facility failure. The target amount of the Emergency Reserve is equal to 2% of the costs of the District's assets.

Note 15: Net Position Restatement

The total beginning net position restatement as of June 30, 2015, was \$18,795,986. Beginning net position has been restated by \$15,850,089 related to the recording of the accrued net pension liability. This restatement is a result of GASB Statement No. 68. Additionally, beginning net position has been restated by \$2,945,897 due to the elimination of the net pension asset (CalPERS Sidefund) that had been created in prior years. Recognition of the asset was no longer in accordance with the current GASB standards after the implementation of GASB 68.

#5.

MOULTON NIGUEL WATER DISTRICT

MISCELLANEOUS PLAN COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AS OF JUNE 30, 2015

	<u>2015⁽¹⁾</u>
Proportion of the Net Pension Liability	
Tier 1	0.19533%
Tier 2	0.00155%
PEPRA	0.00001%
Proportionate Share of the Net Pension Liability	
Tier 1	\$ 12,154,558
Tier 2	96,538
PEPRA	742
Covered-Employee Payroll ⁽²⁾	
Tier 1	\$ 5,298,924
Tier 2	1,421,681
PEPRA	340,302
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	
Tier 1	229.38%
Tier 2	6.79%
PEPRA	0.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability ⁽³⁾	81.15%

Notes to Schedule:

Benefit Changes:

None.

Changes of Assumptions:

None.

1 Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown. Measurement date used is 6/30/2014.

2 Covered-Employee Payroll represented above is based on pensionable earnings received by CalPERS.

3 Plan represents the total CalPERS Miscellaneous Plan.

MOULTON NIGUEL WATER DISTRICT

MISCELLANEOUS PLAN
COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, 2015

	<u>2015⁽¹⁾</u>
Tier 1	
Actuarially Determined Contribution	\$ 657,986
Contribution in Relation to the Actuarially Determined Contribution	(657,986)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 4,640,119
Contributions as a Percentage of Covered-Employee Payroll	14.18%
Tier 2	
Actuarially Determined Contribution	\$ 236,598
Contribution in Relation to the Actuarially Determined Contribution	(236,598)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,753,786
Contributions as a Percentage of Covered-Employee Payroll	13.49%
PEPRA	
Actuarially Determined Contribution	\$ 102,843
Contribution in Relation to the Actuarially Determined Contribution	(102,843)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,341,192
Contributions as a Percentage of Covered-Employee Payroll	7.67%

1 Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Straight Line
Remaining amortization period	3.8 Years
Assets valuation method	Building Block Method
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.5% net of pension plan investment expense, including inflation
Retirement age	55 years or 62 years
Mortality	Derived using CAPERS Membership Data for all funds

#5.

MOULTON NIGUEL WATER DISTRICT

SCHEDULE OF REVENUES, EXPENSES, AND OTHER SOURCES (USES) OF FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

<u>Revenues</u>	<u>2014-2015 Amended Budget</u>	<u>2014-2015 Actual*</u>	<u>Variance with Budget Over (Under)</u>	<u>% Variance with Budget Over (Under)</u>
1 Potable Water Sales	\$ 27,325,000	\$ 24,708,832	\$ (2,616,168)	-9.57%
Wastewater Sales	17,150,000	16,182,197	(967,803)	-5.64%
Recycled Water Sales	4,725,000	4,880,742	155,742	3.30%
WBBRS Efficiency Funds	3,350,000	3,896,062	546,062	16.30%
2 Ad Valorem Property Tax	21,848,500	24,011,516	2,163,016	9.90%
General Obligation Bond Assessment	6,227,747	4,934,793	(1,292,954)	-20.76%
Investment Income	4,697,743	2,624,306	(2,073,437)	-44.14%
3 Other Income	551,500	4,836,752	4,285,252	777.02%
Cellular Lease Income	1,740,000	1,731,352	(8,648)	-0.50%
4 Intergovernmental Revenue	-	6,401,510	6,401,510	-
Total Revenues	\$ 87,615,490	\$ 94,208,062	\$ 6,592,572	
Expenses, Debt Obligations, and Capital Improvement Projects				
Operations and Maintenance	\$ 67,656,448	\$ 63,939,967	\$ (3,716,481)	-5.49%
Capital Facilities	978,624	1,045,572	66,948	6.84%
General Obligation Bonds Debt Service	15,528,059	15,532,173	4,114	0.03%
5 Replacement and Refurbishment	11,259,664	6,708,507	(4,551,157)	-40.42%
5 SOCWA & JRWSS Capital Projects	12,745,932	152,947	(12,592,985)	-98.80%
5 Water Supply Reliability Projects	15,452,106	13,528,056	(1,924,050)	-12.45%
5 Planning and Construction Projects	7,987,168	652,861	(7,334,307)	-91.83%
Total Expenses, Debt Obligations, and Capital Improvement Projects	\$ 131,608,001	\$ 101,560,083	\$ (30,047,918)	
Net Income (Deficit)	\$ (43,992,511)	\$ (7,352,021)	\$ 36,640,490	

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

- 1 In July of 2014, the State Water Resources Control Board adopted regulations mandating urban water utilities to implement mandatory water restrictions. This was followed by an Executive Order issued by the Governor on April 1, 2015, mandating all urban water utilities to achieve a statewide 25% reduction in water usage. Both of these events led to a decrease in water sales.
- 2 Secured tax revenue increased by \$1.3 million in fiscal year 2014-2015 due to an increase in property valuations in the District's service area.
- 3 Balance includes reimbursement from the Municipal Water District of Orange County (MWD OC) over charging the District for water purchases. The reimbursement amount was \$3.5 million.
- 4 Historically, the District has not budgeted for Intergovernmental Revenue but will re-evaluate that decision for next fiscal year. Revenue received relates to \$1.3 million for the 2009 BABs Federal subsidy and \$4.5 million for a Prop 50 grant.
- 5 The budget contained 65 projects for the fiscal year. At the end of fiscal year 2014-2015, 32 projects were closed out and 33 projects will be carried forward into FY 2015-2016.

MOULTON NIGUEL WATER DISTRICT

**OPERATIONS & MAINTENANCE (O&M) BUDGET COMPARISON REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

General Fund	Adopted Budget	Adjusted Budget	Actual Expense	Remaining Budget
Salaries	\$ 9,550,317	\$ 9,550,317	\$ 9,235,167	\$ 315,150
1 Retirement Program	1,401,937	1,401,937	1,807,681	(405,744)
Educational Courses	51,720	51,720	25,495	26,225
Travels and Meetings	251,034	251,034	181,497	69,537
Employee Relations	14,800	14,800	12,103	2,697
General Services	402,776	402,776	361,133	41,643
Annual Audit	40,000	40,000	40,665	(665)
Member Agencies O&M	1,231,370	1,231,370	1,345,750	(114,380)
Dues and Memberships	93,968	93,968	85,580	8,388
Election Expenses	150,000	150,000	10,173	139,827
Consulting Services	1,602,900	1,602,900	1,300,440	302,460
Equipment Rental	65,000	65,000	64,365	635
District Fuel	340,000	340,000	235,727	104,273
Insurance - District	576,150	576,150	511,888	64,262
Insurance - Personnel	468,100	468,100	386,112	81,988
Insurance - Benefits	2,360,333	2,360,333	2,258,256	102,077
Legal Services	220,000	220,000	149,744	70,256
District Office Supplies	499,900	499,900	531,433	(31,533)
District Operating Supplies	315,850	315,850	301,346	14,504
Repairs and Maintenance - Equipment	867,287	867,287	638,432	228,855
Repairs and Maintenance - Facilities	3,550,995	3,550,995	3,327,445	223,550
Safety Program and Compliance Requirements	285,250	285,250	139,734	145,516
SOCWA	8,450,820	8,450,820	8,448,293	2,527
Special Outside Assessments	230,300	230,300	200,296	30,004
Utilities	2,126,000	2,126,000	2,173,236	(47,236)
2 Water Purchases	27,976,295	27,976,295	25,978,276	1,998,019
Meter/Vault Purchases	868,000	868,000	662,151	205,849
Miscellaneous Operating Expenses	2,896	2,896	-	2,896
WBBRS Fund				
Salaries	326,918	326,918	338,107	(11,189)
Retirement Program	41,866	41,866	42,253	(387)
Educational Courses	500	500	155	345
Travels and Meetings	2,700	2,700	4,332	(1,632)
Dues and Memberships	500	500	-	500
Insurance - Personnel	4,131	4,131	8,759	(4,628)
Insurance - Benefits	75,900	75,900	72,397	3,503
Legal Services	-	-	59,666	(59,666)
District Office Supplies	77,810	77,810	189,917	(112,107)
3 Water Efficiency	3,132,125	3,132,125	2,811,963	320,162
Net Income (Deficit)	\$ 67,656,448	\$ 67,656,448	\$ 63,939,967	\$ 3,716,481

1 Includes adjustments related to GASB 68, which increased pension reporting.

2 The decrease in total water purchases for fiscal year 2014-2015 resulted from District planned conservation efforts. In fiscal year 2014-2015, total water purchased decreased by 3,900 acre feet, or 11%, as compared to fiscal year 2013-2014.

3 These expenses represent customer efficiency rebates. The variance noted is due to the timing of rebate submissions.

MOULTON NIGUEL WATER DISTRICT

STATISTICAL SECTION OVERVIEW

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

	2006	2007	2008	2009
Assets				
Current & other assets	\$ 167,460,342	\$ 135,253,605	\$ 141,180,151	\$ 126,077,279
Capital assets	350,877,488	361,206,238	361,582,353	368,009,569
Total assets	518,337,830	496,459,843	502,762,504	494,086,848
Deferred outflow of resources²				
Total assets and deferred outflows of resources	518,337,830	496,459,843	502,762,504	494,086,848
Liabilities				
Current and other liabilities	18,436,627	15,838,853	15,849,444	17,165,769
Long-term liabilities	128,174,462	117,038,604	111,527,615	94,335,405
Total liabilities	146,611,089	132,877,457	127,377,059	111,501,174
Deferred inflow of resources²				
Total net position	-	-	-	-
Net position				
Net investment in capital assets	222,891,731	245,841,042	253,165,739	270,849,808
Restricted for capital projects	12,816,747	3,928,653	4,143,149	98,855
Unrestricted	136,018,263	113,812,691	118,076,557	111,637,011
Total net position ¹	\$ 371,726,741	\$ 363,582,386	\$ 375,385,445	\$ 382,585,674

1 Beginning net position was restated for FY 2007, FY 2008, FY 2013 and FY 2015.

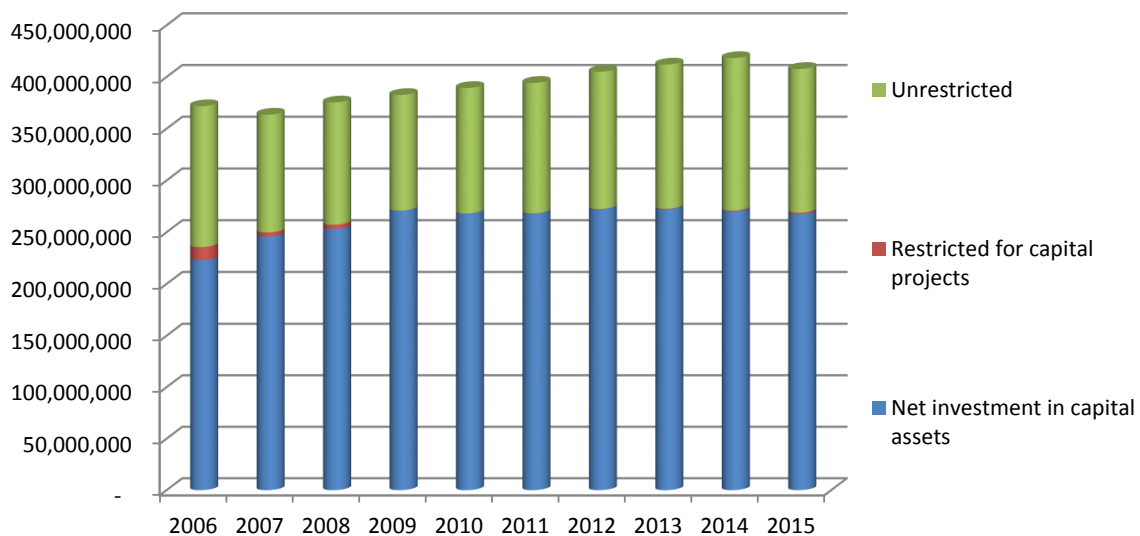
2 GASB 65 modified the presentation of the statement of net position. Deferred inflow of resources and deferred outflow of resources are reported prospectively from 2013.

Source: Moulton Niguel Water District Audited Financial Statements.

#5.

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

	2010	2011	2012	2013	2014	2015
\$	182,990,924	\$ 174,874,392	\$ 178,970,721	\$ 180,037,968	\$ 179,892,333	\$ 166,631,779
	371,543,848	373,881,504	373,802,210	371,840,527	366,859,960	375,845,562
	554,534,772	548,755,896	552,772,931	551,878,495	546,752,293	542,477,341
	-	-	-	1,318,562	1,136,314	2,920,477
	554,534,772	548,755,896	552,772,931	553,197,057	547,888,607	545,397,818
	20,038,911	18,166,398	20,048,452	21,174,407	19,459,691	19,942,207
	145,122,499	136,276,375	127,632,200	120,022,562	110,150,054	112,757,545
	165,161,410	154,442,773	147,680,652	141,196,969	129,609,745	132,699,752
	-	-	-	-	-	4,936,619
	268,089,986	267,962,257	272,169,901	272,287,164	269,994,246	267,393,560
	119,402	312,742	326,175	424,363	931,603	1,508,109
	121,163,974	126,038,124	132,596,203	139,288,561	147,353,013	138,859,778
\$	389,373,362	\$ 394,313,123	\$ 405,092,279	\$ 412,000,088	\$ 418,278,862	\$ 407,761,447



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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Operating Revenue				
Water charges	\$ 18,472,894	\$ 21,366,541	\$ 20,642,013	\$ 19,860,752
Recycled water charges	3,342,937	4,464,604	4,201,937	3,968,090
Sanitation charges	10,281,592	11,515,601	11,425,324	11,261,857
Other	283,062	604,746	337,489	323,684
Total Operating Revenue	<u>32,380,485</u>	<u>37,951,492</u>	<u>36,606,763</u>	<u>35,414,383</u>
Operating Expenses				
Source of supply ¹	17,583,352	20,230,917	18,944,598	20,972,373
Pumping water	357,650	393,556	390,681	360,363
Sewage treatment	7,506,433	7,367,708	8,179,717	8,962,772
Water transmission and distribution	2,547,423	2,707,991	2,958,395	3,277,410
Customer service	225,071	285,213	335,049	351,151
Water efficiency	-	-	-	-
General, administrative and other	9,267,301	10,838,062	11,407,703	13,069,750
Post retirement medical benefits (OPEB)	-	-	-	-
Depreciation	12,585,747	13,602,765	13,783,963	14,097,033
Total Operating Expenses	<u>50,072,977</u>	<u>55,426,212</u>	<u>56,000,106</u>	<u>61,090,852</u>
Operating Income (Loss)	<u>(17,692,492)</u>	<u>(17,474,720)</u>	<u>(19,393,343)</u>	<u>(25,676,469)</u>
Non-operating Revenues (Expenses)				
Interest income ²	480,324	6,589,646	9,477,382	7,118,974
Property tax revenue & GOB assessments	19,293,391	26,370,628	26,755,228	28,320,274
Interest on long-term debt	(5,232,106)	(5,474,668)	(5,340,125)	(5,097,414)
Intergovernmental Revenue	-	-	-	-
Cellular lease income	1,040,136	1,115,941	1,203,720	1,349,901
Other non-operating revenues (expenses)	(26,539)	(80,023)	19,422	54,270
Total Non-operating Revenues (Expenses)	<u>15,555,206</u>	<u>28,521,524</u>	<u>32,115,627</u>	<u>31,746,005</u>
Income (Loss) before Capital Contributions	(2,137,286)	11,046,804	12,722,284	6,069,536
Capital Contributions				
Grant funding	-	-	144,899	930,379
Developer donated capital facilities	2,099,826	876,334	970,889	156,511
Connection fees	642,770	932,325	13,169	43,800
Other contributions	-	-	-	-
Change in Net Position	605,310	12,855,463	13,851,241	7,200,226
Net Position - Beginning of Year³	<u>371,121,431</u>	<u>350,726,923</u>	<u>361,534,204</u>	<u>375,385,445</u>
Net Position - End of Year	<u>\$ 371,726,741</u>	<u>\$ 363,582,386</u>	<u>\$ 375,385,445</u>	<u>\$ 382,585,671</u>

¹ Source of Supply includes: water purchases, meter purchases and utilities.

² Interest income is combined with unrealized gain/loss on investments.

For FY 2013, the unrealized loss on investments exceeded investment income.

For FY 2006, there was a substantial unrealized loss on investments.

³ Beginning Net Position was restated for FY 2007, 2008, 2013 and 2015.

Source: Moulton Niguel Water District Audited Financial Statements.

#5.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	20,578,666	\$ 22,520,064	\$ 28,866,153	\$ 30,633,036	\$ 30,503,803	\$ 28,604,894
	4,446,515	4,340,197	4,530,175	4,612,874	17,135,446	4,880,742
	12,542,595	14,448,835	16,826,066	16,941,327	5,005,391	16,182,197
	572,611	444,346	429,064	1,035,873	562,871	329,755
	<u>38,140,387</u>	<u>41,753,442</u>	<u>50,651,458</u>	<u>53,223,110</u>	<u>53,207,511</u>	<u>49,997,588</u>
	22,505,838	22,088,538	24,415,284	28,049,259	29,770,326	28,610,139
	349,221	419,633	1,593,316	2,135,266	2,100,550	2,596,544
	9,093,471	8,588,172	8,665,958	9,841,299	9,647,000	9,519,199
	4,267,727	3,752,224	1,020,852	2,299,355	2,138,767	959,193
	332,685	311,483	1,202,302	2,711,672	2,750,999	2,839,137
	-	-	-	1,446,759	1,448,498	3,472,838
	12,788,639	13,130,167	16,481,929	10,652,698	11,236,876	14,702,063
	-	-	-	-	591,372	361,057
	14,572,711	15,162,538	15,566,287	13,472,995	16,554,024	16,708,439
	<u>63,910,292</u>	<u>63,452,755</u>	<u>68,945,928</u>	<u>70,609,303</u>	<u>76,238,412</u>	<u>79,768,609</u>
	<u>(25,769,905)</u>	<u>(21,699,313)</u>	<u>(18,294,470)</u>	<u>(17,386,193)</u>	<u>(23,030,901)</u>	<u>(29,771,021)</u>
	6,846,996	4,009,900	6,271,001	(533,131)	2,931,831	2,624,306
	27,407,480	27,250,759	27,221,147	28,528,175	29,083,747	28,946,309
	(6,766,600)	(7,897,888)	(7,608,336)	(5,850,174)	(6,781,711)	(6,160,882)
	-	-	-	-	-	6,401,510
	1,491,862	1,498,290	1,562,383	1,642,410	1,694,478	1,731,352
	1,438,137	1,480,660	1,557,431	1,522,360	1,361,984	3,661,818
	<u>30,417,875</u>	<u>26,341,721</u>	<u>29,003,626</u>	<u>25,309,640</u>	<u>28,290,329</u>	<u>37,204,413</u>
	4,647,970	4,642,408	10,709,156	7,923,447	5,259,428	7,433,392
	54,212	20,530	-	-	-	-
	2,069,786	94,332	70,000	60,000	495,000	294,000
	15,723	182,491	-	83,038	489,346	551,179
	-	-	-	-	35,000	-
	6,787,691	4,939,761	10,779,156	8,066,485	6,278,774	8,278,571
	<u>382,585,671</u>	<u>389,373,362</u>	<u>394,313,123</u>	<u>403,933,603</u>	<u>412,000,088</u>	<u>399,482,876</u>
\$	<u>389,373,362</u>	<u>\$ 394,313,123</u>	<u>\$ 405,092,279</u>	<u>\$ 412,000,088</u>	<u>\$ 418,278,862</u>	<u>\$ 407,761,447</u>

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

Water & Wastewater Sales

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	18,669,805	21,202,036	20,536,190	19,960,314
Commercial	3,173,988	3,559,177	3,598,135	3,484,263
Multi-Family Commercial	3,887,382	4,193,311	4,157,669	4,082,323
Irrigation ¹	2,982,385	3,870,441	3,725,795	3,551,458
Recycled Water	3,342,937	4,464,604	4,201,937	3,968,090
Hydrant ¹	40,926	57,177	49,548	44,251
Total Water & Wastewater Sales	32,097,423	37,346,746	36,269,274	35,090,699

Metered Accounts

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	46,069	46,170	46,367	46,479
Commercial	4,674	4,732	4,793	4,804
Irrigation ¹	1,368	1,376	1,380	1,414
Recycled Water	1,183	1,196	1,206	1,218
Hydrant ¹	44	40	42	37
Total Metered Accounts	53,338	53,514	53,788	53,952

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

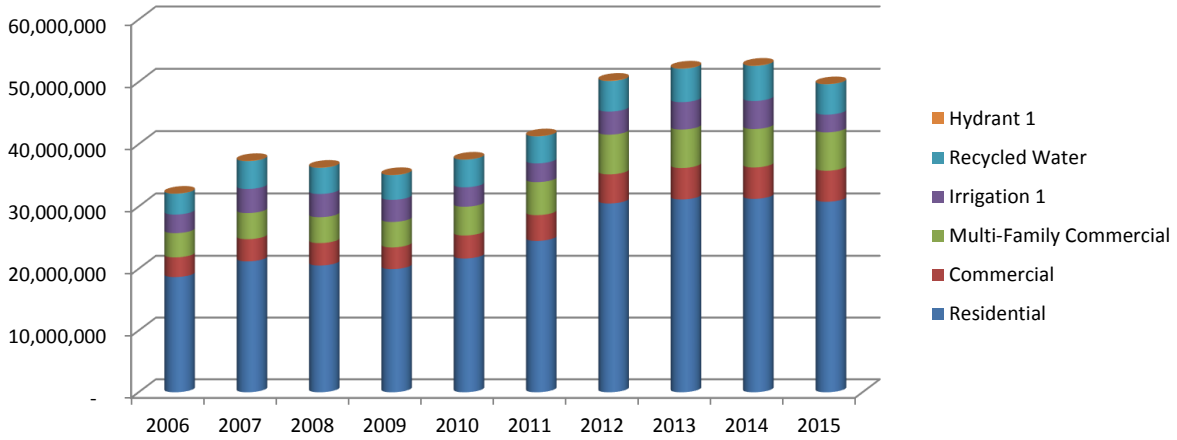
Source: Moulton Niguel Water District Billing Department.

#5.

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
21,661,402	24,489,400	30,493,294	31,138,646	31,233,677	30,767,071
3,691,101	4,131,299	4,672,173	5,049,139	5,043,859	4,983,870
4,615,167	5,293,520	6,373,846	6,171,180	6,165,998	6,154,836
3,118,258	3,013,689	3,705,286	4,392,099	4,499,879	2,842,933
4,446,515	4,340,197	4,894,136	5,369,133	5,633,000	4,880,742
35,333	40,992	83,659	65,027	68,229	38,381
37,567,776	41,309,097	50,222,394	52,185,224	52,644,642	49,667,833

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
46,649	46,840	46,996	47,197	47,305	47,339
4,824	4,839	4,841	4,901	4,898	4,977
1,395	1,387	1,395	1,369	1,367	1,368
1,244	1,262	1,265	1,292	1,299	1,315
32	34	36	33	30	34
54,144	54,362	54,533	54,792	54,899	55,033



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

<u>Fiscal Year</u>	<u>Usage (AF)</u>	<u>Purchase Price¹</u>	<u>Average cost per AF</u>	<u>Metered Accounts</u>	<u>Average AF per Metered Account</u>	<u>Average Cost per Metered Account</u>
2006	33,438	\$ 15,929,186	\$ 476	53,338	0.63	\$ 300
2007	36,679	15,949,424	435	53,514	0.69	300
2008	35,083	16,975,357	484	53,788	0.65	315
2009	33,744	18,933,932	561	53,952	0.63	353
2010	29,635	20,131,901	679	54,144	0.55	373
2011	27,360	19,908,518	728	54,362	0.50	364
2012	27,610	21,625,497	783	54,533	0.51	399
2013	29,704	24,434,327	823	54,792	0.54	444
2014	31,010	25,689,087	828	54,899	0.56	464
2015	27,285	24,257,752	889	55,033	0.50	445

¹ Purchase price does not include any charges for services.

Source: Moulton Niguel Water District Accounting Department.

#5.

Moulton Niguel Water District Water Rates Last Ten Fiscal Years

Residential & Multi-Family Potable Water Rate by Fiscal Year									
Consumption Tiers	2006-2009 ¹		2010 ¹		2011 ¹		2012-2014 ²		2015 ³
Tier 1	\$ 0.86		\$ 1.00		\$ 1.16		\$ 1.38		\$ 1.41
Tier 2	0.96		1.12		1.30		1.54		1.61
Tier 3	1.16		1.35		1.57		2.75		2.49
Tier 4	1.36		1.58		1.84		5.51		4.25
Tier 5	1.46		1.70		1.97		11.02		9.04

Commercial & Irrigation Potable Water Rate by Fiscal Year ⁴									
Consumption Tiers	2006-2009		2010		2011		2012-2014 ³		2015 ³
Former Irr. Uniform Rate	\$ 1.46		\$ 1.70		\$ 1.97		\$ 2.29		\$ -
Former Comm. Tier 1	0.86		1.00		1.16		1.38		-
Tier 1	0.96		1.12		1.30		1.54		1.61
Tier 2	1.16		1.35		1.57		2.75		2.49
Tier 3	1.36		1.58		1.84		5.51		4.25
Tier 4	1.46		1.70		1.97		11.02		9.04

Fire Protection Water Rates by Fiscal Year									
Consumption Tiers	2006-2009		2010		2011		2012-2014		2015
All B.U.'s	\$ 1.46		\$ 1.70		\$ 1.97		\$ 2.29		\$ -
5/8"	-		-		-		-		3.58
3/4"	-		-		-		-		3.58
1"	-		-		-		-		3.58
1.5"	-		-		-		-		11.94
2"	-		-		-		-		19.11
2.5"	-		-		-		-		30.45
3"	-		-		-		-		41.80
4"	-		-		-		-		71.65
6"	-		-		-		-		149.27
8"	-		-		-		-		214.95
10"	-		-		-		-		346.31

1 Prior to 2011, water usage was billed according to an inclining tier based rate structure. The first 10 BU were considered Tier 1 usage, while 11-20 B.U., 21-30 B.U., and 31-50 B.U. were considered Tiers 2, 3, and 4, respectively. Any usage above 50 B.U. was considered Tier 5.

2 A Water Budget Based Rate Structure was implemented July 2011. Tiers 1 and 2 of budgets are based on the number of persons in the household; amount of irrigated acreage; evapotranspiration rate; and the number of days in the billing cycle. Tiers 3, 4 and 5 apply to usage that exceeds budget.

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

Meter Size	Monthly Basic Service Charge for Potable Water ⁴													
	Uniform Charge									2015				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	Residential	Multifamily	Commercial	Irrigation	Fire Protection
5/8"	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 7.67	\$ 8.91	\$ 10.36	\$ 10.36	\$ 10.36	\$ 10.79	\$ 6.64	\$ 5.93	\$ 16.88	\$ 3.58
3/4"	6.60	6.60	6.60	6.60	7.67	8.91	10.36	10.36	10.36	10.79	6.64	5.93	16.88	3.58
1"	6.60	6.60	6.60	6.60	7.67	8.91	10.36	10.36	10.36	10.79	6.64	5.93	16.88	3.58
1.5"	11.60	11.60	11.60	11.60	13.48	15.66	34.53	34.53	34.53	35.97	22.13	19.77	56.27	11.94
2"	19.60	19.60	19.60	19.60	22.78	26.46	55.25	55.25	55.25	57.55	35.41	31.63	90.03	19.11
3"	26.60	26.60	26.60	26.60	30.91	35.92	120.87	120.87	120.87	125.89	77.47	69.19	196.94	41.80
4"	36.60	36.60	36.60	36.60	42.53	49.42	207.20	207.20	207.20	215.80	132.80	118.60	337.60	71.65
6"	56.60	56.60	56.60	56.60	65.77	76.42	431.67	431.67	431.67	449.94	276.89	247.28	703.90	149.27
8"	76.60	76.60	76.60	76.60	89.01	103.43	621.60	621.60	621.60	647.40	398.40	355.80	1,012.80	214.95
10	56.60	56.60	56.60	56.60	65.77	76.42	431.67	431.67	431.67	1,043.39	642.09	573.43	1,632.30	346.31

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

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

Source: Moulton Niguel Water District Billing Department.

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

Fiscal Year 2015

<u>Customer</u>	<u>Type of Property</u>	Total Water <u>Sales</u> ¹	Percentage of Total Water <u>Sales</u>
Moritz Associates LLC	Multi Family Residential	\$ 218,152	0.76%
City of Mission Viejo	Parks, Slopes, Medians	205,686	0.72%
Barcelona LLC	Multi Family Residential	195,094	0.68%
City of Laguna Niguel	Parks, Slopes, Medians	156,267	0.55%
Hidden Hills Apts	Multi Family Residential	144,914	0.51%
Aliso Meadows Condo Assoc	Multi Family Residential	140,998	0.49%
Monarch Coast Apt Homes	Multi Family Residential	125,485	0.44%
Laguna Gardens Apartments	Multi Family Residential	121,830	0.43%
Aliso Creek - Sares	Multi Family Residential	116,428	0.41%
BRE Properties	Multi Family Residential	<u>116,044</u>	<u>0.41%</u>
		\$ 1,540,898	5.40%

Total Water Sales for FY 2014-15 \$ 28,604,894

Fiscal Year 2007²

<u>Customer</u>	<u>Type of Property</u>	Total Water <u>Sales</u> ¹	Percentage of Total Water <u>Sales</u>
Moritz Associates LLC	Multi Family Residential	\$ 48,069	0.22%
City of Mission Viejo	Parks, Slopes, Medians	47,413	0.22%
Aliso Meadows Condo Association	Multi Family Residential	44,586	0.21%
Barcelona LLC	Multi Family Residential	42,437	0.20%
Shea Properties	Multi Family Residential	37,600	0.18%
Mission Hospital Regional Medical Center	Medical Facility	37,260	0.17%
City of Laguna Niguel	Parks, Slopes, Medians	35,566	0.17%
Hidden Hills Apartments	Multi Family Residential	34,653	0.16%
Aliso Creek Sares	Multi Family Residential	34,309	0.16%
The Promenade Apartments	Multi Family Residential	<u>33,088</u>	<u>0.15%</u>
		\$ 394,981	1.84%

Total Water Sales for FY 2006-07 \$ 21,366,541

¹ Total water sales includes only potable water sales.

² Data prior to fiscal year 2007 is unavailable.

Source: Moulton Niguel Water District Billing Department and
2003 Refunding Certificates of Participation Official Statement.

#5.

Moulton Niguel Water District Wastewater Rates Last Ten Fiscal Years

RESIDENTIAL WASTEWATER RATES										
	2006	2007	2008	2009	2010	2011	2011	2013	2014	2015
Basic Service Charges	\$ 7.10	\$ 7.10	\$ 7.10	\$ 7.10	\$ 8.25	\$ 9.59	\$ 11.14	\$ 11.14	\$ 11.14	\$ 22.68
Volumetric Charge										
1-25 B.U.	0.56	0.56	0.56	0.56	0.65	0.76	0.88	0.88	0.88	-
26+ B.U.										
Maximum per month	21.10	21.10	21.10	21.10	24.50	28.59	33.14	33.14	33.14	-

COMMERCIAL AND MULTI-FAMILY WASTEWATER RATES															
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015					
										MFR	Comm 1	Comm 2	Comm 3	Comm 4	
Basic Service Charge	\$ 14.20	\$ 14.20	\$ 14.20	\$ 14.20	\$ 16.50	\$ 19.18	\$ 22.28	\$ 22.28	\$ 22.28	\$ 22.28	\$ 22.28	\$ -	\$ -	\$ -	\$ -
Volumetric Charge - All B.U.'s															
Class 1	0.56	0.56	0.56	0.56	0.65	0.76	0.88	0.88	0.88	-	-	-	-	-	-
Class 2	0.76	0.76	0.76	0.76	0.88	1.03	1.19	1.19	1.19	-	-	-	-	-	-
Class 3	0.96	0.96	0.96	0.96	1.12	1.30	1.51	1.51	1.51	-	-	-	-	-	-
Class 4	1.16	1.16	1.16	1.16	1.35	1.57	1.82	1.82	1.82	-	-	-	-	-	-
Meter Size															
5/8"										24.72	17.87	38.07	78.32	84.49	
3/4"										24.72	17.87	38.07	78.32	84.49	
1"										24.72	17.87	38.07	78.32	84.49	
1.5"										75.90	53.05	120.39	254.54	275.11	
2"										119.77	83.22	190.96	405.60	438.53	
2.5"										119.77	83.22	190.96	405.60	438.53	
3"										258.72	178.75	414.46	884.04	956.06	
4"										441.52	304.43	708.50	1,513.46	1,636.92	
6"										916.83	631.22	1,473.04	3,150.05	3,407.27	
8"										1,319.01	907.72	2,119.93	4,534.81	4,905.21	
10"										2,123.37	1,460.74	3,413.76	7,304.41	7,901.16	

Wastewater Classes:

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

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

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

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

Source: Moulton Niguel Water District Billing Department.

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

Fiscal Year 2015

<u>Customer</u>	<u>Type of Property</u>	Total Wastewater <u>Sales</u>	Percentage of Total Wastewater <u>Sales</u>
Moritz Associates LLC	Multi-family Residential	\$ 191,332	1.18%
Barcelona LLC	Multi-family Residential	152,073	0.94%
Aliso Creek - Sares	Multi-family Residential	115,858	0.72%
Shea Properties/City Lights	Multi-family Residential	111,350	0.69%
Alize at Aliso Viejo	Multi-family Residential	109,060	0.67%
Laguna Gardens Apartments	Multi Family Residential	108,207	0.67%
Heather Ridge Condo Assn	Multi Family Residential	99,586	0.62%
Monarch Coast Apt Homes	Multi Family Residential	97,336	0.60%
Seabrook Apts	Multi Family Residential	95,866	0.59%
ERP Operating LP LN	Multi Family Residential	<u>92,562</u>	<u>0.57%</u>
		\$ 1,173,230	7.25%

Total Wastewater Sales

for FY 2014-15 \$ 16,182,197

Fiscal Year 2007¹

<u>Customer</u>	<u>Type of Property</u>	Total Wastewater <u>Sales</u>	Percentage of Total Wastewater <u>Sales</u>
Shea Properties	Multi Family Residential	\$ 47,061	0.41%
Moritz Associates LLC	Multi Family Residential	41,352	0.36%
Barcelona LLC	Multi Family Residential	36,653	0.32%
Aliso Creek Sares	Multi Family Residential	33,053	0.29%
The Promenade Apartments	Multi Family Residential	26,947	0.23%
ERP Operating LP LN	Multi-Family Residential	23,909	0.21%
Quail Creek - LA Paz HOA	Multi-Family Residential	23,882	0.21%
Pointe Niguel 505	Multi-Family Residential	22,679	0.20%
Aliso Meadows Condo Association	Multi Family Residential	22,628	0.20%
Hidden Hills Apartments	Multi Family Residential	<u>22,097</u>	<u>0.19%</u>
		\$ 300,261	2.62%

Total Wastewater Sales

for FY 2014-15 \$ 11,515,601

¹ Data prior to 2007 is unavailable.

Source: Moulton Niguel Water District Billing Department and
2003 Refunding Certificates of Participation Official Statement.

#5.

Moulton Niguel Water District Recycled Water Rates Last Ten Fiscal Years

Consumption Tiers ¹	Recycled Water Rates by Fiscal Year										
	2004-2005	2006-2009		2010	2011		2012 ²		2014 ²		2015 ^{2&3}
All B.U.'s	\$ -	\$ 1.17	\$ 1.36	\$ 1.58	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 - 50 B.U.	0.96	-	-	-	-	-	-	-	-	-	-
51+ B.U.	1.04	-	-	-	-	-	-	-	-	-	-
Tier 1	-	-	-	-	-	1.23	1.23	1.23	1.23	1.17	-
Tier 2	-	-	-	-	-	1.23	1.23	1.23	1.23	1.66	-
Tier 3	-	-	-	-	-	2.20	2.20	2.20	2.20	3.42	-
Tier 4	-	-	-	-	-	4.41	4.41	4.41	4.41	8.21	-
Tier 5	-	-	-	-	-	8.81	8.81	8.81	8.81	-	-

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

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

3 A revised Water Budget Based Rate Structure was implemented April 2015. Outdoor Allowance was lowered to reflect a plant factor of 0.7.

Meter Size	Recycled Water Basic Service Charge											
	2004-2005	2006-2009		2010	2011		2012		2013		2014	
5/8"	\$ 5.00	\$ 6.60	\$ 7.67	\$ 8.91	\$ 10.36	\$ 10.36	\$ 10.36	\$ 10.36	\$ 10.36	\$ 10.36	\$ 10.36	\$ 16.88
3/4"	5.00	6.60	7.67	8.91	10.36	10.36	10.36	10.36	10.36	10.36	10.36	16.88
1"	5.00	6.60	7.67	8.91	10.36	10.36	10.36	10.36	10.36	10.36	10.36	16.88
1.5"	10.00	11.60	13.48	15.66	34.53	34.53	34.53	34.53	34.53	34.53	34.53	56.27
2"	18.00	19.60	22.78	26.47	55.25	55.25	55.25	55.25	55.25	55.25	55.25	90.03
3"	25.00	26.60	30.91	35.92	120.87	120.87	120.87	120.87	120.87	120.87	120.87	196.94
4"	35.00	36.60	42.53	49.42	207.20	207.20	207.20	207.20	207.20	207.20	207.20	337.60
6"	55.00	56.60	65.77	76.42	431.37	431.37	431.37	431.37	431.37	431.37	431.37	703.90
8"	75.00	76.60	89.01	103.43	621.60	621.60	621.60	621.60	621.60	621.60	621.60	1,012.80
10"	95.00	96.60	112.25	130.43	1,001.47	1,001.47	1,001.47	1,001.47	1,001.47	1,001.47	1,001.47	1,632.30

Source: Moulton Niguel Water District Billing Department.

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

Fiscal Year 2015

<u>Customer</u>	<u>Type of Property</u>	<u>Total Recycled Water Sales</u>	<u>Percentage of Total Sales</u>
Aliso Viejo Comm Assn	Parks, Slopes, Medians	\$ 1,203,503	24.66%
Aliso Viejo Country Club	Golf Course	351,436	7.20%
City of Laguna Niguel	Parks, Slopes, Medians	336,289	6.89%
City of Mission Viejo	Parks, Slopes, Medians	328,578	6.73%
Mission Viejo Country Club	Golf Course	280,088	5.74%
El Niguel Country Club	Golf Course	250,917	5.14%
Marina Hills PCA	Golf Course	222,922	4.57%
Arroyo Trabuco Golf Club	Golf Course	190,968	3.91%
City of Laguna Hills	Parks, Slopes, Medians	188,127	3.85%
Caltrans District 12	Slopes, Medians	<u>157,443</u>	<u>3.23%</u>
		\$ 3,510,271	71.92%

Total Recycled Water Sales for Fiscal Year 2014-15 \$ 4,880,742

Fiscal Year 2007 ¹

<u>Customer</u>	<u>Type of Property</u>	<u>Total Recycled Water Sales</u>	<u>Percentage of Total Sales</u>
Aliso Viejo Community Association	Parks, Slopes, Medians	\$ 416,002	9.32%
El Niguel Country Club	Golf Course	148,745	3.33%
Marina Hills PCA	Golf Course	114,199	2.56%
City of Mission Viejo	Parks, Slopes, Medians	105,429	2.36%
Soka University of America	Private University	103,173	2.31%
Caltrans District 12	Slopes, Medians	65,678	1.47%
El Niguel Heights Community Assn.	Landscape	56,660	1.27%
City of Laguna Niguel	Parks, Slopes, Medians	54,941	1.23%
City of Laguna Hills	Parks, Slopes, Medians	53,224	1.19%
Beacon Hill Planned Community	Parks, Slopes, Medians	<u>52,411</u>	<u>1.17%</u>
		\$ 1,170,462	26.21%

Total Recycled Water Sales for Fiscal Year 2006-07 \$ 4,464,604

¹ Data prior to 2007 is unavailable.

Source: Moulton Niguel Water District Billing Department.

#5.

**Moulton Niguel Water District
Property Tax Levies and Collections¹
Last Ten Fiscal Years**

Levy Year	<u>Collected within the Levy Year</u>			Collections from Prior Years	<u>Total Collections to Date</u>	
	<u>Total Tax Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2006	\$ 13,805,452	\$ 13,435,730	97.32%	\$ 271,293	\$ 13,707,023	99.29%
2007	21,254,653	20,560,187	96.73%	425,393	20,985,580	98.73%
2008	22,283,832	21,583,776	96.86%	587,508	22,171,284	99.49%
2009	22,245,697	21,285,866	95.69%	721,593	22,007,459	98.93%
2010	21,679,649	20,656,502	95.28%	968,078	21,624,580	99.75%
2011	21,638,200	20,835,460	96.29%	511,337	21,346,797	98.65%
2012	22,143,993	20,666,470	93.33%	475,230	21,141,700	95.47%
2013	22,511,515	21,304,598	94.64%	555,032	21,859,630	97.10%
2014	22,890,247	22,311,794	97.47%	211,474	22,523,268	98.40%
2015	24,520,773	23,957,232	97.70%	54,284	24,011,516	97.92%

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

2 Collections from prior years does not include penalty revenue.

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

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

<u>Land Use</u>	Assessed Values by Land Use	
	<u>FY 2015</u>	<u>FY 2006</u>
	<u>Secured Assessed Value</u>	
Residential	\$ 15,108,098,471	\$ 10,583,018,637
Commercial	1,487,515,045	1,390,568,672
Industrial	353,690,832	254,501,705
Vacant/Other	22,340,144	503,361,979
Total	\$ 16,971,644,492	\$ 12,731,450,993

Principal Local Secured Taxpayers
For Fiscal Year 2015

<u>Rank</u>	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1	OC/SD Holdings LLC	Apartments	\$ 80,062,796	0.47%
2	BRE-FMCA LLC	Apartments	45,371,417	0.27%
3	Moritz Associates LLC	Apartments	44,609,713	0.26%
4	MG Promenade Apt. LLC	Apartments	42,432,011	0.25%
5	Barcelona LLC	Apartments	38,547,472	0.23%
6	Sequoia Equities-Alicante	Apartments	35,367,198	0.21%
7	Sequoia Equities-Alize	Apartments	32,993,974	0.19%
8	Laguna Cabot Road Business Park LP	Industrial	29,834,838	0.18%
9	Costco Wholesale Corp.	Commercial	28,495,349	0.17%
10	Target Corporation	Commercial	26,730,739	0.16%
			\$ 404,445,507	2.38%

Fiscal Year 2014-15 Total Local Secured Valuation: \$ 16,971,644,492

Principal Local Secured Taxpayers
For Fiscal Year 2006

<u>Rank</u>	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1	Mission Viejo Associates	Residential	\$ 157,087,919	1.23%
2	City Lights - Aliso Viejo LLC	Apartments	95,553,556	0.75%
3	Moritz Associates LLC	Apartments	94,843,408	0.74%
4	Northwestern Mutual Life Ins. Co.	Apartments	85,135,994	0.67%
5	Barcelona, LLC	Apartments	81,759,049	0.64%
6	OTR	Commercial	81,445,653	0.64%
7	Wilmington Co.	Commercial	70,222,025	0.55%
8	Monarch Bay Two	Apartments	67,009,095	0.53%
9	Sequoia Equities - Alicante	Apartments	66,901,141	0.53%
10	BRE Properties Inc.	Apartments	64,605,584	0.51%
			\$ 864,563,424	6.79%

Fiscal Year 2005-06 Local Secured Assessed Valuation: \$ 12,731,450,993

#5.

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

Fiscal Year	General Obligation Bonds ^{1,2}	Certificates of Participation ^{1,2}	Loans Payable	Operating Lease	Total Debt	Total		Est. District Population	Debt per Capita
						Total Customer Accounts	Debt per Customer Accounts		
2006	\$ 56,410,000	\$ 32,135,234	\$ 42,425,260	\$ 6,008,000	\$ 136,978,494	53,338	\$ 2,568	165,918	\$ 826
2007	53,080,000	30,670,234	40,095,949	5,596,000	129,442,183	53,514	2,419	166,168	779
2008	49,565,000	32,035,000	37,716,904	5,149,000	124,465,904	53,788	2,314	166,677	747
2009	45,765,000	30,465,000	25,507,053	4,667,000	106,404,053	53,952	1,972	166,964	637
2010	41,740,000	88,840,000	23,489,510	-	154,069,510	54,144	2,846	167,408	920
2011	37,400,000	86,805,000	21,432,780	-	145,637,780	54,362	2,679	164,450	886
2012	32,755,000	85,215,000	19,336,551	-	137,306,551	54,533	2,518	165,272	831
2013	27,775,000	83,535,000	17,198,820	-	128,508,820	54,792	2,345	168,174	764
2014	21,315,000	81,795,000	15,019,911	-	118,129,911	54,899	2,152	169,212	698
2015	15,850,000	77,825,000	12,798,618	-	106,473,618	55,033	1,935	170,326	625

1 Debt amounts exclude any premiums, discounts or other amortization amounts.

2 2015 Revenue Refunding Bonds refunded the 2003 Certificates of Participation, and are listed under the Certificates of Participation column by California Municipal Statistics, Inc.

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

Moulton Niguel Water District
Ratio of Net Direct General Obligation Debt ¹
Last Ten Fiscal Years

Fiscal Year	Total General Obligation Bonds Outstanding	Net Direct General Obligation Debt	Assessed Value ²	Percent of General Obligation Debt to Assessed Value	Population ³	Net General Obligation Debt per Capita
2006	\$ 56,410,000	\$ 5,620,513	\$ 5,357,123,304	0.10%	52,813	\$ 106
2007	53,080,000	5,737,513	6,256,186,514	0.09%	52,936	108
2008	49,565,000	5,855,913	6,746,635,752	0.09%	53,223	110
2009	45,765,000	5,982,738	6,734,350,793	0.09%	53,437	112
2010	41,740,000	6,022,175	6,193,574,675	0.10%	56,919	106
2011	37,400,000	6,159,813	6,062,288,925	0.10%	58,503	105
2012	32,755,000	6,263,016	6,051,286,544	0.10%	56,114	112
2013	27,775,000	6,416,000	6,093,356,189	0.11%	56,675	113
2014	21,315,000	6,466,700	6,300,950,763	0.10%	57,236	113
2015	15,850,000	6,227,747	5,749,154,516	0.11%	57,613	108

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

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

³ The District population is estimated based on the California Department of Finance's annual city population estimates.

Source: Orange County Auditor-Controller, Census Bureau and Moulton Niguel Water District Accounting Department.

#5.

Moulton Niguel Water District Direct and Overlapping Debt Current Fiscal Year

<u>2014-2015 Assessed Valuations:</u>	Total Debt 06/30/2015	% Applicable ¹	District's Share of Debt 06/30/2015
\$17,048,211,000 (Land only)			
Metropolitan Water District	\$ 110,420,000	1.348%	\$ 1,488,462
Capistrano Unified School District School Facilities Improvement District No. 1	32,516,818	31.974%	10,396,927
Laguna Beach Unified School District	27,325,000	1.927%	526,553
Saddleback Valley Unified School District	122,240,000	22.426%	27,413,542
City of San Juan Capistrano	28,985,000	0.066%	19,130
Moulton-Niguel Water District, I.D. No. 6	9,460,000	100.000%	9,460,000
Moulton-Niguel Water District, I.D. No. 7	6,390,000	100.000%	6,390,000
South Coast Water District	1,375,000	6.379%	87,711
Orange County Community Facilities District No. 87-3	3,428,013	8.247%	282,708
City of Aliso Viejo Community Facilities District No. 2005-01	31,975,000	100.000%	31,975,000
City of Mission Viejo Community Facilities District No. 92-1	1,025,000	100.000%	1,025,000
Capistrano Unified School District Community Facilities District No. 87-1	30,525,000	75.276%	22,977,999
<i>Total Direct & Overlapping Tax and Assessment Debt</i>			<u>\$ 112,043,032</u>
<u>Direct & Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	\$ 98,906,000	6.625%	\$ 6,552,523
Orange County Pension Obligation Bonds	366,854,623	6.625%	24,304,119
Orange County Board of Education Certificates of Participation	15,190,000	6.625%	1,006,338
Capistrano Unified School District Certificates of Participation	16,805,000	32.374%	5,440,451
City of Laguna Hills Certificates of Participation	11,335,000	70.364%	7,975,759
City of Mission Viejo Certificates of Participation	14,475,000	34.611%	5,009,942
City of San Juan Capistrano Judgment Obligations	1,945,000	0.066%	1,284
Municipal Water District of Orange County Water Facilities Corporation	5,360,000	7.925%	424,780
Moulton-Niguel Water District Certificates of Participation	77,825,000	100.000%	<u>77,825,000</u>
<i>Total Gross Direct & Overlapping General Fund Debt</i>			128,540,196
Less: MWDOC Facilities Corp			424,780
<i>Total Net Direct & Overlapping General Fund Debt</i>			<u>\$ 128,115,416</u>
<u>Overlapping Tax Incremental Debt (Successor Agency):</u>	\$ 28,047,326	93.825%	\$ 26,315,404
TOTAL DIRECT DEBT			\$ 93,675,000
TOTAL GROSS OVERLAPPING DEBT			173,223,632
TOTAL NET OVERLAPPING DEBT			172,798,852
Gross Combined Total Debt ²			\$ 266,898,632
Net Combined Total Debt			266,473,852
<u>Ratios to Land Only Assessed Valuation:</u>			
Direct Debt (\$15,850,000) ³	0.09%		
Total Direct and Overlapping Tax and Assessment Debt	0.66%		
<u>Ratios to Adjusted All Property Assessed Valuation:</u>			
Total Direct Debt (\$103,110,000)	0.30%		
Gross Combined Total Debt	0.85%		
Net Combined Total Debt	0.85%		

1 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.

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

3 Moulton Niguel Improvement Districts.

Source: California Municipal Statistics, Inc.

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#5.

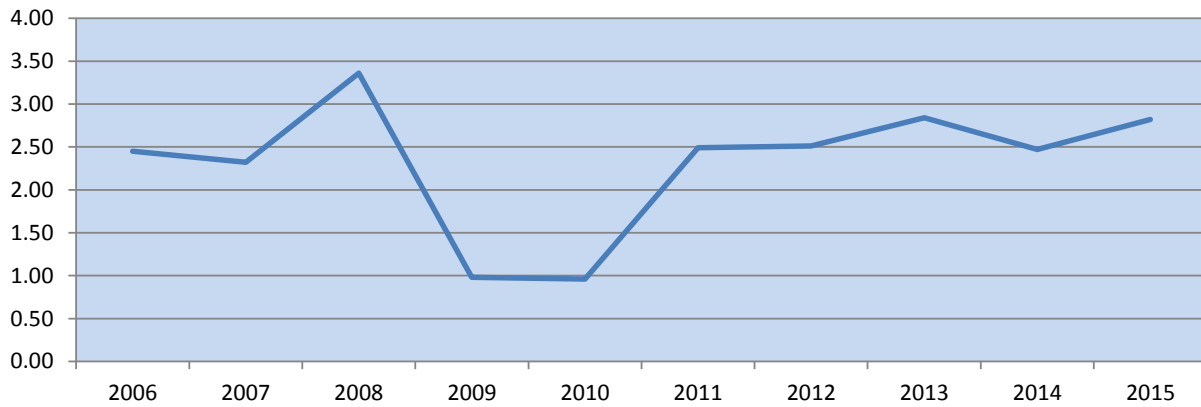
Moulton Niguel Water District Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Total Revenues ¹	Operating Expenses ²	Net Available Revenues	Annual Debt Service ³			Coverage Ratio
				Principal	Interest	Total	
2006	\$ 52,424,799	\$ 37,487,230	\$ 14,937,569	\$ 3,700,199	\$ 2,404,399	\$ 6,104,598	2.45
2007	65,783,315	42,216,143	23,567,172	7,491,753	2,667,114	10,158,867	2.32
2008	65,783,315	42,216,143	23,567,172	4,331,069	2,675,483	7,006,552	3.36
2009	63,008,926	46,993,818	16,015,108	14,261,828	2,163,186	16,425,014	0.98
2010	67,240,733	55,611,741	11,628,992	8,309,566	3,787,050	12,096,616	0.96
2011	71,602,959	48,290,237	23,312,722	3,681,716	5,679,114	9,360,830	2.49
2012	79,198,813	55,577,437	23,621,376	3,686,551	5,727,264	9,413,815	2.51
2013	83,211,172	56,529,629	26,681,543	3,572,972	5,822,842	9,395,814	2.84
2014	82,208,418	59,042,396	23,166,022	3,918,909	5,475,089	9,393,998	2.47
2015	88,979,269	62,699,113	26,280,156	3,821,389	5,483,038	9,304,427	2.82

¹ Total Revenues include all operating revenues, interest income and other non-operating revenues excluding general obligation bond assessment revenues used to repay the general obligation bond debt, unrealized gains/losses and connection fees.

² Operating expenses exclude depreciation and amortization expense.

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



Source: Moulton Niguel Water District Finance Department.

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

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2006	165,918
2007	166,168
2008	166,677
2009	166,964
2010	167,408
2011	164,450
2012	168,402
2013	168,174
2014	169,212
2015	170,326

Source: CSUF Center for Demographic Research.

City of Laguna Niguel ¹				
Fiscal Year	Population	Per Capita Income	Unemployment Rate	
2006	65,800	\$ 46,283	2.90%	
2007	65,959	49,815	2.60%	
2008	66,058	52,162	3.00%	
2009	66,522	52,705	4.10%	
2010	67,117	51,005	7.00%	
2011	67,666	47,820	7.50%	
2012	63,691	49,804	6.80%	
2013	64,065	50,518	4.40%	
2014	64,460	50,889	3.90%	
2015	64,449	49,888	5.00%	

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

Source: City of Laguna Niguel Finance Department.

City of Aliso Viejo ²					
Fiscal Year	Population	Total Personal Income	Per Capita Income	Unemployment Rate	
2006	44,854	\$ 1,755,584,996	\$ 39,079	1.90%	
2007	44,924	1,791,256,601	39,773	1.80%	
2008	45,037	1,857,154,707	41,043	2.00%	
2009	45,249	2,052,308,775	44,925	2.70%	
2010	45,683	1,977,868,828	43,342	4.80%	
2011	45,634	2,059,354,026	43,062	4.90%	
2012	47,823	2,002,825,000	40,884	4.60%	
2013	48,988	2,100,001,788	42,444	3.00%	
2014	49,951	2,100,839,000	42,058	2.60%	
2015	49,939	2,181,535,000	43,684	3.50%	

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

Source: City of Aliso Viejo Finance Department.

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

#5.

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

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2006	165,918
2007	166,168
2008	166,677
2009	166,964
2010	167,408
2011	164,450
2012	168,402
2013	168,174
2014	169,212
2015	170,326

City of Laguna Hills ³				
Calendar Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2006	33,101	\$ 1,321,554	\$ 39,938	3.10%
2007	33,129	1,384,623	41,813	2.90%
2008	33,143	1,425,961	43,058	2.90%
2009	33,421	1,441,089	43,346	4.00%
2010	33,280	1,417,282	42,444	7.00%
2011	33,593	1,500,666	44,672	8.00%
2012	30,341	1,445,996	47,227	6.60%
2013	30,410	1,363,858	44,421	4.80%
2014	30,857	1,320,001	42,778	4.20%
2015	30,848	1,336,181	43,315	5.00%

Source: CSUF Center for Demographic Research.

³ The City of Laguna Hills represents approximately 18% of the total District population.
Source: City of Laguna Hills Finance Department.

City of Mission Viejo ⁴				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2006	98,165	\$ 150,500,000	\$ 56,114	2.6%
2007	98,030	153,300,000	55,172	2.8%
2008	99,781	155,000,000	53,552	3.8%
2009	100,122	148,300,000	51,374	6.8%
2010	93,297	153,300,000	52,124	6.9%
2011	93,483	154,100,000	50,440	6.7%
2012	94,196	161,700,000	52,342	5.7%
2013	94,824	165,300,000	53,032	4.7%
2014	95,334	172,400,000	54,839	3.9%
2015	96,652	185,400,000	58,512	4.2%

⁴ The City of Mission Viejo represents approximately 57% of the total District population.
Source: City of Mission Viejo Finance Department.

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

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

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2006	165,918
2007	166,168
2008	166,677
2009	166,964
2010	167,408
2011	164,450
2012	168,402
2013	168,174
2014	169,212
2015	170,326

Source: CSUF Center for Demographic Research.

City of Dana Point ⁵				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2006	36,854	\$ 1,675,000	\$ 45,450	2.40%
2007	36,884	1,736,000	47,066	2.80%
2008	36,441	1,858,000	50,987	3.80%
2009	35,822	1,681,000	46,926	6.40%
2010	35,561	1,706,000	47,974	6.90%
2011	35,109	1,816,000	51,725	6.30%
2012	33,054	1,663,000	50,312	n/a
2013	33,398	1,723,000	51,590	5.90%
2014	33,625	1,699,000	50,528	5.50%
2015	33,710	1,649,000	48,917	5.20%

⁵ The City of Dana Point represents approximately 20% of the total District population.
Source: City of Dana Point Finance Department.

#5.

**Moulton Niguel Water District
Principal Employers ¹
Current Year and Eight Years Ago**

FY 2015²

<u>Rank</u>	<u>Employer</u>	<u>Operating City</u>	<u>Number of Employees</u>	<u>Percent of Each City's Employment</u>
1	Mission Hospital Regional Medical Center	City of Mission Viejo	2,443	4.83%
2	Saddleback College	City of Mission Viejo	1,748	3.45%
3	Saddleback Valley Unified School District	City of Mission Viejo	1,208	2.39%
4	Saddleback Memorial Hospital	City of Laguna Hills	1,020	5.86%
5	Ritz-Carlton-Laguna Niguel	City of Dana Point	970	5.52%
6	Pacific Life Insurance	City of Aliso Viejo	879	4.75%
7	St Regis Monarch Beach	City of Dana Point	800	4.55%
8	Fluor Corporation	City of Aliso Viejo	800	4.33%
9	Capistrano Unified School District	City of Mission Viejo	695	1.37%
10	Capistrano Unified School District	City of Aliso Viejo	603	3.26%

FY 2006²

<u>Rank</u>	<u>Employer</u>	<u>Operating City</u>	<u>Number of Employees</u>	<u>Percent of Each City's Employment</u>
1	Saddleback College	City of Mission Viejo	2,130	3.94%
2	Mission Hospital Regional Medical Center	City of Mission Viejo	1,349	2.50%
3	Costco Wholesale Corporation	City of Laguna Niguel	1,136	7.17%
4	Unisys Corporation	City of Mission Viejo	1,000	1.85%
5	Saddleback Valley Unified School District	City of Mission Viejo	640	1.19%
6	Quest Software Inc.	City of Aliso Viejo	600	4.05%
7	Fluor Daniel Construction Co.	City of Aliso Viejo	500	3.38%
8	Wal-Mart Stores, Inc.	City of Laguna Niguel	500	3.15%
9	Macy's Department Stores	City of Mission Viejo	475	0.88%
10	Capistrano Unified School District	City of Laguna Niguel	400	2.52%

¹ Principal Employers represents blended data from the four cities the District serves: Aliso Viejo, Laguna Hills, Laguna Niguel and Mission Viejo.

² The District used data from the FYE 2006 - 2014 CAFRs for the cities of Aliso Viejo, Laguna Niguel, Mission Viejo, and Laguna Hills. Data prior to 2006 was not available in comparable formats for all cities, and it is ranked according to the number of employees.

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

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Office of the General Manager	3	3	3	3	3	3	2	3	6	6
Human Resources	-	-	-	1	1	1	2	2	2	2
Administration	2	2	2	-	-	-	-	-	-	-
Customer Service	-	-	-	2	2	2	2	3	2	1
Utility Billing	5	5	5	6	6	7	7	7	6	6
Customer Service - Field	19	19	19	17	19	17	18	19	16	16
Customer Service - Office	6	6	6	5	6	6	7	5	6	6
Engineering - Field	10	10	10	10	11	9	8	9	12	11
Engineering - Office	3	3	3	3	3	7	9	14	11	9
Purchasing	1	1	1	1	2	2	2	2	3	3
Information Technology	3	3	3	3	3	3	3	3	3	3
Financial Services	2	2	2	2	2	3	2	2	2	3
Accounting	5	5	5	5	5	5	7	7	7	6
Operations Administration	6	6	6	6	6	6	6	6	4	6
Operations - Plant	18	18	18	18	14	9	10	11	17	18
Operations - Field	17	17	17	17	17	24	22	20	18	19
Water Use Efficiency	-	-	-	-	-	-	-	-	-	3
Total	100	100	100	99	100	104	107	113	115	118

Source: Moulton Niguel Water District Human Resources Department.

#5.

Moulton Niguel Water District Operating Indicators Last Ten Fiscal Years

FISCAL YEAR	SERVICE CONNECTIONS	NET INCREASE PIPELINE (MILES)	MONTH OF PEAK CONSUMPTION	PEAK MONTHLY CONSUMPTION (M.G.D.)	AVERAGE DAILY CONSUMPTION (M.G.D.)	AVG. DAILY SEWAGE (M.G.D.)	AVG. DAILY POTABLE IMPORT (M.G.D.)	TAKEOUTS
2006	53,343	< 1,400	August	39.42	29.71	13.6	29.71	14
2007	53,520	< 1,400	July	41.56	32.20	13.6	32.20	14
2008	53,804	< 1,400	July	41.21	30.69	14.6	30.69	14
2009	53,938	< 1,400	August	39.30	29.24	14.6	29.24	14
2010	54,174	<1,400	August	34.20	26.15	14.6	26.15	14
2011	54,374	<1,400	August	31.30	24.16	12.5	24.16	13
2012	54,597	<1,400	August	34.31	24.43	13.4	20.54	13
2013	54,790	<1,400	August	43.50	25.10	13.6	25.19	13
2014	54,899	<1,400	July	35.30	25.58	11.9	25.6	13
2015	55,559	<1,400	August	39.94	29.10	11.2	24.03	13

FISCAL YEAR	PUMP STATIONS ¹			RESERVOIRS ¹		NO. OF FIRE HYDRANTS	TREATMENT PLANTS ¹	MILES OF WATER	MILES OF WASTEWATER	MILES OF RECYCLED
	RECYCLED	POTABLE	WASTEWATER	RECYCLED	POTABLE					
2006	12	30	19	12	28	7,150	4	700	530	140
2007	12	30	19	12	28	7,150	4	700	530	140
2008	12	30	19	12	28	7,170	4	700	530	140
2009	12	30	19	12	28	7,200	4	700	530	140
2010	12	30	19	12	28	7,250	4	700	530	144
2011	12	30	19	13	28	7,256	4	700	537	148
2012	12	30	19	13	28	7,258	4	700	537	148
2013	12	30	19	13	28	7,211	4	700	537	148
2014	12	30	19	13	28	7,141	4	700	537	148
2015	10	25	18	11	28	7,112	4	663	504	140

Note: MGD = Millions of Gallons per Day.

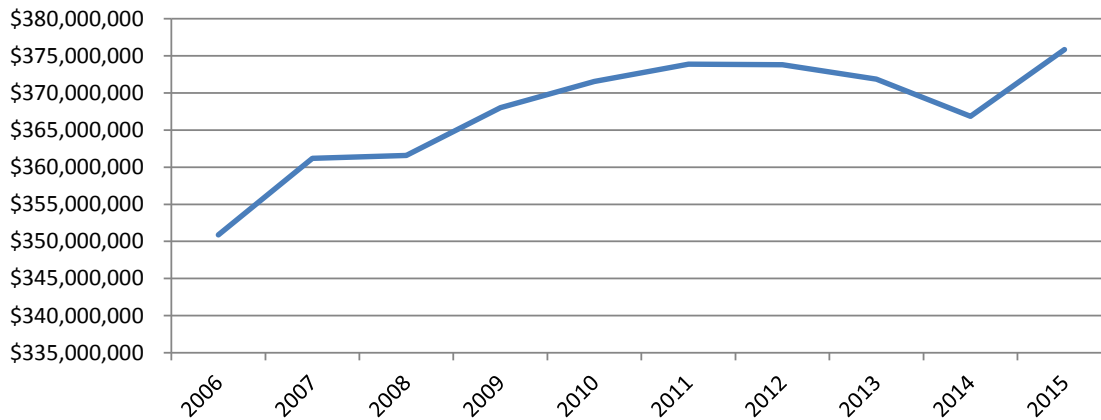
¹ The District wholly owns or has capacity rights in its pump stations, reservoirs, and treatment plants.

Source: Moulton Niguel Water District Operations and Billing Department.

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

Fiscal Year	Water Systems	Capacity Rights	Buildings	Automobiles & Equipment	Land	Construction in Progress	Capital Assets, Net of Depreciation
2006	\$ 331,989,023	\$ -	\$ 3,744,139	\$ 3,981,016	\$ 1,091,910	\$ 10,071,400	\$ 350,877,488
2007	343,948,637	-	3,617,740	3,878,408	1,091,910	8,669,543	361,206,238
2008	341,989,768	-	3,455,277	3,622,842	1,091,910	11,422,556	361,582,353
2009	343,943,064	-	3,365,172	4,145,584	1,091,910	15,463,838	368,009,568
2010	341,293,660	8,551,999	3,538,659	3,484,082	1,091,910	13,583,539	371,543,849
2011	335,560,748	7,995,119	3,401,805	3,448,555	1,091,910	22,383,367	373,881,504
2012	329,278,513	27,691,901	3,217,693	2,949,815	1,091,910	9,572,378	373,802,210
2013	330,699,738	27,149,621	3,119,398	2,722,514	1,091,910	7,057,346	371,840,527
2014	319,084,402	26,607,341	2,864,432	2,426,058	1,091,910	14,785,817	366,859,960
2015	311,408,504	26,065,062	2,689,869	2,947,705	1,091,910	31,642,242	375,845,292

Capital Assets, Net of Depreciation



Source: Moulton Niguel Water District Accounting Department.

December 3, 2015

Board of Directors
Moulton Niguel Water District
Laguna Niguel, California

We have audited the financial statements of the Moulton Niguel Water District (the District) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 3, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements.

As described in Note 1, the District changed accounting policies related to pensions reporting by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 in fiscal year 2014-2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of revenues, expenses and changes in net position.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimate of the net pension liability is based on an actuarial valuation using active and former employees' census data information and actuarial assumptions. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.



Board of Directors

Moulton Niguel Water District

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the supplementary information section and the statistical section, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Moulton Niguel Water District

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2014-2015 audit:

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement no. 27.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68.

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2015-2016

GASB Statement No. 72, Fair Value Measurement and Application.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68.

GASB Statement No. 76, The Hierarchy of Generally accepted Accounting Principles for State and Local Governments.

Fiscal year 2016-2017

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.

Fiscal year 2017-2018

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Moulton Niguel Water District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Brea, California

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Moulton Niguel Water District
Laguna Niguel, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Moulton Niguel Water District, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#5.



Board of Directors
Moulton Niguel Water District

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Solt & Lughard, LLP

Brea, California
December 3, 2015

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the four months ended October 31, 2015, as compared to the four months ended October 31, 2014, are summarized below.

Summary Budget Comparison Report

The Summary Budget Comparison Report is a high-level statement of the operating activities of the District over the past four months compared to the budget. The report includes total revenues and expenses, as well as line item revenues and expenses for the General Fund and the Water Efficiency Fund. As shown in the summary report, operating revenues were approximately \$18.7 million, or 36% of the annual \$52.6 million budget, while operating expenses were \$24.2 million, or 35% of the annual \$70.2 million budget.

Non-operating revenues are approximately at 10% of budget for the Fiscal Year due to the timing of receipt of property tax revenue.

Summary Budget Comparison Report – General Fund

Operating revenues were approximately \$17.4 million, or 35% of the annual \$49.2 million budget, while operating expenses were \$20.2 million, or 32% of the annual \$63.3 million budget.

Non-operating revenues are approximately at 10% of budget for the Fiscal Year due to the timing of receipt of property tax revenue.

Summary Budget Comparison Report – Water Efficiency Fund

Operating revenues were approximately \$1.3 million, or 38% of the annual \$3.4 million budget, while operating expenses were \$4.0 million, or 58% of the annual \$6.9 million budget.

Non-operating revenues are approximately at 40% of budget for the Fiscal Year due to unrealized gains on District investments.

Statement of Net Position

The Statement of Net Position shows the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of October 31, 2015, compared to the balances at fiscal year ended June 30, 2015. Overall, assets and deferred outflows of resources were about \$21.0 million lower than at June 30, 2015, primarily due to the planned reduction in current cash and investments as a result of recent debt service payments, and to fund ongoing capital projects.

Liabilities and deferred inflows have decreased by approximately \$14.4 million since June 30, 2015, also due to debt service payments and a reduction in accounts payable. As a result, the District's net position decreased by approximately \$6.6 million for the month ending October 31, 2015, compared to fiscal year ending June 30, 2015.

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Revenues

Total revenues for the four months ended October 31, 2015 were \$21.9 million, approximately \$5.3 million less than October 31, 2014. Total Operating Revenues for the month ended October 31, 2015 were \$18.7 million, a decrease of \$1.8 million compared to October 31, 2014. This was due to a decrease in water sales and Water Efficiency Fund revenues as compared to last year, resulting from customers' response to the drought actions and messaging.

Expenses

Total expenses for the four months ended October 31, 2015 were \$28.7 million, a decrease of \$2.6 million or 8.3% as compared to \$31.3 million on October 31, 2014. Total operating expenses were \$20.7 million, a decrease of \$2.5 million from last year. Other operating expenses for the four months ended October 31, 2015 were \$6.2 million, representing an increase of \$0.1 million when compared to \$6.1 million on October 31, 2014. Other non-operating expenses for the four months ended October 31, 2015 totaled \$1.8 million, a decrease of approximately \$0.2 million compared to \$2.0 million on October 31, 2014.

Restricted Cash and Investments with Fiscal Agent

Restricted cash includes funds held by the trustee. The use of these funds is restricted by law or bond covenants. Funds in these accounts were \$8.1 million at October 31, 2015, representing a decrease of \$0.6 million when compared to June 30, 2015.

Unrestricted and Restricted Fund Balances

The unrestricted and restricted fund balances reflect the funds in each of the District's unrestricted and restricted funds that are not held by the Fiscal Agent. The unrestricted fund balances are further broken down by designated and undesignated funds. As shown in the report, the District has seven funds that are designated by District policy for specific purposes, including Self Insurance, Water Efficiency, Replacement and Refurbishment, Water Supply Reliability, Planning and Construction, Rate Stabilization, and Emergency Reserve. Total unrestricted funds decreased by approximately \$16.3 million since June 30, 2015, due to spending on budgeted capital projects funded from unrestricted, undesignated fund balances. Restricted fund balances are \$2.9 million, a decrease of \$5.7 million compared to June 30, 2015. This decrease is due to debt service payments.

**Moulton Niguel Water District
Summary - Budget Comparison Report
Four Months Ended October 31, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<u>GENERAL FUND & WATER EFFICIENCY FUND:</u>				
Operating Revenues	\$ 52,634,952	\$ 18,747,073	\$ 33,887,879	36%
Operating Expenses	70,174,293	24,246,957	45,927,335	35%
Operating Income (Loss)	(17,539,341)	(5,499,884)	(12,039,457)	31%
Non-Operating Revenues (Expenses)	30,256,991	3,072,451	27,184,540	10%
Total Change in Funds	\$ 12,717,650	\$ (2,427,432)	\$ 15,145,083	
<u>GENERAL FUND:</u>				
Operating Revenues	\$ 49,236,079	\$ 17,449,541	\$ 31,786,538	35%
Operating Expenses	63,292,562	20,228,249	43,064,313	32%
Operating Income (Loss)	(14,056,483)	(2,778,708)	(11,277,775)	20%
Non-Operating Revenues (Expenses)	30,097,199	3,008,873	27,088,326	10%
Change in General Fund	\$ 16,040,716	\$ 230,165	\$ 15,810,551	
<u>WATER EFFICIENCY FUND:</u>				
Operating Revenues	\$ 3,398,873	\$ 1,297,532	\$ 2,101,341	38%
Operating Expenses	6,881,731	4,018,708	2,863,023	58%
Operating Income (Loss)	(3,482,858)	(2,721,176)	(761,682)	78%
Non-Operating Revenues (Expenses)	159,792	63,578	96,214	40%
Change in Water Efficiency Fund	\$ (3,323,066)	\$ (2,657,597)	\$ (665,468)	

Note: Totals may not sum due to rounding.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Four Months Ended October 31, 2015

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND				
<u>Operating Revenues</u>				
Water Sales	\$ 25,449,137	\$ 8,799,582	\$ 16,649,555	35%
Recycled Water Sales	5,249,795	2,052,882	3,196,913	39%
Sewer Sales	18,053,647	5,995,885	12,057,762	33%
Other Operating Income	483,500	601,191	(117,691)	124%
Total Operating Revenue	49,236,079	17,449,541	31,786,538	35%
<u>Operating Expenses</u>				
Salaries	10,307,516	3,276,755	7,030,761	32%
PERs Employer Contributions	1,306,049	268,082	1,037,967	21%
PERs Employee Contributions	149,890	40,197	109,693	27%
Defined Contribution 401A	250,770	58,992	191,777	24%
Educational Courses	44,270	6,476	37,794	15%
Travel & Meetings	238,644	55,052	183,592	23%
Employee Relations	15,000	7,535	7,465	50%
General Services	458,095	66,071	392,024	14%
Annual Audit	48,080	34,040	14,040	71%
Member Agencies O&M	1,542,495	304,218	1,238,277	20%
Dues & Memberships	96,510	38,715	57,795	40%
Consulting Services	2,248,900	222,424	2,026,476	10%
Equipment Rental	65,000	20,291	44,709	31%
District Fuel	340,000	61,163	278,837	18%
Insurance - District	561,275	146,513	414,762	26%
Insurance - Personnel	438,275	113,783	324,492	26%
Insurance - Benefits	2,587,061	743,007	1,844,054	29%
Legal Services - Personnel	50,000	98	49,903	0%
Legal Services - General ¹	200,000	40,672	159,328	20%
District Office Supplies	475,400	132,616	342,784	28%
District Operating Supplies	392,967	125,687	267,280	32%
Repairs & Maintenance - Equipment	738,469	214,541	523,928	29%
Repairs & Maintenance - Facilities	4,135,970	669,396	3,466,574	16%
Safety Program & Compliance Requirements	309,450	44,905	264,545	15%
SOCWA	9,204,735	4,008,267	5,196,468	44%
Special Outside Assessments	225,000	23,141	201,859	10%
Utilities	2,258,900	682,693	1,576,207	30%
Water Purchases	23,697,842	8,720,569	14,977,272	37%
Meter / Vault Purchases	906,000	102,349	803,651	11%
Total Operating Expenses	63,292,562	20,228,249	43,064,313	32%
Operating Income (Loss)	(14,056,483)	(2,778,708)	(11,277,775)	20%
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	26,501,190	718,689	25,782,501	3%
Investment Income	1,867,913	1,009,735	858,178	54%
Property Lease Income	1,660,096	582,920	1,077,176	35%
Misc. Non-Operating Income	68,000	697,525	(629,525)	1026%
Total Non-Operating Revenue (Expenses)	30,097,199	3,008,869	27,088,330	10%
Change in General Fund	\$ 16,040,716	\$ 230,161	\$ 15,810,555	

Note: Totals may not sum due to rounding.

1. Detail of Legal Services - General can be found on the next page.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Four Months Ended October 31, 2015

Legal Services - General

Firm	General	Water Use Efficiency	Capital	Total
Bowie, Arneson, Wiles & Giannone	\$ 31,465	\$ -	\$ 9,933	\$ 41,398
Best Best & Krieger LLP	8,613	1,207	2,629	12,448
Downey Brand, Attorneys	594	-	3,064	3,658
Total	\$ 40,672	\$ 1,207	\$ 15,625	\$ 57,504

Note: Totals may not sum due to rounding.

#9.b.

**Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Four Months Ended October 31, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Operating Revenue</u>				
Water Efficiency	\$ 3,398,873	\$ 1,297,532	\$ 2,101,341	38%
Total Operating Revenue	3,398,873	1,297,532	2,101,341	38%
<u>Operating Expenses</u>				
Labor	668,156	231,872	436,284	35%
Educational Courses	500	-	500	0%
Travel & Meetings	14,700	702	13,998	5%
General Services	5,000	-	5,000	0%
Dues & Memberships	500	-	500	0%
Consulting Services	850,000	148,840	701,160	18%
Legal Services	-	1,207	(1,207)	n/a
Conservation supplies	489,751	120,823	368,927	25%
Repairs and Maintenance - Equipment	3,500	-	3,500	0%
Water Efficiency	4,849,624	3,515,264	1,334,360	72%
Total Operating Expenses	6,881,731	4,018,708	2,863,023	58%
Operating Income (Loss)	(3,482,858)	(2,721,176)	(761,682)	78%
<u>Non-Operating Revenue</u>				
Investment Income	159,792	63,578	96,214	40%
Total Non-Operating Revenue	159,792	63,578	96,214	40%
Change in Water Efficiency Fund	\$ (3,323,066)	\$ (2,657,597)	\$ (665,468)	

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited) October 31, 2015	Audited June 30, 2015
CURRENT ASSETS:		
Cash and investments	\$ 17,754,389	\$ 33,849,087
Restricted cash and investments with fiscal agent	8,138,967	8,777,679
Accounts receivables:		
Water and sanitation charges	3,225,029	3,392,611
Taxes and acreage assessments	-	300,842
Grant Reimbursements	405,067	405,068
Other accounts receivable	179,863	222,169
Interest receivable	690,663	620,930
Current portion of AMP receivable	656	1,302
Inventory	1,752,511	1,703,635
Prepaid expenses	957,515	480,124
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	33,104,660	49,753,446
	<hr/>	<hr/>
NONCURRENT ASSETS:		
Investments	107,759,051	116,281,296
Retrofit loans receivable	572,525	597,037
AMP Receivable	-	-
Capital assets, net of accumulated depreciation	337,365,077	343,111,410
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	41,745,177	31,642,242
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	488,533,739	492,723,895
	<hr/>	<hr/>
TOTAL ASSETS	521,638,399	542,477,341
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	1,304,985	1,488,900
Deferred Items related to Pension	1,431,577	1,431,577
	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOW OF RESOURCES	2,736,562	2,920,477
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 524,374,962	\$ 545,397,818
	<hr/> <hr/>	<hr/> <hr/>

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited)	Audited
	October 31, 2015	June 30, 2015
CURRENT LIABILITIES:		
Accounts payable	\$ 4,834,397	\$ 8,162,699
Interest payable	832,515	1,830,740
Compensated absences	45,181	373,162
Current portion of long-term debt:		
Bonds payable	6,060,000	5,685,000
Loans Payable	205,556	2,110,606
Certificates of participation	1,855,000	1,780,000
TOTAL CURRENT LIABILITIES	13,832,650	19,942,207
LONG-TERM LIABILITIES		
Compensated absences	15,060	124,386
Long-term debt:		
Bonds payable	4,105,000	10,165,000
Loans payable	10,688,013	10,688,012
Certificates of participation	74,190,000	76,045,000
Net Pension Liability	12,251,838	12,251,838
TOTAL LONG-TERM LIABILITIES	101,249,911	109,274,236
Bond Discount/Premium	3,194,831	3,483,309
TOTAL LIABILITIES	118,277,392	132,699,752
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	4,936,619	4,936,619
TOTAL DEFERRED INFLOW OF RESOURCES	4,936,619	4,936,619
NET POSITION:		
Net investment in capital assets	276,812,687	264,767,748
Restricted for capital projects and GOB Refunding	1,765,831	1,508,109
Unrestricted	122,582,433	141,485,590
TOTAL NET POSITION	401,160,951	407,761,447
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 524,374,962	\$ 545,397,818

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	(Unaudited)	
	Four Months Ended October 31,	
	2015	2014
Operating Revenues:		
Water Sales	\$ 8,799,582	\$ 10,039,818
Recycled Water Sales	2,052,882	2,354,820
Sewer Sales	5,995,885	5,934,426
WBRS Efficiency Funds	1,297,532	2,096,219
Other Operating Income	601,191	142,230
Total Operating Revenues	18,747,073	20,567,513
 Non-Operating Revenues:		
Investment Income ¹	1,073,314	781,521
Property Tax Revenue	718,689	903,896
GOB Assessment	38,247	106,410
Other Non-Operating Revenues	1,277,312	4,800,544
Total Non-Operating Revenues	3,107,561	6,592,371
 TOTAL REVENUES	21,854,634	27,159,884
 Operating Expenses:		
Water Purchases	8,720,569	10,383,347
Meter Purchases	102,349	201,601
Operating Supply and Maintenance	1,135,983	1,185,934
Salaries and Benefits	3,791,957	3,748,343
Election Expenses	-	-
Professional Services	447,281	441,089
Member Agencies O&M	304,218	584,014
Insurance	1,045,219	1,035,502
SOCWA	4,008,267	4,478,396
Utilities	682,693	852,246
General, Administrative, and Other	451,131	309,577
Total Operating Expenses	\$ 20,689,667	\$ 23,220,047

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	(Unaudited)	
	Four Months Ended October 31,	
	2015	2014
Other Operating Expenses:		
Depreciation and Misc. Operating Revenue	\$ 5,665,169	\$ 5,536,359
Water Efficiency	544,485	549,681
Total Other Operating Expenses	6,209,655	6,086,040
Non Operating Expenses:		
Interest Expense	1,902,762	2,045,507
Amortization and Misc. Non-Operating Expense	(104,154)	(42,788)
Total Non Operating Expenses	1,798,608	2,002,719
TOTAL EXPENSES	28,697,930	31,308,806
Capital Contributions:		
Connection Fees	242,800	541,446
Donated Facilities	-	-
Contributed Revenue ²	-	-
Total Capital Contributions	242,800	541,446
CHANGE IN NET POSITION	(6,600,496)	(3,607,471)
Net Position, Beginning	407,761,447	418,278,857
Restatements	-	(18,795,984)
Restated Net Position	407,761,447	399,482,873
Change in Net Position	(6,600,496)	(3,607,471)
Net Position, Ending	\$ 401,160,951	\$ 395,875,402

Note: Totals may not sum due to rounding.

1. Investment income is comprised of realized income of \$850,604 and unrealized income loss of \$222,710.
2. Contributed Revenue consists of grant revenues received for previously completed capital projects.
3. Net Position in fiscal year 2014-2015 was restated due to GASB 68 implementation.

**MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF OCTOBER 31, 2015**

	(Unaudited) Balance 10/31/2015	Net Change	Audited Balance 6/30/2015
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ -	\$ (615,739)	\$ 615,739
2009 COPS Trust Reserve	6,000,410	(22,954)	6,023,364
2010 COPS Trust Reserves	896,067	(112)	896,180
2014 Refunding Bonds	16	16	-
2015 (03) COPS Trust Reserve	1,226,576	76	1,226,500
2015 (03) COPS Issuance Fund	15,897	2	15,896
	<hr/>		
Total Restricted Trust Accounts	\$ 8,138,967	\$ (638,712)	\$ 8,777,679
	<hr/>		

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
UNRESTRICTED AND RESTRICTED FUND BALANCES
AS OF OCTOBER 31, 2015

	Reserve Policy Target	(Unaudited) Balance		Audited Balance
		10/31/2015	Net Change	6/30/2015
<u>Unrestricted Fund Balances:</u>				
Designated for Self Insurance Reserves	\$ 250,000	251,569	\$ 1,714	\$ 249,855
Designated for Water Efficiency (WBBRS) ¹	n/a	7,500,222	320,031	7,180,191
Designated for Replacement and Refurbishment	17,061,912	17,207,090	118,275	17,088,815
Designated for Water Supply Reliability	n/a	-	(801,631)	801,631
Designated for Planning and Construction	n/a	29,142,869	13,986	29,128,883
Designated for Rate Stabilization	11,000,281	13,363,197	2,362,916	11,000,281
Designated for Emergency Reserve	6,884,925	6,884,925	-	6,884,925
Unrestricted, undesignated ²	20,262,901	48,232,562	(20,918,447)	69,151,009
Total Unrestricted Fund Balance	55,460,019 ³	122,582,433	(18,903,157)	141,485,590
<u>Restricted Fund Balances:</u>				
Restricted 2014 GOB Consolidated Refunding ⁴		1,165,176	(5,971,507)	7,136,683
Restricted for Capital Facilities (Projects)		1,765,831	257,722	1,508,109
Total Restricted Fund Balance		2,931,007	(5,713,786)	8,644,792
Total Unrestricted and Restricted Fund Balance		\$ 125,513,440	\$ (24,616,942)	\$ 150,130,382

Note: Totals may not sum due to rounding.

1. In addition to realized expenditures, there is approximately \$3,700,000 in project commitments, reducing the available fund balance to \$3,800,222.

2. Unrestricted, undesignated funds include the General Operating Reserve as well as the regular District cash flows.

3. All funds in excess of reserve policy targets will be used to fund capital projects and operations.

4. 2014 GOB Consolidated Refunding amount included in net investment in capital asset balance of \$276,812,687.

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF NOVEMBER 2015**

Summary of Disbursements in November 2015:

General Fund Disbursements		3,788,841
<u>Restricted Fund Disbursements:</u>		
Water Efficiency Fund	285,232	
Replacement & Refurbishment Fund	1,867,871	
Water Supply Reliability Fund	881,247	
Planning & Construction Fund	35,051	3,069,401
Total Disbursements for all Funds	\$ 6,858,242	

Detail of Major Expenditures in November 2015:

1. Municipal Water District of Orange County (MWDOC)		
September Water Purchases 2,159.6 AF	1,993,311	
September Readiness to Serve	104,443	
September Turf, Nozzles, and Smart Timer Rebates	62,477	
September SoCal WaterSmart Residential Rebate Program	59,835	
September Capacity Charge	40,196	
September SCP Operation Surcharge	11,303	
August Reclaimed Rebate 801.2 AF	(123,385)	2,148,179
2. South Orange County Wastewater Authority (SOCWA)		
FY 2015/16 Q2 Capital Project Billings		1,594,186
3. Irvine Ranch Water District (IRWD)		
Baker Pipeline Project #2006071, quarterly payment		880,607
4. Rush Truck Centers of CA, Inc.		
2016 Peterbilt Model 365 Dump Truck		150,440
5. Pascal & Ludwig Constructors, Inc.		
C# 2012.009 Beacon Hill PS Pump, progress payment # 1 & 2		113,377

