

Comprehensive Annual Financial Report

For The Fiscal Year
Ended June 30, 2021



moulton niguel water district



**Moulton Niguel Water District
Laguna Hills, California**

Comprehensive Annual Financial Report

Year Ended June 30, 2021

**Prepared By:
The Finance Department**

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

Year Ended June 30, 2021

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November 29, 2021

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 for the fiscal year ending June 30, 2021. 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 Comprehensive Annual Financial Report provides an assessment of the District's financial condition, informs readers about District services, includes information about current District initiatives, capital improvement projects, and offers financial and demographic trend information. Management at the District is responsible for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. We believe the information and data, as presented, is accurate in all material respects, and is presented in a manner that provides a fair representation of the financial position and operations of the District. We believe we have included all disclosures that are necessary to enhance the understanding of the financial condition of the District.

The District's financial statements have been audited by Clifton Larsen Allen, LLP, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ending June 30, 2021, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's financial statements for the fiscal year ending June 30, 2021, were fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

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

Profile of the District

Authority, Services, and Customers

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

The District is authorized to acquire, control, store, treat, reclaim, recapture, and salvage any water (including wastewater) for the beneficial use of the District and its customers. The District's water and wastewater customers include retail customers (e.g., residential and commercial) located in

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

Governance

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

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



Service Area

The District's service area, located in South Orange County, California, encompasses approximately 37 square miles, serving approximately 170,000 in population within the cities of Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo, San Juan Capistrano, and Dana Point. The District distributes water to over 55,000 accounts, 52,000 of which also receive wastewater service. Elevation within the District ranges from 230 to 904 feet above sea level. Climate is typical of the coastal plains of Southern California, with temperatures mild and relatively uniform. The District's service area experienced a net taxable value increase of 3.8% for the most current tax roll, which was slightly less than the countywide increase of 4.9%. The assessed net taxable valuation of the properties within the District's service area has grown to \$40.5 billion as of June 30, 2021.

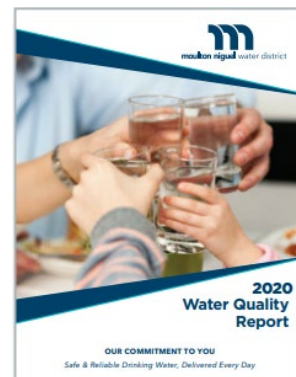
Water Supply and Services



The District imports all 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, receives water from available sources of MET. MET's sources of water primarily include water imported from the Colorado River and from the State Water Project. All the District's potable water is treated at either the Diemer Filtration Plant in Yorba Linda, California, or the Baker Water Treatment Plant ("Baker

WT Plant”) in Lake Forest, California. The Diemer Filtration Plant is owned and operated by MET and supplies approximately two-thirds of the District’s treated potable water. The Baker WT Plant was completed in October 2016 and provides approximately one-third of the treated potable water to the District. The Baker WT Plant, which is owned by the District in partnership with four other water agencies, provides a secondary treatment plant that treats imported MET water and improves local water reliability. All potable water is delivered through three major transmission facilities: the South County Pipeline (“SCP”), East Orange County Feeder #2 (“EOCF#2”), and the Allen-McColloch Pipeline (“AMP”).

Delivering safe drinking water is the highest priority of the District. To ensure the District is meeting drinking water quality standards, Moulton Niguel conducts approximately 12,000 water quality tests each year that are independently analyzed at state-of-the-art laboratories. These tests continue to demonstrate that the water provided to the District’s customers is safe, clean, and continues to surpass every state and federal water quality standard. In June 2021, the District issued the 2020 Water Quality and Consumer Confidence Report, which provides an overview of the water quality testing and results for the previous calendar year. The District continues to outperform every state and federal public health standard for water quality throughout the year.



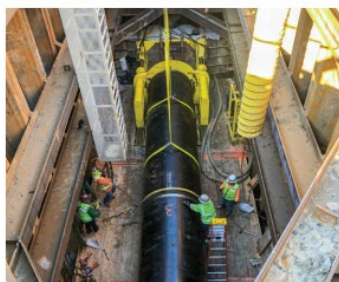
Water resilience and reliability planning is paramount to ensuring our customers have water supplies available to them when desired while ensuring appropriate and cost-effective investments in water supply reliability projects. In 2008, the District adopted a policy to evaluate and develop reliability projects and demand management measures that will provide 31 days of average demand water supply to District customers in the event of an outage of imported water supplies. With the implementation of projects like the Baker WTP and Upper Chiquita Reservoir, and other water reliability projects and demand management programs, the District has nearly met that policy objective. In 2015, the District published the first comprehensive Long-Range Water Reliability Plan (LRWRP) to evaluate water supply and system reliability under a range of scenarios. Since that report, the District has implemented several demand management programs and recycled water projects that have reduced potable and recycled water demands within the service area by over 3,600 acre-feet. Mission Viejo Country Club and El Niguel



Country Club began using reclaimed wastewater over 50 years ago. Today, more than 1,350 recycled water meters account for approximately 20% of the District’s total water demand. The District has also implemented several water-use efficiency programs, most notably the Water Budget-Based Rate Structure, and extensive rebate programs for its customers.



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



The District operates and maintains over 650 miles of domestic water distribution pipelines. In addition, the District has 26 steel and 2 pre-stressed concrete operational storage reservoirs for a District-wide total potable water storage capacity of approximately 70 million gallons. The

District owns capacity rights in several adjoining water agencies' reservoirs and pipelines, such as El Toro Water District R-6 reservoir, the Santa Margarita Water District Upper Chiquita Reservoir, the Joint Transmission Main (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 Allen McColloch Pipeline to several south county water agencies, and the Irvine Ranch Water District Interconnection jointly owned with Irvine Ranch Water District. The District also operates 24 pump stations to pump water from lower pressure zones to the higher-pressure zones and 16 pressure reducing stations and flow control facilities to convey water from high to low zones.

Wastewater Services

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

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

Recycled Water Supply and Services

The District promotes the use of recycled water to reduce imported water and maximize the reuse of available resources. The recycled water system consists of two Advanced Water Treatment ("AWT") plants to treat wastewater and supply recycled water, as well as 150 miles of recycled water distribution pipelines with 5 pre-stressed concrete and 6 steel storage reservoirs to service the recycled water system. The District also operates 10 pump stations to pump recycled water from lower pressure zones to the higher-pressure zones. In addition, the District owns 1,000 acre-feet of capacity rights in the Upper Oso recycled water reservoir owned by the Santa Margarita Water District.

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

Factors Affecting Financial Conditions

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

Uncertain Economy

The past year was filled with unprecedented challenges. The District's Board of Directors responded decisively to the COVID-19 pandemic by declaring a local emergency and taking immediate actions to address it. Moulton Niguel implemented a comprehensive COVID-19 pandemic response plan to ensure continuity of customer service, safety, and operations. During the COVID-19 public health emergency, the Board of Directors helped our customers facing financial hardships by easing the bill adjustment process and expanding temporary bill adjustments for economic hardships. As Moulton Niguel continues to respond to COVID-19, the health and safety of our customers and employees remains our top priority. Following the guidance provided by the California Department of Public Health, Moulton Niguel Water District opened its doors to allow for the return of in-person customer service on Monday, October 4, 2021.

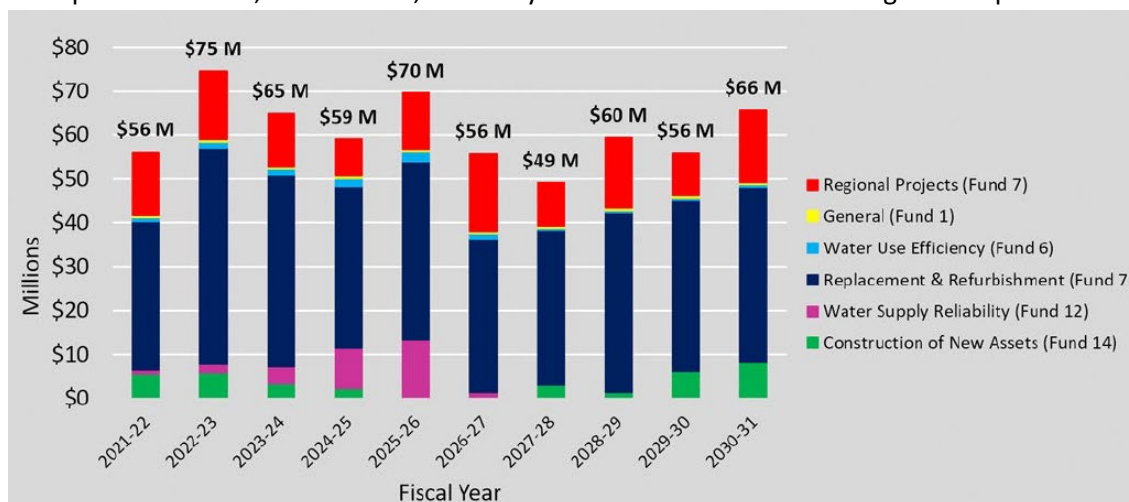
Local Community

The District serves communities within South Orange County that historically reports stronger financial indicators than that of the nation and state. There are four major land uses in the District: (1) residential (single-family and 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 within the service area is in Laguna Niguel and Aliso Viejo, where each has a golf course and regional parks. Future growth will primarily occur on a redevelopment basis of existing property and land.

Fiscal Responsibility

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

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



monthly basis, a budget comparison report is submitted to the Board to provide a year-to-date comparison of the revenues and expenses against the adopted budget, and on a quarterly basis, a capital improvement program progress report is submitted to the Board to provide the status of current infrastructure projects.

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

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

Long-term Financial Planning

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

The objective of the LRFP is to identify strategies and actions to ensure sufficient financial resources to enable the District to achieve its mission and to utilize those financial resources effectively. Additionally, the LRFP serves as key contextual information to aid in making near-term financial decisions. The LRFP incorporates the District's reserve policies, debt policies, coverage ratios, water demand needs, water rates, capital improvement program, and operating budget to provide a financial forecast for the District.

The District has historically maintained a strong financial position based upon conservative planning and budgeting, maintenance of adequate cash balances, and maintaining the proper debt service coverage ratios.

Additionally, the District utilizes a conservation-based rate design, as data has shown that design to be the most effective tool to encourage the efficient use of water resources, while still providing the necessary revenues to recover the District's expenses, regardless of changing water demands. The State Water Resources Control Board ("SWRCB") recognized the District's specific rate design as a best practice amongst more than 400 urban water utilities statewide. The rate design focuses on the cost of service for the efficient use of water as the primary basis for setting rates and identifying costs

associated with conservation and water-use efficiency programs as the basis for conservation pricing. The rates are also structured to ensure that an appropriate level of fixed expenses is recovered with fixed revenue. As a result, the District has managed to remain financially strong despite a consistent reduction in per person water use while continuing to maintain water rates among the lowest in the region. The Board annually reviews the financial plan and projected rates through the ten-year cash flow model to ensure the District's financial forecasts are consistent with District policy and objectives while providing a strong foundation.

Internal Controls

Management of the District has established 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. The District's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. The Board and District staff continue to evaluate the District's internal control framework to determine if improvements are attainable and implement feasible recommendations.

Major Initiatives

Strategic Planning

The Board provided tactical direction at the 2021 Long Range Strategic Planning Session and identified the key initiatives for the Board and District staff to focus efforts. The identified initiatives were Asset Management, Community Engagement and Outreach, Demand Management, Financial Planning, Government Affairs, Labor Relations, System Operations, and Water Reliability. These objectives are discussed in detail in the District's adopted fiscal year 2021-22 budget, available on the District's website.

COVID-19 Coronavirus Pandemic

The COVID-19 pandemic was difficult for District customers in numerous ways, and it also made it difficult for many District customers to pay their bills due to job loss and other hardships. The California Water and Wastewater Arrearage Payment Program (Program), passed as part of Assembly Bill 148, is being developed and implemented by the State Water Resources Control Board (State Board). The Program will initially prioritize amounts owed for residential and commercial drinking water services. Funding to community water systems will be disbursed through January 31, 2022. If the Program still has funding available, it will extend to wastewater residential and commercial arrearages by February 2022.

Drought Conditions

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

Water Education and Efficiency Actions



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

The District continues to host free virtual landscape workshops to help customers transform their outdoor landscapes into beautiful California native landscapes. The workshops are interactive and informative, focusing on sustainable landscapes suitable to the Orange County climate. Additionally, once a customer attends a landscape workshop, they are also eligible to participate in NatureScape, a direct-install turf-to-native garden program that helps customers replace turf with a California native, low water-use landscape. The District's Board of Directors doubled the rebate offered to customers who participate in NatureScape and other turf programs from \$2 per square foot to \$4 per square foot, as of July 1, 2021. Since the District began working with customers to replace grass with drought-tolerant plants and landscaping, District customers have removed close to 6 million square feet of turf. Those efforts have saved over 500 million gallons of water to date.

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

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

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



Recognition and Funding

The District was one of just 45 other agencies to receive approval for a \$1.5 million grant from the United States Bureau of Reclamation through its WaterSmart program for the final phase of the District's Smart meter project. In total, the District will receive \$2.1 million in funding from the US Bureau of Reclamation as part of the full rollout of the smart meter project. The automated smart meters will help the District detect water leaks, improve operations, and allow customers to monitor their water usage in real-time. The final phase of the project aims to install nearly 45,000 residential, commercial, and fire protection sites in the District's service area. The District anticipates that project to be completed by the end of calendar year 2021.

Additionally, the District received approximately \$2.8 million in grant funding from the Federal Emergency Management Agency (FEMA) through its partner, the California Governor's Office of Emergency Services. The grant was received for the District's Potable Water Steel Reservoir Seismic Retrofits project, which will seismically retrofit 18 potable water storage tanks in the District's service area. The reservoirs identified as part of this project are a critical component of the District's potable water system, provide additional storage to meet peak demands and provide water for emergency situations, including fire storage.

The District also received a \$0.4 million grant from United States Bureau of Reclamation through its WaterSmart program for the Outdoor Residential Water Efficiency Program. Under this program, the District will implement direct install programs for turf replacement and smart timer installation aimed at decreasing outdoor water consumption. The program will target 120 residential projects covering over 190,000 square feet of turf replacement. The smart timer program will provide weather-based timers for approximately 1,200 residential sites. The District anticipates that this program will result in annualized water savings of 159 acre-feet.



In January 2021 the District was named the 5th overall top workplace to work in the United States and was also nominated as the #3 Top workplace for Innovation in the country in the small-size category. The District was the only utility and public agency to be ranked that high. More locally, the District was nominated as the top mid-size workplace in Orange County. This was the fourth consecutive year the District received the top workplace designation.

The top workplace designation has been a key tool in recruitment successes over the past few years. The award program is administered by Energage in partnership with major media outlets, such as the Orange County Register, the Boston Globe, and the Washington Post.

Regional Collaborative Ventures

The District continues to work with world-renowned scientists and engineers at UC Davis' Center for Water and Energy Efficiency to optimize the District's energy use and reduce operating costs - while continuing to meet every customer's water needs. The \$3.1 million project, which is funded by a grant from the California Energy Commission, will use real-time energy analytics to develop an energy management system that adapts to changing energy demands and different energy rate structures for the District's potable and recycled water systems.

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

The District signed a historic Memorandum of Understanding (MOU) with the County of Orange, City of Laguna Niguel, City of Mission Viejo, City of Laguna Hills, City of Aliso Viejo, City of Dana Point, Laguna Bluebelt Coalition, and OC Coastkeeper to reduce urban runoff to protect local creek water quality, and ultimately, our ocean. The MOU's potential local, regional, and state-wide impact has received recognition, with its first major project, the Smart Watershed Network. The project received the 2018 GEELA Award and has received over \$200,000 in funding from the Metropolitan Water District of Southern California based on its innovative use of technology to address development of new water supplies. At this time, the program partners have installed the Smart Watershed Network equipment in the watershed and are developing a web map to evaluate data to provide comprehensive watershed information to support planning and decision making.

Major Capital Investments

The District has implemented an extensive Capital Improvement Program, which is primarily driven by the replacement and/or refurbishment of existing infrastructure. To support the Capital Improvement Program, the District's Asset Management Program uses various business system tools, i.e., Geographic Information System (GIS) and Computerized Maintenance Management System (CMMS). The District is in the process of expanding and upgrading the Asset Management Program by 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. This approach to comprehensive asset management will ensure the District maximizes the investment in its assets.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Moulton Niguel Water District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. 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 the 2021 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements and this report will mark our eleventh consecutive submission to the GFOA to determine its eligibility for another certificate. The District has received the award for its Comprehensive Annual Financial Reports for each of the past twelve years.

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

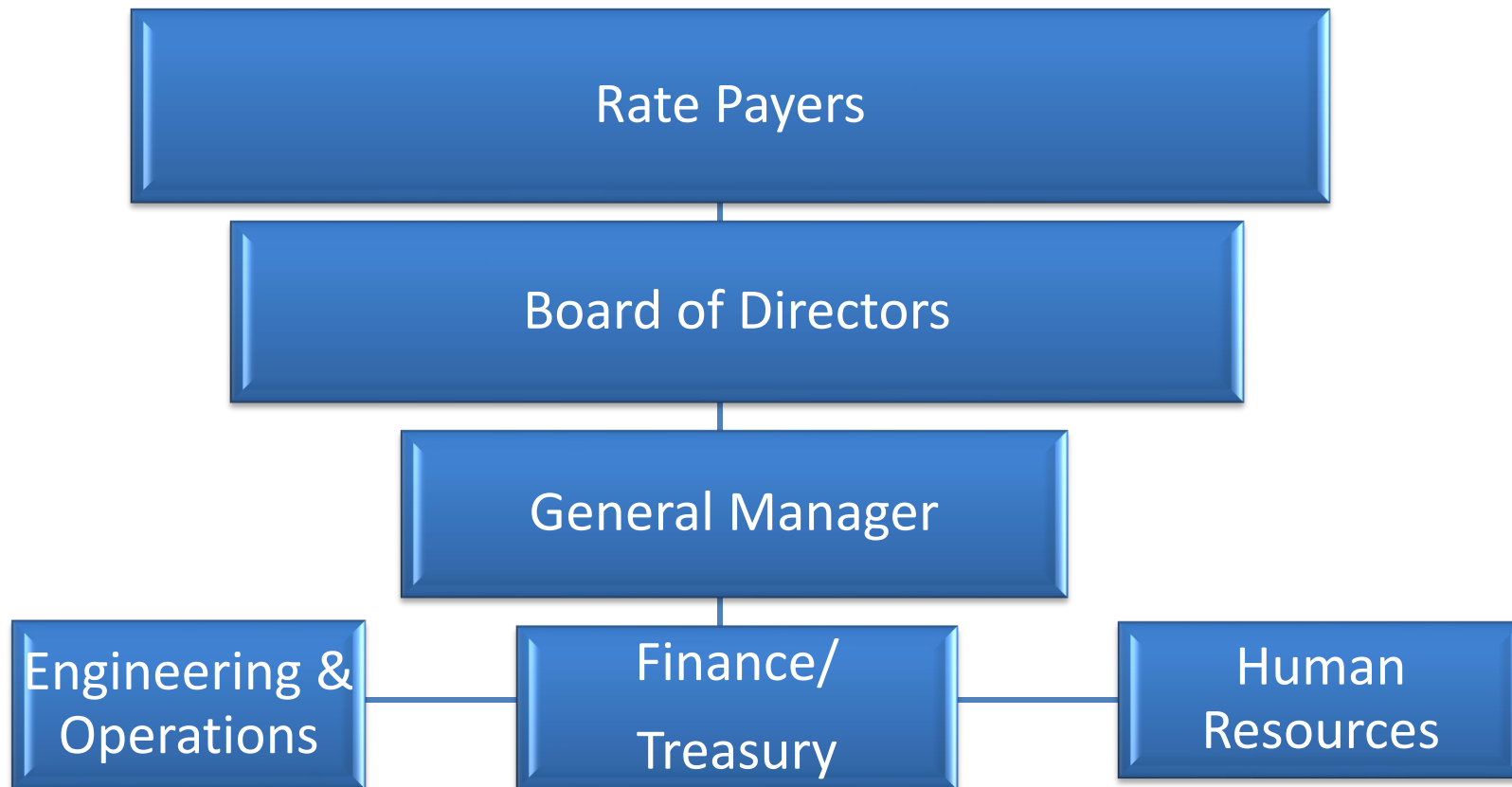
June 30, 2020

Christopher P. Morill

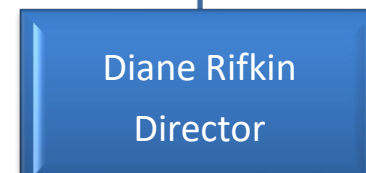
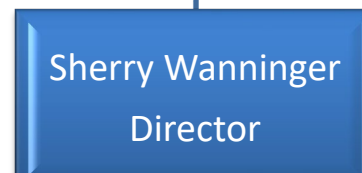
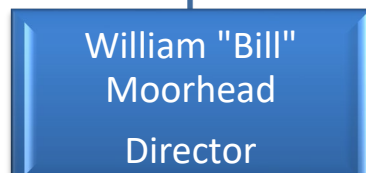
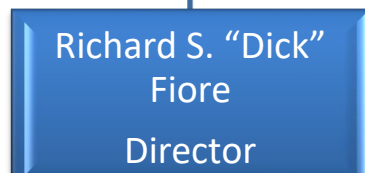
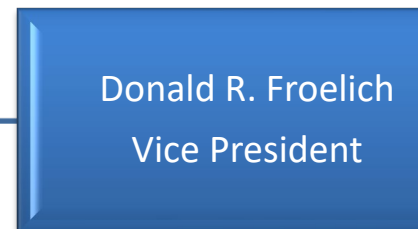
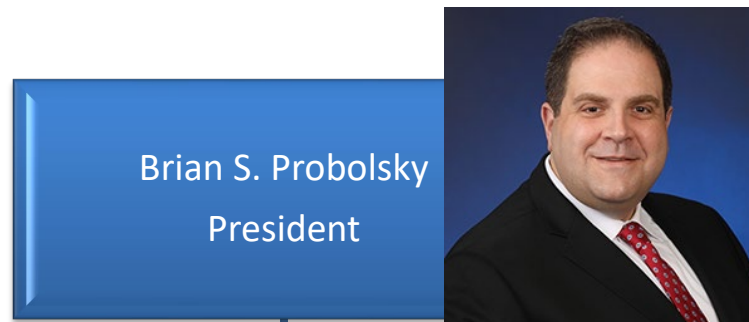
Executive Director/CEO

Moulton Niguel Water District

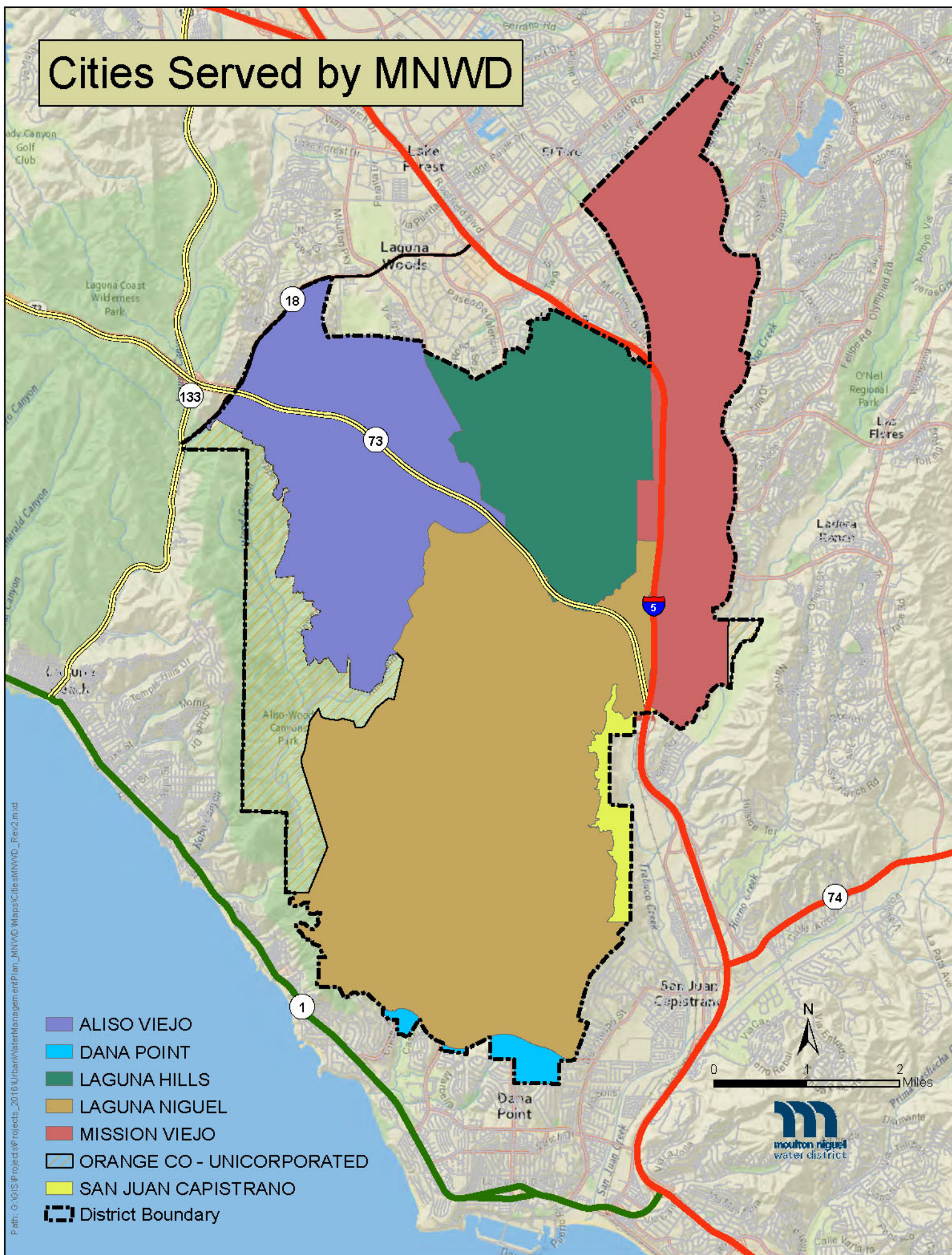
Organization Chart



Moulton Niguel Water District Board of Directors



Cities Served by MNWD



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Moulton Niguel Water District
Aliso Viejo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Moulton Niguel Water District (District) as of and for the year ended June 30, 2021, 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.

Auditors' 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider internal control relevant to the District'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 District'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the net position as of July 1, 2020, was restated. Our opinion is not modified with respect to this matter.

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 for the pension plan, and the schedule of changes in the net OPEB liability and related ratios and schedule of contributions for the OPEB plan be presented to supplement the basic financial statements. Such information, 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, schedule of revenues, expenses, and other sources(uses) of funds, operations & maintenance (O&M) budget comparison report, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, expenses, and other sources(uses) of funds and operations & 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 schedule of revenues, expenses, and other sources (uses) of funds and operations & maintenance (O&M) budget comparison report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Irvine, California
November 29, 2021



Overview of the Financial Statements

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

Financial Highlights

- Total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$433.8 million (total net position). Net position consists of \$337.7 million in net investment in capital assets, \$0.1 million in restricted for capital projects, and \$96.0 million of unrestricted net position. This is an increase of \$1.9 million, or 0.4% over the prior fiscal year total net position of \$431.9 million.
- The District received \$31.3 million for its share of the 1% ad valorem property taxes, an increase of \$1.4 million, or 4.6% over the prior fiscal year.
- Total Expenses increased by \$5.1 million to \$105.7 million, representing an increase of 5.0% as compared to the prior fiscal year. This increase was largely driven by a \$3.3 million (12.4%) increase in water purchases during the year.
- Total capital assets for the year ended June 30, 2021, were \$469.7 million, an increase of \$34.3 million, or 7.9%. The District placed \$84.2 million of assets into service during the fiscal year.

Required Financial Statements

The *Statement of Net Position* states the financial position of the District at June 30, 2021. This statement includes five components: District assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, with the remaining difference between those items being reported as net position. The assets and liabilities are listed in order of their liquidity. Therefore, assets readily convertible to cash, such as cash and investments, appear first.

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

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

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

District Financial Analysis

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

Financial Position Summary:

Table 1 - Condensed Statement of Net Position (In Thousands)				
	2021	2020	Increase/(Decrease)	
			Amount	Percent
Current and noncurrent assets ¹	\$ 156,093	\$ 189,950	\$ (33,857)	-17.8%
Capital assets, net	469,706	435,362	34,344	7.9%
Total Assets	625,799	625,312	487	0.1%
Deferred Outflows of Resources	6,924	6,594	330	5.0%
Current liabilities	26,322	24,463	1,859	7.6%
Long-term liabilities	154,968	158,566	(3,598)	-2.3%
Total Liabilities	181,290	183,029	(1,739)	-1.0%
Deferred Inflows of Resources	17,619	16,993	626	3.7%
Net investment in capital assets ¹	337,706	309,717	27,989	9.0%
Restricted for capital projects	107	296	(189)	-63.9%
Unrestricted net position ¹	96,001	121,871	(25,870)	-21.2%
Total Net Position	\$ 433,814	\$ 431,884	\$ 1,930	0.4%

¹ The District drew down on approximately \$27.3 million in cash and cash equivalents during the year as the District executed its capital improvement program. This decrease in cash was projected in the District's Long Range Financial Plan. These investments increased the net investment in capital assets, while decreasing the unrestricted net position.

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

As shown above in Table 1 in the condensed Statement of Net Position, the District's total assets increased \$0.5 million, or 0.1%.

The deferred outflows of resources balance increased by \$0.3 million, or 5.0% as compared to the prior fiscal year balance of \$6.6 million. This is primarily the result of changes in assumptions made by the District's pension plan administrator, CalPERS.

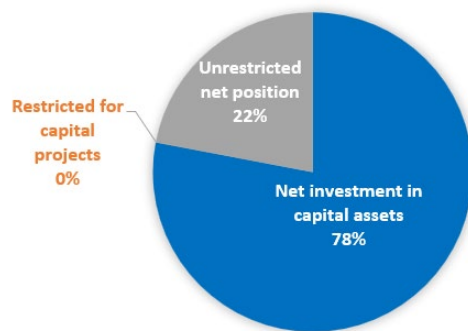
Financial Position Summary (Continued):

Total liabilities decreased by \$1.8 million, or 1.0% as compared to the previous fiscal year. The main driver for this decrease was scheduled debt service payments made during the fiscal year.

Deferred inflows of resources ended the fiscal year at \$17.6 million, increasing \$0.6 million in comparison to the prior fiscal year reported amounts. The main reason for that increase is related to new cell site license agreements the District executed with cellular companies.

The District's total ending net position at June 30, 2021, amounted to \$433.8 million, increasing \$1.9 million, or 0.4% during the fiscal year.

**FIGURE 1
NET POSITION
JUNE 30, 2021**



Net position consists of \$337.7 million in net investment in capital assets, \$0.1 million restricted for capital projects, and \$96.0 million in unrestricted net position. Net investment in capital assets reflects capital assets, net of accumulated depreciation or amortization and liabilities attributed to the acquisition, construction, or improvement of those assets. In addition, this amount includes the net amount of regulated assets and intangible right to use assets. The District's net investment in capital assets balance increased by \$28.0 million, or 9.0%, and represents 78% of total net position.

Restricted net position ended the year at \$0.1 million, decreasing \$0.2 million as compared to the prior fiscal year.

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

Unrestricted net position was \$96.0 million at June 30, 2021, a decrease of \$25.9 million, or 21.2% from the June 30, 2020, amount. This decrease was projected as part of the District's 2020-2021 adopted budget and as part of the Long-Range Financial Plan. The primary reason for the decrease was the execution of capital projects as part of the capital improvement program. The unrestricted net position balance decreased by \$25.9 million while the net investment in capital assets balance increased by \$28.0 million. Additional information on unrestricted net position can be found in Note 16 in the Notes to Financial Statements.

Activities and Changes in Net Position:

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

Table 2 - Revenues, Expenses and Changes in Net Position (In Thousands)				
	2021	2020	Increase/(Decrease)	
			Amount	Percent
Operating Revenues:				
Water charges	\$ 37,593	\$ 34,791	\$ 2,802	8.1%
Recycled charges	6,180	5,397	783	14.5%
Sanitation charges	28,033	28,114	(81)	-0.3%
Other	329	498	(169)	-33.9%
Total Operating Revenues	72,135	68,800	3,335	4.8%
Non-operating Revenues:				
Property taxes	31,290	29,906	1,384	4.6%
GOB assessment ¹	-	676	(676)	-100.0%
Investment income ²	(265)	7,084	(7,349)	-103.7%
Interest income	643	602	41	6.8%
Cellular lease income	1,289	1,313	(24)	-1.8%
Intergovernmental revenue	1,044	1,223	(179)	-14.6%
Other	212	136	76	55.9%
Total Non-operating revenues	34,213	40,940	(6,727)	-16.4%
Total Revenues	106,348	109,740	(3,392)	-3.1%
Water purchases	29,806	26,529	3,277	12.4%
Utilities ³	2,185	1,661	524	31.5%
Wastewater treatment & pumping	14,722	14,395	327	2.3%
Water transmission & distribution ⁴	1,958	1,423	535	37.6%
General, administrative & other	29,844	30,434	(590)	-1.9%
Amortization	1,167	946	221	23.4%
Depreciation	21,669	20,831	838	4.0%
Total Operating Expenses	101,351	96,219	5,132	5.3%
Interest on long-term debt	4,140	4,307	(167)	-3.9%
Other	194	104	90	86.5%
Total Non-operating Expenses	4,334	4,411	(77)	-1.7%
Total Expenses	105,685	100,630	5,055	5.0%
Income (loss) before capital contributions	663	9,110	(8,447)	-92.7%
Capital contributions ⁴	1,268	1,137	131	11.5%
Change in Net Position	1,931	10,247	(8,316)	-81.2%
Beginning Net Position, as restated	431,883	421,637	10,246	2.4%
Ending Net Position	\$ 433,814	\$ 431,884	\$ 1,930	0.4%

¹ The GOB assessment revenue was related to the 2014 General Obligation Bonds and fully matured during Fiscal Year 2019-20.

² Investment income includes unrealized gains and losses due to changes in market conditions. In Fiscal Year 2019-20, the District recorded a \$4.2 million gain, while in Fiscal Year 2020-21, a \$3.0 unrealized loss was recorded.

³ Fiscal Year 2020-2021 saw an increase in evapotranspiration ("ET") of approximately 10% as compared to Fiscal Year 2019-2020. Additionally, the District's service area received approximately half of the annual rainfall during Fiscal Year 2020-2021. Those two factors led to an increase in recycled water consumption of 0.5 million billing units. To accommodate the increase in demand, the District's advanced water treatment facilities at the Regional Treatment Plant incurred an additional \$0.3 million in pumping expenses over the prior year.

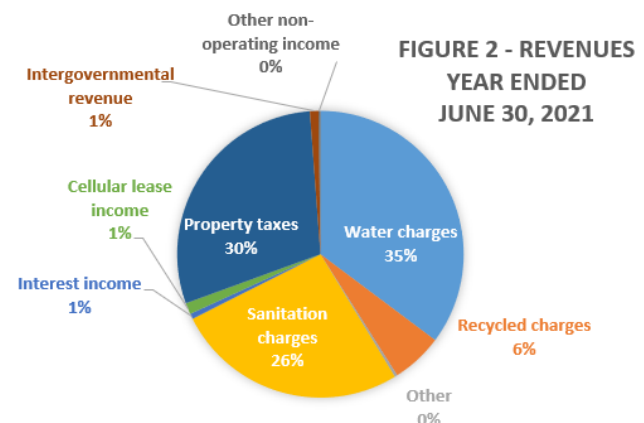
⁴ The District performed several emergency repairs to the wastewater and recycled water distribution systems during the year, causing the water transmission and distribution costs to increase.

Activities and Changes in Net Position (Continued):

Revenues:

As shown in Table 2, the District's total revenues decreased \$3.4 million, or 3.1% in fiscal year 2021, totaling \$106.3 million.

Operating revenues amounted to \$72.0 million for the fiscal year ended June 30, 2021, increasing 4.8% over the prior fiscal year total of \$68.8 million. Total operating revenues represented approximately 68% of total revenues for the fiscal year ended. Figure 2 provides an illustration of the different sources of revenue the District received during the year.



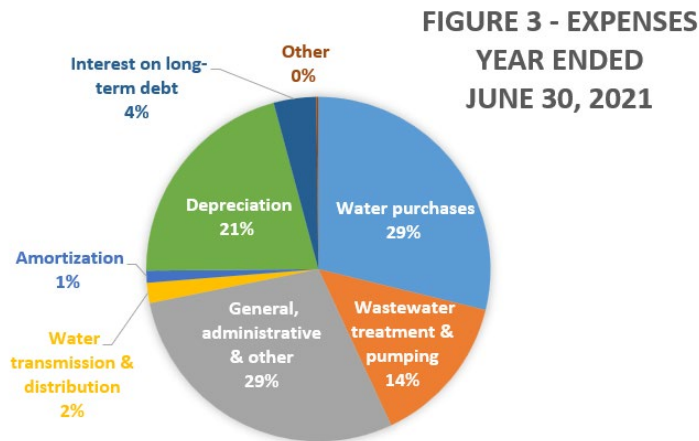
Water charges contributed the largest share of total revenues at \$37.6 million, or 35% of total revenues. The fiscal year total for water charges represented an 8.1% increase over the prior fiscal year amount of \$34.8 million. Fiscal Year 2020-2021 saw an increase in evapotranspiration ("ET") of approximately 10% as compared to Fiscal Year 2019-2020. Additionally, the District's service area received approximately half of the annual rainfall during Fiscal Year 2020-2021. Those two factors played a major role in the higher usage noted. Total consumption in Fiscal Year 2019-2020 was 9.1 million billing units, while the consumption increased to 10.0 million billing units in the current fiscal year due to drier and hotter conditions.

Recycled water charges increased by \$0.8 million, or 14.5% over the prior fiscal year, mostly due to an increase in consumption due to reduced rainfall and higher ET, noted in the paragraph above. Recycled water customers consumed 2.7 million billing units in Fiscal Year 2020-2021 compared to 2.2 million billing units in the prior fiscal year.

Non-operating revenues totaled \$34.3 million for the fiscal year ended, a decrease of 16.4% compared to the prior fiscal year. Non-operating revenues represent approximately 32% of total revenues for the year. The main driver for the \$6.7 million decrease in non-operating revenues is from unrealized gains and losses from investments held. The District records investments at fair market value, so unrealized gains and losses are recorded on investments. For the year, unrealized losses were \$3.0 million, while in Fiscal Year 2019-2020, a \$4.2 million gain was recognized. The largest portion of non-operating revenues is from property taxes. The District received \$31.3 million in the current year, representing an increase of 4.6% when compared to the prior year. The \$31.3 million is the largest amount of property taxes received by the District in a fiscal year.

Activities and Changes in Net Position (Continued):

Expenses:



As seen in Table 2, total expenses for the fiscal year ended June 30, 2021, increased to \$105.7 million, representing an increase of \$5.1 million, or 5.0% over the prior fiscal year. Operating expenses ended the fiscal year at \$101.4 million, an increase of \$5.1 million, or 5.3% over the 2020 total. Water purchases, wastewater treatment and pumping, and water transmission and distribution amount to 44% of total expenses for the District. Water Purchases increased by \$3.2 million to \$29.8 million for the year ended, primarily due to the increase in consumption noted above in the revenue section. Utilities increased by \$0.5 million to \$2.2 million for the year ended. This was due to increased pumping costs due to elevated recycled water demand during the year.

Non-operating expenses decreased by \$0.1 million to \$4.3 million, representing a 1.7% decrease as compared to the prior fiscal year. Interest on outstanding long-term debt is the primary driver of non-operating revenues. With all else being equal, as the District makes its scheduled debt service payments, the outstanding liabilities decrease, resulting in less interest expense on an annual basis.

Capital Contributions:

As noted in Table 2, capital contributions increased to \$1.3 million, an increase of 11.5% as compared to the prior year. This increase was mostly due to reimbursements received from capital related work from facilities that the District jointly participates in with neighboring agencies.

Capital Assets:

Table 3 - Condensed Capital Asset Summary (In Thousands)				
	Fiscal Year	Fiscal Year	Increase/(Decrease)	
	2021	2020	Amount	Percent
Water systems	273,183	260,332	12,851	4.9%
Capacity rights	116,710	115,165	1,545	1.3%
Buildings ¹	52,167	1,470	50,697	3448.8%
Equipment and automobiles ²	5,505	7,156	(1,651)	-23.1%
Total Net Depreciable Assets	447,565	384,123	63,442	16.5%
Intangible asset - right to use asset ³	769	1,881	(1,112)	-59.1%
Total Intangible Assets	769	1,881	(1,112)	n/a
Land	1,092	1,092	-	0.0%
Construction in Progress ¹	20,280	48,266	(27,986)	-58.0%
Total Non-Depreciable Assets	21,372	49,358	(27,986)	-56.7%
Capital Assets, Net	\$ 469,706	\$ 435,362	\$ 34,344	7.9%

¹ The District completed a series of projects located near the District's Plant 2A facility during the year. Those projects were transferred from construction in progress to the buildings section. The District completed over \$84.0 million in construction projects during Fiscal Year 2020-2021.

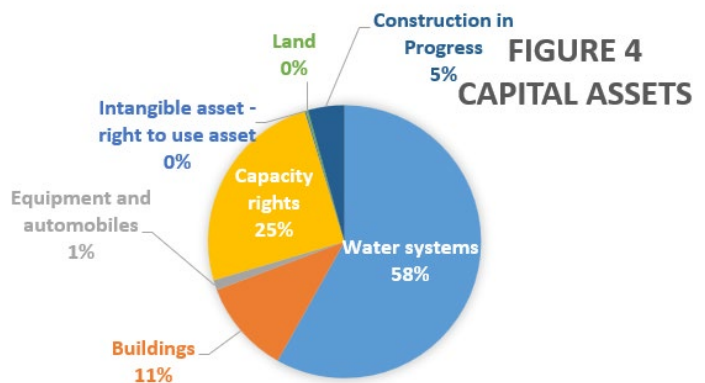
² The District invested approximately \$1.0 million into equipment and automobiles during the year, but depreciation for the previously acquired assets was \$2.7 million.

³ The intangible assets are related to lease arrangements where the District is the lessee. The decrease of \$1.1 million is due to the amortization of the right to use those leased facilities, in accordance with GASB Statement No. 87.

As shown in table 3, the District held \$469.7 million in total net capital assets as of June 30, 2021. Total net depreciable assets increased by \$63.4 million, representing a 16.5% increase, net of \$21.7 million in depreciation expense.

Water systems are the largest individual asset type held by the District, totaling \$273.2 million, representing 58% of total capital assets at June 30, 2021. The total construction in progress balance accounts for just 5% of the District's current capital asset total, however most of the depreciable assets were constructed by the District and moved through construction in progress at one time.

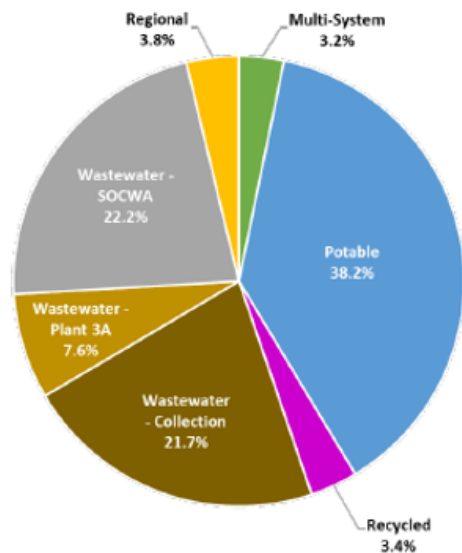
The District invested \$56.2 million in additional construction in progress expenses during the fiscal year. The District completed over \$84.0 million in projects during the Fiscal Year and transferred those completed assets from construction in progress to depreciable asset categories. The largest increase in those asset types was in the buildings category, which increased to \$52.2 million. The District completed a series of projects located near the District's Plant 2A facility during the year.



Capital Assets (Continued):

FIGURE 5

SYSTEM	FY 2021-22 Proposed Budget
Multi-System	\$1,806,000
Potable Water	\$21,435,000
Recycled Water	\$1,911,250
Wastewater	
Collection	\$12,205,000
Treatment (Plant 3A)	\$4,258,594
Treatment (SOCWA)	\$12,450,591
Regional	
JRWSS, Upper Oso/Upper Chiquita, R6 Reservoir, Baker Pipeline, Baker WTP, etc.	\$2,111,259
Total FY 2021-22 Proposed Budget	\$56,177,694



As shown in Figure 5 to the left, the District's Fiscal Year 2021-22 Adopted Budget includes \$56.2 million in capital spending, primarily for potable water and wastewater related projects.

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

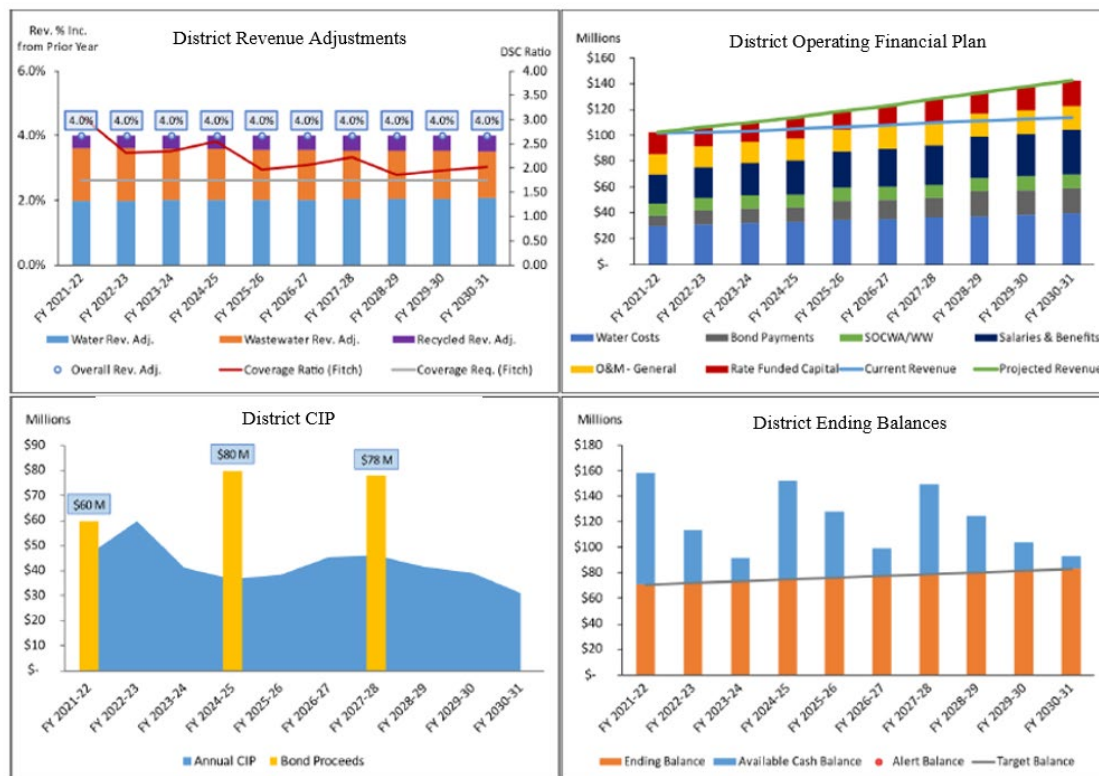
Long-term Debt:

As noted in Table 4 below, the District's total long-term liabilities at June 30, 2021, was \$132.3 million, representing a decrease of \$3.8 million, or 2.8% when compared to the prior fiscal year. The primary reason for the decrease is due to the principal portions of scheduled debt service payments made during the year by the District. The District's outstanding debt is rated AAA, by both Fitch and Standard and Poor's rating agencies. Both Fitch and Standard and Poor's reaffirmed those ratings in November 2021. AAA is the highest rating available from both rating agencies.

Table 4 - Condensed Long-Term Debt Summary (In Thousands)				
	Fiscal Year 2021	Fiscal Year 2020	Increase/(Decrease)	
			Amount	Percent
Bonds Payable	\$ 64,778	\$ 67,527	\$ (2,749)	-4.1%
Certificates of Participation (COP)	67,508	68,555	(1,047)	-1.5%
Total Long-term Liabilities	\$ 132,286	\$ 136,082	\$ (3,796)	-2.8%

Long-term Debt (Continued):

FIGURE 6



The District utilizes a Ten-Year Cash Flow model to forecast to plan for future debt issuances, project potential future rate adjustments, and anticipate the District's future debt coverage ratio. Although the official debt covenants in most issuances call for a coverage ratio of 125%, the District's Board of Directors has established a goal of maintaining a coverage of 175%. This means that net revenues would exceed debt service payments on any given year by 175%. As noted in the District's Fiscal Year 2021-2022 Budget Document and above in Figure 6, the District anticipates its debt coverage ratio will be over 175% for at least the next ten years.

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

Contacting the District

This financial report is designed to provide the District's elected officials, customers, investors, employees, and creditors with an assessment of the District's financial condition and an accounting of the public's funds. An electronic copy of the Comprehensive Annual Financial Report 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.

Moulton Niguel Water District

**Statement of Net Position
June 30, 2021**

Assets:

Current:

Cash and investments	\$ 31,862,153
Accounts receivable:	
Water and sanitation charges	8,341,162
Taxes	398,460
Other accounts receivable	1,304,567
Grants receivable	413,838
Interest receivable	424,846
Leases receivable, current	1,420,643
Inventory	2,080,942
Prepaid expenses	490,677
Retrofit loans receivable, current	20,000
	<hr/>
Total Current Assets	46,757,288

Noncurrent:

Investments	90,601,610
Restricted cash and investments with fiscal agent	2,172,207
Retrofit loans receivable, noncurrent	438,127
Leases receivable, noncurrent	14,752,013
Regulated assets - net of accumulated amortization	1,371,303
Capital assets - net of accumulated depreciation	447,565,293
Capital assets, intangible asset - right to use leased asset	769,052
Capital assets not being depreciated:	
Land	1,091,910
Construction in progress	20,260,160
	<hr/>
Total Noncurrent Assets	579,021,675
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Total Assets	625,778,963

Deferred Outflows of Resources:

Deferred charges on refundings	219,971
Deferred items related to pension	6,032,773
Deferred items related to OPEB	670,764
	<hr/>
Total Deferred Outflows of Resources	6,923,508
	<hr/>
Total Assets and Deferred Outflows of Resources	\$ 632,702,471

Moulton Niguel Water District

**Statement of Net Position
June 30, 2021**

Liabilities:

Current:

Accounts payable	\$ 18,000,720
Interest payable	1,638,438
Unearned revenue	756,245
Compensated absences	1,318,119
Lease liabilities	1,288,785
Current portion of long-term debt:	
Bonds payable	2,085,000
Certificates of participation	1,215,000

Total Current Liabilities	26,302,307
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Long-Term Liabilities:

Compensated absences	439,373
Long-term debt:	
Bonds payable	62,692,898
Certificates of participation	66,293,419
Net pension liability	24,530,154
Net OPEB liability	995,276
Lease liabilities	16,939

Total Long-Term Liabilities	154,968,059
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Total Liabilities	181,270,366
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Deferred Inflows of Resources:

Deferred items related to pension	1,106,307
Deferred items related to OPEB	339,622
Deferred items related to leases	16,172,656

Total Deferred Inflows of Resources	17,618,585
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Net Position:

Net investment in capital assets	337,685,648
Restricted for capital projects	107,046
Unrestricted	96,020,826

Total Net Position	433,813,520
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Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 632,702,471
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**Moulton Niguel Water District
Statement of Revenues, Expenses,
and Changes in Net Position
Year Ended June 30, 2021**

Operating Revenues:

Water charges	\$ 37,593,121
Recycled charges	6,179,569
Sanitation charges	28,033,043
Other	329,171
Total Operating Revenues	<u>72,134,904</u>

Operating Expenses:

Source of supply:	
Water purchases	29,806,447
Utilities	2,184,581
Pumping water	1,692,188
Wastewater treatment	13,029,758
Water transmission and distribution	1,958,001
Customer service	3,619,657
Water efficiency	4,061,557
General, administrative, and other	22,162,851
Amortization:	
Right to use leased asset	1,111,906
Regulated assets	54,600
Depreciation	21,669,259
Total Operating Expenses	<u>101,350,805</u>

Operating Income (Loss) **(29,215,901)**

Non-Operating Revenues (Expenses):

Investment income (loss)	(373,097)
Investment income - restricted	107,403
Interest income - leases	642,520
Property tax revenue	31,289,772
Interest expense	(4,139,714)
Intergovernmental revenue	1,044,433
Cellular lease and license income	1,288,542
Other non-operating revenues	212,058
Other non-operating expenses	(194,234)
Total Non-Operating Revenues (Expenses)	<u>29,877,683</u>

Income (Loss) Before Capital Contributions **661,782**

Capital Contributions:

Developer donated capital facilities	455,688
Capacity fees	112,936
Other contributions	699,855
Total Capital Contributions	<u>1,268,479</u>

Change in Net Position **1,930,261**

Net Position:

Beginning of fiscal year, as restated	431,883,259
End of Fiscal Year	<u>\$ 433,813,520</u>

Moulton Niguel Water District

Statement of Cash Flows
Year Ended June 30, 2021

Cash Flows from Operating Activities:

Cash received from customers	\$ 71,258,345
Cash paid to suppliers	(55,745,091)
Cash paid to employees	(20,800,903)

Net Cash Provided By (Used For) Operating Activities	<u>(5,287,649)</u>
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Cash Flows from Non-Capital Financing Activities:

Cash received from property taxes	<u>31,291,569</u>
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Net Cash Provided By (Used For) Non-Capital Financing Activities	<u>31,291,569</u>
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Cash Flows from Capital and Related Financing Activities:

Acquisition and construction of capital assets	(56,650,025)
Acquisition and construction of regulated assets	(464,521)
Repayment of notes receivable	16,681
Capital contributions	812,791
Principal payments on long-term debt	(3,795,329)
Interest payments on long-term debt	(4,090,282)
Lease payments	(1,111,906)
Intergovernmental revenue	<u>856,426</u>

Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(64,426,165)</u>
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Cash Flows from Investing Activities:

Investment earnings received	3,651,611
Lease receipts	1,288,542
Proceeds from sales and maturities of investments	64,497,500
Purchases of investments	<u>(39,936,057)</u>

Net Cash Provided By (Used For) Investing Activities	<u>29,501,596</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	<u>(8,920,649)</u>
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Cash and Cash Equivalents, Beginning of Year	<u>40,782,802</u>
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Cash and Cash Equivalents, End of Year	<u><u>\$ 31,862,153</u></u>
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Moulton Niguel Water District

Statement of Cash Flows
Year Ended June 30, 2021

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

Operating income (loss)	<u>\$ (29,215,901)</u>
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**Adjustments to Reconcile Operating Income (Loss) to
Net Cash Provided By (Used For) Operating Activities:**

Depreciation	21,669,259
Amortization of leases	1,111,906
Amortization of regulated assets	54,600
Other non-operating revenue	212,058
Other non-operating expense	(194,234)
Changes in net pension liability	2,074,351
Changes in pension related deferred outflows of resources	(473,665)
Changes in pension related deferred inflows of resources	(384,690)
Changes in net OPEB liability	(280,029)
Changes in OPEB related deferred outflows of resources	46,287
Changes in OPEB related deferred inflows of resources	12,863
Changes in lease liabilities and intangible right to use asset	201,542
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, water and sanitation	(805,108)
(Increase) decrease in accounts receivable, other	(89,275)
(Increase) decrease in inventory	(640,080)
(Increase) decrease in prepaid expenses	270,757
Increase (decrease) in accounts payable	774,879
Increase (decrease) in compensated absences	<u>366,831</u>

Net Cash Provided By (Used For) Operating Activities	<u>\$ (5,287,649)</u>
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Non-cash Investing, Capital, and Financing Activities:

Unrealized gain (loss) on investments	\$ (2,980,474)
Developer donated capital facilities	455,688
Amortization of deferred charges on refundings	97,765
Amortization of (premiums) discounts	895,329

Moulton Niguel Water District

Notes to Financial Statements June 30, 2021

I. Significant Accounting Policies

Note 1: Organization and Summary of Significant Accounting Policies

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

a. Description of the Reporting Entity

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

For financial reporting purposes, the District includes all funds that are controlled by, or dependent on, the District's Board of Directors. Management has determined that the District is a single enterprise fund reporting unit for financial reporting purposes by applying the criteria set forth in the Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*. 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.

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

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

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.

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

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

- i. The component unit's governing body is substantively the same as the governing body of the primary government and (1) there is a financial benefit or burden relationship between the primary government and the component unit, or (2) management of the primary government has operational responsibility for the component unit. Management of a primary government has operational responsibility for a component unit if it manages the activities of the component unit in essentially the same manner in which it manages its own programs, departments, or agencies.
- ii. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it. Usually the services provided by a blended component unit are financing services provided solely to the primary government.

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

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

- iii. The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government. Repayment generally occurs through a continuing pledge and appropriation by the primary government to the component unit that, in turn, pledges those appropriation payments as the primary source of repayment for its debt.

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

d. Property Taxes

The District is authorized to levy taxes on all taxable property within its boundaries for the purposes of carrying on its operations and paying its obligations, subject to certain limitations in the Water Code, the Revenue and Taxation Code, and the California Constitution. 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 as of July 1, using a lien date of January 1, and are payable by property owners in two equal installments, which are due by December 10 and April 10. The taxes levied are billed and collected by the County of Orange and remitted to the District throughout the year.

e. Inventory and Prepaid Expenses

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

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

f. Capital Assets

Capital assets are valued at cost where historical records are available, and at an estimated historical cost where no historical records exist. Donated assets are valued at their acquisition value on the date received. The District capitalizes all assets with a historical cost of at least \$3,000 and a useful life of at least five years. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed. The District also records the value of intangible right to use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right to use intangible asset is amortized each year for the term of the contract.

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

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

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

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

g. Regulated Assets

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

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

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

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

h. Compensated Absences

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

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

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

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

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

i. Cash and Cash Equivalents

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

j. Investments

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

k. Fair Value Measurement

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

l. Net Pension Liabilities

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

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

m. Net OPEB Liabilities

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	January 1, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019, to June 30, 2020

n. Leases

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

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

o. Deferred Outflows and Inflows of Resources

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent 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. These amounts are deferred and recognized as inflow of resources in the period that the amounts become applicable.

p. Net Position

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

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

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

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

q. Use of Estimates

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2021

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, 2021:

Statement of Net Position:	
Cash and Investments-Current	\$ 31,862,153
Investments-Noncurrent	90,601,610
Restricted Cash and Investments with Fiscal Agent	<u>2,172,207</u>
Total Cash and Investments	<u>\$ 124,635,970</u>

Cash and Investments held by the District at June 30, 2021, consisted of the following:

Cash:	
Petty Cash on Hand	\$ 6,183
Deposits with Financial Institutions	<u>1,956,470</u>
Total Cash	<u>1,962,653</u>
Investments:	
State Treasurer's Investment Pool	29,901,981
US Treasury Notes	19,382,655
Federal Agency Securities	29,152,664
Medium Term Notes	25,367,879
Asset Backed Securities	14,615,947
Money Market Funds	<u>4,252,191</u>
Total Investments	<u>122,673,317</u>
Total Cash and Investments	<u>\$ 124,635,970</u>

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

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

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 2: Cash and Investments (Continued)

	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Municipal Securities	5 years	30%	5%
U.S. Treasury Obligations	10 years**	None	None
Federal Agency Securities	10 years**	None	25%
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Collateralized Bank and Time Deposits	5 years	20%	None
Repurchase Agreements	1 year	None	None
Medium-Term Notes	5 years	30%	5%
Mutual Funds***	N/A	20%	10%
Money Market Mutual Funds***	N/A	20%	None
Asset Backed Securities	5 years	20%	5%
Local Agency Investment Fund (LAIF)	N/A	\$65M	None
Local Government Investment Pools	N/A	None	None
Supranationals	5 years	30%	10%

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

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

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

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

Note 2: Cash and Investments (Continued)

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

Investment Type	Total	12 Months or Less	13 to 36 Months	37 to 60 Months	More Than 60 Months
State Investment Pool	\$ 29,901,981	\$ 29,901,981	\$ -	\$ -	\$ -
US Treasury Notes	19,076,835	-	2,726,406	6,450,250	9,900,179
Federal Agency Securities	28,837,013	-	1,615,971	14,649,685	12,571,357
Medium Term Notes	25,367,879	4,012,922	11,167,560	10,187,397	-
Asset Backed Securities	14,615,947	998,415	7,909,170	5,708,362	-
Money Market Funds	2,701,455	2,701,455	-	-	-
Held by Fiscal Agent:					
US Treasury Notes	305,820	100,758	205,062	-	-
Federal Agency Securities	315,651	-	315,651	-	-
Money Market Funds	1,550,736	1,550,736	-	-	-
Total	<u>\$ 122,673,317</u>	<u>\$ 39,266,267</u>	<u>\$ 23,939,820</u>	<u>\$ 36,995,694</u>	<u>\$ 22,471,536</u>

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating*	Rating as of Year-End			
			AAA	AA	A	Not Rated
State Investment Pool	\$ 29,901,981	N/A	\$ -	\$ -	\$ -	\$ 29,901,981
US Treasury Notes	19,076,835	N/A	19,076,835	-	-	-
Federal Agency Securities	28,837,013	N/A	28,837,013	-	-	-
Medium Term Notes	25,367,879	A	3,774,530	3,915,517	17,677,832	-
Asset Backed Securities	14,615,947	AA	13,441,510	1,174,437	-	-
Money Market Funds	2,701,455	Highest rated	2,701,455	-	-	-
Held by Fiscal Agent:						
US Treasury Notes	305,820	N/A	305,820	-	-	-
Federal Agency Securities	315,651	N/A	315,651	-	-	-
Money Market Funds	1,550,736	Highest rated	1,550,736	-	-	-
Total	<u>\$ 122,673,317</u>		<u>\$ 70,003,550</u>	<u>\$ 5,089,954</u>	<u>\$ 17,677,832</u>	<u>\$ 29,901,981</u>

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

Concentration of Credit Risk

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

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 2: Cash and Investments (Continued)

Investment Type	Year-end Balance
Federal National Mortgage Assoc.	\$ 12,113,521
Federal Home Loan Mortgage Corp.	11,895,223
Federal Home Loan Bank	8,381,147

Disclosures Relating to Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The District had the following recurring fair value measurements as of June 30, 2021:

Investment Type	Total	Significant Other Observable Inputs (Level 2)	Uncategorized
State Investment Pool	\$ 29,901,981	\$ -	\$ 29,901,981
US Treasury Notes	19,076,835	19,076,835	-
Federal Agency Securities	28,837,013	28,837,013	-
Medium Term Notes	25,367,879	25,367,879	-
Asset Backed Securities	14,615,947	14,615,947	-
Money Market Funds	2,701,455	-	2,701,455
Held by Fiscal Agent:			
US Treasury Notes	305,820	305,820	-
Federal Agency Securities	315,651	315,651	-
Money Market Funds	1,550,736	-	1,550,736
Total	<u>\$ 122,673,317</u>	<u>\$ 88,519,145</u>	<u>\$ 34,154,172</u>

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

The State Investment Pool is managed by the State Treasurer, and by law is regulated by the California Government Code. Deposits and withdrawals in the State Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the District's investments in LAIF at June 30, 2021, of \$29,901,981 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. The money market funds held by the District are measured at amortized cost and is listed as uncategorized.

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

Note 2: Cash and Investments (Continued)

Custodial Credit Risk

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

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

State Treasurer's Investment Pool

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

Investment Earnings

The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments and as a result, realized gains and losses of the current period include unrealized amounts from prior periods. Investment earnings consist of the following for the year ended June 30, 2021:

Investment income	\$	2,053,067
Realized gain (loss)		661,713
Unrealized gain (loss)		<u>(2,980,474)</u>
Total investment income (loss)	\$	<u>(265,694)</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

Note 3: Retrofit Loans

In November 1996, the Board adopted Resolution 96-26, allowing for qualifying non-profit entities and public agency applicants to obtain a loan through the District to finance the cost for on-site recycled water retrofits of the applicant's irrigation system. The program offers incentive to customers who would otherwise have difficulties financing the cost of the recycled water retrofits. As of the end of the fiscal year, the District has 43 loans outstanding totaling \$458,127, which includes both principal and interest. The re-payment of the loan agreement is structured based on a volumetric consumption amount of recycled water at \$0.25 a billing unit per month. Since re-payment is based on usage, it is difficult to provide a structured repayment schedule. On average, the District receives approximately \$20,000 a year towards the principal and interest portion of the loan.

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

Note 4: Leases

The District has several leasing arrangements, summarized below:

Lessee:

The District entered a triple net lease agreement to lease office space for forty-eight months, beginning August 2019. The lease terminates July 2023. Under the terms of the lease, the District pays a monthly base fee of \$72,560, increasing 3.0% annually on the anniversary of the agreement. The District also pays a pro rata share of operating expenses and property taxes, which are not included in the measurement of the lease liability as they are variable in nature. The District paid \$427,132 during the year towards those variable costs. The District does have an option to terminate the lease after the thirtieth month, which the District believes it will exercise with reasonable certainty. At June 30, 2021, the District has recognized a right to use asset of \$717,674 and a lease liability of \$1,254,184 related to this agreement. During the fiscal year, the District recorded \$1,076,512 in amortization expense and \$17,708 in interest expense for the right to use the office space. The District used an incremental discount rate of 0.9867%, based on the true interest cost for its most recent debt issuance for the same time periods.

The District entered an agreement to lease printer and copier machines for thirty-six months, beginning August 2019. The lease terminates August 2022. Under the terms of the lease, the District pays an amount not to exceed \$144,785 over the life of the agreement. At June 30, 2021, the District has recognized a right to use asset of \$30,342 and a lease liability of \$30,619 related to this agreement. During the fiscal year, the District recorded \$26,008 in amortization expense and \$444 in interest expense for the right to use the printer and copier equipment. The District used an incremental discount rate of 0.9925%, based on the true interest cost for its most recent debt issuance for the same time periods.

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 4: Leases (Continued)

The District entered an agreement to lease a postage machine for sixty months, beginning January 2020. The lease terminates December 2024. Under the terms of the lease, the District pays \$424 per month over the life of the agreement. At June 30, 2021, the District has recognized a right to use asset of \$17,342 and a lease liability of \$17,472 related to this agreement. During the fiscal year, the District recorded \$4,954 in amortization expense and \$202 in interest expense for the right to use the storage containers. The District used an incremental discount rate of 1.0060%, based on the true interest cost for its most recent debt issuance for the same time periods.

The District entered an agreement to lease storage containers for thirty-six months, beginning May 2019. The lease terminates May 2022. Under the terms of the lease, the District pays \$346 per month over the life of the agreement. At June 30, 2021, the District has recognized a right to use asset of \$3,694 and a lease liability of \$3,449 related to this agreement. During the fiscal year, the District recorded \$4,432 in amortization expense and \$56 in interest expense for the right to use the storage containers. The District used an incremental discount rate of 0.9867%, based on the true interest cost for its most recent debt issuance for the same time periods.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ended June 30	Principal	Interest
2022	\$ 1,288,785	\$ 3,673
2023	9,375	108
2024	5,030	53
2025	2,534	7
Total	<u>\$ 1,305,724</u>	<u>\$ 3,841</u>

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

Leasee activities	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Right to use assets				
Office space	\$ 1,794,186	\$ -	\$ (1,076,512)	\$ 717,674
Printers and copiers	56,350	-	(26,008)	30,342
Mail postage machine	22,296	-	(4,954)	17,342
Storage bins	8,126	-	(4,432)	3,694
Totals, right to use assets	<u>\$ 1,880,958</u>	<u>\$ -</u>	<u>\$ (1,111,906)</u>	<u>\$ 769,052</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2021

Note 4: Leases (Continued)

Lessor:

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of 10 years, with one renewal period of 5 years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.0% – 4.0% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$1,353,767 in lease revenue and \$642,520 in interest income related to these agreements. At June 30, 2021, the District recorded \$16,172,656 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of between 3.64% and 3.79%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

<u>Leases receivable</u>	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2021</u>
License agreements	\$ 15,175,090	\$ 2,351,333	\$ (1,353,767)	\$ 16,172,656
Total leases receivable	<u>\$ 15,175,090</u>	<u>\$ 2,351,333</u>	<u>\$ (1,353,767)</u>	<u>\$ 16,172,656</u>

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

<u>Fiscal Year Ended June 30</u>	<u>Lease Revenue</u>
2022	1,420,643
2023	1,426,686
2024	1,442,614
2025	1,468,308
2026	1,551,982
2027-2031	8,019,060
2032-2036	843,363
Total	<u>\$ 16,172,656</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2021, is as follows:

Capital Assets	Balance at June 30, 2020	Transfers	Additions	Deletions	Balance at June 30, 2021
Depreciable assets					
Water systems	\$ 605,994,161	\$ 27,276,217	\$ 613,582	\$ (168,430)	\$ 633,715,530
Capacity rights	140,755,434	5,290,933	-	-	146,046,367
Building	5,755,374	50,857,999	-	-	56,613,373
Automobiles and equipment	25,618,078	725,923	346,947	-	26,690,948
Total cost of depreciable assets	778,123,047	84,151,072	960,529	(168,430)	863,066,218
Less accumulated depreciation					
Water systems	(345,661,692)	-	(15,039,498)	168,430	(360,532,760)
Capacity rights	(25,590,817)	-	(3,745,650)	-	(29,336,467)
Buildings	(4,285,662)	-	(160,384)	-	(4,446,046)
Automobiles and equipment	(18,461,925)	-	(2,723,727)	-	(21,185,652)
Total accumulated depreciation	(394,000,096)	-	(21,669,259)	168,430	(415,500,925)
Net depreciable assets	384,122,951	84,151,072	(20,708,730)	-	447,565,293
Amortized assets					
Intangible asset - right to use leased asset	2,806,634	-	-	-	2,806,634
Total amortized assets	2,806,634	-	-	-	2,806,634
Less accumulated amortization					
Intangible asset - right to use leased asset	(925,676)	-	(1,111,906)	-	(2,037,582)
Total accumulated amortization	(925,676)	-	(1,111,906)	-	(2,037,582)
Net amortized assets	1,880,958	-	(1,111,906)	-	769,052
Capital assets not depreciated					
Land	1,091,910	-	-	-	1,091,910
Construction in progress	48,266,048	(84,151,072)	56,165,184	-	20,280,160
Total capital assets net	\$ 435,361,867	\$ -	\$ 34,344,548	\$ -	\$ 469,706,415

Depreciation and amortization expense were \$21,669,259 and \$1,111,906, respectively.

Note 6: Regulated Assets

Regulated asset activity for the year ended June 30, 2021, is as follows:

Regulated assets	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Potable meters	\$ 981,301	\$ 464,521	\$ -	\$ 1,445,822
Less accumulated amortization	(19,919)	(54,600)	-	(74,519)
Total regulated assets	\$ 961,382	\$ 409,921	\$ -	\$ 1,371,303

The District recognized \$54,600 in amortization during the fiscal year.

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 6: Regulated Assets (Continued)

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

Note 7: Long-Term Liabilities

Long-Term liabilities for the year ended June 30, 2021, are as follows:

	Balance at June 30, 2020	Addition	Deletion	Ending June 30, 2021	Due Within One Year
Bonds payable:					
2015 Refunding	\$ 8,565,000	\$ -	\$ (1,990,000)	\$ 6,575,000	\$ 2,085,000
Add: Premium	864,442	-	(265,982)	598,460	-
2019 Refunding	48,605,000	-	-	48,605,000	-
Add: Premium	9,492,558	-	(493,120)	8,999,438	-
Total Bonds	67,527,000	-	(2,749,102)	64,777,898	2,085,000
Certificates of Participation:					
2019 COPs	64,570,000	-	(910,000)	63,660,000	1,215,000
Add: Premium	3,984,646	-	(136,227)	3,848,419	-
Total COPs	68,554,646	-	(1,046,227)	67,508,419	1,215,000
Compensated Absences:					
Vacation pay	914,186	1,547,053	(1,221,799)	1,239,440	929,580
Sick Pay	476,475	489,634	(448,057)	518,052	388,539
Total Compensated Absences	1,390,661	2,036,687	(1,669,856)	1,757,492	1,318,119
Total:	\$ 137,472,307	\$ 2,036,687	\$ (5,465,185)	\$ 134,043,809	\$ 4,618,119

Bonds Payable

2015 Revenue Refunding Bond

On June 1, 2015, the District issued \$12,265,000 of 2015 Revenue Refunding Bonds ("2015 Revenue Bonds"). Proceeds from the issuance were used to refund the 2003 Refunding Certificates of Participation, fund a debt service reserve fund for the Bonds, and pay the costs of issuing the Bonds. Interest on the Bonds is payable on March 1 and September 1 of each year at 5% per annum. The Bonds mature between September 1, 2018, and end on September 1, 2023. The Bonds are special obligations of the District and are payable exclusively from Tax Revenues and Net Revenues of the District, and from amounts on deposit in certain funds and accounts established under the Indenture. The remaining deferred charges related to this refunding at June 30, 2021, is \$219,971, and will be amortized over the life of the bonds.

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 7: Long-Term Liabilities (Continued)

As of June 30, 2021, the Reserve Requirement for the 2015 Revenue Refunding Bond was \$657,500 and the District had \$697,922 in the reserve account.

2019 Revenue Refunding Bonds

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

Certificates of Participation

2019 Certificates of Participation

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

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

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2021

Note 7: Long-Term Liabilities (Continued)

Compensated Absences

Vacation and sick leave payable are recorded as an expense and a liability at the time the benefit is earned. As of June 30, 2021, the District's compensated absences liability was \$1,757,492.

Remaining Payments on Long-Term Liabilities

The long-term obligations of the District, excluding amortizations of deferred charges, at June 30, 2021, are as follows:

			Certificates of Participation Payable		
June 30	Bonds Payable		June 30	Principal	Interest
	Principal	Interest			
2022	\$ 2,085,000	\$ 2,706,875	2022	\$ 1,215,000	\$ 2,105,956
2023	2,190,000	2,600,000	2023	1,275,000	2,043,706
2024	2,300,000	2,487,750	2024	1,340,000	1,978,331
2025	2,055,000	2,378,875	2025	1,405,000	1,909,706
2026	2,155,000	2,273,625	2026	1,475,000	1,837,706
2026-2030	12,520,000	9,593,850	2027-2031	8,565,000	7,975,531
2031-2035	15,970,000	6,050,500	2032-2036	10,455,000	6,147,184
2036-2040	15,905,000	1,638,875	2037-2041	11,855,000	4,733,594
			2042-2046	13,630,000	2,913,300
Total	<u>\$ 55,180,000</u>	<u>\$ 29,730,350</u>	2047-2051	12,445,000	760,425
			Total	<u>\$ 63,660,000</u>	<u>\$ 32,405,441</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 8: Rate Covenants

The District is required by certain debt documents to collect revenues which will be at least sufficient to yield net revenues equal to 125% of debt service payable during the fiscal year. The following demonstrates the District's compliance with the rate covenants for the year ended June 30, 2021:

Debt Service Coverage	
Operating Revenues:	
Water sales and service charges	\$ 43,772,690
Wastewater service charges	28,033,043
Meter sales & other	329,171
Total Operating Revenues	<u>72,134,904 (A)</u>
Operations & Maintenance Expenses:	
Source of supply	31,991,028
Pumping water	1,692,188
Wastewater treatment	13,029,758
Water transmission & distribution	1,958,001
Customer service	3,619,657
Water efficiency	4,222,344
General, administrative & other	23,113,971
Total Operations & Maintenance Expenses	<u>79,626,947 (B)</u>
Net Operating Income (Loss)	(7,492,043) (A-B)
Non-Operating Revenues (Expenses):	
Capacity fees	112,936
Cellular lease income	1,288,542
Interest income	642,520
Investment income (loss)	(265,694)
Intergovernmental revenue	1,044,433
Other contributions	1,155,543
Other income	212,058
Other expense	(194,234)
Total Non-Operating Revenues	<u>3,996,104 (C)</u>
Net Revenues	(3,495,939) (A-B+C)
Property Tax Revenues	<u>31,289,772</u>
Sum of Net & Tax Revenues	<u>\$ 27,793,833 (D)</u>
Debt Service	
2015 Refunding Revenue Bonds	\$ 2,368,500
2019 Refunding Revenue Bonds	2,430,250
2019 Certificates of Participation	3,069,081
Total Debt Service	<u>\$ 7,867,831 (E)</u>
Calculated Debt Service Coverage Percentage	353% (D/E)

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 9: Pension Plans

Defined Benefit Plan

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire as early as age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law ("PERL"). Each plan has a 3% annual cost-of-living allowance increase benefit.

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

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 9: Pension Plans (Continued)

	Tier 1	Tier 2	PEPRA
	Hired by District and enrolled prior to July 28, 2009	Prior to January 1, 2013	January 1, 2013 and after
CalPERS enrollment date*	2% @ 55	2% @ 55	2% @ 62
Benefit formula	5 years service	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life	monthly for life
Benefit payments	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Retirement age	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
Monthly benefits, as a % of eligible compensation	7.000%	7.000%	7.250%
Required employee contribution rates	12.858%	11.816%	7.847%
Required employer contribution rates			
Unfunded actuarial liability payment	\$1,468,093	\$16,301	\$23,378

*A District employee enrolled in CalPERS at another agency prior to January 1, 2013, may be eligible for the District's Tier 2 plan. Tier 1 is closed to new entrants.

Contribution Description

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

For the year ended June 30, 2021, contributions to the plan were \$3,055,173, matching the Actuarially Determined Contribution.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the collective net pension liability as \$24,530,154.

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 9: Pension Plans (Continued)

The District's net pension liability at June 30, 2021, for the plan was measured as the proportionate share of the collective cost-sharing plan. The District's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard actuarial update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the actuarially determined projected contributions of all participating employers. The District's proportion of the collective net pension liability as of June 30, 2019, and 2020, was as follows:

	Pension Plans
Proportion - June 30, 2019	0.21914%
Proportion - June 30, 2020	0.22545%
Change - Increase (Decrease)	0.00631%

Recognition of Gains and Losses

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

For the year ended June 30, 2021, the District recognized pension expense of \$4,271,169. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,264,112	\$ -
Change in assumptions	-	(174,959)
Differences between Projected and Actual Investment	728,707	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(931,348)
Change in Employer's Proportion	984,781	-
Contribution subsequent to measurement date	3,055,173	-
Total	\$ 6,032,773	\$ (1,106,307)

\$3,055,173 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, 2022.

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 9: Pension Plans (Continued)

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

June 30:	Deferred Outflows/(Inflows) of Resources
2022	\$ 255,538
2023	698,812
2024	567,435
2025	349,508
Total	<u>\$ 1,871,293</u>

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

The EARSL is calculated by dividing the total future service years of active employees by the total number of plan participants in PERF C. Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund. As of the June 30, 2020, measurement period, the EARSL was 3.8 years.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2019, valuation was rolled forward to determine the June 30, 2020, measurement date total pension liability, based on the following actuarial methods and assumptions:

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

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

Note 9: Pension Plans (Continued)

Long-term Expected Rate of Return

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

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

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

Asset Class ¹	Current Target Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

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

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

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

Discount Rate

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

Note 9: Pension Plans (Continued)

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

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

	Discount Rate - 1%	Current Discount	Discount Rate +1%
District's proportionate share of the Net Pension Liability:	6.15%	7.15%	8.15%
	\$ 37,582,429	\$ 24,530,154	\$ 13,745,469

Pension Plan Fiduciary Net Position

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

Defined Contribution Plan

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

The District matches up to 2% of an employees' salary to the 401(a) Plan if the employee elects to participate in the District's 457 Deferred Compensation Plan. Employer contributions were \$279,345 and recognized as pension expense for the year ended June 30, 2021. All contributions are fully vested. The trustee maintains individual accounts for each participant. Each participant provides direction for investment of their account balance. Contributions, plus investment returns, are distributed to participants after separation from employment.

Note 10: Other Post-Employment Benefits (OPEB)

Plan Description

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

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

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

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

Employees Covered

As of the January 1, 2019, actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active plan members	114
Inactive employees or beneficiaries currently receiving benefits	43
Total	157

Contributions

The HC Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2021, District cash contributions were \$291,837 (including payments made to the trust and retiree payments made outside the trust) and the estimated implied subsidy was \$111,653, resulting in total payments of \$403,490.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2019, that was rolled forward to determine the June 30, 2020, total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.50%
Inflation	2.50%
Salary Increases	2.75% per year
Investment Rate of Return	6.50% per year based on CERBT asset allocation Strategy 2
Mortality Rate	Derived using CalPERS' Experience Study released in 2017 for all Miscellaneous members
Healthcare Trend Rate	Derived using the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend, 9% starting in year 2019 and decreased to 4.25% in year 2071 and beyond

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

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

Actuarial Cost Method

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

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

Economic Assumptions

Assets are invested in the California Employers' Retiree Benefit Trust ("CERBT") Fund Strategy 2. The District used a discount rate of 6.5% for the actuarial valuation dated January 1, 2019. This rate is derived on the fund's investment policy as shown below and includes a 2.5% long-term inflation assumption.

<u>Asset Class</u>	<u>Expected Arithmetic Nominal Return (50 years)</u>	<u>Asset Allocation</u>
Global Equity	8.08%	40.0%
US Fixed Income	5.88%	43.0%
Treasury Inflation-Protected Securities	3.67%	5.0%
Real Estate Investment Trusts	7.91%	8.0%
Commodities	5.38%	4.0%

Expected Geometric Return (50 years)* 6.42%

*A Geometric return is one that considers compounding and reflects the effect that variations in actual returns each year will have on long-term asset returns

Discount Rate

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

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

Changes in the OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 5,125,355	\$ 3,850,050	\$ 1,275,305
Changes recognized for the measurement period:			
Service cost	113,134	-	113,134
Interest	326,684	-	326,684
Differences between actual and expected experience with regard to economic or demographic factors	-	-	-
Changes of assumptions	(82,784)	-	(82,784)
Benefit payments ¹	(431,807)	(431,807)	-
Contributions from employer	-	431,807 ²	(431,807)
Net investment income	-	207,155	(207,155)
Administrative expense	-	(1,899)	1,899
Net Changes	(74,773)	205,256	(280,029)
Balance at June 30, 2021 (Measurement Date June 30, 2020)	\$ 5,050,582	\$ 4,055,306	\$ 995,276

¹ Equals actual benefit payments of \$310,922 plus \$120,885 of estimated implicit rate subsidy for the period of 7/1/2019 to 6/30/2020

² The amount shown is the OPEB reimbursements outside of the trust and includes actual benefit payments and estimated implicit subsidy payments

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	Discount Rate - 1% 5.50%	Current Discount Rate 6.50%	Discount Rate +1% 7.50%
Net OPEB Liability	\$ 1,417,294	\$ 995,276	\$ 622,792

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease in Healthcare Costs Trend Rate	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Costs Trend Rate
Net OPEB Liability	\$ 753,573	\$ 995,276	\$ 1,272,864

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2021

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

OPEB Plan Fiduciary Net Position

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts (if applicable)	Expected average remaining service lifetime (EARSL) (9.35 Years at June 30, 2020)

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$182,678. As of fiscal year, ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (265,692)
Changes of assumptions	242,874	(73,930)
Net difference between projected and actual earnings	24,400	-
Contributions made subsequent to measurement date	403,490	-
Total	\$ 670,764	\$ (339,622)

The \$403,490 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020, measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

June 30:	Deferred Outflows/(Inflows) of Resources
2022	\$ (8,843)
2023	(4,074)
2024	(7,183)
2025	(3,336)
2026	(11,959)
Thereafter	(36,953)
Total	\$ (72,348)

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 11: Blended Component Unit

The Corporation has been included as part of the District financial statements as a blended component unit. In accordance with GASB 61, the following summarized information as of June 30, 2021, for the Corporation is required:

Condensed Statement of Net Position at June 30, 2021:

	District Financial Statements	Corporation Financial Statements	Eliminating Activities	Combined District Financial Statements
Assets:				
Current	\$ 46,757,288	\$ 1,927,110	\$ (1,927,110)	\$ 46,757,288
Noncurrent	579,021,675	66,293,419	(66,293,419)	579,021,675
Total assets:	<u>625,778,963</u>	<u>68,220,529</u>	<u>(68,220,529)</u>	<u>625,778,963</u>
Deferred outflows of resources	6,923,508	-	-	6,923,508
Total assets and deferred outflows of resources	<u>632,702,471</u>	<u>68,220,529</u>	<u>(68,220,529)</u>	<u>632,702,471</u>
Liabilities:				
Current	26,302,307	1,927,110	(1,927,110)	26,302,307
Long-term	154,968,059	66,293,419	(66,293,419)	154,968,059
Total liabilities	<u>181,270,366</u>	<u>68,220,529</u>	<u>(68,220,529)</u>	<u>181,270,366</u>
Deferred inflows of resources	17,618,585	-	-	17,618,585
Net position:				
Net investment in capital assets	337,685,648	-	-	337,685,648
Restricted	107,046	-	-	107,046
Unrestricted	96,020,826	-	-	96,020,826
Total net position	<u>433,813,520</u>	<u>-</u>	<u>-</u>	<u>433,813,520</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$632,702,471</u>	<u>\$ 68,220,529</u>	<u>\$(68,220,529)</u>	<u>\$ 632,702,471</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended June 30, 2021:

Operating revenues				
Water charges	\$ 37,593,121	\$ -	\$ -	\$ 37,593,121
Recycled charges	6,179,569	-	-	6,179,569
Sanitation charges	28,033,043	-	-	28,033,043
Other	329,171	-	-	329,171
Total operating revenues	<u>72,134,904</u>	<u>-</u>	<u>-</u>	<u>72,134,904</u>
Operating expenses				
Operating expenses	78,515,040	-	-	78,515,040
Depreciation and amortization	22,835,765	-	-	22,835,765
Total operating expenses	<u>101,350,805</u>	<u>-</u>	<u>-</u>	<u>101,350,805</u>
Operating income (loss)	<u>(29,215,901)</u>	<u>-</u>	<u>-</u>	<u>(29,215,901)</u>
Nonoperating revenues (expenses)				
Property taxes	31,289,772	-	-	31,289,772
Investment income	376,826	2,007,687	(2,007,687)	376,826
Interest expense	(4,139,714)	(2,007,687)	2,007,687	(4,139,714)
Other non-operating revenue (expense)	2,350,799	-	-	2,350,799
Total non-operating revenues (expenses)	<u>29,877,683</u>	<u>-</u>	<u>-</u>	<u>29,877,683</u>
Capital contributions	1,268,479	-	-	1,268,479
Change in net position	<u>1,930,261</u>	<u>-</u>	<u>-</u>	<u>1,930,261</u>
Restated beginning net position	431,883,259	-	-	431,883,259
Net position, end of year	<u>\$433,813,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433,813,520</u>

Corporation Condensed Statement of Cash Flows for the Year Ended June 30, 2021:

Net Cash Provided by (Used for):				
Operating activities	\$ (5,287,649)	\$ -	\$ -	\$ (5,287,649)
Non-capital financing activities	31,291,569	(3,069,081)	3,069,081	31,291,569
Capital and related financing activities	(64,426,165)	-	-	(64,426,165)
Investing activities	29,501,596	3,069,081	(3,069,081)	29,501,596
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(8,920,649)</u>	<u>-</u>	<u>-</u>	<u>(8,920,649)</u>
Cash and Cash Equivalents, Beginning	40,782,802	-	-	40,782,802
Cash and Cash Equivalents, End of Year	<u>\$ 31,862,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,862,153</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued) **June 30, 2021**

Note 12: Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA JPIA"), which offers risk management and self-insurance and insured programs. The program provides workers' compensation, property, and employment liability and general liability coverage for the District. The membership includes 397 public water agencies within California. A Board of Directors consisting of representatives from member agencies governs the ACWA JPIA. The general Board of Directors elects Executive Board members to provide oversight of the operations of the ACWA JPIA, including selection of management and approval of the operating budget.

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

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

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

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

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

Note 13: Commitments and Contingencies

The District considers the following to be material commitments, or existing arrangements to enter into future transactions or events, at June 30, 2021:

Project Name	Total Project Budget	Cumulative Expenses as of June 30, 2021	Outstanding Commitments
Regional Lift Station Force Main Replacement	\$ 14,500,964	\$ 1,102,511	\$ 2,231,507
Regional Lift Station Enhancements	5,289,586	3,101,755	1,750,076
Reservoir Management System Replacement Phase III	8,219,756	581,066	683,745
Plant 3a Subsidence Mitigation	3,126,563	164,237	571,435
Plant 3A Solids Handling Facilities Improvements	15,060,798	1,589,756	1,462,617

Note 14: Joint Powers Authorities and Joint Ventures

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

The District is one of ten member agencies that participate in SOCWA. SOCWA treats, beneficially reuses, and disposes of wastewater in South Orange County. SOCWA operates three wastewater treatment plants ("WWTP") and two ocean outfalls in the region. SOCWA has ten member agencies, including three cities and seven water districts. A Board of Directors consisting of representatives from member agencies governs SOCWA. The Board of Directors governs the operations of SOCWA, including selection of management and approval of the annual budget. SOCWA has Project Committees that member agencies participate in financially at various levels, depending on their capacity rights. Each WWTP is a project, as well as various other physical facilities, such as outfall pipelines. The District's overall participation level is the highest of the member agencies, approximating 44% of SOCWA. The District deposits money with SOCWA to cover its share of operation and capital in the project committees the District participates. At fiscal year-end SOCWA analyzes its actual costs and refunds or collects additional money from its members as appropriate. Construction deposits made to SOCWA for capital projects are recorded as capacity rights capital assets on the District's financial statements. The District remitted \$13,317,004 to SOCWA for the year ended June 30, 2021, consisting of \$9,375,219 for operations and maintenance ("O&M") and \$3,941,785 for capital projects.

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

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

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

Moulton Niguel Water District

Notes to Financial Statements (Continued) **June 30, 2021**

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

The District deposits money with JRWSS to cover its share of operation and capital costs. At fiscal year-end, JRWSS analyzes its actual costs and refunds or collects additional money from its members as appropriate. The District remitted \$1,869,679 to JRWSS for the year ended June 30, 2021, consisting of \$1,390,603 for capital projects and \$479,076 for O&M.

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

San Juan Basin Authority (a California Joint Powers Authority)

The District 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 ("Basin") and is best classified as an underground stream. It holds a capacity of 40,000 acre-feet, with about half as usable storage, where storm flows are recharged and withdrawn by various production wells. The state has granted SJBA water rights to divert water from the Basin for beneficial purposes. The objective of the District's membership 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 member agencies participate in financially at various levels based upon ownership or usage. The District deposits money with SJBA to cover its share of costs in the respective projects. Surplus balances at fiscal year-end are refunded to member agencies or added to their reserves as determined by the Board of Directors. The District remitted \$46,257 to SJBA for the year ended June 30, 2021, consisting entirely of O&M.

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

Santiago Aqueduct Commission (a California Joint Powers Authority)

The District is a member of the Santiago Aqueduct Commission ("SAC") with five other member agencies. SAC operates and maintains the Baker Pipeline. The District has 13 cubic feet per second (cfs) of capacity rights in the Baker Pipeline and is responsible for costs to operate and maintain the Baker Pipeline. Irvine Ranch Water District maintains the infrastructure, collects money to cover expenses from the members, and maintains the records for SAC. The District did not remit any funds to SAC for the year ended June 30, 2021.

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

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2021

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

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 14: Net Investment in Capital Assets

The calculation for the amount reported at June 30, 2021, for net investment in capital assets was as follows:

Total capital assets	468,937,363
Add right to use asset	769,052
Add regulated assets	1,371,303
Less capital related debt	(132,286,317)
Less lease liabilities	(1,305,724)
Add deferred charges related to debt	219,971
Total Net Investment in Capital Assets	<u>\$ 337,705,648</u>

Note 16: Restricted Net Position

At June 30, 2021, the District held \$107,046 in unspent capacity fee revenue. By State law the capacity fees must be spent on capital projects. All interest earned on these funds are added to the total restricted fund balance.

Note 17: Unrestricted Net Position

A portion of the District's unrestricted net position has been designated by the Board of Directors for specific purposes. The detail of unrestricted net position at June 30, 2021, is as follows:

Unrestricted net position:	
Designated for rate stabilization	\$ 15,330,705
Designated for replacement and refurbishment	9,672,545
Designated for self-insurance reserves	225,184
Designated for planning and construction	537,304
Designated for water efficiency	3,804,565
Designated for water supply reliability	95,855
Designated for emergency reserves	35,300,000
Designated for operating reserves	31,034,668
Total unrestricted net position	<u>\$ 96,000,826</u>

Rate Stabilization

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)

June 30, 2021

Note 17: Unrestricted Net Position (Continued)

Replacement & Refurbishment

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

Self-Insurance

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

Planning and Construction Reserves

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

Water Efficiency Fund

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

Water Supply Reliability

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

Emergency Reserve

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

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2021

Note 17: Unrestricted Net Position (Continued)

General Operating Reserve

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

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

Note 18: Restatement

During the year the District recorded unbilled utility accounts receivable for services provided as of the end of the fiscal year. For consistency between fiscal years, beginning net position was restated by \$3,577,066, representing the unbilled utility accounts receivable at June 30, 2020.



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

Last Ten Fiscal Years ¹

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

Notes to Schedule:

Benefit Changes:
None

Changes of Assumptions:

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

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

² Plan represents the total CalPERS risk pool.

Moulton Niguel Water District
Miscellaneous Plan - Cost Sharing Multiple Employer Benefit Plan
Schedule of Plan Contributions
As of June 30

Last Ten Fiscal Years ¹

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

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

Moulton Niguel Water District
OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
As of June 30

Last Ten Measurement Periods ¹

	2018	2019	2020	2021
Total OPEB Liability				
Service cost	\$ 104,316	\$ 111,097	\$ 106,229	\$ 113,134
Interest on the total OPEB liability	329,346	328,136	327,519	326,684
Actual and expected experience difference	-	-	(337,990)	-
Changes in assumptions	-	-	308,962	(82,784)
Benefit payments	(441,013)	(477,082)	(417,212)	(431,807)
Net change in total OPEB liability	(7,351)	(37,849)	(12,492)	(74,773)
Total OPEB liability - beginning	5,183,047	5,175,696	5,137,847	5,125,355
Total OPEB liability - ending (a)	5,175,696	5,137,847	5,125,355	5,050,582
Plan Fiduciary Net Position				
Contribution - employer	559,297	477,082	417,212	431,807
Net investment income	225,973	204,998	254,804	207,155
Benefit payments	(441,013)	(477,082)	(417,212)	(431,807)
Administrative expense	(1,664)	(1,784)	(1,779)	(1,899)
Net change in plan fiduciary net position	342,593	203,214	253,025	205,256
Plan fiduciary net position - beginning	3,051,218	3,393,811	3,597,025	3,850,050
Plan fiduciary net position - ending (b)	3,393,811	3,597,025	3,850,050	4,055,306
Net OPEB liability - ending (a) - (b)	\$ 1,781,885	\$ 1,540,822	\$ 1,275,305	\$ 995,276
Plan fiduciary net position as a percentage of the total OPEB liability	65.6%	70.0%	75.1%	80.3%
Covered employee payroll	\$ 10,391,010	\$ 10,389,025	\$ 10,102,781	\$ 10,696,756

Net OPEB liability as a percentage of covered employee payroll	17.1%	14.8%	12.6%	9.3%
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Notes to schedule:

Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
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¹ Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Moulton Niguel Water District
OPEB Plan
Schedule of Contributions
Fiscal Year Ended June 30

Last Ten Fiscal Years ¹

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially Determined Contribution (ADC)	\$ 392,230	\$ 403,997	\$ 360,948	\$ 370,681
Contributions in relation to ADC	<u>477,082</u>	<u>467,077</u>	<u>431,807</u>	<u>403,490</u>
Contribution deficiency (excess)	<u>\$ (84,852)</u>	<u>\$ (63,080)</u>	<u>\$ (70,859)</u>	<u>\$ (32,809)</u>
Covered employee payroll	\$ 10,389,025	\$ 10,102,781	\$ 10,696,756	\$ 10,534,902
Contributions as a percentage of covered-employee payroll	4.6%	4.6%	4.0%	3.8%

Notes to schedule:

* Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021 were from the January 1, 2019 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of expected salary for each year of employment between entry age and assumed exit
Discount Rate	6.50%
Inflation	2.50% per annum
Payroll Growth	2.75% per annum
Investment Rate of Return	6.50% pery year based on CERBT asset allocation Strategy 2
Healthcare cost-trend rates	Derived from the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend, 9% starting in year 2019 and decreased to 4.25% in year 2071 and beyond
	According to the retirement rates under the most recent CalPERS pension plan experience study. According to the following retirement tables:
	Miscellaneous Tier 1: 2.00% @ 55
Retirement Age	Miscellaneous Tier 2: 2.00% @ 62
Mortality	Derived from CalPERS Experience Study released in 2017 for all Miscelleous members

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

Moulton Niguel Water District

**Schedule of Revenues, Expenses, and Other Sources (Uses) of Funds
Year Ended June 30, 2021**

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.

	2020-21 Final Budget*	2020-21 Actual*	Variance with Budget Over (Under)	% Variance with Budget Over (Under)
Revenues				
Potable Water Sales	\$ 31,438,154	\$ 32,490,936	\$ 1,052,782	3.35%
Recycled Water Sales	5,941,355	6,179,569	238,214	4.01%
Wastewater Sales	25,446,037	28,033,043	2,587,006	10.17%
WBBRS Efficiency Funds	4,587,175	5,102,185	515,010	11.23%
Other Operating Income ¹	1,079,522	329,171	(750,351)	-69.51%
Ad Valorem Property Tax	30,744,255	31,289,772	545,517	1.77%
Investment Income ²	2,469,486	(265,693)	(2,735,179)	-110.76%
Cellular Lease Income	1,943,911	1,931,062	(12,849)	-0.66%
Capacity Fees	324,305	80,228	(244,077)	-75.26%
Demand Offset Fees	96,079	32,708	(63,371)	-65.96%
Misc. Non-Operating Income ³	245,312	1,133,289	887,977	361.98%
Contributions ⁴	-	1,155,543	1,155,543	-
Total Revenues	\$ 104,315,591	\$ 107,491,813	\$ 3,176,222	
Expenses, Debt Obligations, and Capital Improvement Projects				
Operations and Maintenance	81,652,054	78,586,074	(3,065,980)	-3.75%
Capital Outlay ⁵	1,690,404	1,423,575	(266,829)	-15.78%
Debt Service	8,150,081	7,526,429	(623,652)	-7.65%
Depreciation and Amortization ⁶	-	22,835,765	22,835,765	-
Replacement and Refurbishment Projects ⁵	30,421,088	16,706,242	(13,714,846)	-45.08%
Regional Agency Projects	10,972,505	5,295,194	(5,677,311)	-51.74%
Water Supply Reliability Projects ⁵	3,450,000	3,768,362	318,362	9.23%
Planning and Construction Projects ⁵	21,048,504	31,348,262	10,299,758	48.93%
Total Expenses, Debt Obligations, and Capital Improvement Projects	\$ 157,384,636	\$ 167,489,902	\$ 10,105,266	
Net Income (Deficit)*	\$ (53,069,045)	\$ (59,998,089)	\$ (6,929,044)	

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

¹ Flows from a regional partner at the Plant 3A, the District's wastewater treatment plant were lower than anticipated, resulting in less operating related reimbursement revenue.

² Investment income includes an unrealized loss of \$3.0 million due to the GASB standard of recording investments at fair value.

³ Includes \$1.0 million in grants received. The District conservatively does not budget for grant revenues.

⁴ These amount represent developer donated assets and capital contributions from a regional partner. The District conservatively does not budget for developer donated assets.

⁵ The District spent \$53.2 million on District managed capital projects, representing a 94% execution rate of the \$56.6 million budget.

Moulton Niguel Water District

Operations & Maintenance (O&M) Budget Comparison Report
Year Ended June 30, 2021

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

	Adopted Budget	Final Budget	Actual Expense	Remaining Budget
General Fund				
Salaries	\$ 14,531,475	\$ 14,531,475	\$ 12,870,981	\$ 1,660,494
Retirement Program ¹	2,874,471	3,049,471	3,989,920	(940,449)
Educational Courses	80,360	80,360	48,679	31,681
Travel and Meetings	340,301	65,301	81,194	(15,893)
Recruitment and Employee Relations	98,055	98,055	16,371	81,684
General Services	528,874	528,874	458,302	70,572
Annual Audit	55,000	55,000	37,860	17,140
Member Agencies O&M	515,520	515,520	490,755	24,765
Dues and Memberships	131,147	131,147	117,684	13,463
Election Expenses	180,000	50,000	-	50,000
Consulting Services	1,799,000	1,449,000	1,655,407	(206,407)
Equipment Rental	63,010	63,010	30,839	32,171
District Fuel	330,000	330,000	315,626	14,374
Insurance - District	558,300	558,300	523,311	34,989
Insurance - Personnel	371,257	436,257	461,280	(25,023)
Insurance - Benefits	3,216,962	3,731,962	4,061,189	(329,227)
Legal Services	650,000	650,000	266,082	383,918
District Office Supplies	706,803	706,803	390,473	316,330
District Operating Supplies	1,158,250	1,158,250	859,571	298,679
Repairs and Maintenance - Equipment	1,381,595	1,381,595	1,157,987	223,608
Repairs and Maintenance - Facilities	4,359,324	4,359,324	4,528,327	(169,003)
Safety Program and Compliance Requirements	361,137	361,137	335,053	26,084
Wastewater Treatment	9,374,975	9,374,975	8,975,619	399,356
Special Outside Assessments	153,967	153,967	156,786	(2,819)
Utilities	3,079,533	3,079,533	3,019,841	59,692
Water Purchases ²	28,637,922	28,637,922	29,799,165	(1,161,243)
Water Efficiency Fund				
Labor	2,222,217	2,222,217	2,232,219	(10,002)
Educational Courses	1,000	1,000	7,017	(6,017)
Travel and Meetings	51,200	51,200	4,797	46,403
Dues and Memberships	77,500	77,500	18,506	58,994
Consulting Services ³	1,478,000	1,478,000	800,323	677,677
Legal Services	20,000	20,000	45,232	(25,232)
Conservation Supplies	387,250	387,250	205,847	181,403
Repairs and Maintenance - Equipment	25,000	25,000	8,339	16,661
Safety Program & Compliance Requirments	2,650	2,650	1,325	1,325
Water Efficiency ⁴	1,850,000	1,850,000	614,167	1,235,833
Total O&M	\$ 81,652,054	\$ 81,652,054	\$ 78,586,074	\$ 3,065,980

¹ The District recorded an additional \$1.0 million in retirement expenses due to GASB 68 and GASB 75. See Notes 9 and 10 in the Notes to Financial Statements for more information.

² Fiscal Year 2020-2021 saw an increase in evapotranspiration ("ET") of approximately 10% as compared to Fiscal Year 2019-2020. Additionally, the District's service area received approximately half of the annual rainfall during Fiscal Year 2020-2021. Those two factors led to an increase in water consumption, which led to a need to purchase additional water.

³ Due to the COVID-19 Pandemic, several Water Efficiency programs were delayed or postponed.

⁴ The COVID-19 Pandemic affected Water Efficiency programs and rebates available.



**Moulton Niguel Water District
Statistical Section Overview**

Year Ended June 30, 2021

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The Statistical Section provides historical information on the District's economic condition. All of the information presented in the statistical section is organized around five specific objectives:

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Moulton Niguel Water District

Net Position by Component Last Ten Fiscal Years

	2012	2013	2014	2015	2016
Assets:					
Current & other assets	\$ 178,970,721	\$ 180,037,968	\$ 179,892,333	\$ 166,631,779	\$ 148,655,677
Capital assets	373,802,210	371,840,527	366,859,960	375,845,562	390,974,342
Total Assets	552,772,931	551,878,495	546,752,293	542,477,341	539,630,019
Deferred Outflows of Resources: ¹	-	1,318,562	1,136,314	2,920,477	2,356,834
Total Assets and Deferred Outflows of Resources	552,772,931	553,197,057	547,888,607	545,397,818	541,986,853
Liabilities:					
Current and other liabilities	20,048,452	21,174,407	19,459,691	19,942,207	21,768,761
Long-term liabilities	127,632,200	120,022,562	110,150,054	112,757,545	102,531,779
Total Liabilities	147,680,652	141,196,969	129,609,745	132,699,752	124,300,540
Deferred Inflows of Resources: ^{1, 2}	-	-	-	4,936,619	3,530,389
Net Position:					
Net investment in capital assets	272,169,901	272,287,164	269,994,246	267,393,560	292,404,060
Restricted for capital projects	326,175	424,363	931,603	1,508,109	2,632,947
Unrestricted	132,596,203	139,288,561	147,353,013	138,859,778	119,118,917
Total Net Position ³	\$ 405,092,279	\$ 412,000,088	\$ 418,278,862	\$ 407,761,447	\$ 414,155,924

¹ GASB 65 modified the presentation of the statement of net position. Deferred inflows of resources and deferred outflows of resources are reported prospectively from 2013.

² With the implementation of GASB 87, the District added over \$15.2 million in deferred inflows of resources in FY 2020

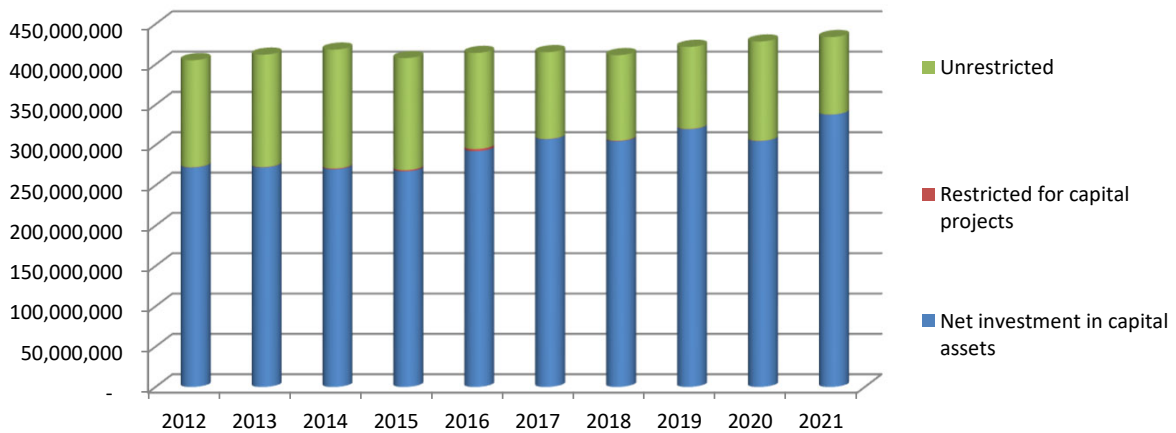
³ Beginning net position was restated for FY 2013, 2015, 2018, and 2021.

Source: Moulton Niguel Water District Audited Financial Statements.

Moulton Niguel Water District

Net Position by Component Last Ten Fiscal Years

2017	2018	2019	2020	2021	
					Assets:
\$ 133,490,291	\$ 138,223,685	\$ 133,276,189	\$ 186,372,578	\$ 156,092,547	Current & other assets
395,581,587	387,587,456	395,919,991	435,361,867	469,706,415	Capital assets
529,071,878	525,811,141	529,196,180	621,734,445	625,798,962	Total Assets
5,269,166	7,797,884	6,484,420	6,593,895	6,923,508	Deferred Outflows of Resources: ¹
534,341,044	533,609,025	535,680,600	628,328,340	632,722,471	Total Assets and Deferred Outflows of
					Liabilities:
15,499,289	16,613,298	18,069,016	24,463,158	26,322,307	Current and other liabilities
101,316,497	103,076,293	95,849,390	158,566,143	154,968,059	Long-term liabilities
116,815,786	119,689,591	113,918,406	183,029,301	181,290,366	
2,447,949	2,201,503	1,200,436	16,992,846	17,618,585	Deferred Inflows of Resources: ^{1,2}
					Net Position:
307,272,958	304,821,445	319,601,072	304,969,636	337,705,648	Net investment in capital assets
291,818	604,783	375,294	295,848	107,046	Restricted for capital projects
107,512,539	105,994,889	101,661,014	123,040,709	96,000,825	Unrestricted
\$ 415,077,309	\$ 411,717,931	\$ 420,561,758	\$ 428,306,193	\$ 433,813,519	Total Net Position ³



Moulton Niguel Water District

Changes in Net Position Last Ten Fiscal Years

	2012	2013	2014	2015	2016
Operating Revenue:					
Water charges	\$ 28,866,153	\$ 30,633,036	\$ 30,503,803	\$ 28,604,894	\$ 29,812,128
Recycled water charges	4,530,175	4,612,874	5,005,391	4,880,742	4,850,326
Sanitation charges	16,826,066	16,941,327	17,135,446	16,182,197	18,963,978
Other	429,064	1,035,873	562,871	329,755	415,565
Total Operating Revenue	50,651,458	53,223,110	53,207,511	49,997,588	54,041,997
Operating Expenses:					
Source of supply ¹	24,415,284	28,049,259	29,770,326	28,610,139	26,357,342
Pumping water	1,593,316	2,135,266	2,100,550	2,596,544	3,177,393
Sewage treatment	8,665,958	9,841,299	9,647,000	9,519,199	10,705,495
Water transmission and distribution	1,020,852	2,299,355	2,138,767	959,193	1,341,220
Customer service	1,202,302	2,711,672	2,750,999	2,839,137	3,047,070
Water efficiency	-	1,446,759	1,448,498	3,472,838	6,749,664
General, administrative and other	16,481,929	10,652,698	11,236,876	14,702,063	14,947,755
Post retirement medical benefits (OPEB) ²	-	-	591,372	361,057	388,058
Amortization	-	-	-	-	-
Depreciation	15,566,287	13,472,995	16,554,024	16,708,439	17,123,278
Total Operating Expenses	68,945,928	70,609,303	76,238,412	79,768,609	83,837,275
Operating Income (Loss)	(18,294,470)	(17,386,193)	(23,030,901)	(29,771,021)	(29,795,278)
Non-Operating Revenues (Expenses):					
Investment income ³	6,271,001	(533,131)	2,931,831	2,624,306	4,139,084
Interest income ⁴	-	-	-	-	-
Property tax revenue & GOB assessments	27,221,147	28,528,175	29,083,747	28,946,309	30,604,182
Interest on long-term debt	(7,608,336)	(5,850,174)	(6,781,711)	(6,160,882)	(4,910,737)
Intergovernmental Revenue	-	-	-	6,401,510	3,382,555
Cellular lease income ⁴	1,562,383	1,642,410	1,694,478	1,731,352	1,623,544
Other non-operating revenues	1,557,431	1,522,360	1,361,984	3,661,818	(9,718)
Other non-operating expenses	-	-	-	-	-
Total Non-operating Revenues (Expenses)	29,003,626	25,309,640	28,290,329	37,204,413	34,828,910
Income (Loss) before Capital Contributions	10,709,156	7,923,447	5,259,428	7,433,392	5,033,632
Capital Contributions:					
Developer donated capital facilities	70,000	60,000	495,000	294,000	-
Connection fees	-	83,038	489,346	551,179	1,046,335
Other contributions	-	-	35,000	-	314,510
Change in Net Position	10,779,156	8,066,485	6,278,774	8,278,571	6,394,477
Net Position - Beginning of Year ⁵	394,313,123	403,933,603	412,000,088	399,482,876	407,761,447
Net Position - End of Year	\$ 405,092,279	\$ 412,000,088	\$ 418,278,862	\$ 407,761,447	\$ 414,155,924

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

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

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

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

⁴ With the implementation of GASB 87, Leases, the District recorded \$0.6 million in interest income. In previous years, no interest was recorded and those revenues were recognized as cellular lease income.

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

Source: Moulton Niguel Water District Audited Financial Statements.

Moulton Niguel Water District

Changes in Net Position Last Ten Fiscal Years

2017	2018	2019	2020	2021	
\$ 32,149,585	\$ 32,317,988	\$ 32,680,545	\$ 32,980,943	\$ 37,593,121	Operating Revenue:
5,030,973	5,597,493	5,161,153	5,049,306	6,179,569	Water charges
20,156,723	22,623,626	25,463,110	26,695,247	28,033,043	Recycled water charges
417,705	468,673	644,182	498,377	329,171	Sanitation charges
					Other
57,754,986	61,007,780	63,948,990	65,223,873	72,134,904	Total Operating Revenue
					Operating Expenses:
26,681,334	29,446,569	25,879,882	28,192,240	31,991,028	Source of supply ¹
1,629,215	1,656,773	2,108,350	1,714,355	1,692,188	Pumping water
11,452,080	11,733,752	12,221,043	12,680,278	13,029,758	Sewage treatment
1,546,693	1,226,775	2,048,008	1,423,084	1,958,001	Water transmission and distribution
3,094,606	3,346,966	3,413,313	3,555,680	3,619,657	Customer service
4,037,455	3,448,360	4,333,171	4,335,108	4,222,344	Water efficiency
18,319,946	20,436,785	21,605,403	22,543,109	22,002,065	General, administrative and other
289,096	237,692	-	-	-	Post retirement medical benefits (OPEB)
-	-	-	945,595	1,166,506	Amortization
17,811,064	19,374,985	19,743,524	20,830,890	21,669,259	Depreciation
84,861,489	90,908,657	91,352,694	96,220,339	101,350,806	Total Operating Expenses
(27,106,503)	(29,900,877)	(27,166,012)	(30,996,466)	(29,215,902)	Operating Income (Loss)
					Non-Operating Revenues (Expenses):
(438,180)	(8,721)	6,067,463	7,083,317	(265,693)	Investment income ³
-	-	-	601,770	642,520	Interest income ⁴
28,507,929	28,848,018	30,330,582	30,583,642	31,289,772	Property tax revenue & GOB assessments
(4,629,947)	(4,517,784)	(4,078,474)	(4,307,575)	(4,139,714)	Interest on long-term debt
1,670,403	1,335,648	1,342,824	1,223,208	1,044,433	Intergovernmental Revenue
1,772,941	1,897,765	1,769,978	1,312,711	1,288,542	Cellular lease income ⁴
126,847	252,021	78,189	136,200	212,058	Other non-operating revenues
(85,430)	(84,765)	(2,943,447)	(104,634)	(194,234)	Other non-operating expenses
26,924,563	27,722,182	32,567,115	36,528,639	29,877,683	Total Non-operating Revenues (Expenses)
(181,940)	(2,178,695)	5,401,103	5,532,173	661,781	Income (Loss) before Capital Contributions
					Capital Contributions:
109,100	822,585	2,191,253	400,150	455,688	Developer donated capital facilities
331,393	649,528	200,375	196,953	112,936	Connection fees
662,832	291,790	802,832	539,537	699,855	Other contributions
921,385	(414,792)	8,595,563	6,668,813	1,930,260	Change in Net Position
414,155,924	411,835,909	413,041,817	421,637,380	431,883,259	Net Position - Beginning of Year ⁵
\$ 415,077,309	\$ 411,421,117	\$ 421,637,380	\$ 428,306,193	\$ 433,813,519	Net Position - End of Year

Moulton Niguel Water District

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

Water & Wastewater Sales	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	\$ 31,624,818	\$ 32,670,666	\$ 32,924,779	\$ 30,767,071	\$ 33,081,103
Commercial	4,919,168	5,380,650	5,291,358	4,983,870	7,029,909
Multi-Family Commercial	6,710,800	6,576,362	6,468,560	6,154,836	6,126,794
Irrigation ¹	2,383,616	2,903,695	2,910,423	2,842,933	2,516,562
Recycled Water ¹	4,530,175	4,612,874	5,005,391	4,880,742	4,850,326
Hydrant ¹	53,818	42,991	44,129	38,381	21,738
Total Water & Wastewater Sales	\$ 50,222,395	\$ 52,187,238	\$ 52,644,640	\$ 49,667,833	\$ 53,626,432

Metered Accounts	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	46,996	47,197	47,305	47,586	47,535
Commercial	4,841	4,901	4,898	4,804	4,738
Irrigation	1,395	1,369	1,367	1,338	1,286
Recycled Water	1,265	1,292	1,299	1,257	1,247
Hydrant	36	33	30	34	43
Total Metered Accounts	54,533	54,792	54,899	55,019	54,849

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

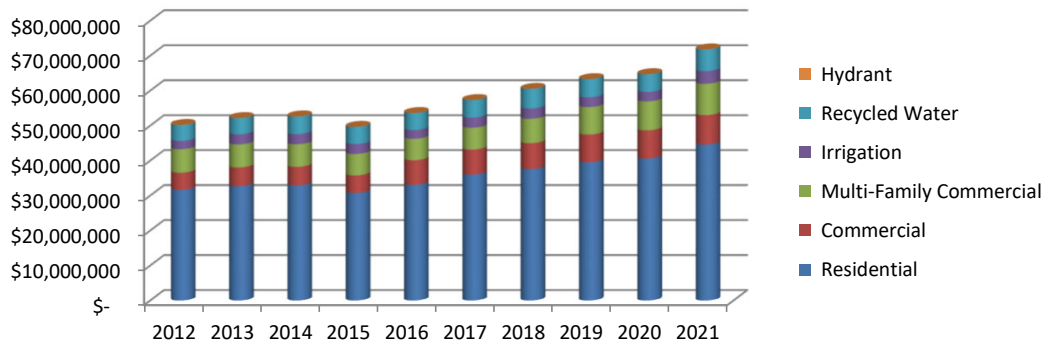
Source: Moulton Niguel Water District Billing Department.

Moulton Niguel Water District

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Water & Wastewater Sales
\$ 35,988,870	\$ 37,563,077	\$ 39,540,259	\$ 40,592,683	\$ 44,590,039	Residential
7,176,604	7,421,598	7,903,411	8,066,245	8,416,991	Commercial
6,241,262	6,981,747	7,864,301	8,272,824	8,961,213	Multi-Family Commercial
2,887,963	2,957,065	2,818,794	2,719,367	3,631,678	Irrigation ¹
5,030,973	5,597,493	5,161,153	5,049,306	6,179,569	Recycled Water ¹
11,609	18,128	16,889	25,071	26,243	Hydrant ¹
\$ 57,337,281	\$ 60,539,108	\$ 63,304,807	\$ 64,725,496	\$ 71,805,733	Total Water & Wastewater Sales

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Metered Accounts
47,333	47,333	47,332	47,342	47,341	Residential
5,006	5,032	5,060	5,064	5,075	Commercial
1,313	1,294	1,291	1,289	1,291	Irrigation
1,356	1,369	1,380	1,396	1,393	Recycled Water
22	39	45	44	42	Hydrant
55,030	55,067	55,108	55,135	55,142	Total Metered Accounts



Moulton Niguel Water District

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

Fiscal Year	Usage (AF)	Purchase Price ¹	Average cost per AF	Metered Accounts	Average AF per Metered Account	Average Cost per Metered Account
2012	28,047	\$ 21,625,497	\$ 771	54,533	0.51	\$ 393
2013	28,920	24,434,327	845	54,792	0.53	448
2014	29,516	25,689,087	870	54,899	0.54	470
2015	27,285	24,257,752	889	55,019	0.50	445
2016	28,762	21,829,003	759	54,849	0.52	395
2017	22,916	20,933,121	913	55,030	0.42	383
2018	26,797	24,041,011	897	55,067	0.49	440
2019	23,676	22,557,276	953	55,108	0.43	410
2020	23,239	22,982,131	989	55,135	0.42	415
2021	25,519	24,861,840	974	55,142	0.46	448

¹ Purchase price does not include any charges for services.

Source: Moulton Niguel Water District Accounting Department.

Moulton Niguel Water District

Water Rates Last Ten Fiscal Years

Residential & Multi-Family Potable Water Rate by Fiscal Year								
Consumption Tiers	2012-2014 (Note 2)	2015 (Note 3)	2016	2017	2018	2019	2020	2021
Tier 1	\$ 1.38	\$ 1.41	\$ 1.49	\$ 1.56	\$ 1.69	\$ 1.82	\$ 1.95	\$ 2.08
Tier 2	1.54	1.61	1.70	1.78	1.94	2.10	2.26	2.42
Tier 3	2.75	2.49	2.62	2.73	3.32	3.41	3.50	3.59
Tier 4	5.51	4.25	4.38	4.49	5.12	5.21	5.30	5.39
Tier 5	11.02	9.04	9.17	9.28	9.59	9.68	9.77	9.86

Commercial & Irrigation Potable Water Rate by Fiscal Year ⁴								
Consumption Tiers	2012-2014 (Note 3)	2015 (Note 3)	2016	2017	2018	2019	2020	2021
Former Irr. Uniform Rate	\$ 1.97	\$ 2.29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Former Comm. Tier 1	1.16	1.38	-	-	-	-	-	-
Tier 1	1.30	1.54	1.61	1.70	1.78	1.94	2.10	2.26
Tier 2	1.57	2.75	2.49	2.62	2.73	3.32	3.41	3.50
Tier 3	1.84	5.51	4.25	4.38	4.49	5.12	5.21	5.30
Tier 4	1.97	11.02	9.04	9.17	9.28	9.59	9.68	9.77

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					2016				
	2012 - 2014	Residential	Multi family	Commercial	Irrigation	Fire Protection	Residential	Multi family	Commercial	Irrigation	Fire Protection	
5/8"	\$ 10.36	\$ 10.79	\$ 6.64	\$ 5.93	\$ 16.88	\$ 3.58	\$ 11.39	\$ 7.01	\$ 6.26	\$ 17.83	\$ 3.78	
3/4"	10.36	10.79	6.64	5.93	16.88	3.58	11.39	7.01	6.26	17.83	3.78	
1"	10.36	10.79	6.64	5.93	16.88	3.58	11.39	7.01	6.26	17.83	3.78	
1.5"	34.53	35.97	22.13	19.77	56.27	11.94	37.98	23.37	20.88	59.42	12.61	
2"	55.25	57.55	35.41	31.63	90.03	19.11	60.77	37.39	33.40	95.07	20.18	
3"	120.87	125.89	77.47	69.19	196.94	41.80	132.94	81.81	73.06	207.97	44.14	
4"	207.20	215.80	132.80	118.60	337.60	71.65	227.88	140.24	125.24	356.51	75.66	
6"	431.67	449.94	276.89	247.28	703.90	149.27	475.14	292.40	261.13	743.32	157.63	
8"	621.60	647.40	398.40	355.80	1,012.80	214.95	683.65	420.71	375.72	1,069.52	226.99	
10"	431.67	1,043.39	642.09	573.43	1,632.30	346.31	1,101.82	678.05	605.54	1,723.71	365.70	

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

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

Meter Size	Monthly Basic Service Charge for Potable Water ⁴				
	2021				
	Residential	Multi family	Commercial	Irrigation	Fire Protection
5/8"	\$ 9.77	\$ 10.26	\$ 3.71	\$ 15.72	\$ 4.69
3/4"	9.77	10.26	3.71	15.72	4.69
1"	9.77	10.26	3.71	15.72	4.69
1.5"	32.56	22.45	12.36	52.41	15.64
2"	52.10	32.90	19.77	83.86	25.02
2.5"	-	-	-	-	39.88
3"	113.98	66.00	43.25	183.45	54.75
4"	195.39	109.55	74.14	314.48	93.85
6"	407.06	222.78	154.46	655.16	195.51
8"	586.16	318.59	222.42	943.43	281.54
10	944.36	510.22	358.35	1,519.98	453.59

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

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

Source: Moulton Niguel Water District Billing Department.

Moulton Niguel Water District

Principal Water Customers Current Fiscal Year and Nine Years Ago

Fiscal Year 2021

<u>Customer</u>	<u>Type of Property</u>	Total Water Sales ¹	Percentage of Total Water Sales
City of Laguna Niguel	Parks, Slopes, Medians	\$ 174,245	0.46%
Idyllwillow Lp	Multi Family Residential	173,854	0.46%
Aliso Meadows Condo Assoc	Multi Family Residential	157,313	0.42%
Moritz Associates LLC	Multi Family Residential	154,675	0.41%
Mission Hospital Reg Med Ctr	Medical Facility	151,071	0.40%
Heather Ridge Condo Assoc	Multi Family Residential	146,777	0.39%
Soka University of America	Private University	144,344	0.38%
City of Mission Viejo	Parks, Slopes, Medians	137,898	0.37%
Bre Properties	Multi Family Residential	135,382	0.36%
Monarch Coast Apt Homes	Multi Family Residential	130,669	0.35%
		<u>\$ 1,506,228</u>	4.00%
Total Water Sales for FY 2020-21 \$		37,593,121	

Fiscal Year 2012

<u>Customer</u>	<u>Type of Property</u>	Total Water Sales 1	Percentage of Total Water Sales
Mission Hospital Reg Med Ctr	Medical Facility	\$ 96,653	0.33%
Soka University of America	Private University	64,439	0.22%
The Shops at Mission Viejo	Retail Center	57,679	0.20%
Saddleback Community College	Public University	42,106	0.15%
Renaissance Hotel Operating Co.	Retail Business	35,960	0.12%
Shea Properties/City Lights	Multi Family Residential	31,555	0.11%
K&M Royal Group LLC	Retail Center	21,412	0.07%
Mission Imports	Retail Center	19,723	0.07%
Saddleback Church	Religious Facility	19,306	0.07%
Capistrano Valley High School	School	18,590	0.06%
		<u>\$ 407,423</u>	1.40%
Total Water Sales for FY 2011-12 \$		28,866,153	

¹ Total water sales includes only potable water sales.

Source: Moulton Niguel Water District Billing Department.

Moulton Niguel Water District

Wastewater Rates Last Ten Fiscal Years

RESIDENTIAL WASTEWATER RATES										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Basic Service Charges	\$ 11.14	\$ 11.14	\$ 11.14	\$ 22.68	\$ 24.83	\$ 26.22	\$ 14.36	\$ 15.15	\$ 15.99	\$ 16.86
Per Person Charge							\$ 4.31	\$ 4.55	\$ 4.80	\$ 5.06
Volumetric Charge										
1-25 B.U.	0.88	0.88	0.88	-	-	-	-	-	-	-
26+ B.U.										
Maximum per month	33.14	33.14	33.14	-	-	-	-	-	-	-

COMMERCIAL AND MULTI-FAMILY WASTEWATER RATES			
	2012	2013	2014
Basic Service Charge	\$ 22.28	\$ 22.28	\$ 22.28
Volumetric Charge - All B.U.'s			
Class 1	0.88	0.88	0.88
Class 2	1.19	1.19	1.19
Class 3	1.51	1.51	1.51
Class 4	1.82	1.82	1.82

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

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

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

2021					
Meter Size	MFR	Comm 1	Comm 2	Comm 3	Comm 4
5/8"	19.89	24.47	58.62	126.64	138.53
3/4"	19.89	24.47	58.62	126.64	138.53
1"	19.89	24.47	58.62	126.64	138.53
1.5"	60.33	75.62	189.42	416.15	455.78
2"	95.00	119.46	301.55	664.33	727.74
2.5"	-	-	-	-	-
3"	204.81	258.31	656.68	1,450.33	1,589.06
4"	349.27	440.98	1,123.88	2,484.39	2,722.20
6"	724.88	915.96	2,338.67	5,173.08	5,668.52
8"	1,042.70	1,317.85	3,366.53	7,448.06	8,161.49
10"	1,678.35	2,121.66	5,422.32	11,998.13	13,147.55

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.

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

Source: Moulton Niguel Water District Billing Department.

Moulton Niguel Water District

Principal Wastewater Customers Current Fiscal Year and Nine Years Ago

Fiscal Year 2021

<u>Customer</u>	<u>Type of Property</u>	Total Wastewater Sales	Percentage of Total Wastewater Sales
Moritz Associates LLC	Multi-family Residential	\$ 268,138	0.96%
Barcelona LLC	Multi-family Residential	195,753	0.70%
Heather Ridge Condo Assn	Multi-family Residential	142,435	0.51%
Laguna Gardens Apartments	Multi-family Residential	136,985	0.49%
Aliso Creek - Sares	Multi-family Residential	131,374	0.47%
Bre Properties	Multi Family Residential	125,287	0.45%
Shea Properties/City Lights	Multi Family Residential	125,226	0.45%
ERP Operating LP LN	Multi Family Residential	123,544	0.44%
Aliso Meadows Condo Assoc	Multi Family Residential	112,685	0.40%
Alize at Aliso Viejo	Multi Family Residential	<u>109,820</u>	<u>0.39%</u>
		\$ 1,471,248	5.26%

Total Wastewater Sales for FY 2020-21 \$ 28,033,043

Fiscal Year 2012

<u>Customer</u>	<u>Type of Property</u>	Total Wastewater Sales	Percentage of Total Wastewater Sales
Soka University of America	Private University	\$ 54,346	0.32%
The Shops at Mission Viejo	Shopping Mall	53,074	0.32%
Mission Hospital Regional Med Center	Hospital and Medical	47,152	0.28%
Renaissance Hotel Operating Co.	Retail Business	31,272	0.19%
Shea Properties/City Lights	Multi Family Residential	22,274	0.13%
Saddleback Community College	Public College	19,522	0.12%
K&M Royal Group LLC	Retail Center	19,386	0.12%
Mission Imports	Retail Center	16,504	0.10%
Crown Valley Holding LLC	Retail Center	13,190	0.08%
Tesoro	Oil Company	<u>10,339</u>	<u>0.06%</u>
		\$ 287,059	1.72%

Total Wastewater Sales for FY 2011-12 \$ 16,826,066

Source: Moulton Niguel Water District Billing Department.

Moulton Niguel Water District

Recycled Water Rates
Last Ten Fiscal Years

Recycled Water Rates by Fiscal Year										
Consumption Tiers (Note 1)	2012 (Note 2)	2013 (Note 2)	2014 (Note 2)	2015 (Notes 2&3)	2016	2017	2018	2019	2020	2021
All B.U.'s	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 - 50 B.U.	-	-	-	-	-	-	-	-	-	-
51+ B.U.	-	-	-	-	-	-	-	-	-	-
Tier 1	1.23	1.23	1.23	1.17	1.24	1.29	1.39	1.47	1.55	1.63
Tier 2	1.23	1.23	1.23	1.66	1.74	1.81	2.51	2.69	2.87	3.05
Tier 3	2.20	2.20	2.20	3.42	3.50	3.57	4.31	4.49	4.67	4.85
Tier 4	4.41	4.41	4.41	8.21	8.29	8.36	8.78	8.96	9.14	9.32
Tier 5	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.

Recycled Water Basic Service Charge										
Meter Size	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
5/8"	\$ 10.36	\$ 10.36	\$ 10.36	\$ 16.88	\$ 17.83	\$ 18.65	\$ 18.06	\$ 17.24	\$ 16.46	\$ 15.72
3/4"	10.36	10.36	10.36	16.88	17.83	18.65	18.06	17.24	16.46	15.72
1"	10.36	10.36	10.36	16.88	17.83	18.65	18.06	17.24	16.46	15.72
1.5"	34.53	34.53	34.53	56.27	59.42	62.15	60.21	57.45	54.85	52.41
2"	55.25	55.25	55.25	90.03	95.07	99.44	96.34	91.93	87.76	83.86
3"	120.87	120.87	120.87	196.94	207.97	217.54	210.76	201.11	192.00	183.45
4"	207.20	207.20	207.20	337.60	356.51	372.91	361.29	344.75	329.14	314.48
6"	431.37	431.37	431.37	703.90	743.32	777.51	752.68	718.24	685.71	655.16
8"	621.60	621.60	621.60	1,012.80	1,069.52	1,118.72	1,083.86	1,034.25	987.42	943.43
10"	1,001.47	1,001.47	1,001.47	1,632.30	1,723.71	1,803.00	1,746.22	1,666.30	1,590.84	1,519.98

Source: Moulton Niguel Water District Billing Department

Mouton Niguel Water District

Principal Recycled Water Customers Current Fiscal Year and Nine Years Ago

Fiscal Year 2021

<u>Customer</u>	<u>Type of Property</u>	Total Recycled <u>Water Sales</u>	Percentage of <u>Total Sales</u>
Aliso Viejo Comm Assn	Parks, Slopes, Medians	\$ 788,127	12.75%
City of Laguna Niguel	Parks, Slopes, Medians	439,599	7.11%
City of Mission Viejo	Parks, Slopes, Medians	292,337	4.73%
Marina Hills PCA	Parks, Slopes, Medians	226,465	3.66%
Mission Viejo Country Club	Golf Course	226,284	3.66%
El Niguel Country Club	Golf Course	211,324	3.42%
City of Laguna Hills	Parks, Slopes, Medians	187,996	3.04%
Aliso Viejo Country Club	Golf Course	185,260	3.00%
Soka University of America	Private University	118,972	1.93%
Beacon Hill Planned Community	Landscape	113,022	<u>1.83%</u>
		<u>\$ 2,789,387</u>	45.13%

Total Recycled Water Sales for Fiscal Year 2020-21 \$ 6,179,569

Fiscal Year 2012

<u>Customer</u>	<u>Type of Property</u>	Total Recycled <u>Water</u> <u>Consumption</u> ¹	Percentage of <u>Total Consumption</u>
Aliso Viejo Community Association	Parks, Slopes, Medians	318,973	11.45%
Mission Viejo Country Club	Golf Course	139,044	4.99%
Aliso Viejo Country Club	Golf Course	132,715	4.76%
El Niguel Country Club	Golf Course	111,450	4.00%
Marina Hills PCA	Golf Course	71,592	2.57%
Soka University of America	Private University	60,615	2.18%
City of Mission Viejo	Parks, Slopes, Medians	55,268	1.98%
County of Orange - EMA	Parks, Slopes, Medians	41,350	1.48%
City of Laguna Hills	Parks, Slopes, Medians	40,022	1.44%
City of Laguna Niguel	Parks, Slopes, Medians	39,094	<u>1.40%</u>
		<u>1,010,123</u>	36.25%

Total Recycled Water Consumption for Fiscal Year 2011-12 2,786,514

Source: Moulton Niguel Water District Billing Department.

¹ 2012 data is only available for largest ten recycled water customers based on consumption.

Moulton Niguel Water District

Property Tax Levies and Collections Last Ten Fiscal Years

Levy Year	Total Tax Levy	Collected within the Levy Year		Collections from Prior Years		Total Collections to Date	
		Amount ¹	Percentage of Levy			Amount	Percentage of Levy
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%
2016	25,996,107	24,906,067	95.81%	391,998		25,298,065	97.31%
2017	27,121,477	26,078,739	96.16%	355,371		26,434,110	97.47%
2018	28,757,033	27,513,830	95.68%	412,403		27,926,233	97.11%
2019	29,303,633	28,633,242	97.71%	477,414		29,110,656	99.34%
2020	30,793,007	29,439,004	95.60%	468,149		29,907,153	97.12%
2021	31,343,103	30,771,290	98.18%	518,482		31,289,772	99.83%

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

² Collections from prior years does not include penalty revenue.

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

Moulton Niguel Water District

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

Assessed Land Values by Use ¹ FY 2021 FY 2012

<u>Land Use</u>	<u>Secured Assessed Value</u>	
Residential	\$ 21,232,820,831	\$ 12,948,586,120
Commercial	2,224,880,519	1,311,634,769
Industrial	435,771,759	322,805,194
Vacant/Other	15,090,521	20,149,054
Total	<u>\$ 23,908,563,630</u>	<u>\$ 14,603,175,137</u>

Principal Local Secured Taxpayers For Fiscal Year 2021

<u>Rank</u>	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1	Moritz Associates LLC	Apartments	\$ 132,120,396	0.55%
2	Barcelona LLC	Apartments	110,896,235	0.46%
3	BRE-FMCA LLC	Apartments	80,928,696	0.34%
4	Enterprise Office Owner LLC	Commercial	66,585,600	0.28%
5	HTA-Mission Mob LLC	Commercial	63,140,807	0.26%
6	Monarch Coast I Owner LLC	Apartments	44,433,771	0.19%
7	Idyllwillow LP	Apartments	44,002,776	0.18%
8	BDC/Aliso Biejo (WC) LLC	Commercial	43,645,000	0.18%
9	TR Polaris LLC	Commercial	43,080,802	0.18%
10	Shops at Mission Viejo LLC	Commercial	42,284,820	0.18%
			<u>\$ 671,118,903</u>	<u>2.81%</u>

Fiscal Year 2020-21 Total Local Secured Net Taxable Value: \$ 23,908,563,630

Principal Local Secured Taxpayers For Fiscal Year 2012

<u>Rank</u>	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1	Shea Homes LP & Shea Homes Vantis Inc.	Residential	\$ 79,698,382	0.55%
2	OC/SD Holdings LLC	Apartments	45,786,246	0.31%
3	BRE - FMCA LLC	Apartments	43,412,496	0.30%
4	Moritz Associates LLC	Apartments	42,683,681	0.29%
5	Barcelona, LLC	Apartments	36,883,179	0.25%
6	Laguna Cabot Road Business Park LP	Industrial	36,321,233	0.25%
7	Mission Viejo Associates	Commercial	31,763,279	0.22%
8	Sequoia Equities - Alicante	Apartments	28,253,206	0.19%
9	Monarch Coast LLC	Apartments	27,001,873	0.18%
10	Sequoia Equities - Alicante	Apartments	25,994,274	0.18%
			<u>\$ 397,797,849</u>	<u>2.72%</u>

Fiscal Year 2011-12 Local Secured Net Taxable Value: \$ 14,603,175,137

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

Source: HDL
California Municipal Statistics, Inc.

Moulton Niguel Water District

**Outstanding Debt by Type and Debt per Customer
Last Ten Fiscal Years**

Fiscal Year					Total		Est. District Population ²	Debt per Capita
	<u>Bonds Payable</u>	<u>Certificates of Participation ³</u>	<u>Loans Payable</u>	<u>Total Debt</u>	<u>Customer Accounts</u>	<u>Debt per Customer Accounts</u>		
2012	\$ 32,755,000	\$ 85,873,271	\$ 19,336,551	\$ 137,964,822	54,533	\$ 2,530	165,272	\$ 835
2013	27,775,000	84,065,864	17,160,816	129,001,680	54,792	2,354	168,174	767
2014	22,816,846	82,198,457	14,998,798	120,014,101	54,899	2,186	169,212	709
2015	31,326,483	65,836,049	12,794,395	109,956,927	55,019	1,999	170,326	646
2016	24,890,785	63,928,642	10,688,013	99,507,440	54,849	1,814	170,610	583
2017	18,327,964	61,946,234	8,693,016	88,967,214	55,030	1,617	171,178	520
2018	16,632,769	60,000,000	6,660,906	83,293,675	55,067	1,513	172,324	483
2019	71,646,102	-	5,088,318	76,734,420	55,108	1,392	171,661	447
2020	67,527,000	68,554,646	-	136,081,646	55,135	2,468	171,746	792
2021	64,777,898	67,508,419	-	132,286,317	55,142	2,399	172,030	769

¹ 2015 Revenue Refunding Bonds refunded the 2003 Certificates of Participation, and are listed under the Certificates of Participation column by California Municipal Statistics, Inc.

² Estimated District Population is based on the most recent available data

³ The 2009 Certificates of Participation were fully refunded by the 2019 Revenue Refunding Bonds

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

Moulton Niguel Water District

Ratio of Net Direct General Obligation Debt Last Ten Fiscal Years

Fiscal Year	Total General Obligation Bonds Outstanding ¹	General Obligation Debt Service ⁴	Assessed Value ²	Percent of General Obligation Debt to Assessed Value	Population ³	Net General Obligation Debt per Capita
2012	\$ 32,755,000	\$ 6,263,016	\$ 6,051,286,544	0.10%	58,503	\$ 107
2013	27,775,000	6,416,000	6,093,356,189	0.11%	56,114	114
2014	22,816,846	6,466,700	6,300,950,763	0.10%	56,675	114
2015	16,867,130	6,227,747	5,749,154,516	0.11%	57,236	109
2016	10,697,414	6,240,500	6,159,717,218	0.10%	57,613	108
2017	4,400,575	6,365,900	6,559,781,425	0.10%	57,709	110
2018	2,971,362	1,419,500	7,001,618,675	0.02%	58,289	24
2019	1,465,000	1,449,875	1,794,786,384	0.08%	58,483	25
2020	-	1,490,375	1,871,398,638	0.08%	58,512	25
2021	-	-	-	-	58,580	-

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 by the California State University at Fullerton Center for Demographic Research (CDR) and is based on the most recent available data.

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

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

Moulton Niguel Water District

Direct and Overlapping Debt Current Fiscal Year

2020-21 Assessed Valuations: \$23,926,924,947 (Land only)

Direct & Overlapping Tax and Assessment Debt: (Based on all property assessed valuation of \$40,519,094,287)

	Total Debt 06/30/2021	% Applicable ¹	District's Share of Debt 06/30/2021
Metropolitan Water District	\$ 26,830,000	1.241%	\$ 332,960
Capistrano Unified School District School Facilities Improvement District No. 1	16,013,396	29.778%	4,768,469
Laguna Beach Unified School District	15,920,000	1.698%	270,322
Saddleback Valley Unified School District	99,865,000	20.544%	20,516,266
City of San Juan Capistrano	23,365,000	0.013%	3,297
City of Aliso Viejo Community Facilities District No. 2005-01	28,950,000	100.000%	28,950,000
<i>Total Direct & Overlapping Tax and Assessment Debt</i>			<u>\$ 54,841,314</u>

Direct & Overlapping General Fund Debt:

Orange County General Fund Obligations	\$ 381,885,000	6.181%	\$ 23,604,312
Orange County Pension Obligation Bonds	485,318,204	6.181%	29,997,518
Orange County Board of Education Certificates of Participation	12,310,000	6.181%	760,881
Capistrano Unified School District Certificates of Participation	25,160,000	31.037%	7,808,909
City of Aliso Viejo Certificates of Participation	12,020,000	97.995%	11,774,191
City of Laguna Hills Certificates of Participation	2,745,000	70.182%	1,926,496
City of Mission Viejo Certificates of Participation	28,222,418	34.917%	9,854,422
City of San Juan Capistrano Certificates of Participation and Judgment Obligations	680,712	0.013%	88
Moulton-Niguel Water District General Fund Obligations²	55,180,000	100.000%	<u>55,180,000</u>
<i>Total Direct & Overlapping General Fund Debt</i>			<u>140,906,817</u>

TOTAL DIRECT DEBT

\$ 55,180,000

TOTAL OVERLAPPING DEBT

140,568,131

Combined Total Debt³

\$ 195,748,131

Ratios to Land Only Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt 0.14%

Ratios to All Property Assessed Valuation:

Total Direct Debt (\$55,180,000) 0.14%

Combined Total Debt 0.48%

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

² Excludes accreted value.

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

Source: California Municipal Statistics, Inc.

Moulton Niguel Water District

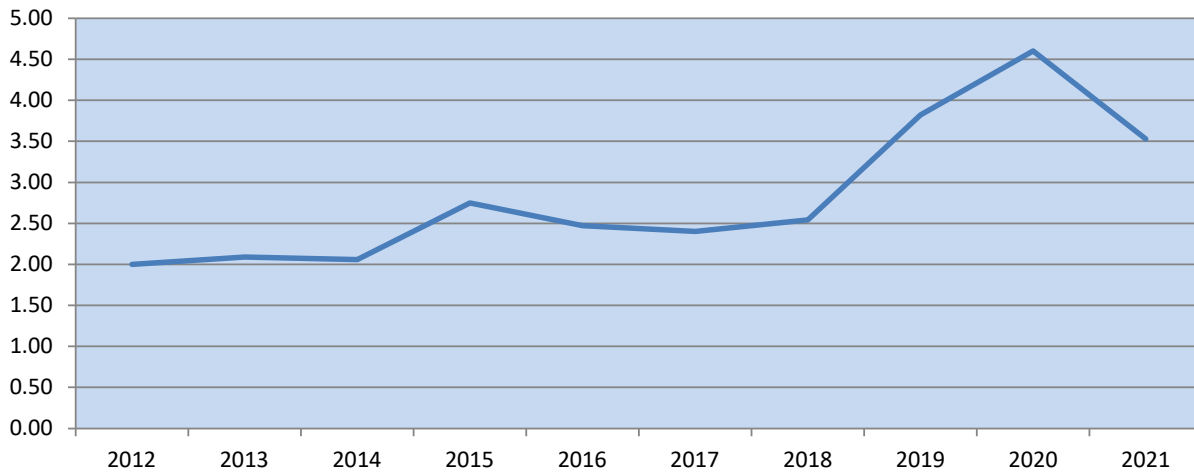
Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Total Revenues ¹	Operating Expenses ²	Net Available Revenues	Annual Debt Service ³			Coverage Ratio
				Principal	Interest	Total	
2012	72,127,432	53,336,041	18,791,391	3,686,551	5,727,264	9,413,815	2.00
2013	76,664,834	57,089,327	19,575,507	3,572,972	5,790,836	9,363,808	2.09
2014	78,969,108	59,633,768	19,335,340	3,918,909	5,475,003	9,393,912	2.06
2015	88,604,859	63,060,170	25,544,689	3,821,389	5,478,923	9,300,312	2.75
2016	88,604,859	66,713,997	21,890,862	3,766,711	5,093,380	8,860,091	2.47
2017	88,339,002	67,050,425	21,288,577	3,849,998	5,027,110	8,877,108	2.40
2018	94,089,864	71,533,672	22,556,192	3,957,110	4,914,398	8,871,508	2.54
2019	105,512,586	74,314,925	31,197,661	3,377,588	4,792,953	8,170,541	3.82
2020	106,624,872	75,474,164	31,150,708	3,178,260	3,599,396	6,777,656	4.60
2021	107,615,014	79,821,181	27,793,833	2,900,000	4,967,831	7,867,831	3.53

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

² Operating expenses exclude depreciation and amortization expense.

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



Source: Moulton Niguel Water District Finance Department.

Moulton Niguel Water District

Demographic and Economic Statistics Last Ten Fiscal Years

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2011	164,450
2012	165,272
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746
2020	172,030

City of Laguna Niguel ¹					
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate	
2011	67,666	3,880,866	47,820	7.5%	
2012	63,691	3,172,067	49,804	6.8%	
2013	64,065	3,236,436	50,518	4.4%	
2014	64,460	3,280,305	50,889	3.9%	
2015	64,449	3,215,232	49,888	5.0%	
2016	66,142	3,327,443	50,308	4.1%	
2017	66,689	3,337,813	50,050	3.7%	
2018	65,377	3,380,822	51,713	3.3%	
2019	66,748	3,496,077	52,377	2.8%	
2020	65,316	3,654,152	55,946	2.7%	

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

¹ The District serves 100% of the City of Laguna Niguel which represents approximately 40% of the total District population.
Source: City of Laguna Niguel Finance Department. Based on most recent available data.

City of Aliso Viejo ²				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2011	45,634	2,059,354	43,062	4.9%
2012	47,823	2,002,825	40,884	4.6%
2013	48,988	2,100,002	42,444	3.0%
2014	49,951	2,100,839	42,058	2.6%
2015	49,939	2,181,535	43,684	3.5%
2016	50,509	2,223,991	44,032	3.6%
2017	50,312	2,274,460	45,207	3.1%
2018	51,950	2,311,366	44,492	2.6%
2019	51,372	2,385,153	46,429	2.8%
2020	50,044	2,447,088	48,899	2.1%

² The District serves approximately 98% of the City of Aliso Viejo which represents approximately 27% of the total District population.
Source: City of Aliso Viejo Finance Department. Based on most recent available data.

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

Moulton Niguel Water District

Demographic and Economic Statistics Last Ten Fiscal Years

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2011	164,450
2012	165,272
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746
2020	172,030

City of Laguna Hills ³				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2011	33,593	1,500,666	44,672	8.0%
2012	30,341	1,445,996	47,227	6.6%
2013	30,410	1,363,858	44,421	4.8%
2014	30,857	1,320,001	42,778	4.2%
2015	30,848	1,336,181	43,315	5.0%
2016	30,681	1,373,184	44,757	4.1%
2017	31,544	1,479,761	46,911	3.7%
2018	31,818	1,587,577	49,896	2.6%
2019	31,572	1,661,606	52,629	2.2%
2020	31,508	1,724,666	54,737	12.2%

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

³ The portion of City of Laguna Hills served by the District represents approximately 13% of the total District population.

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

City of Mission Viejo ⁴				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
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	173,300,000	55,096	3.9%
2015	96,652	181,300,000	57,133	4.2%
2016	96,701	189,800,000	59,303	4.1%
2017	95,985	208,700,000	65,011	3.4%
2018	95,987	220,700,000	69,268	3.1%
2019	96,434	229,100,000	72,028	3.0%
2020	94,267	245,800,000	77,391	8.6%

⁴ The portion of City of Mission Viejo the District serves represents approximately 19% of the total District population.

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

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

Moulton Niguel Water District

Demographic and Economic Statistics Last Ten Fiscal Years

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2011	164,450
2012	165,272
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746
2020	172,030

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

City of Dana Point ⁵				
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate
2011	35,109	1,816,000	51,725	6.3%
2012	33,054	1,663,000	50,312	5.5%
2013	33,398	1,723,000	51,590	5.9%
2014	33,625	1,699,000	50,528	5.5%
2015	33,710	1,649,000	48,917	5.2%
2016	33,415	1,742,949	52,161	4.2%
2017	34,902	1,811,000	58,218	3.8%
2018	34,619	1,841,000	61,088	3.2%
2019	34,359	1,927,000	59,496	2.7%
2020	34,139	2,078,000	62,138	2.6%

⁵ The portion of the City of Dana Point served by the District represents approximately 1% of the total District population.

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

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

Moulton Niguel Water District

Principal Employers Current Fiscal Year and Nine Years Ago

FY 2021^{1,2}

<u>Rank</u>	<u>Employer</u>	<u>Operating City</u>	<u>Number of Employees</u>	<u>Percent of Each City's Employment</u>
1	Mission Hospital Regional Medical Center	City of Mission Viejo	2,600	5.52%
2	United States Government	City of Laguna Niguel	2,200	6.59%
3	Saddleback Memorial Medical Center	City of Laguna Hills	1,685	10.60%
4	Saddleback College	City of Mission Viejo	1,210	2.57%
5	United Parcel Service	City of Aliso Viejo	1,000	4.04%
6	Saddleback Valley Unified School District	City of Mission Viejo	914	1.94%
7	Pacific Life	City of Aliso Viejo	811	3.28%
8	Monarch Beach Resort (former St. Regis)	City of Dana Point	800	6.74%
9	Coldwell Banker	City of Mission Viejo	740	1.57%
10	Capistrano Unified School District	City of Mission Viejo	690	1.46%

FY 2012^{1,2}

<u>Rank</u>	<u>Employer</u>	<u>Operating City</u>	<u>Number of Employees</u>	<u>Percent of Each City's Employment</u>
1	Saddleback College	City of Mission Viejo	1,909	3.45%
2	Mission Hospital Regional Medical Center	City of Mission Viejo	1,275	2.30%
3	Saddleback Valley Unified School District	City of Mission Viejo	1,245	2.25%
4	Saddleback Memorial Medical Center	City of Laguna Hills	1,020	6.14%
5	UPS	City of Aliso Viejo	1,000	5.67%
6	Capistrano Unified School District	City of Mission Viejo	846	1.53%
7	Pacific Life Insurance	City of Aliso Viejo	811	4.59%
8	Fluor Corporation	City of Aliso Viejo	630	3.57%
9	Hines Growers LLC	City of Laguna Hills	600	3.61%
10	Quest Software Inc.	City of Aliso Viejo	600	3.40%

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

² The District used data from the FYE 2010 - 2020 annual reports for the cities of Aliso Viejo, Laguna Niguel, Mission Viejo, Laguna Hills, and Dana Point.

Moulton Niguel Water District

Full Time Employees by Function Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Office of the General Manager	2	3	6	6	7	6	6	8	7	8
Human Resources	2	2	2	2	2	2	2	2	3	3
Customer Service - Admin	2	3	2	1	1	1	1	1	1	1
Utility Billing	7	7	6	-	-	-	-	-	-	-
Customer Service - Field	18	19	16	16	16	16	16	16	16	18
Customer Accounts	7	5	6	12	12	13	13	14	14	15
Engineering - Admin	9	14	11	9	8	10	10	4	4	4
Engineering								12	12	12
Inspection	8	9	12	11	12	13	13	13	13	14
Purchasing	2	2	3	3	3	3	4	2	2	2
Information Technology	3	3	3	3	4	6	6	7	7	8
Finance & Planning	2	2	2	3	3	3	3	4	4	4
Accounting	7	7	7	6	6	6	6	6	6	6
Operations - Admin	6	6	4	6	8	6	6	2	2	3
Operations - Facilities	10	11	17	18	19	16	16	19	20	21
Operations - Utilities	22	20	18	19	22	28	28	28	31	28
Water Efficiency	-	-	-	3	6	9	9	8	10	10
Wastewater Treatment Plant Operations	-	-	-	-	-	-	-	6	6	6
Total	107	113	115	118	129	138	139	152	158	163

Source: Moulton Niguel Water District Human Resources Department

Moulton Niguel Water District

Operating Indicators Last Ten Fiscal Years

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

FISCAL YEAR	PUMP STATIONS ¹			RESERVOIRS ¹		NO. OF FIRE HYDRANTS	TREATMENT PLANTS ¹	MILES OF WATER	MILES OF WASTEWATER	MILES OF RECYCLED
	RECYCLED	POTABLE	LIFT	RECYCLED	POTABLE					
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
2016	10	25	18	11	28	7,149	4	668	505	141
2017	9	23	17	11	28	7,154	4	655	501	142
2018	9	23	17	11	28	7,163	4	656	501	142
2019	9	23	17	11	28	7,148	4	656	501	142
2020	9	25	17	11	28	7,159	4	656	501	142
2021	9	25	17	11	28	7,166	4	656	500	141

Note: MGD = Millions of Gallons per Day.

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

² Consumption includes Recycled Water

Source: Moulton Niguel Water District Operations and Billing Department.

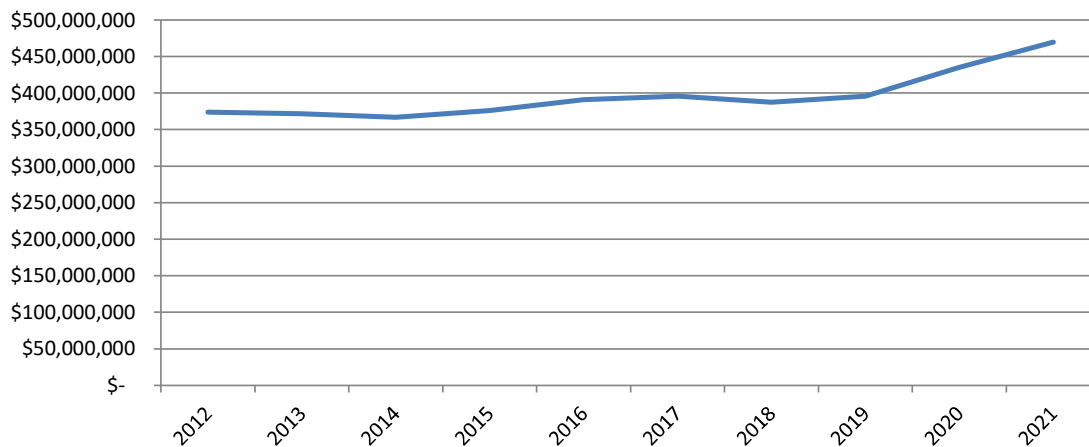
Moulton Niguel Water District

Capital Asset Statistics Last Ten Fiscal Years

Fiscal Year	Water Systems	Capacity Rights	Buildings	Automobiles & Equipment	Intangible Asset ¹	Land	Construction in Progress	Capital Assets, Net of Depreciation
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
2016	271,113,215	63,993,270	2,408,058	7,232,783	-	1,091,910	45,135,106	390,974,342
2017	267,966,653	67,862,518	2,126,682	11,685,232	-	1,091,910	44,848,592	395,581,587
2018	261,018,260	106,002,867	1,845,743	10,174,076	-	1,091,910	7,454,600	387,587,456
2019	260,190,540	110,611,241	1,565,874	8,952,263	-	1,091,910	13,508,163	395,919,991
2020	260,332,469	115,164,617	1,469,712	7,156,152	1,880,958	1,091,910	48,266,047	435,361,865
2021	273,182,770	116,709,901	52,167,328	5,505,294	769,052	1,091,910	20,280,160	469,706,415

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

Capital Assets, Net of Depreciation



Source: Moulton Niguel Water District Accounting Department