



moulton niguel water district

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Fiscal Year Ended
June 30, 2023





MOULTON NIGUEL WATER DISTRICT
Laguna Hills, California

Annual Comprehensive Financial Report
Year Ended June 30, 2023

Prepared By:
The Finance Department

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**Moulton Niguel Water District
Annual Comprehensive Financial Report
Year Ended June 30, 2023**

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December 1, 2023

Members of the Board of Directors
Moulton Niguel Water District

We are pleased to present the Moulton Niguel Water District's ("District") Annual Comprehensive Financial Report ("ACFR") for the fiscal year ending June 30, 2023. 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 ACFR 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, 2023, 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, 2023, 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 purpose of providing a water supply to the communities within its service area. In 1963, the California Water District Act was amended, allowing California water districts to provide wastewater reclamation services. On July 1, 1964, the District began operation and management of wastewater services previously provided by Orange County Sanitation District No. 12.

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

Governance

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

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 organization.



Service Area

The District's service area, located in South Orange County, California, encompasses approximately 37 square miles, serving approximately 170,000 in population within the cities of Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo, San Juan Capistrano, and Dana Point. The District distributes water to over 55,000 accounts, over 50,000 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 4.6% for the most current tax roll. The assessed net taxable valuation of the properties within the District's service area has grown to \$43.3 billion as of June 30, 2023.

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 Robert B. Diemer Water Treatment Plant ("Diemer Plant") in Yorba Linda, California, or the Baker Water Treatment Plant ("Baker Plant") in Lake Forest, California. The Diemer Plant is owned and operated by MET and supplies approximately two-thirds of the District's treated potable water. The Baker Plant was completed in October 2016 and provides approximately one-third of the treated potable water to the District. The Baker 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, East Orange County Feeder #2 ("EOFC #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, the District 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 2023, the District issued the 2022 Water Quality Report, which provides an overview of the water quality testing and results for the previous calendar year.

Long-range water supply planning is paramount to ensuring our customers have access to sufficient water supplies and investments in water supply reliability projects are appropriate and cost-effective. In March 2021, the District updated its Long-Range Water Reliability Plan ("LRWRP") and adopted a resolution setting forth goals to enhance potable water system and supply reliability. The goals included evaluating and developing reliability projects and demand management measures that will provide at least 31 days, and up to 60 days of supplies to meet customer demands in the event of planned or unplanned outages of imported water supplies and considers phasing in dry-year storage levels of up to 10,000 acre-feet. With the implementation of projects like the Baker Plant, Upper Chiquita Reservoir, and other water reliability projects and demand management programs, the District is currently able to meet an average system outage of approximately 31 days. The District is engaged in several feasibility studies and joint planning efforts to further expand the District's local water reliability.

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 AMP to several south county water agencies, and the Irvine Ranch Water District Interconnection jointly owned with Irvine Ranch Water District. The District also operates 25 pump stations to pump water from lower pressure zones to the higher-pressure zones and 21 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 is a member of and contributes flow to the South Orange County Wastewater Authority ("SOCWA"), a joint powers agency comprised of seven governmental agencies, which 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 costs and a pro-rata share of the capital costs based on the capacity, type, and location of each project. The District owns and operates Wastewater Treatment Plant 3A. This facility treats flow from both Moulton Niguel and Santa Margarita Water Districts ("SMWD"). Since assuming operations in 2019, the District has made significant investments to rehabilitate the facility (as shown in the capital budget). The District also owns and operates the AWT facilities located at the Regional Treatment Plant. This facility treats water to Title 22 standards for recycled water to supply more than 20% of the District's total water demands.

The District utilizes a Sewer System Management Plan ("SSMP"), a requirement from the State Water Resources Control Board, as the basis for the operation and maintenance of the wastewater collection system. 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 AWT plants to treat wastewater and produce recycled water, as well as approximately 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 Optimization Study ("RWOS") and identifies recycled water as its highest priority alternative water supply source. The RWOS was developed to identify cost-effective 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 cooperation and involvement from regional partners. The District has expanded its recycled water distribution system through implementation of the RWOS which includes model development, supply and storage assessments, and identification of new recycled water users, along with all associated capital needs. The District offers a recycled water retrofit rebate as an incentive to encourage recycled water use. Additionally, the District has partnered with the MET to help customers in its service area access additional financial incentives for recycled water use through its On-Site Retrofit Program.

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.

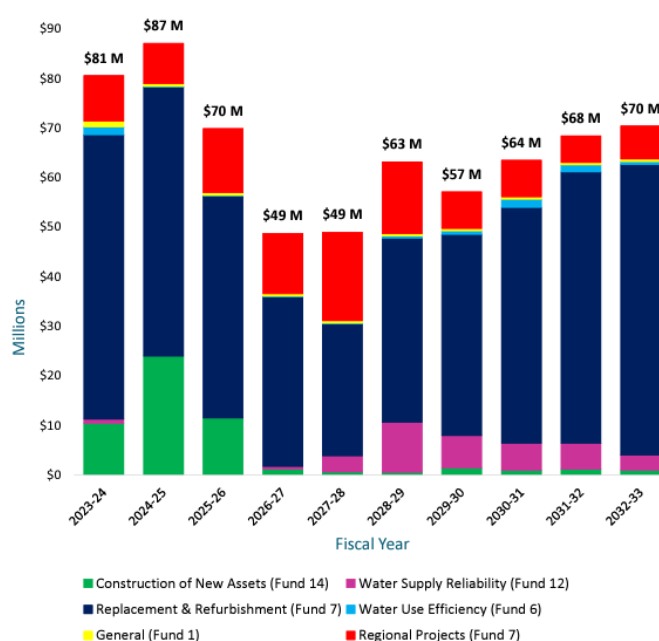
Local Community

The District serves communities within South Orange County that historically reports stronger financial indicators than that of the nation and state. There are four major land uses in the District: (1) residential (single-family and multi-family); (2) commercial (retail and light industrial); (3) schools; and (4) recreation areas (parks, golf courses, etc.). Residential development is the predominant land use throughout the

District. The highest concentration of commercial use is in the City of Mission Viejo, which includes the Shops at Mission Viejo, 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 18 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 Board receives a quarterly investment report.
- 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

For over a decade, District staff has jointly conducted an annual strategic planning workshop with the Board of Directors to identify the key objectives and strategies to prioritize for the upcoming fiscal year. This session provides an opportunity to ensure that the objectives identified by staff for the upcoming fiscal year are consistent with the policy direction of the Board of Directors. These identified priorities are incorporated into the budget to allocate fiscal and staffing resources accordingly.

During this year's workshop, District staff consolidated its key goals and objectives into the five areas comprising: 1) Fiscal Responsibility, 2) Operational Optimization, 3) Community and Government Relations, 4) Unified Workforce, and 5) Secure and Reliable Service (collectively F.O.C.U.S.). While these do not account for all areas of the District's activities, they are intended to substantially encapsulate the services necessary to carry out the District's mission within the upcoming fiscal year. From the F.O.C.U.S. goals and objectives, staff prioritized six substantial District-wide initiatives for the upcoming planning period that require significant time and resourcing. Additional information regarding the F.O.C.U.S. goals and objectives and six substantial District-wide initiatives can be found in the District adopted fiscal year 2023-2024 Budget available on the District's website.

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 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 annual H2O for HOAs workshop in October 2023. 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 co-hosted the inaugural Water Infrastructure Network Summit (WINS), a tri-county event between Los Angeles, San Diego and Orange County aimed at bringing awareness of the critical needs and funding opportunities facing our regional water and wastewater infrastructure. WINS brings together leaders from different sectors as they highlight infrastructure vulnerabilities that impact our regional economy and communities. The goal is to facilitate a dialogue between regional industry leaders and officials from local, state, and federal government agencies to create a path forward through collaboration and empowered innovation.

Lastly, the District joined forces with the Smart Water Network Forum and the California Data Collaborative to host the eighth annual California Water Data Summit. The two-day event featured interactive panels on how data can empower California to a better water future through innovative and resilient operations.

Recognition and Funding

In November 2020, the District was awarded 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. In November 2022, the funding amount was increased by approximately \$1.3 million for a total federal share of \$4.1 million. The project is expected to be completed in December 2023.

The District also received a \$0.4 million grant from United States Bureau of Reclamation ("USBR") through its WaterSmart program for the Water and Energy Efficiency grants. 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. This grant project is expected to be completed in fiscal year 2024.

In September 2022, the District was awarded approximately \$0.4 million in funding from USBR through its WaterSmart Water and Energy Efficiency grants. Under this program, the District will upgrade 2,800 existing potable water meters to advanced metering infrastructure smart meters. The existing meters do not currently detect low flows and are not compatible with the new advanced metering infrastructure radio systems. The project is expected to result in annual water savings of 1,843 acre-feet by detecting low flow leaks and providing real-time access to individual water usage data. The District is entirely dependent on imported sources for its potable water supply and water savings from the project will help provide a more secure water supply, particularly in times of drought. Installation of these meters began in fiscal year 2023 and is expected to be completed in fiscal year 2024.

The District was awarded an additional \$0.4 million from USBR for its 2023 WaterSmart grants. Under this grant, the District will replace an additional 2,850 meters to low resolution ultrasonic meters. The

project is expected to result in annual water savings of 1,735 acre-feet which is lost to leaks. The project is expected to commence in fiscal year 2024.

Additionally, the District has been awarded \$0.5 million from USBR through its WaterSmart Water and Energy Efficiency grants for its Commercial and HOA Landscape Water Use Efficiency Program which will commence in fiscal year 2024. Under this program, the District will provide rebates for outdoor water use efficiency improvements through its ongoing rebate programs, including for turfgrass conversions to summer-dry California native and climate-adapted plants, and for irrigation system hardware and technology updates, such as weather-based irrigation controllers and conversion to drip irrigation. The project is expected to result in annual water savings of 109 acre-feet.

The District has been named a Top Workplace by the Orange County Register for the last six years. The top workplace designation has been a key tool in recruitment successes over the past several 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.

Lastly, the District has been named by a coalition of water industry organizations as a “Utility of the Future Today” in recognition of its industry-leading excellence in community engagement, innovation, and sustainability. This is the second time that Moulton Niguel has received the prestigious designation. Since 2016, the National Association of Clean Water Agencies, Water Environment Federation, Water Research Foundation, WaterReuse Association, and the U.S. Water Alliance have honored the world’s top utility agencies with its “Utility of the Future Today” designation. A committee of utility professionals, general managers, and water experts selects utility agencies to honor after an extensive review.

Regional Collaborative Ventures

The District coordinates with neighboring agencies on capital projects that may bring additional regional water reliability benefits and cost sharing. The District also looks to find operational cost savings by participating in shared service opportunities with other local agencies. Further, the District partners with other agencies to explore opportunities for future collaboration that work towards regional water reliability. One such effort led by the District is the South OC Urban Runoff Reduction Collaboration, a partnership between southern Orange County agencies and other stakeholder organizations with the goal of addressing inefficient water use and dry weather runoff in the region.

In partnership with the Urban Runoff Reduction Coordination, the District is pursuing a project for an OASIS Water Resources Center (Optimized, Adaptive, Sustainable and Integrated Supply). The District anticipates the OASIS Treatment Center project will enhance downstream water quality and augment local potable water supplies. As the primary agency, the District intends to conduct studies on Direct Potable Reuse (“DPR”) and assess the feasibility of runoff diversion to support the OASIS Water Resources Center. The DPR study will assess wastewater treatment concepts, wastewater treatment plant facilities for DPR implementation, and spatial feasibility, design criteria, constructability, and maintenance concerns. The runoff study will analyze watershed hydrology, influent water quality, and climate change impacts to determine the potential for a cooperative runoff diversion from the Aliso Creek watershed.

Additionally, the District has partnered with the City of Santa Ana and the Orange County Water District through an interagency agreement designed to evaluate the feasibility for an interconnection between the City of Santa Ana’s water distribution system and the EOCF #2. This Agreement authorizes the analysis of work necessary to address the institutional arrangements required to potentially deliver water from the Orange County groundwater basin into the EOCF #2 under qualifying emergency conditions.

The District is also working collaboratively with its neighboring water agencies to address expiring operating agreements for locally owned wastewater treatment facilities. The South OC Wastewater

Optimization Blueprint, which has been jointly developed with Santa Margarita Water District, would optimize wastewater operations, increase local water supply development, and modernize the governance for the region's wastewater treatment facilities. The Blueprint is being reviewed by and discussed with SOCWA member agencies and their Boards of Directors.

Major Capital Investments

The District has implemented an extensive Capital Improvement Program that aims to reinvest \$460.3 million over the next 10 years, in building, maintaining and upgrading our capital infrastructure assets. 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). In fiscal year 2023, the District continued the process of expanding and upgrading the Asset Management Program by implementing a new CMMS that is 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 historic droughts and a global pandemic. Despite those challenges, the District has continued to be nimble and adopt strategic and forward-thinking policies implemented by the Board of Directors. The District continues to lead the industry in innovation and prides itself on providing focus on delivering high-quality drinking water, recycled water, and wastewater services to the communities we serve.

Awards and Acknowledgments

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the 2023 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program requirements and this report will mark our fifteenth consecutive submission to the GFOA to determine its eligibility for another certificate. The District has received the award for its Annual Comprehensive Financial Reports for each of the past fourteenth years.

Respectfully submitted,



Joone Kim-Lopez
General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Moulton Niguel Water District
California**

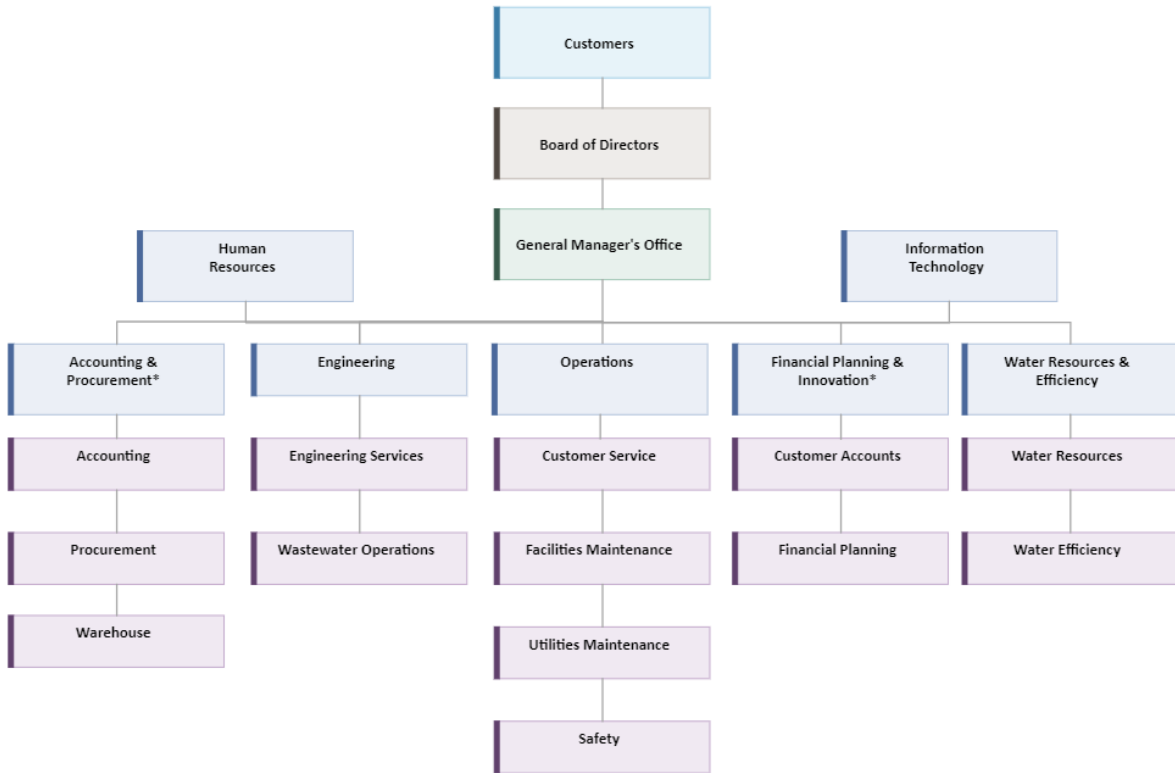
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

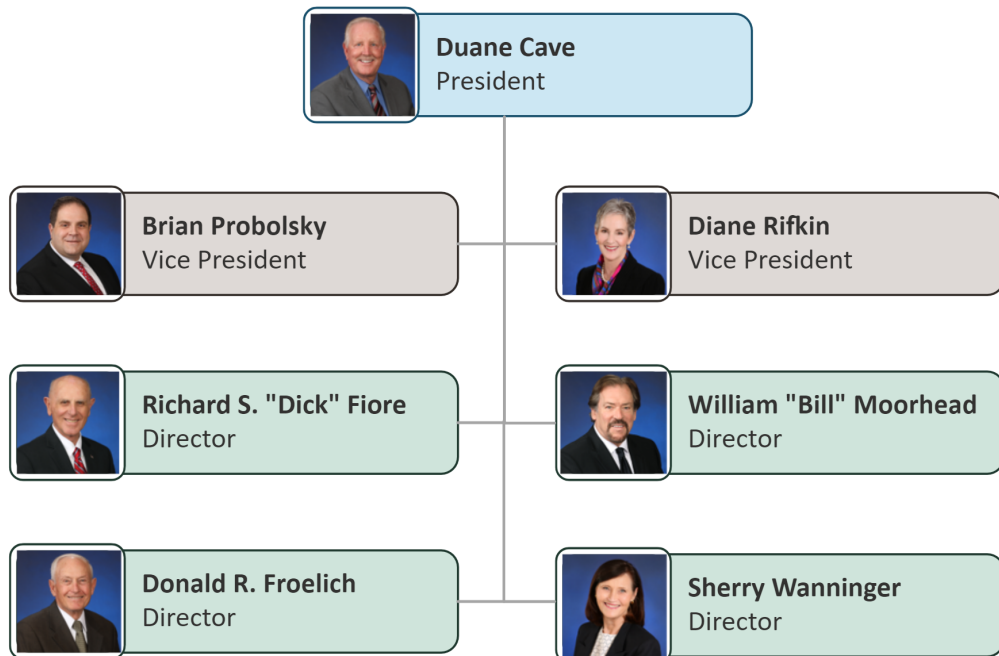
Executive Director/CEO

Organization Chart

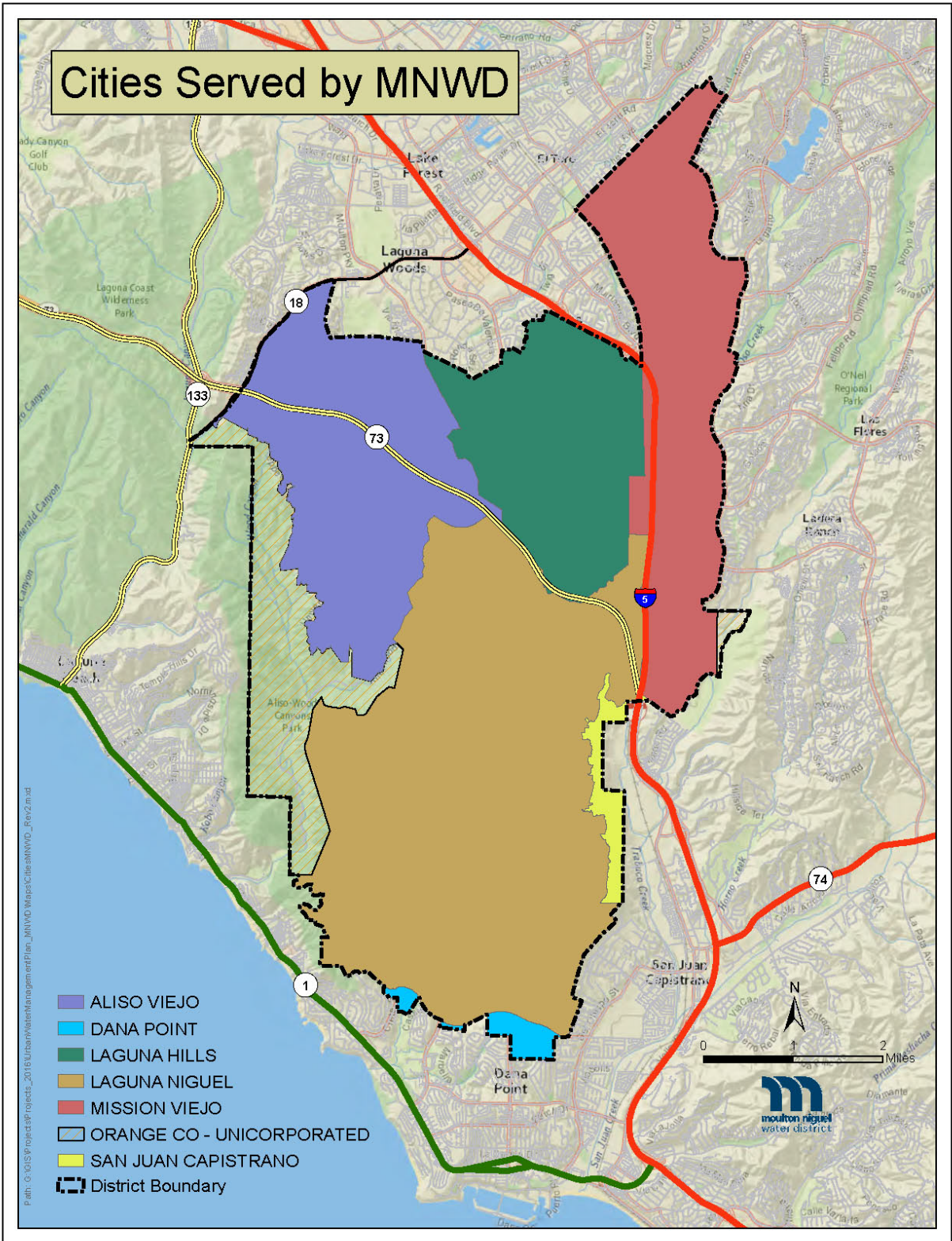


*Collectively, "the Finance Department"

Board of Directors



Service Area (Cities)





INDEPENDENT AUDITORS' REPORT

Board of Directors
Moulton Niguel Water District
Laguna Hills, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements the Moulton Niguel Water District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2023, and the changes in financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
December 1, 2023



**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

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 \$433.4 million (total net position). Net position consists of \$318.7 million in net investment in capital assets, \$0.2 million in restricted for capital projects, and \$114.5 million of unrestricted net position. This is an increase of \$3.2 million or 0.7% above the prior fiscal year total net position of \$430.2 million.
- The District received \$34.4 million for its share of the 1% ad valorem property taxes, an increase of \$2.3 million, or 7.1% over the prior fiscal year.
- Total Expenses decreased by \$9.9 million to \$112.6 million, representing a decrease of 8.1% as compared to the prior fiscal year. This decrease was largely driven by a \$6.4 million or 78.3% decrease in investment expenses and \$3.7 million or 11.1% lower general and administrative expenses during the year.
- Total capital assets for the year ended June 30, 2023, were \$480.9 million, an increase of \$4.7 million, or 1.0%. The District placed \$18.0 million of capital assets into service during the fiscal year.

Required Financial Statements

The *Statement of Net Position* presents the financial position of the District at June 30, 2023. 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.

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

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)				
	Fiscal Year	Fiscal Year	Increase/(Decrease)	
	2023	2022	Amount	Percent
Current and non-current assets	\$ 186,717	\$ 196,825	\$ (10,108)	-5.1%
Capital assets, net	480,855	476,138	4,717	1.0%
Total Assets	667,572	672,963	(5,391)	-0.8%
Deferred Outflows of Resources	14,143	6,456	7,687	119.1%
Current liabilities	22,447	20,919	1,528	7.3%
Long-term liabilities	209,041	199,231	9,810	4.9%
Total Liabilities	231,488	220,150	11,338	5.2%
Deferred Inflows of Resources	16,820	29,075	(12,255)	-42.1%
Net investment in capital assets	318,689	327,644	(8,955)	-2.7%
Restricted for capital projects	192	133	59	44.4%
Unrestricted net position	114,526	102,417	12,109	11.8%
Total Net Position	\$ 433,407	\$ 430,194	\$ 3,213	0.7%

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 decreased \$5.4 million, or 0.8%. This decrease was primarily due to \$10.1 million lower cash and investments as unspent bond proceeds were used on capital projects, and \$1.3 million lower receivables from customers due to conservation and rainfall in fiscal year 2023 which drove down consumption as discussed in the revenues section on page 10. These decreases were offset by \$4.7 million increase in capital assets due to spending on capital projects as discussed in the capital assets section on page 12.

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

Financial Position Summary (Continued):

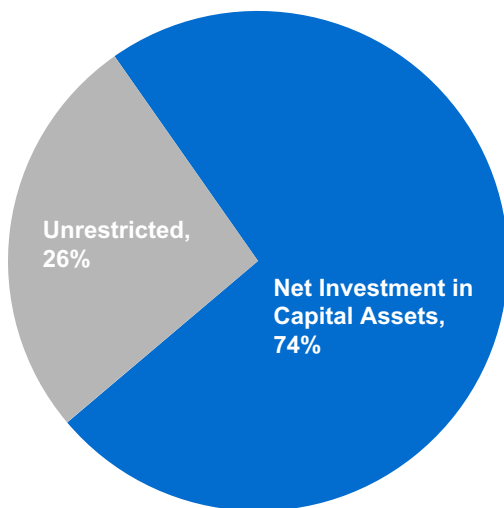
The deferred outflows of resources balance increased by \$7.7 million, or 119.1% as compared to the prior fiscal year balance of \$6.5 million. This is primarily the result of an increase in deferred items related to pension due to changes in investment returns during the measurement period.

Total liabilities increased by \$11.3 million, or 5.2% as compared to the previous fiscal year. The main driver for this increase was \$15.5 million more net pension liability primarily due to investment returns that were lower than the discount rate during the measurement period, offset by \$5.2 million lower long-term debt, net of current portion, due to debt service payments during the fiscal year.

Deferred inflows of resources ended the fiscal year at \$16.8 million, decreasing \$12.3 million in comparison to the prior fiscal year reported amounts. The primary driver of that decrease was \$11.6 million lower deferred inflows related to pension due to changes in investment returns during the measurement period.

The District's total ending net position at June 30, 2023, amounted to \$433.4 million, increasing \$3.2 million, or 0.7% during the fiscal year.

**Figure 1
Net Position
June 30, 2023**



Net position consists of \$318.7 million in net investment in capital assets, \$0.2 million restricted for capital projects, and \$114.5 million in unrestricted net position. Net investment in capital assets reflects capital assets, net of accumulated depreciation or amortization and liabilities attributed to the acquisition, construction, or improvement of those assets. In addition, this amount includes the net amount of regulated assets and intangible right to use assets. The District's net investment in capital assets balance decreased by \$9.0 million, or 2.7%, and represents 74% of total net position primarily due to a decrease in unspent bond proceeds that was greater than the increase in capital assets, net of accumulated depreciation. More information on net investment in capital assets can be found in Note 16 of the Notes to Financial Statements.

Restricted net position ended the year at \$0.2 million. Restricted net position represents the unspent portion of capacity fees paid by developers for connecting to the District's water and wastewater system. Annually as part of the budget process, the District specifies which capital projects will be funded from this balance.

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

Financial Position Summary (Continued):

Unrestricted net position was \$114.5 million at June 30, 2023, an increase of \$12.1 million, or 11.8% from the prior year amount due to the decrease in net investment in capital assets of \$9.0 million, net income of \$1.9 million and capital contributions of \$1.3 million. Additional information on unrestricted net position can be found in Note 18 of 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 years ended June 30, is included in Table 2, below:

Table 2 - Revenues, Expenses and Changes in Net Position (In Thousands)				
(\$ In Thousands)	2023	2022	Increase/(Decrease)	
			Amount	Percent
Operating Revenues:				
Water charges	\$ 33,715	\$ 37,130	\$ (3,415)	-9.2%
Recycled charges	5,145	6,033	(888)	-14.7%
Sanitation charges	30,864	28,989	1,875	6.5%
Other	909	335	574	171.3%
Total Operating Revenues	70,633	72,487	(1,854)	-2.6%
Non-operating Revenues:				
Property taxes	34,370	32,092	2,278	7.1%
Investment income	3,247	2,067	1,180	57.1%
Interest income	602	621	(19)	-3.1%
Cellular lease income	1,636	1,450	186	12.8%
Intergovernmental revenue	3,699	1,617	2,082	128.7%
Other	403	5,360	(4,957)	-92.5%
Total Non-operating revenues	43,957	43,207	750	1.7%
Total Revenues	114,590	115,694	(1,104)	-1.0%
Operating expenses				
Water purchases	27,149	29,820	(2,671)	-9.0%
Utilities	2,716	2,686	30	1.1%
Wastewater treatment & pumping	19,554	15,467	4,087	26.4%
Water transmission & distribution	2,068	1,137	931	81.9%
General, administrative & other	29,304	32,967	(3,663)	-11.1%
Amortization	376	840	(464)	-55.2%
Depreciation	24,030	23,859	171	0.7%
Total Operating Expenses	105,197	106,776	(1,579)	-1.5%
Non-operating Expenses:				
Investment expense	1,764	8,114	(6,350)	-78.3%
Interest on long-term debt	5,334	5,757	(423)	-7.3%
Other	354	1,897	(1,543)	-81.3%
Total Non-operating Expenses	7,452	15,768	(8,316)	-52.7%
Total Expenses	112,649	122,544	(9,895)	-8.1%
Income (loss) before capital contributions	1,941	(6,850)	8,791	-128.3%
Capital contributions	1,272	2,382	(1,110)	-46.6%
Change in Net Position	3,213	(4,468)	7,681	-174.9%
Beginning Net Position	430,194	434,662	(4,468)	-1.0%
Ending Net Position	\$ 433,407	\$ 430,194	\$ 3,213	0.7%

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

Activities and Changes in Net Position (Continued):

Revenues:

As shown in Table 2, the District's total revenues decreased slightly by \$1.1 million, or 1.0% in fiscal year 2023, totaling \$114.6 million.

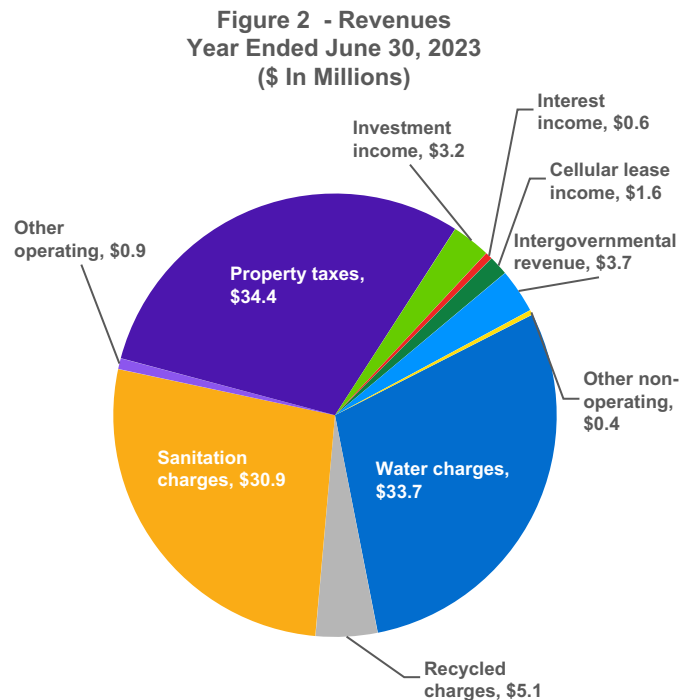
Operating revenues amounted to \$70.6 million for the fiscal year ended June 30, 2023, decreasing 2.6% over the prior fiscal year total of \$72.5 million. Total operating revenues represented approximately 62% of total revenues for the fiscal year ended. Figure 2 provides an illustration of the different sources of revenue the District received during the fiscal year.

Water charges contributed the largest share of total revenues at \$33.7 million, or 29% of total revenues. The fiscal year total for water charges represented a 9.2% decrease compared to the prior fiscal year amount of \$37.1 million. The decrease was a result of conservation efforts by customers, paired with heavy rainfall during the winter months of fiscal year 2023. Total consumption during the fiscal year was 8.48 million billing units, a decrease of 1.48 million billing units from the prior fiscal year.

Recycled water charges decreased slightly by \$0.9 million, or 14.7% over the prior fiscal year, again speaking to the willingness of the District's customers to reduce overall water use during times of drought. Recycled water customers consumed 2.13 million billing units in fiscal year 2023 compared to 2.96 million billing units in the prior fiscal year.

While water and recycled water charges decreased during the fiscal year, sanitation charges increased by \$1.9 million or 6.5% over the prior fiscal year due to a combination of more customer accounts and higher rates.

Non-operating revenues totaled \$44.0 million for the fiscal year ended, an increase of \$0.8 million or 1.7% compared to the prior fiscal year. Non-operating revenues represent approximately 38% of total revenues for the year. Property tax revenues is the largest portion of non-operating revenues which totaled \$34.4 million, representing an increase of 7.1% when compared to the prior fiscal year. The \$34.4 million is the largest amount of property taxes received by the District in a fiscal year and continues to serve as an important revenue stream that the District uses to offset rate revenue requirements. Also contributing to the increase in non-operating revenues was \$2.1 million higher intergovernmental revenue due to grant funding and \$1.2 million investment income due to lower unrealized losses on investments as compared to the prior fiscal year. These increases in non-operating revenues were offset by \$5.0 million lower other non-operating revenues as fiscal year 2022 included proceeds from the sale of the District's former administrative building.



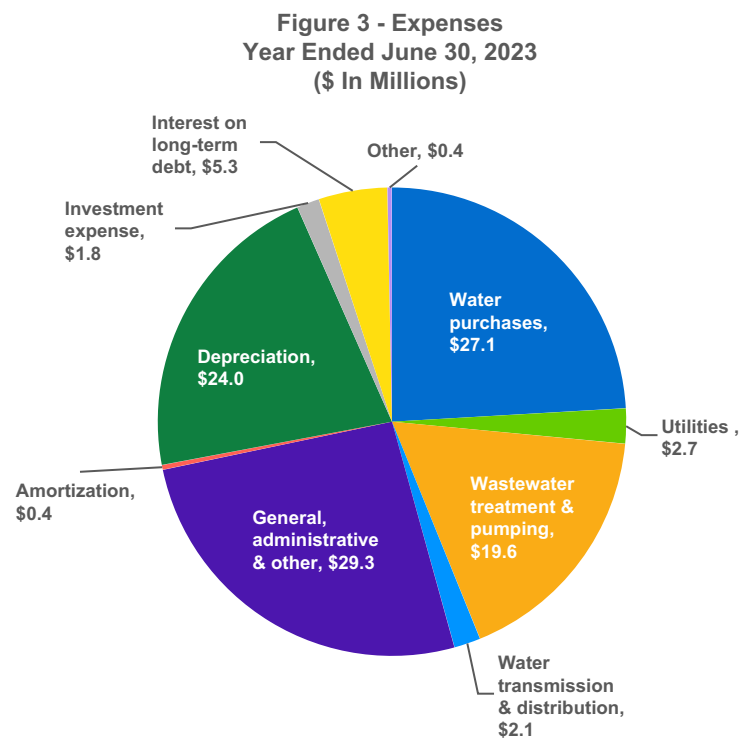
**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

Activities and Changes in Net Position (Continued):

Expenses:

As seen in Table 2, total expenses for the fiscal year ended June 30, 2023, decreased to \$112.6 million representing a decrease of \$9.9 million or 8.1% over the prior fiscal year. Operating expenses ended the fiscal year \$105.2 million, a decrease of \$1.6 million, or 1.5% over the fiscal year 2022 total.



Water purchases, wastewater treatment and pumping, and water transmission and distribution amount to 43% of total expenses for the District. Water purchases decreased by \$2.7 million to \$27.1 million for the year ended, primarily due to the increased conservation and heavy rainfalls as noted above in the revenue section. General, administrative and other expenses decreased \$3.7 million or 11.1% primarily due to lower pension expense resulting from changes in the actuarial value of the net pension liability. These decreases were offset by \$4.1 million or 26.4% higher wastewater treatment and pumping expenses due to increased costs related to participation in the South Orange County Water Authority (SOCWA) and increased cost from assuming operations of the Regional Advanced Water Treatment (AWT) plant from SOCWA in November 2022. More information on the District's participation in SOCWA can be found in Note 15 of the Notes to Financial Statements.

Non-operating expenses decreased by \$8.3 million to \$7.5 million, representing a 52.7% decrease as compared to the prior fiscal year primarily due to a decrease of \$6.4 million in investment expense resulting from lower unrealized loss on investment transactions. Also contributing to the decrease in non-operating expenses was \$1.5 million lower other non-operating expenses as fiscal year 2022 included \$.8 million in write-offs of customer bills related to American Rescue Plan Act funds.

Capital Contributions:

As noted in Table 2, capital contributions were \$1.1 million or 46.6% lower as compared to the prior fiscal year, decreasing to \$1.3 million. This decrease was mostly due to fewer reimbursements received for capital related work from facilities that the District jointly participates in with neighboring agencies.

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

Capital Assets:

Table 3 - Condensed Capital Asset Summary (In Thousands)				
(\$ In Thousands)	Fiscal Year	Fiscal Year	Increase/(Decrease)	
	2023	2022	Amount	Percent
Water and wastewater systems	268,305	282,884	(14,578)	-5.2 %
Capacity rights	113,757	117,445	(3,688)	-3.1 %
Buildings	46,799	51,057	(4,258)	-8.3 %
Equipment and automobiles	16,992	3,913	13,079	334.2 %
Software and information technology infrastructure	3,183	—	3,183	n/a
Total Net Depreciable Assets¹	449,036	455,299	(6,262)	-1.4 %
Intangible right to use lease assets	7	17	(9)	-55.6 %
Intangible right to use subscription assets	488	—	488	n/a
Total Intangible Assets²	495	17	479	2818 %
Land	1,070	1,070	—	— %
Construction in Progress	30,254	19,752	10,502	53.2 %
Total Non-Depreciable Assets	31,324	20,822	10,502	50.4 %
Capital Assets, Net	\$ 480,855	\$ 476,138	\$ 4,719	1.0 %

¹ The District reclassified depreciable assets amongst asset categories in fiscal year 2023. The net decrease in capital assets was \$6.6 million due to \$24.4 million in depreciation, offset by \$18.0 million of additions to depreciable asset.

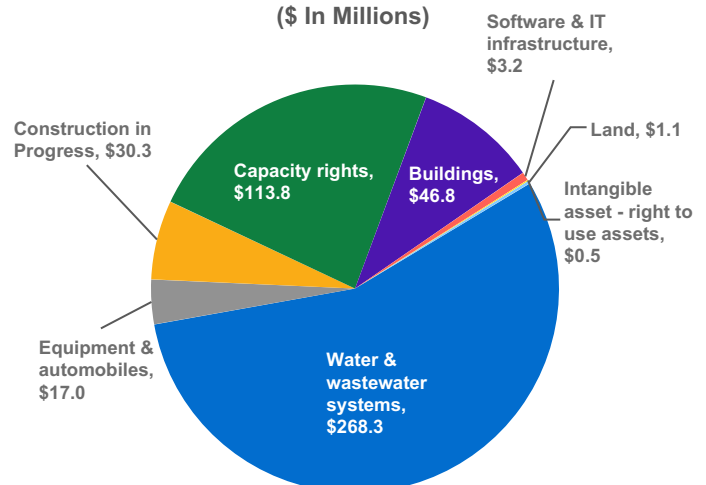
² The intangible right to use subscription assets is related to subscription based information technology arrangements where the District is the subscriber. The increase of \$0.5 million is due to the implementation of GASB 96 during the fiscal year, offset by amortization of the subscription assets.

As shown in Table 3, the District held \$480.9 million in total net capital assets as of June 30, 2023. Total net depreciable assets decreased by \$6.3 million, representing a 1.4% decrease, net of \$24.0 million in depreciation expense.

Water systems are the largest individual asset type held by the District, totaling \$268.3 million, representing 56% of total capital assets at June 30, 2023.

The District invested \$25.6 million in additional construction in progress expenses during the fiscal year. The District completed over \$15.1 million in projects during fiscal year 2023 and transferred those completed assets from construction in progress to depreciable asset categories.

**Figure 4 - Capital Assets
June 30, 2023
(\$ In Millions)**

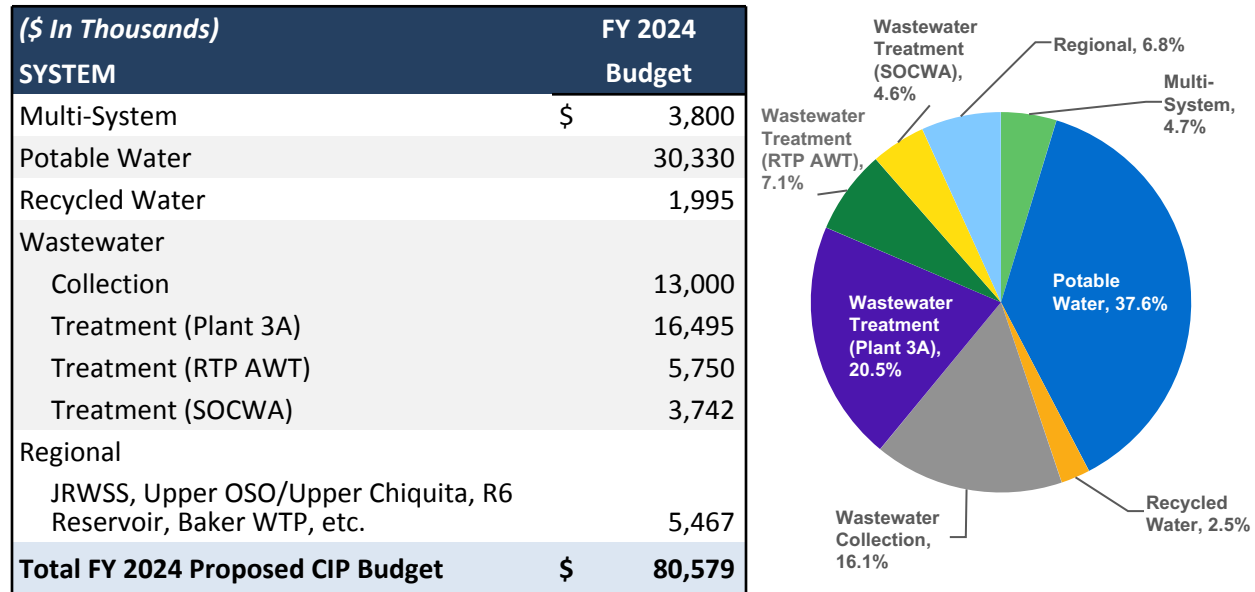


**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

Capital Assets (Continued):

As shown in Figure 5 below, the District's fiscal year 2024 Adopted Budget includes \$80.6 million in capital spending, primarily for potable water and wastewater related projects.

Figure 5 - Adopted Budget Capital Spending



See Note 6 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, 2023, was \$183.7 million, representing a decrease of \$5.2 million, or 2.8% when compared to the prior fiscal year. The decrease is due to debt service payments during fiscal year 2023. The District's outstanding debt is rated AAA, by both Fitch and Standard and Poor's rating agencies. Both Fitch and Standard and Poor's reaffirmed those ratings in November 2021. AAA is the highest rating available from both rating agencies.

Table 4 - Condensed Long-Term Debt Summary (In Thousands)				
	Fiscal Year	Fiscal Year	Increase/(Decrease)	
	2023	2022	Amount	Percent
Bonds Payable	\$ 58,984	\$ 61,934	\$ (2,950)	-4.8%
Certificates of Participation (COP)	124,718	127,008	(2,290)	-1.8%
Total Long-term Liabilities	\$ 183,702	\$ 188,942	\$ (5,240)	-2.8%

**Moulton Niguel Water District
Management's Discussion & Analysis
Year Ended June 30, 2023**

Long-term Debt (Continued):

The District utilizes a Ten-Year Cash Flow model to forecast and 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 2023-2024 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 8 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, 2023**

Assets:

Current:

Cash and investments	\$ 31,828,209
Accounts receivable:	
Water and sanitation charges	7,509,098
Taxes	554,150
Other accounts receivable	1,553,281
Grants receivable	1,426,036
Interest receivable	692,468
Leases receivable, current	1,496,331
Inventory	3,653,662
Prepaid items	698,861
Retrofit loans receivable, current	20,000

Total Current Assets	<u>49,432,096</u>
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Non-current:

Investments	97,171,348
Restricted cash and investments with fiscal agent	23,256,448
Retrofit loans receivable, non-current	411,228
Leases receivable, non-current	13,626,907
Regulated assets - net of accumulated amortization	2,819,281
Capital assets - net of accumulated depreciation	449,035,895
Capital assets, intangible right to use lease assets	7,429
Capital assets, intangible right to use subscription assets	487,414
Capital assets not being depreciated:	
Land	1,070,126
Construction in progress	30,254,121

Total Non-current Assets	<u>618,140,197</u>
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Total Assets	<u>667,572,293</u>
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Deferred Outflows of Resources:

Deferred charges on refundings	24,441
Deferred items related to pension	13,035,668
Deferred items related to OPEB	1,083,024

Total Deferred Outflows of Resources	<u>14,143,133</u>
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Total Assets and Deferred Outflows of Resources	<u>\$ 681,715,426</u>
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See Notes to Financial Statements

**Moulton Niguel Water District
Statement of Net Position
June 30, 2023**

Liabilities:

Current:

Accounts payable	\$ 13,150,173
Interest payable	2,086,827
Compensated absences	1,464,675
Lease liabilities	5,029
Subscription liabilities	185,499
Current portion of long-term debt:	
Bonds payable	2,859,615
Certificates of participation	2,695,138
Total Current Liabilities	<u>22,446,956</u>

Long-term Liabilities:

Compensated absences	488,226
Long-term debt:	
Bonds payable	56,125,079
Certificates of participation	122,022,567
Net pension liability	29,321,976
Net OPEB liability	789,051
Lease liabilities	2,534
Subscription liabilities	292,219
Total Long-term Liabilities	<u>209,041,652</u>

Total Liabilities	<u>231,488,608</u>
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Deferred Inflows of Resources:

Deferred items related to pension	1,328,212
Deferred items related to OPEB	366,294
Deferred items related to leases	15,125,399
Total Deferred Inflows of Resources	<u>16,819,905</u>

Net Position:

Net investment in capital assets	318,688,968
Restricted for capital projects	192,038
Unrestricted	114,525,907
Total Net Position	<u>433,406,913</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 681,715,426</u></u>
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Moulton Niguel Water District
Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended June 30, 2023

Operating Revenues:

Water charges	\$ 33,715,449
Recycled charges	5,144,470
Sanitation charges	30,864,383
Other	908,796

Total Operating Revenues

70,633,098

Operating Expenses:

Source of supply:

Water purchases	27,149,622
Utilities	2,715,988

Pumping water	2,505,801
Wastewater treatment	17,047,968
Water transmission and distribution	2,067,556
Customer service	4,373,540
Water efficiency	4,556,559
General, administrative, and other	20,374,115

Amortization:

Right to use lease assets	9,290
Right to use subscription assets	211,240
Regulated assets	155,597

Depreciation	24,029,537
--------------	------------

Total Operating Expenses

105,196,813

Operating Income (Loss)

(34,563,715)

Non-Operating Revenues (Expenses)

Investment income	941,851
Investment income - restricted	541,043
Interest income - leases	602,255
Property tax revenue	34,369,798
Interest expense	(5,334,286)
Intergovernmental revenue	3,698,992
Cellular lease and license income	1,635,521
Other non-operating revenues	403,160
Other non-operating expenses	(353,557)

Total Non-Operating Revenues (Expenses)

36,504,777

Income (Loss) Before Capital Contributions

1,941,062

Capital Contributions:

Capacity fees	283,730
Other contributions	988,405

Total Capital Contributions

1,272,135

Change in Net Position

3,213,197

Net position, beginning	430,193,716
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Net position, end of fiscal year	\$ 433,406,913
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[See Notes to Financial Statements](#)

**Moulton Niguel Water District
Statement of Cash Flows
Fiscal Year Ended June 30, 2023**

Cash Flows from Operating Activities:

Cash received from customers	\$ 73,582,900
Cash paid to suppliers	(64,059,206)
Cash paid to employees	(23,941,713)

Net Cash Used for Operating Activities	<u>(14,418,019)</u>
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Cash Flows from Non-Capital Financing Activities:

Cash received from property taxes	34,301,394
-----------------------------------	------------

Net Cash Provided by Non-Capital Financing Activities	<u>34,301,394</u>
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Cash Flows from Capital and Related Financing Activities:

Acquisition and construction of capital assets	(25,594,283)
Acquisition and construction of regulated assets	(824,148)
Repayment of notes receivable	11,047
Capital contributions	1,272,135
Principal payments on long-term debt	(4,195,000)
Interest payments on long-term debt	(6,735,927)
Lease payments	(9,290)
Subscription payments	(211,240)
Intergovernmental revenue	2,859,792
Proceeds from the sale of assets	63,025

Net Cash Used by Capital and Related Financing Activities	<u>(33,363,889)</u>
--	----------------------------

Cash Flows From Investing Activities:

Investment earnings received	3,119,133
Lease receipts	1,635,520
Proceeds from sales and maturities of investments	25,284,635
Purchases of investments	(18,919,514)

Net Cash Provided by Investing Activities	<u>11,119,774</u>
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Net Decrease in Cash and Cash Equivalents	<u>(2,360,740)</u>
--	---------------------------

Cash and cash equivalents, Beginning of Year	34,188,949
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Cash and cash equivalents, End of Year	<u>\$ 31,828,209</u>
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**Moulton Niguel Water District
Statement of Cash Flows
Fiscal Year Ended June 30, 2023**

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:

Operating Loss	\$ (34,563,715)
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Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:

Depreciation	24,029,537
Amortization of right to use lease assets	9,290
Amortization of right to use subscription assets	211,240
Amortization of regulated assets	155,597
Other non-operating revenue	551,719
Other non-operating expense	(353,557)
Changes in net pension liability	15,451,833
Changes in pension related deferred outflows of resources	(7,390,004)
Changes in pension related deferred inflows of resources	(11,570,235)
Changes in net OPEB liability	626,434
Changes in OPEB related to deferred outflows of resources	(395,346)
Changes in OPEB related to deferred inflows of resources	(466,278)
Changes in lease liabilities and intangible right to use assets	(85)
Changes in subscription liabilities and intangible right to use assets	(9,695)
Changes in assets and liabilities:	
Decrease in accounts receivable, water and sanitation	1,260,035
Decrease in accounts receivable, other	1,491,604
Increase in inventory	(1,010,268)
Increase in prepaid items	(46,928)
Decrease in accounts payable	(2,575,195)
Increase in compensated absences	175,998

Net Cash Used for Operating Activities	<u>\$ (14,418,019)</u>
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Non-cash Investing, Capital, and Financing Activities:

Unrealized loss on investments	\$ (1,372,775)
Amortization of deferred charges on refundings	97,765
Amortization of premiums	(1,044,240)
Capital assets in accounts payable	2,885,745



Moulton Niguel Water District

Notes to Financial Statements June 30, 2023

Note 1: Organization and Summary of Significant Accounting Policies

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

a. Description of the Reporting Entity

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

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

b. Basis of Accounting

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

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

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

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

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

c. MNWD Public Facilities Corporation

The MNWD Public Facilities Corporation ("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 14. 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 GASB 14, a component unit should be included in the reporting entity financial statements using the blending method in any of these circumstances:

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

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 No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statement No. 14 and No. 34* ("GASB 61"), as amended, condensed financial information is reported in Note 12.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

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

d. Property Taxes

The District is authorized to levy taxes on all taxable property within its boundaries for the purposes of carrying on its operations and paying its obligations, subject to certain limitations in the Water Code, the Revenue and Taxation Code, and the California Constitution. Historically, a portion of the taxes were levied to meet the District's debt service requirements on its general obligation bonds which have been paid off since fiscal year 2020.

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 Items

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 or subscription asset in accordance with GASB Statement No. 87, *Leases* ("GASB 87") and GASB Statement No. 96, *Subscription Based Information Technology Arrangements* ("GASB 96"), respectively. The intangible right to use assets is amortized each year for the term of the contract.

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
Software and information technology infrastructure	5 years

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

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

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.

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.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

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

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 pension, 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.

GAAP requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021, to June 30, 2022

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

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.

GAAP requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	January 1, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021, to June 30, 2022

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 continue recognizing 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. Subscription Based Information Technology Arrangements (SBITAs)

The District recognizes an intangible right to use subscription assets and a corresponding subscription liability at commencement of the subscription term, which is when the subscription is placed into service.

The subscription liability is initially measured at the present value of the subscriptions payments expected to be made during the subscription term. Future subscription payments are discounted using the District's incremental borrowing rate. The District recognizes amortization of the discount on the subscription liability as an outflow of resources.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

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

o. Subscription Based Information Technology Arrangements (SBITAs) (Continued)

The subscription asset should be initially measured as the sum of (1) the initial subscription liability; (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before commencement of the subscription term. The District recognizes amortization of the subscription asset as an outflow of resources over the subscription term.

p. Deferred Outflows and Inflows of Resources

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

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

q. Net Position

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

Net investment in capital assets represent the capitalized cost of capital assets, net of depreciation and the related outstanding debt balances or other capital related liabilities, including related deferred outflows of resources. Additionally, the District includes the right to use lease assets, right to use subscription assets and regulated asset balances in this balance. Refer to Note 16 for additional information.

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. Refer to Note 17 for additional information.

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 18.

r. 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, 2023

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

s. New Accounting Pronouncements

The District implemented the following GASB Statements in fiscal year 2023:

GASB 96 was issued in May 2020. This statement requires recognition of a right to use subscription assets and subscription liability for certain subscription based information technology arrangements.

The District is currently evaluating its accounting practices to determine potential impact on the financials for the following GASB Statements that are effective in a future fiscal year:

- GASB Statement No. 99, Omnibus 2022 (some components were effective in fiscal year 2022 and 2023, others are effective for fiscal years 2024),
- GASB Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62 (effective for fiscal year 2024),
- GASB Statement No. 101, Compensated Absences (effective for fiscal year 2025).

The following pronouncements issued by GASB were determined to not be applicable to the District's financial statements:

- GASB Statement No. 91, Conduit Debt Obligations (effective for fiscal year 2023),
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements (effective for fiscal year 2023).

Note 2: Cash and Investments

Cash and Investments are classified in the accompanying Statement of Net Position as follows at June 30, 2023:

Cash and Investments, Current	\$	31,828,209
Investments, Non-current		97,171,348
Restricted Cash and Investments with Fiscal Agent		<u>23,256,448</u>
Total Cash and Investments	\$	<u><u>152,256,005</u></u>

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 2: Cash and Investments (Continued)

Cash and Investments held by the District at June 30, 2023, consisted of the following:

Cash:

Petty Cash on Hand	\$ 6,183
Deposits with Financial Institutions	2,254,361
Total Cash	<u>2,260,544</u>
Investments	<u>149,995,461</u>
Total Cash and Investments	<u><u>\$ 152,256,005</u></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 on the next page, 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:

	Maximum Maturity ¹	Maximum Percentage of Portfolio ¹	Maximum Investment in One Issuer ¹
Municipal Securities	5 years	30%	5%
U.S. Treasury Obligations	10 years ²	None	None
Federal Agency Securities	10 years ²	None	25%
Bankers Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit (CDs)	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 ³	N/A	20%	10%
Money Market Mutual Funds ³	N/A	20%	None
Asset Backed Securities	5 years	20%	5%
Local Agency Investment Fund (LAIF)	N/A	\$75M	None
Local Government Investment Pools	N/A	None ⁴	None
Supranationals	5 years	30%	10%

¹Based on state law requirements or investment policy requirements, whichever is more restrictive, except for maturities in excess of 5 years, as described below.

²5 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.

³Government code allows a combined total of 20% between mutual funds and money market mutual funds.

⁴The District may invest up to the maximum amount permitted by the investment pool.

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 2: Cash and Investments (Continued)

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
LAIF	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.

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
U.S. Treasury - Notes	\$ 29,535,097	\$ 3,102,335	\$ 8,521,963	\$ 6,689,944	\$ 11,220,855
U.S. Treasury - Bills	299,373	299,373	—	—	—
Federal Agency Securities	39,112,371	3,770,764	18,068,464	6,857,642	10,415,501
Corporate Notes	27,464,246	942,885	16,897,868	9,623,493	—
LAIF	19,645,587	19,645,587	—	—	—
Asset Backed Securities	8,050,881	—	4,768,743	3,282,138	—
Money Market Fund	338,036	338,036	—	—	—
Negotiable CDs	1,287,814	1,287,814	—	—	—
Supranational	789,346	—	789,346	—	—
Commercial Paper	542,508	542,508	—	—	—
Held by fiscal agent					
Money Market Fund	3,246,086	3,246,086	—	—	—
U.S. Treasury - Note	17,101,122	17,101,122	—	—	—
Federal Agency Securities	2,582,994	2,582,994	—	—	—
Total investments	<u>\$ 149,995,461</u>	<u>\$ 52,859,504</u>	<u>\$ 49,046,384</u>	<u>\$ 26,453,217</u>	<u>\$ 21,636,356</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2023

Note 2: Cash and Investments (Continued)

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 (where applicable) by 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 Applicable Rating ¹	Ratings as of Year-End			
			AAA	AA	A	Not Rated ²
U.S. Treasury - Notes	\$ 29,535,097	N/A	\$ —	\$ —	\$ —	\$ 29,535,097
U.S. Treasury - Bills	299,373	N/A	—	—	—	299,373
Federal Agency Securities	39,112,371	N/A	39,112,371	—	—	—
Corporate Notes	27,464,246	A	1,066,286	5,602,985	20,794,975	—
LAIF	19,645,587	N/A	—	—	—	19,645,587
Asset Backed Securities	8,050,881	AA	8,050,881	—	—	—
Money Market Fund	338,036	N/A	338,036	—	—	—
Negotiable CD	1,287,814	A	1,284,814	—	—	—
Supranational	789,346	AA	786,346	—	—	—
Commercial Paper	542,508	A	542,508	—	—	—
Held by fiscal agent						
Money Market Fund	3,246,086	N/A	—	—	—	3,246,086
U.S. Treasury - Notes	17,101,122	N/A	—	—	—	17,101,122
Federal Agency Securities	2,582,994	N/A	2,582,994	—	—	—
Total investments	<u>\$ 149,995,461</u>		<u>\$ 53,764,236</u>	<u>\$ 5,602,985</u>	<u>\$ 20,794,975</u>	<u>\$ 69,827,265</u>

¹Minimum legal rating required according to California Government Code or Investment Policy

²Obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government are exempt from disclosure requirements

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:

Issuer Name	Year-end Balance	Percent
Federal Home Loan Mortgage Corp	\$ 15,649,012	12.3 %
Federal Home Loan Bank	10,128,194	8.0 %
Federal National Mortgage Association	8,882,306	7.0 %

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 2: Cash and Investments (Continued)

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, 2023:

Investment Type	Total	Significant Other Observable Inputs (Level 2)
U.S. Treasury - Notes	\$ 29,535,097	\$ 29,535,097
U.S. Treasury - Bills	299,373	299,373
Federal Agency Securities	39,112,371	39,112,371
Corporate Notes	27,464,246	27,464,246
Asset Backed Securities	8,050,881	8,050,881
Negotiable CD	1,287,814	1,287,814
Supranational	789,346	789,346
Commercial Paper	542,508	542,508
Held by fiscal agent		
U.S. Treasury - Notes	17,101,122	17,101,122
Federal Agency Securities	2,582,994	2,582,994
Total investments by fair value level	<u>\$ 126,765,752</u>	<u>\$ 126,765,752</u>
Investments not subject to fair value level:		
Money Market Fund	\$ 338,036	
LAIF	19,645,587	
Held by fiscal agent - Money Market Fund	3,246,086	
Total investments	<u>\$ 149,995,461</u>	

Investments 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, Local Agency Investment Fund (LAIF), is managed by the State Treasurer, and by law is regulated by the California Government Code. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the District's investments in LAIF at June 30, 2023, of \$19,645,587 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. The money market funds held by the District and fiscal agent are measured at amortized cost and are listed as uncategorized.

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2023

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 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, 2023:

Investment income	\$ 3,069,127
Realized gain (loss)	(213,458)
Unrealized gain (loss)	(1,372,775)
Total investment income (loss)	<u>\$ 1,482,894</u>

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

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 40 loans outstanding totaling \$431,228 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 into an agreement to lease printer and copier machines for thirty-six months, beginning August 2019. The lease terminated August 2022 and the District purchased the equipment previously under lease. During the fiscal year, the District recorded \$4,332 in amortization expense and \$184 in interest expense for the right to use the printer and copier equipment.

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, 2023, the District has recognized a right to use asset of \$7,429 and a lease liability of \$7,563 related to this agreement. During the fiscal year, the District recorded \$4,958 in amortization expense and \$153 in interest expense for the right to use the postage machine. 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.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2024	\$ 5,029	\$ 53
2025	2,534	7
Total	<u>\$ 7,563</u>	<u>\$ 60</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 4: Leases (Continued)

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

Lessee activities	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Right to use assets				
Printers and copiers	\$ 4,332	\$ —	\$ (4,332)	\$ —
Mail postage machine	12,387	—	(4,958)	7,429
Total, right to use assets	<u>\$ 16,719</u>	<u>\$ —</u>	<u>\$ (9,290)</u>	<u>\$ 7,429</u>

Lessor:

The District licenses (leases) a portion of its facilities for cellular tower antenna sites. These licenses are non-cancelable for a period of 10 years, with one renewal period of 5 years. The District believes the licensees will exercise the renewal option with reasonable certainty. The agreements allow for 3.0% – 4.0% annual CPI increases to the license payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$1,444,159 in lease revenue and \$602,255 in interest income related to these agreements. At June 30, 2023, the District recorded \$15,123,238 in lease receivables and \$15,125,399 in deferred inflows of resources for these arrangements. The District used an interest rate of between 3.64%, 3.79%, 4.96%, and 6.04% based on the rates available to finance real estate or machinery and equipment over the same time periods.

A summary of the leases receivable activity during the year ended June 30, 2023 was as follows:

Leases receivable	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
License agreements	\$ 15,341,818	\$ 1,225,579	\$ (1,444,159)	\$ 15,123,238
Total leases receivable	<u>\$ 15,341,818</u>	<u>\$ 1,225,579</u>	<u>\$ (1,444,159)</u>	<u>\$ 15,123,238</u>

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

Fiscal Year Ended June 30	Lease Revenue
2024	\$ 1,496,331
2025	1,542,834
2026	1,631,325
2027	1,780,731
2028	1,939,513
2029-2033	5,831,561
2034-2038	900,943
Total	<u>\$ 15,123,238</u>

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 4: Leases (Continued)

A summary of the deferred inflow of resources activity during the year ended June 30, 2023 was as follows:

Deferred Inflows of Resources	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Deferred inflows related to leases	\$ 15,343,979	\$ 1,225,579	\$ (1,444,159)	\$ 15,125,399
Total deferred inflows of sources related to leases	<u>\$ 15,343,979</u>	<u>\$ 1,225,579</u>	<u>\$ (1,444,159)</u>	<u>\$ 15,125,399</u>

During the fiscal year none of the additions or deletions to deferred inflows of resources related to leases were due to renewals or modifications. Further, none of the deletions of deferred items related to leases was a result of lease termination.

Note 5: Subscription Based Information Technology Arrangements (SBITAs)

The District has several SBITAs, summarized below:

- A. The District entered into a subscription agreement for software and cloud services including use of Microsoft software and Amazon Web Services cloud platform. The subscription was entered into in March 2022 and terminates February 2026. Under the terms of the subscription, the District is billed based on consumption but at a minimum, pays \$14,642 per month for these services. The calculation of the right to use subscription asset and the subscription liability is based on the fixed minimum cost per month and excludes the variable consumption costs, as well as, additional fees for support and monitoring services. At July 1, 2022, the District recognized a right to use subscription asset of \$641,442 and a subscription liability for the same amount. During the fiscal year, the District recorded \$174,939 in amortization expense and \$1,245 in interest expense for the right to use the software and cloud platform. The District used an incremental borrowing rate of .2450%, based on the true interest cost for its most recent debt issuance for the same time periods. At June 30, 2023, the District has recognized a right to use subscription asset of \$466,503 net of accumulated amortization and a subscription liability of \$466,979 related to this agreement.
- B. The District entered into a subscription agreement to use a cloud management platform beginning February 2022 and terminating February 2024. Under the terms of the subscription, the District pays \$10,761 per year over the life of the agreement. At July 1, 2022, the District recognized a right to use subscription asset of \$21,459 and a subscription liability for the same amount. During the fiscal year, the District recorded \$10,729 in amortization expense and \$42 in interest expense for the right to use the cloud management platform. The District used an incremental borrowing rate of .197%, based on the true interest cost for its most recent debt issuance for the same time periods. At June 30, 2023, the District has recognized a right to use subscription asset of \$10,730 net of accumulated amortization and a subscription liability of \$10,740 related to this agreement.

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 5: Subscription Based Information Technology Arrangements (SBITAs) (Continued)

- C. The District entered into a subscription agreement to use an eSignature and form automation platform beginning February 2021 and terminating February 2024. Under the terms of the subscription, the District pays \$18,422 per year over the life of the agreement. At July 1, 2022, the District recognized a right to use subscription asset of \$18,386 and a subscription liability for the same amount. During the fiscal year, the District recorded \$18,386 in amortization expense and \$36 in interest expense for the right to use the eSignature and form automation platform. The District used an incremental discount rate of .197%, based on the true interest cost for its most recent debt issuance for the same time periods. At June 30, 2023, the District's right to use subscription asset is fully amortized and there is no remaining subscription liability related to this agreement.
- D. The District entered into a subscription agreement to use a software for fuel tank level monitoring and compliance reporting beginning November 2021 and terminating November 2024. Under the terms of the subscription, the District paid \$21,564 at commencement of the subscription. At July 1, 2022, the recognized a right to use subscription asset of \$17,367. There was no liability recognized as the balance was prepaid at commencement. During the fiscal year, the District recorded \$7,186 in amortization expense for the right to use the software. The District used an incremental discount rate of .197%, based on the true interest cost for its most recent debt issuance for the same time periods. At June 30, 2023, the District has recognized a right to use subscription asset of \$10,181 net of accumulated amortization.

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

	Balance at			Balance at	
	June 30, 2022		Additions	Deletions	June 30, 2023
Right to use subscription assets					
SBITA A	\$ 641,442	\$ —	\$ (174,939)		\$ 466,503
SBITA B	21,459	—	(10,729)		10,730
SBITA C	18,386	—	(18,386)		—
SBITA D	17,367	—	(7,186)		10,181
Total, right to use subscription assets	<u>\$ 698,654</u>	<u>\$ —</u>	<u>\$ (211,240)</u>		<u>\$ 487,414</u>

Remaining obligations associated with these SBITAs are as follows:

Fiscal Year Ended		
June 30,	Principal	Interest
2024	\$ 185,499	\$ 969
2025	175,189	519
2026	117,030	108
Total	<u>\$ 477,718</u>	<u>\$ 1,596</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2023, is as follows:

Capital Assets	Balance at June 30, 2022 As Restated	Transfers	Additions	Deletions	Balance at June 30, 2023
Depreciable assets:					
Water systems	\$658,102,551	\$ (4,673,045)	\$ 16,179	\$ (271,220)	\$653,174,465
Capacity rights	150,775,891	7,138,157	—	(368,337)	157,545,711
Building	56,579,899	(442,546)	—	—	56,137,353
Automobiles and equipment	27,829,094	5,716,363	2,861,254	(152,820)	36,253,891
Software and information technology infrastructure	—	7,361,918	—	—	7,361,918
Total depreciable assets ¹	893,287,435	15,100,847	2,877,433	(792,377)	910,473,338
Less accumulated depreciation:					
Water systems	(375,218,863)	7,611,639	(17,534,108)	271,220	(384,870,112)
Capacity rights	(33,330,458)	(7,138,086)	(3,476,609)	156,754	(43,788,399)
Building	(5,523,378)	(2,592,351)	(1,223,012)	—	(9,338,741)
Automobiles and equipment	(23,916,001)	5,943,058	(1,441,413)	152,820	(19,261,536)
Software and information technology infrastructure	—	(3,824,260)	(354,395)	—	(4,178,655)
Total accumulated depreciation ¹	(437,988,700)	—	(24,029,537)	580,794	(461,437,443)
Net depreciable assets	455,298,735	15,100,847	(21,152,104)	(211,583)	449,035,895
Amortized assets:					
Intangible right to use lease assets	2,806,634	—	—	—	2,806,634
Intangible right to use subscription assets	698,654	—	—	—	698,654
Total amortized assets	3,505,288	—	—	—	3,505,288
Less accumulated amortization:					
Intangible right to use lease assets	(2,789,915)	—	(9,290)	—	(2,799,205)
Intangible right to use subscription assets	—	—	(211,240)	—	(211,240)
Total accumulated amortization	(2,789,915)	—	(220,530)	—	(3,010,445)
Net amortized assets	715,373	—	(220,530)	—	494,843
Capital assets not depreciated:					
Land	1,070,126	—	—	—	1,070,126
Construction in progress	19,752,374	(15,100,847)	25,602,594	—	30,254,121
Total capital assets net	\$476,836,608	\$ —	\$ 4,229,960	\$ (211,583)	\$480,854,985

¹The district reclassified depreciable assets and accumulated depreciation between categories at July 1, 2022. These reclassifications are shown in the transfers column combined with transfers from construction in progress to depreciable assets.

Depreciation and amortization expenses were \$24,029,537 and \$220,530, respectively.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 7: Regulated Assets

Regulated asset activity for the year ended June 30, 2023, is as follows:

Regulated assets	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Potable meters	\$ 2,311,303	\$ 824,148	\$ —	\$ 3,135,451
Less accumulated amortization	(160,572)	(155,597)	—	(316,170)
Total regulated assets	<u>\$ 2,150,731</u>	<u>\$ 668,551</u>	<u>\$ —</u>	<u>\$ 2,819,281</u>

The District recognized \$155,597 in amortization during the fiscal year.

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

Note 8: Long-Term Liabilities

Long-Term liabilities for the year ended June 30, 2023, are as follows:

	Balance at June 30, 2022	Addition	Deletion	Ending June 30, 2023	Due Within One Year
Bonds payable:					
2015 Refunding	\$ 4,490,000	\$ —	\$ (2,190,000)	\$ 2,300,000	\$ 2,300,000
Add: Premium	332,478	—	(265,983)	66,495	66,495
2019 Refunding	48,605,000	—	—	48,605,000	—
Add: Premium	8,506,318	—	(493,119)	8,013,199	493,120
Total Bonds	<u>61,933,796</u>	<u>—</u>	<u>(2,949,102)</u>	<u>58,984,694</u>	<u>2,859,615</u>
Certificates of Participation:					
2019 COPs	62,445,000	—	(1,275,000)	61,170,000	1,340,000
Add: Premium	3,712,192	—	(136,227)	3,575,965	136,227
2021 COPs	56,495,000	—	(730,000)	55,765,000	1,070,000
Add: Premium	4,355,651	—	(148,911)	4,206,740	148,911
Total COPs	<u>127,007,843</u>	<u>—</u>	<u>(2,290,138)</u>	<u>124,717,705</u>	<u>2,695,138</u>
Compensated Absences:					
Vacation pay	1,230,850	1,583,829	(1,756,846)	1,403,867	1,052,900
Sick Pay	546,053	728,847	(731,828)	549,034	411,775
Total Compensated Absences	<u>1,776,903</u>	<u>2,312,676</u>	<u>(2,488,674)</u>	<u>1,952,901</u>	<u>1,464,675</u>
Total:	<u>\$ 190,718,542</u>	<u>\$ 2,312,676</u>	<u>\$ (7,727,914)</u>	<u>\$ 185,655,300</u>	<u>\$ 7,019,428</u>

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 8: Long-Term Liabilities (Continued)

Bonds Payable

2015 Revenue Refunding Bond

On June 1, 2015, the District issued \$12,265,000 of 2015 Revenue Refunding Bonds ("2015 Revenue Refunding 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, 2023, is \$24,441, and will be amortized over the life of the bonds.

As of June 30, 2023, the Reserve Requirement for the 2015 Revenue Refunding Bond was \$230,000 and the District had \$511,336 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.

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 8: Long-Term Liabilities (Continued)

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	
Fiscal Year	Principal Amount of Certificates to be Prepaid	Fiscal Year	Principal Amount of Certificates to be Prepaid
2041	\$ 2,490,000	2046	\$ 2,890,000
2042	2,565,000	2047	2,975,000
2043	2,645,000	2048	3,065,000
2044	2,725,000	2049	3,155,000
2045	2,805,000	2050	3,250,000

2021 Certificates of Participation

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

The Certificates maturing on September 1, 2045, September 1, 2048 and September 1, 2051, are also subject to mandatory sinking fund prepayment on September 1 in each year on or after September 1, 2045, September 1, 2048, and September 1, 2051, 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, 2045		Certificates Maturing September 1, 2048		Certificates Maturing September 1, 2051	
Fiscal Year	Principal Amount of Certificates to be Prepaid	Fiscal Year	Principal Amount of Certificates to be Prepaid	Fiscal Year	Principal Amount of Certificates to be Prepaid
2044	\$ 2,270,000	2047	\$ 2,425,000	2050	\$ 2,595,000
2045	2,320,000	2048	2,480,000	2051	2,650,000
2046	2,370,000	2049	2,535,000	2052	2,710,000

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 8: Long-Term Liabilities (Continued)

Remaining Payments on Long-Term Debt

The long-term obligations of the District, excluding amortizations of deferred charges, at June 30, 2023, are as follows:

June 30	Bonds		Certificates of Participation		Total
	Principal	Interest	Principal	Interest	
2024	\$ 2,300,000	\$ 2,487,750	\$ 2,410,000	\$ 3,654,981	\$ 10,852,731
2025	2,055,000	2,378,875	2,525,000	3,531,606	10,490,481
2026	2,155,000	2,273,625	2,655,000	3,402,106	10,485,731
2027	2,265,000	2,163,125	2,785,000	3,266,106	10,479,231
2028-2032	13,145,000	8,953,125	16,170,000	14,049,781	52,317,906
2033-2037	16,770,000	5,232,000	19,695,000	10,619,153	52,316,153
2038-2042	12,215,000	935,875	22,605,000	7,707,419	43,463,294
2043-2047	—	—	25,650,000	4,614,650	30,264,650
2048-2052	—	—	22,440,000	1,174,200	23,614,200
Total	<u>\$ 50,905,000</u>	<u>\$ 24,424,375</u>	<u>\$ 116,935,000</u>	<u>\$ 52,020,002</u>	<u>\$ 244,284,377</u>
Unamortized premium/ discount	<u>\$ 8,079,694</u>		<u>\$ 7,782,705</u>		
Total Debt	58,984,694		124,717,705		
Less current portion	<u>2,859,615</u>		<u>2,695,138</u>		
Long-term portion of debt	<u>\$ 56,125,079</u>		<u>\$ 122,022,567</u>		

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, 2023, the District's compensated absences liability was \$1,952,901.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 9: 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, 2023:

Debt Service Coverage

Operating Revenues:

Water sales and service charges	\$ 38,859,919	
Wastewater service charges	30,864,383	
Meter sales & other	908,796	
Total Operating Revenues	70,633,098	(A)

Operations & Maintenance Expenses:

Source of supply	29,865,610	
Pumping water	2,505,801	
Wastewater treatment	17,047,968	
Water transmission & distribution	2,067,556	
Customer service	4,373,540	
Water efficiency	4,556,559	
General, administrative & other	20,374,115	
Total Operations & Maintenance Expenses	80,791,149	(B)

Net Operating Income (Loss) **(10,158,051) (A-B)**

Non-Operating Revenues (Expenses):

Capacity fees	283,730	
Cellular lease income	1,635,521	
Interest income - leases	602,255	
Investment income (loss)	1,482,894	
Intergovernmental revenue	3,698,992	
Other contributions	988,405	
Other income	403,160	
Other expense	(353,557)	
Total Non-Operating Revenues	8,741,400	(C)

Net Revenues (Expenses) **(1,416,651) (A-B+C)**

Property Tax Revenues **34,369,798**

Sum of Net & Tax Revenues **\$ 32,953,147 (D)**

Debt Service

2015 Refunding Revenue Bonds	\$ 2,359,750	
2019 Refunding Revenue Bonds	2,430,250	
2019 Certificates of Participation	3,318,706	
2021 Certificates of Participation	2,814,129	
Total Debt Service	\$ 10,922,835	(E)

Calculated Debt Service Coverage Percentage **302% (D/E)**

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 10: 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, 2023

Note 10: Pension Plans (Continued)

The plan provisions and benefits in effect at June 30, 2023, are summarized below:

	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*			
Benefit formula	2% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.000%	7.000%	7.250%
Required employer contribution rates	12.690%	11.660%	7.650%
Unfunded actuarial liability payment	\$2,000,649	\$35,811	\$29,765

*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, 2023, contributions to the plan were \$3,743,086, matching the Actuarially Determined Contribution.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the collective net pension liability as \$29,321,976.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 10: Pension Plans (Continued)

The District's net pension liability at June 30, 2023, 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, 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, 2022, and 2023, was as follows:

	Pension Plans
Proportion - June 30, 2022	0.73047%
Proportion - June 30, 2023	0.62664%
Change - Increase (Decrease)	(0.10383)%

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, 2023, the District recognized pension expense of \$234,690. At June 30, 2023, 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	\$ 588,843	\$ 394,381
Change in assumptions	3,004,649	—
Differences between Projected and Actual Investment	5,371,007	—
Differences between Employer's Contributions and Proportionate Share of Contributions	—	933,831
Change in Employer's Proportion	328,083	—
Contribution subsequent to measurement date	3,743,086	—
Total	\$ 13,035,668	\$ 1,328,212

The deferred outflow of resourced for contributions subsequent to the measurement date of \$3,743,086 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 10: 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
2024	\$ 2,011,833
2025	1,714,289
2026	953,156
2027	3,285,092
Total	<u>\$ 7,964,370</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, 2022, measurement period, the EARSL was 3.7 years.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021, valuation was rolled forward to determine the June 30, 2022, 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	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies

¹ The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report on the CalPERS website.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 10: Pension Plans (Continued)

Long-term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS staff took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ^{1,2}
Global equity - cap weighted	30.00%	4.45%
Global equity - non-cap weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Estate	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.00%	

¹ An expected inflation of 2.3% was used for this period.

² Figures are based on the 2021-2022 Asset Liability Management Study.

Discount Rate

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

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 10: 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%
	5.90%	6.90%	7.90%
District's proportionate share of the Net Pension Liability:	\$ 44,352,253	\$ 29,321,976	\$ 16,955,787

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 \$220,845 and recognized as pension expense for the year ended June 30, 2023. 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 11: 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, 2023

Note 11: Other Post-Employment Benefits (OPEB) (Continued)

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

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

Employees Covered

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

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

Contributions

The OPEB 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, 2023, District cash contributions were \$286,338 (including payments made to the trust and retiree payments made outside the trust) and the estimated implied subsidy was \$126,263, resulting in total payments of \$412,601. Contributions are not based on a measure of pay for the HC Plan.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2021, that was rolled forward to determine the June 30, 2022, total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.50%
Inflation	2.50%
Salary Increases	2.80% per year
Investment Rate of Return	6.50% per year based on CERBT asset allocation Strategy 2
Mortality Rate	Derived using CalPERS' Valuation Report as of June 30, 2021 for the District.
Healthcare Trend Rate	Derived using the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend, 5.75% starting in year 2021 and decreasing to an ultimate rate of 4.00% in year 2073.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 11: Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Cost Method

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

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

Economic Assumptions

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

Asset Class	Expected Arithmetic Nominal Return (30 years)	Asset Allocation
Global Equity	8.31%	40.00%
US Fixed Income	4.61%	43.00%
Treasury Inflation-Protected Securities	3.11%	5.00%
Real Estate Investment Trusts	8.24%	8.00%
Commodities	4.23%	4.00%
Arithmetic Return (30 years)	6.29%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5%. Under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* ("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, 2023

Note 11: 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 (c) = (a) - (b)
Balance at June 30, 2021 (Measurement Date June 30, 2020)	\$ 5,013,616	\$ 4,850,999	\$ 162,617
Changes recognized for the measurement period:			
Service cost	105,164	—	105,164
Interest	319,617	—	319,617
Benefit payments ¹	(409,624)	(409,624)	—
Contributions from employer	—	409,624	(409,624)
Net investment income	—	(610,051)	610,051
Administrative expense	—	(1,226)	1,226
Net Changes	15,157	(611,277)	626,434
Balance at June 30, 2022 (Measurement Date June 30, 2021)	<u>\$ 5,028,773</u>	<u>\$ 4,239,722</u>	<u>\$ 789,051</u>

¹The 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, 2022:

	Discount Rate -1% 5.50%	Current Discount 6.50%	Discount Rate +1% 7.50%
District's Net OPEB Liability:	\$ 1,186,138	\$ 789,051	\$ 435,703

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 11: Other Post-Employment Benefits (OPEB) (Continued)

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, 2022:

	1% Decrease in Healthcare Costs Trend Rate	Current Healthcare Costs Trend Rate	1% Increase in Healthcare Costs Trend Rate
District's Net OPEB Liability:	\$ 551,816	\$ 789,051	\$ 1,061,217

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 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 EARSL of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period. The EARSL was not measured for the June 30, 2022 measurement date as there were no differences between expected and actual experience or changes of assumptions for that measurement period. As of the June 30, 2021, measurement date, the EARSL was 9.45 years.

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$66,680. As of fiscal year, ended June 30, 2023, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 60,150	\$ (193,394)
Change in assumptions	176,786	(172,900)
Differences between Projected and Actual Investment	433,487	—
Contribution subsequent to measurement date	412,601	—
Total	<u>\$ 1,083,024</u>	<u>\$ (366,294)</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 11: Other Post-Employment Benefits (OPEB) (Continued)

The \$412,601 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022, measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2023	\$ 63,571
2024	67,418
2025	58,793
2026	165,521
2027	(19,546)
Thereafter	(31,628)
Total	<u>\$ 304,129</u>

Note 12: 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, 2023, for the Corporation is required:

Condensed Statement of Net Position at June 30, 2023:

	<u>District Financial Statements</u>	<u>Corporation Financial Statements</u>	<u>Eliminating Activities</u>	<u>Combined District Financial Statements</u>
Assets:				
Current	\$ 49,432,096	\$ 3,933,550	\$ (3,933,550)	\$ 49,432,096
Noncurrent	618,140,197	122,022,567	(122,022,567)	618,140,197
Total assets:	<u>667,572,293</u>	<u>125,956,117</u>	<u>(125,956,117)</u>	<u>667,572,293</u>
Deferred outflows of resources	<u>14,143,133</u>	—	—	<u>14,143,133</u>
Total assets and deferred outflows of resources	<u>681,715,426</u>	<u>125,956,117</u>	<u>(125,956,117)</u>	<u>681,715,426</u>
Liabilities:				
Current	22,446,956	3,933,550	(3,933,550)	22,446,956
Long-term	209,041,652	122,022,567	(122,022,567)	209,041,652
Total liabilities	<u>231,488,608</u>	<u>125,956,117</u>	<u>(125,956,117)</u>	<u>231,488,608</u>
Deferred inflows of resources	<u>16,819,905</u>	—	—	<u>16,819,905</u>
Net position:				
Net investment in capital assets	318,688,968	—	—	318,688,968
Restricted	192,038	—	—	192,038
Unrestricted	114,525,907	—	—	114,525,907
Total net position	<u>433,406,913</u>	<u>—</u>	<u>—</u>	<u>433,406,913</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 681,715,426</u>	<u>\$ 125,956,117</u>	<u>\$ (125,956,117)</u>	<u>\$ 681,715,426</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued)
June 30, 2023

Note 12: Blended Component Unit (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended June 30, 2023:

	District Financial Statements	Corporation Financial Statements	Eliminating Activities	Combined District Financial Statements
Operating revenues				
Water charges	\$ 33,715,449	\$ —	\$ —	\$ 33,715,449
Recycled charges	5,144,470	—	—	5,144,470
Sanitation charges	30,864,383	—	—	30,864,383
Other	908,796	—	—	908,796
Total operating revenues	<u>70,633,098</u>	<u>—</u>	<u>—</u>	<u>70,633,098</u>
Operating expenses				
Operating expenses	81,167,276	—	—	81,167,276
Depreciation and amortization	24,029,537	—	—	24,029,537
Total operating expenses	<u>105,196,813</u>	<u>—</u>	<u>—</u>	<u>105,196,813</u>
Operating income (loss)	<u>(34,563,715)</u>	<u>—</u>	<u>—</u>	<u>(34,563,715)</u>
Non-operating revenues (expenses)				
Property taxes	34,369,798	—	—	34,369,798
Investment income	2,085,149	3,430,691	(3,430,691)	2,085,149
Interest expense	(5,334,286)	(3,430,691)	3,430,691	(5,334,286)
Other non-operating revenue (expense)	5,384,116	—	—	5,384,116
Total non-operating revenues (expenses)	<u>36,504,777</u>	<u>—</u>	<u>—</u>	<u>36,504,777</u>
Capital contributions	1,272,135	—	—	1,272,135
Change in net position	3,213,197	—	—	3,213,197
Net position, beginning	430,193,716	—	—	430,193,716
Net position, end of fiscal year	<u>\$ 433,406,913</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 433,406,913</u>

Corporation Condensed Statement of Cash Flows for the Year Ended June 30, 2023:

Net cash provided by (used for):				
Operating activities	\$ (14,418,019)	\$ —	\$ —	\$ (14,418,019)
Non-capital financing activities	34,301,394	(6,132,834)	6,132,834	34,301,394
Capital and related financing activities	(33,363,889)	—	—	(33,363,889)
Investing activities	11,119,774	6,132,834	(6,132,834)	11,119,774
Net increase (decrease) in cash and cash equivalents	<u>(2,360,740)</u>	<u>—</u>	<u>—</u>	<u>(2,360,740)</u>
Cash and cash equivalents, beginning	34,188,949	—	—	34,188,949
Cash and cash equivalents, end of fiscal year	<u>\$ 31,828,209</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 31,828,209</u>

Moulton Niguel Water District

Notes to Financial Statements (Continued) June 30, 2023

Note 13: 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 over 460 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 \$2,000,000 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 18 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, 2023

Note 14: 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, 2023:

Project Name	Total Project Budget	Cumulative Expenses as of June 30, 2023	Outstanding Commitments
Potable Water Steel Reservoir Seismic Retrofits	\$ 5,862,381	\$ 468,265	\$ 3,755,172
Plant 3A Subsidence Mitigation	3,450,000	2,777,549	2,520,011
Regional Lift Station Force Main Replacement	19,200,000	1,262,671	2,212,032
Regional Treatment Plan AWT Filter System Improvements	2,500,000	580,787	1,867,508
Plant 3A Solids Handling Facilities Improvements	48,147,788	2,941,744	1,140,388
Reservoir Management System Replacement Phase III	8,219,756	7,771,015	913,537
Lower Salada Lift Station Force Main Replacement	10,245,891	454,600	642,863
La Paz Road Bridge Crossing RW Pipeline	723,034	64,295	622,353
OCWD Basin Emergency Interconnection	20,000,000	76,983	586,310
Crown Valley Parkway Transmission Main Lower Reach Replacement	5,512,922	443,995	409,310

Note 15: Joint Powers Authorities and Joint Ventures

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

The South Orange County Wastewater Authority ("SOCWA"), is a Joint Powers Authority that operates three wastewater treatment plants ("WWTP") and two ocean outfalls in the region. The District is one of seven remaining member agencies participating in SOCWA, including two cities and five water districts. In fiscal year 2022, the City of San Juan Capistrano and the Irvine Ranch Water District (IRWD) withdrew participation, followed by the Trabuco Canyon Water District (TCWD) in fiscal year 2023. IRWD and TCWD withdrawals are effective July 1, 2023 bringing the member agencies count from ten to seven. SOCWA treats, beneficially reuses, and disposes of wastewater in South Orange County. A Board of Directors, consisting of representatives from member agencies, governs SOCWA and its operations, 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 \$13,491,470 to SOCWA for the year ended June 30, 2023, consisting of \$11,390,054 for operations and maintenance ("O&M") and \$2,101,416 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.

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 15: Joint Powers Authorities and Joint Ventures (Continued)

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

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

The District deposits money with JRWSS to cover its share of operation and capital costs. At fiscal year-end, JRWSS analyzes its actual costs and refunds or collects additional money from its members as appropriate. The District incurred \$876,643 in expenses payable to JRWSS for the year ended June 30, 2023, consisting of \$386,560 for capital projects and \$490,083 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.

Santiago Aqueduct Commission (a California Joint Powers Authority)

The District is a member of the Santiago Aqueduct Commission ("SAC") with five other member agencies. SAC operates and maintains the Baker Pipeline. The District has 13 cubic feet per second (cfs) of capacity rights in the Baker Pipeline and is responsible for costs to operate and maintain the Baker Pipeline. Irvine Ranch Water District maintains the infrastructure, collects money to cover expenses from the members, and maintains the records for SAC. The District paid \$33,768 in operating costs to SAC for the year ended June 30, 2023.

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

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

Moulton Niguel Water District
Notes to Financial Statements (Continued)
June 30, 2023

Note 16: Net Investment in Capital Assets

The calculation for the amount reported at June 30, 2023, for net investment in capital assets was as follows:

Total capital assets	\$ 480,360,142
Add right to use lease assets	7,429
Add right to use subscription assets	487,414
Add regulated assets	2,819,281
Less capital related debt	(183,702,399)
Less lease liabilities	(7,563)
Less subscription liabilities	(477,718)
Add deferred charges related to debt	24,441
Add unspent proceeds	22,418,866
Add restricted cash in escrow	326,245
Less capital related liabilities in accounts payable and retention payable	(3,567,170)
Total Net Investment in Capital Assets	\$ 318,688,968

Note 17: Restricted Net Position

At June 30, 2023, the District held \$192,038 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 18: 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, 2023, is as follows:

Designated for rate stabilization	\$ 16,231,143
Designated for replacement and refurbishment	14,145,537
Designated for self-insurance reserves	239,478
Designated for planning and construction	884,346
Designated for water efficiency	3,123,987
Designated for emergency reserves	35,300,000
Designated for operating reserves	79,901,416
Total unrestricted net position	\$ 114,525,907

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, 2023

Note 18: 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.

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.



Moulton Niguel Water District
Required Supplementary Information
Miscellaneous Plan – Cost Sharing Multiple Employer Benefit Plan
Schedule of Proportionate Share of the Net Pension Liability
Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years¹

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the Net Pension Liability (NPL) ²	0.44600 %	0.47146 %	0.50610 %	0.52540 %	0.54095 %	0.56076 %	0.58155 %	0.73047 %	0.62664 %
Proportionate Share of the NPL	<u>\$12,251,838</u>	<u>\$12,934,337</u>	<u>\$17,581,392</u>	<u>\$20,711,604</u>	<u>\$20,386,747</u>	<u>\$22,455,803</u>	<u>\$24,530,154</u>	<u>\$13,870,143</u>	<u>\$29,321,976</u>
Covered Payroll	<u>\$7,060,907</u>	<u>\$7,735,097</u>	<u>\$8,936,374</u>	<u>\$9,739,736</u>	<u>\$11,147,956</u>	<u>\$12,330,405</u>	<u>\$14,389,775</u>	<u>\$15,161,433</u>	<u>\$16,205,703</u>
Proportionate Share of the NPL as a Percentage of Covered Payroll	174 %	167 %	197 %	213 %	183 %	182 %	170 %	91 %	181 %
Fiduciary Net Position as a Percentage of the Total Pension Liability ²	81.35 %	81.35 %	75.87 %	75.39 %	77.69 %	77.73 %	77.71 %	90.49 %	78.19 %

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

²In fiscal year 2023, the fiscal year 2015 through 2022 proportions were adjusted to exclude the safety risk pool since the District doesn't participate in that pool.

³ In fiscal year 2023, the fiscal year 2015 through 2022 calculations were adjusted to exclude the safety risk pool from the calculation since the District doesn't participate in that pool.

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions:

1. Discount rate changed from 7.50% at the June 30, 2014, measurement date, to 7.65% at the June 30, 2015, measurement date.
2. In Fiscal Year 2017, the financial reporting discount for the PERF C was lowered from 7.65% to 7.15%.
3. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.
4. Effective with the June 30, 2021 valuation date (2022 measurement date), the discount rate was reduced to 6.9%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

**Moulton Niguel Water District
Required Supplementary Information
Miscellaneous Plan – Cost Sharing Multiple Employer Benefit Plan
Schedule of Plan Contributions
Fiscal Year Ended June 30, 2023**

Last Ten Fiscal Years¹

	2015	2016	2017	2018	2019	2020	2021	2022	2023
All Plans									
Actuarially Determined Contribution (ADC)	\$ 997,427	\$1,351,327	\$1,539,047	\$1,820,425	\$2,224,257	\$2,708,761	\$3,055,173	\$3,400,809	\$3,743,086
Contribution in Relation to the ADC	<u>\$(997,427)</u>	<u>\$(1,351,327)</u>	<u>\$(1,539,047)</u>	<u>\$(1,820,425)</u>	<u>\$(2,224,257)</u>	<u>\$(2,708,761)</u>	<u>\$(3,055,173)</u>	<u>\$(3,400,809)</u>	<u>\$(3,743,086)</u>
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<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	\$16,205,703	\$17,409,392
Contributions as a Percentage of Covered payroll	12.89 %	15.12 %	15.80 %	16.33 %	18.04 %	18.82 %	20.15 %	20.99 %	21.50 %

¹Historical information is required only for measurement periods 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
Required Supplementary Information
OPEB Plan - Schedule of Changes in the Net OPEB Liability and Related Ratios
Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years¹

	2018	2019	2020	2021	2022	2023
<i>Measurement Date: June 30,</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Total OPEB Liability						
Service cost	\$ 104,316	\$ 111,097	\$ 106,229	\$ 113,134	\$ 115,348	\$ 105,164
Interest on the total OPEB liability	329,346	328,136	327,519	326,684	322,878	319,617
Actual and expected experience difference	—	—	(337,990)	—	76,298	—
Changes in assumptions	—	—	(308,962)	(82,784)	(148,000)	—
Benefit payments	(441,013)	(477,082)	(417,212)	(431,807)	(403,490)	(409,624)
Net change in total OPEB liability	(7,351)	(37,849)	(630,416)	(74,773)	(36,966)	15,157
Total OPEB liability - beginning	5,183,047	5,175,696	5,137,847	5,125,355	5,050,582	5,013,616
Total OPEB liability - ending (a)	5,175,696	5,137,847	4,507,431	5,050,582	5,013,616	5,028,773
Plan Fiduciary Net Position						
Contribution - employer	559,297	477,082	417,212	431,804	403,490	409,624
Net investment income	225,973	204,998	254,804	207,155	797,170	(610,051)
Benefit payments	(441,013)	(477,082)	(417,212)	(431,807)	(403,490)	(409,624)
Administrative expense	(1,664)	(1,784)	(1,779)	(1,899)	(1,477)	(1,226)
Net change in plan fiduciary net position	342,593	203,214	253,025	205,253	795,693	(611,277)
Plan fiduciary net position - beginning	3,051,218	3,393,811	3,597,025	3,850,050	4,055,305	4,850,998
Plan fiduciary net position - ending (b)	3,393,811	3,597,025	3,850,050	4,055,303	4,850,998	4,239,721
Net OPEB liability - ending (a) - (b)	<u>\$ 1,781,885</u>	<u>\$1,540,822</u>	<u>\$ 657,381</u>	<u>\$ 995,279</u>	<u>\$ 162,618</u>	<u>\$ 789,052</u>
Plan fiduciary net position as a percentage of the total OPEB liability	65.6 %	70.0 %	85.4 %	80.3 %	96.8 %	84.3 %
Covered employee payroll	\$10,391,010	\$10,389,025	\$10,102,781	\$10,696,756	\$10,534,902	\$10,422,293
Net OPEB liability as a percentage of covered employee payroll	17.1 %	14.8 %	6.5 %	9.3 %	1.5 %	7.6 %

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

**Moulton Niguel Water District
Required Supplementary Information
OPEB Plan - Schedule of Contributions
Fiscal Year Ended June 30, 2023**

Last Ten Fiscal Year¹
(In Thousands)

	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution (ADC)	\$ 392,230	\$ 403,997	\$ 360,948	\$ 354,388	\$ 253,188	\$ 359,943
Contributions in relation to the ADC	<u>\$ (477,082)</u>	<u>\$ (467,077)</u>	<u>\$ (431,807)</u>	<u>\$ (403,490)</u>	<u>\$ (409,624)</u>	<u>\$ (412,601)</u>
Contribution Deficiency (Excess)	<u>\$ (84,852)</u>	<u>\$ (63,080)</u>	<u>\$ (70,859)</u>	<u>\$ (49,102)</u>	<u>\$ (156,436)</u>	<u>\$ (52,658)</u>
Covered Payroll	\$10,389,025	\$10,102,781	\$10,696,756	\$10,534,902	\$10,422,293	\$10,257,551
Contributions as a Percentage of Covered payroll	4.6 %	4.6 %	4.0 %	3.8 %	3.9 %	4.0 %

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

Notes to Schedule:

Methods and assumptions used to set the actuarially determined contribution rates for fiscal year 2023 were from the January 1, 2021 actuarial valuation.

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

Moulton Niguel Water District
Schedule of Revenues, Expenses, and Other Sources (Uses) of Funds
Fiscal Year Ended June 30, 2023

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.

	FY 2023 Budget*	FY 2023 Actual*	Variance with Budget Over (Under)	% Variance with Budget Over (Under)
Revenues				
Potable Water Sales	\$ 32,895,199	\$ 30,091,728	\$ (2,803,471)	(8.5)%
Recycled Water Sales	6,762,798	5,144,470	(1,618,328)	(23.9)%
Wastewater Sales	28,255,850	30,864,383	2,608,533	9.2 %
WBBRS Efficiency Funds	5,927,640	3,623,720	(2,303,920)	(38.9)%
Other Operating Income	702,782	908,796	206,014	29.3 %
Ad Valorem Property Tax	32,621,422	34,369,798	1,748,376	5.4 %
Investment Income	2,711,285	941,851	(1,769,434)	(65.3)%
Cellular Lease Income	2,091,040	1,635,521	(455,519)	(21.8)%
Capacity Fees	136,715	191,004	54,289	39.7 %
Demand Offset Fees	36,000	92,726	56,726	157.6 %
Misc. Non-Operating Income	245,090	3,892,095	3,647,005	1488.0 %
Contributions	—	988,405	988,405	— %
Total Revenues	112,385,821	112,744,497	358,676	
Expenses, Debt Obligations, and Capital Improvement Projects				
Operations and Maintenance	86,651,048	80,705,545	(5,945,503)	(6.9)%
Capital Outlay	1,450,000	2,877,434	1,427,434	98.4 %
Debt Service	10,922,835	8,393,388	(2,529,447)	(23.2)%
Depreciation and Amortization	—	24,405,663	24,405,663	— %
Replacement and Refurbishment Projects	42,350,000	20,726,284	(21,623,716)	(51.1)%
Regional Agency Projects	14,188,358	4,009,712	(10,178,646)	(71.7)%
Water Supply Reliability Projects	2,435,000	1,226,407	(1,208,593)	(49.6)%
Planning and Construction Projects	3,930,000	674,061	(3,255,939)	(82.8)%
Total Expenses, Debt Obligations, and Capital Improvement Projects	161,927,241	143,018,494	(18,908,747)	
Net Income (Deficit)*	\$ (49,541,420)	\$ (30,273,997)	\$ 19,267,423	

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

**Moulton Niguel Water District
Supplemental Information
Operations & Maintenance (O&M) Budget Comparison Report
Fiscal Year Ended June 30, 2023**

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.

	<u>Adopted Budget</u>	<u>Actual Expense</u>	<u>Remaining Budget</u>
General Fund			
Salaries	\$ 16,491,374	\$ 15,583,355	\$ 908,019
Retirement Program	3,557,570	(17,595) *	3,575,165
Educational Courses	94,895	36,493	58,402
Travel and Meetings	292,797	418,463	(125,666)
Recruitment and Employee Relations	111,717	20,113	91,604
General Services	507,381	459,140	48,241
Annual Audit	55,000	52,374	2,626
Member Agencies O&M	545,071	630,315	(85,244)
Dues and Memberships	119,914	138,283	(18,369)
Election Expenses	180,000	182,579	(2,579)
Consulting Services	2,340,470	2,307,682	32,788
Equipment Rental	62,520	28,909	33,611
District Fuel	412,500	342,123	70,377
Insurance - District	758,300	642,433	115,867
Insurance - Personnel	436,840	421,379	15,461
Insurance - Benefits	3,320,255	3,483,924	(163,669)
Legal Services	450,000	469,795	(19,795)
District Office Supplies	1,278,500	821,226	457,274
District Operating Supplies	938,400	1,401,994	(463,594)
Repairs and Maintenance - Equipment	1,345,355	1,314,069	31,286
Repairs and Maintenance - Facilities	4,422,435	4,838,819	(416,384)
Safety Program and Compliance Requirements	392,943	500,316	(107,373)
Wastewater Treatment	9,019,278	10,914,197	(1,894,919)
Special Outside Assessments	159,634	147,589	12,045
Utilities	3,283,650	3,863,282	(579,632)
Water Purchases	30,057,298	27,147,729	2,909,569
Water Efficiency Fund			
Labor	2,217,939	1,876,352 *	341,587
Education/Certification	5,500	2,607	2,893
Travel & Meetings	49,368	43,274	6,094
Dues & Memberships	125,681	19,342	106,339
Consulting Services	1,260,000	695,506	564,494
Legal Services	15,000	30,523	(15,523)
Conservation supplies	344,000	222,157	121,843
Repairs and Maintenance - Equipment	30,500	25,427	5,073
Safety Program & Compliance Requirements	5,900	2,726	3,174
Water Efficiency	1,963,063	1,638,646	324,417
Total O&M	\$ 86,651,048	\$ 80,705,546	\$ 5,945,502

*Retirement program expenses in the General Fund and labor expenses in the Water Efficiency Fund are net of adjustments for GASB 68 and GASB 75 related to pension and OPEB, respectively. These adjustments reduced the General Fund expenses by \$3.2 million and reduced the Water Efficiency Fund expenses by \$.3 million. See Note 10 and 11 in Notes to Financial Statements for additional information.



**Moulton Niguel Water District
Statistical Section Overview
Year Ended June 30, 2023**

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

	<u>Pages</u>
<u>Financial Trends</u> : These tables contain trend information to help the reader understand how the District's financial performance and well-being have changed overtime.	72-75
<u>Revenue Capacity</u> : These tables contain information to help the reader assess the factors affecting the District's ability to generate its sales and property taxes.	76-88
<u>Debt Capacity</u> : These tables present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	89-92
<u>Demographic and Economic Information</u> : These tables present demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	93-95
<u>Operating Information</u> : These tables contain service and infrastructure data to help the reader understand how information in the District's financial report relates to the service provided by the District and the activities it performs.	96-99

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

	2014	2015	2016	2017	2018
Assets:					
Current & other assets	\$ 179,892,333	\$ 166,631,779	\$ 148,655,677	\$ 133,490,291	\$ 138,223,685
Capital assets	366,859,960	375,845,562	390,974,342	395,581,587	387,587,456
Total Assets	546,752,293	542,477,341	539,630,019	529,071,878	525,811,141
Deferred Outflows of Resources:	1,136,314	2,920,477	2,356,834	5,269,166	7,320,802
Total Assets and Deferred Outflows of Resources	\$ 547,888,607	\$ 545,397,818	\$ 541,986,853	\$ 534,341,044	\$ 533,131,943
Liabilities:					
Current and other liabilities	\$ 19,459,691	\$ 19,942,207	\$ 21,768,761	\$ 15,499,289	\$ 16,613,298
Long-term liabilities	110,150,054	112,757,545	102,531,779	101,316,497	101,294,408
Total Liabilities	129,609,745	132,699,752	124,300,540	116,815,786	117,907,706
Deferred Inflows of Resources: ¹	—	4,936,619	3,530,389	2,447,949	2,182,420
Net Position:					
Net investment in capital assets	269,994,246	267,393,560	292,404,060	307,272,958	304,821,445
Restricted for capital projects	931,603	1,508,109	2,632,947	291,818	604,783
Unrestricted	147,353,013	138,859,778	119,118,917	107,512,533	107,615,589
Total Net Position ²	418,278,862	407,761,447	414,155,924	415,077,309	413,041,817
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 547,888,607	\$ 545,397,818	\$ 541,986,853	\$ 534,341,044	\$ 533,131,943

¹ The District added over \$15.2 million in deferred inflows of resources in fiscal year 2020 with implementation of GASB 87.

² Beginning net position was restated for fiscal year 2015, 2018, 2021 and 2022.

Source: Moulton Niguel Water District Audited Financial Statements.

**Moulton Niguel Water District
Statistical Section
Net Position by Component (Continued)
Last Ten Fiscal Years**

2019	2020	2021	2022	2023	
\$ 133,276,189	\$ 186,372,578	\$ 156,092,547	\$ 196,825,068	\$ 186,717,308	Assets:
395,919,991	435,361,867	469,706,415	476,137,952	480,854,985	Current & non-current assets
529,196,180	621,734,445	625,798,962	672,963,020	667,572,293	Capital assets, net
6,004,908	6,593,895	6,923,508	6,455,548	14,143,133	Total Assets
\$ 535,201,088	\$ 628,328,340	\$ 632,722,470	\$ 679,418,568	\$ 681,715,426	Deferred Outflows of Resources:
					Total Assets and Deferred Outflows of Resources
\$ 18,069,016	\$ 24,463,158	\$ 26,322,307	\$ 20,918,667	\$ 22,446,956	Liabilities:
94,308,568	158,566,143	154,968,058	199,231,187	209,040,652	Current and other liabilities
112,377,584	183,029,301	181,290,365	220,149,854	231,488,608	Long-term liabilities
1,186,124	16,992,846	17,618,585	29,074,998	16,819,905	Total Liabilities
					Deferred Inflows of Resources: ¹
319,601,072	304,969,636	337,705,648	327,139,013	318,688,968	Net Position:
375,294	295,848	107,046	132,953	192,038	Net investment in capital assets
101,661,014	123,040,709	96,000,826	102,921,750	114,525,907	Restricted for capital projects
421,637,380	428,306,193	433,813,520	430,193,716	433,406,913	Unrestricted
\$ 535,201,088	\$ 628,328,340	\$ 632,722,470	\$ 679,418,568	\$ 681,715,426	Total Net Position ²
					Total Liabilities, Deferred Inflows of Resources and Net Position

Net Position by Component



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

	2014	2015	2016	2017	2018
Operating Revenue:					
Water charges	\$ 30,503,803	\$ 28,604,894	\$ 29,812,128	\$ 32,149,585	\$ 32,317,988
Recycled water charges	5,005,391	4,880,742	4,850,326	5,030,973	5,597,493
Sanitation charges	17,135,446	16,182,197	18,963,978	20,156,723	22,623,626
Other	562,871	329,755	415,565	417,705	468,673
Total Operating Revenue	53,207,511	49,997,588	54,041,997	57,754,986	61,007,780
Operating Expenses:					
Source of supply ¹	29,770,326	28,610,139	26,357,342	26,681,334	29,446,569
Pumping water	2,100,550	2,596,544	3,177,393	1,629,215	1,656,773
Wastewater treatment	9,647,000	9,519,199	10,705,495	11,452,080	11,733,752
Water transmission and distribution	2,138,767	959,193	1,341,220	1,546,693	1,226,775
Customer service	2,750,999	2,839,137	3,047,070	3,094,606	3,346,966
Water efficiency	1,448,498	3,472,838	6,749,664	4,037,455	3,448,360
General, administrative and other	11,236,876	14,702,063	14,947,755	18,319,946	20,436,785
Post retirement medical benefits (OPEB) ²	591,372	361,057	388,058	289,096	237,692
Amortization	—	—	—	—	—
Depreciation	16,554,024	16,708,439	17,123,278	17,811,064	19,374,985
Total Operating Expenses	76,238,412	79,768,609	83,837,275	84,861,489	90,908,657
Operating Income (Loss)	(23,030,901)	(29,771,021)	(29,795,278)	(27,106,503)	(29,900,877)
Non-Operating Revenues (Expenses):					
Investment income ³	2,931,831	2,624,306	4,139,084	(438,180)	(8,721)
Interest income - Leases ⁴	—	—	—	—	—
Property tax revenue & GOB assessments	29,083,747	28,946,309	30,604,182	28,507,929	28,848,018
Interest on long-term debt	(6,781,711)	(6,160,882)	(4,910,737)	(4,629,947)	(4,517,784)
Intergovernmental Revenue	—	6,401,510	3,382,555	1,670,403	1,335,648
Cellular lease income ⁴	1,694,478	1,731,352	1,623,544	1,772,941	1,897,765
Other non-operating revenues	1,361,984	3,661,818	(9,718)	126,847	252,021
Other non-operating expenses	—	—	—	(85,430)	(84,765)
Total Non-operating Revenues (Expenses)	28,290,329	37,204,413	34,828,910	26,924,563	27,722,182
Income (Loss) before Capital Contributions	5,259,428	7,433,392	5,033,632	(181,940)	(2,178,695)
Capital Contributions:					
Developer donated capital facilities	495,000	294,000	—	109,100	822,585
Connection fees	489,346	551,179	1,046,335	331,393	649,528
Other contributions	35,000	—	314,510	662,832	291,790
Change in Net Position	6,278,774	8,278,571	6,394,477	921,385	(414,792)
Net Position - Beginning of Year ⁵	412,000,088	399,482,876	407,761,447	414,155,924	413,456,609
Net Position - End of Year	\$ 418,278,862	\$ 407,761,447	\$ 414,155,924	\$ 415,077,309	\$ 413,041,817

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

² GASB 75 was implemented in FY 2018, and modified the presentation of the OPEB expense. OPEB expense is no recorded in General, administrative and other.

³ Investment income is combined with unrealized gain/loss on investments. For FY 2017, 2018, 2021 and 2022, the unrealized loss on investments exceeded the investment income.

⁴ GASB 87 was implemented in FY 2020 and required recognition of interest on leases. Prior to FY 2020, those revenues were recognized as cellular lease income.

⁵ Beginning net position was restated for FY 2015, 2018, 2021 and 2022.

Source: Moulton Niguel Water District Audited Financial Statements.

**Moulton Niguel Water District
Statistical Section
Changes in Net Position (Continued)
Last Ten Fiscal Years**

2019	2020	2021	2022	2023	
\$ 32,680,545	\$ 32,980,943	\$ 37,593,121	\$ 37,129,591	\$ 33,715,449	Operating Revenue:
5,161,153	5,049,306	6,179,569	6,032,984	5,144,470	Water charges
25,463,110	26,695,247	28,033,043	28,989,216	30,864,383	Recycled water charges
644,182	498,377	329,171	335,128	908,796	Sanitation charges
					Other
63,948,990	65,223,873	72,134,904	72,486,919	70,633,098	Total Operating Revenue
					Operating Expenses:
25,879,882	28,192,240	31,991,028	32,505,323	29,865,610	Source of supply ¹
2,108,350	1,714,355	1,692,188	2,333,920	2,505,801	Pumping water
12,221,043	12,680,278	13,029,758	13,132,670	17,047,968	Wastewater treatment
2,048,008	1,423,084	1,958,001	1,136,929	2,067,556	Water transmission and distribution
3,413,313	3,555,680	3,619,657	3,681,645	4,373,540	Customer service
4,333,171	4,335,108	4,222,344	5,138,573	4,556,559	Water efficiency
21,367,711	22,543,109	22,002,065	24,146,441	20,374,115	General, administrative and other
—	—	—	—	—	Post retirement medical benefits (OPEB) ²
—	945,595	1,166,506	840,142	376,127	Amortization
19,743,524	20,830,890	21,669,259	23,858,865	24,029,537	Depreciation
91,115,002	96,220,339	101,350,806	106,774,508	105,196,813	Total Operating Expenses
(27,166,012)	(30,996,466)	(29,215,902)	(34,287,589)	(34,563,715)	Operating Income (Loss)
					Non-Operating Revenues (Expenses):
6,067,463	7,083,317	(265,693)	(6,048,726)	1,482,894	Investment income ³
—	601,770	642,520	620,903	602,255	Interest income - Leases ⁴
30,330,582	30,583,642	31,289,772	32,092,257	34,369,798	Property tax revenue & GOB assessments
(4,078,474)	(4,307,575)	(4,139,714)	(5,756,648)	(5,334,286)	Interest on long-term debt
1,342,824	1,223,208	1,044,433	1,617,378	3,698,992	Intergovernmental Revenue
1,769,978	1,312,711	1,288,542	1,449,393	1,635,521	Cellular lease income ⁴
78,189	136,200	212,058	4,881,357	403,160	Other non-operating revenues
(2,943,447)	(104,634)	(194,234)	(1,418,753)	(353,557)	Other non-operating expenses
32,567,115	36,528,639	29,877,684	27,437,161	36,504,777	Total Non-operating Revenues (Expenses)
5,401,103	5,532,173	661,782	(6,850,428)	1,941,062	Income (Loss) before Capital Contributions
					Capital Contributions:
2,191,253	400,150	455,688	453,115	—	Developer donated capital facilities
200,375	196,953	112,936	152,291	283,730	Connection fees
802,832	539,537	699,855	1,777,020	988,405	Other contributions
8,595,563	6,668,813	1,930,261	(4,468,002)	3,213,197	Change in Net Position
413,041,817	421,637,380	431,883,259	434,661,718	430,193,716	Net Position - Beginning of Year ⁵
\$ 421,637,380	\$ 428,306,193	\$ 433,813,520	\$ 430,193,716	\$ 433,406,913	Net Position - End of Year

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

Water Sales	2014	2015	2016	2017	2018
Residential	\$ 17,476,963	\$ 15,492,415	\$ 16,737,282	\$ 21,705,825	\$ 21,714,865
Commercial	4,535,760	4,229,323	5,588,565	4,002,347	3,897,389
Multi-Family Commercial	5,544,860	5,223,008	4,870,615	3,480,712	3,666,405
Irrigation	2,910,423	2,842,933	2,516,562	2,887,963	2,957,065
Recycled Water	5,005,391	4,880,742	4,850,326	5,030,973	5,597,493
Hydrant	44,129	38,381	21,738	11,609	18,128
Total Water Sales	\$ 35,517,526	\$ 32,706,802	\$ 34,585,088	\$ 37,119,429	\$ 37,851,345
Metered Accounts	2014	2015	2016	2017	2018
Residential	47,305	47,586	47,535	47,333	47,333
Commercial	4,898	4,804	4,738	5,006	5,032
Irrigation ¹	1,367	1,338	1,286	1,313	1,294
Recycled Water ¹	1,299	1,257	1,247	1,356	1,369
Hydrant ¹	30	34	43	22	39
Total Metered Accounts	54,899	55,019	54,849	55,030	55,067
Metered Water Deliveries (ccf)	2014	2015	2016	2017	2018
Residential	8,743,618	8,121,286	7,144,008	7,037,805	7,502,233
Commercial	1,119,044	1,055,828	1,059,835	1,151,593	1,187,557
Irrigation ¹	1,651,207	1,586,058	1,181,379	1,147,740	1,349,334
Recycled ¹	3,392,640	3,228,791	2,709,831	2,533,987	2,774,999
Hydrant ¹	15,406	11,538	15,729	1,069	2,967
Total Metered Water Deliveries	14,921,915	14,003,501	12,110,782	11,872,194	12,817,090
Average Daily Water Consumption in Gallons/Metered Account	557	522	452	442	477
Wastewater sales	2014	2015	2016	2017	2018
Residential	\$ 15,447,816	\$ 15,274,656	\$ 16,343,821	\$ 14,283,045	\$ 15,848,211
Commercial ²	1,679,298	1,686,375	2,697,523	5,934,807	6,839,551
Total Wastewater sales³	\$ 17,127,114	\$ 16,961,031	\$ 19,041,344	\$ 20,217,852	\$ 22,687,762
Wastewater accounts	2014	2015	2016	2017	2018
Residential	47,305	47,339	47,372	46,848	46,854
Commercial ²	4,898	4,977	4,984	3,793	3,811
Total wastewater accounts	52,203	52,316	52,356	50,641	50,665

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

² Multi-family residential units are billed to a single property management company but treated as individual occupant units.

³ Total wastewater sales include receipts by the District for wastewater services provided by South Coast Water District (SCWD) to Laguna Sur, Monarch Point and Seaview Communities, which are then remitted by the District to SCWD.

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Statistical Section
Water and Wastewater Sold by Type of Customer (Continued)
Last Ten Fiscal Years**

2019	2020	2021	2022	2023	Water Sales
\$ 21,970,677	\$ 22,364,171	\$ 25,510,935	\$ 24,875,312	\$ 21,848,009	Residential
3,910,338	3,886,401	4,080,224	4,396,440	4,618,088	Commercial
3,890,988	3,985,933	4,344,041	4,531,195	4,837,880	Multi-Family Commercial
2,818,794	2,719,367	3,631,678	3,302,062	2,387,569	Irrigation
5,161,153	5,049,306	6,179,569	6,032,984	5,144,470	Recycled Water
16,889	25,071	26,243	24,582	23,903	Hydrant
\$ 37,768,839	\$ 38,030,249	\$ 43,772,690	\$ 43,162,575	\$ 38,859,919	Total Water Sales
2019	2020	2021	2022	2023	Metered Accounts
47,332	47,342	47,341	47,333	47,334	Residential
5,060	5,064	5,075	5,073	5,080	Commercial
1,291	1,289	1,291	1,295	1,288	Irrigation ¹
1,380	1,396	1,393	1,394	1,400	Recycled Water ¹
45	44	42	44	42	Hydrant ¹
55,108	55,135	55,142	55,139	55,144	Total Metered Accounts
2019	2020	2021	2022	2023	Metered Water Deliveries (ccf)
6,905,559	6,918,292	7,590,317	7,562,287	6,521,725	Residential
1,132,174	1,008,912	945,677	949,379	913,147	Commercial
1,193,799	1,152,547	1,460,123	1,457,851	1,042,061	Irrigation ¹
2,349,420	2,183,872	2,710,080	2,965,112	2,134,344	Recycled ¹
4,223	8,851	8,136	5,997	3,402	Hydrant ¹
11,585,175	11,272,474	12,714,333	12,940,626	10,614,679	Total Metered Water Deliveries
431	419	473	481	394	Average Daily Water Consumption in Gallons/Metered Account
2019	2020	2021	2022	2023	Wastewater sales
\$ 17,569,583	\$ 18,228,512	\$ 19,079,104	\$ 19,755,735	\$ 21,541,202	Residential
7,966,386	8,466,735	8,953,939	9,233,481	9,323,181	Commercial ²
\$ 25,535,969	\$ 26,695,247	\$ 28,033,043	\$ 28,989,216	\$ 30,864,383	Total Wastewater sales³
2019	2020	2021	2022	2023	Wastewater accounts
46,830	46,866	46,871	46,849	46,912	Residential
3,808	3,807	3,805	3,809	4,059	Commercial ²
50,638	50,673	50,676	50,658	50,971	Total wastewater accounts

**Moulton Niguel Water District
Statistical Section
Water Rates
Last Ten Fiscal Years**

Residential & Multi-Family Potable Water Rate by Fiscal Year										
Consumption Tiers ¹	2014	2015 ²	2016	2017	2018 ³	2019	2020	2021	2022	2023
Tier 1	\$ 1.38	\$ 1.41	\$ 1.49	\$ 1.56	\$ 1.69	\$ 1.82	\$ 1.95	\$ 2.08	\$ 2.18	\$ 2.25
Tier 2	1.54	1.61	1.70	1.78	1.94	2.10	2.26	2.42	2.47	2.54
Tier 3	2.75	2.49	2.62	2.73	3.32	3.41	3.50	3.59	4.09	4.18
Tier 4	5.51	4.25	4.38	4.49	5.12	5.21	5.30	5.39	6.88	6.96
Tier 5	11.02	9.04	9.17	9.28	9.59	9.68	9.77	9.86	10.77	10.86

Commercial & Irrigation Potable Water Rate by Fiscal Year										
Consumption Tiers ¹	2014	2015 ²	2016	2017	2018 ³	2019	2020	2021	2022	2023
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	2.47	2.54
Tier 2	1.57	2.75	2.49	2.62	2.73	3.32	3.41	3.50	4.09	4.18
Tier 3	1.84	5.51	4.25	4.38	4.49	5.12	5.21	5.30	6.88	6.96
Tier 4	1.97	11.02	9.04	9.17	9.28	9.59	9.68	9.77	10.77	10.86

Monthly Basic Service Charge for Potable Water ⁴											
Meter Size	Uniform Charge	2015					2016				
	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

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

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

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

⁴ Prior to 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
Statistical Section
Water Rates (Continued)
Last Ten Fiscal Years**

Monthly Basic Service Charge for Potable Water ⁴										
Meter Size	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	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	2021					2022				
	Residential	Multi family	Commercial	Irrigation	Fire Protection	Residential	Multi family	Commercial	Irrigation	Fire Protection
5/8"	\$ 9.77	\$ 10.26	\$ 3.71	\$ 15.72	\$ 4.69	\$ 9.64	\$ 10.40	\$ 3.64	\$ 15.58	\$ 5.44
3/4"	9.77	10.26	3.71	15.72	4.69	9.64	10.40	3.64	15.58	5.44
1"	9.77	10.26	3.71	15.72	4.69	9.64	10.40	3.64	15.58	5.44
1.5"	32.56	22.45	12.36	52.41	15.64	32.13	21.51	12.15	51.93	18.13
2"	52.10	32.90	19.77	83.86	25.02	51.42	31.34	19.44	83.09	29.01
2.5"	—	—	—	—	39.88	—	—	—	—	46.24
3"	113.98	66.00	43.25	183.45	54.75	112.49	62.47	42.52	181.79	63.48
4"	195.39	109.55	74.14	314.48	93.85	192.83	103.42	72.89	311.62	108.81
6"	407.06	222.78	154.46	655.16	195.51	401.72	209.91	151.86	649.22	226.69
8"	586.16	318.59	222.42	943.43	281.54	578.48	300.01	218.68	934.87	326.44
10"	944.36	510.22	358.35	1,519.98	453.59	932.00	480.22	352.32	1,506.19	525.93
Meter Size	2023									
	Residential	Multi family	Commercial	Irrigation	Fire Protection					
5/8"	\$ 9.93	\$ 10.34	\$ 3.75	\$ 16.05	\$ 5.60					
3/4"	9.93	10.34	3.75	16.05	5.60					
1"	9.93	10.34	3.75	16.05	5.60					
1.5"	33.10	22.15	12.51	53.49	18.68					
2"	52.96	32.28	20.02	85.59	29.89					
2.5"	—	—	—	—	47.62					
3"	115.86	64.34	43.80	187.24	65.38					
4"	198.61	106.52	75.08	320.97	112.08					
6"	413.78	216.21	156.42	668.70	233.49					
8"	595.83	309.01	225.24	962.92	336.23					
10"	959.96	494.62	362.89	1,551.38	541.71					

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

RESIDENTIAL WASTEWATER RATES										
Volumetric Charge	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1-25 B.U.	\$ 0.88	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Maximum per month	33.14	—	—	—	—	—	—	—	—	—
Basic Service Charges	11.14	22.68	24.83	26.22	14.36	15.15	15.99	16.86	19.05	20.10
Per Person Charge ¹	—	—	—	—	4.31	4.55	4.80	5.06	5.08	5.36

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

COMMERCIAL AND MULTI-FAMILY WASTEWATER RATES										
Meter Size	2015					2016				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
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
Basic Service Charge	22.28	—	—	—	—	22.28	—	—	—	—

Wastewater Classes:

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

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

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

Class 4/Comm 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 the District's rules and regulations and regulatory mandates.

¹ Per person wastewater charge applies to residential and multi-family residential customers.

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Statistical Section
Wastewater Rates (Continued)
Last Ten Fiscal Years**

COMMERCIAL AND MULTI-FAMILY WASTEWATER RATES										
Meter Size	2017					2018				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
5/8"	\$ 28.58	\$ 20.66	\$ 44.02	\$ 90.56	\$ 97.70	\$ 16.94	\$ 20.84	\$ 49.92	\$ 107.85	\$ 117.98
3/4"	28.58	20.66	44.02	90.56	97.70	16.94	20.84	49.92	107.85	117.98
1"	28.58	20.66	44.02	90.56	97.70	16.94	20.84	49.92	107.85	117.98
1.5"	87.76	61.35	139.21	294.33	318.12	51.38	64.39	161.31	354.40	388.15
2"	138.50	96.23	220.81	469.01	507.08	80.91	101.73	256.81	565.75	619.76
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
Meter Size	2019					2020				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
5/8"	\$ 17.87	\$ 21.99	\$ 52.66	\$ 113.78	\$ 124.46	\$ 18.85	\$ 23.20	\$ 55.56	\$ 120.04	\$ 131.31
3/4"	17.87	21.99	52.66	113.78	124.46	18.85	23.20	55.56	120.04	131.31
1"	17.87	21.99	52.66	113.78	124.46	18.85	23.20	55.56	120.04	131.31
1.5"	54.20	67.94	170.18	373.89	409.50	57.19	71.67	179.54	394.45	432.02
2"	85.35	107.33	270.93	596.87	653.84	90.05	113.23	285.83	629.70	689.80
3"	184.01	232.08	589.99	1,303.05	1,427.69	194.13	244.84	622.44	1,374.72	1,506.21
4"	313.80	396.20	1,009.75	2,232.10	2,445.76	331.06	417.99	1,065.29	2,354.87	2,580.28
6"	651.27	822.95	2,101.18	4,647.77	5,092.90	687.09	868.21	2,216.75	4,903.40	5,373.01
8"	936.82	1,184.03	3,024.67	6,691.73	7,332.71	988.34	1,249.15	3,191.03	7,059.77	7,736.01
10"	1,507.92	1,906.21	4,871.69	10,779.75	11,812.45	1,590.86	2,011.05	5,139.64	11,372.64	12,462.13
Meter Size	2021					2022				
	MFR	Comm 1	Comm 2	Comm 3	Comm 4	MFR	Comm 1	Comm 2	Comm 3	Comm 4
5/8"	\$ 19.89	\$ 24.47	\$ 58.62	\$ 126.64	\$ 138.53	\$ 21.82	\$ 24.79	\$ 57.64	\$ 124.93	\$ 141.52
3/4"	19.89	24.47	58.62	126.64	138.53	21.82	24.79	57.64	124.93	141.52
1"	19.89	24.47	58.62	126.64	138.53	21.82	24.79	57.64	124.93	141.52
1.5"	60.33	75.62	189.42	416.15	455.78	65.84	75.75	185.22	409.51	464.81
2"	95.00	119.46	301.55	664.33	727.74	103.58	119.43	294.60	653.47	741.96
3"	204.81	258.31	656.68	1,450.33	1,589.06	223.11	257.77	640.98	1,426.09	1,619.68
4"	349.27	440.98	1,123.88	2,484.39	2,722.20	380.35	439.77	1,096.69	2,442.54	2,774.41
6"	724.88	915.96	2,338.67	5,173.08	5,668.52	789.20	912.99	2,281.58	5,085.47	5,776.86
8"	1,042.70	1,317.85	3,366.53	7,448.06	8,161.49	1,135.15	1,313.40	3,284.15	7,321.72	8,317.32
10"	1,678.35	2,121.66	5,422.32	11,998.13	13,147.55	1,827.05	2,114.24	5,289.35	11,794.34	13,398.37
Meter Size	2023									
	MFR	Comm 1	Comm 2	Comm 3	Comm 4					
5/8"	\$ 23.02	\$ 26.16	\$ 60.81	\$ 131.80	\$ 149.31					
3/4"	23.02	26.16	60.81	131.80	149.31					
1"	23.02	26.16	60.81	131.80	149.31					
1.5"	69.47	79.91	195.41	432.03	490.38					
2"	109.28	126.00	310.80	689.41	782.77					
3"	223.11	271.95	676.24	1,504.52	1,708.76					
4"	380.35	463.95	1,157.00	2,576.88	2,927.00					
6"	789.20	963.21	2,407.07	5,365.17	6,094.59					
8"	1,135.15	1,385.64	3,464.78	7,724.42	8,774.77					
10"	1,827.05	2,230.52	5,580.27	12,443.03	14,135.28					

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

Recycled Water Rates by Fiscal Year										
Consumption Tiers ¹	2014 ¹	2015 ^{1,2}	2016	2017	2018 ²	2019	2020	2021	2022	2023
Tier 1	1.23	1.17	1.24	1.29	1.39	1.47	1.55	1.63	1.73	1.78
Tier 2	1.23	1.66	1.74	1.81	2.51	2.69	2.87	3.05	3.19	3.25
Tier 3	2.20	3.42	3.50	3.57	4.31	4.49	4.67	4.85	5.98	6.04
Tier 4	4.41	8.21	8.29	8.36	8.78	8.96	9.14	9.32	9.87	9.93
Tier 5	8.81	—	—	—	—	—	—	—	—	—

Recycled Water Basic Service Charge										
Meter Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
5/8"	\$ 10.36	\$ 16.88	\$ 17.83	\$ 18.65	\$ 18.06	\$ 17.24	\$ 16.46	\$ 15.72	\$ 15.58	\$ 16.05
3/4"	10.36	16.88	17.83	18.65	18.06	17.24	16.46	15.72	15.58	16.05
1"	10.36	16.88	17.83	18.65	18.06	17.24	16.46	15.72	15.58	16.05
1.5"	34.53	56.27	59.42	62.15	60.21	57.45	54.85	52.41	51.93	53.49
2"	55.25	90.03	95.07	99.44	96.34	91.93	87.76	83.86	83.09	85.59
3"	120.87	196.94	207.97	217.54	210.76	201.11	192.00	183.45	181.79	187.24
4"	207.20	337.60	356.51	372.91	361.29	344.75	329.14	314.48	311.62	320.97
6"	431.37	703.90	743.32	777.51	752.68	718.24	685.71	655.16	649.22	668.70
8"	621.60	1,012.80	1,069.52	1,118.72	1,083.86	1,034.25	987.42	943.43	934.87	962.92
10"	1,001.47	1,632.30	1,723.71	1,803.00	1,746.22	1,666.30	1,590.84	1,519.98	1,506.19	1,551.38

¹ A Water Budget Based Rate Structure was implemented in July 2021. Tiers 1 and 2 apply to usage within budget, while Tiers 3, 4 and 5 apply to usage in excess of budget.

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

Source: Moulton Niguel Water District Billing Department

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

Fiscal Year 2023

Customer	Type of Property	Total Water Sales ¹	Percentage of Total Water Sales
Bre Properties	Multi Family Residential	\$ 176,517	0.52 %
Soka University Of America	Private University	171,654	0.51
Idyllwillow Lp	Multi Family Residential	136,904	0.41
Mission Hospital Regional Medical Center	Medical Facility	130,375	0.39
Shea Properties/City Lights	Multi Family Residential	126,150	0.37
City of Laguna Niguel	Parks, Slopes, Medians	123,222	0.37
Moritz Associates LLC	Multi Family Residential	121,655	0.36
City of Mission Viejo	Parks, Slopes, Medians	121,010	0.36
Monarch Coast Apartment Homes	Multi Family Residential	119,318	0.35
Aliso Meadows Condo Association	Multi Family Residential	116,984	0.35
		\$ 1,343,789	3.99 %

Total Water Sales for FY 2023 \$ 33,715,449

Fiscal Year 2014

Customer	Type of Property	Total Water Sales ¹	Percentage of Total Water Sales
Moritz Associates LLC	Multi Family Residential	\$ 180,237	0.59 %
Barcelona LLC	Multi Family Residential	158,405	0.52
Bre Properties	Multi Family Residential	136,740	0.45
City of Mission Viejo	Parks, Slopes, Medians	131,899	0.43
Mission Hospital Regional Medical Center	Medical Facility	120,382	0.39
City of Laguna Niguel	Parks, Slopes, Medians	117,813	0.39
Hidden Hills Apartments	Multi Family Residential	116,916	0.38
Aliso Meadows Condo Association	Multi Family Residential	113,900	0.37
Soka University of America	School	113,194	0.37
Shea Properties/City Lights	Multi Family Residential	92,043	0.30
		\$ 1,281,529	4.19 %

Total Water Sales for FY 2014 \$ 30,503,803

¹ Total water sales includes only potable water sales

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Statistical Section
Principal Wastewater Customers
Last Ten Fiscal Years**

Fiscal Year 2023

Customer	Type of Property	Total Wastewater Sales	Percentage of Total Wastewater Sales
Moritz Associates LLC	Multi-family Residential	\$ 220,417	0.71 %
Barcelona LLC	Multi-family Residential	159,804	0.52
Heather Ridge Condo Association	Multi-family Residential	157,376	0.51
Laguna Gardens Apartments	Multi-family Residential	151,294	0.49
Aliso Creek - Sares	Multi-family Residential	143,954	0.47
Bre Properties	Multi Family Residential	139,155	0.45
Shea Properties/City Lights	Multi Family Residential	135,276	0.44
ERP Operating LP LN	Multi Family Residential	135,237	0.44
Aliso Meadows Condo Association	Multi Family Residential	121,633	0.39
Alize at Aliso Viejo	Multi Family Residential	120,707	0.39
		\$ 1,484,853	4.81 %

Total Wastewater Sales for FY 2023 \$ 30,864,383

Fiscal Year 2014

Customer	Type of Property	Total Wastewater Sales	Percentage of Total Wastewater Sales
Shea Properties/City Lights	Multi Family Residential	\$ 146,068	0.85 %
Mortiz Associates LLC	Multi Family Residential	127,260	0.74
Barcelona LLC	Multi Family Residential	158,405	0.92
Aliso Creek Sares	Multi Family Residential	94,364	0.55
Bre Properties	Multi Family Residential	86,182	0.50
Quail Creek La Paz HOA	Multi Family Residential	75,093	0.44
Laguna Serano Apartments	Multi Family Residential	68,150	0.40
Aliso Meadows Condo Associations	Multi Family Residential	65,874	0.38
Hidden Hills Apartments	Multi Family Residential	65,045	0.38
Mission Hospital Regional Medical Center	Medical Facility	59,621	0.35
		\$ 946,062	5.51 %

Total Wastewater Sales for FY 2014 \$ 17,135,446

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Statistical Section
Principal Recycled Water Customers
Last Ten Fiscal Years**

Fiscal Year 2023

Customer	Type of Property	Total Recycled Water Sales	Percentage of Total Sales
Aliso Viejo Community Association	Parks, Slopes, Medians	\$ 613,016	11.92 %
City of Laguna Niguel	Parks, Slopes, Medians	315,558	6.13
City of Mission Viejo	Parks, Slopes, Medians	244,001	4.74
City of Laguna Hills	Parks, Slopes, Medians	184,096	3.58
Mission Viejo Country Club	Golf Course	180,842	3.52
El Niguel Country Club	Golf Course	161,207	3.13
Marina Hills PCA	Parks, Slopes, Medians	145,628	2.83
Aliso Viejo Country Club	Golf Course	142,219	2.76
Arroyo Trabuco Golf Club	Golf Course	122,047	2.37
Beacon Hill Planned Community	Landscape	96,812	1.88
		\$ 2,205,426	42.86 %

Total Recycled Water Sales for Fiscal Year 2023 \$ 5,144,470

Fiscal Year 2014

Customer	Type of Property	Total Recycled Water Consumption ¹	Percentage of Total Consumption
Aliso Viejo Community Association	Parks, Slopes, Medians	376,506	7.52 %
Aliso Viejo Country Club	Golf Course	152,255	3.04
Mission Viejo Country Club	Golf Course	147,997	2.96
El Niguel Country Club	Golf Course	144,525	2.89
Arroyo Trabuco Golf Club	Golf Course	98,965	1.98
Marina Hills PCA	Golf Course	90,586	1.81
City of Mission Viejo	Parks, Slopes, Medians	67,433	1.35
Soka University of America	Private University	63,535	1.27
County of Orange	Parks, Slopes, Medians	50,690	1.01
Caltrans District 12	Slopes, Medians	49,363	0.99
		1,241,855	24.82 %

Total Recycled Water Consumption for Fiscal Year 2014 3,392,640 CCF

¹ 2014 data is only available for largest ten recycled water customers based on consumption.

Source: Moulton Niguel Water District Billing Department

**Moulton Niguel Water District
Statistical Section
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
2014	29,516	\$ 25,689,087	\$ 870	54,899	0.54	\$ 470
2015	27,285	24,257,752	889	55,019	0.50	445
2016	28,762	21,829,003	759	54,849	0.52	395
2017	22,916	20,933,121	913	55,030	0.42	383
2018	26,797	24,041,011	897	55,067	0.49	440
2019	23,676	22,557,276	953	55,108	0.43	410
2020	23,239	22,982,131	989	55,135	0.42	415
2021	25,519	24,861,840	974	55,142	0.46	448
2022	23,938	24,413,679	1,020	55,139	0.43	439
2023	20,731	21,022,764	1,014	55,144	0.38	385

¹Purchase price does not include any charges for service

Source: Moulton Niguel Water District Billing Department

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

Levy Year	Total Tax Levy	Collected within the Levy Year		Collections from Prior Years ²	Delinquency Rate	Total Collections to Date	
		Amount ¹	Percentage of Levy			Amount	Percentage of Levy
2014	\$ 22,890,247	\$ 22,311,794	97.47%	\$ 211,474	2.53	\$ 22,523,268	98.40%
2015	24,520,773	23,957,232	97.70	54,284	2.30	24,011,516	97.92
2016	25,996,107	24,906,067	95.81	391,998	4.19	25,298,065	97.31
2017	27,121,477	26,078,739	96.16	355,371	3.84	26,434,110	97.47
2018	28,757,033	27,513,830	95.68	412,403	4.32	27,926,233	97.11
2019	29,303,633	28,633,242	97.71	477,414	2.29	29,110,656	99.34
2020	30,793,007	29,439,004	95.60	468,149	4.40	29,907,153	97.12
2021	31,343,103	30,771,290	98.18	518,482	1.82	31,289,772	99.83
2022	32,215,936	31,590,618	98.06	501,639	1.94	32,092,257	99.62
2023	34,640,107	33,775,140	97.50	594,658	2.50	34,369,798	99.22

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

<u>Land Use</u>	Assessed Land Values by Use¹	
	<u>FY 2023</u>	<u>FY 2014</u>
	<u>Secured Assessed Value</u>	
Residential	\$ 23,680,389,183	\$ 13,447,468,112
Commercial	2,464,345,753	1,392,608,779
Industrial	466,696,186	344,720,766
Vacant/Other	19,654,964	22,328,782
Total	<u>\$ 26,631,086,086</u>	<u>\$ 15,207,126,439</u>

**Principal Local Secured Taxpayers
For Fiscal Year 2023**

<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	\$ 136,158,946	0.51%
2	Barcelona LLC	Apartments	114,286,021	0.43
3	Vilara Evergreen SPE LLC	Apartments	92,000,000	0.35
4	Idyllwillow LP	Apartments	85,145,461	0.32
5	BRE-FMCA LLC	Apartments	83,402,459	0.31
6	TGA 26600-26700 Aliso Viejo Parkway LLC	Commercial	76,500,000	0.29
7	Enterprise Office Owner LLC	Commercial	68,620,934	0.26
8	HTA-Mission Mob LLC	Commercial	65,070,846	0.24
9	Monarch Coast I Owner LLC	Apartments	45,791,985	0.17
10	BDC/Aliso Viejo (WC) LLC	Commercial	44,979,106	0.17
			<u>\$ 811,955,758</u>	<u>3.05%</u>

Fiscal Year 2023 Total Local Secured Net Taxable Value: \$ 26,631,086,086

**Principal Local Secured Taxpayers
For Fiscal Year 2014**

<u>Rank</u>	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>% of Total</u>
1	OC/SD Holdings LLC	Apartments	\$ 64,102,796	0.42%
2	BRE - FMCA LLC	Apartments	45,166,362	0.30
3	Moritz Associates LLC	Apartments	44,408,101	0.29
4	Shea Homes	Residential	39,226,509	0.26
5	Barcelona, LLC	Apartments	38,373,258	0.25
6	Laguna Cabot Road Business Park LP	Industrial	37,788,612	0.25
7	Sequoia Equities - Alicante	Apartments	35,207,357	0.23
8	Sequoia Equities - Alize	Apartments	33,670,515	0.22
9	Costco Wholesale Corporation	Commercial	26,807,873	0.18
10	Target Corporation	Commercial	26,609,930	0.17
			<u>\$ 391,361,313</u>	<u>2.57%</u>

Fiscal Year 2014 Local Secured Net Taxable Value: \$ 15,207,126,439

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

Source: HDL and California Municipal Statistics, Inc.

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

Fiscal Year	Bonds Payable	Certificates of Participation ¹	Loans Payable	Total Debt	Total				
					Total Customer Accounts	Debt per Customer Accounts	Est. District Population ²	Debt per Capita	
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	171,661	485	
2019	71,646,102	—	5,088,318	76,734,420	55,108	1,392	171,746	447	
2020	67,527,000	68,554,646	—	136,081,646	55,135	2,468	170,236	799	
2021	64,777,898	67,508,419	—	132,286,317	55,142	2,399	170,616	775	
2022	61,933,796	127,007,843	—	188,941,639	55,139	3,427	170,996	1,105	
2023	58,984,194	124,717,705	—	183,701,898	55,144	3,331	171,376	1,072	

¹ The 2009 Certificates of Participation were fully refunded by the 2019 Revenue Refunding Bonds.

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

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

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

Fiscal Year	Total General Obligation Bonds Outstanding ¹	General Obligation Debt Service ²	Assessed Value ³	Percent of General Obligation Debt to Assessed Value	Estimated District Population ⁴	Net Outstanding General Obligation Debt per Capita
2014	\$ 22,816,846	\$ 6,466,700	\$ 6,300,950,763	0.10%	168,174	\$ 136
2015	16,867,130	6,227,747	5,749,154,516	0.11	169,212	100
2016	10,697,414	6,240,500	6,159,717,218	0.10	170,326	63
2017	4,400,575	6,365,900	6,559,781,425	0.10	170,610	26
2018	2,971,362	1,419,500	7,001,618,675	0.02	171,178	17
2019	1,465,000	1,449,875	1,794,786,384	0.08	171,661	9
2020	—	1,490,375	1,871,398,638	0.08	171,746	—
2021	—	—	—	—	170,236	—
2022	—	—	—	—	170,616	—
2023	—	—	—	—	170,996	—

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

³ Assessed valuations are only property related to the General Obligation Bonds (GOB) debt.

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 Finance Department

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

2022-23 Assessed Valuations: \$26,654,122,860 (Land only)

Direct & Overlapping Tax and Assessment Debt: (Based
on all property assessed valuation of \$43,788,818,771)

	Total Debt 06/30/2023	% Applicable ¹	District's Share of Debt 06/30/2023
Metropolitan Water District	\$ 19,215,000	1.204%	\$ 231,349
Capistrano Unified School District School Facilities Improvement District No. 1	10,033,567	29.086	2,918,363
Laguna Beach Unified School District	12,050,000	1.665	200,633
Saddleback Valley Unified School District	83,545,000	20.500	17,126,725
City of San Juan Capistrano	23,495,000	0.011	2,584
City of Aliso Viejo Community Facilities District No. 2005-01	27,460,000	100.000	27,460,000
<i>Total Direct & Overlapping Tax and Assessment Debt</i>			<u><u>\$ 47,939,654</u></u>

Direct & Overlapping General Fund Debt:

Orange County General Fund Obligations	\$ 451,165,000	6.041%	\$ 27,254,878
Orange County Board of Education Certificates of Participation	10,860,000	6.041	656,053
Capistrano Unified School District Certificates of Participation	21,360,000	30.438	6,501,557
City of Aliso Viejo Certificates of Participation	11,545,000	98.014	11,315,716
City of Laguna Hills Certificates of Participation	730,000	70.258	512,883
City of Mission Viejo Certificates of Participation	41,333,015	34.957	14,448,782
City of San Juan Capistrano Certificates of Participation and Judgment Obligations	298,981	0.011	33
Moulton-Niguel Water District General Fund Obligations	183,702,399	100.000	183,702,399
<i>Total Direct & Overlapping General Fund Debt</i>			<u><u>\$ 244,392,301</u></u>

TOTAL DIRECT DEBT	\$ 183,702,399
TOTAL OVERLAPPING DEBT	\$ 108,629,556
Combined Total Debt ²	\$ 292,331,955

Ratios to Land Only Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt 1.10%

Ratios to All Property Assessed Valuation:

Total Direct Debt (\$183,702,399) 0.42%
Combined Total Debt 0.67%

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

Source: California Municipal Statistics, Inc.

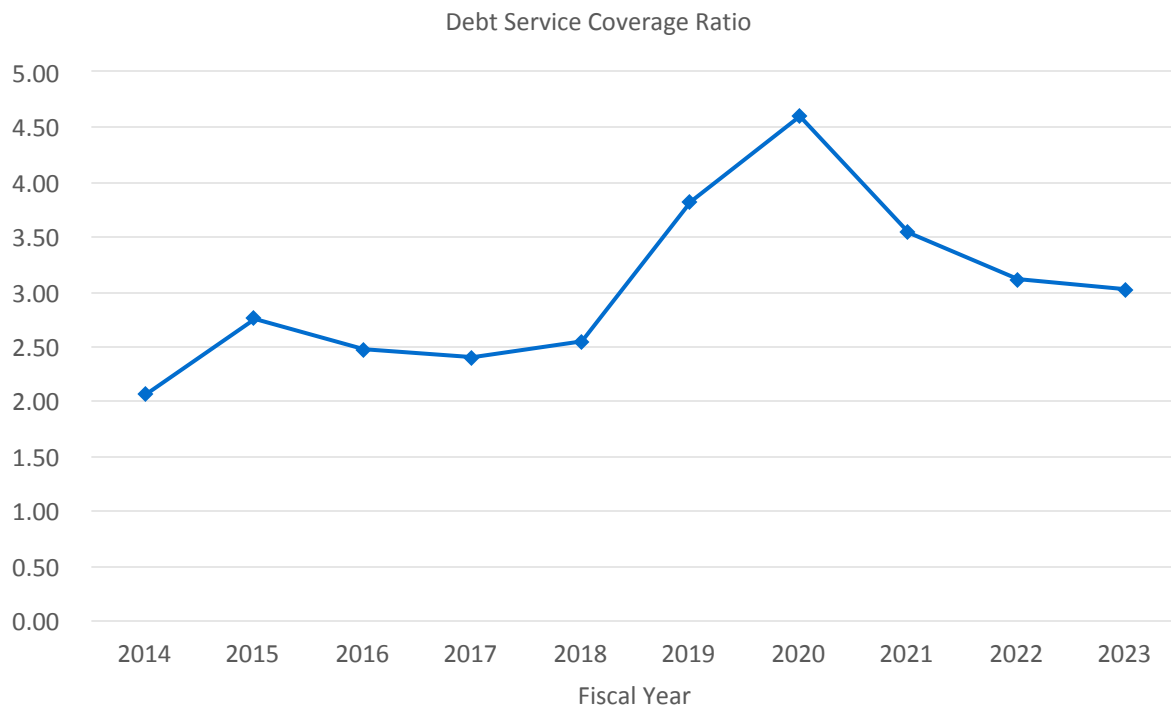
**Moulton Niguel Water District
Statistical Section
Debt Service Coverage Ratio
Last Ten Fiscal Years**

Fiscal Year	Total Revenues ¹	Operating Expenses ²	Net Available Revenues	Annual Debt Service ³			Coverage Ratio
				Principal	Interest	Total	
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
2022	109,481,907	84,248,343	25,233,567	3,300,000	4,812,831	8,112,831	3.11
2023	114,097,853	81,144,706	32,953,147	4,195,000	6,727,835	10,922,835	3.02

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
Statistical Section
Principal Employers
Current Fiscal Year and Nine Years Ago**

Fiscal Year 2022^{1,2}

Rank	Employer	Operating City	Number of Employees	Percent of Each City's Employment
1	Mission Hospital Regional Medical Center	City of Mission Viejo	2,764	5.68%
2	United States Government	City of Laguna Niguel	2,000	5.87
3	Saddleback Memorial Medical Center	City of Laguna Hills	1,838	10.88
4	Saddleback College	City of Mission Viejo	1,210	2.57
5	MicroVention	City of Aliso Viejo	1,700	6.87
6	United Parcel Service	City of Aliso Viejo	1,200	4.85
7	Saddleback Valley Unified School District	City of Mission Viejo	917	1.88
8	Waldorf Astoria Monarch Beach	City of Dana Point	800	6.74
9	Ambry Genetics	City of Aliso Viejo	705	2.85
10	Vylla	City of Aliso Viejo	607	2.45

Fiscal Year 2013^{1,2}

Rank	Employer	Operating City	Number of Employees	Percent of Each City's Employment
1	Mission Hospital Regional Medical Center	City of Mission Viejo	2,500	4.44%
2	Saddleback College	City of Mission Viejo	1,877	3.33
3	Flour Corporation	City of Aliso Viejo	1,400	7.75
4	Saddleback Valley Unified School District	City of Mission Viejo	1,245	2.21
5	MemorialCare Saddleback Medical Center	City of Laguna Hills	1,020	5.86
6	St Regis Monarch Beach	City of Dana Point	800	4.56
7	Ritz-Carlton Laguna Niguel	City of Dana Point	750	4.27
8	Pacific Life Insurance	City of Aliso Viejo	700	3.79
9	Hines Growers LLC	City of Laguna Hills	600	3.45
10	Dell Software	City of Aliso Viejo	600	3.25

¹ Principal Employers represents blended data from the five cities the District serves: Aliso Viejo, Laguna Hills, Laguna Niguel, Mission Viejo, and Dana Point. The District also serves a portion of the City of San Juan Capistrano but employer data for that City is excluded as it represents less than .01% of District population.

² The District used data from the Fiscal Year 2022, the most recent available data. For the City of Aliso Viejo, fiscal year 2013 data was not available so the District used fiscal year 2014.

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

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746
2020	170,236
2021	170,616
2022	170,996

City of Laguna Niguel ¹					
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate	
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	51,713	4.1%	
2017	66,689	3,337,813	50,050	3.7%	
2018	65,377	3,380,822	51,713	3.3%	
2019	66,748	3,496,077	52,377	2.8%	
2020	65,316	3,654,152	55,946	2.7%	
2021	65,168	3,920,887	60,165	7.7%	
2022	64,316	4,058,420	63,101	5.5%	

City of Aliso Viejo ²					
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate	
2012	49,477	\$ 2,100,002	\$ 42,444	5.6%	
2013	49,951	2,100,839	42,058	4.6%	
2014	49,939	2,181,535	43,684	3.6%	
2015	50,509	2,223,991	44,492	3.1%	
2016	50,312	2,274,460	45,207	3.3%	
2017	51,950	2,311,366	44,492	2.7%	
2018	51,372	2,385,153	46,429	2.6%	
2019	50,044	2,447,088	48,899	2.3%	
2020	49,813	2,559,352	51,379	6.6%	
2021	50,782	2,566,572	50,541	3.4%	

¹ Based on the most recent data available from the City of Laguna Niguel Finance Department. The District serves 100% of the City of Laguna Niguel which represents approximately 38% of the total District population.

² Based on the most recent data available from the City of Aliso Viejo Finance Department. The District serves 98% of the City of Aliso Viejo which represents approximately 29% of the District population.

³ Based on the most recent data available from the City of Laguna Hills Finance Department. The portion of the City of Laguna Hills served by the District, represents approximately 13% of the total District population.

⁴ Based on the most recent data available from the City of Mission Viejo Finance Department. The portion of the City of Mission Viejo served by the District, represents approximately 19% of the total District population.

⁵ Based on most recent data available from the City of Dana Point Finance Department. The District serves approximately 5% of the City of Dana Point which represents approximately 1% of the total District population.

Note: The District boundaries encompass six cities: Aliso Viejo, Dana Point, Laguna Hills, Laguna Niguel, San Juan Capistrano and Mission Viejo. Aliso Viejo, Laguna Hills, Laguna Niguel and Mission Viejo represent approximately 99% of the District population. The City of San Juan Capistrano is not presented in the statistical section since the portion of the City served by the District is less than .01% of the District population.

**Moulton Niguel Water District
Statistical Section
Demographic and Economic Statistics (Continued)
Last Ten Fiscal Years**

Moulton Niguel Water District	
Fiscal Year	Estimated District Population
2013	168,174
2014	169,212
2015	170,326
2016	170,610
2017	171,178
2018	171,661
2019	171,746
2020	170,236
2021	170,616
2022	170,996

City of Laguna Hills ³					
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate	
2012	30,618	\$ 1,363,858	\$ 44,421	4.8%	
2013	30,703	1,320,001	42,778	4.2%	
2014	30,857	1,336,181	43,315	5.0%	
2015	30,681	1,373,184	44,757	4.1%	
2016	31,544	1,479,761	46,911	3.7%	
2017	31,818	1,587,577	49,896	2.6%	
2018	31,572	1,661,606	52,629	2.2%	
2019	31,508	1,724,666	54,737	12.2%	
2020	31,073	1,661,606	59,083	7.4%	
2021	30,750	2,086,807	67,864	2.2%	

City of Mission Viejo ⁴					
Fiscal Year	Population	Total Personal Income (in thousands) ⁵	Per Capita Income ⁵	Unemployment Rate	
2013	94,824	\$ 165,300,000	\$ 53,032	4.7%	
2014	95,334	173,300,000	55,096	3.9%	
2015	96,652	181,300,000	57,133	4.2%	
2016	96,701	189,800,000	59,303	4.1%	
2017	95,985	208,700,000	65,011	3.4%	
2018	95,987	220,700,000	69,268	3.1%	
2019	96,434	227,700,000	71,712	3.0%	
2020	94,267	242,300,000	76,343	8.6%	
2021	94,119	257,100,000	81,189	5.5%	
2022	92,515	271,700,000	85,589	3.0%	

City of Dana Point ⁵					
Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Income	Unemployment Rate	
2013	33,398	\$ 1,723,000	\$ 51,590	5.9%	
2014	33,625	1,699,000	50,528	5.5%	
2015	33,710	1,649,000	48,917	5.2%	
2016	33,415	1,742,949	52,161	4.2%	
2017	34,902	1,811,000	58,218	3.8%	
2018	34,619	1,841,000	61,088	3.2%	
2019	34,359	1,927,000	59,496	2.7%	
2020	34,139	2,078,000	62,138	2.6%	
2021	33,745	2,175,000	65,140	7.8%	
2022	33,765	2,195,000	74,713	5.3%	

**Moulton Niguel Water District
Statistical Section
Number of Employees
Last Ten Fiscal Years**

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Office of the General Manager	6	6	7	6	6	8	7	8	9	10
Human Resources	2	2	2	2	2	2	3	3	2	3
Customer Service - Admin	2	1	1	1	1	1	1	1	1	3
Utility Billing	6	—	—	—	—	—	—	—	—	—
Customer Service - Field	16	16	16	16	16	16	16	18	18	18
Customer Accounts	6	12	12	13	13	14	14	15	16	14
Engineering - Admin	11	9	8	10	10	4	4	4	3	3
Engineering	—	—	—	—	—	12	12	12	12	15
Inspection	12	11	12	13	13	13	13	14	14	13
Procurement & Warehouse	3	3	3	3	4	2	2	2	3	2
Information Technology	3	3	4	6	6	7	7	8	8	8
Financial Planning & Innovation	2	3	3	3	3	4	4	4	5	3
Accounting	7	6	6	6	6	6	6	6	6	6
Operations - Admin	4	6	8	6	6	2	2	3	6	5
Operations - Facilities	17	18	19	16	16	19	20	21	22	22
Operations - Utilities	18	19	22	28	28	28	31	28	26	28
Water Resources & Water Efficiency	—	3	6	9	9	8	10	10	11	11
Wastewater Treatment Plant Operations	—	—	—	—	—	6	6	6	5	7
Total	115	118	129	138	139	146	152	163	167	171

Source: Moulton Niguel Water District Account Department

**Moulton Niguel Water District
Statistical Section
Historical Billings, Collections and Delinquencies
Last Ten Fiscal Years**

Fiscal Year	Balance Beginning FY	Billings	Payments	Balance Ending FY	Write Off	% of Billing
2014	\$ 5,665,039	\$ 52,795,710	\$ 53,606,871	\$ 4,768,695	\$ 85,183	0.16%
2015	4,768,695	51,651,023	51,922,267	4,486,337	11,114	0.02
2016	4,486,337	53,993,901	53,935,343	4,424,073	120,822	0.22
2017	4,424,073	57,576,647	57,337,280	4,604,674	58,766	0.10
2018	4,604,674	60,771,136	60,539,107	4,765,549	71,154	0.12
2019	4,765,549	63,553,192	63,304,808	4,941,903	72,030	0.11
2020	4,941,903	64,964,975	64,772,881	5,061,133	72,864	0.11
2021	5,061,133	71,810,915	71,805,733	4,971,336	94,979	0.13
2022	4,971,336	73,230,924	72,134,904	5,981,506	85,850	0.12
2023	5,981,506	69,850,378	69,724,302	6,063,685	43,897	0.06

Source: Moulton Niguel Water District Finance Department

**Moulton Niguel Water District
Statistical Section
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.) ¹	AVG. DAILY SEWAGE (M.G.D.)	AVG. DAILY POTABLE IMPORT (M.G.D.)	TAKEOUTS
2014	54,899	~1,400	July	35.30	25.58	11.9	25.60	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	~1,300	July	34.21	26.01	10.6	24.70	11
2022	55,139	~1,300	July	37.61	26.50	10.3	21.40	11
2023	55,144	~1,300	September	37.55	21.71	10.8	18.80	12

FISCAL YEAR	PUMP STATIONS ²			RESERVOIRS ²		NO. OF FIRE HYDRANTS	TREATMENT PLANTS ²	MILES OF WATER	MILES OF WASTEWATER	MILES OF RECYCLED
	RECYCLED	POTABLE	LIFT	RECYCLED	POTABLE					
2014	12	30	19	13	28	7,141	4	700	537	148
2015	10	25	18	11	28	7,112	4	663	504	140
2016	10	25	18	11	28	7,149	4	668	505	141
2017	9	23	17	11	28	7,154	4	655	501	142
2018	9	23	17	11	28	7,163	4	656	501	142
2019	9	23	17	11	28	7,148	4	656	501	142
2020	9	25	17	11	28	7,159	4	656	501	142
2021	9	25	17	11	28	7,166	4	656	500	141
2022	10	25	17	11	28	7,170	4	656	500	141
2023	10	25	17	11	28	7,161	4	655	500	140

Note: MGD = Millions of Gallons per Day

¹Consumption includes Recycled Water

²The District wholly owns or has capacity rights in its pump stations, reservoirs, and treatment plants

Source: Moulton Niguel Water District Operations and Billing Departments

**Moulton Niguel Water District
Statistical Section
Capital Assets
Last Ten Fiscal Years**

Fiscal Year	Water Systems	Capacity Rights	Buildings	Automobiles & Equipment	Software & IT Infrastructure ¹	Intangible Right to Use Asset ²	Land	Construction in Progress	Capital Assets, Net of Depreciation
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
2022	282,883,688	117,445,433	51,056,521	3,913,092	—	16,719	1,070,126	19,752,374	476,137,953
2023	268,304,353	113,757,312	46,798,612	16,992,355	3,183,263	494,843	1,070,126	30,254,121	480,854,985

¹ In fiscal year 2023, the District reclassified assets to software and IT infrastructure from automobiles and equipment. Prior years were not restated.

² The District implemented GASB 87 during fiscal year 2020 and recognized an intangible right to use lease assets.

