POPULAR
Annual Financial Report

moulton niguel water district



Customer Financial Transparency Report

Fiscal Year Ending June 30, 2022

moulton niguel water district

RESILIENT TOGETHER

To Our Valued Customers:

BOARD OF DIRECTORS

Brian S. Probolsky
PRESIDENT

Duane D. Cave
VICE PRESIDENT

Donald R. Froelich
VICE PRESIDENT

Richard S. 'Dick' Fiore
DIRECTOR

William 'Bill' Moorhead
DIRECTOR

Diane Rifkin
DIRECTOR

Sherry Wanninger
DIRECTOR

On behalf of our Board of Directors and staff, we are pleased to present Moulton Niguel Water District's first Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2022. The PAFR is a brief summary of the District's Annual Comprehensive Financial Report. The information included does not replace the Annual Comprehensive Financial Report; it is meant as a supplement to provide a better understanding of the District's overall financial position in a concise, easy-to-read format.

For all our financial reports, Moulton Niguel follows Generally Accepted Accounting Principles, which are the gold standard for excellence in financial reporting. If you are looking for more information, or greater detail about an item referenced in this report, please view our 2022 Annual Comprehensive Financial Report, which is available online at mnwd.com/2022-Annual-Financial-Report.

I am confident that this new report will continue to demonstrate the District's integrity and transparency with its finances in providing water, wastewater, and recycled water service to over 170,000 people across six South Orange County cities. Should you have any questions or comments, please feel free to contact the District's Finance Department at (949) 831-2500.

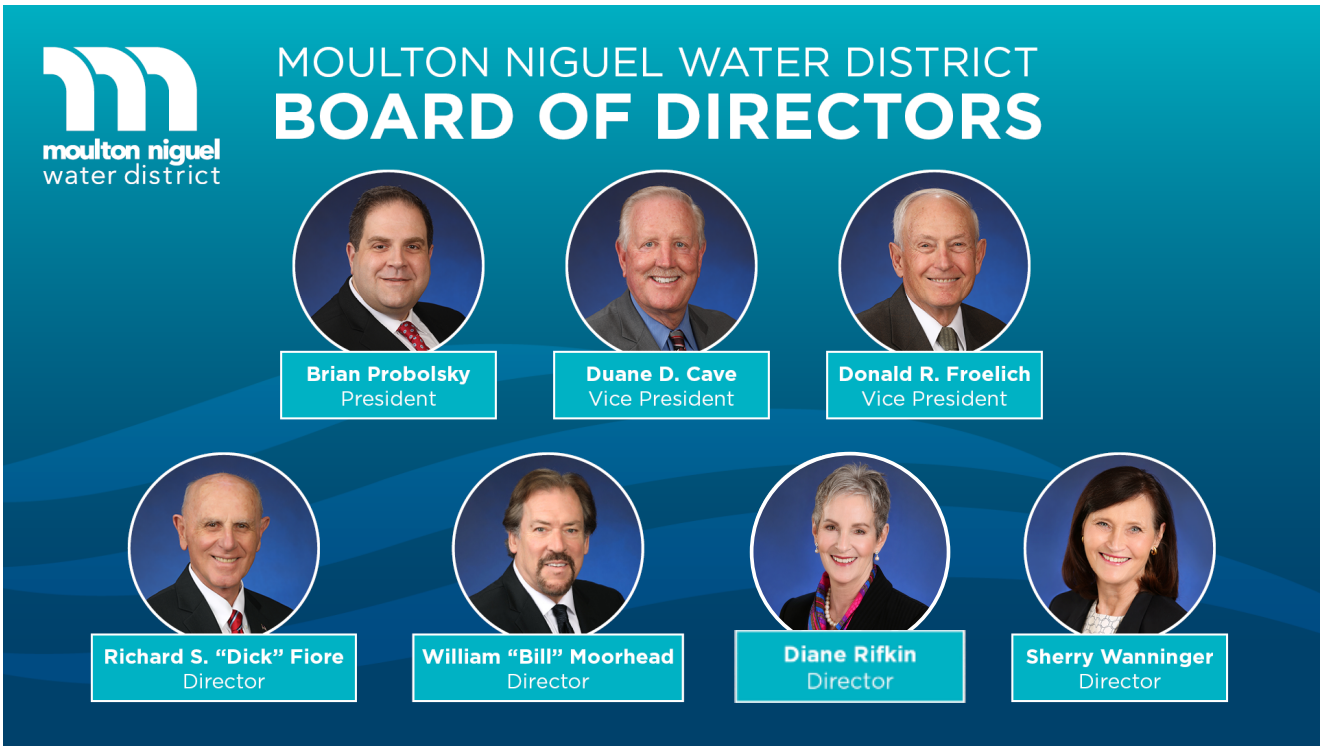
It's an honor to serve as your safe and reliable water service provider.

Sincerely,

JOONE KIM-LOPEZ
General Manager, Moulton Niguel Water District



MEET OUR TEAM





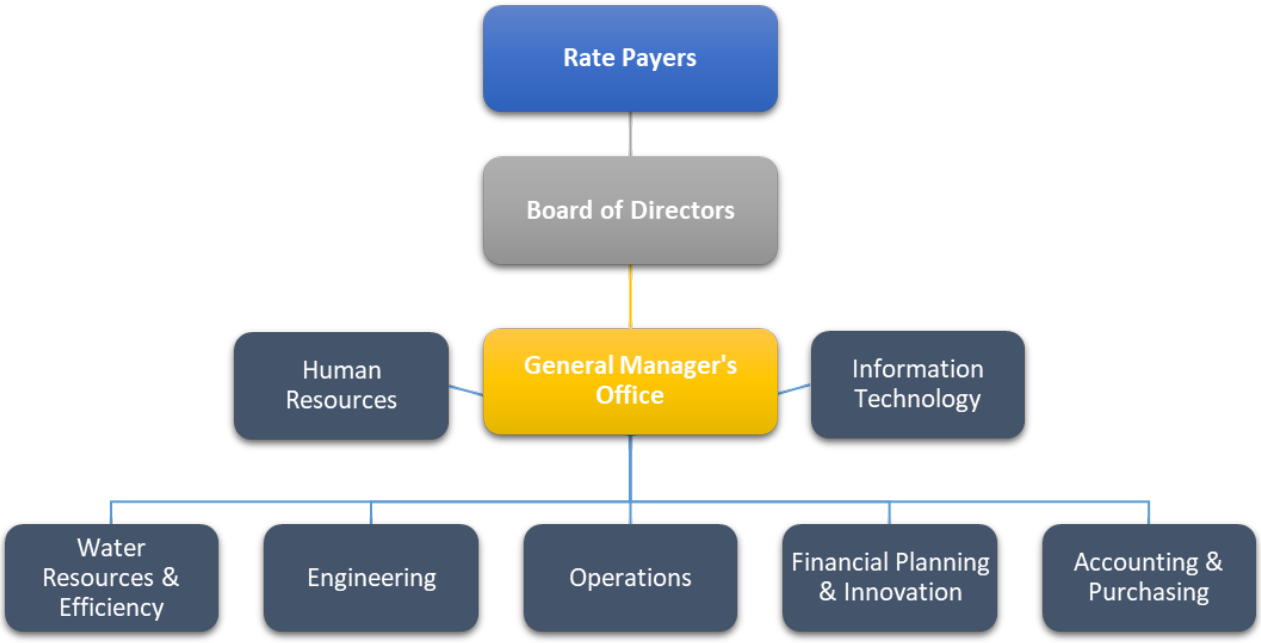
Joone Kim-Lopez
General Manager



Matt Collings
Assistant General Manager



ORGANIZATIONAL CHART





DISTRICT BY THE NUMBERS

37
Total Service Area in Square Miles

170K+
Number of Residents Served on a Daily Basis

100
Percent of Potable (Drinking) Water is Imported

500
Miles of Wastewater Pipeline

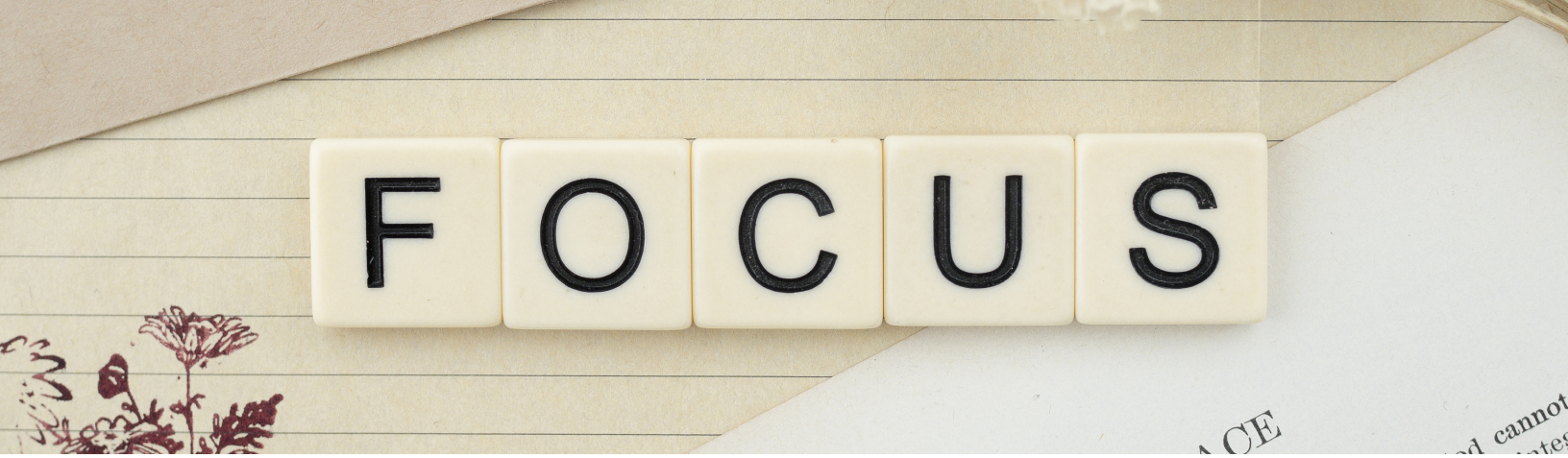
140
Miles of Recycled Water Pipeline

700
Miles of Potable Water Pipelines

28
Days of Available Water Supply Storage

25%
Of Total Water Supply is Recycled Water

28
Potable Water Storage Reservoirs



STRATEGIC PLAN

Every year - for the past decade - the Moulton Niguel Board of Directors, General Manager and staff have conducted an annual strategic planning session to identify the District's key goals, objectives, and priorities for the upcoming fiscal year.

Key goals are focused on 5 areas: Fiscal Responsibility, Operational Optimization, Community & Government Relations, Unified Workforce, and Secure & Reliable Service.





PROJECT HIGHLIGHTS

The District maintains more than $2 billion worth of water and wastewater infrastructure assets. The development of the Capital Improvement Program is an ongoing and iterative process. As part of the budget process, staff host internal workshops to develop a risk-based prioritization of capital projects over the next ten years. Some project highlights from the Fiscal Year 2021-22 include:



Eastern Transmission Main Access Manways & Valves

Moulton Niguel utilized innovative technology to assess the condition of one of the most critical transmission pipelines in the District. The 60-year-old Eastern Transmission Main is a 5.6-mile-long buried steel pipeline, starting in the City of Laguna Woods and traversing through the cities of Laguna Hills, Mission Viejo, Laguna Niguel, and San Juan Capistrano. The District performed two types of inspections; a Pureroboticss Electromagnetic Inspection and a Smartball Acoustic Inspection. Both inspections provide data to pinpoint specific areas within the pipeline that may require maintenance or rehabilitation. This allows the District to prioritize activities to maximize the life of this critical infrastructure and ensure continued reliable service while also minimizing cost.



Rehabilitation of Rancho No. 1 & No. 2 Reservoirs

The rehabilitation project included recoating of the interior and exterior surfaces of the reservoirs, along with seismic and structural improvements to ensure the continued safety, security, and reliability of our water supply. Combined, the two reservoirs can store up to three million gallons of water which serves over 64,000 customers.



Wastewater Infrastructure at Regional Lift Station

The regional lift station project included a new standby emergency bypass pump, wet well rehabilitation, and a pump replacement. The new standby emergency bypass pump will provide for uninterrupted operation of the station in the event of a power outage or other disruption at the facility. One of the existing pumps at the station was replaced with a new pump that is sized to increase efficiency and provide operational flexibility, which will also help the pumps to last longer. The original protective lining on the concrete wet well structure was removed and replaced with a new lining system. These improvements and additions will ensure that this critical wastewater facility will continue to provide reliable service to our customer for many years to come.



FINANCIAL PERFORMANCE



All financial information and data are based on the District's Annual Comprehensive Financial Report Year Ending June 30, 2022

www.mnwd.com/finance



SOURCES OF REVENUE

$115,573,523
TOTAL REVENUE

32.1%

WATER SERVICE
$37,129,591
Volumetric revenue is based on the consumption of potable water and monthly service charges based on the size of connected meters.

25.1%

WASTEWATER SERVICE
$28,989,216
Fixed monthly charge based on the size of meters and number of people (residential) or class (commercial).

5.2%

RECYCLED WATER SERVICE
$6,032,984
Volumetric revenue based on the usage of recycled water and monthly service charges based on the size of connected meters.

35.5%

AD VALOREM PROPERTY TAX
$41,039,306
Property taxes, investment income, grants, cell site income, user fees, fats-oil-grease program, plan check & inspections, etc.

2.1%

CAPITAL CONTRIBUTIONS
$2,382,426
Developer donated capital facilities, capacity fees, and other contributions.



OPERATING EXPENSES

EXPLANATION OF EXPENSES

WATER SUPPLY

Expenses related to purchase of imported water conveyed from the Colorado River or Sacramento Bay Delta.

$33,290,572

WASTEWATER TREATMENT

Operating expenses related to treatment of wastewater and conversion to recycled water.

$13,132,670

WATER EFFICIENCY

Expenses to support customers' efficient use of water, meet conservation goals/ policies and develop new sources of supply to meet District water reliability objectives.

$5,138,573

GENERAL O&M

Expenses related to the day-to-day management and operations of the system to ensure safe and reliable water service while providing excellent customer service.

$27,828,086

UTILITIES

Electric, natural gas and water expenses related to operating facilities.

$2,685,600

AMORTIZATION

Amortization is the accounting practice of spreading the cost of an asset or liability over its useful life and is a non-cash expenditure

$24,699,007



LONG TERM DEBT

The District utilizes long-term debt as a source to fund approved and budgeted capital expenditures. Just like a personal credit score, public agencies receive ratings to determine debt risk and fiscal stability. Credit rating agencies, Fitch Ratings and S&P Global Ratings, have each affirmed Moulton Niguel's AAA-credit rating, the highest possible credit rating.

2015

$12,265,000 REVENUE REFUNDING BOND

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.

2019

$48,605,000 REVENUE REFUNDING BOND

Proceeds from the issuance were used to refund the 2009 Certificates of Participation and pay the costs of issuing the Bonds.

2019

$64,570,000 CERTIFICATES OF PARTICIPATION

The 2019 Certificates were issued to finance the acquisition and construction of certain capital improvements and pay for the costs of issuance.

2021

$56,495,000 CERTIFICATES OF PARTICIPATION

The 2021 Certificates were issued to finance the acquisition and construction of certain capital improvements and pay for the costs of issuance.





NET POSITION

Assets

A resource with economic value that the District owns or controls with expectation that it will provide a future benefit.

+

Liabilities

Legal financial debts and/or obligations that arise during the course of business operations

+

Deferred Inflow/Outflow of Resources

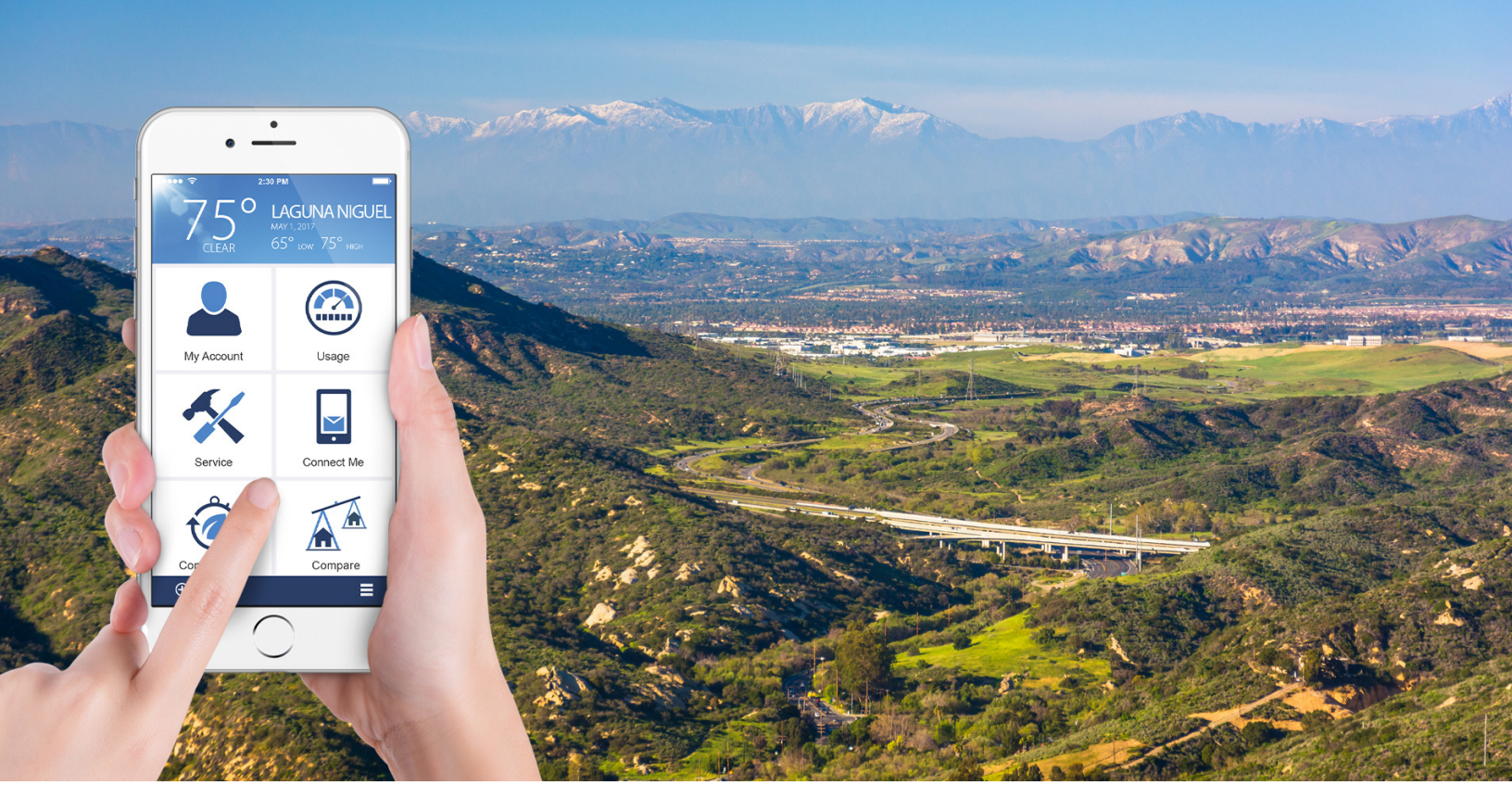
Deferred charges and prepaid items to be amortized in future periods.

=

NET POSITION: $430,193,716

District's fiscal position after assets, liabilities, deferred outflow/inflow have been balanced.

total



CONTACT INFORMATION

moulton niguel water district

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Laguna Hills, CA 92653
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M-F: 8:00 AM - 5:00 PM

@ MNWDWater