

FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
January 18, 2012
9:00 a.m.
Approximate Meeting Time: 2 Hours

1. Call Meeting to Order
2. Approve the Minutes of the December 14, 2011 Finance & Information Technology Board of Directors' Meeting
3. Public Comments
Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.

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

PRESENTATION ITEMS

None

DISCUSSION ITEMS (Action will be taken when appropriate for certain items at the Thursday Board Meeting)

4. Red Oak Contract
5. Financial Statements for Period Ended November 30, 2011
6. Summary of Disbursements for the Period Ended December 31, 2011

INFORMATION ITEMS

7. CERBT Update
8. Quarterly General Manager Purchase Order Approvals
9. IT Update (Timeline)

10. Late Items (Appropriate Findings to be Made)

- a. Need to take immediate action; and
- b. Need for action came to District's attention after Agenda posting
[Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 present]

11. Adjournment

The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 643-2006 at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

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

**MINUTES OF THE
MOULTON NIGUEL WATER DISTRICT
FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING**

DECEMBER 14, 2011

The regular meeting of the Finance & Information Technology Board of Directors was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 9:00 a.m. on Wednesday, December 14, 2011. There were present and participating:

DIRECTORS

BRIAN PROBOLSKY	Chairman
SCOTT COLTON	Director
RICHARD S. FIORE	Director
DON FROELICH	Vice President
GARY R. KURTZ	Director
LARRY R. LIZOTTE	Director
LARRY MCKENNEY	President

Also present and participating were:

STAFF MEMBERS

ROBERT C. GUMERMAN	General Manager
DAVID D. CAIN	Director of Finance/Treasurer
MATT COLLINGS	Director of Engineering & Operations
CHARLES J. ROY	Director of Customer Service
NANCY DESAI	Controller
KARREN MADDOX	MNWD
MICHAEL GOMEZ	MNWD
BRAD BRUINGTON	MNWD
STEVE RETMIER	MNWD
LESLIE GRAY	MNWD

Absent was:

There were no absences.

Item No. 1 – Call Meeting to Order

Chairman Probolsky called the meeting to order and Leslie Gray recorded the minutes thereof.

ACTION ITEMS:

Item No. 5 – SOCWA Use Audit Refund – IRWD Biosolids Project Withdrawal Fee

- **Chairman Probolsky asked for the backup documentation from the SOCWA Board of Directors' Board Meetings where they voted that these amounts are correct. Dr. Gumerman stated he would produce the backup documentation requested at the Thursday Board Meeting.**

Item No. 2 – Approve the Minutes

Chairman Probolsky entertained a motion to approve the minutes.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR MCKENNEY, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT APPROVED THE MINUTES OF THE NOVEMBER 16, 2011 FINANCE & INFORMATION TECHNOLOGY BOARD OF DIRECTORS MEETING.

Item No. 3 – Public Comments

Chairman Probolsky asked if there were any public comments. Hearing none, he closed the Public Comments portion of the meeting.

DISCUSSION ITEMS

Item No. 4 – Fiscal Year 2010/2011 Comprehensive Annual Financial Report (CAFR) for Year Ended June 30, 2011

Mr. Cain thanked Nancy Desai and staff for preparing the CAFR. It has been submitted to the Government Finance Officers Association (GFOA) for the second year. Dr. Gumerman concurred and added that Ms. Desai was the first to ever produce a CAFR on behalf of the District.

Item No. 5 – SOCWA Use Audit Refund – IRWD Biosolids Project Withdrawal Fee

Dr. Gumerman reported that the SOCWA Board of Directors approved the refund of payments that the District had overpaid into SOCWA operations and CIP programs at their October 6, 2011 Board Meeting. The Board of Directors will be asked to accept the SOCWA Use Audit refund revenue to be allocated to the General Operations Fund – SOCWA O&M expenditure of \$657,691.38, SOCWA Closed CIP excess of \$126,332.64, and General Operations Interest Earned of \$19,085.12 at the Board Meeting on Thursday evening.

Additionally, the Board will be asked to appropriate \$106,732.81 from the General Fund operating reserves for the SOCWA/IRWD Biosolids Withdrawal Fee.

Chairman Probolsky asked for the backup documentation from the SOCWA Board of Directors' Board Meetings where they voted that these amounts are correct. Dr. Gumerman stated he would produce the backup documentation requested at the Thursday Board Meeting.

Item No. 6 – Controller Transition Plan

Dr. Gumerman stated that this topic was previously discussed at the Special Personnel & Salary Board Meeting on Monday, December 12, 2011.

Item No. 7 - District Auditing Services

Mr. Cain stated that with the departure of the Controller, Nancy Desai, and the implementation of the first phase of the ERP, putting together an RFP for a new Auditor will stress the staff time available, and he asked the Board of Directors to approve a one-year extension to the existing Auditor, Mayer Hoffman McCann's contract, with a 5% reduction, bringing their audit fee from \$42,127 to \$40,020 for Fiscal Year 2011/12. The Board concurred.

Dr. Gumerman added that staff will bring an RFP before the Board for Auditor services in January 2013.

Item No. 8 – Financial Statements for Period Ended October 31, 2011

Ms. Desai reviewed the current investment activity as of October 31, 2011. Mr. Cain mentioned that Chandler Asset Management had phoned him with information about the District's HP investment. HP has been downgraded by one of the rating agencies. Chandler's recommendation is to hold onto this investment until the first quarter of next year and then potentially liquidating it at that time.

Ms. Desai reported she had contacted the Director of Finance from South Coast Water District regarding the \$395,600 in the *Investment in Joint Projects* under Current Assets as a result of a question the Board of Directors had last month. The \$395,600 represents the District's portion of \$1.5 million for emergency preparation. South Coast Water District allocates interest on an annual basis, which is used should there be any fluctuation in the reserve. SCWD shared that they are in the process of reconciling their books and will produce the reconciliation for our records in the near future. Mr. Cain will contact the Director of Finance himself and stay on top of this situation.

Item No. 9 - Summary of Disbursements for the Period Ended November 30, 2011

Ms. Desai reviewed the Summary of Disbursements for the month of November 2011.

INFORMATION ITEMS

Item No. 10 – Recognition of Steve Retmier, Inventory Control Worker

Mr. Collings stated that Mr. Retmier runs and maintains the Warehouse and supports the entire District with materials and equipment. This past year, the District was honored with receiving the CalOSHA Sharp Award, which is a very prestigious award. While staff from CalOSHA was inspecting the District facilities, they had nothing but excellent comments for the manner in which the Warehouse operates, with no safety violations, and how all shelves are well labeled and orderly. There were no negative comments at all upon inspection, which is a direct reflection on Steve.

Mr. Bruington also reported that Steve took it upon himself to clean up the area in the back of the Warehouse, which is now neat and orderly. Steve is a true team player. The Board of Directors congratulated Steve upon his achievements.

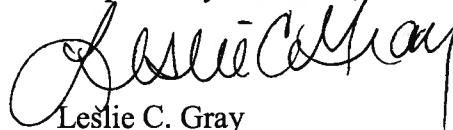
Item No. 11 - Late Items

There were no late items.

ADJOURNMENT

THEREAFTER, UPON A MOTION DULY MADE AND SECONDED, THE MEETING WAS ADJOURNED AT 10:00 A.M.

Respectfully submitted,



Leslie C. Gray
Board Secretary

Moulton Niguel Water District



MEMORANDUM

TO: Finance Board **MEETING DATE:** January 18, 2012

FROM: David D. Cain, Director of Finance/Treasurer

SUBJECT: **Red Oak Consulting (Malcolm Pirnie) Professional Services Agreement for Updated Cost-of-Services Study**

SUMMARY

Issue: Update District's Cost-of-Service Study by Red Oak Consulting

Recommendation: Approves a Professional Services Agreement with Red Oak Consulting for updating Cost-Of-Services Study in the amount not to exceed of \$65,027; appropriates funds from the General Fund Undesignated Reserves amending the 2011-12 Budget; and authorizes the General Manager to execute all necessary documents on behalf of the District.

Fiscal Impact: Requires appropriation of General Fund Undesignated Reserves in the amount of \$65,027 and increases the Consulting Services line item expenditure in the Finance Work Center.

DISCUSSION:

Red Oak Consulting was engaged by the District to develop a Revenue, Cost of Services, and Rate Design Study for water, recycled water, and sewer in 2008. The final report was completed in March 2009. All of the agreed to services were provided in a complete and timely manner.

Red Oak experts have provided cost-of-service analyses to clients throughout California and throughout the United States. This broad base of experience has allowed Red Oak to provide cost-of-service analyses at costs that are often lower than in-house providers. Red Oak's experience has enabled them to develop innovative computerized cost-of-service models that streamline the analytical process and reduce the time and resources necessary to complete a successful study.

Further, Red Oak is a leader in the development of industry-wide cost-of-service standards, with significant contributions to the American Water Works Association (AWWA) and the Water Environment Foundation (WEF) manuals concerning cost-of-service ratemaking for water and wastewater utilities.

Red Oak recently completed an update to the District's financial planning model and long-range financial plan and recently developed a detailed rate design model to allow the District to adopt a water budget-based rate design. As part of the proposed study, Red Oak will leverage its understanding of the District's unique financial and operating circumstances to save both time and resources in completing the cost-of-services analyses.

Red Oak will perform an update for the cost-of-services for potable and recycled water and wastewater. During this analysis Red Oak will review the recycled water services and recommend both a wholesale and retail rate structure.

**MOULTON NIGUEL WATER DISTRICT
INVESTMENT ACTIVITY SUMMARY
AS OF NOVEMBER 30, 2011**

Investment Summary 11/30/2011	TOTAL	1 YEAR	2 YEARS	3 YEARS	4-5 YEARS	5+ YEARS	% OF PORTFOLIO																		
LAIF-State of California	\$ 9,373,350	9,373,350	0	0	0	0	7.842%																		
Cash-Wells Fargo Bank	170,229	170,229	0	0	0	0	0.142%																		
Money Market	2,363,323	2,363,323	0	0	0	0	1.977%																		
Corporate & Discount Notes	29,948,512	1,025,046	1,645,621	12,579,593	14,698,251	0	25.056%																		
Federal Agencies	60,446,879	2,075,970	5,439,494	6,997,033	14,768,015	31,166,368	50.572%																		
U.S. Treasuries	17,223,169	2,055,546	2,501,254	2,940,625	1,734,609	7,991,135	14.410%																		
Total Market Value	\$ 119,525,461	17,063,463	9,586,369	22,517,250	31,200,875	39,157,503	100.000%																		
Investments SOCWA & SCWD November 2011	3,916,581	Maturity Distribution Percentages <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>14.3%</td> <td>8.0%</td> <td>18.8%</td> <td>26.1%</td> <td>32.8%</td> <td>Nov-11</td> </tr> <tr> <td>12.4%</td> <td>8.2%</td> <td>19.3%</td> <td>26.8%</td> <td>33.3%</td> <td>Oct-11</td> </tr> <tr> <td>3.5%</td> <td>16.7%</td> <td>17.2%</td> <td>31.8%</td> <td>30.8%</td> <td>Nov-10</td> </tr> </table>						14.3%	8.0%	18.8%	26.1%	32.8%	Nov-11	12.4%	8.2%	19.3%	26.8%	33.3%	Oct-11	3.5%	16.7%	17.2%	31.8%	30.8%	Nov-10
14.3%	8.0%							18.8%	26.1%	32.8%	Nov-11														
12.4%	8.2%							19.3%	26.8%	33.3%	Oct-11														
3.5%	16.7%	17.2%	31.8%	30.8%	Nov-10																				
Total Investment Portfolio November 2011	\$ 123,442,042																								
Total Investment Portfolio November 2010	\$ 113,132,151																								

11/30/2011

General Fund	\$ 46,685,745	39.06%
WBBRS	1,218,447	1.02%
Planning and Construction Fund	28,677,145	23.99%
Self Insurance Fund	1,227,991	1.03%
Replacement & Refurbishment Fund	18,800,979	15.73%
Rate Stabilization Fund	9,094,270	7.61%
Water Supply Reliability Fund	1,782,197	1.49%
Total Market Value Unrestricted	\$ 107,486,774	
Restricted Funds:		
Fiduciary Fund-Employee Deferred Compensation	4,199,105	3.51%
2003 GOB Consolidated Refunding	7,520,056	6.29%
Capital Facilities Fund	319,526	0.27%
Total Market Value Restricted	12,038,687	
Total Market Value Restricted & Unrestricted	\$ 119,525,461	100.00%
Investments SOCWA & SCWD	3,916,581	
Total Investment Portfolio	\$ 123,442,042	

Note: I certify that this report reflects the investments of the Moulton Niguel Water District and is in conformity with the Government Code requirements and the Districts Investment Policy and Guidelines in effect at the time of investment. The investment Program herein shown provides sufficient cash flow liquidity to meet the next six month's estimated expenditures. The source for the market values are Chandler Asset Management, Inc. and stock quote from IDC Pricing.

Restricted Trust Accounts	Final Debt Service Date	
DWR Trust Reserves	10/2015	\$ 769,636
2003 COPS Trust Reserves	09/2023	2,457,468
2009 COPS Trust Reserves	09/2039	6,086,413
2009 COPS Project Fund	09/2039	26,476,018
2010 COPS Trust Reserves	09/2017	896,669
Total Restricted Trust Accounts		\$ 36,686,203

Approved: 

David D. Cain
Director of Finance/Treasurer

** Per GAAP the investment balance includes \$5,830,900.83 unrealized gains as investment balances are reflected as a marked to market value.

	COST VALUE	AVG PUR YTM
TOTAL CHANDLER OPERATING FUND	\$105,304,297	\$3,023,358
AVERAGE PURCHASE YIELD TO MATURITY (YTM) RATE		2.87%
MNWD RATE OF RETURN CALCULATION FOR NOV 2011		
TOTAL CHANDLER OPERATING FUND	\$105,304,297	\$3,023,358
FISCAL YEAR ESTIMATED LAIF INTEREST	9,356,063	0.401%
FISCAL YEAR ESTIMATED CASH-WFB INTEREST	170,229	0.010%
FISCAL YEAR ESTIMATED CHANDLER FEES		(104,818)
FISCAL YEAR TO DATE REALIZED GAIN/(LOSS)		980,083
TOTAL ALL INVESTMENTS	\$114,830,589	\$3,936,157
MNWD RATE OF RETURN ON INVESTMENTS		3.428%
ONE MONTH PERCENTAGE RATE		0.2856%



PORTFOLIO CHARACTERISTICS

Average Duration	3.69
Average Coupon	3.87 %
Average Purchase YTM	2.87 %
Average Market YTM	1.37 %
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	4.18 yrs
Average Life	4.14 yrs

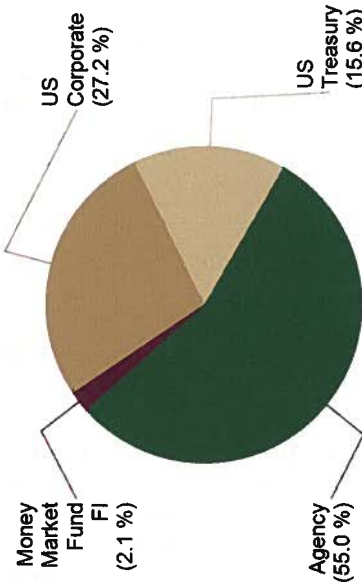
ACCOUNT SUMMARY

Market Value	Beg. Values as of 10/31/11	End Values as of 11/30/11
109,761,811	109,981,882	109,981,882
1,180,070	1,063,101	1,063,101
110,941,881	111,044,983	
Income Earned	246,086	246,963
Cont/W/D		0
Par	99,903,849	100,343,323
Book Value	103,807,268	104,171,200
Cost Value	104,864,824	105,304,297

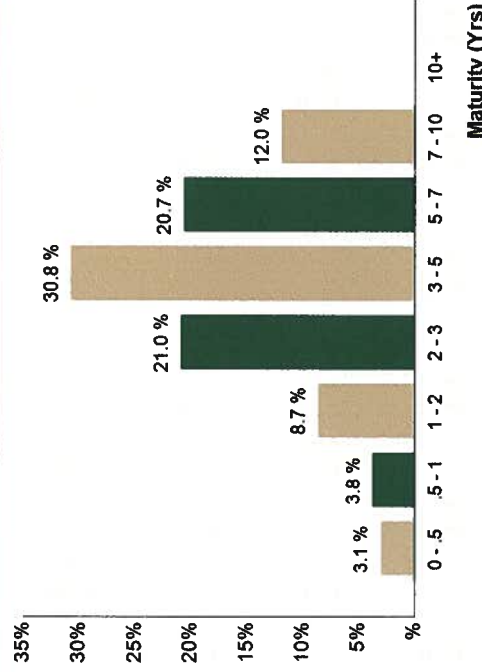
TOP ISSUERS

Issuer	% Portfolio
Federal Home Loan Bank	17.1 %
Government of United States	15.6 %
Federal National Mortgage Assoc	10.8 %
Tennessee Valley Authority	9.5 %
Federal Home Loan Mortgage Corp	9.1 %
Federal Farm Credit Bank	8.6 %
Wells Fargo Adv Govt Money Mark	2.1 %
General Electric Co	1.9 %
	74.7 %

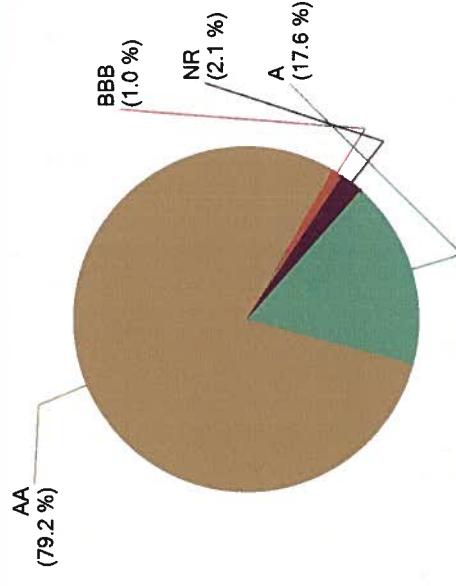
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY



PERFORMANCE REVIEW

Total Rate of Return As of 11/30/2011	Current Month	Latest 3 Months	Year To Date	1 Yr	3 Yrs	Annualized 5 Yrs	10 Yrs	9/30/1995	Since 9/30/1995
Moulton Niguel Water District Operating Reserve	0.09 %	0.42 %	5.46 %	4.19 %	5.54 %	5.94 %	5.17 %	5.93 %	153.71 %
1-10 yr Govt	0.36 %	0.43 %	5.77 %	4.32 %	4.13 %	5.72 %	4.76 %	5.61 %	141.85 %
1-10 Year Govt/A Rated or better Corporate	-0.08 %	0.04 %	5.13 %	3.78 %	5.43 %	5.36 %	4.80 %	N/A	N/A



Moulton Niguel Water District Operating Reserve
November 30, 2011

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with State law and with the District's investment policy.

Category	Standard	Comment
Treasury/Agency issues	No Limit	Complies
Banker's Acceptances	A1/P1 ;≤40%; 180 days	Complies - 0.0%
Commercial Paper	A1/P1	Complies - 0.0%
Max. maturity< 270 days	25% maximum	Complies
Repurchase Agreements	≤10%; ≤ one year	Complies - 0.0%
Rev. Repo Agreements	≤90 days; ≤10%	Complies - 0.0%
Time CDs	110% collateral over \$100,000	Complies - 0.0%
Negotiable CDs	30%; A1/P1; ≤2 yrs	Complies - 0.0%
Medium Term Notes	30% max; A-rated	Complies - 27.2%*
Mutual Funds	≤20%	Complies - 2.1%
LAIF	Not used by outside adviser; \$50 million maximum imposed by LAIF	Complies - \$9.4MM
Mortgage Pass Thrus, including CMOs and ABS	20% Maximum	Complies - 0.0%
Inverse floaters, range notes	Prohibited	Complies
Interest only strips	Prohibited	Complies
Zero interest accruals	Prohibited	Complies
Per issuer max	5% (except gov'ts)	Complies
Modified duration	+/- 20% of 1-10 Year benchmark duration	Complies - 3.69
% invested less than 2 years	≥10%	Complies - 15.5%
% invested beyond 5 years	≤40%	Complies - 32.7%
Maximum maturity	10 years	Complies
Maximum maturity of corp.	5 years	Complies

* Hewlett Packard (HPQ) was downgraded by Standard and Poor's (S&P) to "BBB+" from "A" on 11-30-11. S&P also lowered the short term rating to "A-2" from "A-1". Moody's current rating for HPQ is "A2" (long term) and "P-1" (short term). Chandler will continue to monitor and evaluate the current credit status of HPQ going forward.

Bill Lockyer, State Treasurer



Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (In days)
11/24/2011	0.38	0.39	235
11/25/2011	0.38	0.39	235
11/26/2011	0.38	0.39	235
11/27/2011	0.38	0.39	235
11/28/2011	0.38	0.39	236
11/29/2011	0.38	0.39	232
11/30/2011	0.38	0.39	220
12/1/2011	0.38	0.39	225
12/2/2011	0.39	0.39	225
12/3/2011	0.39	0.39	225
12/4/2011	0.39	0.39	225
12/5/2011	0.39	0.39	225
12/6/2011	0.39	0.39	224
12/7/2011	0.39	0.39	225

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

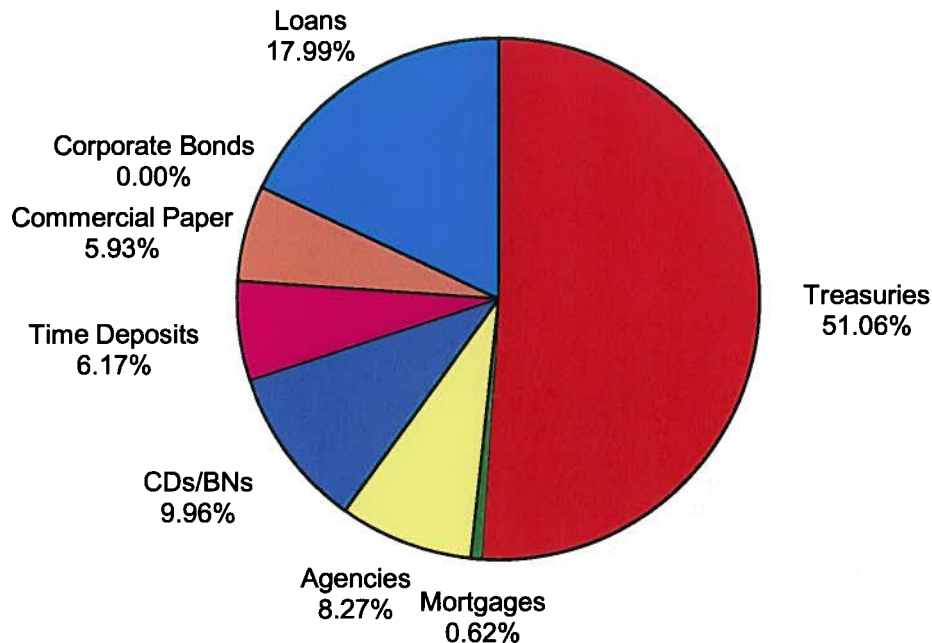
Quarter ending 09/30/2011

Apportionment Rate: 0.38%
 Earnings Ratio: .00001042339247730
 Fair Value Factor: 1.001847592
 Daily: 0.37%
 Quarter To Date: 0.39%
 Average Life: 236

PMIA Average Monthly Effective Yields

NOV 2011 0.401%
 OCT 2011 0.385%
 SEP 2011 0.378%

Pooled Money Investment Account Portfolio Composition \$67.9 Billion 10/31/11



**MOULTON NIGUEL WATER DISTRICT
BUDGET COMPARISON
FOR 5 MONTHS ENDING NOVEMBER 30, 2011**

DESCRIPTION	ADOPTED BUDGET	ADJUSTED BUDGET	CURRENT MONTH	MO %	YEAR TO DATE ACTUAL	%	REMAINING BUDGET
1 Accounting Services	150,000	150,000	7,274	4.8%	40,277	26.9%	109,723
2 Annual Audit	40,020	40,020	-	0.0%	20,000	50.0%	20,020
3 Member Agencies O&M-District's Portion	1,409,392	1,409,392	86,023	6.1%	315,864	22.4%	1,093,528
4 Director's Fees	168,000	168,000	8,678	5.2%	46,681	27.8%	121,320
5-7 Dues and Memberships	96,310	96,760	11,204	11.6% ¹	34,674	35.8%	62,087
9 Consulting Services	359,000	353,000	19,009	5.4%	57,766	16.4%	295,234
10 Equipment Rental	125,000	125,000	8,510	6.8%	42,511	34.0%	82,489
11 Gasoline and Oil	280,000	280,000	15,902	5.7%	107,073	38.2%	172,928
12 Insurance - General	536,825	536,825	41,540	7.7%	204,194	38.0%	332,631
13 Insurance - Workers Comp/Unemployment	371,820	371,820	20,638	5.6%	114,503	30.8%	257,317
14 Insurance-Life, Dental, Health & Disability	2,109,655	2,109,655	186,808	8.9%	920,783	43.6%	1,188,872
15 Legal Services - General Counsel	150,000	150,000	6,963	4.6%	29,209	19.5%	120,791
15 Legal Services - Outside Counsel	115,000	115,000	15,297	13.3%	50,890	44.3%	64,110
16 Management Information Systems	387,500	390,700	6,165	1.6%	102,797	26.3%	287,903
17 District Office Supplies	483,880	489,880	85,567	17.5% ²	145,377	29.7%	344,503
17 Community Relations/Conservation Supplies	214,000	298,937	6,905	2.3%	129,099	43.2% ³	169,838
18 District Operating Supplies	158,500	159,700	9,683	6.1%	53,218	33.3%	106,482
19 Employee Relations	80,000	80,000	11,053	13.8%	14,656	18.3%	65,344
20-21 Repairs & Maintenance - Equipment	1,169,450	1,167,450	50,270	4.3%	277,571	23.8%	889,879
22 Repairs & Maintenance - Facilities	2,918,450	2,912,700	145,014	5.0%	782,736	26.9%	2,129,964
23 Retirement Program	1,318,544	1,318,544	96,137	7.3%	528,851	40.1%	789,693
24 Safety Equipment and Supplies	72,960	72,960	2,601	3.6%	26,813	36.8%	46,147
25 Salaries	7,707,032	7,707,032	636,716	8.3%	3,179,560	41.3%	4,527,472
26 Non-Capitalized Equipment (Small Tools)	46,360	46,360	957	2.1%	17,688	38.2%	28,672
27 SOCWA O&M	8,902,380	8,902,380	733,465	8.2%	3,015,834	33.9%	5,886,546
28 Special Assessments	232,000	232,000	29,409	12.7% ⁴	50,932	22.0%	181,068
29 Tax Collection Charges	65,000	65,000	3,055	4.7%	4,986	7.7%	60,014
30 Educational Courses & Certifications	50,600	50,600	-	0.0%	3,998	7.9%	46,602
31 Travel and Meetings	174,000	176,900	7,418	4.2%	38,878	22.0%	138,022
32 Utilities	1,792,860	1,792,860	124,052	6.9%	798,486	44.5%	994,374
33 Water Purchases	25,570,680	25,485,743	1,296,033	5.1%	10,000,424	39.2%	15,485,319
34 Meter Purchases	40,000	40,000	-	0.0%	13,278	33.2%	26,722
35 Captal Outlay	376,500	376,500	-	0.0%	-	0.0%	376,500
	57,671,718	57,671,718	3,672,346	6.4%	21,169,603	36.7%	36,502,115

1 Many Dues and Memberships are prepaid for the following year.

2 Office supplies costs related to Bill Preparation and Postage for Bills. (\$71,904 for the month)

3 Costs related to CHOICE Water Use Efficiency education by MWDOC.

4 Costs related to Department of Health Services - Water System fees. (\$15,110 for the month)

**Five Month Period
Under/(Over) 41.7%
4.96%**

**MOULTON NIGUEL WATER DISTRICT
COMPARATIVE INCOME STATEMENT
For the Year to Date Ending November 30**

	FY 2011/12	FY 2010/11	
<u>OPERATING INCOME</u>			
Water Sales	\$ 12,580,519	\$ 10,873,452	16%
Recycled Water Sales	2,431,271	2,539,623	-4%
Sewer Sales	7,526,712	6,426,434	17%
WBBRS Efficiency Funds	2,076,220	-	
Other Operating Income	176,008	209,255	-16%
TOTAL OPERATING REVENUE	24,790,729	20,048,764	24%
<u>OPERATING EXPENSES</u>			
Source of Supply			
Utilities	706,949	762,333	-7%
Meter Purchases	13,278	24,313	-45%
Water Purchases	10,000,424	9,270,313	8%
Pumping	153,179	177,161	-14%
Treatment	3,317,871	3,178,316	4%
Transmission & Distribution	1,427,549	1,656,267	-14%
Customer Service	128,589	139,879	-8%
General & Administrative	4,363,137	3,883,212	12%
Post Retirement Medical Benefits (OPEB)	239,244	260,843	-8% ¹
CalPERS Sidefund Amortization	18,167	16,860	8%
Engineering	620,191	451,901	37% ²
Vehicles/Equipment	204,836	99,748	105% ³
WBBRS Efficiency Rebates	1,288	-	
Depreciation	6,490,107	6,362,433	2%
TOTAL OPERATING EXPENSES	27,684,809	26,283,579	5%
OPERATING INCOME (LOSS)	(2,894,079)	(6,234,815)	-54%
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment Income	2,190,098	2,501,386	-12%
Investment Income - Restricted	156,398	282,383	-45% ⁴
Unrealized Gain (Loss)	1,088,256	(160,473)	-778%
Ad Valorem Property Tax Income	2,106,464	1,707,933	23%
General Obligation Bonds Assessment	425,331	316,908	34%
Interest Expense	(2,948,063)	(3,102,808)	-5%
Amortization of Bond Costs	(167,878)	(194,228)	-14%
Intergovernmental Revenue - 2009 COPS Federal Subsidy	717,321	717,321	
Cellular Lease Income	640,849	621,558	3%
Other Non-Operating Revenues (Expenses)	28,800	4,929	
TOTAL NONOPERATING REVENUES (EXPENSES)	4,237,576	2,694,909	
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,343,496	(3,539,906)	
CAPITAL CONTRIBUTIONS:			
Grant Funding	-	-	
Donated Facilities	-	-	
Connection Fees	-	174,602	
CHANGE IN NET ASSETS	1,343,496	(3,365,304)	
NET ASSETS - AT JULY 1	394,313,123	389,373,362	
NET ASSETS - AS OF NOVEMBER 30	\$ 395,656,619	\$ 386,008,058	

*** Change in Net Assets does not include Fiduciary Fund activity.

¹ OPEB Expense reduced by Rate Subsidy.

² Due to a salaries increase for additional staff.

³ Due to the reclassification of fuel charges; fuel charges were previously allocated to G&A.

⁴ Due to the decline in cash balance from bond proceeds as a result of WSR project costs.

**MOULTON NIGUEL WATER DISTRICT
COMPARATIVE STATEMENT OF NET ASSETS
For November 30**

	FY 2011/12	FY 2010/11
<u>CURRENT ASSETS</u>		
Cash and Investments (due within 1 year)	17,063,463	3,802,936
Cash - WBBRS Efficiency Fund	1,218,447	-
Accounts Receivable		
Water & Sanitation Charges	4,248,262	3,898,657
WBBRS Inefficiency Charges	737,072	-
Accounts Receivable - Other	377,187	524,608
Interest Receivable	1,067,793	1,145,116
AMP Receivable - Current Portion	27,194	31,518
Meters & Supplies Inventory, at Cost	1,696,623	1,534,929
Prepaid Expenses	1,457,208	1,497,196
CalPERS Siefund Prepaid Expense	3,055,192	3,096,963
Investment in Joint Projects	395,600	395,600
TOTAL CURRENT ASSETS	31,344,041	15,927,523
<u>NONCURRENT ASSETS</u>		
Investments	97,044,445	101,020,318
Restricted Cash and Investments with Fiscal Agent	36,686,203	45,244,833
Bond Issuance Costs	1,360,929	1,784,254
Retrofit Contracts Receivable	701,378	728,497
AMP Receivable - Long Term	1,075,910	1,282,756
Capital Assets, net of accumulated depreciation	344,081,956	351,466,479
Capital Assets, not being depreciated		
Land	1,091,910	1,091,910
Construction in Progress	25,736,416	18,877,262
TOTAL NONCURRENT ASSETS	507,779,147	521,496,309
TOTAL ASSETS	\$ 539,123,188	\$ 537,423,832

**MOULTON NIGUEL WATER DISTRICT
COMPARATIVE STATEMENT OF NET ASSETS
For November 30**

	FY 2011/12	FY 2010/11
<u>CURRENT LIABILITIES (due within 1 year)</u>		
Accounts Payable	\$ 3,932,052	\$ 3,892,762
Interest Payable	1,874,217	1,752,808
Post Retirement Medical Benefits (OPEB)	162,730	149,892
Current Portion of Long-Term Liabilities		
Certificates of Participation Payable	1,640,000	1,625,000
Bonds Payable	4,980,000	4,645,000
Loans Payable	2,126,210	1,951,625
	14,715,208	14,017,087
 <u>LONG-TERM LIABILITIES</u>		
Compensated Absences	1,120,602	1,000,117
Long-term debt		
Certificates of Participation	83,543,183	85,474,671
Bonds Payable	26,464,602	31,168,729
Loans Payable	17,628,973	19,755,173
	128,757,361	137,398,690
 TOTAL LIABILITIES	143,472,569	151,415,777
 <u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	271,213,517	272,060,286
Restricted for Capital Projects	312,742	119,402
Unrestricted, designated	46,514,481	52,860,896
Unrestricted, undesignated	77,609,880	60,967,470
	395,650,619	386,008,054
 TOTAL NET ASSETS	395,650,619	386,008,054
 TOTAL LIABILITIES AND NET ASSETS	\$ 539,123,188	\$ 537,423,831

**MOULTON NIGUEL WATER DISTRICT
BUDGET VS. ACTUAL REPORT
FOR 5 MONTHS ENDING NOVEMBER 30, 2011**

SOURCES	ADOPTED		FISCAL YEAR TO DATE		VARIANCE	
	BUDGET	BUDGET	ACTUAL	DOLLARS	PERCENT	
WATER SALES						
POTABLE	26,947,832	12,980,771	12,580,519	(400,252)	-3.08%	
RECYCLED	3,644,800	1,851,558	2,431,271	579,712	31.31%	
SEWER SALES	16,850,232	7,329,851	7,526,712	196,861	2.69%	
INTEREST INCOME	3,400,000	1,416,667	2,190,098	773,431	54.60%	
INTEREST INCOME - RESTRICTED	220,000	91,667	156,398	64,732	70.62%	
OTHER	1,897,560	790,650	852,308	61,658	7.80%	
AD VALOREM PROPERTY TAX (DISTRICT'S SHARE OF 1%)	21,000,000	2,310,000	2,106,464	(203,536)	-8.81%	
GENERAL OBLIGATION BOND PROPERTY TAX	5,657,632	339,458	425,331	85,873	25.30%	
INTERGOVERNMENTAL REVENUE	1,434,642	717,321	717,321	-	0.00%	
CIP, R&R & WSR RESERVE FUNDS	36,096,609	15,040,254	3,518,885	(11,521,369)	-76.60%	
TOTAL SOURCES	117,149,307	42,868,196	32,505,307	(10,362,889)	-24.17%	
USES						
OPERATIONS & MAINTENANCE EXPENSES	57,671,718	24,029,883	21,169,603	(2,860,279)	-4.96%	
REPLACEMENT & REFURBISHMENT						
MNWD	12,399,954	5,166,648	1,673,374	(3,493,274)	-67.61%	
SOCWA & JRWSS	6,479,010	2,699,588	980,133	(1,719,455)	-63.69%	
CAPITAL IMPROVEMENT PROJECTS	14,746,345	6,144,310	846,417	(5,297,893)	-86.22%	
WATER SUPPLY RELIABILITY FUND	2,471,300	1,029,708	18,961	(1,010,747)	-98.16%	
PLANNING & CONSTRUCTION FUND	6,279,306	5,511,506	5,511,506	-	0.00%	
G.O. BOND DEBT SERVICE	9,360,312	6,412,670	6,337,553	(75,117)	-1.17%	
LONG TERM DEBT SERVICE	109,407,945	50,994,313	36,537,547	(14,456,765)	-28.35%	
TOTAL USES						
OTHER OPERATING INCOME	30,000	12,500	14,350	1,850	14.80%	
RECONNECT FEES	120,000	50,000	80,145	30,145	60.29%	
TAG FEES	3,500	1,458	1,900	442	30.29%	
RECONNECT FEES/AFTER HOURS	6,500	2,708	5,125	2,417	89.23%	
BACK FLOW NOTICE	98,000	40,833	44,790	3,957	9.69%	
SERVICE INSTALLATION CHARGES/RW SUR CHARGES	1,000	417	360	(57)	-13.60%	
SITE VISIT CHARGES	300	125	200	75	60.00%	
METER REMOVAL/RE-SET FEE	35,000	14,583	3,294	(11,289)	-77.41%	
PLAN CHECK & INSPECTION FEES	11,100	4,625	-	(4,625)	-100.00%	
FOG PROGRAM	45,000	18,750	17,336	(1,415)	-7.54%	
METER SALES	5,000	2,083	8,508	6,425	128.50%	
MISC	355,400	148,083	176,008	27,924	18.86%	
TOTAL OTHER OPERATING INCOME						
NON-OPERATING INCOME	20,000	8,333	-	(8,333)	-41.67%	
CONNECTION FEES	10,000	4,167	5,675	1,508	15.08%	
RETURNED CHECKS	1,480,660	616,942	640,849	23,907	1.61%	
CELLULAR LEASES	6,500	2,708	2,475	(233)	-3.59%	
BOARD ROOM RENTAL	25,000	10,417	27,302	16,885	67.54%	
MISC	1,542,160	642,567	676,301	33,734	2.19%	
TOTAL NON-OPERATING INCOME	1,897,560	790,650	852,308	61,658	7.80%	

1 Includes sale of scrap, fire flow test fees, UB collection charges, environmental discharge fees
Refund for remainder of leasing contract with Xerox - \$10,602.46

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF DECEMBER 2011**

<u>GENERAL FUND TOTAL</u>		\$ 3,576,494
<u>RESTRICTED FUNDS</u>		
REPLACEMENT & REFURBISHMENT FUND	\$ 476,433	
WATER SUPPLY RELIABILITY FUND	2,195,518	
PLANNING & CONSTRUCTION FUND	5,040	
TOTAL RESTRICTED FUNDS		2,676,991
 TOTAL DISBURSEMENTS ALL FUNDS		 <u><u>\$6,253,484.94</u></u>

The major expenditures for December 2011 include the following:

1. Municipal Water District of Orange County (MWDOC)		
October Water Purchases AF 2,357.9		\$ 1,764,299
October Capacity Charge		28,206
October RTS Charges		98,214
October SCP Operation Surcharge		11,534
		<u><u>\$ 1,902,254</u></u>
2. Santa Margarita Water District		
C# 2008.032 Upper Chiquita Reservoir		\$ 2,165,208
3. Denovo, LLC		
C# 2010.033 New District Enterprise Software		\$ 121,500
4. Paulus Engineering, Inc.		
C#2010.019 Crown Valley Pkwy Valve Replacement		\$ 129,594
5. South Coast Water District		
LAFCO Agreement RO#96-05 1st Install FY 2011-2012		\$ 152,825

Efficiency Fund December 2011

<u>Variances</u>	Number of People in Household	Pool Refilling	Child/Elder Care Facilities	Livestock	Medical Needs	Leaks/Repairs
	2,673	187	63	12	10	267

<u>Permanent Adjustments</u>	Adjusted Irrigated Landscape Area - All Accounts
	2,500

<u>Efficiency Fund</u>	Billed Amount	Adjusted Amount
	\$5,532,823	
		\$68,739
		5
		\$3,297,827
		\$8,309
		\$109,127
		Balance
		\$2,048,821

Residential Rebates December 2011

RESIDENTIAL	TOTAL NUMBER OF DEVICE(S)	TOTAL REBATE
**High Efficiency Clothes Washers	156	\$31,050.00
High Efficiency Toilets	221	\$31,785.08
**Weather Based Irrigation Controllers	5	\$961.90
**Rotating Spray Nozzles for Pop-Up Spray	2	\$400
Drip Irrigation	n/a	\$0.00
**Turf Removal	5	\$2,887.88
Synthetic Turf	2	\$1,654.88
Water Brooms	n/a	\$0.00
		TOTAL: \$68,739.57

Commercial Rebates December 2011

COMMERCIAL	TOTAL NUMBER OF DEVICE(S)	TOTAL REBATE
**Weather Based Irrigation Controllers	n/a	\$0.00
**Rotating Spray Nozzles for Pop-Up Spray	n/a	\$0.00
**Water Cooling Tower Conductivity	n/a	\$0.00
**pH Conductivity Controller	n/a	\$0.00
Turf Removal	n/a	\$0.00
Synthetic Turf	n/a	\$0.00
Drip Irrigation	n/a	\$0.00
**Water Brooms	n/a	\$0.00
**Connectionless Food Steamers	n/a	\$0.00
Pre-Rinse Spray Nozzles	n/a	\$0.00
**Air Cooled Ice Machines	n/a	\$0.00
		TOTAL: \$0.00

COMMERCIAL LANDSCAPE	TOTAL NUMBER	TOTAL REBATE
**Weather Based Irrigation Controller	n/a	\$0.00
**Rotating Spray Nozzles for Pop-Up Spray	n/a	\$0.00
**High Efficiency Nozzles for Large Rotary	n/a	\$0.00
Turf Removal	n/a	\$0.00
Synthetic Turf	n/a	\$0.00
Drip Irrigation	n/a	\$0.00
Recycled Water Retrofits	n/a	\$0.00
		TOTAL: \$0.00

CERBT Strategy 1



California Employers' Retiree Benefit Trust (CERBT)

November 30, 2011

Objective

The objective of the CERBT Strategy 1 portfolio is to seek favorable returns that reflect the broad investment performance of the financial markets through capital appreciation and through investment income. There is no guarantee that the portfolio will achieve its investment objectives.

Strategy

The CERBT Strategy 1 portfolio is invested in various asset classes in percentages approved by the CalPERS Board. The specific percentages of portfolio assets allocated to each asset class are shown under "Composition". Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with other asset allocation strategies, this portfolio consists of a higher percentage of equities to bonds and other assets. Historically, equities have displayed greater price volatility and therefore this portfolio may experience greater fluctuation of value. Employers that seek higher investment returns, and are able to accept greater risk and tolerate more fluctuation in returns, may wish to consider this portfolio.

Information Provided in Lieu of Prospectus

The CERBT Strategy 1 portfolio consists of assets managed internally by CalPERS. Because it is not a mutual fund, a prospectus is not available. This summary is designed to provide descriptive information.

Assets Under Management

As of November 30, 2011, the aggregate total of assets under management for all CERBT Strategies was **\$1,797,778,071**.

Composition

Asset Class Allocations and Benchmarks

The CERBT Strategy 1 portfolio may consist of the following asset class target allocations and corresponding benchmarks:

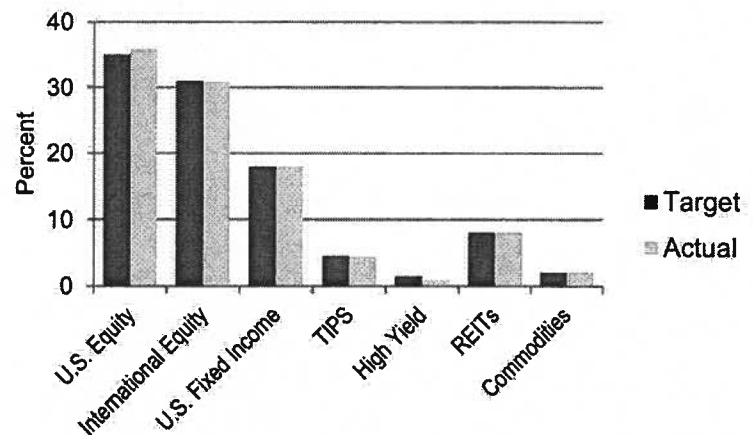
Asset Class	Benchmark
U.S. Equity	CalPERS S&P 500 Ex-Tobacco
International Equity	CalPERS FTSE Developed World Ex-US, Ex-Tobacco
U.S. Fixed Income	Barclays Capital Long Liability Index
Treasury Inflation-Protected Securities (TIPS)	Barclays Capital US TIPS Index
High Yield Fixed Income	CalPERS High Yield
Real Estate Investment Trusts (REITs)	FTSE EPRA/NAREIT Global Developed
Commodities	GSCI Total Return Index

Portfolio Benchmark

The CERBT Strategy 1 benchmark is a composite of underlying asset class market indexes, each assigned the target weight for the asset class it represents.

Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of November 30, 2011. CalPERS may overweight or underweight an allocation to a particular asset class based on market, economic, or CalPERS policy considerations. There may be significant differences in the actual portfolio weights versus target weights due to ongoing transition activities which are expected to be completed in early 2012.



CERBT Strategy 1 Performance as of November 30, 2011

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	Since Inception* (June 1, 2007)
Returns before expenses ¹ (%)	-2.18	-0.71	-6.12	4.10	14.39	-	-0.28
CERBT Strategy 1 Benchmark	-2.09	-0.54	-5.79	4.25	14.45	-	-0.86

*Returns for periods greater than one year are annualized.

¹See the "Expenses" section of this document.

Performance data shown represents past investment performance and is no guarantee of future results. The investment return and principal value of the portfolio will fluctuate so that an employers' account balance in the portfolio may be worth more or less than the amount invested. Current performance may be lower or higher than the performance data shown above.

CERBT Strategy 1



California Employers' Retiree Benefit Trust (CERBT)

November 30, 2011

General Information

What Employers Own

Each employer owns a percentage of the CERBT Strategy 1 portfolio, which invests in pooled asset classes managed by CalPERS. Employers do not have direct ownership of the securities in the portfolio.

Information Accessibility

Since the portfolio is not a mutual fund, information is not available from a newspaper source. Instead, CalPERS provides a quarterly statement of the employer's account. For current performance information, including performance to the most recent month-end, investment policy, and detailed asset allocation, please visit our website at: www.calpers.ca.gov.

Price

The value of the portfolio changes daily, based upon the market value of the underlying securities. Just as prices of individual securities fluctuate, the portfolio's value changes with market conditions.

Expenses

CERBT is a self-funded trust in which participating employers pay for all administrative and investment expenses. Expenses reduce the gross investment return by the fee amount. The larger the fee, the greater the reduction of investment return. Currently, CERBT expenses are accrued at an annual rate of 0.12% and charged daily to employer accounts. CERBT's actual expenses may differ from the amount currently being accrued due to factors such as changes in average fund assets or actual expenses. The expense accrual rate may change without notice in order to reflect changes in average portfolio assets or in expense amounts. The CalPERS Board annually reviews the operating expenses and changes may be made as appropriate. Even if the portfolio loses money during a period, the fee is still charged.

Portfolio Manager Information

The portfolio is managed by CalPERS Investment Office staff as directed by the CalPERS Investment Committee and Board of Administration.

Principal Risks of the Portfolio

An investment in the portfolio is not a bank deposit, and it is not insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. It is possible to lose money by investing in this portfolio. The portfolio's risk depends in part on the portfolio's asset class allocations and the selection, weighting and risks of the underlying investments. Some major risks associated with investing in equities, fixed income and other assets include:

- **Allocation Risk:** The portfolio's ability to achieve its investment objectives depends in part on the managers' skill in determining the portfolios' sector allocations and in selecting and weighting the underlying investments. The managers' evaluations and assumptions regarding asset classes and underlying investments may differ from actual market conditions.
- **Market Risk:** The value of the portfolio will go up and down based on the performance of the underlying investments in which it invests. The value of the underlying investments will, in turn, fluctuate based on the performance of the securities owned and other factors generally affecting the securities market.
- **Interest Rate Risk:** Generally, when interest rates rise, the value of an underlying investment's fixed income securities will decline. The opposite is true when interest rates decline.
- **Credit Risk:** The value of an underlying investment's fixed income securities will be adversely affected by any erosion in the ability of issuers of these securities to make timely interest and principal payments.
- **Foreign Risk:** Some of the underlying investments are in foreign securities, which are generally riskier than U.S. securities. As a result, the portfolio is subject to foreign risk, meaning that political events (such as civil unrest, national elections, and imposition of exchange controls), social and economic events (such as labor strikes and rising inflation), and natural disasters occurring in a country where the portfolio invests could cause the portfolio's investments in that country to experience losses.
- **Principal Loss:** Employers own a percentage of the CERBT Strategy 1 portfolio (expressed as "units"). At any given time, the value of an employer's units may be worth less than the price paid for them.

CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocation	Strategy 1*	Strategy 2	Strategy 3
Global Equity	66%	50%	32%
U.S Fixed Income	18%	24%	42%
TIPS	5%	15%	15%
REITs	8%	8%	8%
Commodities	3%	3%	3%

* CalPERS will be transitioning toward these asset class target allocations until approximately January 2012. For current information, see the "Composition" section of this document.

