



Moulton Niguel Water
Leading the Way in Service

MOULTON NIGUEL WATER DISTRICT

MONTHLY FINANCIAL REPORT

PERIOD ENDED JANUARY 31, 2014

#7.

MOULTON NIGUEL WATER DISTRICT

Monthly Financial Report

Period Ended January 31, 2014

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MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the seven months ended January 31, 2014 as compared to the seven months ended January 31, 2013 are shown below:

Summary Budget Comparison Report

The Summary Budget Comparison Report is a high level statement of the operating activities of the District over the past seven months as compared to the budget. The report includes total revenues and expenses, as well as detail line item revenues and expenses for the General Fund and the Water Efficiency Fund. As shown in the summary report, operating revenues were approximately \$32.6 million, or 62% of the \$52.6 million budget. This was primarily the result of higher volumes of sales due to the dry weather conditions experienced throughout Southern California. Operating expenses were \$37.2 million, or 58% of the \$63.7 million budget. This was primarily due to higher water purchases that were offset by lower than budgeted expenses in the Water Efficiency Fund. Operating expenses in the Water Efficiency Fund were lower than budget due to fewer rebates being issued than budgeted for the current fiscal year.

Non-operating revenues (expenses) were higher than budget primarily due to higher investment income than expected for the first seven months.

Statement of Net Position

The Statement of Net Position shows the District's assets and liabilities as of January 31, 2014 compared to the balances at fiscal year ended June 30, 2013. Overall, assets were about \$9.7 million lower than at June 30, 2013 primarily due to a reduction in capital assets, net. This reduction was due to depreciation of assets through the first seven months of the current fiscal year. Liabilities were also down by approximately \$13.2 million, reflecting reductions in outstanding debt and accounts payable. As a result, the District's net position increased by \$3.5 million for the seven months ended January 31, 2014.

Revenues

Total revenues for the seven months ended January 31, 2014 were \$52.2 million, or remain unchanged from the same period last year. Total operating revenues for the seven months ended January 31, 2014 were \$32.6 million, an increase of \$287,381 or 0.9% compared to \$32.3 million in 2013. The increase was mainly due to slightly higher water and sewer sales in the current year.

**MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results**

Expenses

Total expenses for the seven months ended January 31, 2014 were \$48.8 million, an increase of \$6.0 million or 14.0% compared to \$42.8 million in 2013. Total operating expenses increased by \$1.8 million, or 5.5%, from \$32.8 for the seven months ended January 31, 2013 to \$34.6 million in 2014. The increase was primarily due to higher water purchases in the current year. Other operating expenses for the seven months ended January 31, 2014 were \$10.1 million, an increase of \$3.3 million or 49.8% compared to \$6.8 million in 2013. The increase was mainly due to a one-time depreciation adjustment in the prior year. Other non-operating expenses for the seven months ended January 31, 2014 totaled \$4.1 million, an increase of \$846,949 or 26.5% compared to \$3.2 million in 2013. The increase was primarily due to the more timely booking of interest expenses in the current year.

Restricted Cash and Investments with Fiscal Agent

Restricted cash includes funds held by the trustee. The use of these funds is restricted by law or bond covenants. Funds in these accounts were about \$29.6 million at January 31, 2014, almost \$800,000 less than last year. This decrease was due to capital projects funded by the 2009 COPS Project Fund in the approximate amount of \$831,000.

Unrestricted and Restricted Fund Balances

The unrestricted and restricted fund balances reflect the funds in each of the District's unrestricted and restricted funds that are not held by Fiscal Agent. The unrestricted fund balances are further broken down by designated and undesignated funds. As shown in the report, the District has six funds that are designated by District policy for specific purposes, including Self Insurance, Water Efficiency, Replacement and Refurbishment, Water Supply Reliability, Planning and Construction and Rate Stabilization. Total unrestricted funds increased by \$3.5 million since June 30. Restricted fund balances decreased by \$2.0 million, primarily driven by debt payments for the 2003 Consolidated Refunding bonds.

**Moulton Niguel Water District
Summary - Budget Comparison Report
Seven Months Ended January 31, 2014**

#7.b.

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
<u>GENERAL FUND & WATER EFFICIENCY FUND:</u>			
Operating Revenues	\$ 52,611,615	\$ 32,608,442	62%
Operating Expenses	63,740,394	37,245,170	58%
Operating Income (Loss)	(11,128,779)	(4,636,728)	
Non-Operating Revenues (Expenses)	24,491,292	15,366,222	63%
Total Change in Funds	<u>\$ 13,362,513</u>	<u>\$ 10,729,494</u>	
<u>GENERAL FUND:</u>			
Operating Revenues	\$ 48,861,615	\$ 29,902,547	61%
Operating Expenses	61,481,787	36,439,891	59%
Operating Income (Loss)	(12,620,172)	(6,537,345)	
Non-Operating Revenues (Expenses)	24,372,980	15,263,297	63%
Change in General Fund	\$ 11,752,808	\$ 8,725,952	
<u>WATER EFFICIENCY FUND:</u>			
Operating Revenues	\$ 3,750,000	\$ 2,705,895	72%
Operating Expenses	2,258,607	805,279	36%
Operating Income (Loss)	1,491,393	1,900,616	
Non-Operating Revenues (Expenses)	118,312	102,925	87%
Change in Water Efficiency Fund	\$ 1,609,705	\$ 2,003,542	

#7.b.

Moulton Niguel Water District
General Fund - Budget Comparison Report
Seven Months Ended January 31, 2014

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
GENERAL FUND			
<u>Operating Revenues</u>			
Water Sales	\$ 26,950,000	\$ 16,413,982	61%
Recycled Water Sales	4,547,715	3,019,991	66%
Sanitation Sales	16,920,000	10,232,411	60%
Other Operating Income	443,900	236,162	53%
Total Operating Revenue	48,861,615	29,902,547	
<u>Operating Expenses</u>			
Salaries	8,536,016	4,745,870	56%
PERs Employer Contributions	879,054	511,534	58%
PERs Employee Contributions	201,699	115,860	57%
PERs Other (Side fund, 401A)	210,481	105,605	50%
Educational Courses	47,380	10,350	22%
Travels & Meetings	245,623	90,651	37%
Employee Relations	13,000	7,433	57%
General Services	512,475	270,902	53%
Annual Audit	45,000	31,820	71%
Member Agencies O&M	1,140,100	1,015,315	89%
Dues & Memberships	84,214	65,885	78%
Consulting Services	1,085,974	721,881	66%
Equipment Rental	89,300	50,279	56%
District Fuel	346,000	171,486	50%
Insurance - District	585,246	305,787	52%
Insurance/Disability - Personnel	320,250	233,390	73%
Insurance - Benefits	2,493,531	1,320,461	53%
Legal Services - Personnel	50,000	3,545	7%
Legal Services - General	169,000	165,382	98%
District Office Supplies	563,300	401,168	71%
District Operating Supplies	244,095	113,629	47%
Repairs & Maintenance - Equipment	1,858,101	309,907	17%
Repairs & Maintenance - Facilities	3,314,624	2,159,229	65%
Safety Program & Compliance Requirements	134,985	128,570	95%
SOCWA	8,702,195	5,660,024	65%
Special Outside Assessments	173,500	27,783	16%
Utilities	1,839,205	1,254,155	68%
Water Purchases	26,790,439	16,152,667	60%
Meter / Vault Purchases	807,000	289,326	36%
Total Operating Expenses	61,481,787	36,439,891	
Operating Income (Loss)	(12,620,172)	(6,537,345)	
<u>Non-Operating Revenues (Expenses)</u>			
Property Tax Revenue	21,327,990	12,776,331	60%
Investment Income	1,347,155	1,442,874	107%
Cellular Lease Income	1,650,085	983,513	60%
Misc Non-Operating Income	47,750	60,579	127%
Total Non-Operating Revenue (Expenses)	24,372,980	15,263,297	
Change in General Fund	\$ 11,752,808	\$ 8,725,952	

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Seven Months Ended January 31, 2014

#7.b.

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
WATER EFFICIENCY FUND			
<u>Operating Revenue</u>			
Water Efficiency	\$ 3,750,000	\$ 2,705,895	72%
Total Operating Revenue	3,750,000	2,705,895	
<u>Operating Expenses</u>			
Salaries	411,903	237,440	58%
PERs Employer Contributions	43,505	23,708	54%
PERs Employee Contributions	11,966	6,440	54%
Educational Courses	500	165	33%
Travels & Meetings	3,800	215	6%
Dues & Memberships	500	-	0%
Consulting Services	20,000	-	0%
Insurance/Disability - Personnel	4,064	3,524	87%
Insurance - Benefits	100,369	36,429	36%
District Office Supplies	76,500	250	0%
District Operating Supplies	500	-	0%
Repairs & Maintenance - Equipment	2,000	-	0%
Water Efficiency	1,583,000	497,107	31%
Total Operating Expenses	2,258,607	805,279	
Operating Income (Loss)	1,491,393	1,900,616	
<u>Non-Operating Revenue</u>			
Investment Income	118,312	102,925	87%
Total Non-Operating Revenue	118,312	102,925	
Change in Water Efficiency Fund	\$ 1,609,705	\$ 2,003,542	

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited)	(Audited)
	January 31, 2014	June 30, 2013
CURRENT ASSETS:		
Cash and investments	\$ 25,385,057	\$ 42,016,642
Accounts receivables:		
Water and sanitation charges	4,854,777	6,183,688
Taxes and acreage assessments	-	343,115
Other accounts receivable	118,867	433,264
Interest receivable	735,216	763,584
Current portion of AMP receivable	67,493	211,940
Inventory	1,638,027	1,566,239
Prepaid expenses	533,608	260,941
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	33,333,045	51,779,413
	<hr/>	<hr/>
NONCURRENT ASSETS:		
Investments	112,427,642	94,347,786
Restricted cash and investments with fiscal agent	28,779,230	29,574,877
Retrofit loans receivable	640,995	660,023
Net pension asset (CalPERS sidefund payoff)	2,992,550	654,913
AMP receivable	-	3,058,960
Capital assets, net of accumulated depreciation	354,028,295	363,691,271
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	9,104,064	7,057,346
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	509,064,685	500,137,086
	<hr/>	<hr/>
TOTAL ASSETS	542,397,730	551,916,499
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	1,125,841	1,318,562
	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,125,841	1,318,562
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 543,523,570	\$ 553,235,061
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**MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION**

	(Unaudited) January 31, 2014		(Audited) June 30, 2013
CURRENT LIABILITIES:			
Accounts payable	\$ 4,325,355	\$	9,089,433
Interest payable	2,716,677		2,406,689
Compensated absences	656,782		524,376
Current portion of long-term debt:			
Bonds payable	5,585,000		5,235,000
Loans Payable	2,064,971		2,178,909
Certificates of participation	<u>1,715,000</u>		<u>1,740,000</u>
TOTAL CURRENT LIABILITIES	<u>17,063,784</u>		<u>21,174,407</u>
LONG-TERM LIABILITIES			
Compensated absences	241,464		174,791
Long-term debt:			
Bonds payable	16,955,000		22,540,000
Loans payable	13,251,823		15,019,911
Certificates of participation	<u>80,536,543</u>		<u>82,325,864</u>
TOTAL LONG-TERM LIABILITIES	<u>110,984,830</u>		<u>120,060,566</u>
TOTAL LIABILITIES	<u>128,048,614</u>		<u>141,234,973</u>
NET POSITION:			
Net investment in capital assets	277,663,058		272,287,164
Restricted for capital projects and GOB Refunding	6,521,440		424,363
Unrestricted	<u>131,290,458</u>		<u>139,288,561</u>
TOTAL NET POSITION	<u>415,474,956</u>		<u>412,000,088</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 543,523,570</u>	\$	<u>553,235,061</u>

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

	(Unaudited)	
	Seven Months Ended January 31,	
	2014	2013
Operating Revenues:		
Water Sales	\$ 16,413,982	\$ 16,288,250
Recycled Water Sales	3,019,991	2,791,923
Sewer Sales	10,232,411	10,073,607
WBBRS Efficiency Funds	2,705,895	2,859,085
Other Operating Income	236,162	308,197
	32,608,442	32,321,061
Total Operating Revenues		
Non-Operating Revenues:		
Investment Income	1,545,800	2,046,728
Property Tax Revenue	12,776,331	12,531,352
GOB Assessment	3,539,291	3,576,742
Other Non-Operating Revenues	1,699,006	1,754,507
	19,560,428	19,909,330
Total Non-Operating Revenues		
TOTAL REVENUES	52,168,870	52,230,391
Operating Expenses:		
Water Purchases	16,152,667	14,844,193
Meter Purchases	289,326	302,568
Operating Supply and Maintenance	2,211,117	2,074,914
Salaries and Benefits	5,746,457	5,259,986
Professional Services	353,776	218,516
Member Agencies O&M	437,964	529,708
Insurance	1,899,591	2,008,411
SOCWA	5,660,024	5,928,681
Utilities	1,252,564	1,092,704
General, Administrative, and Other	580,959	535,026
	34,584,444	32,794,707
Total Operating Expenses		
Other Operating Revenues (Expenses):		
Depreciation and Misc. Operating Revenue	(9,657,185)	(6,268,967)
Water Efficiency	(488,446)	(505,126)
	(10,145,631)	(6,774,093)
Total Other Operating Revenues (Expenses)	\$ (10,145,631)	\$ (6,774,093)

#7.c.

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

	(Unaudited)	
	Seven Months Ended January 31,	
	<u>2014</u>	<u>2013</u>
Non Operating (Expenses):		
Interest Expense	\$ (3,865,647)	\$ (3,146,482)
Amortization and Misc. Non-Operating Expense	(181,789)	(54,006)
Total Non Operating (Expenses)	<u>(4,047,437)</u>	<u>(3,200,488)</u>
TOTAL EXPENSES	<u>48,777,511</u>	<u>42,769,288</u>
Capital Contributions:		
Connection Fees	143,506	12,720
Total Capital Contributions	<u>143,506</u>	<u>12,720</u>
CHANGE IN NET POSITION	<u>\$ 3,534,864</u>	<u>\$ 9,473,823</u>
Net Position, Beginning	\$ 411,940,088	\$ 403,933,603
Change in Net Position	<u>3,534,864</u>	<u>9,473,823</u>
Net Position, Ending	<u>\$ 415,474,952</u>	<u>\$ 413,407,426</u>

**MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF JANUARY 31, 2014**

	Balance 6/30/2013	Net Change	(Unaudited) Balance 1/31/2014
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ 615,709	\$ 6	\$ 615,715
2003 COPS Trust Reserve	2,494,997	21,891	2,516,888
2009 COPS Trust Reserve	6,024,088	14,077	6,038,165
2009 COPS Project Fund	19,543,936	(831,626)	18,712,309
2010 COPS Trust Reserves	896,148	5	896,153
Total Restricted Trust Accounts	<u>\$ 29,574,877</u>	<u>\$ (795,648)</u>	<u>\$ 28,779,230</u>

**MOULTON NIGUEL WATER DISTRICT
UNRESTRICTED AND RESTRICTED FUND BALANCES
AS OF JANUARY 31, 2014**

	Balance 6/30/2013	Net Change	(Unaudited) Balance 1/31/2014
<u>Unrestricted Fund Balances:</u>			
Designated for Self Insurance Reserves	\$ 1,289,307	\$ 444	\$ 1,289,751
Designated for Water Efficiency (WBRS)	4,383,762	2,001,960	6,385,722
Designated for Replacement and Refurbishment	16,501,847	9,726,215	26,228,062
Designated for Water Supply Reliability	2,597,710	(498,428)	2,099,282
Designated for Planning and Construction	29,497,500	262,319	29,759,819
Designated for Rate Stabilization	9,627,003	157,711	9,784,714
Unrestricted, undesignated	63,912,366	(8,169,258)	55,743,108
Total Unrestricted Fund Balance	127,809,495	3,480,963	131,290,458
<u>Restricted Fund Balances:</u>			
Restricted 2003 GOB Consolidated Refunding	8,130,612	(2,180,733)	5,949,879
Restricted for Capital Facilities (Projects)	424,363	147,198	571,561
Total Restricted Fund Balance	8,554,975	(2,033,535)	6,521,440
Total Unrestricted and Restricted Fund Balance	\$ 136,364,470	\$ 1,447,429	\$ 137,811,898

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF FEBRUARY 2014**

Summary of Disbursements in February 2014:

General Fund Disbursements	\$	3,360,507
<u>Restricted Fund Disbursements:</u>		
Self Insurance Fund	\$	300
WBBRS Efficiency Fund		197,582
Replacement & Refurbishment Fund		96,286
Water Supply Reliability Fund		2,051,285
Planning & Construction Fund		428
CIEDB Loan		177,077
2003 GOB Consolidated Refunding		563,500
2003 COPS Refunding		363,000
2010 COPS Refunding		145,498
		3,594,956
<hr/>		
Total Disbursements for all Funds	\$	6,955,463

Detail of Major Expenditures in February 2014:

1. Municipal Water District of Orange County (MWDOC)			
Choice Program FY 2013-2014	\$	75,915	
December Water Purchases AF 1927.6		1,638,941	
Sept- Nov Rebates AF 1980.5		(304,996)	
December Capacity Charge		22,913	
December RTS Charges		120,510	
December SCP Operation Surcharge		10,449	\$ 1,563,732
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2. Paulus Engineering, Inc.			
Emergency Repairs at Niguel Road			218,621
3. Santa Margarita Water District			
Quarterly O&M Expenses			88,691

Moulton Niguel Water District



STAFF REPORT

TO: Board of Directors **MEETING DATE:** March 19, 2014

FROM: Matt Collings, Assistant General Manager

SUBJECT: Joint Powers Authority Quarterly Update

SUMMARY:

Issue: The District participates in several Joint Powers Authorities and other regional partnerships or programs that impact District operations and finances.

Recommendation: This is an information item only.

Fiscal Impact: The District has adopted a Fiscal Year 2013-2014 budget of \$9,332,885 for Operating and Maintenance Expenses and \$7,059,013 for Capital Expenses associated with various Joint Powers Authorities and other regional partnerships and programs. A detailed breakdown is provided in Table 1.

BACKGROUND:

The District participates in several Joint Powers Authorities, including the South Orange County Wastewater Authority (SOCWA) and San Juan Basin Authority (SJBA), and regional partnerships, such as the Joint Regional Water Supply System (JRWSS). District appointed individuals consisting of Board members and/or staff to represent the District at these various entities. Each entity is operated by either a staff of the Joint Power Authority or a contracted agency responsible for executing the operations and maintenance functions, completing necessary capital improvements, preparing annual budgets, and processing invoices as necessary. Table 1 provides a summary of the various Joint Powers Authorities and regional partnerships of which the District is a member and a breakdown of the annual District budget for each entity. The summary includes only entities with facilities currently in operation and on-going operations and maintenance requirements. The summary does not include on-going capital projects, i.e. Doheny Desalter and the Baker Water Treatment Plant, as these projects are updated separately as their development progresses.

#8.

Table 1

Joint Powers Authority or Regional Partnership	Adopted O&M Budget FY 2013-2014	Adopted CIP Budget FY 2013-2014
South Orange County Wastewater Authority (SOCWA)	\$8,702,195	\$4,453,682
San Juan Basin Authority (SJBA)	\$163,375	N/A
Joint Regional Water Supply System (JRWSS)	\$467,315	\$2,605,331
TOTAL	\$9,332,885	\$7,059,013

DISCUSSION:

During the period covered by this quarterly update (January, February, and March) the following notable items were addressed:

South Orange County Wastewater Authority:

- Administrative:
 - The recruitment for the General Manager position is on-going. Staff is working with Ralph Anderson and Associates on the recruitment which will close on March 28th.
 - The budget is expected to be available to the member agencies in April for review and comment.
 - SOCWA staff and technical staff from several member agencies have been developing the Salt and Nutrient Management Plan as required by the State Water Resources Control Board. The plan is currently under review by the San Diego Regional Water Quality Control Board.
- Project Committee 3A (Plant 3A):
 - Staff from SOCWA, Santa Margarita Water District, and Moulton Niguel Water District met to discuss the on-going evaluation of the use of Plant 3A and how the plant can be operated most efficiently. As the evaluation progresses, staff will review the associated costs and benefits of the plant operation and report to each respective governing body.
- Project Committee 15 (Coastal Treatment Plant):
 - SOCWA staff continues to work with representatives from the County of Orange to develop a plan of action for addressing the AWMA bridge. The County is reviewing the proposed project cost following preliminary plans from the OC Department of Public Works. SOCWA Staff is planning for a

presentation on a proposed agreement at the May Board Meeting, which would include County staff as well.

- SOCWA staff provided a project status update on the export sludge system, including the project financials at the March Board meeting. The sludge equalization basin is operational. This portion of the project is being funded in part by the Proposition 50 grant through the South Orange County Watershed Management Area. The sludge force main replacement is currently in design and permitting. SOCWA staff, along with Dudek, are meeting with the various resource agencies to review the project. The project remains within the budget proposed when the Environmental Impact Report was developed.
- Project Committee 17 (Regional Treatment Plant):
 - The SOCWA Board of Directors approved an engineering services contract with Carollo Engineers to prepare construction documents for the removal of the existing co-generation engines at the Regional Treatment Plant and the installation of a new 800 kW engine generator system. The project also includes the replacement of the plant switchgear.

San Juan Basin Authority:

- Groundwater Management Plan Update:
 - The draft Groundwater Management Plan is scheduled for consideration of adoption in April. The technical staff from the respective agencies continue to discuss implementation of the proposed plan, including execution of the Metropolitan Water District (MWD) Foundation Action work, as well as the immediate adaptive management program.
- Salt and Nutrient Management Plan:
 - SOCWA staff provided an overview of the draft Salt and Nutrient Management Plan at the March Board Meeting. The proposed plan includes monitoring requirements that could be integrated with the monitoring required by the SJBA permits. The participating staff members are evaluating the potential monitoring programs.

Joint Regional Water Supply System:

- Draft Budget
 - SCWD, on behalf of the JRWSS, has provided a draft budget for the upcoming Fiscal Year 2014-2015 for review and comment by the participating agencies. A final draft budget will be available in April.
- Wye Vault Improvements
 - The consultant is currently finalizing the proposed plans for the Wye Vault Improvement project. JRWSS is reviewing the draft agreement provided by the District, representing the Eastern Transmission Main, to participate jointly in the improvements at the Wye Vault.

