Moulton Niguel Water
Leading the Way in Service

FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
November 19, 2014
9:00 AM
Approximate Meeting Time: 3 Hours

1. CALL MEETING TO ORDER

2. APPROVE THE MINUTES OF THE OCTOBER 15, 2014 FINANCE AND 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.

DISCUSSION ITEMS

4. Operations Facility Assessment Update

5. Surplus of District Properties

6. Draft Comprehensive Annual Financial Report (CAFR)

7. Long Range Financial Plan

8. Rate Study

INFORMATION ITEMS

9. Monthly Financial Report

   a. Summary of Financial Results

b. Budget Comparison Report

c. Financial Statements

d. Restricted Cash and Investments with Fiscal Agent

e. Unrestricted and Restricted Fund Balances

f. Summary of Disbursements October 2014

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 are present]

CLOSED SESSION

11. CONFERENCE WITH REAL PROPERTY NEGOTIATORS, Pursuant to Government Code Section 54956.8

Property: 4 Liberty, Aliso Viejo, 92656
Under Negotiation: Price and terms of payment
Real Property Negotiators: Joone Lopez, Matt Collings, Kevin Turner, Mike Hartel

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) 831-2500 at least forty-eight (48) 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 forty-eight (48) 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 seventy-two (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 and on the District website at www.mnwd.com.

DRAFT
MINUTES OF THE REGULAR MEETING OF THE
FINANCE & INFORMATION TECHNOLOGY BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT

October 15, 2014

A Regular Meeting of the Finance & Information Technology Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 9:00 AM on October 15, 2014. There were present and participating:

DIRECTORS

Scott Colton	Director
Richard Fiore	Director
Donald Froelich	Vice President
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair (arrived at 9:12 a.m.)

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Marc Serna	Director of Engineering & Operations
Gina Hillary	Director of Human Resources
Paige Gulck	Board Secretary
Ted Piorkowski	Chandler Asset Management
Ruth Zintzun	Finance Manager
Michael Bell	Public Financial Management
Drew Atwater	MNWD
Karren Maddox	MNWD
Eva Plajzer	MNWD
Carole Wayman-Piascik	MNWD
Matt Weber	Downey Brand

1. CALL MEETING TO ORDER

The meeting was called to order by Donald Froelich at 9:01 a.m.

2. APPROVE THE MINUTES OF THE SEPTEMBER 17, 2014 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION MADE BY SCOTT COLTON AND SECONDED BY RICHARD FIORE, MINUTES OF THE SEPTEMBER 17, 2014 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, AND LARRY LIZOTTE ALL VOTING 'AYE', DIRECTOR GARY KURTZ ABSTAINED. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.

3. PUBLIC COMMENTS - CLOSED SESSION

Closed session will be taken last on the agenda. While the Board waited for Chandler Asset Management to arrive, Item 9 was discussed.

5. PUBLIC COMMENTS - OPEN SESSION

None.

9. Monthly Financial Report

Ruth Zintzun presented the monthly financial report.

Brian Probolsky arrived at 9:12 a.m.

PRESENTATION ITEMS

6. Quarterly Investment Report - Chandler Asset Management

Ted Piorkowski presented the Quarterly Investment Report. Discussion ensued regarding the account profile, portfolio holdings, and economical factors.

CLOSED SESSION

4. CONFERENCE WITH REAL PROPERTY NEGOTIATORS, Pursuant to Government Code Section 54956.8

Property: 4 Liberty, Aliso Viejo, CA 92656
Under Negotiation: Price and terms of payment
Real Property Negotiators: Joone Lopez, Matt Collings, Kevin Turner, Mike Hartel

DRAFT

DISCUSSION ITEMS/ACTION ITEMS

7. Rate Study Update

This item was continued to before or during the Board of Directors' meeting on Thursday, October 16, 2014.

8. DIVISION 6 DIRECTOR VACANCY; TRANSITION PLAN FOR BOARD PRESIDENT

Recommended Actions:

The Board will review and determine the administrative process for filling the upcoming Division 6 Director vacancy.

The Board will consider any additional transition procedures and direct staff accordingly.

Joone Lopez presented the timeline for the appointment process.

MOTION MADE BY DONALD FROELICH AND SECONDED BY RICHARD FIORE, THE BOARD APPROVED PROCEEDING WITH THE TIMELINE AND NOTIFICATION FOR FILLING THE DIVISION 6 DIRECTOR VACANCY. THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

INFORMATION ITEMS

10. Late Items (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT

This meeting was continued to before or during the Board of Directors' meeting on Thursday, October 16, 2014 at 5:00 p.m.

Respectfully submitted,

Paige Gulck
Board Secretary

DRAFT

Moulton Niguel Water District

STAFF REPORT

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

FROM: **Joone Lopez, General Manager**

SUBJECT: **Surplus of District Properties at 27500 La Paz Road in Laguna Niguel and 26161 Gordon Road in Laguna Hills**

DIVISION: **District-Wide**

SUMMARY:

Issue: The Board directed staff to determine the value of the District's Main and Operations Facilities to assess whether to purchase new property to build the new operations facilities or construct the new facilities on the District's current property.

Recommendation: It is recommended that the Board of Directors adopt the resolution entitled, "Surplus of District Properties Located in Laguna Niguel and Laguna Hills."

Fiscal Impact: No immediate fiscal impact to surplus District properties. Future fiscal impacts would be identified based on the results of the surplus process.

BACKGROUND:

Moulton Niguel Water District ("District") needs to update its current operations and headquarters facilities to meet the District's current and future needs. The District has determined it will need to construct new facilities to meet the identified needs. The District is considering constructing its new operations facility on land it currently owns, specifically the property located at 26161 Gordon Road in Laguna Hills ("Plant 2A"). The District is also considering purchasing land to construct the new facility. If the District were to construct its facilities on land it acquires, the Plant 2A property will no longer be necessary for District operations. Moreover, if new facilities are constructed at Plant 2A or on a newly acquired site, the property located at 27500 La Paz Road in Laguna Niguel ("Main") will no longer be necessary for District operations.

In order to fully evaluate its options, the District needs to understand the value of its Plant 2A and Main properties. The District has obtained opinions of values for both the Plant 2A and Main properties, but because both properties are unique and there are not many similar properties on the market, the only way to determine the true value of the properties is to place the properties on the market to see what the market will bear for the properties. Obtaining a bona fide offer on the Plant 2A and Main properties would allow the District to evaluate whether acquiring a new property or building on existing properties is in the best interest of the District and its rate payers.

DISCUSSION:

The District is a California Water District organized under California Water Code section 34010 and following. As a California Water District, the Surplus Land Act, set forth at California Government Code section 54220 et seq. (the "Act"), requires that surplus land owned by a local agency be disposed of according to certain procedures. (Gov. Code, § 54222.) The Act requires that "[a]ny local agency disposing of surplus land shall send, prior to disposing of that property, a written offer to sell or lease the property as follows:

> (a) A written offer to sell or lease for the purpose of developing low-and moderate-income housing shall be sent to any local public entity, as defined by section 50079 of the Health and Safety Code, within whose jurisdiction the surplus land is located.
>
> (b) A written offer to sell or lease for park and recreational purposes or open-space purposes shall be sent:
>
> > (1) To any park or recreation department of any city within which the land is situated.
> >
> > (2) To any park and recreation department of the county within which the land is situated.
> >
> > (3) To any regional park authority having jurisdiction within the area in which the land is situated.
> >
> > (4) To the State Resources Agency or any agency that may succeed to its powers.

(Gov. Code, § 54222.)

The statute goes on to require an offer be tendered to all school districts which the property is located, but only if the land is "suitable for school facilities construction or use by a school district for open-space purposes." (Id., at § 54222, subd. (c).)

Once notice has been provided to the appropriate governmental agencies, those agencies have a sixty (60) day period to respond and notify the District in writing that it intends to purchase or lease the property. (Gov. Code, § 54222, subd. (f).) If one of the governmental agencies responds within the sixty (60) day period, then the District must engage in good faith negotiations for a period of not less than sixty (60) days. If the price or terms cannot be agreed upon after a good faith negotiation period of not less than 60 days, the land may be disposed of without further regard to [the Surplus Land Act].'" (*Flanders Found. v. City of Carmel-by-the-Sea* (2012) 202 Cal.App.4th 603, 613-14, reh'g denied (Jan. 31, 2012) [quoting Gov. Code, § 54223].)

Therefore, in order to market the Plant 2A and Main properties, the District must first send a letter offering the property to the following public agencies:

27500 La Paz Rd., Laguna Niguel, CA (Main)

§ 54222 *subd*. (a)

1. City of Laguna Niguel
2. Orange County
3. Orange County Housing Authority
4. California Department of Housing and Community Development
5. California Housing Finance Agency

§ 54222 *subd*. (b)

1. City of Laguna Niguel, Parks and Recreation Department
2. OC Parks
3. California Natural Resources Agency

§ 54222 subd. (c)

1. Capistrano Unified School District

26161 Gordon Rd, Laguna Hills CA (Plant 2A)

§ 54222 subd. (a)

1. City of Laguna Hills
2. Orange County
3. Orange County Housing Authority
4. California Department of Housing and Community Development
5. California Housing Finance Agency

§ 54222 *subd*. (b)

1. City of Laguna Hills Parks and Recreation Commission
2. OC Parks
3. California Natural Resources Agency

§ 54222 *subd*. (c)

1. Saddleback Valley Unified School District

A draft letter to the agencies is enclosed with this staff report.

The District must wait sixty (60) days after sending those letters to see if any of the public agencies expresses interest in purchasing either the Plant 2A or Main properties. If any of the above agencies indicates an interest in either property, the District staff can discuss the properties with the agencies and bring back any offers for Board consideration in a closed session meeting (Gov. Code, § 54956.8.). The District is not obligated to execute any transaction on the property if it is determined that remaining on District properties is in the best interest of the District. Additionally, should an agency express an interest, the District is not required to sell the property for less than fair market value as determined by the District.

If none of the above agencies show any interest, the District can dispose of the properties without further regard to the Act. As a California Water District, other than the Act, there are no specific procedures the District must follow to dispose of its real property.

Because the District at this point has not made a determination as to whether it will sell its Plant 2A property or construct its new operations facilities on that property, all interested purchasers will be notified about that the District is currently determining what its best course of action will be with respect to the Plant 2A property.

Attachments:

1. Resolution No. 14-__
2. Draft Offer to Sell Surplus Land (Plant 2A)
3. Draft Offer to Sell Surplus Land (Main)

RESOLUTION NO. 14-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT SURPLUS OF DISTRICT PROPERTIES LOCATED IN LAGUNA NIGUEL AND LAGUNA HILLS

WHEREAS, the Board of Directors has determined that the District's headquarters building located at 27500 La Paz Road in Laguna Niguel ("Main") and the District's operations facilities located at 26161 Gordon Road in Laguna Hills ("Plant 2A") are in need of repairs, updating, and expansion, due to their current conditions and the District's current needs; and

WHEREAS, the Board of Directors is currently evaluating whether it is in the best interest of the District and its rate payers to construct the needed facilities on the property currently owned by the District, including the Plant 2A and Main properties, or if it is in the best interest of the District and rate payers to acquire a new property to construct the needed facilities;

WHEREAS, if the District were to acquire a new property to house its operation facilities and its headquarters, the Plant 2A and Main properties would no longer be necessary for the District's use;

WHEREAS, in order to determine if it is in the best interest of the District to acquire a new property, as opposed to using the Plant 2A and Main properties, the Board of Directors needs to determine the value of the Plant 2A and Main properties.

WHEREAS, the Plant 2A and Main properties are unique in that there are not many comparable properties currently on the market, Board of Directors believes the best way to determine the true market value of the Plant 2A and Main properties is to place the properties on the market to determine what a willing buyer would pay for the properties, as this would allow the District to compare the value it would receive from the sale of its properties to the cost it would need to expend to purchase new property.

NOW, THEREFORE, the Board of Directors of the Moulton Niguel Water District does hereby **RESOLVE**, **DETERMINE** and **ORDER** as follows:

1. Be it resolved that the Board of Directors has determined that if the District is able to locate suitable replacement property to house its operations facilities and its headquarters the Plant 2A and Main properties would no longer be necessary for the District's use.
2. That in order to determine if it is more advantages for the District to acquire new property for its operations facilities and headquarters the District will market its Main and Plant 2A properties.
3. District staff is directed to begin marketing the Plant 2A and Main properties by complying with Government Code Section 54220, et. seq.
4. If after complying with Government Code Section 54220 et seq., the District does not have an acceptable offer on its properties District staff shall allow any interested party to make an offer on the Plant 2A and Main properties. District staff shall also take appropriate steps, including working with real estate professionals, to ensure that the properties are properly marketed in a manner to obtain the most value from the properties.

5. District staff shall notify all interested parties that any sale of the Plant 2A and/or Main property would be contingent upon the District locating suitable replacement property.

6. If the Board of Directors determines it is in the best interest of the District to build new facilities on the Plant 2A and/or Main property, as opposed to moving the facilities to a new property, or if the District is unable to find suitable replacement property, the Board of Directors will repeal this Resolution and retain the Plant 2A and Main properties.

APPROVED, ADOPTED and **SIGNED** this ____ day of _____, 2014.

MOULTON NIGUEL WATER DISTRICT

By:_____
Donald Froelich, President
MOULTON NIGUEL WATER DISTRICT
And the Board of Directors thereof

By:_____
Paige Gulck, Secretary
MOULTON NIGUEL WATER DISTRICT
And the Board of Directors thereof

Moulton Niguel Water
Leading the Way in Service

OFFER TO SELL SURPLUS LAND

The Moulton Niguel Water District ("MNWD") is offering to sell the land described below in accordance with the provisions of Section 54220 through 54227 of the Government Code.

The following facts pertain to this land:

1. Location: 26161 Gordon Road, Laguna Hills, California.

2. Assessor Parcel Numbers:

3. Size: 11.04 ± acres.

4. Present Zoning: Community/Private Institution.

Any sale pursuant to the above-noted statutes will be contingent upon MNWD locating and purchasing suitable replacement property for MNWD's operations and headquarters facilities.

Please notify the undersigned within sixty (60) days of your receipt of this notice if you desire to purchase this surplus land. If we do not hear from your agency within sixty (60) days, the land will be disposed of in another manner.

Pursuant to Government Code section 54227 in the event we receive offers for the purchase of this surplus land from more than one entity, first priority shall be given to the entity which agrees to use the site for housing for persons or families of low – or moderate – income.

If notice of intent to purchase this surplus land is received within sixty (60) days of receipt of this letter, MNWD will commence negotiations with your agency pursuant to Government Code section 54223 regarding the sale of the land. If the price and terms cannot be agreed upon after a sixty (60) day negotiations period, MNWD may dispose of the land without further regard to Government Code section 54220.

Sincerely,

Joone Lopez,
General Manager

Return Receipt Requested

Moulton Niguel Water
Leading the Way in Service

OFFER TO SELL SURPLUS LAND

The Moulton Niguel Water District ("MNWD") is offering to sell the land described below in accordance with the provisions of Section 54220 through 54227 of the Government Code.

The following facts pertain to this land:

1. Location: 27500 La Paz Road, Laguna Niguel, California.

2. Assessor Parcel Numbers:

3. Size: 1.0 ± acres.

4. Present Zoning: Public/Institutional District.

Any sale pursuant to the above-noted statutes will be contingent upon MNWD locating and purchasing suitable replacement property for MNWD's operations and headquarters facilities.

Please notify the undersigned within sixty (60) days of your receipt of this notice if you desire to purchase this surplus land. If we do not hear from your agency within sixty (60) days, the land will be disposed of in another manner.

Pursuant to Government Code section 54227 in the event we receive offers for the purchase of this surplus land from more than one entity, first priority shall be given to the entity which agrees to use the site for housing for persons or families of low – or moderate – income.

If notice of intent to purchase this surplus land is received within sixty (60) days of receipt of this letter, MNWD will commence negotiations with your agency pursuant to Government Code section 54223 regarding the sale of the land. If the price and terms cannot be agreed upon after a sixty (60) day negotiations period, MNWD may dispose of the land without further regard to Government Code section 54220.

Sincerely,

Joone Lopez,
General Manager

Return Receipt Requested

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the three months ended September 30, 2014, as compared to the three months ended September 30, 2013, are summarized below. The unaudited statements presented below will be updated in conjunction with the District's adopted audit expected in December.

Summary Budget Comparison Report

The Summary Budget Comparison Report is a high level statement of the operating activities of the District over the past three months compared to the budget. The report includes total revenues and expenses, as well as line item revenues and expenses for the General Fund and the Water Efficiency Fund. As shown in the summary report, operating revenues were approximately $15.7 million, or 30% of the annual $53.0 million budget. Operating expenses were $21.3 million, or 32% of the annual $67.7 million budget.

Non-operating revenues are approximately at 5% of budget for the Fiscal Year due to the timing of the receipt of property tax revenue.

Statement of Net Position

The Statement of Net Position shows the District's assets and liabilities as of September 30, 2014, compared to the balances at fiscal year ended June 30, 2014. Overall, assets were about $12.6 million lower than at June 30, 2014, primarily due to a reduction in current cash and investments as a result of recent debt service payments. Liabilities have decreased by approximately $8.6 million since June 30, 2014, also due to debt service payments. As a result, the District's net position decreased by approximately $4.0 million for the month ending September 30, 2014, compared to fiscal year ending June 30, 2014.

Revenues

Total revenues for the three months ended September 30, 2014 were $17.7 million, approximately $1.0 million less than from September 30, 2013, due to a decrease in water sales and investment income. Total Operating Revenues for the month ended September 30, 2014, were $15.7 million, a decrease of $0.5 million compared to September 30, 2013.

Expenses

Total expenses for the three months ended September 30, 2014, were $22.2 million, an increase of $0.9 million or 4.4% as compared to $21.2 million on September 30, 2013. Total operating expenses were $16.1 million, an increase of $1.0 million from last year. Other operating expenses for the three months ended September 30, 2014, were $4.6 million, an increase of $0.2 million compared to $4.4 million on September 30, 2013. Other non-operating expenses for the three months ended September 30, 2014, totaled $1.5 million, a decrease of approximately $0.3 million or 14.1% compared to $1.8 million on September 30, 2013.

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 $22.4 million at September 30, 2014, virtually unchanged from June 30, 2014.

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 the Fiscal Agent. The unrestricted fund balances are further broken down by designated and undesignated funds. As shown in the report, the District has five funds that are designated by District policy for specific purposes, including Self Insurance, Replacement and Refurbishment, Rate Stabilization, Emergency and General Operating. Total unrestricted funds decreased by approximately $14 million since June 30, 2014, due to debt service payments and general operating expenses. Restricted fund balances are $4.0 million, a decrease of $5.3 million compared to June 30, 2014. This decrease is due to debt service payments.

In August 2014, the Board of Directors adopted a revised Reserve policy for the District's funds. The Unrestricted and Restricted Fund Balances report and funds have been updated to reflect the revised policy.

Moulton Niguel Water District
Summary - Budget Comparison Report
Three Months Ended September 30, 2014

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
GENERAL FUND & WATER EFFICIENCY FUND:			
Operating Revenues	$ 53,033,500	$ 15,700,831	30%
Operating Expenses	67,653,553	21,316,675	32%
Operating Income (Loss)	(14,620,053)	(5,615,844)	
Non-Operating Revenues (Expenses)	26,749,707	1,216,947	5%
Total Change in Funds	**$ 12,129,654**	**$ (4,398,897)**	
GENERAL FUND:			
Operating Revenues	$ 49,683,500	$ 14,265,971	29%
Operating Expenses	63,991,103	19,101,328	30%
Operating Income (Loss)	(14,307,603)	(4,835,357)	
Non-Operating Revenues (Expenses)	26,629,707	1,222,684	5%
Change in General Fund	**$ 12,322,104**	**$ (3,612,673)**	
WATER EFFICIENCY FUND:			
Operating Revenues	$ 3,350,000	$ 1,434,860	43%
Operating Expenses	3,662,450	2,215,347	60%
Operating Income (Loss)	(312,450)	(780,488)	
Non-Operating Revenues (Expenses)	120,000	(5,737)	-5%
Change in Water Efficiency Fund	**$ (192,450)**	**$ (786,224)**	

Moulton Niguel Water District
General Fund - Budget Comparison Report
Three Months Ended September 30, 2014

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
GENERAL FUND			
Operating Revenues			
Water Sales	$ 27,325,000	$ 7,767,335	28%
Recycled Water Sales	4,725,000	1,796,276	38%
Sewer Sales	17,150,000	4,598,940	27%
Other Operating Income	483,500	103,420	21%
Total Operating Revenue	**49,683,500**	**14,265,971**	
Operating Expenses			
Salaries *	9,550,317	2,384,543	25%
PERs Employer Contributions *	990,416	255,674	26%
PERs Employee Contributions *	196,566	46,346	24%
PERs Other (Side fund, 401A) *	214,956	49,822	23%
Educational Courses	51,720	7,871	15%
Travel & Meetings	251,034	46,883	19%
Employee Relations	14,800	3,655	25%
General Services	402,776	292,097	73%
Annual Audit	40,000	40,000	100%
Member Agencies O&M	1,231,370	956,110	78%
Dues & Memberships	93,968	20,590	22%
Election Expenses	150,000	-	0%
Consulting Services	1,602,900	736,651	46%
Equipment Rental	65,000	41,641	64%
District Fuel	340,000	73,047	21%
Insurance - District	576,151	129,602	22%
Insurance - Personnel *	468,100	96,438	21%
Insurance - Benefits *	2,360,333	525,227	22%
Legal Services - Personnel *	50,000	614	1%
Legal Services - General (See Footnote 1) *	170,000	47,540	28%
District Office Supplies	499,900	298,982	60%
District Operating Supplies	315,850	124,042	39%
Repairs & Maintenance - Equipment	867,287	248,952	29%
Repairs & Maintenance - Facilities	3,550,995	1,663,143	47%
Safety Program & Compliance Requirements	285,250	51,887	18%
SOCWA *	8,450,820	2,239,198	26%
Special Outside Assessments	230,300	23,159	10%
Utilities *	2,126,000	466,511	22%
Water Purchases *	27,976,295	8,092,357	29%
Meter / Vault Purchases	868,000	138,745	16%
Total Operating Expenses	**63,991,103**	**19,101,328**	
Operating Income (Loss)	**(14,307,603)**	**(4,835,357)**	
Non-Operating Revenues (Expenses)			
Property Tax Revenue *	21,848,500	808,865	4%
Investment Income	2,973,207	(64,584)	-2%
Cellular Lease Income	1,740,000	422,623	24%
Misc. Non-Operating Income	68,000	55,780	82%
Total Non-Operating Revenue (Expenses)	**26,629,707**	**1,222,684**	
Change in General Fund	**$ 12,322,104**	**$ (3,612,673)**	

Footnote 1: Legal Services include services provided by Bowie, Arneson, Wiles & Giannone, Downey Brand LLP and Best Best & Krieger LLP.

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Three Months Ended September 30, 2014

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
WATER EFFICIENCY FUND			
Operating Revenue			
Water Efficiency	$ 3,350,000	$ 1,434,860	43%
Total Operating Revenue	**3,350,000**	**1,434,860**	
Operating Expenses			
Salaries *	326,918	55,872	17%
PERs Employer Contributions *	30,463	6,627	22%
PERs Employee Contributions *	11,403	2,129	19%
Educational Courses	500	155	31%
Travel & Meetings	2,700	568	21%
Dues & Memberships	500	-	0%
Insurance - Personnel *	4,131	1,144	28%
Insurance - Benefits *	75,900	14,556	19%
District Office Supplies	77,810	18,478	24%
Water Efficiency	3,132,124	2,115,819	68%
Total Operating Expenses	**3,662,450**	**2,215,347**	
Operating Income (Loss)	**(312,450)**	**(780,487)**	
Non-Operating Revenue			
Investment Income	120,000	(5,737)	-5%
Total Non-Operating Revenue	**120,000**	**(5,737)**	
Change in Water Efficiency Fund	**$ (192,450)**	**$ (786,224)**	

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited) September 30, 2014	(Unaudited) June 30, 2014
CURRENT ASSETS:		
Cash and investments	$ 20,874,153	$ 33,146,395
Accounts receivables:		
Water and sanitation charges	5,855,095	5,555,769
Taxes and acreage assessments	-	355,126
Other accounts receivable	(196,487)	232,217
Interest receivable	742,304	704,810
Current portion of AMP receivable	66,858	67,493
Inventory	1,690,685	1,511,749
Prepaid expenses	957,943	302,644
TOTAL CURRENT ASSETS	29,990,551	41,876,204
NONCURRENT ASSETS:		
Investments	111,712,809	111,995,607
Restricted cash and investments with fiscal agent	22,418,638	22,445,384
Retrofit loans receivable	616,856	629,243
Net pension asset (CalPERS sidefund payoff)	3,668,954	2,945,897
AMP Receivable	-	-
Capital assets, net of accumulated depreciation	347,123,306	350,982,234
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	17,536,443	14,785,814
TOTAL NONCURRENT ASSETS	504,168,916	504,876,089
TOTAL ASSETS	534,159,466	546,752,293
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	(712,561)	(747,875)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	(712,561)	(747,875)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 533,446,905	$ 546,004,418

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited) September 30, 2014	(Unaudited) June 30, 2014
CURRENT LIABILITIES:		
Accounts payable	$ 8,149,504	$ 6,932,496
Interest payable	497,583	2,133,231
Compensated absences	664,802	397,439
Current portion of long-term debt:		
Bonds payable	5,685,000	5,465,000
Loans Payable	2,090,847	2,071,133
Certificates of participation	-	1,715,000
TOTAL CURRENT LIABILITIES	17,087,736	18,714,299
LONG-TERM LIABILITIES		
Compensated absences	41,176	132,480
Long-term debt:		
Bonds payable	10,165,000	15,850,000
Loans payable	11,768,483	12,948,778
Certificates of participation	80,080,000	80,080,000
TOTAL LONG-TERM LIABILITIES	102,054,659	109,011,258
TOTAL LIABILITIES	119,142,396	127,725,557
NET POSITION:		
Net investment in capital assets	281,717,547	273,136,859
Restricted for capital projects and GOB Refunding	3,960,237	9,243,269
Unrestricted	128,626,725	135,898,733
TOTAL NET POSITION	414,304,510	418,278,861
TOTAL LIABILITIES AND NET POSITION	$ 533,446,905	$ 546,004,418

Note: Totals may not sum due to rounding.

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

	(Unaudited) Three Months Ended September 30, 2014	2013
Operating Revenues:		
Water Sales	$ 7,767,335	$ 8,100,855
Recycled Water Sales	1,796,276	1,753,962
Sewer Sales	4,598,940	4,728,170
WBBRS Efficiency Funds	1,434,860	1,475,242
Other Operating Income	103,420	106,235
Total Operating Revenues	15,700,831	16,164,464
Non-Operating Revenues:		
Investment Income	(70,321)	610,975
Property Tax Revenue	808,865	699,939
GOB Assessment	71,890	61,823
Other Non-Operating Revenues	1,144,076	1,110,579
Total Non-Operating Revenues	1,954,511	2,483,315
TOTAL REVENUES	17,655,342	18,647,778
Operating Expenses:		
Water Purchases	8,092,357	7,940,566
Meter Purchases	138,745	29,299
Operating Supply and Maintenance	886,056	810,071
Salaries and Benefits	2,801,012	2,244,448
Professional Services	275,225	96,404
Member Agencies O&M	166,803	175,844
Insurance	766,966	820,569
SOCWA	2,239,198	2,175,549
Utilities	456,531	595,831
General, Administrative, and Other	244,531	232,207
Total Operating Expenses	16,067,423	15,120,788
Other Operating Expenses:		
Depreciation and Misc. Operating Revenue	4,150,307	4,147,579
Water Efficiency	436,074	207,495
Total Other Operating Expenses	$ 4,586,381	$ 4,355,074

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

	(Unaudited) Three Months Ended September 30, 2014	2013
Non Operating Expenses:		
Interest Expense	$ 1,548,357	$ 1,687,262
Amortization and Misc. Non-Operating Expense	(31,022)	79,177
Total Non Operating Expenses	1,517,335	1,766,440
TOTAL EXPENSES	22,171,139	21,242,301
Capital Contributions:		
Connection Fees	541,446	10,941
Donated Facilities	-	-
Contributed Revenue	-	-
Total Capital Contributions	541,446	10,941
CHANGE IN NET POSITION	$ (3,974,351)	$ (2,583,583)
Net Position, Beginning	$ 418,278,857	$ 411,940,088
Change in Net Position	(3,974,351)	(2,583,583)
Net Position, Ending	$ 414,304,506	$ 409,356,506

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF SEPTEMBER 30, 2014

	(Unaudited) Balance 6/30/2014	Net Change	(Unaudited) Balance 9/30/2014
Restricted Cash and Investments:			
DWR Trust Reserves	$ 615,715	$ -	$ 615,715
2003 COPS Trust Reserve	2,514,893	(12,134)	2,502,759
2009 COPS Trust Reserve	6,032,816	(15,377)	6,017,439
2009 COPS Project Fund	12,385,581	978	12,386,559
2010 COPS Trust Reserves	896,263	(98)	896,165
2014 Refunding Bonds	115	(115)	0
Total Restricted Trust Accounts	**$ 22,445,385**	**$ (26,746)**	**$ 22,418,638**

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
UNRESTRICTED AND RESTRICTED FUND BALANCES
AS OF SEPTEMBER 30, 2014

	(Unaudited) Balance 6/30/2014	Net Change	(Unaudited) Balance 9/30/2014	Reserve Policy Target
Unrestricted Fund Balances:				
Designated for Self Insurance Reserves	$ 1,293,508	$ (1,042,288)	$ 251,220	$ 250,000
Designated for Water Efficiency (WBBRS)	6,691,089	891,004	7,582,093	n/a
Designated for Replacement and Refurbishment	27,397,177	(10,761,870)	16,635,307	17,061,912
Designated for Water Supply Reliability	4,886,211	(3,330,347)	1,555,863	n/a
Designated for Planning and Construction	29,730,932	(25,276)	29,705,656	n/a
Designated for Rate Stabilization	9,815,536	990,896	10,806,432	10,663,995
Designated for Emergency Reserve	-	-	6,884,925	6,884,925
Unrestricted, undesignated [1]	56,084,280	(879,052)	55,205,228	20,262,901
Total Unrestricted Fund Balance	135,898,733	(14,156,933)	128,626,725	55,123,733 [2]
Restricted Fund Balances:				
Restricted 2014 GOB Consolidated Refunding	8,311,666	(5,823,237)	2,488,429	
Restricted for Capital Facilities (Projects)	931,602	540,206	1,471,808	
Total Restricted Fund Balance	9,243,269	(5,283,032)	3,960,237	
Total Unrestricted and Restricted Fund Balance	**$ 145,142,002**	**$ (19,439,965)**	**$ 132,586,962**	

Note: Totals may not sum due to rounding.

1. Unrestricted, undesignated funds include the General Operating Reserve as well as the regular District cash flows.

2. All funds in excess of reserve policy targets will be used to fund capital projects and operations.

MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF OCTOBER 2014

Summary of Disbursements in October 2014:

General Fund Disbursements		**$ 7,801,309**
Restricted Fund Disbursements:		
WBBRS Efficiency Fund	$ 122,588	
Replacement & Refurbishment Fund	675,637	
Water Supply Reliability Fund	1,926,249	
Planning & Construction Fund	45,945	
SRF LOAN	816,563	
		3,586,981
Total Disbursements for all Funds		**$ 11,388,290**

Detail of Major Expenditures in October 2014:

1. Municipal Water District of Orange County (MWDOC)		
August Water Purchases AF 2955.70	$ 2,632,051	
July Reclaimed Rebate AF 421.4	(64,896)	
August Capacity Charge	29,362	
August RTS Charges	162,769	
August SCP Operation Surcharge	14,526	
FY2014/2015 Choice Programs	107,118	
		$ 2,880,930
2. SOCWA		
FY 2014/2015 Quarterly O&M and Capital Project Expenditures		**2,746,194**
3. Irvine Ranch Water District		
C#2006.071 Baker Pipeline		**1,926,249**
4. SWRCB		
SRF Debt Service payment and Fiscal Year Water System Fee		**825,122**
5. San Juan Basin Authority		
FY 2014/2015 Annual Budget Deposit		**145,660**
6. South Coast WD/JRWSS		
FY 2014/2015 Quarterly O&M JRWSS		**113,454**