



**FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
May 14, 2014
9:00 AM
Approximate Meeting Time: 3 Hours**

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE APRIL 16, 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.

PRESENTATION ITEMS

4. Salaries and Benefits Budget Review

DISCUSSION ITEMS

5. Enterprise Resource Planning (ERP) Support Services Contract
6. Adoption of the Purchasing Policy (Resolution No. 14-___)

INFORMATION ITEMS

7. 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 April 2014
8. 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]

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

April 16, 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 April 16, 2014. There were present and participating:

DIRECTORS

Scott Colton	Director
Richard Fiore	Director
Donald Froelich	Vice President
Gary Kurtz	Director
Larry Lizotte	Director
Larry McKenney	President
Brian Probolsky	Vice President/Chair

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
Kelly Winsor	Assistant to the General Manager
Paige Gulck	Board Secretary
Karen Maddox	MNWD
Eva Plajzer	MNWD
Ted Piorkowski	Chandler Asset Management
Eric Espino	Public Financial Management
Richard Freschi	Local Agency Formation Commission candidate
Bill McDonnell	Metropolitan Water District
Bruce Channing	City of Laguna Hills
Don White	City of Laguna Hills

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1. CALL MEETING TO ORDER

The meeting was called to order by Brian Probolsky at 9:00 a.m.

2. APPROVE THE MINUTES OF THE MARCH 19, 2014 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY DONALD FROELICH AND SECONDED BY LARRY MCKENNEY, MINUTES OF THE MARCH 19, 2014 FINANCE AND INFORMATION TECHNOLOGY MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, LARRY LIZOTTE, LARRY MCKENNEY AND BRIAN PROBOLSKY VOTING 'AYE'.

3. PUBLIC COMMENTS

Richard Freschi, Local Agency Formation Commission candidate, asked for the Board's support in his election to LAFCO.

PRESENTATION ITEMS

4. Quarterly Investment Report - Chandler Asset Management

Ted Piorkowski presented the District's quarterly investment update. An overview of the District's account profile, portfolio holdings, and an economic update were discussed with the Board.

DISCUSSION ITEMS

5. Agreement for Participation and Co-Funding in Municipal Water District of Orange County Rebate Program

Joone Lopez and Matt Collings presented the details on the rebate program. The objective of moving the program is to allow staff more time for outreach efforts. Discussion ensued regarding program benefits, efficiency of the move, and potential new program users. Bill McDonnell from MWD was on hand to answer any questions from the Board.

6. Rebate Applications for Turf Removal and Synthetic Turf

This item was taken before number 5 on the agenda.

Joone Lopez and Matt Collings presented the details on the rebate applications for turf removal and synthetic turf. Discussion ensued regarding savings in water usage, terms and conditions of the policy, and overall benefits of the projects.

7. Amendment No. 2 to Professional Services Agreement for Public Financial Management, Inc.

This item will be discussed at the April 17, 2014 Board meeting.

INFORMATION ITEMS

8. Enterprise Resource Planning (ERP) Update

This item will be discussed at the April 17, 2014 Board meeting.

9. Monthly Financial Report

Eric Espino presented the monthly financial report.

10. Late Items (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT

The meeting was adjourned at 11:26 a.m.

Respectfully submitted,

Paige Gulck
Board Secretary



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors

MEETING DATE: May 14, 2014

**FROM: Matt Collings, Assistant General Manager
Jane Nguyen, Information Technology Manager**

SUBJECT: Enterprise Resource Planning (ERP) Support Services Contract

SUMMARY:

Issue: The District has issued a Request for Proposal for ERP Software Support Services.

Recommendation: It is recommended that the Board of Directors approve a Managed Support Services Agreement in an amount not-to-exceed \$410,500 with Denovo Ventures, LLC for the provision of managed services and technical support services for Fiscal Years (FY) 2014-2016.

Fiscal Impact: Appropriate funds are budgeted under the Information Technology line item within the annual operating budget. Sufficient funds remain in the existing FY 2013-14 operating budget to initiate services under the terms of the contract.

BACKGROUND:

In 2011, the District executed a contract with Denovo to implement the JD Edwards EnterpriseOne system to replace two existing legacy systems, Gough and MMI, in the financial and utility billing departments. The District has successfully implemented the JD Edwards EnterpriseOne modules to support finance, purchasing, payroll, and human resources. The Financial modules went live on July 1, 2012 and the Payroll and Human Resources modules went live on January 1, 2014. The District is currently in the process of implementing the Utiligy360 solution with an anticipated on-line date of September 2014.

DISCUSSION:

District staff is seeking services to provide ongoing system support for Oracle's JD Edwards EnterpriseOne system. The scope identified by the District includes two components; technical managed services, and ad-hoc consulting services. Technical

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managed services includes CNC support and administration, upgrade process support, and performance tuning. These services are typically billed on a monthly fixed-fee basis. Ad-hoc consulting services are authorized on a task order basis to address miscellaneous items that may arise during the operation of the JD Edwards system, such as report development, application enhancements or troubleshooting. Staff issued a Request for Proposals for ERP Software Support Services to four reputable services providers. On March 25, 2014 the District received two proposals. The table below summarizes the received proposals.

Technical Managed Services Provider	Startup fee	Monthly fee
MidRange (CNC & SQL support)	\$2,495	\$5,995
Denovo (CNC support)	\$2,500	\$3,000
Oracle Cloud Managed Services	No proposal	No proposal
Rimini Street	No proposal	No proposal

The proposals were evaluated based on the understanding of the service objectives, scope of work, and the project team's experience and expertise. The firm that showed the best fit to provide seamless support for both JD Edwards EnterpriseOne and Utiligy360, and had the most qualified team was Denovo. The proposal also provided the most value for the level of services on both the technical managed services and ad-hoc consulting services components.

Staff is recommending the District execute an Agreement for Professional Services with a three-year term to provide both support packages, Technical Managed Services, and Ad-Hoc Consulting Services, to address all the software and application support requirements. The table below identifies the financial terms of the agreement. The Ad-hoc services are only expensed as task orders are authorized by the District. The FY 2014-15 budget for ad-hoc services is higher than later years as the District continues to engage in system refinements, additional training opportunities, and anticipated projects within the JD Edwards and Utiligy360 systems.

Item	Service	FY 2014-15	FY 2015-16	FY 2016-17
1	Start Up Fees	\$2,500	\$ --	\$ --
2	Technical Managed Services	\$36,000	\$36,000	\$36,000
3	Ad-hoc Services	\$150,000	\$75,000	\$75,000
	Total expenses	\$ 188,500	\$ 111,000	\$ 111,000

*A copy of the agreement will be provided at the Finance and Information Technology meeting for review and discussion.



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors

MEETING DATE: May 14, 2014

**FROM: Marc Serna, Director of Engineering and Operations
Megan Geer, Contracts and Purchasing Manager**

SUBJECT: Adoption of the Purchasing Policy (Resolution No. 14-___)

SUMMARY:

Issue: An update of the 2009 Purchasing Policy is needed in order to address the current needs of the District and more clearly define authority and establish guidelines for the District and the District's staff when carrying out procurement responsibilities.

Recommendation: It is recommended that the Board of Directors adopt Resolution 14-___ to approve and adopt the terms of the updated Purchasing Policy.

Fiscal Impact: There is no direct impact to Board-approved budgets.

BACKGROUND:

The Board adopted MNWD's current Purchasing Policy in 2009. The Purchasing Policy is intended to establish guidelines and provide appropriate authority for the procurement of contractual services, equipment, and professional services. The policy is implemented by staff throughout the organization with support from the District's Purchasing Department. The current policy has been updated to address the evolving needs of the District and to provide additional clarity and guidance on procurement policies as recommended in past financial audits.

DISCUSSION:

In preparation for updating the Purchasing Policy, the Purchasing Department conducted research to review and compare the policies and limits adopted by other water agencies, along with legal requirements and best practices of public agency procurement. Additionally, staff solicited comments, discussion, and review from District management in order to ensure that the updated Purchasing Policy met the needs of the District and accurately reflected the District's purchasing principles.

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As a result, the attached Purchasing Policy was developed to ensure responsible public management practices, increased efficiency, and enable the use of uniform procurement procedures throughout the District.

Some of the notable changes in the updated Purchasing Policy are:

1. Increases to approval limits and clarification of staff authorizations;
2. Changes to competitive bidding level requirements;
3. Contract signing authority clarifications;
4. Authorization and competitive solicitation limits measured on a per-purchase/per-contract basis;
5. Clarification of emergency situations;
6. Clarification of competitive solicitation exemptions;
7. Requirement of contract documents for the procurement of services over \$5,000;
8. Clarifies General Manager's authorization with respect to emergencies, change orders, and procurement generally.

Staff will provide an overview of the Policy changes at the Finance and Information Technology meeting. Once the updated Purchasing Policy, staff will roll out the changes to the District staff and begin to implement the updated policy.

Attachments:

1. Purchasing Policy
2. Resolution No. 14-___ to Adopt the Purchasing Policy

Moulton Niguel Water District Purchasing Policy (Effective _____, 2014)

I. PURPOSE OF POLICY

1.1 The Moulton Niguel Water District Purchasing Policy (this “Policy”) establishes policies and procedures for acquiring services, and materials, equipment and supplies (referred to collectively as “materials”), and for public works projects, for the Moulton Niguel Water District (the “District”), pursuant to Government Code Section 54201 *et seq.*

California Government Code Section 54202: requires every local agency to adopt policies and procedures, including bidding regulations, governing purchases of supplies, materials and equipment and that said purchases shall be in accordance with said duly adopted policies and procedures.

California Government Code Section 54204: requires that if the local agency is other than a city or county, policies provided for in *Section 54202* shall be adopted by means of a written rule or regulation, copies of which shall be available for public distribution.

1.2 This Policy establishes the Board of Directors’ (the “Board”) approved policies with respect to the procurement of services and materials and for public works projects, including expenditure authorization and limits, competitive proposal and bidding requirements, and general procurement procedures. All purchases of services or materials and public works projects to be paid for by the District must adhere to the authority level and dollar limits of this Policy as set forth in Section 2, except as otherwise provided by specific terms and exceptions set forth in this Policy.

II. AUTHORIZATION

2.1 By adoption of this Policy, the Board is authorizing the General Manager, or his/her designated representatives to exercise certain duties and responsibilities that are essential for the day-to-day operation of the District.

2.2 The General Manager will delegate the procurement of services and materials and the provision of public works projects to those staff members given specific authority, consistent with the terms of this Policy.

2.3 Delegation of purchasing authority may be through the authorized use of Purchasing Cards, purchase orders, check requests, or other written authorization. All such purchases will be made in conformity with the policies and procedures prescribed within this Policy.

2.4 The Board-established procurement limits and contract signatory authority are listed in Table 1 below. These limits are applicable on a per-expenditure/per-contract basis, and not on an aggregated basis.

Table 1

Procurement Limits and Contract Signature Authority		
Title	Expenditures	Contract Authority
<i>Board of Directors</i>	\$75,001 and up	
<i>General Manager</i>	up to \$75,000	\$75,001 and over with Board authorization Up to \$75,000 without Board authorization
<i>Assistant General Manager</i>	up to \$50,000	Up to \$50,000
<i>Director of Human Resources, Director of Engineering and Operations, Director of Finance</i>	up to \$25,000	Up to \$25,000
<i>Assistant Director of Operations, Assistant Director of Engineering</i>	up to \$10,000	Up to \$10,000
<i>Superintendents, Managers, Controller, Principal Engineer</i>	up to \$5,000	None
<i>Supervisors, Assistant to the General Manager, Board Secretary</i>	up to \$2,500	None
<i>Purchasing Agent, Administrative Personnel</i>	up to \$1,000	None

III. DEFINITIONS

The terms referenced in this Policy shall have the meanings as defined below.

Administrative Personnel – District administrative employees authorized by the General Manager to purchase miscellaneous items, food and travel in support of District functions; includes Administrative Assistant, Administrative Analyst, Human Resources Administrator and any other administrative position as authorized by the General Manager.

Agreement – Written agreement for materials and services (both Professional and Non-Professional), including both Formal Contracts and Purchase Orders. Term is interchangeable with the term “Contract.”

Amendment – A written change or addition to a legal document which, when properly executed, has the same legal validity of the original document.

Board – The Board of Directors of the Moulton Niguel Water District.

Change Order – A written Amendment modifying the terms of an existing Contract or Purchase Order.

Consultant – An individual, firm or entity that provides or offers to provide Professional Services to the District.

Contingency - A predetermined amount or percentage of a Contract held for changes in the Public Works project.

Contract - Written agreement for materials and services (both Professional and Non-Professional), including both Formal Contracts and Purchase Orders. Term is interchangeable with the term “Agreement.”

Cooperative Purchasing – Participation with other agencies in cooperative purchasing arrangements and programs to leverage the benefits of volume purchases, delivery and supply chain advantages, best practices, and the reduction of administrative time and expenses.

District – The Moulton Niguel Water District.

Emergency – A situation in which unforeseen circumstances present an immediate risk of harm or hazard to the public health, safety, and welfare, or to the District property, or threaten serious interruption of District operations.

Formal Contract – A written agreement separate from and in addition to a Purchase Order, authorizing a contractor, Consultant, supplier or service provider to provide materials or services, or Public Works, in accordance with the material requirements, conditions or scope of work stated in the contract.

General Manager – General Manager of the District or the person appointed by the General Manager or Board to act in the capacity of the General Manager and authorized to administer this Policy on his/her behalf.

Invitation for Bids - A formal process for soliciting sealed bids from qualified prospective suppliers or Public Works contractors. Typically involves a formal bid opening, and the awarding of a Contract to a responsive and responsible supplier or contractor based on price and other specified factors, and as otherwise required by law.

Multiple Year Contract - A Contract for the purchase of services or materials for a basic period with provisions to extend performance by exercising pre-priced option periods (normally one (1) year per option period). A Multiple Year Contract does not obligate the District beyond the initial award period and shall not provide for a cancellation payment to the contractor if options are not exercised.

Non-Discretionary Purchases – Purchases that do not fall within other purchase categories in this Policy and that relate to routine obligations and expenses essential to the District’s ability to provide service to customers (includes water purchases and utility payments), memberships, fees, payroll related costs (tax obligations, PERS, employee benefits and voluntary deductions), and other purchases that are approved in fiscal year operating and/or capital budgets.

Non-Professional Services – Services other than Professional Services, including supply and maintenance services.

Procurement - The purchase or lease of materials, supplies, equipment, services, or Public Works.

Professional Services - Services provided by any specially trained and experienced person or firm in the areas of accounting, administration, architecture, construction management, economics, environmental analysis, engineering, finance, landscape architecture, law, surveying, or other matters involving specialized expertise or unique skills.

Public Works - The formation, construction, alteration, repair, or improvement of any public structure or building; water treatment, storage and distribution facilities; sewer treatment, collection and conveyance facilities; road, or other public improvement of any kind.

Purchasing Card - A form of charge card that allows materials and services to be purchased without using a Purchase Order. The District participates in the Cal Card, Home Depot, and Costco credit card programs.

Purchasing Department – The District employees assigned the duties of identifying vendors, obtaining competitive bids, issuing and processing Purchase Order Requisitions, maintaining office inventory, and assisting the General Manager in the application of Policy procedures within the District.

Purchase Order (PO) – An Agreement under a standardized form in which the party designated as the “provider” is to provide materials and/or services for which the District agrees to pay.

Request for Proposal (RFP) - A solicitation used for the procurement of Professional Services and Non-Professional Services. Prospective suppliers or Consultants submit requested information and are evaluated/awarded based on pre-established criteria.

Request for Quotes (RFQ) - A solicitation used for procurement of supplies, materials, or equipment.

Requisition (REQ) - The procedural method by which departments may request a PO for the purchase of materials, supplies or equipment. Requisitions are entered into the JD Edwards ERP system application.

Single Source Purchase - Procurement where: (1) there is a compelling reason for only one source, a preferred brand, like material, etc., to be procured; or (2) the commodity is unique, including, but not limited to, acquisition of data processing, telecommunications and word processing equipment, goods and services; or (3) the purchase of a specific brand name, make or model is necessary to match existing District equipment or facilitate effective maintenance and support; or (4) when it is in the best interest of the District to extend or renew a Contract from a previous contract period, based on satisfactory service and reasonable prices, to avoid the interruption of District business and/or based on good business practices.

Sole Source Purchase - Procurement where only one viable source exists. This is usually due to legal restrictions of patent rights, a proprietary process, warranty issues, original equipment, copyrights, etc.

IV. GENERAL PROCUREMENT POLICIES

4.1 Procurement practices shall comply with laws, regulations and guidelines of the State and any other applicable law, and the provisions of grant or funding agreements, if applicable.

4.2 Any employee/individual effecting any procurement action outside of the policies and procedures established by this Policy and without General Manager or Board authorization to do so, may be subject to disciplinary action and/or termination in accordance with District policies.

4.3 Expenditures and Contract awards must be authorized by the appropriate authorization level indicated in Table 1.

4.3.1 Separating or dividing Contracts into smaller components for the purpose of bringing the cost of one or more Contracts below any specified sum to avoid a requirement in any section of this Policy or any policy incorporated herein is strictly prohibited. Contracts may be divided only to meet unique scheduling of a project or to accommodate necessary time frames. In addition, no specifications shall be drafted in such a manner as to limit competitive bidding or solicitation directly or indirectly to any one specific vendor, or any specific brand, product, thing, or service, except for those items that are approved as exempt from competitive bidding or solicitation requirements as provided for below in Section 7.1.3.

4.4 Purchase amounts include taxes and the cost of shipping, freight fees and any other charges billed by the supplier or contractor for purposes of the authorization limits under this Policy.

4.5 Purchase authorization and expenditure limits in Table 1, and competitive solicitation requirements in Table 2 and as further set forth in this Policy, are on a per purchase/per contract basis and shall not be applied as an aggregate limit to any vendor, supplier, contractor or Consultant.

4.6 With the exception of the General Manager, in the absence of an authorized signatory for a given request, authorization will be obtained from the next highest authority in Table 1. The Assistant General Manager has the authority to authorize purchases on behalf of the General Manager under an Emergency.

4.8 The General Manager or his/her approved designee is authorized to approve Contingencies and expenditures of Contingencies up to ten percent (10%) of the Contract value.

4.9 The District may use electronic commerce whenever practicable or cost-effective. The District may accept electronic signatures and records in connection with District procurement, as permitted by applicable law.

V. PROCUREMENT METHODS

The following methods are available to initiate a purchase request or to pay for materials, services or Public Works:

5.1 Requisition/Purchase Order: Staff that require materials or services to carry out the defined duties of their positions shall submit Requisitions, in advance, for purchases in accordance with this Policy and other applicable procedures and policies of the District. The Purchasing Department will generate a PO from the Requisition.

5.2 Check Request: A check request can be used to initiate payment for certain limited materials or services without a PO. Check requests can be used to request payment for Non-Discretionary Expenses, services rendered, subscriptions, membership dues, workshop/seminar/conference registrations, use of facilities, etc.

5.3 Cal Card and Other Purchasing Cards: Designated staff may be assigned a Cal Card for miscellaneous purchases up to \$1,000.00 per purchase/per day. Purchases using the Cal Card are subject to the terms and conditions of the District Cardholder Acceptance Agreement and any other applicable District Cal Card policies or procedures. Services are not to be acquired on Cal Cards due to lack of insurance and indemnification language associated with these purchases. Cal Card limits may be increased temporarily or permanently with approval by an authorized manager subject to the authorization limits in Table 1. Use of all other Purchasing Cards are subject to the terms of this Policy and to any usage terms provided at the time of card issuance to the designated staff and any subsequent amendments to such terms, and other applicable District policies.

5.4 Blanket Purchase Order: A Blanket Purchase Order is used for payment to the same supplier/contractor/Consultant multiple times, or for ongoing monthly purchases/expenses. A Blanket Purchase Order is issued to cover all amounts anticipated to be paid to the supplier/contractor/Consultant for the fiscal year or through a contract term and typically expires at the end of the fiscal year or at the expiration or termination of a contract.

5.5 Contracts: Provisions shall be made, either through specifications or procedures established by the District, for verification of the references and financial responsibility of the contracting parties prior to the award of a Contract. After award, all Contracts shall be executed on behalf of the District by the appropriate authorized signatory indicated in Table 1. In no case shall any Contract be made if sufficient funds are not budgeted and appropriated and not available to make payment promptly upon delivery or completion, or in accordance with a progress payment schedule, unless otherwise authorized and approved by the Board or approved by the General Manager as provided for in Section 6.2 (Emergency).

5.5.1 Contracts for Non-Professional Services: In addition to the issuance of a PO, Formal Contracts for Non-Professional Services shall be executed when an expenditure exceeds \$5,000 (except in the event of an Emergency).

5.5.2 Contracts for Professional Services and Public Works: Contracts for Professional Services, where the expenditure exceeds \$5,000, may be Formal Contracts, and for all Public Works projects, shall be Formal Contracts (except in the event of an Emergency).

5.5.3 Multiple Year Contracts are allowed when in the best interests of the District as determined by the General Manager.

a. For purposes of procurement authorization, the dollar value of a Multiple Year Contract shall be the total agreement value, including optional renewal periods. Once initially approved in accordance with the Policy requirements, any optional renewals may then be authorized by the General Manager at the time of renewal, regardless of the dollar amount, provided the pre-priced option is consistent with the terms of the contract as initially approved.

VI. EXCEPTIONS TO PRE-AUTHORIZATION

6.1 Non-Discretionary Purchases do not require Board approval for payment, including those that exceed the General Manager limit of \$75,000. Purchase Orders are not required for Non-Discretionary Purchases.

6.2 Emergency Work/Services: The General Manager or his/her designee may authorize Emergency work and/or services where the cost exceeds \$75,000 without prior Board approval. The Board shall be notified of any expenditures for Emergency work or services exceeding the General Manager’s authorization limit at the next regularly scheduled Board meeting.

6.3 Purchase requests to replenish the District’s warehouse inventory within established inventory re-order levels require no prior authorization or signatory approval under Table 1.

VII. COMPETITIVE SELECTION PROCESS

7.1 General. A competitive selection process for procurement of services and materials, and for Public Works projects, is required in accordance with the limits as set forth in Table 2 below (and subject to certain exceptions, qualifications or limitations as further set forth below).

Table 2

Competitive Solicitation Process - Requirements	
Purchase Amount	Solicitation Requirement
\$5,000 and under	<i>One Quote</i>
\$5,001-\$75,000	<i>Three Quotes</i>
\$75,001 and over	<i>RFP or RFQ or Invitation to Bid Process Required</i>

7.1.2 Competitive Solicitation - Submission.

- i) All quotes, bids and proposals must be in writing. Email is acceptable for expenditures under \$75,000.

- ii) RFP, RFQ, and Invitation to Bid submissions must be in writing and be in substantial compliance with terms in the solicitation, or as otherwise required by law, or may be disqualified.

7.1.3 Exceptions from Competitive Solicitation Process - Generally. In addition to the exceptions stated under Section 7.3.3, the competitive solicitation requirements set forth under Table 2 shall not apply when any of the following is applicable:

- Sole Source Purchases.
- Single Source Purchases.
- Emergency expenditures.
- Supplies, materials or equipment procured through a Cooperative Purchasing program with federal, state, county, or other public agencies.
- After a reasonable attempt has been made to obtain competitive quotes/responses and it has been determined that no additional suppliers/providers/contractors/Consultants can be located; the District has a lack of response from suppliers/providers/contractors/Consultants to a competitive solicitation; or, when sufficient, satisfactory bids are not received, based on the District's sole discretion.
- Purchases to replenish the District's warehouse inventory within established inventory re-order levels.
- As dictated by law.

7.1.4 It shall be at the discretion of the General Manager or his/her authorized representatives to determine whether an expenditure meets the qualifications listed herein to be exempt from a competitive solicitation, subject to any Board authorization.

7.2 Public Works. Contracts for Public Works projects shall conform to applicable requirements for Public Works contracts under State law, including but not limited to requirements relating to listing of subcontractors, posting of a payment bond in an amount not less than 100% of the total contract amount (for all Public Works contracts over \$25,000*) and payment of prevailing wages (for all contracts for Public Works exceeding \$1,000*). The District shall require performance bonds for all contracts for Public Works in an amount not less than 100% of the total contract amount, unless the District specifically waives this requirement. Public Works contracts let by an Invitation to Bid shall be awarded to the lowest responsive, responsible bidder in accordance with State law and the District's standard Public Works contract documents.

*** - or as otherwise required by statute**

7.3 Professional Services (other than "Engineering Services" under 7.3.1). RFPs will be initiated pursuant to the limits set forth in Table 2 when the Agreement is anticipated to exceed \$75,000, unless the District's needs mandate uniquely qualified services, in which case only one proposal from a qualified firm may be solicited. Professional Services shall be engaged on the basis of demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices to the District.

7.3.1 Professional Engineering Services. The District may request proposals for engineering services when the contract amount is anticipated to exceed \$25,000,

and up to \$75,000. For engineering services anticipated to exceed \$75,000, RFPs will be initiated pursuant to the limits set forth in Table 2. Engineering services shall be engaged on the basis of demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices to the District.

7.3.2 Exceptions from Competitive Solicitation Process – Professional Services. In addition to the exception for “uniquely qualified services” set forth under Section 7.3, the following criteria shall apply as exceptions to the competitive solicitation requirements set forth under Table 2 for Professional Services where such requirements would otherwise apply:

- For Professional Services estimated to cost \$25,000 or less, staff may request a proposal from one (1) qualified Consultant selecting from the list of qualified Consultants on file with the District.
- For Public Works projects where the project design is scheduled in phases, the related Professional Services may be negotiated with the Consultant that performed the work for a prior phase, if the Consultant performed satisfactory work on the prior phase(s) in terms of quality, schedule and estimated design costs and a satisfactory Contract can be negotiated.
- For Professional Services in which it is impracticable to comply with the selection process because of the unique, exploratory or experimental nature of the project, staff may request a proposal from one (1) qualified Consultant selecting from a list of qualified Consultants on file with the District.

7.3.3 Consultant Selection Criteria - The following criteria will be used as guidance for the selection of Consultants to provide the District with Professional Services:

- Consultant’s expertise, competence and experience with consideration given to the type of services required and the complexity of the project.
- Consultant’s past record of performance conducting work for the District, other agencies, etc., factoring such items as cost, work quality and ability to meet schedules.
- Consultant’s capacity to perform the services within the time limitations.
- Estimate of the range of proposed levels of effort and costs.

7.4 Rejecting Competitive Responses - In response to an Invitation to Bid, RFQ, or RFP, the District may reject a bid or other response which is in any way incomplete, irregular, amplified, unqualified, conditional or otherwise not in compliance with the solicitation documents in all material respects, and in accordance with law. The District may waive any informality, irregularity, immaterial defects or technicalities in any bids or other responses received; and/or cancel an invitation for bids or RFP/RFQ, or reject all bids or responses for any other reason which indicates the cancellation or rejection of all bids, or responses, is in the best interest of the District, and in accordance with law. Rejection of all bids or responses, or cancellation of competitive solicitations, including determinations to re-bid, or re-solicit are subject to the same level of authority which is required to award a Contract as provided under Table 1, and as required by law.

7.5 In the case of RFPs and RFQs, the General Manager and the Board reserve the right to award Contracts based upon the best interests of the District, as determined by the District in its sole discretion.

VIII. CHANGE ORDERS

8.1 Change Orders may be issued from time to time as required by changes in the specifications or conditions of a project, services performed or materials issued.

8.1.1 Change Orders – PO Only. Change Orders up to 10% (to a maximum additional \$1,000) of the original PO amount may be issued by the Purchasing or Finance Department without further approvals. A revised Purchase Order Requisition must be completed and approved at the appropriate authorization levels under Table 1 for any Change Order request exceeding the original amount by more than 10% or the \$1,000 limit.

8.1.2 Change Orders – Formal Contracts and Amendments.

(1) For Contracts and Amendments under \$75,000:

- a. Change Orders up to 10% of the original Contract amount can be approved by the appropriate authorization levels as outlined in Table 1 up to a maximum total Contract amount of \$75,000 without Board approval.
- b. Board approval is required for Change Order requests exceeding the original Contract amount by more than 10%, or resulting in a total Contract amount over \$75,000.

(2) For Contracts and Amendments \$75,001 and over:

- a. Change Orders up to 10% (to a maximum additional \$75,000) of the original Contract amount can be approved by the appropriate authorization levels as outlined in Table 1 without Board approval.
- b. Board approval is required for Change Order requests exceeding the original Contract amount by more than 10%, or resulting in a \$75,000 increase.

8.1.3 A Change Order exceeding the Change Order limits set forth in this article may be authorized by the General Manager prior to Board approval if, in the General Manager's determination, any of the following circumstances exist:

- (1) A delay in Change Order authorization could result in a negative financial impact to the District.
- (2) A delay in Change Order authorization could result in damage to or impairment of the operations of a District facility.
- (3) An Emergency exists which requires immediate work/services.

The Board shall be notified of any Change Order authorization exceeding the General Manager's authorization limit at the next regularly scheduled Board meeting.

IX. ETHICAL PROCUREMENT- CONFLICT OF INTEREST

9.1 Board members, and District officers and employees shall not be financially interested in any contract made by them in their official capacity. (Government Code Section 1090). Board Members, officers and employees shall not participate in any way to influence a governmental decision in which he/she knows or has reason to know that he/she has a financial interest. (Government Code Section 87100)

9.2 Any District employee (other than Administrative Personnel not under Designated Positions in the District's Conflict of Interest Code) authorized under this Policy to make or enter into purchases on behalf of the District will complete a Statement of Economic Interests (Form 700) and comply with the District's Conflict of Interest Code.

9.3 Confidential or proprietary information must be handled with due care and proper consideration of ethical and legal ramifications and governmental regulations.

9.4 Purchasing activities must be performed in accordance with all applicable laws and District policies.

9.5 Any employee/individual who violates the standards set forth in this Section shall be subject to disciplinary action consistent with District personnel policies.

X. CALIFORNIA WATER DISTRICT STATUS

Notwithstanding anything to the contrary in this Policy, the District is a California Water District and therefore is not mandated by State law to competitively bid any purchases, including those for Public Works projects and/or capital expenditures. The District is free to enter into non-bid contracts for Public Works, to purchase materials, services and supplies, to contract for design-build work, to utilize job-order contracting and to enter into Cooperative Purchasing arrangements for the design, construction and maintenance of Public Works, or undertake any other form of contracting determined to be in the District's best interest, except as otherwise expressly restricted by law.

XI. POLICY REVISIONS

11.0 This document will be maintained and revised by the General Manager with his/her designated representatives in consultation with the District's Board and legal counsel. Revisions will occur whenever applicable Federal, State or local regulations change or otherwise as the need arises and in the discretion of the Board.

11.1 Policy Approval and Adoption

This Policy has been reviewed by the Moulton Niguel Water District Board of Directors and adopted by Resolution No. ____ on _____, 2014.

RESOLUTION NO. 14-_____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT APPROVING
UPDATED PURCHASING POLICY**

WHEREAS, in accordance with Government Code Section 54202, the Board of Directors ("Board") of the Moulton Niguel Water District ("District") adopted an Administrative Policy Manual setting forth the District By-Laws and various other policies and procedures related to District operations and administration, including among other Articles, a "General Contingency Plan," "Professional Services," and "Competitive Bidding," as such terms were periodically supplemented and amended from time to time for District operation purposes, and to reflect statutory changes applicable to California water districts (hereinafter referred to as the "Administrative Articles");

WHEREAS, the Board previously adopted Resolution No. 06-28 entitled "Resolution of the Board of Directors of the Moulton Niguel Water District Clarifying and Restating the Policy for Authorization of Expenditures and Contracting for Work in Emergency and Other Exigent Circumstances," on December 21, 2006 (hereinafter referred to as the "2006 Emergency Expenditure Policy"), to supplement the terms under the Administrative Articles related to procurement under emergency circumstances with a section entitled "Emergency and Urgent Necessity- Expenditures and Contracts";

WHEREAS, the Board previously adopted a 2009 Purchasing Policy, by minute motion;

WHEREAS, the Board periodically adopted resolutions setting forth expenditure authority for purchases and contract execution related to supplies, equipment, materials, services and public works projects, which amended and supplemented the authorized expenditure levels under the Administrative Articles, as well as the 2009 Purchasing Policy;

WHEREAS, the last resolution establishing purchasing expenditure and contracting authority levels was Resolution No. 11-22 adopted by the Board on August 11, 2011; and

WHEREAS, the Board desires to adopt the "Moulton Niguel Water District Purchasing Policy (Effective _____ 2014)" that will replace and supersede the purchasing policies, procedures and terms set forth in the Administrative Articles, the 2006 Emergency Expenditure Policy, the 2009 Purchasing Policy, and Resolution No. 11-22.

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

Section 1. The Board hereby adopts the "Moulton Niguel Water District Purchasing Policy (Effective _____ 2014)," which is Attachment 1 to this Resolution ("2014 Purchasing Policy"), to be effective immediately.

Section 2. The Board hereby rescinds the procurement terms set forth in the Administrative Articles, the 2006 Emergency Expenditure Policy and Resolution No. 06-28, the 2009 Purchasing Policy, and Resolution No. 11-22, and authorizes the District Secretary and Legal

#6.

Counsel to make any required conforming changes to the Administrative Policy Manual so as to be consistent with the authorizations and terms provided under this Resolution.

Section 3. In the event of any conflict or inconsistency between the 2014 Purchasing Policy and any other purchasing policies or procedures of the District not otherwise repealed and rescinded under this Resolution, the terms of the 2014 Purchasing Policy shall control for all purposes.

Section 4. This Resolution is deemed effective as of the date of adoption hereof.

ADOPTED, SIGNED and APPROVED this 15th day of May, 2014.

MOULTON NIGUEL WATER DISTRICT

President
MOULTON NIGUEL WATER DISTRICT and of
the Board of Directors thereof

Secretary
MOULTON NIGUEL WATER DISTRICT and of
the Board of Directors thereof

APPROVED AS TO FORM:

BOWIE, ARNESON, WILES & GIANNONE
Legal Counsel - Moulton Niguel Water District

By _____
Patricia B. Giannone

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the nine months ended March 31, 2014 as compared to the nine months ended March 31, 2013 are summarized 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 nine 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 \$39.8 million, or 76% of the \$52.6 million budget. Revenues are essentially on budget through nine months of the fiscal year. Operating expenses were \$44.5 million, or 70% of the \$63.7 million budget. Expenses are lower than budget due to fewer rebates being issued in the Water Efficiency Fund.

Non-operating revenues were slightly lower than budget, but should recover when property tax revenue is received. Investment income is above budget in the General Fund, and below budget in the Water Efficiency Fund.

Statement of Net Position

The Statement of Net Position shows the District's assets and liabilities as of March 31, 2014 compared to the balances at fiscal year ended June 30, 2013. Overall, assets were about \$13.5 million lower than at June 30, 2013, primarily due to a reduction in net capital assets. This reduction was due to depreciation of assets through the first nine months of the current fiscal year. Liabilities decreased by approximately \$15.9 million, reflecting reductions in outstanding debt and accounts payable. As a result, the District's net position increased by \$1.7 million for the nine months ended March 31, 2014.

Revenues

Total revenues for the nine months ended March 31, 2014 were \$61.8 million. Total operating revenues for the nine months ended March 31, 2014 were \$39.8 million, virtually unchanged from the same period in 2013.

Expenses

Total expenses for the nine months ended March 31, 2014 were \$60.5 million, an increase of \$6 million or 11% as compared to \$54.5 million in 2013. Total operating expenses increased by \$2.4 million, or 1.1%, from \$39.7 for the nine months ended March 31, 2013 to \$42.1 million in 2014. The increase was primarily due to the higher cost of water in the current year. Other operating expenses for the nine months ended March 31, 2014 were \$13.1 million, an increase of \$3.5 million or 37% compared to \$9.6 million in 2013. The increase was mainly due to a one-time depreciation adjustment in the prior year. Other non-operating expenses for the nine months ended March 31,

#7.a.

MOULTON NIGUEL WATER DISTRICT Summary of Financial Results

2014 totaled \$5.2 million, a decrease of approximately \$63,000 or .01% compared to \$5.3 million in 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 \$25.4 million at March 31, 2014, compared to \$29.6 million at prior fiscal year ended June 30, 2013. This decrease was mainly due to expenditures from the 2009 COPS Project Fund for Baker Water Treatment Plant project payments.

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 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 decreased by approximately \$1.1 million since June 30, 2013. 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
Nine Months Ended March 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	\$ 39,809,010	76%
Operating Expenses	63,740,394	44,545,646	70%
Operating Income (Loss)	(11,128,779)	(4,736,636)	
Non-Operating Revenues (Expenses)	24,491,292	16,771,597	68%
Total Change in Funds	<u>\$ 13,362,513</u>	<u>\$ 12,034,961</u>	
<u>GENERAL FUND:</u>			
Operating Revenues	\$ 48,861,615	\$ 36,840,064	75%
Operating Expenses	61,481,787	43,468,369	71%
Operating Income (Loss)	(12,620,172)	(6,628,305)	
Non-Operating Revenues (Expenses)	24,372,980	16,707,862	69%
Change in General Fund	<u>\$ 11,752,808</u>	<u>\$ 10,079,557</u>	
<u>WATER EFFICIENCY FUND:</u>			
Operating Revenues	\$ 3,750,000	\$ 2,968,946	79%
Operating Expenses	2,258,607	1,077,277	48%
Operating Income (Loss)	1,491,393	1,891,669	
Non-Operating Revenues (Expenses)	118,312	63,735	54%
Change in Water Efficiency Fund	<u>\$ 1,609,705</u>	<u>\$ 1,955,404</u>	

**Moulton Niguel Water District
General Fund - Budget Comparison Report
Nine Months Ended March 31, 2014**

#7.b.

Description	Approved Budget	Fiscal Year to Date Commitments	% of Commitments to Budget
GENERAL FUND			
<u>Operating Revenues</u>			
Water Sales	\$ 26,950,000	\$ 20,067,845	74%
Recycled Water Sales	4,547,715	3,475,787	76%
Sewer Sales	16,920,000	12,866,753	76%
Other Operating Income	443,900	429,679	97%
Total Operating Revenue	48,861,615	36,840,064	
<u>Operating Expenses</u>			
Salaries	8,536,016	6,042,023	71%
PERs Employer Contributions	879,054	642,158	73%
PERs Employee Contributions	201,699	145,719	72%
PERs Other (Side fund, 401A)	210,481	131,851	63%
Educational Courses	47,380	11,954	25%
Travel & Meetings	245,623	104,608	43%
Employee Relations	13,000	9,077	70%
General Services	512,475	317,036	62%
Annual Audit	45,000	31,820	71%
Member Agencies O&M	1,140,100	1,046,426	92%
Dues & Memberships	84,214	65,989	78%
Consulting Services	1,085,974	744,118	69%
Equipment Rental	89,300	53,767	60%
District Fuel	346,000	240,796	70%
Insurance - District	585,246	361,257	62%
Insurance - Personnel	320,250	287,114	90%
Insurance - Benefits	2,493,531	1,683,885	68%
Legal Services - Personnel	50,000	6,135	12%
Legal Services - General (See Footnote 1)	169,000	138,531	82%
District Office Supplies	563,300	439,060	78%
District Operating Supplies	244,095	160,493	66%
Repairs & Maintenance - Equipment	1,858,101	375,216	20%
Repairs & Maintenance - Facilities	3,314,624	3,014,288	91%
Safety Program & Compliance Requirements	134,985	134,347	100%
SOCWA	8,702,195	5,660,024	65%
Special Outside Assessments	173,500	27,783	16%
Utilities	1,839,205	1,458,147	79%
Water Purchases	26,790,439	19,634,643	73%
Meter / Vault Purchases	807,000	500,104	62%
Total Operating Expenses	61,481,787	43,468,369	
Operating Income (Loss)	(12,620,172)	(6,628,305)	
<u>Non-Operating Revenues (Expenses)</u>			
Property Tax Revenue	21,327,990	13,962,876	65%
Investment Income	1,347,155	1,393,312	103%
Cellular Lease Income	1,650,085	1,264,482	77%
Misc Non-Operating Income	47,750	87,192	183%
Total Non-Operating Revenue (Expenses)	24,372,980	16,707,862	
Change in General Fund	\$ 11,752,808	\$ 10,079,557	

Footnote 1: Legal Services includes 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
Nine Months Ended March 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	\$ 2,968,946	79%
Total Operating Revenue	3,750,000	2,968,946	
<u>Operating Expenses</u>			
Salaries	411,903	273,750	66%
PERs Employer Contributions	43,505	27,096	62%
PERs Employee Contributions	11,966	7,683	64%
Educational Courses	500	165	33%
Travel & Meetings	3,800	215	6%
Dues & Memberships	500	-	0%
Consulting Services	20,000	-	0%
Insurance - Personnel	4,064	4,685	115%
Insurance - Benefits	100,369	46,355	46%
District Office Supplies	76,500	250	0%
District Operating Supplies	500	-	0%
Repairs & Maintenance - Equipment	2,000	-	0%
Water Efficiency	1,583,000	717,078	45%
Total Operating Expenses	2,258,607	1,077,277	
Operating Income (Loss)	1,491,393	1,891,669	
<u>Non-Operating Revenue</u>			
Investment Income	118,312	63,735	54%
Total Non-Operating Revenue	118,312	63,735	
Change in Water Efficiency Fund	\$ 1,609,705	\$ 1,955,404	

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	<u>(Unaudited)</u> <u>March 31, 2014</u>	<u>(Audited)</u> <u>June 30, 2013</u>
CURRENT ASSETS:		
Cash and investments	\$ 38,461,833	\$ 42,016,642
Accounts receivables:		
Water and sanitation charges	4,138,436	6,183,688
Taxes and acreage assessments	-	343,115
Other accounts receivable	173,073	433,264
Interest receivable	756,149	763,584
Current portion of AMP receivable	67,493	211,940
Inventory	1,590,059	1,566,239
Prepaid expenses	503,612	260,941
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	45,690,655	51,779,413
	<hr/>	<hr/>
NONCURRENT ASSETS:		
Investments	97,032,972	94,347,786
Restricted cash and investments with fiscal agent	25,365,187	29,574,877
Retrofit loans receivable	638,526	660,023
Net pension asset (CalPERS sidefund payoff)	2,974,806	654,913
AMP Receivable	-	3,058,960
Capital assets, net of accumulated depreciation	351,491,399	363,691,271
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	14,161,015	7,057,346
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	492,755,815	500,137,086
	<hr/>	<hr/>
TOTAL ASSETS	538,446,470	551,916,499
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	614,436	1,318,562
	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	614,436	1,318,562
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 539,060,906	\$ 553,235,061
	<hr/> <hr/>	<hr/> <hr/>

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited)	(Audited)
	March 31, 2014	June 30, 2013
CURRENT LIABILITIES:		
Accounts payable	\$ 4,182,329	\$ 9,089,433
Interest payable	661,904	2,406,689
Compensated absences	683,810	524,376
Current portion of long-term debt:		
Bonds payable	5,585,000	5,235,000
Loans Payable	1,914,574	2,178,909
Certificates of participation	1,715,000	1,740,000
TOTAL CURRENT LIABILITIES	14,742,617	21,174,407
LONG-TERM LIABILITIES		
Compensated absences	309,101	174,791
Long-term debt:		
Bonds payable	16,955,000	22,540,000
Loans payable	13,251,823	15,019,911
Certificates of participation	80,080,000	82,325,864
TOTAL LONG-TERM LIABILITIES	110,595,924	120,060,566
TOTAL LIABILITIES	125,338,541	141,234,973
NET POSITION:		
Net investment in capital assets	278,227,560	275,636,460
Restricted for capital projects and GOB Refunding	6,577,405	8,554,975
Unrestricted	128,917,400	127,808,653
TOTAL NET POSITION	413,722,365	412,000,088
TOTAL LIABILITIES AND NET POSITION	\$ 539,060,906	\$ 553,235,061

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

	(Unaudited)	
	Nine Months Ended March 31,	
	2014	2013
Operating Revenues:		
Water Sales	\$ 20,067,845	\$ 19,988,402
Recycled Water Sales	3,475,787	3,209,612
Sewer Sales	12,866,753	12,706,703
WBBRS Efficiency Funds	2,968,946	2,963,587
Other Operating Income	429,679	913,713
Total Operating Revenues	39,809,010	39,782,017
Non-Operating Revenues:		
Investment Income	1,457,047	2,659,001
Property Tax Revenue	13,962,876	13,538,319
GOB Assessment	3,884,818	3,930,385
Other Non-Operating Revenues	2,672,262	3,992,067
Total Non-Operating Revenues	21,977,003	24,119,772
TOTAL REVENUES	61,786,013	63,901,789
Operating Expenses:		
Water Purchases	19,634,643	18,351,045
Meter Purchases	500,104	418,739
Operating Supply and Maintenance	3,260,327	2,696,585
Salaries and Benefits	7,270,280	6,617,123
Professional Services	548,574	276,281
Member Agencies O&M	661,496	740,521
Insurance	2,383,294	2,563,377
SOCWA	5,660,024	5,928,681
Utilities	1,458,581	1,373,772
General, Administrative, and Other	737,084	706,344
Total Operating Expenses	42,114,407	39,672,468
Other Operating Revenues (Expenses):		
Depreciation and Misc. Operating Revenue	(12,425,339)	(8,870,331)
Water Efficiency	(717,078)	(718,953)
Total Other Operating Revenues (Expenses)	\$ (13,142,417)	\$ (9,589,283)

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

	(Unaudited)	
	Nine Months Ended March 31,	
	2014	2013
Non Operating (Expenses):		
Interest Expense	\$ (4,954,476)	\$ (5,185,425)
Amortization and Misc. Non-Operating Expense	(243,342)	(75,853)
Total Non Operating (Expenses)	(5,197,818)	(5,261,279)
TOTAL EXPENSES	60,454,642	54,523,030
Capital Contributions:		
Connection Fees	450,906	12,720
Total Capital Contributions	450,906	12,720
CHANGE IN NET POSITION	\$ 1,782,277	\$ 9,391,479
Net Position, Beginning	\$ 411,940,088	\$ 403,933,603
Change in Net Position	1,782,277	9,391,479
Net Position, Ending	\$ 413,722,365	\$ 413,325,082

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

			(Unaudited)
	Balance 6/30/2013	Net Change	Balance 3/31/2014
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ 615,709	\$ 6	\$ 615,715
2003 COPS Trust Reserve	2,494,997	20,192	2,515,189
2009 COPS Trust Reserve	6,024,087	9,269	6,033,356
2009 COPS Project Fund	19,543,936	(4,239,204)	15,304,732
2010 COPS Trust Reserves	896,148	47	896,195
Total Restricted Trust Accounts	<u>\$ 29,574,877</u>	<u>\$ (4,209,689)</u>	<u>\$ 25,365,187</u>

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

	Balance		(Unaudited)
	6/30/2013	Net Change	Balance
	3/31/2014		
<u>Unrestricted Fund Balances:</u>			
Designated for Self Insurance Reserves	\$ 1,289,307	\$ (7,759)	\$ 1,281,548
Designated for Water Efficiency (WBBRS)	4,383,762	1,955,404	6,339,166
Designated for Replacement and Refurbishment	16,501,847	8,774,988	25,276,835
Designated for Water Supply Reliability	2,597,710	1,414,828	4,012,538
Designated for Planning and Construction	29,497,500	71,879	29,569,379
Designated for Rate Stabilization	9,627,003	97,776	9,724,779
Unrestricted, undesignated	63,912,366	(11,199,211)	52,713,155
Total Unrestricted Fund Balance	127,809,495	1,107,905	128,917,400
<u>Restricted Fund Balances:</u>			
Restricted 2003 GOB Consolidated Refunding	8,130,612	(2,437,365)	5,693,247
Restricted for Capital Facilities (Projects)	424,363	459,796	884,158
Total Restricted Fund Balance	8,554,975	(1,977,569)	6,577,405
Total Unrestricted and Restricted Fund Balance	\$ 136,364,470	\$ (869,665)	\$ 135,494,805

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

Summary of Disbursements in April 2014:

General Fund Disbursements	\$	5,840,767
<u>Restricted Fund Disbursements:</u>		
WBBRS Efficiency Fund	\$	160,199
Replacement & Refurbishment Fund		356,842
Planning & Construction Fund		55,136
DWR Loan		153,927
		726,104
Total Disbursements for all Funds	\$	6,566,871

Detail of Major Expenditures in April 2014:

1. Municipal Water District of Orange County (MWDOC)		
February Water Purchases AF 1754.30	\$	1,567,028
Reclaimed Rebates		(80,373)
February Capacity Charge		29,362
February RTS Charges		159,315
February SCP Operation Surcharge		9,370
	\$	1,684,703
2. Aqua-Metric Sales, Co		
1" and 3/4" Meters		146,150
3. SOCWA		
Quarterly O&M Budget FY 2013/2014		2,175,549
4. Tuttle-Click Ford, Inc		
Replace Unit 45 Cust. Service & Unit 87 Engineering 2014 Ford Truck F-150		51,161
5. ACWA/JPIA		
Workers Compensation Insurance		59,823
6. Paulus Engineering, Inc.		
Capital Projects 2011.031 El Niguel RW Pipeline & 2010.003 Kite Hill PR Relocation		263,368

