



**AMENDED**  
**FINANCE & INFORMATION TECHNOLOGY**  
**BOARD OF DIRECTORS' MEETING**  
**MOULTON NIGUEL WATER DISTRICT**  
**27500 La Paz Road, Laguna Niguel**  
**July 15, 2015**  
**8:30 AM**  
**Approximate Meeting Time: 2 Hours**

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE JUNE 17, 2015 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**

Advertising Research Collaboration with Stanford

**DISCUSSION ITEMS**

4. Laguna Sur/Monarch Point Sewer Rates
5. Selection of the Annual Lump Sum Prepayment Option for Unfunded Accrued Liability to CalPERS for FY 2015-16

**INFORMATION ITEMS**

6. OPERATIONS CENTER CONSOLIDATION & IMPROVEMENTS PROJECT UPDATE  

It is recommended that the Board of Directors approve staff to proceed with planning and design of a 45,000 sq. ft. administration building.
7. Outreach Update
8. Turf Removal Update

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 June 2015
10. Board Per Diem
11. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
12. 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](http://www.mnwd.com).



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

**June 17, 2015**

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 8:30 AM on June 17, 2015. There were present and participating:

**DIRECTORS**

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director (via teleconference)
Larry Lizotte	Director
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
Ruth Zintzun	Finance Manager
Pat Giannone	Bowie, Arneson, Wiles & Giannone
Michael Bell	Public Financial Management
Brian Thomas	Public Financial Management
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Drew Atwater	MNWD
Megan Schneider	MNWD
Carole Wayman-Piascik	MNWD

## #2.

### 1. CALL MEETING TO ORDER

*The meeting was called to order by Brian Probolsky at 8:32 a.m.*

### 2. APPROVE THE MINUTES OF THE MAY 20, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

*MOTION DULY MADE BY LARRY LIZOTTE AND SECONDED BY SCOTT COLTON, MINUTES OF THE MAY 20, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. A ROLL CALL VOTE WAS TAKEN AND THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.*

### 3. PUBLIC COMMENTS

*None.*

## DISCUSSION ITEMS

### 4. Fiscal Year 2015-16 Proposed Budget

*The Board was given a handout with the updated staffing plan for Fiscal Year 2015-16. Staff recommends that the Board of Directors approve the resolution entitled, "Approving a Budget Appropriation and Adopting the Operating Budget and Capital Improvement Program Budget for Fiscal Year 2015-16." Discussion ensued regarding the budget.*

### 5. Annual Gann Appropriations Limit for Fiscal Year 2015-16

*Ruth Zintzun gave a brief update on the Annual Gann Appropriations Limit for Fiscal Year 2015-16. Staff recommends that the Board of Directors approve the resolution entitled, "Approving Appropriations Limit for Fiscal Year 2015-16 and Finding Compliance With Article XIII B of the Constitution of the State of California." Discussion ensued regarding how the Appropriations Limit amounts were established.*

### 6. General Obligation Bond Tax Rates for Fiscal Year 2015-16

*Ruth Zintzun gave an update on the General Obligation Bond Tax Rates for Fiscal Year 2015-16. Staff recommends that the Board of Directors approve the resolution entitled, "Setting Tax Rates for Fiscal Year 2015-16." Discussion ensued about the tax rates.*

### 7. Laguna Sur Sewer Rates

*Richard Fiore recused himself from discussion on Laguna Sur Sewer Rates as his firm has provided legal services for the HOA. Staff recommends that the Board of Directors*

*approve the resolution entitled, "Setting Fiscal Year 2015-16 Sewer Service Charges and Usage Rates for Specified Parcels in Laguna Sur/Monarch Point Property to be Collected via Property Tax Statements on the FY 2015-16 Tax Roll, Directing Filing of Written Report and Calling a Hearing thereon (Laguna Sur/Monarch Point LAFCO Reorganization RO96-05)." Discussion ensued regarding the background and history of the Laguna Sur/Monarch Point Reorganization Area.*

**10. Rebate Applications for Turf Removal and Synthetic Turf Installation**

*This item was taken after Item #7. Richard Fiore returned to the meeting. Matt Collings gave an update on the Turf Removal Program. Staff recommends that the Board of Directors (1) consider the rebate applications for the identified project without a limitation on the maximum allowable acreage for each project and direct staff accordingly and (2) remove the maximum allowable acreage limitation for all projects. Discussion ensued regarding the rebate program. The cap for maximum allowable acreage limits for all projects was set at 25,000 sq. ft. until the August Board meeting, where Staff will provide a status update on funding from Metropolitan Water District of Southern California.*

**8. Amendment No. 4 to Professional Services Agreement - Public Financial Management, Inc.**

*Staff recommends that the Board of Directors approve Amendment No. 4 to the Professional Services Agreement with Public Financial Management, Inc. for a total amount of \$20,000, and authorize the General Manager to execute Amendment No. 4. Discussion ensued regarding the Amendment terms.*

**9. Professional Services Agreement - Michael Bell Management Consulting, Inc.**

*Staff recommends that the Board of Directors approve a Professional Services Agreement with Michael Bell Management Consulting for an amount not-to-exceed \$180,000 for continued technical and management support of District financial activities; and authorize the General Manager to execute the Agreement. Discussion ensued regarding the Agreement.*

**INFORMATION ITEMS**

**11. Update on Bond Issuance**

*Ruth Zintzun provided an update on the Bond Issuance.*

**12. Outreach Update**

*Joone Lopez and Richard Fiore provided an update on outreach planning.*

**13. Monthly Financial Report**

*Ruth Zintzun presented the monthly financial report.*

**14. Future Agenda Items (Any items added under this section are for discussion at future meetings only)**

*None.*

**15. Late Items (Appropriate Findings to be Made)**

*Staff has none.*

**CLOSED SESSION:**

**16. PURSUANT TO GOVERNMENT CODE SECTION 54957.6, A CLOSED SESSION WILL BE CONDUCTED FOR:**

Conference with Labor Negotiators

District Representatives: Donald Froelich & Richard Fiore

Unrepresented Employee: General Manager

*The Board entered closed session at 10:08 a.m. and exited at 11:33 a.m.*

**OPEN SESSION:**

**17. CONSIDERATION OF AN AMENDMENT TO THE GENERAL MANAGER'S CONTRACT**

Amend the General Manager's Contract

*The Board amended the General Manager's contract to reflect an annual compensation increase of 7.5%, a signing bonus of \$5,000.00, and a Fastrak assigned to the General Manager's vehicle.*

***MOTION DULY MADE BY LARRY LIZOTTE AND SECONDED BY BRIAN PROBOLSKY, THE GENERAL MANAGER'S CONTRACT WAS AMENDED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'. DIRECTOR GARY KURTZ WAS ABSENT.***

**ADJOURNMENT**

*The meeting was adjourned 11:36 a.m.*

Respectfully submitted,

Tim Bonita  
Recording Secretary

DRAFT







# Moulton Niguel Water District

## STAFF REPORT

**TO:** Board of Directors **MEETING DATE:** July 15, 2015

**FROM:** Ruth Zintzun, Finance Manager

**SUBJECT:** Laguna Sur Sewer Rates

**DIVISION:** District-Wide

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### SUMMARY:

Issue: Setting sewer service charges and usage rates for Laguna Sur/Monarch Point properties for fiscal year 2015-16.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled, "Adopting report of Annual Sewer Service Charges to be Collected via Property Tax Statements on Tax Roll for the Period Commencing July 1, 2015 (Laguna Sur/Monarch Point LAFCO Reorganization RO96-05)."

Fiscal Impact: No impact.

### BACKGROUND:

The Laguna Sur/Monarch Point Reorganization Area was detached from South Coast Water District (SCWD) and annexed into Moulton Niguel Water District (MNWD), effective April 1997. SCWD continues to provide sewer service to the Reorganization Area through contract with MNWD. As part of the terms and conditions of the reorganization, MNWD continues the prior SCWD practice of collection of the sewer service charges and rates on the tax roll, and then remits the charges and rates to SCWD.

### DISCUSSION:

On June 18, 2015, the Board of Directors approved to notice a public hearing to set sewer charges and usage rates for specified parcels in Laguna Sur/Monarch Point to be collected via property tax statements on the FY 2015-16 tax roll. Attached is a resolution to continue collection of the sewer service charges and rates for the Reorganization Area on the property tax bills for 412 customers that reside in the applicable area. The collection procedure under Health and Safety Code Section 5473 et seq. requires SCWD to prepare a report of the assessor parcel numbers and

## #4.

Laguna Sur Sewer Rates

July 15, 2015

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corresponding sewer service charges and rates. It also requires that MNWD notice a public hearing and adopt the report, absent a majority protest to the tax roll collection procedure. The proposed charges and rates are anticipated to be the same as those adopted for fiscal year 2014-15 by SCWD and MNWD in July 2013 pursuant to a Proposition 218 hearing process.

Attachment: Resolution entitled, "Adopting Report of Annual Sewer Service Charges to be Collected via Property Tax Statements on Tax Roll for the Period Commencing July 1, 2015 (Laguna Sur/Monarch Point LAFCO Reorganization RO96-05)."

**RESOLUTION NO. 15-\_\_\_\_\_**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
MOULTON NIGUEL WATER DISTRICT  
ADOPTING REPORT OF ANNUAL SEWER SERVICE CHARGES TO  
BE COLLECTED VIA PROPERTY TAX STATEMENTS ON TAX ROLL  
FOR THE PERIOD COMMENCING JULY 1, 2015**

**(LAGUNA SUR/MONARCH POINT LAFCO REORGANIZATION RO96-05)**

**WHEREAS**, the Moulton Niguel Water District (MNWD or District) is a California Water District organized and existing under the California Water District Law (California Water Code Section 34000 *et seq.*), and all of the land within the boundaries of said District are located in the County of Orange, State of California;

**WHEREAS**, pursuant to Orange County Local Agency Formation Commission (LAFCO) Reorganization RO96-05, certain real property commonly known as the Laguna Sur/Monarch Point area (“Property”) was detached from South Coast Water District (SCWD) and annexed to Moulton Niguel Water District (MNWD), subject to the terms and conditions approved by LAFCO for Reorganization RO96-05. Reference is made to the map and legal description depicting the boundaries of the Property under Reorganization RO96-05 attached to LAFCO’s Certificate of Completion recorded on April 30, 1997;

**WHEREAS**, included within the terms and conditions of Reorganization RO96-05 is the requirement that SCWD continue to provide for sewage collection, conveyance, treatment and disposal services to the Property, and annually furnish MNWD with SCWD’s authorized sewer service charges (“Reorganization Sewer Service Charges”) in sufficient time for MNWD to arrange for the continued collection of such charges on the tax roll;

**WHEREAS**, after individual notice to property owners of parcels within the Property, a public hearing pursuant to Health and Safety Code Section 5473, *et seq.*, and adoption of Ordinance No. 180 entitled “An Ordinance of the Board of Directors of South Coast Water District Establishing Method for Billing Sewer Service Charges for the Fiscal Year Commencing July 1, 1995,” on July 25, 1995, as thereafter supplemented by SCWD Ordinance Nos. 186 and 188 and subsequent ordinances and resolutions, SCWD approved the Reorganization Sewer Service Charges to be collected from parcels within the Property via the property tax statements on the tax roll, and the District thereafter provided for the collection of the Reorganization Sewer Service Charges, as revised from time to time by SCWD, via the property tax statements on the tax roll;

**WHEREAS**, SCWD most recently revised the Reorganization Sewer Service Charges for the Property for years 2013-14 and 2014-15 in July, 2013 (“2013 SCWD Rate Revisions”);

## #4.

**WHEREAS**, MNWD adopted Ordinance No. 13-01 authorizing the 2013 SCWD Rate Revisions for the Property, and the 2014-15 rates so authorized will continue to apply in 2015-16 and thereafter until otherwise adjusted by SCWD in the future and implemented by MNWD;

**WHEREAS**, the Board of Directors of MNWD (the "Board") finds it in MNWD's best interest to continue to collect the Reorganization Sewer Service Charges on the tax roll via the property tax statements;

**WHEREAS**, by Resolution No. 15-20 adopted on June 18, 2015, the Board elected to continue to have the Reorganization Sewer Service Charges for parcels within the Property collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, general taxes pursuant to Section 5473 *et seq.* of the California Health and Safety Code, effective July 1, 2015, subject to a public hearing thereon and the consideration of all protests and objections to such collection practice;

**WHEREAS**, pursuant to Resolution No. 15-20 a report ("Report") has been filed with the District Secretary containing a description of such parcels and the corresponding Reorganization Sewer Service Charges to be collected effective July 1, 2015, which Report is attached hereto as Exhibit A and incorporated herein by this reference;

**WHEREAS**, pursuant to Health and Safety Code Section 5473.1, the filing of the Report and notice of public hearing thereon was duly noticed as required by law by publication once each week for two successive weeks in the *Orange County Register*, a newspaper of general circulation, printed and published in the Property boundaries, such hearing to be held on July 16, 2015, at 6:00 p.m. (or as soon thereafter as practicable) at the Board Meeting Room located at 27500 La Paz Road, Laguna Niguel, California 92677;

**WHEREAS**, at the time set, the duly noticed public hearing was held and all persons interested were given an opportunity to be heard concerning the Report and to submit any objections or protests to the Report; and

**WHEREAS**, the Board finds it in MNWD's best interest to continue to collect the Reorganization Sewer Service Charges in accordance with the 2013 SCWD Rate Revisions on the tax roll via the property tax statements.

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

**Section 1.** The Recital clauses and findings set forth above are incorporated herein.

**Section 2.** The Board hereby determines that protests to the Report were not made by the owners of a majority of separate parcels of the Property described in the Report.

**Section 3.** The Board hereby adopts the Report attached as Exhibit A to this Resolution containing a description of the parcels comprising the Property for which the Reorganization Sewer Service Charges shall be collected via property tax statements on the tax

roll and containing the amount of the charges for each parcel effective July 1, 2015, computed in conformity with the schedule of rates and charges approved by the Board pursuant to MNWD Ordinance No. 13-01, which ordinance adopted the SCWD 2013 Rate Revisions, as described above in the Recitals.

**Section 4.** The Secretary is hereby authorized and directed to endorse on the Report a statement that the Report was adopted by this Board of Directors on July 16, 2015, and to take whatever other action is required by the County of Orange Auditor-Controller (or other County officers) in regard thereto.

**Section 5.** The Secretary is hereby authorized and directed to file a copy of the Report with the County of Orange Auditor-Controller (or such other County officers as may request same).

**Section 6.** The County of Orange Auditor-Controller (and such other County officers as required) be, and hereby is, ordered and directed to add the Reorganization Sewer Service Charges to the 2015-2016 secured tax roll in accordance with the Report.

**Section 7.** The Secretary shall cause a copy of this Resolution and the Report, in either written or electronic form, to be filed with the County of Orange Auditor-Controller (or such County officers as required) on or before August 10, 2015, or such other date as permitted by the County officers.

**#4.**

**ADOPTED, SIGNED and APPROVED** this 16<sup>th</sup> day of July 2015.

**MOULTON NIGUEL WATER DISTRICT**

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

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

**APPROVED AS TO FORM:**

BOWIE, ARNESON, WILES & GIANNONE  
Legal Counsel - MNWD

By: \_\_\_\_\_  
Patricia B. Giannone

**Exhibit A**

**Report of Assessor Parcels – Reorganization Sewer Service Charges Fiscal Year 2015-16**







# Moulton Niguel Water District

## STAFF REPORT

**TO:** Board of Directors                      **MEETING DATE:** July 15, 2015

**FROM:** Gina Hillary, Director of Human Resources  
Carole Wayman-Piascik, Accounting Supervisor

**SUBJECT:** Selection of the Annual Lump Sum Prepayment Option for  
Unfunded Accrued Liability to CalPERS for FY 2015-16

**DIVISION:** District-Wide

### SUMMARY:

Issue: The District is required to remit employer contributions to the California Public Employees Retirement System (CalPERS).

Recommendation: It is recommended that the Board of Directors elect the annual lump sum prepayment option to pay for the unfunded accrued liability to CalPERS for FY 2015-16.

Fiscal Impact: Should the District exercise this option, there would be a savings of \$19,222 for FY 2015-16.

### BACKGROUND:

CalPERS conducts an annual actuarial valuation of our retirement plan to determine required employer contributions. Beginning with Fiscal Year 2015-16, CalPERS changed the billing process for collecting employer contributions. The normal cost portion of employer contributions must be paid as a percentage of payroll. The unfunded accrued liability portion may be paid as an annual lump sum pre-payment or as a monthly dollar amount.

The FY 2015-16 required employer contribution determined by the CalPERS actuarial valuation is summarized in the following table:

<b>Tier</b>	<b>1</b>	<b>2</b>	<b>3</b>
Normal Cost Rate	10.386%	9.454%	6.724%
Unfunded Accrued Liability	\$539,377	\$1,946	\$(96)

## #5.

Selection of the Annual Lump Sum Prepayment Option for  
Unfunded Accrued Liability to CalPERS for FY 2015-16

July 15, 2015

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### **DISCUSSION:**

CalPERS offers two options for employers to pay the unfunded accrued liability:

- Option 1: Lump sum pre-payment of \$522,098
- Option 2: Monthly payments of \$45,110 (total for 12 months = \$541,320)

If the District elects Option 1, the lump sum pre-payment is due to CalPERS prior to August 1, 2015 and would save the District \$19,222.

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

Results of operations for the eleven months ended May 31, 2015, as compared to the eleven months ended May 31, 2014, 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 eleven months compared to the budget. This report shows how actual expenses compared to the adopted budget through the first eleven months of the fiscal year. 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 \$45.9 million, or 87% of the annual \$53.0 million budget. Operating expenses were \$57.5 million, or 85% of the annual \$67.7 million budget.

Non-operating revenues are approximately at 117% of budget for the Fiscal Year due to the receipt of property tax revenue and a refund from the District's water supplier associated with historic water use adjustments.

**Statement of Net Position**

The Statement of Net Position shows the District's assets and liabilities as of May 31, 2015, compared to the balances at fiscal year ended June 30, 2014. Overall, assets were about \$0.9 million less than at June 30, 2014, primarily due to in decrease in restricted cash and investments as a result of executing capital projects. Liabilities have decreased by approximately \$12.2 million since June 30, 2014, due to debt service payments. As a result, the District's net position increased by approximately \$10.9 million for the month ending May 31, 2015, compared to fiscal year ending June 30, 2014.

**Revenues**

Total revenues for the eleven months ended May 31, 2015, were \$84.0 million, approximately \$0.7 million more than from May 31, 2014, due to an increase in other non-operating revenues as a result of a refund from the District's water supplier associated with historic water use adjustments as well as increased property tax revenues. Total operating revenues for the month ended May 31, 2015, were \$45.9 million, a decrease of \$2.6 million compared to May 31, 2014, primarily due to reduced water sales as a result of the prolonged drought. Reduced water sales were offset by lower water purchase cost, resulting in a minimal impact to the total net position.

**Expenses**

Total expenses for the eleven months ended May 31, 2015, were \$78.3 million, approximately \$2.4 million more than from May 31, 2014, partially due to increased activity in the Water Efficiency Fund. Total operating expenses were \$55.2 million, an increase of \$1.7 million from last year. Other operating expenses for the eleven months ended May 31, 2015, were \$17.7 million, an increase of \$1.5 million compared to \$16.2 million on May 31, 2014 due to increased Water Efficiency Fund spending. Other non-operating expenses for the eleven months ended May

## **#9.a.**

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

31, 2015, totaled \$5.4 million, a decrease of approximately \$0.9 million or 13.9% compared to \$6.3 million on May 31, 2014.

#### **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 \$10.0 million at May 31, 2015, a decrease of \$12.4 million from June 30, 2014, due to ongoing construction at the Baker Water Treatment Plant.

#### **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 increased by approximately \$8.4 million since June 30, 2014, due to property tax receipts. Restricted fund balances are \$8.6 million, a decrease of \$0.7 million compared to June 30, 2014. This decrease is due to debt service payments.

**Moulton Niguel Water District  
Summary - Budget Comparison Report  
Eleven Months Ended May 31, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<b><u>GENERAL FUND &amp; WATER EFFICIENCY FUND:</u></b>				
Operating Revenues	\$ 53,033,500	\$ 45,942,700	\$ 7,090,800	87%
Operating Expenses	67,653,553	57,546,977	10,106,576	85%
Operating Income (Loss)	(14,620,053)	(11,604,277)	(3,015,776)	79%
Non-Operating Revenues (Expenses)	32,449,771	37,859,107	(5,409,336)	117%
<b>Total Change in Funds</b>	<b>\$ 17,829,718</b>	<b>\$ 26,254,829</b>	<b>\$ (8,425,111)</b>	<b>147%</b>
<b><u>GENERAL FUND:</u></b>				
Operating Revenues	\$ 49,683,500	\$ 42,202,456	\$ 7,481,044	85%
Operating Expenses	63,991,103	54,767,533	9,223,570	86%
Operating Income (Loss)	(14,307,603)	(12,565,078)	(1,742,526)	88%
Non-Operating Revenues (Expenses)	32,329,771	37,708,390	(5,378,619)	117%
<b>Change in General Fund</b>	<b>\$ 18,022,168</b>	<b>\$ 25,143,312</b>	<b>(7,121,144)</b>	<b>140%</b>
<b><u>WATER EFFICIENCY FUND:</u></b>				
Operating Revenues	\$ 3,350,000	\$ 3,740,244	(390,244)	112%
Operating Expenses	3,662,450	2,779,443	883,006	76%
Operating Income (Loss)	(312,450)	960,800	(1,273,250)	-308%
Non-Operating Revenues (Expenses)	120,000	150,717	(30,717)	126%
<b>Change in Water Efficiency Fund</b>	<b>\$ (192,450)</b>	<b>\$ 1,111,517</b>	<b>(1,303,967)</b>	<b>-578%</b>

**Moulton Niguel Water District**  
**General Fund - Budget Comparison Report**  
**Eleven Months Ended May 31, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<b>GENERAL FUND</b>				
<b><u>Operating Revenues</u></b>				
Water Sales	\$ 27,325,000	\$ 22,725,105	\$ 4,599,895	83%
Recycled Water Sales	4,725,000	4,380,213	344,787	93%
Sewer Sales	17,150,000	14,773,035	2,376,965	86%
Other Operating Income	483,500	324,103	159,397	67%
<b>Total Operating Revenue</b>	<b>49,683,500</b>	<b>42,202,456</b>	<b>7,481,044</b>	<b>85%</b>
<b><u>Operating Expenses</u></b>				
Salaries	9,550,317	8,531,496	1,018,822	89%
PERs Employer Contributions	990,416	915,746	74,669	92%
PERs Employee Contributions	196,566	171,455	25,110	87%
PERs Other (Side fund, 401A)	214,956	183,656	31,300	85%
Educational Courses	51,720	19,559	32,161	38%
Travel & Meetings	251,034	167,419	83,615	67%
Employee Relations	14,800	9,241	5,559	62%
General Services	402,776	330,174	72,602	82%
Annual Audit	40,000	40,665	(665)	102%
Member Agencies O&M	1,231,370	1,130,003	101,367	92%
Dues & Memberships	93,968	83,786	10,182	89%
Election Expenses	150,000	10,173	139,827	7%
Consulting Services	1,602,900	1,057,706	545,194	66%
Equipment Rental	65,000	59,933	5,067	92%
District Fuel	340,000	210,375	129,625	62%
Insurance - District	576,151	466,000	110,151	81%
Insurance - Personnel	468,100	355,091	113,008	76%
Insurance - Benefits	2,360,333	2,038,661	321,673	86%
Legal Services - Personnel	50,000	3,747	46,254	7%
Legal Services - General <sup>1</sup>	170,000	161,497	8,503	95%
District Office Supplies	499,900	498,333	1,567	100%
District Operating Supplies	315,850	264,636	51,214	84%
Repairs & Maintenance - Equipment	867,287	538,568	328,719	62%
Repairs & Maintenance - Facilities	3,550,995	2,652,674	898,321	75%
Safety Program & Compliance Requirements	285,250	121,620	163,630	43%
SOCWA	8,450,820	8,357,209	93,611	99%
Special Outside Assessments	230,300	200,296	30,004	87%
Utilities	2,126,000	1,835,220	290,780	86%
Water Purchases	27,976,295	23,800,608	4,175,687	85%
Meter / Vault Purchases	868,000	551,988	316,012	64%
<b>Total Operating Expenses</b>	<b>63,991,103</b>	<b>54,767,533</b>	<b>9,223,570</b>	<b>86%</b>
<b>Operating Income (Loss)</b>	<b>(14,307,603)</b>	<b>(12,565,078)</b>	<b>\$ (1,742,526)</b>	<b>88%</b>
<b><u>Non-Operating Revenues (Expenses)</u></b>				
Property Tax Revenue	21,848,500	23,552,844	\$ (1,704,344)	108%
Investment Income	2,973,207	2,889,507	83,700	97%
Cellular Lease Income	1,740,000	1,574,522	165,478	90%
Misc. Non-Operating Income	5,768,064	9,691,517	(3,923,453)	168%
<b>Total Non-Operating Revenue (Expenses)</b>	<b>32,329,771</b>	<b>37,708,390</b>	<b>(5,378,619)</b>	<b>117%</b>
<b>Change in General Fund</b>	<b>\$ 18,022,168</b>	<b>\$ 25,143,312</b>	<b>\$ (7,121,144)</b>	<b>140%</b>

1. Detail of Legal Services - General can be found on the next page.

Moulton Niguel Water District  
General Fund - Budget Comparison Report  
Eleven Months Ended May 31, 2015

Legal Services - General

Firm	Operating	Capital	Total
Bowie, Arneson, Wiles & Giannone	\$ 95,405	\$ 15,729	\$ 111,134
Best Best & Krieger LLP	58,355	100	58,455
Downey Brand, Attorneys	7,737	130,740	138,477
Total	\$ 161,497	\$ 146,569	\$ 308,066

**#9.b.**

**Moulton Niguel Water District  
Water Efficiency Fund - Budget Comparison Report  
Eleven Months Ended May 31, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<b>WATER EFFICIENCY FUND</b>				
<b><u>Operating Revenue</u></b>				
Water Efficiency	\$ 3,350,000	\$ 3,740,244	\$ (390,244)	112%
<b>Total Operating Revenue</b>	<b>3,350,000</b>	<b>3,740,244</b>	<b>(390,244)</b>	<b>112%</b>
<b><u>Operating Expenses</u></b>				
Salaries	326,918	313,533	13,385	96%
PERs Employer Contributions	30,463	28,800	1,663	95%
PERs Employee Contributions	11,403	9,521	1,882	83%
Educational Courses	500	155	345	31%
Travel & Meetings	2,700	3,031	(331)	112%
Dues & Memberships	500	-	500	0%
Insurance - Personnel	4,131	7,757	(3,626)	188%
Insurance - Benefits	75,900	64,714	11,186	85%
District Office Supplies	77,810	51,942	25,868	67%
Water Efficiency	3,132,124	2,299,988	832,136	73%
<b>Total Operating Expenses</b>	<b>3,662,450</b>	<b>2,779,443</b>	<b>883,006</b>	<b>76%</b>
<b>Operating Income (Loss)</b>	<b>(312,450)</b>	<b>960,800</b>	<b>(1,273,250)</b>	<b>-308%</b>
<b><u>Non-Operating Revenue</u></b>				
Investment Income	120,000	150,717	(30,717)	126%
<b>Total Non-Operating Revenue</b>	<b>120,000</b>	<b>150,717</b>	<b>\$ (30,717)</b>	<b>126%</b>
<b>Change in Water Efficiency Fund</b>	<b>\$ (192,450)</b>	<b>\$ 1,111,517</b>	<b>\$ (1,303,967)</b>	<b>-578%</b>



**MOULTON NIGUEL WATER DISTRICT**  
**STATEMENT OF NET POSITION**

	<u>(Unaudited)</u> <u>May 31, 2015</u>	<u>(Audited)</u> <u>June 30, 2014</u>
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ 35,738,276	\$ 33,152,442
Restricted cash and investments with fiscal agent	10,039,618	22,445,383
Accounts receivables:		
Water and sanitation charges	3,734,551	5,555,769
Taxes and acreage assessments	-	355,126
Other accounts receivable	(316,003)	232,218
Interest receivable	681,954	704,810
Current portion of AMP receivable	1,302	23,663
Inventory	1,679,359	1,511,749
Prepaid expenses	458,704	302,644
<b>TOTAL CURRENT ASSETS</b>	<u>52,017,760</u>	<u>64,283,804</u>
<b>NONCURRENT ASSETS:</b>		
Investments	117,152,167	111,989,559
Retrofit loans receivable	600,299	629,243
AMP Receivable	-	43,830
Net pension asset (CalPERS sidefund payoff)	3,061,616	2,945,897
Capital assets, net of accumulated depreciation	337,320,004	350,982,233
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	34,641,452	14,785,817
<b>TOTAL NONCURRENT ASSETS</b>	<u>493,867,448</u>	<u>482,468,489</u>
<b>TOTAL ASSETS</b>	<u>545,885,208</u>	<u>546,752,293</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>		
Deferred Charges on Refunding	720,169	1,136,314
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>720,169</u>	<u>1,136,314</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 546,605,377</u>	<u>\$ 547,888,607</u>

**MOULTON NIGUEL WATER DISTRICT**  
**STATEMENT OF NET POSITION**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>May 31, 2015</b>	<b>June 30, 2014</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 5,181,489	\$ 6,932,494
Interest payable	1,530,281	2,133,231
Compensated absences	494,038	397,440
Current portion of long-term debt:		
Bonds payable	5,685,000	5,465,000
Loans Payable	3,909,929	2,071,133
Certificates of participation	<u>1,780,000</u>	<u>1,715,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>18,580,737</u>	<u>18,714,299</u>
 <b>LONG-TERM LIABILITIES</b>		
Compensated absences	164,679	132,479
Long-term debt:		
Bonds payable	10,165,000	15,850,000
Loans payable	8,888,689	12,948,778
Certificates of participation	<u>78,300,000</u>	<u>80,080,000</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>97,518,368</u>	<u>109,011,257</u>
 Bond Discount/Premium	1,338,560	1,884,190
<b>TOTAL LIABILITIES</b>	<u>117,437,665</u>	<u>129,609,745</u>
 <b>NET POSITION:</b>		
Net investment in capital assets	276,277,269	269,994,246
Restricted for capital projects and GOB Refunding	1,510,862	931,603
Unrestricted	<u>151,379,581</u>	<u>147,353,013</u>
<b>TOTAL NET POSITION</b>	<u>429,167,712</u>	<u>418,278,862</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 546,605,377</u>	<u>\$ 547,888,607</u>

*Note: Totals may not sum due to rounding.*

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

	(Unaudited)	
	Eleven Months Ended May 31,	
	2015	2014
<b>Operating Revenues:</b>		
Water Sales	\$ 22,725,105	\$ 24,474,852
Recycled Water Sales	4,380,213	4,453,491
Sewer Sales	14,773,035	15,763,453
WBBRS Efficiency Funds	3,740,244	3,315,415
Other Operating Income	324,103	547,548
<b>Total Operating Revenues</b>	45,942,700	48,554,759
<b>Non-Operating Revenues:</b>		
Investment Income <sup>1</sup>	3,040,224	3,040,625
Property Tax Revenue	23,552,844	22,180,966
GOB Assessment	4,840,732	6,457,232
Other Non-Operating Revenues	6,586,193	2,990,059
<b>Total Non-Operating Revenues</b>	38,019,992	34,668,882
<b>TOTAL REVENUES</b>	83,962,692	83,223,641
<b>Operating Expenses:</b>		
Water Purchases	23,800,608	24,480,296
Meter Purchases	551,988	674,135
Operating Supply and Maintenance	3,847,805	3,981,777
Salaries and Benefits	10,115,967	8,906,680
Election Expenses	10,173	-
Professional Services	1,263,614	688,403
Member Agencies O&M	1,130,003	918,306
Insurance	2,932,223	2,954,048
SOCWA	8,357,209	7,835,573
Utilities	1,835,220	1,805,356
General, Administrative, and Other	1,363,937	1,217,978
<b>Total Operating Expenses</b>	55,208,748	53,462,550

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

	(Unaudited)	
	Eleven Months Ended May 31,	
	2015	2014
<b>Other Operating Expenses:</b>		
Depreciation and Misc. Operating Revenue	15,416,978	15,175,900
Water Efficiency	2,237,579	966,019
<b>Total Other Operating Expenses</b>	\$ 17,654,557	\$ 16,141,919
<b>Non Operating Expenses:</b>		
Interest Expense	\$ 5,526,230	\$ 5,914,725
Amortization and Misc. Non-Operating Expense	(99,574)	389,507
<b>Total Non Operating Expenses</b>	5,426,656	6,304,232
<b>TOTAL EXPENSES</b>	78,289,961	75,908,701
<b>Capital Contributions:</b>		
Connection Fees	550,307	487,946
Donated Facilities	-	-
Contributed Revenue <sup>2</sup>	4,665,812	-
<b>Total Capital Contributions</b>	5,216,119	487,946
<b>CHANGE IN NET POSITION</b>	\$ 10,888,850	\$ 7,802,886
<b>Net Position, Beginning</b>	\$ 418,278,862	\$ 411,940,088
<b>Change in Net Position</b>	10,888,850	7,802,886
<b>Net Position, Ending</b>	\$ 429,167,712	\$ 419,742,974

*Note: Totals may not sum due to rounding.*

1. Investment income is comprised of realized income of \$2,623,146.47 and unrealized income of \$417,077.08

2. Contributed Revenue consists of grant revenues received for previously completed capital projects.

**MOULTON NIGUEL WATER DISTRICT**  
**RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT**  
**AS OF MAY 31, 2015**

	(Audited) Balance 6/30/2014	Net Change	(Unaudited) Balance 5/31/2015
<b><u>Restricted Cash and Investments:</u></b>			
DWR Trust Reserves	\$ 615,715	\$ 19	\$ 615,734
2003 COPS Trust Reserve	2,514,893	(10,435)	2,504,458
2009 COPS Trust Reserve	6,032,816	(9,554)	6,023,262
2009 COPS Project Fund	12,385,581	(12,385,581)	-
2010 COPS Trust Reserves	896,263	(99)	896,164
2014 Refunding Bonds	115	(115)	-
<b>Total Restricted Trust Accounts</b>	<b><u>\$ 22,445,385</u></b>	<b><u>\$ (12,405,766)</u></b>	<b><u>\$ 10,039,618</u></b>

*Note: Totals may not sum due to rounding.*



**MOULTON NIGUEL WATER DISTRICT**  
**UNRESTRICTED AND RESTRICTED FUND BALANCES**  
**AS OF MAY 31, 2015**

	(Audited)		(Unaudited)	
	Balance	Net Change	Balance	Reserve Policy Target
	6/30/2014	Net Change	5/31/2015	Target
<b><u>Unrestricted Fund Balances:</u></b>				
Designated for Self Insurance Reserves	\$ 1,293,508	\$ (1,038,254)	255,254	\$ 250,000
Designated for Water Efficiency (WBBRS) <sup>1</sup>	6,691,089	1,173,927	7,865,016	n/a
Designated for Replacement and Refurbishment	27,397,177	(11,963,469)	15,433,707	17,061,912
Designated for Water Supply Reliability	4,886,211	(3,711,439)	1,174,772	n/a
Designated for Planning and Construction	29,730,932	(295,477)	29,435,455	n/a
Designated for Rate Stabilization	9,815,536	1,211,307	11,026,843	11,055,461
Designated for Emergency Reserve	-	6,884,925	6,884,925	6,884,925
Unrestricted, undesignated <sup>2</sup>	56,084,280	16,161,309	72,245,589	20,262,901
<b>Total Unrestricted Fund Balance</b>	<b>135,898,733</b>	<b>8,422,828</b>	<b>144,321,561</b>	<b>55,515,199</b> <sup>3</sup>
<b><u>Restricted Fund Balances:</u></b>				
Restricted 2014 GOB Consolidated Refunding	8,311,666	(1,253,647)	7,058,020	
Restricted for Capital Facilities (Projects)	931,602	579,260	1,510,862	
<b>Total Restricted Fund Balance</b>	<b>9,243,269</b>	<b>(674,387)</b>	<b>8,568,882</b>	
<b>Total Unrestricted and Restricted Fund Balance</b>	<b>\$ 145,142,002</b>	<b>\$ 7,748,441</b>	<b>\$ 152,890,443</b>	

Note: Totals may not sum due to rounding.

1. In addition to realized expenditures, there is \$1,169,607 in project commitments, reducing the available fund balance to \$6,695,409.
2. Unrestricted, undesignated funds include the General Operating Reserve as well as the regular District cash flows.
3. 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 JUNE 2015**

**Summary of Disbursements in June 2015:**

General Fund Disbursements		5,124,261
<b><u>Restricted Fund Disbursements:</u></b>		
Self Insurance Fund	4,705	
WBBRS Efficiency Fund	160,790	
Replacement & Refurbishment Fund	2,118,747	
Water Supply Reliability Fund	8,495	
Planning & Construction Fund	67,394	
DWR Loan	500	
<b>Total Disbursements for all Funds</b>	<b>2,360,631</b>	<b>2,360,631</b>
	<b>\$</b>	<b>7,484,892</b>

**Detail of Major Expenditures in June 2015:**

1. Municipal Water District of Orange County (MWDOC)		
April Water Purchases 2,215.4 AF	2,045,922	
April Readiness to Serve	154,286	
April Capacity Charge	40,196	
April SCP Operation Surcharge	8,090	
April Spray to Drip Residential Rebates	1,839	
March WaterSmart Residential Rebates	62,409	
March Reclaimed Rebate 350.1 AF	(53,915)	
	<b>2,258,827</b>	<b>2,258,827</b>
2. South Orange County Wastewater Authority (SOCWA)		
FY 2014/15 Q4 Capital Project Billings		<b>1,429,322</b>
3. J. Colon Coatings, Inc.		
C# 2013.001 East Aliso Creek Recoat, progress payment #8		<b>192,751</b>
4. South Coast Water District (SCWD)		
FY 2014/15 RO# 96-05 2nd Local Agency Formation Commission (LAFCO)		<b>160,491</b>
5. ACCO Engineered Systems		
C#'s 2012.007 and 2012.008 Lower Salada & Regional LS Ventilation, progress payment #1		<b>133,659</b>
6. T.E. Roberts, Inc.		
C# 2014.007 La Siena Mainline Replacement, progress payment #2	72,386	
C# 2006.099 MNWD Inter-Tie to El Toro Water District (ETWD), progress payment #1	54,649	
	<b>127,035</b>	
7. Paulus Engineering, Inc.		
C# 2014.008 Valve Replacement, progress payment #1		<b>106,529</b>

