



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

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE MARCH 20, 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.

DISCUSSION ITEMS

4. Audit Engagement
5. Municipal Water District of Orange County (MWDOC) Draft Fiscal Year 2015-16 Budget
6. Rebate Applications for Turf Removal and Synthetic Turf

INFORMATION ITEMS

7. 2003 Certificates of Participation Refunding
8. Outreach 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 March 2015
10. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
11. 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

March 18, 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 March 18, 2015. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President
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
Michael Bell	Public Financial Management
Brian Thomas	Public Financial Management
Kelly Salt	Best, Best, & Kreiger
Paige Gulck	Board Secretary
Drew Atwater	MNWD
Eva Plajzer	MNWD
Megan Schneider	MNWD
Carole Wayman-Piascik	MNWD
Kelly Winsor	MNWD
Scott Dey	Mission Viejo Country Club
Lynn Farrar	Mission Viejo Country Club

#2.

1. CALL MEETING TO ORDER

The meeting was called to order by Brian Probolsky at 8:33 a.m.

2. APPROVE THE MINUTES OF THE FEBRUARY 18, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY RICHARD FIORE AND SECONDED BY DUANE CAVE, MINUTES OF THE FEBRUARY 18, 2015 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, LARRY LIZOTTE, AND BRIAN PROBOLSKY ALL VOTING 'AYE'.

3. PUBLIC COMMENTS

None.

PRESENTATION ITEMS

4. Outreach Update

Joone Lopez provided an update on outreach efforts. Information will be provided on a monthly basis.

5. 2003 Certificates of Participation Refinancing

Ruth Zintzun presented information regarding refinancing the 2003 Certificate of Participation. Discussion ensued regarding potential savings to the District and current interest rates. Staff will conduct additional work and bring back a recommendation.

DISCUSSION ITEMS

6. Water Efficiency Fund Policy Revisions

Ruth Zintzun described the revisions to the Water Efficiency Fund policy. The revisions stemmed from efforts to clarify the purpose, source, and use of funds to enhance transparency. Adoption of a resolution approving the revisions is on the agenda for the board meeting on Thursday, March 19, 2015.

7. Variance Procedures Revisions

Ruth Zintzun reviewed revisions to the Variance Procedure. Terms used in the policy were defined, and the major changes were discussed. Adoption of a resolution approving the revisions is on the agenda for the board meeting on Thursday, March 19, 2015.

8. Rules and Regulations Revisions due to Omnibus Bill (AB 2747)

Joone Lopez provided background on the revisions to the Rules and Regulations as a result of AB 2747. Adoption of a resolution approving the revisions is on the agenda for the board meeting on Thursday, March 19, 2015.

9. Rebate Applications for Turf Removal and Synthetic Turf

Scott Dey from Mission Viejo Country Club presented their request for a rebate on turf removal. Discussion ensued regarding phasing of the project. The Country Club was asked to provide more in-depth plans at the April meetings.

Duane Cave left at 10:48 a.m.

INFORMATION ITEMS

10. Enterprise Resource Planning (ERP) Update

This item was continued to the Thursday, March 19, 2015, Board of Directors meeting.

11. Monthly Financial Report

Ruth Zintzun presented the monthly financial report.

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

Donald Froelich requested a review of tier 5 usage.

13. Late Items (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT

The meeting was adjourned at 11:27 a.m. and was continued to the Thursday, March, 19, 2015 Board of Director's meeting at 6:00 p.m.

Respectfully submitted,

Paige Gulck
Board Secretary



Moulton Niguel Water District

STAFF REPORT

TO: Board of Directors **MEETING DATE:** April 15, 2015
FROM: Ruth Zintzun, Finance Manager
SUBJECT: Audit Engagement
DIVISION: District-Wide

SUMMARY:

Issue: Engagement of an independent auditor for fiscal year ending June 30, 2015.

Recommendation: This is an information item only.

Fiscal Impact: None

BACKGROUND:

Following a Request for Proposal process in Spring 2014, the Board of Directors (Board) approved a three year contract with Lance, Soll & Lunghard, LLP (LSL) to serve as the District’s independent auditor.

Additionally, the Board has established an Audit Ad Hoc (Ad Hoc) to assist in providing oversight and review of the District’s annual audit.

In March 2015, the Ad Hoc met to prepare for the upcoming audit and identified Agreed-Upon-Procedures (AUPs), specific areas of the District’s finances or operations to be audited in addition to the standard annual financial statement audit. Once complete, the Ad Hoc will conduct a comprehensive review of the AUP reports with staff and the District’s auditor. A summary of the AUP reports will be presented to the full Board.

Following the completion of the auditor’s initial review of the year end financials, the Ad Hoc will meet with staff and the auditors to discuss any recommendations that are immaterial to the audit and are not included in the Comprehensive Annual Financial Report.

#4.

Audit Engagement

April 15, 2015

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DISCUSSION:

Attached are two letters from the District's independent auditor, Lance, Soll & Lunghard, LLP. The Engagement letter communicates the scope of the audit. The Audit Communication letter establishes a line of communication between the Board and the auditor for the upcoming audit and the risks that are addressed by the audit process as recommended by the *Statement on Auditing Standards No. 114, The Auditor's Communication with Those Charged with Governance*.

- Attachments:
1. Engagement Letter from Lance, Soll & Lunghard, LLP dated March 25, 2015.
 2. Audit Communication Letter from Lance, Soll & Lunghard, LLP dated March 25, 2015.
 3. Audit calendar for fiscal year ending June 30, 2015.

March 25, 2015

To the Board of Directors and Management of
Moulton Niguel Water District, Laguna Niguel, CA

We are pleased to confirm our understanding of the services we are to provide Moulton Niguel Water District (District), which includes the component units, for the fiscal year ended June 30, 2015. We will audit the financial statements, including the related notes to the financial statements, which collectively comprise the basic financial statements of Moulton Niguel Water District as of and for the fiscal year ended June 30, 2015. In addition, we will audit the financial statements of the Moulton Niguel Water District Public Facilities Corporation, a nonprofit entity, (Corporation) (a component unit of the Moulton Niguel Water District), which comprise the statement of financial position, the related statements of activities, and cash flows for the year ended, and the related notes to the financial statements. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Schedule of proportionate share of the Net Pension Liability
- 3) Schedule of Contributions (related to CalPERS Cost-sharing Plan)

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Revenues, Expenses, and Other Sources (Uses) of Funds
- 2) Operations and Maintenance (O&M) Budget Comparison Report

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Section



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Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the State controller's Minimum Audit Requirements for California Special Districts; and the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to management and the Board of Directors of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that Moulton Niguel Water District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

If a Single Audit is required, we will also provide a report on internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. This report will also state the report is not suitable for any other purpose.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related



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notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed



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in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on



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internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Moulton Niguel Water District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Additional services requested

You have requested that we perform additional services nonaudit services in conjunction with the audit services identified above. These services include preparation of tax returns for the Corporation and agreed upon procedures that will be communicated with you regarding the scope of the additional services and the estimated fees in a separate letter. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account, such as in preparing the state controller's report. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on the availability of your key personnel, deadlines, and working conditions. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.



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We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of LSL CPAs and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to California Society of Certified Public Accountants or the American Institute of Certified Public Accountants or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of LSL CPAs personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the California Society of Certified Public Accountants or the American Institute of Certified Public Accountants, or Pass-through Entity. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately April 27, 2015 and to issue our reports no later than December 31, 2015. Deborah A. Harper, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our contracted rate state in the Professional Services Agreement for Independent Auditing Services dated April 7, 2014, exhibit B. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

If any disputes, controversy, or claim arises, either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the Rules of the American Arbitration Association or such other neutral facilitator acceptable to both parties. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.



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Each party may disclose any facts to the other party or to the mediator which it, in good faith, considers necessary to resolve the matter. All such discussions, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during negotiations. The mediator may not act as a witness for either party in any subsequent arbitration between parties.

The mediation proceedings will conclude within sixty days from receipt of the written notice unless extended or terminated sooner by mutual consent. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any will be borne equally by the parties.

If any dispute, controversy, or claim cannot be resolved by mediation, then the dispute, controversy, or claim will be settled by arbitration in accordance with the Rules of the American Arbitration Association (AAA) for the Resolution of Accounting Firm Disputes. No prehearing discovery will be permitted unless specifically authorized by the arbitration panel. The arbitration hearings will take place in the District closest to the place where this agreement was performed in which the AAA maintains an office, unless the parties agree to a different locale.

The award issued by the arbitration panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including (1) the fees and expenses of the AAA and the arbitrators and (2) the costs, including reasonable attorneys' fees, necessary to confirm the award in court, will be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

We have provided you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2013 peer review report accompanies this letter.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We appreciate the opportunity to be of service to Moulton Niguel Water District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

RESPONSE:

This letter correctly sets forth the understanding of Moulton Niguel Water District.

Management signature: _____

Title: _____

Date: _____

#4.

R.H. JOHNSTON ACCOUNTANCY INC.

A Professional Corporation
21300 Victory Boulevard, Suite 750
Woodland Hills, California 91367
(818) 346-9800
Fax (818) 346-0609

System Review Report

November 13, 2013

To the Partners of Lance, Soll & Lunghard, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP (the firm) in effect for the year ended May 31, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, and an audit of employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Lance, Soll & Lunghard, LLP in effect for the year ended May 31, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lance, Soll & Lunghard, LLP has received a peer review rating of *pass*.

R.H. Johnston Accountancy Inc.

March 25, 2015

To the Board of Directors
Moulton Niguel Water District, California

We are engaged to audit the financial statements of Moulton Niguel Water District and the Public Facilities Corporation and related tax return for the year ended June 30, 2015. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process

Our Responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, and OMB Circular A-133

As stated in our engagement letter dated March 25, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider Moulton Niguel Water District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Moulton Niguel Water District's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with OMB Circular A-133, we will examine, on a test basis, evidence about Moulton Niguel Water District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on Moulton Niguel Water District's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on Moulton Niguel Water District's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Management's Discussion and Analysis, Schedule of proportionate share of the Net Pension Liability, and Schedule of Contributions, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on Schedule of Revenues, Expenses, and Other Sources (Uses) of Funds and the Operations and Maintenance (O&M) Budget Comparison Report, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Moulton Niguel Water District

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We have not been engaged to report on the Introductory Section and Statistical Section, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we will consider the internal control of Moulton Niguel Water District. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

We gave significant consideration to the preparation of the financial statements, which according to *Government Auditing Standards* may reasonably be thought to bear on independence, in reaching the conclusion that independence has not been impaired.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately April 27, 2015 and issue our report on approximately November 15, 2015.

This information is intended solely for the use of the Board of Directors and management of Moulton Niguel Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Lamer, Soll & Loughard, LLP".

MOULTON NIGUEL WATER DISTRICT

Audit Calendar

Fiscal Year Ending June 30, 2015

	Due Date	Action	Participants
	Monday, March 02, 2015	Kick-off	Ad hoc and staff
	Wednesday, March 18, 2015	Presentation of Auditor Engagement Letter	Finance Committee
Week of	Monday, April 27, 2015	Interim fieldwork	
	Friday, May 29, 2015	AUP reports	
Week of	Monday, June 22, 2015	Discuss AUP reports	Ad hoc, staff and auditor
	Wednesday, July 15, 2015	Present AUP reports	Finance Committee
Week of	Monday, August 31, 2015	Final fieldwork	
Week of	Monday, September 07, 2015	Discuss audit exit notes	Ad hoc, staff and auditor
	Friday, October 02, 2015	Financial statement drafts	
	Friday, October 16, 2015	Preliminary CAFR	
	Wednesday, October 28, 2015	Completed CAFR with statements	
	Wednesday, November 18, 2015	Present draft CAFR	Finance Committee
Week of	Monday, December 14, 2015	Approval of CAFR and PFC audit	Board

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Moulton Niguel Water District

STAFF REPORT

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

FROM: Ruth Zintzun, Finance Manger

SUBJECT: MWDOC Draft Fiscal Year 2015-16 Budget

DIVISION: District-wide

SUMMARY:

Issue: MWDOC recently published their draft budget for the upcoming fiscal year and solicited feedback from member agencies including participation in CHOICE programs.

Recommendation: This is an information item only.

Fiscal Impact: Moulton Niguel Water District's (MNWD or District) portion of the MWDOC's proposed budget will be incorporated into the District's budget for the upcoming fiscal year.

BACKGROUND:

Municipal Water District of Orange County (MWDOC) annually publishes a draft budget for the upcoming fiscal year. The budget is broken into 2 major categories of expenditures: CORE and CHOICE.

MWDOC's proposed CORE budget for Fiscal Year (FY) 2015-16 is \$6,685,611, an increase of \$85,000, or 1.3%, compared to the FY 2014-15 budget, primarily due to an increase in professional fees such as financial consulting and public affairs activities. The CORE budget is used to fund general operating costs as well as certain projects such as the reliability study, rate study, water use efficiency efforts, Metropolitan related activities, and governmental affairs activities. MWDOC currently recovers the costs associated with the CORE budget by assessing fixed costs for each agency based on the number of active retail meters.

#5.

MWDOC Draft Fiscal Year 2015-16 Budget

April 15, 2015

Page 2 of 2

Each year MWDOC agencies are asked to select which CHOICE programs they would like to participate in. The available CHOICE programs for FY 2015-16 are:

- School Program
- Water Use Efficiency
- Value of Water Communications Plan
- Doheny Desal 2008
- Doheny Desal 2015
- Poseidon
- 2015 Urban Water Management Plans
- South Coast & Laguna Beach CWD Foundational Program Work on Doheny
- South Coast WD Baseline Environmental Monitoring Work

DISCUSSION:

MNWD staff is evaluating the District's participation in the CHOICE programs and working with MWDOC to clarify scope and costs associated with each program for the upcoming fiscal year.

Attachments: Draft MWDOC Budget and staff report for Fiscal Year 2015-16, dated March 18, 2015

**Item No. 6****DISCUSSION ITEM**

March 18, 2015

TO: Board of Directors**FROM: Administration & Finance Committee**
(Directors Thomas, Osborne & Finnegan)**Rob Hunter**
General Manager**SUBJECT: FIRST DRAFT of MWDOC's Budget for 2015-16****STAFF RECOMMENDATION**

Staff recommends the A&F Committee, Board, Member Agencies and the public review and provide input and comments in the FIRST DRAFT of MWDOC's budget for 2015-16. The form of findings for the FIRST DRAFT budget includes the following:

1. Adopt the budget Resolution as proposed (will be attached to the May or June Action Item) with a budget total of \$257,617,512 and a consolidated general fund budget of \$8,271,565 (Revenue).
2. The total amount of Water Use Efficiency (WUE) outside funding for rebates and grants will increase from a FY2014-15 budget of approximately \$2.9 million to a proposed budget of almost \$22 million. This requires an increase in the Cash Flow Reserve to \$1.5 million.
3. The total outside funding from WUE and Local Resource Project (LRP) sources will be approximately \$37 million in FY2015-16. This means that MWDOC will be bringing in revenue that is more than 4.6 times its consolidated operating budget.
4. Fund the Reserves to the levels specified in the Administrative Code.
5. Fund the Election Reserve via an annual contribution of \$260,000 which has been determined to be the long-term annual contribution to allow full funding for election costs every two years.
6. Establish a Building Improvement Budget of \$500,000 as outlined in the discussion below and maintain the Building Reserve Fund at the target level.
7. Fund OPEB at the annual level pay amount of \$155,000. Combined with the estimates provided in our most recent actuarial evaluation, this level of annual contributions should allow satisfaction of the OPEB liabilities within the next 10 years.

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8. For dealing with the Pension Liability issue, staff is recommending continuation of the practice of increasing the staff contribution towards pension payments by 1% each year until a total of 7% has been achieved. This year, the budget was developed assuming the staff contribution is 4%.
9. Complete the transition to a 100% fixed rate for retail meters with a FY2015-16 target of 100% fixed revenue for the Core Budget.
10. Increase the total number of full-time MWDOC and WEROC employees from 28 to 29.
11. Significant project activities in FY2015-16 will include:
 - Orange County Reliability Study actions
 - Value of Water communication program
 - MWDOC rate study
 - Water Use Efficiency efforts on water savings potential and a web-based rebate processing platform
 - Metropolitan activities related to allocations and the Integrated Resource Plan
 - Update of the MWDOC website and communication surveys
 - Government Affairs activities at the local, state and federal level.
12. The CHOICE Activities for this year will include:
 - School Program
 - Water Use Efficiency
 - Value of Water Communications Plan
 - Doheny Desal
 - Poseidon
 - Urban Water Management Plans
 - Water Loss Reduction Auditing
 - South Coast & Laguna Beach CWD Foundational Program Work on Doheny
 - South Coast WD Baseline Environmental Monitoring Work

A reminder to the Board that Memberships outlined in the Budget (Exhibit D) are approved by the Board with approval of the budget and therefore, each membership will NOT be brought to the Board for approval. Any NEW memberships not included in the budget will be brought to the Board for consideration.

In a similar sense to Memberships, budget approval includes Board and Staff approval for attendance at "standard conferences". Standard conferences are those included on Exhibits E and F. Any NEW conferences will be brought to the Board for consideration.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

The FY 2015-16 MWDOC budget is developed through a transparent and iterative process. Key topics discussed below include:

1. MWDOC Budget Process & Schedule
2. Budget Principles
3. Budget Input from Member agencies
4. MWDOC Priorities & Practices Overview
5. Key Initiatives
6. Core/Choice Programs
7. Reserves
8. Water Rates and Charges

A short discussion on each item follows:

1. MWDOC Budget Process & Schedule

MWDOC's budget is developed in a process that begins in December with initial notification of Member Agencies and concludes with the formal budget approval by the Board of Directors in May. The general schedule is outlined below.

December 2014

- Notification to Member Agencies of start of budget process and solicitation of input.

January 2015

- MWDOC staff begins preparation of budget hours and costs on program and line-item basis.
- Review of five month actuals and fiscal year-end projections.
- Review budget adjustments for current fiscal year.
- Preparation of internal, draft conceptual budget (review changes for upcoming fiscal year).

February 2015

- Initial review of budget issues with A&F Committee for feedback.
- Initial discussion of budget issues with Member Agencies for feedback.
- Request for Member Agencies' preliminary indication of participation in CHOICE Services.

March 2015

- Publish and post the First Draft Budget in the packet for the Administration and Finance (A&F) Committee in early March.
- Review Full Draft Budget with A&F Committee.
- Formally request comments from all Member Agencies.

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- DRAFT information completed on prior year WUE benefits to Member Agencies to serve as basis of charging agencies for the upcoming year for WUE activities.
- Member Agencies are to confirm participation in CHOICE Services by March 15. However in practice, this often doesn't occur until the end of April and after Elected Officials meeting.
- Discuss First Draft Budget at Member Agency Managers' Meeting.
- Meet with Member Agencies as requested or scheduled.

April 2015

- FINAL information completed on prior year WUE benefits to Member Agencies to serve as basis of charging agencies for the upcoming year for WUE activities.
- Member Agencies' submit Formal Comments about the Budget before April 15.
- Review Final Draft Budget and MWDOC's rates with Member Agencies.
- Discuss Final Draft Budget at Member Agency Managers' Meeting
- Discuss Final Draft Budget in A&F Committee.
- Conduct meeting with Elected Officials from Member Agencies to discuss budget and other topics before the end of April.
- Confirm CHOICE Participation.

May 2015

- Final Draft Budget and Rates presented to A&F Committee.
- Member Agencies' Formal Comments presented to A&F Committee.
- Discussion at Member Agency Manager's meeting.
- Board approval of FY2015-16 Budget and Rates.

2. MWDOC Budget Principles for 2015-16

Staff continues to utilize several Budget Principles to develop the draft budget including:

- **Principle #1: Budget Investments Align with MWDOC's Priorities & Value**
The budget should reflect the mission and goals of MWDOC and align proposed activities with the valued benefits of the Board and our stakeholders.
- **Principle #2: Activities Based on a County-wide Perspective**
MWDOC's service area extends to the Orange County's borders and the budgeted activities must comprehensively address issues, needs and benefits for the entire county.
- **Principle #3: Efficient Program Design & Performance**
The budgeted programs must consider complementary and cooperative designs to maximize benefits from other regional and local water resource programs to maximize value.

- **Principle #4: Full Cost Recovery**

The budget will be developed so as to support full cost recovery of all expenses via the rates and charges without the unplanned use of reserves

- **Principle #5: Compliance with Administrative Code & Settlement Agreement**

The proposed budget and budget process should fully comply with applicable sections of the code and agreement.

3. Budget Input From Member Agencies

At this point in the budget process, input from Member Agencies has been limited. This will change with the release of the First Draft Budget and interactions during meetings.

4. Priorities & Practices Overview

Key priorities and practices include MWDOC's major areas of concentration:

- Metropolitan as a main source of reliability
- Regional Reliability and the OC Water Reliability Study
- Water Use Efficiency (WUE)
- Water Emergency Response
- Communications
- Government Affairs
-

These are discussed below.

Metropolitan Water District of Southern California (MET)

MWDOC's number one effort remains ensuring that policies, supplies, programs and projects developed and implemented by MET have significant value to the citizens and ratepayers in Orange County and to Southern California.

- MET is key to providing and underwriting SUPPLY reliability and regional SYSTEM reliability in Southern California. Many of MWDOC's initiatives are aimed at maintaining a close working relationship with MET and other MET member agencies to guide the efforts at MET in a constructive manner; in the best interest of the region and Orange County. The value of these types of relationships resulted in significant progress made in the last year in getting approval at the MET level for increased contributions towards MET's LRP Program, in working out the details of the Allocation Program and in securing water for groundwater replenishment for OCWD, providing additional funding for WUE and drought communications of about \$80 million.
- MWDOC appoints four MET directors who sit on the MET Board and directly advocate issues. These four MET directors work with the other three directors from Orange County (Anaheim, Fullerton, Santa Ana) and directors from outside of Orange

#5.

County. Our Orange County MET contingent and the overall MET Board are faced with ensuring the economic health of MET which directly impacts the economic health for Orange County, the region and the State. To this end, our directors have advocated for financial issues at MET to ensure its viability over the long run, appropriate levels of reserves, and financial policies that minimize and level long-term costs and rates impacts. Over the past year, the advocacy of our MET directors has resulted in MET significantly improving its position with respect to pension liability, OPEB liability, investments in rehabilitation and repair of facilities and in incorporating future long term investments such as the BDCP while remaining strong financially.

- MWDOC will continue its involvement in the lawsuit between SDCWA and MET, as well as other litigation. The outcome is critically important to Orange County and our involvement in the litigation is to ensure the taxpayers and ratepayers of Orange County are fully represented.
- The upcoming year will involve an update to MET's Integrated Resources Plan (IRP), the first update since 2010. The IRP is the Region's Roadmap to Reliability, combining both local supplies and imported supplies to meet total Southern California demands over the next 20 years. This time around, the IRP will likely involve a number of interesting discussions and decisions given that 8 of the last 9 years have involved supplies considerably lower than historic supplies and demand conditions hotter and drier than have typically been encountered under our 90 year historical climate conditions. Key to meeting demands over the long-run is the completion of the BDCP. However, questions loom over how reliability will be achieved in California and Southern California over the next 20 years or so until the BDCP comes on-line. Other key issues are climate variability and how this will affect our ability to store water in wet years for use in dry years and how we might collectively plan to meet demands in Southern California if the San Andreas Fault simultaneously interrupted the Colorado River Aqueduct and the State Water Project.

Regional Water Reliability and the OC Water Reliability Study

The improvement of water supply and system reliability is key for the ratepayers and citizens of the County and is of primary concern in MWDOC's budget. Reliability cannot be improved by OC investments alone and it is imperative that our reach in this area is both local and regional to MET and DWR. This past year included the kick-off of the OC Water Reliability Study which will wrap up on the coming fiscal year. The goals for the OC Water Reliability Study are:

1. To understand Orange County's current and future situation with respect to WATER SUPPLY and SYSTEM RELIABILITY issues
2. Develop and provide information towards prioritization and decision-making for reliability improvements in Orange County
3. Involve/engage the large stakeholder group in the process of improving SUPPLY and SYSTEM reliability

4. To foster actions that produce quantifiable reliability improvements in Orange County that are timely and cost-effective

The OC Reliability Study is the first comprehensive look at local and regional investments that can benefit OC in many years. The examination of our SUPPLY and SYSTEM reliability must consider not only the regional system, but the upcoming investments through MET Integrated Resources Plan and must take into account the many intricacies and policies of tracking where benefits accrue for the water resources investments being made. The biggest example of this is how investments in OC will pay-off for OC under future shortage scenarios and whether the existing policies appropriately vest the benefits in the correct places.

Water Use Efficiency (WUE)

Sound water management policy requires a continuing effort to improve water use efficiency. This requirement is intensified by the current drought conditions. Providing the technical expertise and the program support along with securing funds for water use efficiency efforts is a priority for MWDOC and our member agencies. Additional funding for WUE efforts emerged this past year in an amount over \$15 million and will likely increase again in this coming fiscal year to \$20 million. MWDOC must be able to capitalize on these opportunities as they arise and bring the benefits to OC.

Water Emergency Response

MWDOC made significant changes towards the preparedness of the Water Emergency Response Organization of Orange County (WEROC) this past year to improve and strengthen the state of readiness to assist in a time of emergency. WEROC will pursue further changes this coming year to enhance response efforts and to seek additional funding options for improved resilience across the county.

Communication

Communications to our citizens, in coordination with our member agencies, is a key part of MWDOC's efforts. Communication related to critical water resource issues, water supply and system reliability, and water resource projects and investments are all essential elements of the Communications Plan. To maximize both effectiveness and efficiency MWDOC is working with our member agencies on coordinated communication efforts. MWDOC generally provides program efforts at the regional level and above while providing necessary assistance to the retail agencies for communications with the local ratepayers. This division of responsibilities is a key area of coordination on behalf of MWDOC. Crucial issues in the coming year will be the drought, BDCP discussions, regional reliability and funding from the Water Bond.

Government Affairs

Governmental Affairs continues to work at the local, state and national levels with our Member Agencies, organizations, delegations, agencies and bureaus to advance Orange County's agenda. Central to this effort are not only funding opportunities such as Prop1 but also policy legislative and regulatory developments and opportunities.

5. MWDOC Key Initiatives

Besides the items previously discussed above, the key initiatives from staff for 2015-16 that are included in the budget include:

- Continue to work closely with MET on rate/stability issues, support for the Bay-Delta, completion of the IRP Update and management of water in Southern California, especially since it is anticipated that we will be under Mandatory Restrictions from MET beginning in July 1 of this year. The drought and water management issues it brings will likely remain at the fore-front as a short-term priority, but we can't forget about planning for the long-term solutions such as the BDCP preferred alternative and recirculated EIR/EIS that is anticipated this coming summer.
- Continue work on the OC Water Reliability Study. The OC Water Reliability Study was initiated last year and should wrap up in the fall of 2015. It is too early to predict the exact nature of the spin-off efforts from the Study work, however, staff will seek to provide sufficient budget to accommodate whatever work efforts may arise, which could include:
 - A conjunctive use program between OCWD and South Orange County
 - Consideration of ocean desalination
 - Consideration of central valley banking and transfers
 - Support for additional recycling, Indirect Potable Reuse and Direct Potable Reuse planning
 - Improvements to respond to emergency outages
 - Work with MET and DWR on Emergency Colorado River and State Water Project Outages
 - Examination of additional investments in WUE to reduce demands
 - Sharing of supplies and resources within the County
 - On-going work with OCWD on basin issues
 - A key element is to obtain concurrence for the introduction and conveyance of local water in the East Orange County Feeder No. 2 (EOCF#2). This has never been done, but when accomplished opens up a number of options for Orange County.
 - Continue to examine opportunities for local or regional reliability via banking programs.

The key aspects of the OC Water Reliability Study are:

- 10-Year update of Countywide Water Reliability
- Improved methodology for projecting water demands
- Agreed upon definition and evaluation of SUPPLY and SYSTEM Reliability
- Comprehensive Review of ALL Water Sources
- MET Import including put and take from storage sources
- Local supplies Including groundwater

- Regional Projects
- Storage
- Water Banking
- Transfers/Contracts
- Focus on utility of information for decision-making
- Decision making remains with local utilities

The key tasks of the OC Water Reliability Study are:

- Analyze historical demands and develop updated projection of future demands & potential for future WUE impacts in OC
 - Review existing OC local supplies and project these supplies into the future
 - Estimate of supplies available from MET – This will involve modeling of supplies from the State Water Project and the Colorado River Aqueduct as well “puts” into and “takes” out of MET storage accounts; will also characterize climate variability impacts and biops impacts on supplies as well as “with” and “without” a BDCP solution (note – our time frame is out to 2035, so under almost any condition, a BDCP solution will not be in place at that time)
 - Develop a SUPPLY GAP Analysis – This is the most difficult analysis for the study, which is to estimate through the year 2035 what the reliability of our import supplies will be from MET under various scenarios. The goal of this task is to provide a reasonably analysis of what is to be expected and to understand the impacts of key drivers of reliability or the lack of reliability.
 - Develop an Emergency SYSTEM GAP Analysis – Based on prior work completed by MET, the ability of the local water systems to provide supplies for 60 days assuming there is an outage of the MWD system will be made; the key analysis will be to estimate the potential impacts to local well production facilities due to earthquake ground acceleration and to examine recovery aspects.
 - Review options for NEW local supplies & SYSTEM capabilities/supplies to resolve GAPS identified
 - Recommendations/Follow-up
- Continue with implementation of the Water Use Efficiency Master Plan including methods to firm up local funding options for local agencies. Begin integrating recycled water use into Water Use Efficiency programs by accelerating recycled water connections through customer incentives. Additional funding for water use efficiency efforts did emerge and will likely increase again this year which brings with it an opportunity to continue working to assist residents and businesses in the County with opportunities to use water more efficiently, thus saving water for future years, achieving compliance with the 20% by 2020 and attaining Integrated Resources Plan reliability goals.
 - Secure MET funding; over the past several years, MWDOC has brought in about \$3 to \$4 million per year; this year funding could reach \$15 million this year and next year could reach \$25 million. Had MWDOC not had the staffing, expertise, know-how and systems in place, a large opportunity would have been missed. Our WUE staff continues to perform for the benefit of OC.

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- Secure Proposition 84 (last round) and Prop 1 via the IRWMP to allow additional WUE programs to be implemented in South OC.
 - Complete implementation and evaluation of the Spray-to-Drip Pilot Program. Seek opportunities to expand beyond the Pilot Phase.
 - Conduct a Turf Removal Rebate Program water savings evaluation to establish an OC based water savings metric
 - Engage with the SWRCB regarding Drought Regulations
 - Develop a methodology for implementation of “efficiency targets” as a way of measuring how we are doing and examining the potential for future savings from investments in WUE
 - The massive upsurge in WUE rebate funding requires the development of a new web-based rebate processing platform to contain costs, maintain timely performance and continue stringent audit controls.
- Continue to expand drought response assistance to member agencies and customers. This includes understanding the implications of the water supply situation, moving into allocations and how to manage local issues including the development of key messages, input to MET on their key messages, coordination of messages internal to the County and the Value of Water Communications.
 - The Value of Water Communications Plan is a long-term effort designed to engage, educate and inform Orange County residents and businesses of the value water service provides. The value or reliable water service includes building support for local projects, repair and replacement programs and water rate increases. In addition, one of the core elements of this plan is to improve public trust and credibility. Changing public perception and sentiment as well as instilling public trust is a long-term effort. It is not a switch that you turn on and off overnight; rather, it is a commitment that the family of Orange County Water Agencies make every day, with each customer and stakeholder interaction. These communication needs are occurring against a backdrop of aging infrastructure, regulatory changes, competition for supplies, projected water rate increases, and a need for greater transparency – and now the drought.

Last year the program, implemented as a Choice program, included:

- Definition of public attitudes and perceptions of water and water service
- Development of a communication plan and message refinement
- Working with our communications consultant, Fraser Communications, a number of creative elements were developed and made available to participating agencies/cities; these included:
 - Video: a short, two-minute video will be developed. This format can also provide shorter, 30-second versions for digital media channels as well as local Public Service Announcements.
 - Digital media/Social media: Facebook marketed via weekly “boosted” posts. As our research indicated, digital and social media channels are becoming more important to consumers. This also provides outreach to those consumers that are not directly paying their bill and do not receive information from their water provider in other formats. This also

includes social media elements agencies can incorporate with their existing media strategy and editorial calendars.

- Bill inserts: print and electronic bill inserts will be distributed via the retail water agencies' billing systems. Although digital and social media is growing in popularity, bill stuffers are still a reliable way to reach the bill-paying consumer.
- Give-away items: a selection of message-focused items are being purchased and distributed at community events. These items will be focused on innovation and provide a way to reinforce our message to the public.
- Professional services and staff support: ongoing subject matter expertise and in-house staff support will be available to implement the program and provide necessary support and resources.
- Briefing Papers; one page, visually engaging elements are being developed to support the three pillars and to easily convey information to stakeholders and influencer groups.
- Electronic Consumer Confidence Report Templates
- Newsletter articles: based on the three platforms we developed, newsletter articles are being crafted and made available to member agencies and to influencer groups.
- Presentation templates: a PowerPoint and Prezi template are being developed and distributed to participating agencies to use as part of their outreach efforts. Assistance with community outreach will be made available as resources permit.

This coming year, the Value of Water Communications will examine a similar menu of options for our agencies which will also consider message points relative to the drought and allocation situation.

- Public Affairs activities increase focus on a few critical areas. MWDOC will implement a major upgrade of our website in FY2015-16. The current website is not functional for some mobile devices and iPads. In addition, our biennial phone survey is scheduled for this year along with an experimental survey to address portions of the population which are being under-represented in the normal phone surveys.
- MWDOC's renewed efforts on Government Affairs will focus on funding and regulatory programs at the state and federal level. We are accelerating efforts with the Orange County and California delegations and select Committee Members to marshal support, funding and beneficial modifications for national programs including WIFIA and SRF. At the state level, significant efforts will be made in tracking and obtaining funding opportunities, including Prop 1, for Orange County projects.
- Protect MWDOC and local agency interests in MET via continued participation in the SDCWA lawsuit against MET.
- Participate in other water-related lawsuits, as appropriate, in support of our Member agencies and the residents of Orange County.

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- Continue to seek areas of efficiency in the District's operations.
- A renewed effort for WEROC this past year will continue. It involves an enhanced training program for MWDOC staff to ensure sufficient support staff exists and is fully cross-trained to staff both a North and South Emergency Operations Centers and to search for more grant funding for resiliency improvements in the County. The investment in MWDOC staff training this past year resulted in one of the best WEROC test exercises ever, while requiring the volunteers to take-on positions they had not previously staffed. The resulting cross-training should continue to pay-off. Again this coming year, each of the MWDOC staff members will participate in about 30 to 40 hours of training to help WEROC remain at a high state of readiness. Also, in this coming year, there are potential grants in the form of fuel trailers and generator cabling to allow connections to differing types of electrical transfer switches. Both of these improvements should improve our resiliency in the County. Also, the outcome of the OC Water Reliability Study SYSTEM evaluation should result in proposals for further improvements in the County resiliency in dealing with earthquakes or other events and allow us to seek further grant funding.
- Preparing for the MET Update of its Integrated Resources Plan. Work from the OC Water Reliability Study will position us well to provide input into the process. Additional work may be required to demonstrate the need for MET to conduct work in specific areas.
- Tracking Progress on the BDCP and whether any deeper involvement from MWDOC and OC is warranted
- Completion of a study to support MWDOC's rates and charges.
- Review of staffing levels and succession planning issues.

6. Core/Choice Programs for 2015-16

The Choice Programs for 2015-16 include:

- School Program – will continue grade-level appropriate educational opportunities in accordance with State Curriculum. MWDOC will be soliciting an RFP for the School Education Program to evaluate the services that have been provided by Discovery Science Center over the past 11 years with what others may have to offer.
- Water Use Efficiency – Will continue to access MET WUE funding and grants from other sources for implementation programs for OC.
- Value of Water Communications Plan - It is anticipated that this implementation phase of the communication plan will continue as a Choice Budget at a level consistent with last year.

- Doheny Desal 2008 – Work at maintaining the site, compliance with the State Parks Lease arrangement and conduct of site tours will continue. Limited funding remains from the 2008 Participation Agreement to fund the State Lease and electrical costs of the facility; furthermore, the group of five Participants needs to make a decision regarding leaving the facilities in place or pulling them out (funds in the amount of \$356,000 have been retained for the removal effort). It is uncertain at this time what other focus activities might be involved this coming year.
- Doheny Desal 2015 – This would be activities initiated in this coming year in the event two or more Participants would want to continue on with the project. MWDOC's involvement might include the formation of a JPA with MWDOC holding a position open for future potential participation by other local agencies. The exact nature of these efforts is not entirely certain for the coming year or which participants may be involved.
- Poseidon – Much work on the Poseidon Project is anticipated by Poseidon this year with their desire being to secure the final Coastal Commission Permit. It is expected that OCWD will remain involved in the discussions as will MWDOC. MWDOC will continue its efforts to secure LRP funding and to secure approval to convey the water in the EOCF#2 (these efforts are not part of the Choice Program, but are efforts undertaken by MWDOC in support of our agencies). It is uncertain the exact focus of MWDOC's Choice efforts this coming year or which participants may be involved although it is anticipated that the work group will be active in reviewing project documents and proposals.
- 2015 Urban Water Management Plans - By the start of the fiscal year, MWDOC should be seeking Member Agency Participation in a contract to prepare the 2015 Urban Water Management Plans, which must be submitted to DWR by July 1, 2016. As the budget is being prepared, MWDOC is in the process of preparing an RFP to various consulting firms to invite them to provide proposals to help 20 to 30 of our agencies in the preparation of these plans. In 2010, MWDOC developed a plan to complete 24 UWMP's simultaneously in Orange County, saving the average agency about \$40,000 in the process. A NEW UWMP requirement for this coming year is the completion of reporting for Water Loss Reduction Auditing, as prescribed by AWWA. MWDOC will also be seeking proposals from consultants to help our agencies comply with this requirement, as an additional option.
- South Coast & Laguna Beach CWD Foundational Program Work on Doheny (requires the staff time of Richard Bell) – These efforts, which began in 2014, should be completed this coming fiscal year. The work undertaken will result in a better understanding of the water quality issues for feed water for various sized project and will provide a better understanding of any mitigation that might be required for a smaller, 5 mgd facility, as well as for a 15 mgd facility. Most of MWDOC's work under this program, similar to what MWDOC is providing for the SJBA Foundational Action Program, is staff support MWDOC would provide to any of its agencies seeking MET funding. This is listed under the Choice Program because Richard Bell's time and assistance was specifically assisted for several

#5.

of the tasks involved in the study, which would have been beyond the level of input provided by MWDOC. That extra amount (about \$37,000 of Richard's time between last fiscal year and this coming fiscal year) serves as the basis for the Choice Program, paid by the two agencies.

- South Coast WD Baseline Environmental Monitoring Work – Requires the staff time of Richard Bell. As South Coast Water District has initiated work for a 5 mgd facility, they have opted to begin the baseline environmental work that would be necessary for any future facility. Again, they requested assistance from MWDOC to help in this effort by contracting for the work and providing input to South Coast in the management of this work (about \$153,000 in consulting work and about \$6,000 of Richard's time). That is why this is listed as a Choice option.

7. MWDOC's Reserve Funds

The MWDOC Reserve Policy includes the following categories:

- General District
- Cash Flow
- Election Expense
- Building Expense
- OPEB Reserves

General District Reserves:

The General District Reserves were set at \$1.85 million as of July 1, 2010 and increase by the inflation rate each year. In FY2015-16 the target reserve balance will be \$2,056,908. The general district reserve balance will be on target.

Cash Flow Reserve:

Cash flow reserves were set at \$1.00 million in 2010 and this amount is reviewed from time to time for appropriateness, based on the District's current operational needs. Due to the tremendous increase in WUE rebates, the cash flow reserve is increased to \$1.5 million in the FY2015-16 budget.

Election expense:

MWDOC's election reserve is managed to fund seven elections every four years. Based on previous election costs, we have determined that \$1.04 million (or \$148,000 per division) is sufficient to cover seven elections. This requires that \$260,000 be contributed to the election reserve annually.

Building Expense Reserve:

MWDOC's Building Reserves were set in 2010 to be kept at a minimum of \$350,000 and adjusted from time to time to reflect the improvement needs of the office facility.

- Staff has working with OCWD and others on estimates of the costs involved for a number of projects, which include:
 - Renovation of Joint Boardroom, including conference room C-3 and the Lobby/Entrance area
 - Renovation of restrooms outside of the Joint Boardroom
 - Renovation of transition area from Lobby to MWDOC offices
 - Renovation of one set of MWDOC Bathrooms
 - Replacement of Boiler, Chiller and Energy Management System that serves both the MWDOC and the OCWD buildings (last year MWDOC replaced the air handler in its building)
 - Upgrade of front Landscaping
 - Renovation of office roof for future years
 - Upgrade to fire alarm system
 - Slurry coat of parking lot

Overall, these costs are estimated at about \$400,000 in expenses next year.

The FY2015-16 budget includes a building expense contribution of \$258,000 to maintain the \$350,000 reserve balance.

OPEB Reserve:

In managing MWDOC's OPEB liability, the Board has taken the following actions:

- Employees hired after July 1, 2012 are not eligible to receive District-paid retiree and elective health and welfare benefits. This will substantially reduce future OPEB costs after dealing with the existing employees who qualified for the prior benefits.
- The Board requested that staff examine options for accelerating the payoff of the OPEB liability by increasing the annual payments. Based on the most recent actuarial as of July 1, 2014, it is recommended that the Board continue with annual contributions of \$155,000 per year to both fund the actual annual costs and include an annual contribution to the Trust fund. Based on this level of investment, the liability should be fully accommodated within the next 10 years.

8. Water Rates and Charges

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Historically, MWDOC's revenue towards funding of its Core Budget has been derived from charges associated with a retail meter charge (fixed) and a water volume increment charge (variable). Beginning in 2015-16, MWDOC's Core Budget will be supported ONLY by the retail meter charge. This is the fifth year of transition from the two-component charge to a single component charge. It should be noted that MWDOC has budgeted to complete a review of its water rate charges to determine if any future changes should be considered beginning on or after July 1, 2016.

The total amount of revenue from water sales also includes charges to cover the cost of MET water purchases and MET's associated charges. The proposed Total Water Revenues for FY2015-16 are \$211,253,710 which is greater than the adopted FY2014-15 budget number of \$181,545,560 and the projected FY2014-15 actual of \$198,166,020.

For FY 2015-16 the proposed Retail Meter Charge is \$10.85.

Attachments:

Attached hereto is the detailed, draft budget for this coming year.



Annual Budget for Fiscal Year 2015-16

First Draft

MWDOC's mission is:

To provide reliable, high-quality supplies from MWD and other sources to meet present and future needs, at an equitable and economical cost, and to promote water use efficiency for all of Orange County

Exhibit A2
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CORE FUND

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 2,609,584	\$ 2,419,500	\$ (190,084)	\$ 2,805,639 ¹	\$ 386,139	\$ 196,055
less for Recovery from Grants	\$ -	\$ -	\$ -	\$ -	-	0
Employee Benefits	831,154	725,157	(105,997)	746,208 ²	21,051	(84,946)
Director Compensation	210,342	182,258	(28,084)	220,588	38,330	10,246
Director Benefits	119,356	70,765	(48,591)	60,024	(10,740)	(59,332)
MWD Representation	120,197	104,078	(16,119)	126,050	21,972	5,853
OPEB Annual Contribution	133,331	180,456	47,125	105,188	(75,268)	(28,143)
Overhead Reimbursement	(139,240)	(183,825)	(44,585)	(199,271)	(15,446)	(60,031)
Health Insurance Coverage for Retirees	50,244	45,980	(4,264)	50,387	4,407	143
Audit Expense	23,000	21,125	(1,875)	23,000	1,875	0
Automotive & Toll Road Expenses	14,550	14,100	(450)	14,775	675	225
Conference Expense - Staff	13,925	15,113	1,188	18,500	3,387	4,575
Conference Expense - Directors	8,650	10,745	2,095	9,800	(945)	1,150
Engineering Expense	355,000	465,000	110,000	300,000	(165,000)	(55,000)
Insurance Expense	97,000	95,000	(2,000)	96,000	1,000	(1,000)
Legal Expense - General	329,000	295,435	(33,565)	355,000	59,565	26,000
Maintenance Expense	118,768	115,804	(2,964)	126,670	10,866	7,902
Membership / Sponsorship	90,437	88,955	(1,482)	104,361	15,406	13,924
CDR Participation	39,961	39,961	-	39,740	(221)	(221)
Miscellaneous Expense	71,150	62,307	(8,843)	94,470	32,163	23,320
Postage / Mail Delivery	11,100	10,100	(1,000)	11,285	1,185	185
Professional Fees	463,700	365,495	(98,205)	716,478	350,983	252,778
Rents & Leases	16,708	11,780	(4,928)	19,000	7,220	2,292
Outside Printing, Subscription & Books	51,725	34,568	(17,157)	48,380	13,812	(3,345)
Office Supplies	24,288	25,244	956	29,400	4,156	5,112
Building Repair & Maintenance	10,800	10,000	(800)	11,000	1,000	200
Computer Maintenance	6,000	6,000	-	7,100	1,100	1,100
Business Expense	7,000	6,589	(411)	6,800	211	(200)
Software Support & Expense	54,384	43,723	(10,661)	51,500	7,777	(2,884)
Computers and Equipment	9,300	9,000	(300)	19,000	10,000	9,700
Telecommunications Expense	16,900	14,405	(2,495)	15,650	1,245	(1,250)
Temporary Help Expense	-	-	-	-	-	-
Training Expense	18,000	12,000	(6,000)	18,000	6,000	-
Tuition Reimbursement	6,000	-	(6,000)	5,000	5,000	(1,000)

Exhibit A2
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CORE FUND

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES: continued						
Travel & Accommodations - Staff	38,300	36,898	(1,402)	53,260	16,362	14,960
Travel & Accommodations - Directors	29,600	31,087	1,487	27,600	(3,487)	(2,000)
MWDOC's Contribution to WEROC	128,508	128,508	-	143,028	14,520	14,520
Capital Acquisition (excluding building)	-	-	-	6,000	6,000	6,000
NORMAL OPERATING EXPENSES	\$ 5,988,722	\$ 5,513,312	\$ (475,410)	\$ 6,285,611	\$ 772,299	\$ 296,889
MWDOC's Building Expense	\$ 168,000	\$ 17,000	\$ (151,000)	\$ 400,000	\$ 383,000	\$ 232,000
Election Expense	444,000	272,537	(171,463)	-	(272,537)	(444,000)
TOTAL EXPENSES	\$ 6,600,722	\$ 5,802,849	\$ (797,873)	\$ 6,685,611	\$ 882,762	\$ 84,889

REVENUES:						
Retail Meter Charge	\$ 6,440,532	\$ 6,440,532	\$ -	\$ 6,687,322	\$ 246,790	\$ 246,790
Water Increment Charge	103,564	107,775	4,211	-	(107,775)	(103,564)
Interest Revenue	138,000	119,641	(18,359)	117,675	(1,966)	(20,325)
Miscellaneous Income	3,000	3,000	-	3,000	-	0
School Contracts	-	-	-	-	-	0
Inter Fund In	-	-	-	-	-	0
TOTAL REVENUES	\$ 6,685,096	\$ 6,670,948	\$ (14,148)	\$ 6,807,997	\$ 137,049	\$ 122,901

EFFECT ON RESERVES:						
Reserves Contribution (Draw) to cover for Operating expenses for Operations	\$ 84,374	\$ 868,099	\$ 783,725	\$ 122,386	\$ (745,713)	
Increment Refund Due to OC-88 Error	\$ -	\$ (72,809)	\$ (72,809)	\$ -	\$ 72,809	
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 84,374	\$ 795,290	\$ 710,916	\$ 122,386	\$ (672,904)	\$ 38,012

① Total Salaries & Wages includes \$67,400 for intern support

② Total Benefits includes \$7,847 for intern support

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Exhibit A3
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CHOICE FUNDS

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 386,271	\$ 444,954	\$ 58,683	\$ 457,657 ¹	\$ 12,704	\$ 71,386
less for Recovery from Grants	\$ (16,437)	\$ (20,080)	\$ (3,643)	\$ (23,500) ¹	(3,420)	(7,063)
Employee Benefits	130,762	127,198	(3,564)	120,631 ²	(6,567)	(10,131)
Director Compensation	-	-	-	-	-	-
Director Benefits	-	-	-	-	-	-
MWD Representation	-	-	-	-	-	-
OPEB Annual Contribution						
Overhead Reimbursement	139,240	183,825	44,585	199,271	15,446	60,031
Health Insurance Coverage for Retirees	-	-	-	-	-	-
Audit Expense	-	-	-	-	-	-
Automotive & Toll Road Expenses	-	-	-	-	-	-
Conference Expense - Staff	-	-	-	-	-	-
Conference Expense - Directors	-	-	-	-	-	-
Engineering Expense	-	-	-	-	-	-
Insurance Expense	-	-	-	-	-	-
Legal Expense - General	-	-	-	-	-	-
Maintenance Expense	-	-	-	-	-	-
Membership / Sponsorship	-	-	-	-	-	-
CDR Participation	-	-	-	-	-	-
Miscellaneous Expense	49,250	20,000	(29,250)	12,500	(7,500)	(36,750)
Postage / Mail Delivery	-	-	-	-	-	-
Professional Fees	695,500	750,000	54,500	673,559	(76,441)	(21,941)
Rents & Leases	-	-	-	-	-	-
Outside Printing, Subscription & Books	40,500	30,000	(10,500)	23,450	(6,550)	(17,050)
Office Supplies	-	-	-	-	-	-
Computer Maintenance	-	-	-	-	-	-
Software Support & Expense	-	-	-	-	-	-
Telecommunications Expense	-	-	-	-	-	-
Computers and Equipment	-	-	-	-	-	-
Temporary Help Expense	-	-	-	-	-	-
Training Expense	-	-	-	-	-	-
Tuition Reimbursement	-	-	-	-	-	-

Exhibit A3
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CHOICE FUNDS

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	-	-	-	-	-	-
Travel & Accommodations - Directors	-	-	-	-	-	-
Capital Acquisition (excluding building)	-	-		-	-	-
TOTAL EXPENSES	\$ 1,425,086	\$ 1,535,896	\$ 110,810	\$ 1,463,569	\$ (72,328)	\$ 38,483

REVENUES:						
Choice Revenue	1,425,086	1,535,896	110,810	1,463,569	(72,328)	38,483
TOTAL REVENUES	\$ 1,425,086	\$ 1,535,896	\$ 110,810	\$ 1,463,569	\$ (72,328)	\$ 38,483

1 Total Salaries & Wages includes \$43,120 for intern support

2 Total Benefits includes \$4,396 for intern support

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES:						
Salaries & Wages	\$ 2,995,855	\$ 2,864,454	\$ (131,401)	\$ 3,263,296 ¹	\$ 398,842	\$ 267,441
less for Recovery from Grants	\$ (16,437)	\$ (20,080)	\$ (3,643)	\$ (23,500)	(3,420)	(7,063)
Employee Benefits	961,916	852,355	(109,561)	866,840 ²	14,484	(95,076)
Director Compensation	210,342	182,258	(28,084)	220,588	38,330	10,246
Director Benefits	119,356	70,765	(48,591)	60,024	(10,740)	(59,332)
MWD Representation	120,197	104,078	(16,119)	126,050	21,972	5,853
OPEB Annual Contribution	133,331	180,456	47,125	105,188	(75,268)	(28,143)
Overhead Reimbursement	-	-	-	-	-	0
Health Insurance Coverage for Retirees	50,244	45,980	(4,264)	50,387	4,407	143
Audit Expense	23,000	21,125	(1,875)	23,000	1,875	0
Automotive & Toll Road Expenses	14,550	14,100	(450)	14,775	675	225
Conference Expense - Staff	13,925	15,113	1,188	18,500	3,387	4,575
Conference Expense - Directors	8,650	10,745	2,095	9,800	(945)	1,150
Engineering Expense	355,000	465,000	110,000	300,000	(165,000)	(55,000)
Insurance Expense	97,000	95,000	(2,000)	96,000	1,000	(1,000)
Legal Expense - General	329,000	295,435	(33,565)	355,000	59,565	26,000
Maintenance Expense	118,768	115,804	(2,964)	126,670	10,866	7,902
Membership / Sponsorship	90,437	88,955	(1,482)	104,361	15,406	13,924
CDR Participation	39,961	39,961	-	39,740	(221)	(221)
Miscellaneous Expense	120,400	82,307	(38,093)	106,970	24,663	(13,430)
Postage / Mail Delivery	11,100	10,100	(1,000)	11,285	1,185	185
Professional Fees	1,159,200	1,115,495	(43,705)	1,390,037	274,542	230,837
Rents & Leases	16,708	11,780	(4,928)	19,000	7,220	2,292
Outside Printing, Subscription & Books	92,225	64,568	(27,657)	71,830	7,262	(20,395)
Office Supplies	24,288	25,244	956	29,400	4,156	5,112
Building Repair & Maintenance	10,800	10,000	(800)	11,000	1,000	200
Computer Maintenance	6,000	6,000	-	7,100	1,100	1,100
Business Expense	7,000	6,589	(411)	6,800	211	(200)
Software Support & Expense	54,384	43,723	(10,661)	51,500	7,777	(2,884)
Computers and Equipment	9,300	9,000	(300)	19,000	10,000	9,700
Telecommunications Expense	16,900	14,405	(2,495)	15,650	1,245	(1,250)
Temporary Help Expense	-	-	-	-	-	-
Training Expense	18,000	12,000	(6,000)	18,000	6,000	-
Tuition Reimbursement	6,000	-	(6,000)	5,000	5,000	(1,000)

Exhibit A4
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
CONSOLIDATED

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
OPERATING EXPENSES: continued	-	-		-		
Travel & Accommodations - Staff	38,300	36,898	(1,402)	53,260	16,362	14,960
Travel & Accommodations - Directors	29,600	31,087	1,487	27,600	(3,487)	(2,000)
MWDOC's Contribution to WEROC	128,508	128,508	-	143,028	14,520	14,520
MWDOC's Contribution to Desalination	-	-	-	-	-	-
Expenses billed to AMP, WFC	-	-	-	-	-	-
Election Expense	-	-	-	-	-	-
Capital Acquisition (excluding building)	-	-	-	6,000	6,000	6,000
NORMAL OPERATING EXPENSES	\$ 7,413,808	\$ 7,049,208	\$ (364,600)	\$ 7,749,179	\$ 699,971	\$ 335,371
MWDOC's Building Expense	\$ 168,000	\$ 17,000	\$ (151,000)	\$ 400,000	\$ 383,000	\$ 232,000
Election Expense	444,000	272,537	(171,463)	-	(272,537)	(444,000)
TOTAL EXPENSES	\$ 8,025,808	\$ 7,338,745	\$ (687,063)	\$ 8,149,179	\$ 810,434	\$ 123,371

REVENUES:						
Retail Meter Charge	\$ 6,440,532	\$ 6,440,532	\$ -	\$ 6,687,322	\$ 246,790	\$ 246,790
Water Increment Charge	103,564	107,775	4,211	-	(107,775)	(103,564)
Interest Revenue	138,000	119,641	(18,359)	117,675	(1,966)	(20,325)
Miscellaneous Income	3,000	3,000	-	3,000	-	0
School Contracts - Core	-	-	-	-	-	0
Inter Fund In	-	-	-	-	-	0
Choice Revenue	1,425,086	1,535,896	110,810	1,463,569	(72,328)	38,483
TOTAL REVENUES	\$ 8,110,182	\$ 8,206,844	\$ 96,662	\$ 8,271,565	\$ 64,721	\$ 161,383

EFFECT ON RESERVES:						
Reserves Contribution (Draw) to cover for Operating expenses for Operations	\$ 84,374	\$ 868,099	\$ 783,725	\$ 122,386	\$ (745,713)	
Increment Refund Due to OC-88 Error	\$ -	\$ (72,809)	\$ (72,809)	\$ -	\$ 72,809	
TOTAL CONTRIBUTION (DRAW) FROM RESERVES	\$ 84,374	\$ 795,290	\$ 710,916	\$ 122,386	\$ (672,904)	\$ 38,012

① Total Salaries & Wages includes \$110,520 for intern support

② Total Benefits includes \$12,242 for intern support

② Total Benefits assumes a Calpers contribution for full time employees of 11.512% for legacy classic employees, 8.512% for classic employees and 6.237% for PEPRA Calpers employees. A further assumption is that medical, dental and vision insurance rates will increase by 8% for calendar year 2016.

#5.

Exhibit A5
SUMMARY OF REVENUES AND EXPENSES BY LINE ITEMS
WATER FUND

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
Water Revenues						
Water Sales	\$ 179,976,734	\$ 192,637,559	\$ 12,660,825	\$ 208,442,158	\$ 15,804,599	\$ 28,465,424
Local Resource Program Incentives	\$ (16,102,631)	\$ (12,171,036)	\$ 3,931,595	\$ (15,210,085)	\$ (3,039,049)	\$ 892,546
Readiness-To-Serve Charge	13,946,682	13,282,405	(664,278)	13,214,277	(68,128)	(732,405)
Capacity Charge	3,659,300	4,041,880	382,580	4,424,460	382,580	765,160
Tier 2 Contingency	-	-	-	-	-	-
Interest Revenue - CC	-	-	-	-	-	-
Interest Revenue - Tier 2 Cont.	4,275	2,700	(1,575)	2,900	200	(1,375)
SCP Operation Surcharge	361,200	372,512	11,312	380,000	7,488	18,800
TOTAL WATER REVENUES	\$ 181,845,560	\$ 198,166,020	\$ 16,320,459	\$ 211,253,710	\$ 13,087,690	\$ 29,408,150
Water Expenses						
Water Purchases	\$ 179,976,734	\$ 192,637,559	\$ 12,660,825	\$ 208,442,158	\$ 15,804,599	\$ 28,465,424
Local Resource Program Incentives	\$ (16,102,631)	\$ (12,171,036)	\$ 3,931,595	\$ (15,210,085)	\$ (3,039,049)	\$ 892,546
Readiness-To-Serve Charge	13,946,682	13,282,405	(664,278)	13,214,277	(68,128)	(732,405)
Capacity Charge	3,659,300	4,041,880	382,580	4,424,460	382,580	765,160
Tier 2 Surcharge	-	-	-	-	-	-
SCP Operation Surcharge	361,200	372,512	11,312	380,000	7,488	18,800
TOTAL WATER EXPENSES	\$ 181,841,285	\$ 198,163,320	\$ 16,322,034	\$ 211,250,810	\$ 13,087,490	\$ 29,409,525
Changes to Fund Balance:						
Capacity Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tier 2 Contingency	\$ 4,275	\$ 2,700	\$ (1,575)	\$ 2,900	\$ 200	\$ (1,375)

Exhibit A6
SUMMARY OF FUNDING AND EXPENSES
For All Water Use Efficiency Programs

	FY 2014-2015 ADOPTED BUDGET	FY 2014-2015 PROJECTED ACTUALS	VARIANCE ACTUALS TO BUDGET	FY 2015-2016 PROPOSED BUDGET	VARIANCE TO PROJECTED ACTUALS	VARIANCE TO FY 2014-2015 BUDGET
Funding						
Metropolitan Water District	\$ 1,050,465	\$ 17,591,710	\$ 16,541,246	\$ 18,519,094	\$ 927,384	\$ 17,468,629
USBR	420,706	375,937	(44,769)	380,548	4,612	(40,158)
DWR	1,461,363	1,314,715	(146,648)	305,829	(1,008,886)	(1,155,534)
Member Agencies	748,798	3,507,494	2,758,696	3,511,734	4,240	2,762,936
MWDOC	49,000	49,000	0	49,000	0	0
						0
TOTAL OUTSIDE FUNDING	\$ 3,730,332	\$ 22,838,855	\$ 19,108,524	\$ 22,766,204	\$ (72,651)	\$ 19,035,873
Program Expenses Funded from Outside Sources						
Project Administration - Staff Time	\$ 25,135	\$ 22,043	\$ (3,092)	\$ 14,000	\$ (8,043)	\$ (11,135)
Consultant Administration	116,000	117,000	1,000	142,420	25,420	26,420
Monitoring and Evaluation	79,384	0	(79,384)	121,947	121,947	42,563
Installation Verification	140,383	188,845	48,463	148,592	(40,254)	8,209
Rebate Incentives	3,151,969	22,342,345	19,190,376	22,140,474	(201,872)	18,988,504
Surveys and Audits	188,500	141,712	(46,788)	185,475	43,763	(3,025)
Databasing	3,063	1,291	(1,772)	1,097	(195)	(1,966)
Customer Support	3,986	813	(3,173)	0	(813)	(3,986)
Marketing and Outreach	10,000	5,000	(5,000)	10,575	5,575	575
Engineering Assistance	11,913	19,805	7,893	1,626	(18,180)	(10,287)
TOTAL PROGRAMS EXPENSES	\$ 3,730,331	\$ 22,838,855	\$ 19,108,524	\$ 22,766,204	\$ (72,651)	\$ 19,035,873

**Exhibit B
Expenditures by Program**

Cost Center	PROGRAM	FY 2014-2015 BUDGET FTE	FY 2015-2016 BUDGET FTE	FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
11	Administrative - Board	1.94	1.78	\$ 1,169,584	\$ 1,010,591	\$ 1,132,702
12	Administrative - General	3.04	2.92	376,942	399,395	466,903
13	Personnel / Staff Development	1.30	1.47	265,991	274,218	304,516
19	Overhead	3.33	3.62	844,239	802,562	794,071
21	Planning & Resource Development	2.72	3.74	675,164	689,932	750,656
22	Research Participation	0.00	0.00	39,961	39,961	39,740
23	Met Issues and Special Projects	4.78	4.06	827,523	787,204	752,278
31	Governmental Affairs	1.37	0.84	499,389	367,508	410,450
35	Policy Development	0.26	0.39	58,313	93,622	145,990
32	Public Affairs	2.28	3.40	357,037	352,700	564,137
41	Finance	3.73	3.23	566,654	384,919	560,035
45	Information Technology	0.99	1.06	179,417	182,191	221,104
25	MWDOC's Contribution to WEROC ¹	2.00	2.00	128,508	128,508	143,028
CORE TOTAL		27.74	28.51	\$ 5,988,722	\$ 5,513,312	\$ 6,285,611
62	Water Use Efficiency Program	4.75	5.31	785,805	828,586	864,576
63	School Programs	0.13	0.07	275,109	276,618	294,842
67	Value of Water	0.00	0.55	148,250	175,784	178,033
64	Foundational Action - Doheny Desal	0.14	0.07	37,922	186,264	19,761
65	Poseidon Desal	0.00	0.00	54,000	5,838	45,162
69	2008 Fund - Doheny Desal	0.00	0.04	94,000	62,806	31,194
68	2014 Fund - Doheny Desal	0.00	0.00	30,000	-	30,000
CHOICE TOTAL		5.02	6.04	\$ 1,425,086	\$ 1,535,896	\$ 1,463,569
CORE & CHOICE TOTAL		32.76	34.55	\$ 7,413,808	\$ 7,049,208	\$ 7,749,179
Includes:	Full-time employees	27.00	28.00			
	WEROC Full-time employee	2.00	2.00			
	Part-time employees	1.22	1.74			
	Interns	2.54	2.82			

¹ FTE accounts for WEROC, Manager Kelly Hubbard and 1 full time employee. Total cost of WEROC is allocated among MWDOC, OCWD, OCSD, Anaheim, Santa Ana, Fullerton, and South Orange County Wastewater Authority. Dollars shown are MWDOC's share only.

Municipal Water District of Orange County
2015-2016 FISCAL MASTER PLAN PROJECTIONS

(in thousands)

	Projected ACTUALS FY14-15	BUDGET FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Beginning Designated Reserve Balance - MWDOC	\$3,520	\$ 4,340	\$ 4,487	\$ 4,177	\$ 4,494	\$ 4,366	\$ 4,663
OPEB Contribution above the ARC	37	62	87	111	135	158	182
Adjusted Reserve Balance	3,483	4,278	4,400	4,066	4,359	4,208	4,481
Revenues							
Water Rate Revenues:							
Retail Meter Fees	6,441	6,687	6,792	6,959	7,093	7,225	7,373
Water Rate Increment	108	-	-	-	-	-	-
Subtotal	6,548	6,687	6,792	6,959	7,093	7,225	7,373
Other Revenues:							
Choice Revenues	1,536	1,464	1,500	1,538	1,576	1,616	1,656
Interest Earnings	120	118	126	122	151	174	205
Misc./Reimbursements	3	3	3	3	3	3	3
Subtotal	1,659	1,584	1,629	1,662	1,730	1,792	1,864
Total Revenues	8,207	8,272	8,421	8,622	8,823	9,017	9,237
Expenses							
Core Expenses	5,513	6,280	6,493	6,711	6,935	7,108	7,286
Choice Expenses	1,536	1,464	1,500	1,538	1,576	1,616	1,656
Capital Acquisitions (not including building)	-	6	20	20	20	20	20
Total Expenses w/o Building & Election	7,049	7,749	8,013	8,269	8,531	8,744	8,962
Revenue Over Expenses w/o Building & Election	1,158	522	408	353	292	273	275
ELECTION Reserve Beginning Balance	228						
Annual Election Reserve Contribution	260	260	260	260	260	260	260
Annual Election Expense	273	-	592		444		592
Election Reserve Ending Balance	215	475	143	403	219	479	147
BUILDING Reserve Beginning Balance	111						
Annual Building Reserve Contribution	398	258	150	60	-	0	-
Annual Building Expense	17	400	150	60	-		
Building Reserve Ending Balance	492	350	350	350	350	350	350
CASH FLOW Reserve Beginning Balance	1,000						
Annual Cash Flow Reserve Contribution	500	4	(2)	33	32	13	15
Cash Flow Reserve Ending Balance	1,500	1,504	1,502	1,535	1,567	1,580	1,596
Adjustments to the General Fund Reserve							
Increment Refund Due to OC-88 Meter Error	(73)						
Ending General Fund & Cash Flow Reserves	\$ 3,571	\$ 3,575	\$ 3,573	\$ 3,606	\$ 3,638	\$ 3,651	\$ 3,667
Document does not reflect MWDOC's irrevocable trust towards OPEB liability							
MWDOC Water Rates							
Water Sales in Acre Feet	215,550	223,946	223,950	224,800	225,123	223,541	228,456
Total Retail Meters	613,384	616,343	617,440	621,355	624,960	625,510	627,510
OCWD BPP %	72%	70%	70%	70%	70%	70%	70%
Increment Rate	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Charge	\$ 10.50	\$ 10.85	\$ 11.00	\$ 11.20	\$ 11.35	\$ 11.55	\$ 11.75
Fixed Charge %		100%	100%	100%	100%	100%	100%

1 Assumptions for FMP:

Inflation factor: 2.50% per year
Rate of return on Investment of portfolio: 1.25% per year

#5.

Total Core Expenses

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	2,609,584	2,419,500	2,805,639
	S & W Reimb. DSC or Recov from Grants	-	-	-
6090	Directors Compensation - MWDOC	210,342	182,258	220,588
6095	Directors Compensation - MWD	120,197	104,078	126,050
6105	Benefits - Admin	831,154	725,157	746,208
	OPEB Annual Contribution	133,331	180,456	105,188
	Overhead Reimbursement	(139,240)	(183,825)	(199,271)
6115	Benefits - Directors	119,356	70,765	60,024
6120	Health Insurance Coverage for Retirees	50,244	45,980	50,387
6205	Training	18,000	12,000	18,000
6210	Tuition Reimbursement	6,000	-	5,000
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	355,000	465,000	300,000
7020	Legal - General	329,000	295,435	355,000
7030	Audit	23,000	21,125	23,000
7040	Other Professional Fees	463,700	365,495	716,478
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	13,925	15,113	18,500
7115	Conference - Directors	8,650	10,745	9,800
7150	Travel & Accommodations - Employee	38,300	36,898	53,260
7155	Travel & Accommodations - Director	29,600	31,087	27,600
7210	Membership / Sponsorship	90,437	88,955	104,361
7250	CDR Participation	39,961	39,961	39,740
7305	Business Expense	7,000	6,589	6,800
7310	Office Maintenance	118,768	115,804	126,670
7315	Building Repair & Maintenance	10,800	10,000	11,000
7320	Rents & Leases	16,708	11,780	19,000
7330	Office Supplies	24,288	25,244	29,400
7340	Postal / Mail Delivery	11,100	10,100	11,285
7350	Subscriptions / Books	1,600	1,238	1,820
7360	Reproduction Expense	50,125	33,330	46,560
7410	Computer & Peripherals Maint	6,000	6,000	7,100
7430	Software Purchase	25,515	19,154	18,500
7440	Software Support	28,869	24,569	33,000
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	9,300	9,000	19,000
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	13,300	12,900	13,500
7615	Toll Road Charges	1,250	1,200	1,275
7620	Insurance Expense	97,000	95,000	96,000
7640	Utilities - Telephone	16,900	14,405	15,650
7650	Bank Fees	10,700	9,000	10,700
7670	Miscellaneous Expenses	60,450	53,307	83,770
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	-	-	6,000
	Total Expenditure	5,860,214	5,384,804	6,142,583

MWDOC's Contribution to WEROC	128,508	128,508	143,028
MWDOC's Election Expense	444,000	272,537	-
MWDOC's Building Expense	168,000	17,000	400,000
	<u>6,600,722</u>	<u>5,802,849</u>	<u>6,685,611</u>

Total Choice Revenue and Expense

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
	Choice Revenue	1,261,086	1,447,836	1,305,374
4205	School Contracts	70,000	70,000	70,000
4705	Prior Year Carry Over	94,000	94,000	106,356
		-	-	-
	Choice billing over/under	-	(75,940)	(18,161)
		-	-	-
		-	-	-
		-	-	-
		-	-	-
	Total Revenue	1,425,086	1,535,896	1,463,569

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	386,271	444,954	457,657
	S & W Reimb. DSC or Recov from Grants	(16,437)	(20,080)	(23,500)
6090	Directors Compensation - MWDOC	-	-	-
6095	Directors Compensation - MWD	-	-	-
6105	Benefits - Admin	130,762	127,198	120,631
	Overhead Reimbursement	139,240	183,825	199,271
6115	Benefits - Directors	-	-	-
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training	-	-	-
6210	Tuition Reimbursement	-	-	-
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	-	-	-
7020	Legal - General	-	-	-
7030	Audit	-	-	-
7040	Other Professional Fees	461,500	516,000	416,159
	Other Professional Fees - DSC	234,000	234,000	257,400
7110	Conference - Employee	-	-	-
7115	Conference - Directors	-	-	-
7150	Travel & Accommodations - Employee	-	-	-
7155	Travel & Accommodations - Director	-	-	-
7210	Membership / Sponsorship	-	-	-
7220	CUWA Participation	-	-	-
7240	AWWARF Participation	-	-	-
7250	CDR Participation	-	-	-
7310	Office Maintenance	-	-	-
7320	Rents & Leases	-	-	-
7330	Office Supplies	-	-	-
7340	Postal / Mail Delivery	-	-	-
7350	Subscriptions / Books	-	-	-
7360	Reproduction Expense	40,500	30,000	23,450
7410	Computer & Peripherals Maint	-	-	-
7430	Software Purchase	-	-	-
7440	Software Support	-	-	-
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	-	-	-
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	-	-	-
7615	Toll Road Charges	-	-	-
7620	Insurance Expense	-	-	-
7640	Utilities - Telephone	-	-	-
7650	Bank Fees	-	-	-
7670	Miscellaneous Expenses	49,250	20,000	12,500
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8710	Election Expenses	-	-	-
8810	Capital Acquisition	-	-	-
	Total Expenditure	1,425,086	1,535,896	1,463,569

#5.

Total Core and Choice Expenses

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	2,995,855	2,864,454	3,263,296
	S & W Reimb. DSC or Recov from Grants	(16,437)	(20,080)	(23,500)
6090	Directors Compensation - MWDOC	210,342	182,258	220,588
6095	Directors Compensation - MWD	120,197	104,078	126,050
6105	Benefits - Admin	961,916	852,355	866,840
	OPEB Annual Contribution	133,331	180,456	105,188
	Overhead Reimbursement	-	-	-
6115	Benefits - Directors	119,356	70,765	60,024
6120	Health Insurance Coverage for Retirees	50,244	45,980	50,387
6205	Training	18,000	12,000	18,000
6210	Tuition Reimbursement	6,000	-	5,000
6220	Temporary Help	-	-	-
7010	Engineering - Outside Services	355,000	465,000	300,000
7020	Legal - General	329,000	295,435	355,000
7030	Audit	23,000	21,125	23,000
7040	Other Professional Fees	925,200	881,495	1,132,637
	Other Professional Fees - DSC	234,000	234,000	257,400
7047	Prof Service-Grant Recovery	-	-	-
7110	Conference - Employee	13,925	15,113	18,500
7115	Conference - Directors	8,650	10,745	9,800
7150	Travel & Accommodations - Employee	38,300	36,898	53,260
7155	Travel & Accommodations - Director	29,600	31,087	27,600
7210	Membership / Sponsorship	90,437	88,955	104,361
7250	CDR Participation	39,961	39,961	39,740
7305	Business Expense	7,000	6,589	6,800
7310	Office Maintenance	118,768	115,804	126,670
7315	Building Repair & Maintenance	10,800	10,000	11,000
7320	Rents & Leases	16,708	11,780	19,000
7330	Office Supplies	24,288	25,244	29,400
7340	Postal / Mail Delivery	11,100	10,100	11,285
7350	Subscriptions / Books	1,600	1,238	1,820
7360	Reproduction Expense	90,625	63,330	70,010
7410	Computer & Peripherals Maint	6,000	6,000	7,100
7430	Software Purchase	25,515	19,154	18,500
7440	Software Support	28,869	24,569	33,000
7450	Software Development	-	-	-
7510	Site Maintenance	-	-	-
7540	Computers and Equipment	9,300	9,000	19,000
7580	Maintenance Expense	-	-	-
7610	Automotive / Mileage	13,300	12,900	13,500
7615	Toll Road Charges	1,250	1,200	1,275
7620	Insurance Expense	97,000	95,000	96,000
7640	Utilities - Telephone	16,900	14,405	15,650
7650	Bank Fees	10,700	9,000	10,700
7670	Miscellaneous Expenses	109,700	73,307	96,270
8410	Overhead Reimbursement	-	-	-
8610	Depreciation Expense	-	-	-
8810	Capital Acquisition	-	-	6,000
	Total Expenditure	7,285,300	6,920,700	7,606,151

MWDOC's Contribution to WEROC	128,508	128,508	143,028
MWDOC's Election Expense	444,000	272,537	-
MWDOC's Building Expense	168,000	17,000	400,000
	<u>8,025,808</u>	<u>7,338,745</u>	<u>8,149,179</u>

Administrative - Board

11

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	242,249	238,288	259,439	
6090	Directors Compensation - MWDOC	210,342	182,258	220,588	1
6095	Directors Compensation - MWD	120,197	104,078	126,050	2
6105	Benefits - Admin	73,905	62,704	63,411	
6115	Benefits - Directors	119,356	70,765	60,024	
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General	320,000	268,035	320,000	3 4
7030	Audit				
7040	Other Professional Fees				
7110	Conference - Employee				
7115	Conference - Directors	8,650	10,745	9,800	5
7150	Travel & Accommodations - Employee				
7155	Travel & Accommodations - Director	29,600	31,087	27,600	5
7210	Membership / Sponsorship	25,000	23,181	25,040	6
7250	CDR Participation				
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery	4,600	4,000	4,500	
7350	Subscriptions / Books				
7360	Reproduction Expense				
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage	9,500	8,900	9,300	
7615	Toll Road Charges	700	650	700	
7620	Insurance Expense				
7640	Utilities - Telephone	985	1,100	1,150	
7650	Bank Fees				
7670	Miscellaneous Expenses	4,500	4,800	5,100	7
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8810	Capital Acquisition				
Total Expenditure		1,169,584	1,010,591	1,132,702	

1&2 Based on 5% increase from Jan to June 2015.

3 Best, Best & Krieger \$ 250,000
Aleshire & Wynder \$ 18,035
\$ 268,035

4 Best, Best & Krieger \$ 305,000
Aleshire & Wynder \$ 15,000
\$ 320,000

5 See Exhibit F.

6 LAFCO Annual Assessment
See Exhibit D.

7 Misc board expenses (supplies)

MWDOC's Election Expense

444,000	272,537	
<u>1,613,584</u>	<u>1,283,128</u>	<u>1,132,702</u>

#5.

Administrative - General

12

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	204,597	221,704	259,839	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	54,593	60,189	57,268	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees				
7110	Conference - Employee	13,925	15,113	18,500	1
7115	Conference - Directors				
7150	Travel & Accommodations - Employee	38,300	36,898	53,260	1
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship	51,377	51,714	63,191	2
7250	CDR Participation				
7305	Business Expense	7,000	6,589	6,800	
7310	Office Maintenance				
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books	1,600	1,238	1,820	
7360	Reproduction Expense				
7410	Computer & Peripherals Maint				
7430	Software Purchase				
7440	Software Support				
7450	Software Development				
7510	Site Maintenance				
7540	Computers and Equipment				
7580	Maintenance Expense				
7610	Automotive / Mileage	3,800	4,000	4,200	
7615	Toll Road Charges	550	550	575	
7620	Insurance Expense				
7640	Utilities - Telephone				
7650	Bank Fees				
7670	Miscellaneous Expenses	1,200	1,400	1,450	
8410	Overhead Reimbursement				
8610	Depreciation Expense				
8710	Election Expenses				
8810	Capital Acquisition				
	Total Expenditure	376,942	399,395	466,903	

1 See Exhibit E.

2 See Exhibit D.

Personnel / Staff Development
13

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	144,067	138,205	163,117
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	45,924	45,614	46,649
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training	18,000	12,000	18,000
6210	Tuition Reimbursement	6,000	-	5,000
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	9,000	27,400	35,000
7030	Audit			
7040	Other Professional Fees	35,000	37,000	25,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	8,000	14,000	11,750
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	265,991	274,218	304,516

1 • Staff Technical Training & Leadership Development Training

2 Best, Best & Krieger \$ 35,000

3 • Semi-annual Review of Deferred Comp and pension investment composition. \$ 25,000

4 • Employee Recognition program \$ 2,500
 • Applicant Background Checks \$ 2,400
 • Team Building, Lunch meetings \$ 1,500
 • Holiday Lunch \$ 2,000
 • OCWD Health Fair \$ 300
 • Employee Flu Shots \$ 550
 • Job Adds Recruiting 2,500
 \$ 11,750

Overhead
19

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	359,881	358,327	401,092
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	115,544	95,491	106,020
6109	OPEB Annual Contribution	133,331	180,456	105,188
6111	Overhead Reimbursement from Choice	(139,240)	(183,825)	(199,271)
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees	50,244	45,980	50,387
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	10,100	10,000	5,800
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7250	CDR Participation			
7310	Office Maintenance	118,768	115,804	126,670
7315	Building Repair & Maintenance	10,800	10,000	11,000
7320	Rents & Leases	16,708	11,780	19,000
7330	Office Supplies	24,288	25,244	29,400
7340	Postal / Mail Delivery	6,000	6,100	6,785
7350	Subscriptions / Books			
7360	Reproduction Expense	5,400	2,000	2,400
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support	2,300	-	
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense	97,000	95,000	96,000
7640	Utilities - Telephone	15,915	13,305	14,500
7650	Bank Fees	10,700	9,000	10,700
7670	Miscellaneous Expenses	6,500	7,900	8,400
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	844,239	802,562	794,071

1 Retirees:
• 9 Retirees

2 • Pension Plan administration by
Dissinger Associates \$ 4,000
• Cafeteria Plan Wameworks \$ 1,800
5,800

3 • Site maintenance and receptionist
from OCWD \$ 112,000
• Plant Maintenance \$ 2,820
• Copier machine maint. \$ 4,200
• Landscape Atrium Maint \$ 3,600
• Binding Machine Renewal \$ 650
• Phone Maintenance \$ 3,400
\$ 126,670

4 • Iron Mountain \$ 9,600
• Copier machine lease \$ 8,400
• El Toro Water District \$ 1,000
(South EOC site)
\$ 19,000

5 • Misc equipment repairs, fees etc.

6 • Chillers, Boilers, new EMS, Board Room
MWDOC @ 36%

MWDOC's Building Expense	168,000	17,000	400,000
	1,012,239	819,562	1,194,071

Planning Resource Development
21

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	395,062	390,610	486,511
6012	Salaries & Wages - Reimb. from Grants	-		-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	133,102	110,369	117,145
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	140,000	185,000	140,000
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	7,000	3,952	7,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	675,164	689,932	750,656

1 Includes general consulting, reliability of MET, conjunctive use, climate change and value of being reliable.

2 Over budget portion funded via the use of carry over funds from FY13-14.

#5.

Research Participation
22

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin			
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation	39,961	39,961	39,740
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	39,961	39,961	39,740

1 Center for Demographic Research at
Cal State University Fullerton \$ 39,740

Met Issues and Special Projects
23

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	462,691	388,762	465,837
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	149,832	118,442	126,441
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services	215,000	280,000	160,000
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7045	Other Professional Fees - MET			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	-	-	-
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	827,523	787,204	752,278

1 Includes funding for local project decision-making, MET advocacy, MET workgroup and UWMP.

2 Over budget portion funded via the use of carry over funds from FY13-14.

Government Affairs
31

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	156,272	83,145	81,384
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	46,317	26,863	28,825
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	280,000	247,000	279,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AWWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	-		420
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	16,800	10,500	20,820
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	499,389	367,508	410,450

- 1 • Townsend \$ 90,000
- Barker \$ 96,000
- Travel/Miscellaneous \$ 2,000
- Lewis Consulting \$ 34,000
- Nossaman/Ackerman \$ 25,000
- \$ 247,000

- 2 • Townsend \$ 96,000
- Barker \$ 96,000
- Travel/Miscellaneous \$ 3,000
- Lewis Consulting \$ 48,000
- Nossaman/Ackerman \$ 36,000
- \$ 279,000

- 3 • State & Federal Legislative Tracking \$ 3,500
- Legislative Outreach & Briefings \$ 7,000
- Legislative Staff Trip Travel Costs \$ 7,500
- WACO \$ 2,820
- \$ 20,820

Public Affairs
32

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	167,213	197,560	271,654
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	51,234	61,161	71,815
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	65,600	43,995	151,678
7047	Prof Service-Grant Recovery			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery	500	-	-
7350	Subscriptions / Books			
7360	Reproduction Expense	44,725	31,330	43,740
7410	Computer & Peripherals Maint			
7430	Software Purchase	15,515	10,154	-
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	12,250	8,500	25,250
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	357,037	352,700	564,137

1 Public Affairs Activities:

- Resolutions \$ 5,000
- Member Agency Workshops PAW \$ 10,000
- Consumer Confidence Reports \$ 34,178
- Website Hosting & Maintenance \$ 10,000
- Event Registration Fees \$ 2,500
- PAW meeting materials \$ 2,500
- New Website 25,000

Subtotal 89,178

Communications Plan Activities:

- Outreach \$ 7,500
- Marketing Materials \$ 15,000
- Survey - Phone \$ 20,000
- IPSO Survey \$ 20,000

Subtotal \$ 62,500
\$151,678

2

- Briefing Papers \$ 2,500
- Name Badges \$ 1,500
- Attire & Promo items \$ 1,500
- Folders 1000@\$4.25 \$ 4,250
- Thumb Drives 1000@10.24 \$ 10,240
- Brochures 1500 @ 2.50 \$ 3,750
- Awards and Events \$ 7,500
- Promotional Items \$ 12,500

\$ 43,740

3

- Ricki Maint and Repair \$ 2,750
- Children's Water Festival Sponsorship \$ 3,500
- Industry Events \$ 5,000
- Event Display Materials \$ 2,500
- Speaker Recognition \$ 1,500
- OC Water Hero \$ 10,000

\$ 25,250

#5.

**Water Use Efficiency
Policy Development (Core)
35**

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	34,719	55,021	50,513
6010	Salaries & Wages - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	9,534	24,541	14,347
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			65,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship	14,060	14,060	16,130
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	58,313	93,622	145,990

- 1 • Project Audit \$ 5,000
- Water Savings Potential Study \$ 60,000
- \$ 65,000

- 2 • CUWCC Dues \$ 8,005
- South O.C. Watershed Mngmt Area Dues 6,625
- OC CLCA 1,500
- \$ 16,130

General Finance
41

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	352,263	253,302	266,549
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	115,391	82,337	79,486
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit	23,000	21,125	23,000
7040	Other Professional Fees	73,000	27,500	190,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support	2,000	-	-
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	655	1,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	566,654	384,919	560,035

1 • Custodial Bank fees	\$ 3,000
• Financial Consulting	\$ 112,000
• Rate Study	\$ 75,000
	<u>\$ 190,000</u>

2 • Misc Fees and Supplies	\$ 1,000
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Information Technology
45

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET	
6010	Salaries & Wages - Admin	90,570	94,575	99,703	
6090	Directors Compensation - MWDOC				
6095	Directors Compensation - MWD				
6105	Benefits - Admin	35,778	37,447	34,801	
6115	Benefits - Directors				
6120	Health Insurance Coverage for Retirees				
6205	Training				
6210	Tuition Reimbursement				
6220	Temporary Help				
7010	Engineering - Outside Services				
7020	Legal - General				
7030	Audit				
7040	Other Professional Fees				
7110	Conference - Employee				
7115	Conference - Directors				
7150	Travel & Accommodations - Employee				1 • Misc repairs, maint & components
7155	Travel & Accommodations - Director				
7210	Membership / Sponsorship				
7250	CDR Participation				
7310	Office Maintenance				2 • Misc software upgrades and License
7320	Rents & Leases				
7330	Office Supplies				
7340	Postal / Mail Delivery				
7350	Subscriptions / Books				
7360	Reproduction Expense				
7410	Computer & Peripherals Maint	6,000	6,000	7,100	1 • Investment software usage cost \$ 2,340
7430	Software Purchase	10,000	9,000	18,500	• Financial Management System \$ 22,286
7440	Software Support	24,569	24,569	33,000	• Cisco Smartnet support \$ 790
7450	Software Development				• Misc NAV development \$ 2,000
7510	Site Maintenance				• Jet Reports support \$ 1,277
7540	Computers and Equipment	9,300	9,000	19,000	• B;ythco ABRA \$ 750
7580	Maintenance Expense				• ECS Laserfiche \$ 3,557
7610	Automotive / Mileage				\$ 33,000
7615	Toll Road Charges				
7620	Insurance Expense				4 • 13 desktop computers \$ 10,400
7640	Utilities - Telephone				• 13 Monitors \$ 2,600
7650	Bank Fees				• Miscellaneous hardware \$ 6,000
7670	Miscellaneous Expenses	3,200	1,600	3,000	\$ 19,000
8410	Overhead Reimbursement				
8610	Depreciation Expense				5 • Misc supplies \$ 1,800
8710	Election Expenses				• MWDOC Website \$ 1,200
8810	Capital Acquisition			6,000	6 • HP Z5400 Plotter \$ 6,000
	Total Expenditure	179,417	182,191	221,104	

**Water Use Efficiency
(choice)
62**

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	785,805	785,805	864,576
4705	Prior Year Carry over			
	Choice billing over/under		42,781	
	Total Revenue	785,805	828,586	864,576

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2015 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	354,469	396,507	397,220
6012	Salaries & Wages - Recovery from Grants	(16,437)	(20,080)	(23,500)
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	120,651	116,063	110,064
	Overhead Reimbursement	127,122	161,096	167,593
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	195,000	170,000	208,200
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases	-		-
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	5,000	5,000	5,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	785,805	828,586	864,576

1 Recovery from WUE Grants for some Salaries and Benefits:

- CII Performance Based - North County \$ 8,500
- Comprehensive Landscape Water Use \$ 15,000
- \$ 23,500

2 • Marketing of WUE programs \$ 60,000

- Water Smart Landscape \$ 50,000
- California Sprinkler Adjustment Program \$ 1,200
- Web Based Rebate Processing Platform \$ 72,000
- Landscape Ordinance Plan Review \$ 25,000
- \$ 208,200

#5.

School Program (choice) 63

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	205,109	205,109	224,842
4205	School Contracts	70,000	70,000	70,000
4705	Prior Year Carry over			
	Choice billing over/under		1,509	
	Total Revenue	275,109	276,618	294,842

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2015 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	9,482	10,370	6,293
6010	Sal & Wages - Reimb. from DSC & Grants		-	
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	2,989	3,199	1,647
	Overhead Reimbursement	3,638	4,049	2,752
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees			
7040	Other Professional Fees - DSC	234,000	234,000	257,400
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AWWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	17,500	17,500	19,250
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	7,500	7,500	7,500
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	275,109	276,618	294,842

1 • Assemblies; FY15-16
Goal is 75,000 students

2 • School books and other printings

3 • Demonstration supplies including new Ricki Pencils and Stickers for education presentation

Foundational Action - Doheny Desal
(choice)
64

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	37,922	197,922	37,922
4705	Prior Year Carry over			
	Choice billing over/under		(11,658)	(18,161)
	Total Revenue	37,922	186,264	19,761

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2015 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	22,320	18,990	11,631
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	7,122	4,553	2,347
	Overhead Reimbursement	8,480	8,721	5,783
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees		154,000	
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	37,922	186,264	19,761

To Be Funded by South Coast Water District. An additional \$160,000 was added during FY14-15 for the Environmental Baseline Monitoring Project. All Revenue and expense are shown here in FY14-15 but in actuality this project is expected to carry over into FY15-16

#5.

Poseidon Desal
(choice)
65

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	54,000	51,000	
4705	Prior Year Carry over			45,162
	Choice billing over/under		(45,162)	
	Total Revenue	54,000	5,838	45,162

Recommendation for 2015-16 is to maintain existing funds for efforts that might arise this coming year.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin		3,436	-
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		796	-
	Overhead Reimbursement		1,606	-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	54,000		45,162
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7240	AAWARF Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	54,000	5,838	45,162

Actual activity for 2015-16 are uncertain at this time.

Value of Water
(choice)
67

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	148,250	178,000	178,033
	Choice billing over/under		(2,216)	
	Total Revenue	148,250	175,784	178,033

Choice billing over/under reflects revenue overage or shortfall to be reconciled with participating member agencies. Final charges will be revised by August 2015 to reflect the new budget year charges plus/minus prior year over/under.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin		11,645	35,217
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		1,662	5,016
	Overhead Reimbursement		6,477	19,601
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	88,500	136,000	114,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	23,000	12,500	4,200
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses	36,750	7,500	
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	148,250	175,784	178,033

- 1 • Communications Consultant \$ 35,000
- Pump Toppers \$ 23,150
- Movie Theaters \$ 26,350
- Social Media Advertising \$ 1,500
- Bus Shelter Adds \$ 10,000
- Video \$ 40,000
- \$ 136,000
- 2 • Bill Stuffers \$ 7,500
- Printed Materials \$ 5,000
- \$ 12,500
- 3 • Communications Consultant \$ 32,500
- Pump Toppers \$ 35,000
- Movie Theaters \$ 35,000
- Social Media Advertising \$ 4,000
- Bus Shelter Adds \$ 7,500
- \$ 114,000
- 4 • Printed Materials \$ 4,200

#5.

2014 Fund - Doheny Desal
(choice)
68

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue	30,000	30,000	
4705	Prior Year Carry over			30,000
	Choice billing over/under		(30,000)	
	Total Revenue	30,000	-	30,000

This fund includes deposits from South Coast, LBCWD and San Clemente. Recommendation for 2015-16 is to maintain existing funds from 2014-15 for efforts that might arise this coming year.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin		-	-
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		-	-
	Overhead Reimbursement		-	-
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	30,000		30,000
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	30,000	-	30,000

Actual activity for 2015-16 are uncertain at this time.

2008 Fund - Doheny Desal
(choice)
69

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4215	Choice Revenue			
4705	Prior Year Carry over	94,000	94,000	31,194
	Choice billing over/under		(31,194)	
	Total Revenue	94,000	62,806	31,194

The source of funding for these efforts are remaining funds from the 2008 participation agreement for Doheny desalination.

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin		4,006	7,297
	Salaries & Wages - Reimb. from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		924	1,558
	Overhead Reimbursement		1,877	3,543
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	94,000	56,000	18,797
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accommodations - Employee			
7155	Travel & Accommodations - Director			
7210	Membership / Sponsorship			
7220	CUWA Participation			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	94,000	62,806	31,194

Anticipated activities consist of payment of state park lease, electrical costs, coordination with state park planning for removal of the facilities.

#5.

WEROC
25

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4320	Revenues from MWDOC	128,508	128,508	143,028
4210	WEROC Contracts	126,973	126,973	143,027
4705	Prior Years Carryover	(1,859)	(16,766)	0
4205				
4230	Reimbursements		4,933	
4240				
4410				
4805				
	Total Revenue	253,622	243,648	286,055

6 • OCSD	\$ 28,033
• SOCWA	\$ 10,870
• OCWD	\$ 71,514
• 3 Cities -- \$10,870 ea	\$ 32,610
	<u>\$ 143,027</u>

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	139,368	134,826	161,522
6012	Salaries & Wages - Recovery from Grants			
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin	55,648	48,159	56,290
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees			
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General			
7030	Audit			
7040	Other Professional Fees	3,000	3,000	3,000
7110	Conference - Employee	1,800	1,800	1,800
7115	Conference - Directors			
7150	Travel & Accomodations - Employee	3,500	2,700	3,500
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship	205	225	420
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases	18,183	18,183	19,092
7330	Office & Radio Supplies	1,000	1,000	1,000
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense	200	100	200
7410	Computer & Peripherals Maint	4,642	4,000	4,207
7430	Software Purchase			
7440	Software Support			6,750
7450	Software Development			
7510	Site Maintenance	850	460	850
7540	Computers and Equipment			
7580	Maintenance - Generators	2,000	1,000	2,000
7581	Maintenance - Radios	1,000	7,000	2,000
7582	Maintenance - EOC's	3,000	3,000	3,000
7610	Automotive / Mileage	600	679	800
7615	Toll Road Charges	125	116	125
7620	Insurance Expense	1,500	1,200	1,500
7640	Utilities - Telephone	10,000	8,000	10,000
7650	Bank Fees			
7670	Miscellaneous Expenses	1,000	1,000	1,000
7671	Miscellaneous Training	1,000	2,200	2,000
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	248,621	238,648	281,055

1 Catalina Repeater (6% increase)	
6 'In Case of Crisis' Software	
2 Janitorial services for 2 EOCs.	
3 • Generators	\$ 2,000
• OA radios	\$ 2,000
• Misc	\$ 3,000
	<u>\$ 7,000</u>

Sinking Fund (generator/radio)	5,000	5,000	5,000
	<u>253,621</u>	<u>243,648</u>	<u>286,055</u>

AMP Proceeds Agreement Administration
61

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
4020	Interest Revenue	-		-
4050	O & M Maintenance Deposit	-	-	-
4230	Reimbursement	20,000	20,000	17,098
4680	Miscellaneous Income	-		-
	Billing over/under		3,151	
	Total Revenue	20,000	23,151	17,098

Participating Member agencies will be billed annually per the AMP sales admin agreement to cover legal and audit expenses until the RPOI ends in 2016

		FY 2014-2015 BUDGET	FY 2014-2015 PROJECTED ACTUALS	FY 2015-2016 PROPOSED BUDGET
6010	Salaries & Wages - Admin	-	989	2,098
6090	Directors Compensation - MWDOC			
6095	Directors Compensation - MWD			
6105	Benefits - Admin		264	
6115	Benefits - Directors			
6120	Health Insurance Coverage for Retirees	-	-	-
6205	Training			
6210	Tuition Reimbursement			
6220	Temporary Help			
7010	Engineering - Outside Services			
7020	Legal - General	17,000	21,897	15,000
7030	Audit	3,000		
7040	Other Professional Fees			
7110	Conference - Employee			
7115	Conference - Directors			
7150	Travel & Accomodations - Employee			
7155	Travel & Accomodations - Director			
7210	Membership / Sponsorship			
7250	CDR Participation			
7310	Office Maintenance			
7320	Rents & Leases			
7330	Office Supplies			
7340	Postal / Mail Delivery			
7350	Subscriptions / Books			
7360	Reproduction Expense			
7410	Computer & Peripherals Maint			
7430	Software Purchase			
7440	Software Support			
7450	Software Development			
7510	Site Maintenance			
7540	Computers and Equipment			
7580	Maintenance Expense			
7610	Automotive / Mileage			
7615	Toll Road Charges			
7620	Insurance Expense			
7640	Utilities - Telephone			
7650	Bank Fees			
7670	Miscellaneous Expenses			
8410	Overhead Reimbursement			
8610	Depreciation Expense			
8710	Election Expenses			
8810	Capital Acquisition			
	Total Expenditure	20,000	23,151	17,098

Exhibit D

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Proposed District Participation Costs
 Fiscal Year 2015-2016

	Budget	Projected	Budget	Approval included in
	FY 2014-2015	FY 2014-2015	FY 2015-2016	
		Actuals		<u>Budget Approval</u>
Required Participation or Service				
Colorado River Water Users Association	\$ -	\$ 40	\$ 40	√
LAFCO	25,000	23,141	25,000	√
Subtotal Cost Center 11	25,000	23,181	25,040	
Association. of Calif. Water Agencies (ACWA)	15,631	16,849	18,200	√
Federal Affairs				
Local Government				
Water Management				
Joint Powers Ins. Auth.				
eCivis, LLC - Grants Locator	3,900	3,900	-	
Santiago Aqueduct Commission	3,906	3,900	3,900	√
Subtotal Cost Center 12	23,437	24,649	22,100	
OC Chapter-Calif. Landscape Contractors Assoc.	500	500	1,500	√
CA Urban Water Conservation Council Dues	7,810	7,810	8,005	√
South OC Watershed Management Area Dues	5,750	5,750	6,625	√
Subtotal Cost Center 35	14,060	14,060	16,130	
Subtotal - Required Participation or Service	\$ 62,497	\$ 61,890	\$ 66,770	
Elective Participation				
Association of California Cities- Orange County (ACCOC)	\$ 5,000	\$ 5,000	\$ 5,000	√
American Water Works Association (AWWA)	1,550	1,513	1,550	√
Association of Metropolitan Water Agencies (AMWA)			16,004	New
Association of Public Treasurers (APT)	145	-	-	
CA Chamber of Commerce (HR California)	499	449	499	√
CALDESAL	5,000	5,000	5,000	√
California Municipal Treasurers Association (CMTA)	155	155	155	√
California Society of Municipal Finance Officers (CSMFO)	125	125	125	√
CA Special Districts Assn. (CSDA)	5,294	5,691	6,100	√
Colorado River Water Users Assn. (CRWUA)	100	60	60	√
Government Finance Officers Association (GFOA)	165	160	165	√
Indep. Special Districts of Or. Co. (ISDOC)	200	200	200	√
International Personnel Management Association	105	105	105	√
Latino Business Association	250	250	250	√
Municipal Information Systems Association of California (MISAC)	-	-	200	New
National Water Resources Assn., Mun. Caucus	500	500	500	√
Orange County Business Council (OC Chamber)	1,500	1,500	1,500	√
Orange County Emplmnt Rltns Consortium (Liebert, Cassidy & Wh	2,994	2,994	-	
Orange County Public Affairs Association	150			
Orange County Water Association (OCWA)	200	100	100	√
Public Agency Risk Managers Association (PARMA)	100	100	100	√
Public Relations Society of America/O.C.	300	-	300	√
Society of Human Resources Management (SHRM)	180	185	200	√
Southern California Personnel Management Assoc. (SCPMA)		50	50	√
South Orange County Economic Coalition	1,500	1,500	1,500	√
Southern California Water Committee	850	850	850	√
Vietnamese Chamber of Commerce	500	-	-	
Water Education Foundation	578	578	578	√
Subtotal Cost Center 12	27,940	27,065	41,091	
Subtotal - Elective Participation	\$ 27,940	\$ 27,065	\$ 41,091	

Exhibit D

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Proposed District Participation Costs
 Fiscal Year 2015-2016

	Budget	Projected	Budget	Approval included in
	FY 2014-2015	FY 2014-2015	FY 2015-2016	
		Actuals		Budget Approval
(Exhibit D Continued..)				
International Association of Emergency Managers	-	-	\$ 185	New
InfraGard	\$ 55	\$ -	\$ 55	✓
California Emergency Services Association	150	225	180	✓
WEROC Program Total	<u>205</u>	<u>225</u>	<u>420</u>	
GRAND TOTAL	<u>\$ 90,642</u>	<u>\$ 89,180</u>	<u>\$ 108,281</u>	

New or Increased Memberships for 2015-16

Association	Budget	Projected	Budget	Approval included in
	FY 2014-2015	FY 2014-2015	FY 2015-2016	
		Actuals		Budget Approval
Association of Metropolitan Water Agencies (AMWA)			\$ 16,004	✓
Municipal Information Systems Association of California (MISAC)	-	-	200	✓
International Association of Emergency Managers	-	-	185	✓
OC Chapter-Calif. Landscape Contractors Assoc.	500	500	1,500	✓
CA Urban Water Conservation Council Dues	7,810	7,810	8,005	✓
South OC Watershed Management Area Dues	5,750	5,750	6,625	✓
CA Special Districts Assn. (CSDA)	5,294	5,691	6,100	✓
Society of Human Resources Management (SHRM)	180	185	200	✓
Total of New or Increased Memberships	<u>\$ 19,534</u>	<u>\$ 19,936</u>	<u>\$ 38,819</u>	

Exhibit E

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Summary of Proposed Staff Registration & Travel Budget ⁽¹⁾
Fiscal Year 2015-2016

<u>Conference / Meeting</u>	<u>Registration</u>	<u>Travel ⁽¹⁾</u>	<u>Approval included in Budget Approval</u>
ACWA - DC Conference (2 staff)	\$ 1,250	\$ 5,000	√
- Fall Conference (3 staff)	2,400	2,500	√
- Spring Conference (3 staff)	2,400	5,000	√
- Legislative Symposium (2 staff)	200	600	√
ACC-OCBC Legislative Advocacy Trip		950	New
ACWA Region 10 (2 Staff)	150	200	√
Association of Metropolitan Water Agencies (AMWA)	2,400	3,700	New
AWWA Cal Nevada & National Conference (1)	400	900	New
AWWA Fall Conference (1 staff)	550	1,200	√
AWWA Spring Conference (1 staff)	550	1,200	√
Bond Buyers Conference (1 Staff)	200	500	√
California Dept. of Health Svcs Certif Stakeholder Mtg. (2 Trips)	-	1,200	√
California Dept. of Water Resources (USC & ITP) (1 staff)	-	600	√
Calif. Soc. of Mun. Finance Officers (2 staff)	200	400	√
Cal Desal Conference (2 staff)	500	1,200	√
CRWUA - Fall (3 staff)	1,350	3,750	√
CSDA Annual Conference (1 staff)	500	-	
CUWCC Board Plenary & Committee Meetings (13 meetings)	-	5,760	√
DWR Stakeholder Meetings (4x)		1,200	√
Gov. Finance Officers Assoc. Seminar (1 staff)	200	400	√
Information Technology Seminar (2 staff)	600	1,200	√
Irrigation Association Annual Conference (3 staff)	1,200	-	
Liebert Cassidy & Whitmore Employment Law Conference (2 Staff)	950	-	
Sacramento Legislative Advocacy (12 trips)		3,600	√
Urban Water Institute (2x)	300	300	√
Washington Legislative Advocacy (6 trips)	-	8,500	√
Water Smart Innovations (1 Staff)	400	900	√
Miscellaneous*	1,800	2,500	√
General Fund Total **	\$ 18,500	\$ 53,260	
AWWA Security Congress (1 WEROC staff)	600	1,500	√
California Emergency Services Association (2 WEROC staff)	1,200	2,000	√
WEROC Program Total	\$ 1,800	\$ 3,500	
PROPOSED GENERAL FUND BUDGET	\$ 18,500	\$ 53,260	

* Includes OCWA lunch meetings, ISDOC, OCBC, SCWC, League of Cities, Misc. Assoc/Committee meetings and related business meeting expenses.

** Excludes automotive mileage.

(1) Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

Exhibit F

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Summary of Proposed Board Registration & Travel Budget
Fiscal Year 2015-2016

<u>Conference</u>	<u>Registration</u>	<u>Travel (1)</u>	<u>Approval included in Budget Approval</u>
ACWA DC Conference (2 Directors)	\$ 1,250	\$ 3,800	√
ACWA Fall Conference (3 Directors)	\$ 2,400	\$ 2,500	√
ACWA Spring Conference (3 Directors)	\$ 2,400	\$ 5,000	√
ACWA Region 10 (2 Directors)	\$ 150	\$ 200	√
Bond Buyers Conference (2 Directors)	\$ 400	\$ 1,000	√
CRWUA Fall Conf (2 Directors)	\$ 900	\$ 2,500	√
CSDA Annual Conference (1 Director)	\$ 1,000	\$ 200	√
Sacramento Legislative Advocacy (8 Trips)	-	\$ 2,400	√
Washington DC Legislative Advocacy (6 trips)	-	\$ 8,500	√
Urban Water Institute (2 Directors)	300	\$ 300	√
Miscellaneous*	\$ 1,000	\$ 1,200	√
TOTAL**	\$ 9,800	\$ 27,600	
PROPOSED GENERAL FUND BUDGET	\$ 9,800	\$ 27,600	

* Includes OCWA lunch meetings, ISDOC, OCBC, SCWC, League of Cities, Misc. Assoc/Committee meetings and related business meeting expenses.

** Excludes automotive mileage.

(1) Includes all modes of travel (except automotive mileage), room accommodations, meals, and related misc. expenses.

#5.

Exhibit H

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Schedule of Capital Expenditures
Fiscal Year 2015-2016

	<u>Proposed Budget</u>	<u>Approval included in Budget Approval</u>
Computer Equipment - 45-8810:		
HP Z5400 Plotter	6,000	√
Subtotal Cost Center 45	6,000	
Total Capital Expenditures	\$ 6,000	

**Exhibit J
Professional / Special Services Authorized
Core Fund**

Department	Consultant	Service	Budget FY 14-15	Budget FY 15-16	* Approval included in Budget Approval
Engineering Expenses					
Planning & Operation (21)	(To be determined)	Various Engineering/Technical Services	140,000	140,000	
Met Issues & Special Projects (23)	Ed Means Consulting	Consulting on MET issues	60,000	60,000	√
	Ron Gastelum Consulting		10,000	10,000	√
	(To be determined)	Urban Water Management Plan	65,000	30,000	
	(To be determined)	MET IRP Analysis and Reliability Planning	80,000	60,000	
Total Engineering Expenses			355,000	300,000	
Legal Expenses					
Administration (11 & 13)	Best, Best & Krieger	General Legal Counsel Services	300,000	305,000	√
	Aleshire & Wynder	Legal Counsel Services Regarding San Diego County Water Authority	20,000	15,000	√
	Demsey, Filliger & Associates, LLC	OPEB Actuarial	3,000		
	Best, Best & Krieger	Labor Counsel Services	6,000	35,000	√
Total Legal Expenses			329,000	355,000	
Audit Expenses					
Finance (41)	Vavrinek, Trine, Day & Co., LLP	Annual Financial Audit and Federal Single Audit	23,000	23,000	√
Training					
Administration (13)	TBD/Cal State University Fullerton Leadership	Staff Development/Training/indiv. Employee training	18,000	18,000	√
Professional Fees					
Administration (12 & 13 & 19)	Dissinger Associates	Pension Plan Administration	3,400	4,000	√
	(To be determined)	Evaluate fund portfolio on a semi annual basis for 401 and 457 Plan/RFP for 401 & 457	15,000	25,000	
	Wage Works	Cafeteria Plan Administration	2,400	1,800	√
	Blytheco	HR Maintenance	500		
	(To be determined)	Salary and Benefit Benchmark study	20,000		
	ECS, Inc.	Info. Management Professional Services	3,800		
Governmental Affairs (31)	Townsend Public Affairs	State Legislative Advocate	90,000	96,000	√
	James C. Barker	Federal Legislative Advocate	96,000	96,000	√
	Lewis Consulting	County Issues Consulting	48,000	48,000	√
	Ackerman	Legal and Regulatory	36,000	36,000	√
	(To be determined)	Miscellaneous	10,000	3,000	
Public Affairs (32)	Stetson Engineers	Consumer Confidence Report (CCR) Technical Water Quality Advisor	31,000	34,178	√
	(To be determined)	Public Outreach	7,500	7,500	
	(To be determined)	Collateral materials update and resolutions	5,000	5,000	
	(To be determined)	Event Registration Fees	3,500	2,500	
	(To be determined)	PAW Meeting Materials	2,600	2,500	
	(To be determined)	Client Agency Workshops for PAW	5,000	10,000	
	(To be determined)	Marketing Materials	3,500	15,000	
	(To be determined)	Surveys - Phone and IPSO		40,000	
Finance & IT (41 & 45)	(To be determined)	Website updates and Maintenance/New Website	7,500	35,000	
	(To be determined)	Rate Study	-	75,000	
	Union Bank	Custodial Bank fees	3,000	3,000	√
	(To be determined)	Financial Consulting	20,000	112,000	
	(To be determined)	Project Financial Consulting	50,000		
Total Professional Fees			463,700	651,478	

#5.

**Exhibit J
Professional / Special Services Authorized
Trustee Activities**

Department	Consultant	Service	Budget FY 14-15	Budget FY 15-16	* Approval included in Budget Approval
Legal Expenses					
AMP Administration (61)	Best, Best & Krieger	AMP Administration, 1996 COPS	17,000	15,000	√
Audit Expenses					
AMP Administration (61)	(To be determined)	Annual Audit	3,000		

* Approval of the budget constitutes authorization for spending within the policy guidelines set out in Chapter 8, Contracts section of the Administrative code including authorization limitations. A check mark indicates final board approval of the expenditure.

Exhibit J1
Professional / Special Services Authorized
Choice Funds

Department	Consultant	Service	Budget FY 14-15	Budget FY 15-16	* Approval included in Budget Approval
Professional Fees					
Water Use Efficiency (62)	*ConserVision Consulting, LLC	Water Smart Landscape	55,000	50,000	√
	(To be determined)	Printing of marketing materials for all WUE programs	40,000	60,000	
	Enterprise Information Systems	California Sprinkler Adjustment Program	35,000	1,200	√
	(To be determined)	Landscape Design Assistance Program	35,000		
	Gilbert & Associates	Project Audit	5,000		√
	(To be determined)	Web Based Rebate Processing Platform		72,000	
	(To be determined)	Landscape Ordinance Plan Review	25,000	25,000	
Value of Water (67)	(To be determined)	Outreach	25,000		
	(To be determined)	Communications Consultant	20,000	32,500	
	(To be determined)	Gas Station Pump Video Adds	12,000	35,000	
	(To be determined)	Bus Shelter Adds	12,500	7,500	
	(To be determined)	Public Service Announcements	8,000		
	(To be determined)	Website Development	3,500		
	(To be determined)	Mobile Application Development	7,500		
Poseidon Desal	(To be determined)	Movie Theaters		35,000	
	(To be determined)	Social Media Advertising		4,000	
	(To be determined)	(To be determined)	54,000		
2008 Fund Doheny Desal	(To be determined)	(To be determined)	94,000	45,985	
2014 Fund Doheny Desal	(To be determined)	(To be determined)	30,000		
School Program (63)	Discovery Science Center	Assemblies	234,000	257,400	√
Total Professional Fees			695,500	625,585	

* Approval of the budget constitutes authorization for spending within the policy guidelines set out in Chapter 8, Contracts section of the Administrative code including authorization limitations. A check mark indicates final board approval of the expenditure.

Municipal Water District of Orange County
Fiscal Year 2014-2015 Consolidated Budget Summary

	Core & Choice	Water Fund	Water Use Efficiency	WEROC	AMP Proceeds Agreement Administration	RPOI ¹	Total with Inter-Fund Transfers	Less Inter-Fund Transfers ²	Consolidated Budget Total
Revenues:									
Water Sales		\$ 197,943,916					\$ 181,841,285		\$ 181,841,285
Local Resource Program Incentives		\$ (16,102,631)							
Retail Meter Charge	6,440,532						6,440,532		6,440,532
Water Increment Charge	103,564						103,564		103,564
Interest Revenue	138,000	4,275					142,275		142,275
MWDOC's Contribution			49,000	128,508			177,508	(177,508)	-
Outside Fundings	-		3,681,332	126,973	20,000	4,921	3,833,226		3,833,226
Carryover Funds				(1,859)			(1,859)		(1,859)
Choice Revenue	1,425,086						1,425,086		1,425,086
Miscellaneous Income	3,000						3,000		3,000
Total Revenues	8,110,182	181,845,560	3,730,332	253,622	20,000	4,921	193,964,617	(177,508)	193,787,109
Expenses:									
Water Purchases	-	181,841,285					181,841,285		181,841,285
Salaries & Wages	2,995,854			139,368	-		3,135,223		3,135,223
less S & W Reimb. DSC or Recov from Grants		(16,437)					(16,437)		(16,437)
Employee Benefits	1,095,249			55,648			1,150,897		1,150,897
Engineering Expense	355,000						355,000		355,000
Professional Fees	1,133,200		3,730,332	3,000			4,866,532	(49,000)	4,817,532
Election Expense (annualized)	444,000						444,000		444,000
Legal Expense - General	329,000			-	17,000		346,000		346,000
Maintenance Expense	131,568			3,850			135,418		135,418
Insurance Expense	97,000			1,500			98,500		98,500
Membership / Sponsorship	90,437			205			90,642		90,642
Director Compensation	210,342						210,342		210,342
MWDOC Contribution to WEROC	128,508						128,508	(128,508)	-
MWDOC Contribution to Desalination							-	-	-
RPOI Distribution to Member Agencies						4,921	4,921		4,921
Others:									
MWD Representation	120,197						120,197		120,197
Director Benefits	119,356						119,356		119,356
Health Insurance Coverage for Retirees	50,244						50,244		50,244
Audit Expense	23,000				3,000		26,000		26,000
Automotive & Toll Road Expenses	14,550			725			15,275		15,275
Conference Expense - Staff	13,925			1,800			15,725		15,725
Conference Expense - Directors	8,650						8,650		8,650
CDR Participation	39,961						39,961		39,961
Business Expense	7,000						7,000		7,000
Miscellaneous Expense	120,400			5,000			125,400		125,400
Postage / Mail Delivery	11,100						11,100		11,100
Rents & Leases	40,708			18,183			58,891		58,891
Outside Printing, Subscription & Books	92,225			200			92,425		92,425
Office Supplies	24,288			1,000			25,288		25,288
Computer Maintenance	6,000			4,642			10,642		10,642
Software Support & Expense	54,384						54,384		54,384
Computers and Equipment	9,300			-			9,300		9,300
Telecommunications Expense	16,900			10,000			26,900		26,900
Temporary Help Expense	-						-		-
Training Expense	18,000						18,000		18,000
Tuition Reimbursement	6,000						6,000		6,000
Travel & Accommodations - Staff	38,300			3,500			41,800		41,800
Travel & Accommodations - Directors	29,600						29,600		29,600
MWDOC Building Expense	168,000						168,000		168,000
WEROC Sinking Fund Expense (generator & radios)				5,000			5,000		5,000
Capital Acquisition	-						-		-
Total Expenses	8,025,809	181,841,285	3,730,332	253,622	20,000	4,921	193,875,969	(177,508)	193,698,461
EFFECT ON RESERVES / FUND BALANCE	\$ 84,373	\$ 4,275³	\$ -	\$ -	\$ -	\$ -	\$ 88,648	\$ -	\$ 88,648

1 Revised Percentage Of Investment (RPOI) - distribution of installment AMP sales proceeds from bond participants.
2 Adjustment for MWDOC's contributions to other funds.
3 Net change to restricted reserves for Interest revenue.

Municipal Water District of Orange County
Fiscal Year 2015-2016 Consolidated Budget Summary

	Core & Choice	Water Fund	Water Use Efficiency	WEROC	AMP Proceeds Agreement Administration	RPOI ¹	Total with Inter-Fund Transfers	Less Inter-Fund Transfers ²	Consolidated Budget Total
Revenues:									
Water Sales		\$ 226,460,895					\$ 226,460,895		\$ 226,460,895
Local Resource Program Incentives		(15,210,085)							
Retail Meter Charge	6,687,322						6,687,322		6,687,322
Water Increment Charge	-						-		-
Interest Revenue	117,675	2,900					120,575		120,575
MWDOC's Contribution			49,000	143,028			192,028	(192,028)	-
Outside Fundings	-		22,717,204	143,027	17,098	4,823	22,882,152		22,882,152
Carryover Funds				0			0		0
Choice Revenue	1,463,569						1,463,569		1,463,569
Miscellaneous Income	3,000						3,000		3,000
Total Revenues	8,271,565	211,253,710	22,766,204	286,055	17,098	4,823	257,809,540	(192,028)	257,617,512
Expenses:									
Water Purchases	-	211,250,810					211,250,810		211,250,810
Salaries & Wages	3,263,296			161,522	2,098		3,426,916		3,426,916
less S & W Reimb. DSC or Recov from Grants		(23,500)					(23,500)		(23,500)
Employee Benefits	972,028			56,290			1,028,317		1,028,317
Engineering Expense	300,000						300,000		300,000
Professional Fees	1,390,037		22,766,204	3,000			24,159,241	(49,000)	24,110,241
Election Expense (annualized)	-						-		-
Legal Expense - General	355,000				15,000		370,000		370,000
Maintenance Expense	137,670			4,850			142,520		142,520
Insurance Expense	96,000			1,500			97,500		97,500
Membership / Sponsorship	104,361			420			104,781		104,781
Director Compensation	220,588						220,588		220,588
MWDOC Contribution to WEROC	143,028						143,028	(143,028)	-
MWDOC Contribution to Desalination							-		-
RPOI Distribution to Member Agencies						4,823	4,823		4,823
Others:									
MWDOC Representation	126,050						126,050		126,050
Director Benefits	60,024						60,024		60,024
Health Insurance Coverage for Retirees	50,387						50,387		50,387
Audit Expense	23,000						23,000		23,000
Automotive & Toll Road Expenses	14,775			925			15,700		15,700
Conference Expense - Staff	18,500			1,800			20,300		20,300
Conference Expense - Directors	9,800						9,800		9,800
CDR Participation	39,740						39,740		39,740
Business Expense	6,800						6,800		6,800
Miscellaneous Expense	106,970			6,000			112,970		112,970
Postage / Mail Delivery	11,285						11,285		11,285
Rents & Leases	19,000			19,092			38,092		38,092
Outside Printing, Subscription & Books	71,830			200			72,030		72,030
Office Supplies	29,400			1,000			30,400		30,400
Computer Maintenance	7,100			4,207			11,307		11,307
Software Support & Expense	51,500			6,750			58,250		58,250
Computers and Equipment	19,000						19,000		19,000
Telecommunications Expense	15,650			10,000			25,650		25,650
Temporary Help Expense	-						-		-
Training Expense	18,000						18,000		18,000
Tuition Reimbursement	5,000						5,000		5,000
Travel & Accommodations - Staff	53,260			3,500			56,760		56,760
Travel & Accommodations - Directors	27,600						27,600		27,600
MWDOC Building Expense	400,000						400,000		400,000
WEROC Sinking Fund Expense (generator & radios)				5,000			5,000		5,000
Capital Acquisition	6,000						6,000		6,000
Total Expenses	8,149,179	211,250,810	22,766,204	286,055	17,098	4,823	242,474,169	(192,028)	242,282,141
EFFECT ON RESERVES / FUND BALANCE	\$ 122,386	\$ 2,900³	\$ -	\$ -	\$ -	\$ -	\$ 15,335,371	\$ -	\$ 15,335,371

1 Revised Percentage Of Investment (RPOI) - distribution of installment AMP sales proceeds from bond participants.
2 Adjustment for MWDOC's contributions to other funds.
3 Net change to restricted reserves for Interest revenue.



Moulton Niguel Water District

STAFF REPORT

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

FROM: Matt Collings, Assistant General Manager

SUBJECT: Rebate Applications for Turf Removal and Synthetic Turf

DIVISION: District-wide

SUMMARY:

Issue: The District has received several requests for rebate applications that exceed the maximum allowable acreage for turf removal and/or synthetic turf installation as defined in the approved Board policy.

Recommendation: It is recommended that the Board of Directors consider the rebate applications for the identified project without a limitation on the maximum allowable acreage for each project and direct staff accordingly.

Fiscal Impact: Sufficient funds are available within the Water Use Efficiency Fund to fund the identified rebate applications. Additional information is provided within the staff report.

BACKGROUND:

More than half of the water used at the District is for outdoor landscapes. Water efficient landscapes can decrease water use up to 70 percent through a combination of proper plant selection and irrigation technology. However, the cost of installing climate-applicable plants is sometimes an obstacle to turning traditional grass landscapes into more water-efficient environments. The District's turf replacement program is designed to help residents, businesses, and public agencies make that conversion. Turf removal rebates are available for up to \$3.50 per square foot with \$2.00 per square foot from the Municipal Water District of Orange County (MWDOC) and \$1.50 per square foot in supplemental funding from the District. The District will provide an additional \$1.50 per square foot for synthetic turf installations. On February 19, 2015, the District reduced the supplemental funding for turf removal on recycled water use sites to \$0.75 per square foot.

The current program provides limitations on the amount of turf removal and/or synthetic turf installation that qualifies for the rebate.

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Rebate Applications for Turf Removal and Synthetic Turf

April 15, 2015

Page 2 of 3

- Residential Customers: A maximum of 1,000 square feet per customer for turf removal and synthetic turf installation.
- Commercial customers: Turf removal is limited to 3,000 square feet per customer and synthetic turf installation is limited to 3,000 square feet.

All rebates from the District are funded through the Water Efficiency Fund using the incremental revenue generated from the higher consumption tiers (Tiers 4 and 5) in the water budget-based rate structure.

DISCUSSION:

In recent months, the District has expanded its outreach efforts to promote water use efficiency in response to the drought emergency. Customers have responded with requests for nearly 2.3 million square feet of turf removal and more than 600,000 square feet of synthetic turf installation. The District has received eight additional requests from customers to remove nearly 70,000 square feet of turf and install more than 13,000 square feet of synthetic turf. Table 1 identifies the customers and the rebate requests for each of the programs.

Table 1 – Rebate Requests

Customer	Division	Proposed Turf Removal (Sq. Feet)	Proposed Synthetic Turf Installation (Sq. Feet)	Proposed Rebate Value (\$)
Resident – Acct #8-05203	3	3,800	3,800	\$11,400
Resident – Acct #13760	5	2,709	NA	\$4,064
Resident – Acct #2-02216	3	1,500	1,500	\$4,500
Resident – Acct #1-74616	5	2,080	NA	\$3,120
Resident – Acct #57111	3	1,400	1,400	\$4,200
Resident – Acct #3-10541-1	1	1,850	1,850	\$5,550
Resident – Acct #1-16380	5	2,910	NA	\$4,365
Resident – Acct #1-48262	5	2,991	NA	\$4,487
Resident – Acct #3-09207	1	2,000	2,000	\$6,000
Resident – Acct #8-02230	3	2,800	2,800	\$8,400
Seagate Colony (Revised)	6	16,445	NA	\$24,668
Aliso Villas II HOA	1	43,549	NA	\$65,323
Total		84,034	13,350	\$146,076

The values provided above are based on estimates from each of the project proponents and may vary as each project becomes more defined. The proposed rebate value does not include the \$2.00 per square foot from MWDOC and is only based on the supplemental incentive provided by the District. The proposed rebate incentives for the identified projects would be funded from the Water Efficiency Fund.

The Seagate Colony was previously approved by the Board of Directors on February 19, 2015 to remove 53,000 square feet of turf. They are proposing to remove 16,320

Rebate Applications for Turf Removal and Synthetic Turf

April 15, 2015

Page **3** of **3**

square feet of additional turf site areas within their community for a total project of 69,445 square feet.

Staff is recommending the Board remove the maximum allowable acreage to allow the General Manager or her designee to consider each application based on the overall project objectives, various funding sources, and current available budget for rebate funding. Removal of the maximum acreage by the Board of Directors does not constitute an approval of the rebate application, but allows each application to be considered for the full amount of turf removal or synthetic turf installation.



Moulton Niguel Water District

STAFF REPORT

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

FROM: Ruth Zintzun, Finance Manager

SUBJECT: 2003 Certificates of Participation Refunding

DIVISION: District-Wide

SUMMARY:

Issue: Refunding the District's 2003 Certificates of Participation may save the District money on interest payments.

Recommendation: This is an information item only.

Fiscal Impact: Annual debt interest payment savings of approximately \$450,000, beginning in 2018, with total estimated net present value savings of approximately \$1.4 million, depending upon interest rates at the time of issuance.

BACKGROUND:

In 2003, the Moulton Niguel Water District (District) issued \$25,145,000 in Certificates of Participation (COPs) to refund a portion of the District's outstanding 1993 COPs. There is currently \$14,520,000 left outstanding on the 2003 COPs, which are eligible for tax-exempt refunding.

The District continually looks for methods to reduce costs, including reducing debt service. The finance team recently identified potential savings if the District were to refund the 2003 COPs. The savings are driven by both low interest rates and the age of the bonds.

DISCUSSION:

In March 2015, the Board was presented with information regarding the potential refunding of the 2003 COPs. At that time, the Board directed the finance team to continue to pursue the refunding opportunity.

The outstanding 2003 COPs have a final maturity in 2023 with annual debt service payments of approximately \$2,850,000 beginning in 2018. The proposed refunding,

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2003 Certificates of Participation Refunding

April 15, 2015

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based on current market conditions, would have the same final maturity, but with annual debt service payments of approximately \$2,400,000, an annual savings of \$450,000. The current net present values savings (after all costs of issuance) for the refunding would be approximately \$1,400,000.

The finance team is proposing to sell the refunding bonds competitively, where the bonds are advertised for sale, and any underwriter may bid on the bonds at a designated time and date. Due to the nature of the financing, the District's strong credit ratings, and a competitive investment banking environment, this method of selling the bonds will result in efficient execution, lower pricing, and greater savings to the District.

At the May 1, 2015, Special Board meeting, staff will recommend that the Board authorize the issuance and sale of the refunding bonds, provided the sale of the bonds will produce a net present value savings of at least 5% of the outstanding debt on the bonds, or \$726,000. If the savings level equals or exceeds 5%, the General Manager would be authorized to complete the sale and finalize the financing documents without further Board action. All costs incurred to refund the Bonds would only apply if there is a sale and would be paid from bond proceeds.

Below is the expected timeline for the refunding:

	Date	Action
	Wednesday, April 15, 2015	Board update on refunding
Week of	Monday, April 20, 2015	Rating agency discussions
	Friday, May 1, 2015	Board approval of refunding
Week of	Monday, May 18, 2015	Bond sale
Week of	Monday, June 1, 2015	Bond closing

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

Results of operations for the eight months ended February 28, 2015, as compared to the eight months ended February 28, 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 eight months compared to the budget. This report shows how actual expenses compared to the adopted budget through the first eight 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 \$33.9 million, or 64% of the annual \$53.0 million budget. Operating expenses were \$43.0 million, or 64% of the annual \$67.7 million budget.

Non-operating revenues are approximately at 76% 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 February 28, 2015, compared to the balances at fiscal year ended June 30, 2014. Overall, assets were about \$4.8 million lower than at June 30, 2014, primarily due to a decrease in restricted current cash and investments as a result of the expenditure of project funds. Liabilities have decreased by approximately \$11.9 million since June 30, 2014, due to debt service payments. As a result, the District's net position increased by approximately \$6.8 million for the month ending February 28, 2015, compared to fiscal year ending June 30, 2014.

Revenues

Total revenues for the eight months ended February 28, 2015 were \$58.7 million, approximately \$2.0 million more than from February 28, 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 and increased investment earnings. Total Operating Revenues for the month ended February 28, 2015, were \$34.0 million, a decrease of \$2.0 million compared to February 28, 2014, primarily due to reduced water sales as a result of the prolonged drought.

Expenses

Total expenses for the eight months ended February 28, 2015, were \$57.0 million, an increase of \$2.3 million or 4.2% as compared to \$54.7 million on February 28, 2014. Total operating expenses were \$40.2 million, an increase of \$1.8 million from last year. Other operating expenses for the eight months ended February 28, 2015, were \$12.9 million, an increase of \$1.2 million compared to \$11.7 million on February 28, 2014. Other non-operating expenses for the eight months ended February 28, 2015, totaled \$4.0 million, a decrease of approximately \$0.7 million or 14.2% compared to \$4.6 million on February 28, 2014.

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results

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 \$16.9 million at February 28, 2015, a decrease of \$5.6 million from June 30, 2014, due to funding of capital projects.

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 \$2.9 million since June 30, 2014, due to property tax receipts. Restricted fund balances are \$6.4 million, a decrease of \$2.9 million compared to June 30, 2014. This decrease is due to debt service payments.

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

**Moulton Niguel Water District
Summary - Budget Comparison Report
Eight Months Ended February 28, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<u>GENERAL FUND & WATER EFFICIENCY FUND:</u>				
Operating Revenues	\$ 53,033,500	\$ 33,949,308	\$ 19,084,192	64%
Operating Expenses	67,653,553	43,004,344	24,649,209	64%
Operating Income (Loss)	(14,620,053)	(9,055,036)	(5,565,017)	62%
Non-Operating Revenues (Expenses)	32,449,771	24,610,454	7,839,317	76%
Total Change in Funds	\$ 17,829,718	\$ 15,555,418	\$ 2,274,300	87%
<u>GENERAL FUND:</u>				
Operating Revenues	\$ 49,683,500	\$ 30,664,922	\$ 19,018,578	62%
Operating Expenses	63,991,103	39,877,902	24,113,201	62%
Operating Income (Loss)	(14,307,603)	(9,212,980)	(5,094,623)	64%
Non-Operating Revenues (Expenses)	32,329,771	24,483,692	7,846,079	76%
Change in General Fund	\$ 18,022,168	\$ 15,270,712	2,751,456	85%
<u>WATER EFFICIENCY FUND:</u>				
Operating Revenues	\$ 3,350,000	\$ 3,284,386	65,614	98%
Operating Expenses	3,662,450	3,126,442	536,008	85%
Operating Income (Loss)	(312,450)	157,944	(470,394)	-51%
Non-Operating Revenues (Expenses)	120,000	126,762	(6,762)	106%
Change in Water Efficiency Fund	\$ (192,450)	\$ 284,706	(477,156)	-148%

Moulton Niguel Water District
General Fund - Budget Comparison Report
Eight Months Ended February 28, 2015

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND				
<u>Operating Revenues</u>				
Water Sales	\$ 27,325,000	\$ 16,626,190	\$ 10,698,810	61%
Recycled Water Sales	4,725,000	3,261,308	1,463,692	69%
Sewer Sales	17,150,000	10,551,818	6,598,182	62%
Other Operating Income	483,500	225,606	257,894	47%
Total Operating Revenue	49,683,500	30,664,922	19,018,578	62%
<u>Operating Expenses</u>				
Salaries	9,550,317	6,227,882	3,322,436	65%
PERs Employer Contributions	990,416	669,547	320,869	68%
PERs Employee Contributions	196,566	125,049	71,517	64%
PERs Other (Side fund, 401A)	214,956	132,395	82,561	62%
Educational Courses	51,720	15,138	36,582	29%
Travel & Meetings	251,034	110,110	140,924	44%
Employee Relations	14,800	7,307	7,493	49%
General Services	402,776	238,021	164,755	59%
Annual Audit	40,000	39,915	85	100%
Member Agencies O&M	1,231,370	991,153	240,217	80%
Dues & Memberships	93,968	67,225	26,743	72%
Election Expenses	150,000	10,173	139,827	7%
Consulting Services	1,602,900	837,002	765,898	52%
Equipment Rental	65,000	40,235	24,765	62%
District Fuel	340,000	150,544	189,456	44%
Insurance - District	576,151	346,193	229,958	60%
Insurance - Personnel	468,100	259,375	208,725	55%
Insurance - Benefits	2,360,333	1,477,097	883,237	63%
Legal Services - Personnel	50,000	1,114	48,886	2%
Legal Services - General (See Footnote 1)	170,000	89,122	80,878	52%
District Office Supplies	499,900	311,163	188,737	62%
District Operating Supplies	315,850	179,067	136,783	57%
Repairs & Maintenance - Equipment	867,287	385,443	481,844	44%
Repairs & Maintenance - Facilities	3,550,995	1,775,346	1,775,649	50%
Safety Program & Compliance Requirements	285,250	101,908	183,342	36%
SOCWA	8,450,820	6,118,011	2,332,809	72%
Special Outside Assessments	230,300	24,296	206,004	11%
Utilities	2,126,000	1,347,065	778,935	63%
Water Purchases	27,976,295	17,466,582	10,509,713	62%
Meter / Vault Purchases	868,000	334,426	533,574	39%
Total Operating Expenses	63,991,103	39,877,902	24,113,201	62%
Operating Income (Loss)	(14,307,603)	(9,212,980)	\$ (5,094,623)	64%
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	21,848,500	13,591,711	\$ 8,256,789	62%
Investment Income	2,973,207	2,235,181	738,026	75%
Cellular Lease Income	1,740,000	1,139,939	600,061	66%
Misc. Non-Operating Income	5,768,064	7,516,860	(1,748,796)	130%
Total Non-Operating Revenue (Expenses)	32,329,771	24,483,692	7,846,079	76%
Change in General Fund	\$ 18,022,168	\$ 15,270,712	\$ 2,751,456	85%

Footnote 1: Legal Services include professional services provided by Bowie, Arneson, Wiles & Giannone of \$49,283.50, Best Best & Krieger LLP of \$36,411.14, and Downey Brand LLP of \$3,426.97.

**Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Eight Months Ended February 28, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Operating Revenue</u>				
Water Efficiency	\$ 3,350,000	\$ 3,284,386	\$ 65,614	98%
Total Operating Revenue	3,350,000	3,284,386	65,614	98%
<u>Operating Expenses</u>				
Salaries	326,918	198,357	128,561	61%
PERs Employer Contributions	30,463	19,937	10,527	65%
PERs Employee Contributions	11,403	6,527	4,876	57%
Educational Courses	500	155	345	31%
Travel & Meetings	2,700	583	2,117	22%
Dues & Memberships	500	-	500	0%
Insurance - Personnel	4,131	4,240	(108)	103%
Insurance - Benefits	75,900	44,843	31,056	59%
District Office Supplies	77,810	33,344	44,466	43%
Water Efficiency*	3,132,124	2,818,455	313,669	90%
Total Operating Expenses	3,662,450	3,126,442	536,008	85%
Operating Income (Loss)	(312,450)	157,944	(470,394)	-51%
<u>Non-Operating Revenue</u>				
Investment Income	120,000	126,762	(6,762)	106%
Total Non-Operating Revenue	120,000	126,762	\$ (6,762)	106%
Change in Water Efficiency Fund	\$ (192,450)	\$ 284,706	\$ (477,156)	-148%

* Committed - includes Board approved projects.

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited) February 28, 2015	(Audited) June 30, 2014
CURRENT ASSETS:		
Cash and investments	\$ 32,844,560	\$ 33,152,442
Restricted cash and investments with fiscal agent	16,865,138	22,445,383
Accounts receivables:		
Water and sanitation charges	3,095,539	5,555,769
Taxes and acreage assessments	-	355,126
Other accounts receivable	187,601	232,218
Interest receivable	556,323	704,810
Current portion of AMP receivable	1,302	23,663
Inventory	1,715,660	1,511,749
Prepaid expenses	494,147	302,644
TOTAL CURRENT ASSETS	<u>55,760,269</u>	<u>64,283,804</u>
NONCURRENT ASSETS:		
Investments	112,631,626	111,989,559
Retrofit loans receivable	607,217	629,243
AMP Receivable	-	43,830
Net pension asset (CalPERS sidefund payoff)	3,276,467	2,945,897
Capital assets, net of accumulated depreciation	341,141,736	350,982,233
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	27,437,257	14,785,817
TOTAL NONCURRENT ASSETS	<u>486,186,213</u>	<u>482,468,489</u>
TOTAL ASSETS	<u>541,946,482</u>	<u>546,752,293</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	833,663	1,136,314
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>833,663</u>	<u>1,136,314</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 542,780,145</u>	<u>\$ 547,888,607</u>

MOULTON NIGUEL WATER DISTRICT
STATEMENTS OF NET POSITION

	(Unaudited)		(Audited)
	February 28, 2015		June 30, 2014
CURRENT LIABILITIES:			
Accounts payable	\$ 4,052,447	\$	6,932,494
Interest payable	2,568,029		2,133,231
Compensated absences	526,988		397,440
Current portion of long-term debt:			
Bonds payable	5,685,000		5,465,000
Loans Payable	3,900,830		2,071,133
Certificates of participation	1,780,000		1,715,000
	<u>18,513,294</u>		<u>18,714,299</u>
TOTAL CURRENT LIABILITIES			
	<u>18,513,294</u>		<u>18,714,299</u>
LONG-TERM LIABILITIES			
Compensated absences	175,663		132,479
Long-term debt:			
Bonds payable	10,165,000		15,850,000
Loans payable	9,047,948		12,948,778
Certificates of participation	78,300,000		80,080,000
	<u>97,688,611</u>		<u>109,011,257</u>
TOTAL LONG-TERM LIABILITIES			
	<u>97,688,611</u>		<u>109,011,257</u>
Bond Discount/Premium	1,487,368		1,884,190
TOTAL LIABILITIES	<u>117,689,273</u>		<u>129,609,745</u>
NET POSITION:			
Net investment in capital assets	279,614,687		269,994,246
Restricted for capital projects and GOB Refunding	1,504,308		931,603
Unrestricted	143,971,878		147,353,013
	<u>425,090,872</u>		<u>418,278,862</u>
TOTAL NET POSITION			
	<u>425,090,872</u>		<u>418,278,862</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>542,780,145</u></u>	\$	\$ <u><u>547,888,607</u></u>

Note: Totals may not sum due to rounding.

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

	(Unaudited)	
	Eight Months Ended February 28,	
	2015	2014
Operating Revenues:		
Water Sales	\$ 16,626,190	\$ 18,094,446
Recycled Water Sales	3,261,308	3,243,626
Sewer Sales	10,551,818	11,389,813
WBBRS Efficiency Funds	3,284,386	2,880,237
Other Operating Income	225,606	394,581
Total Operating Revenues	33,949,308	36,002,703
 Non-Operating Revenues:		
Investment Income *	2,361,943	1,858,955
Property Tax Revenue	13,591,711	12,802,160
GOB Assessment	2,709,724	3,551,205
Other Non-Operating Revenues	6,086,493	2,526,054
Total Non-Operating Revenues	24,749,872	20,738,374
 TOTAL REVENUES	58,699,179	56,741,077
 Operating Expenses:		
Water Purchases	17,466,582	17,905,369
Meter Purchases	334,426	405,744
Operating Supply and Maintenance	2,632,542	2,710,799
Salaries and Benefits	7,353,229	6,493,772
Election Expenses	10,173	-
Professional Services	967,153	470,510
Member Agencies O&M	991,153	652,854
Insurance	2,131,748	2,154,074
SOCWA	6,118,011	5,660,024
Utilities	1,347,065	1,310,558
General, Administrative, and Other	807,341	637,229
Total Operating Expenses	40,159,425	38,400,933
 Other Operating Expenses:		
Depreciation and Misc. Operating Revenue	11,205,898	11,032,086
Water Efficiency	1,688,753	658,172
Total Other Operating Expenses	\$ 12,894,651	\$ 11,690,259

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

	(Unaudited)	
	Eight Months Ended February 28,	
	2015	2014
Non Operating Expenses:		
Interest Expense	\$ 4,036,523	\$ 4,410,244
Amortization and Misc. Non-Operating Expense	(64,405)	220,832
Total Non Operating Expenses	3,972,118	4,631,076
TOTAL EXPENSES	57,026,194	54,722,268
Capital Contributions:		
Connection Fees	549,179	143,506
Donated Facilities	-	-
Contributed Revenue	4,589,847	-
Total Capital Contributions	5,139,026	143,506
CHANGE IN NET POSITION	\$ 6,812,011	\$ 2,162,315
Net Position, Beginning	\$ 418,278,862	\$ 411,940,088
Change in Net Position	6,812,011	2,162,315
Net Position, Ending	\$ 425,090,873	\$ 414,102,403

Note: Totals may not sum due to rounding.

** Investment income is comprised of realized income of \$2,061,602.19 and unrealized income of \$300,340.43*

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
AS OF FEBRUARY 28, 2015

	(Audited) Balance 6/30/2014	Net Change	(Unaudited) Balance 2/28/2015
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ 615,715	\$ 4	\$ 615,719
2003 COPS Trust Reserve	2,514,893	352,565	2,867,458
2009 COPS Trust Reserve	6,032,816	2,039,632	8,072,448
2009 COPS Project Fund	12,385,581	(8,083,388)	4,302,193
2010 COPS Trust Reserves	896,263	111,057	1,007,320
2014 Refunding Bonds	115	(115)	-
Total Restricted Trust Accounts	<u>\$ 22,445,385</u>	<u>\$ (5,580,246)</u>	<u>\$ 16,865,138</u>

Note: Totals may not sum due to rounding.

**MOULTON NIGUEL WATER DISTRICT
UNRESTRICTED AND RESTRICTED FUND BALANCES
AS OF FEBRUARY 28, 2015**

	(Audited)		(Unaudited)	
	Balance		Balance	Reserve Policy Target
	6/30/2014	Net Change	2/28/2015	
<u>Unrestricted Fund Balances:</u>				
Designated for Self Insurance Reserves	\$ 1,293,508	\$ (1,039,020)	\$ 254,488	\$ 250,000
Designated for Water Efficiency (WBBRS) ¹	6,691,089	1,414,408	8,105,498	n/a
Designated for Replacement and Refurbishment	27,397,177	(10,077,413)	17,319,764	17,061,912
Designated for Water Supply Reliability	4,886,211	(2,819,214)	2,066,997	n/a
Designated for Planning and Construction	29,730,932	(300,780)	29,430,152	n/a
Designated for Rate Stabilization	9,815,536	1,171,832	10,987,368	11,055,461
Designated for Emergency Reserve	-	6,884,925	6,884,925	6,884,925
Unrestricted, undesignated ²	56,084,280	7,970,518	64,054,798	20,262,901
Total Unrestricted Fund Balance	135,898,733	3,205,256	139,103,989	55,515,199 ³
<u>Restricted Fund Balances:</u>				
Restricted 2014 GOB Consolidated Refunding	8,311,666	(3,443,778)	4,867,888	
Restricted for Capital Facilities (Projects)	931,602	572,705	1,504,308	
Total Restricted Fund Balance	9,243,269	(2,871,073)	6,372,196	
Total Unrestricted and Restricted Fund Balance	\$ 145,142,002	\$ 334,183	\$ 145,476,185	

Note: Totals may not sum due to rounding.

1. In addition to realized expenditures, there is \$1,089,357 in project commitments, bringing the available fund balance to \$7,016,141.
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.