

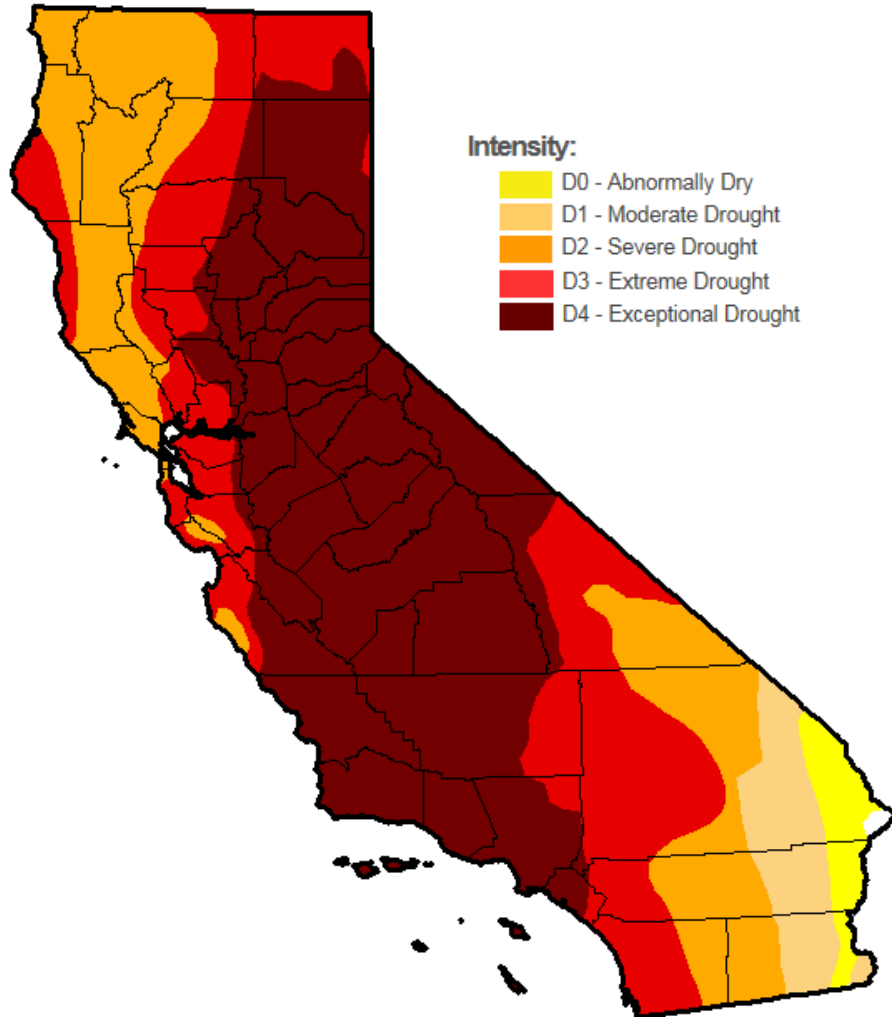


WATER SHORTAGE CONTINGENCY PLAN CONTINUED IMPLEMENTATION

Finance and IT Board Meeting

September 16, 2015

STATEWIDE AND REGIONAL DROUGHT ACTIONS



- Statewide mandatory 25% reduction
 - MNWD required to meet 20% reduction
- MWD and MWDOC implemented their Water Supply Allocation Plans
- Upcoming
 - Extension of state mandated reductions past February without large snowpack
 - Permanent regulations

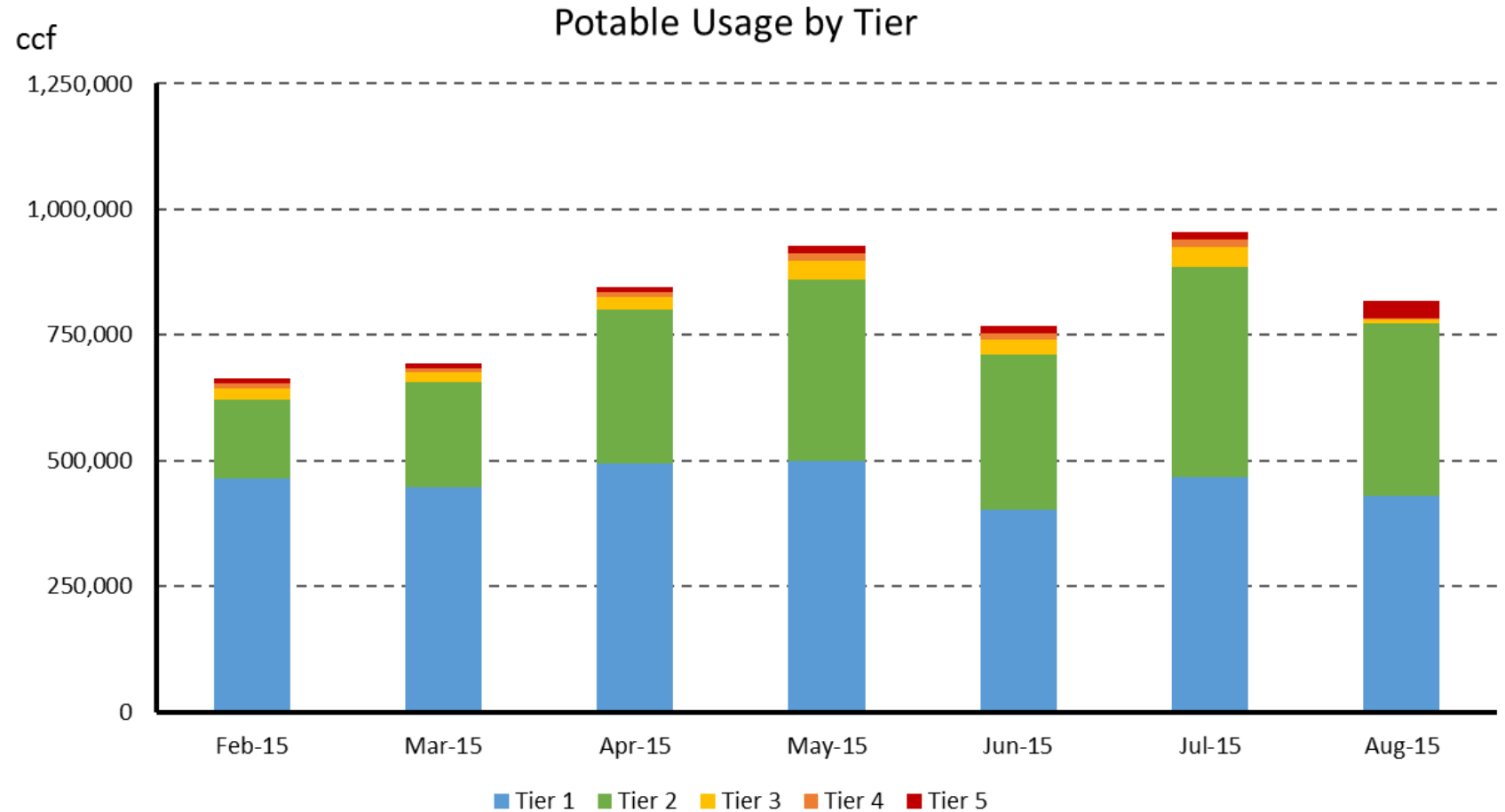


MNWD DROUGHT RESPONSE

- Budget Based Rate Structure
 - Strong pricing signal
 - Reduced budgets effective April 1, 2015
 - Stable financial position
- Water Shortage Contingency Plan (WSCP)
 - Stage 1: June 1, 2015
 - Stage 2: July 1, 2015
- Increased Conservation programs
- Engineering/Operations Programs
 - Expand recycled water program
 - Leak detection program
 - Advanced Meter Infrastructure (AMI) program
- Customer Communications
 - Postcards
 - Bill Messages
 - Summer Newsletter
 - Press Releases
 - Newspaper Ads

CUSTOMER RESPONSE

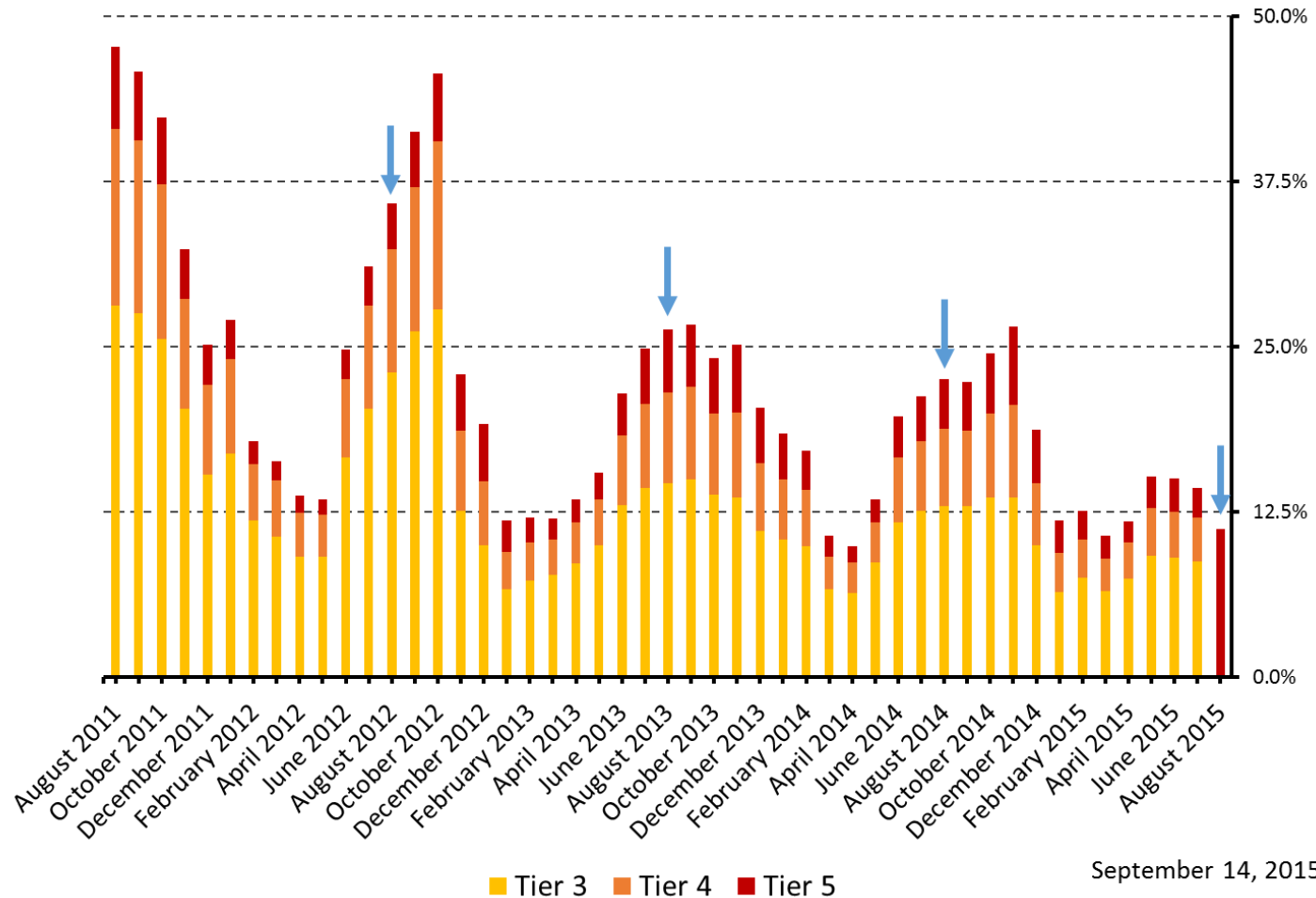
- August 2015
 - \$190k in penalty revenue
 - \$210k in WUE revenue



AF in Tier 3, 4, 5	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
	94	89	101	154	131	159	102

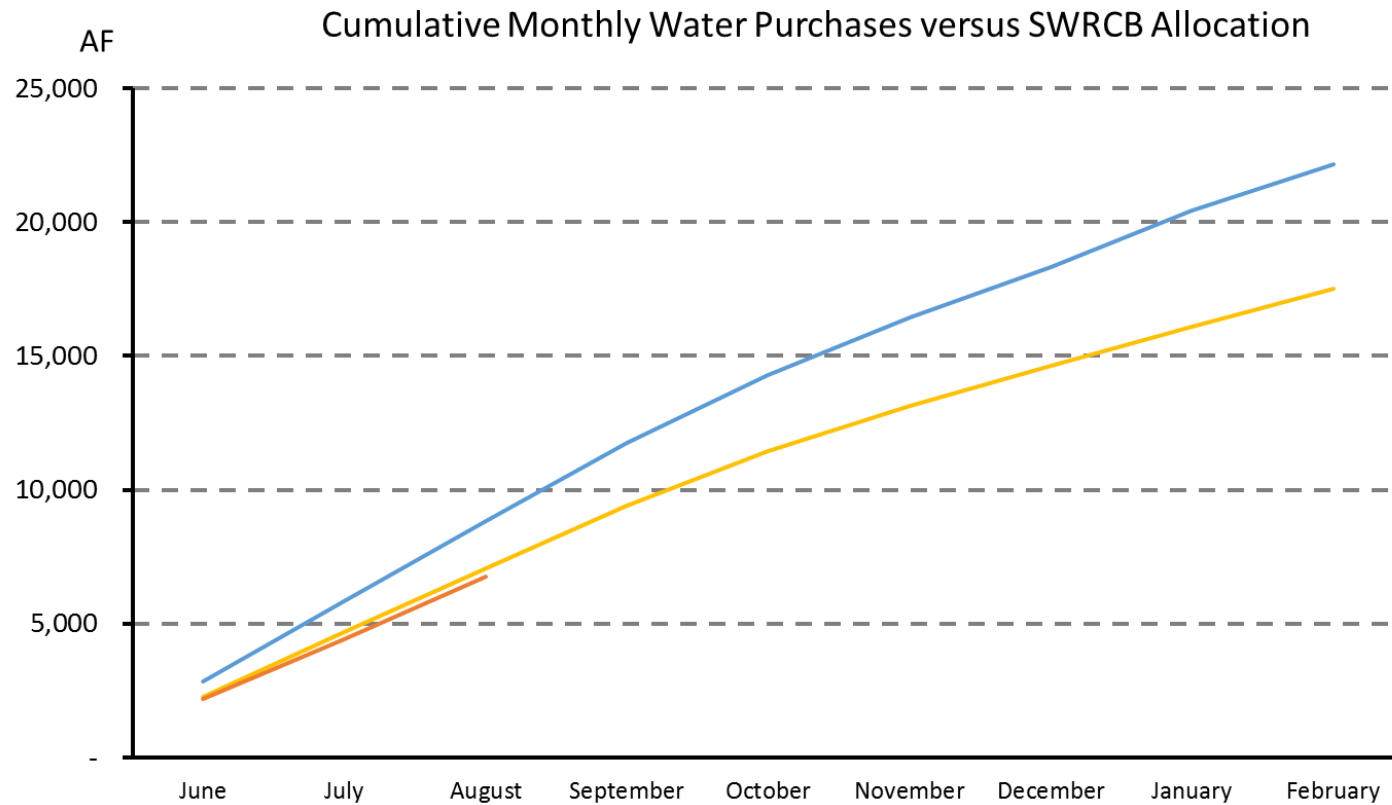
CUSTOMER RESPONSE (CONTD.)

Single Family Residential Accounts by Tier



September 14, 2015

CUSTOMER RESPONSE (CONTD.)



— 2013/2014 Production — SWRCB Target — 2015/2016 Production

RECOMMENDATION

- Continue Implementation of WSCP Stage 2 effective October 30, 2015
 - Customers pay penalty for exceeding budget
 - Potable water customers: In budget water rate + penalty of \$7.43 per unit
 - Recycled water customers: In budget water rate + penalty of \$7.04 per unit
- Expires end of February 2016 concurrently with the end of current SWRCB mandatory regulations

Investment Policy Update

Finance & IT Board Meeting

September 16, 2015



Moulton Niguel Water
Leading the Way in Service

Need for Investment Policy Update

- Last Update was nearly 5 years ago
- Best practice is to periodically update
- Permitted investments have changed

Investment Objectives

- District's objectives remain unchanged:
 - Safety – safety of principal is the primary objective
 - Liquidity – maintain sufficient liquidity to meet requirements
 - Return – obtain market rate of return given safety and liquidity requirements

Three Categories of Investments

Liquidity Fund

- Meets short-term liquidity needs
 - Operations and maintenance
 - Debt service
 - Capital requirements
- Investment Term - Average investments less than 90 days, and may not exceed 1 year
- Return Measure – 90 day Treasury Bills

Three Categories of Investments (cont.)

Limited Maturity Fund

- Meets medium-term liquidity needs
 - Operations and maintenance
 - Debt service
 - Capital requirements
- Investment Term – 1-3 years
- Return Measure – Bank of America Merrill Lynch 1-3 year US Treasury/District Index

Three Categories of Investments (Cont.)

Operating Reserve Fund

- Provides for long-term growth
- Investment Term – no more than 40% invested beyond 5 years, and may not exceed 10 years
- Return Measure – Merrill Lynch 1-10 year Government Index

Authorized Institutions, Brokers, Depositories

- Consistent with Security Exchange Commission Rule 15c3-1
- Consistent with California Government Code

Authorized Investments

- As Authorized By California Government Code

- Municipal securities rated A or higher
 - No more than 5% with a single issuer
 - No more than 30% of total portfolio
 - Maximum maturity of 5 years

- Supranationals rated AA or higher
 - No more than 10% with a single issuer
 - No more than 30% of total portfolio
 - Maximum maturity of 5 years

Other Provisions

- Collateral
- Delivery, safekeeping and custody
- Maximum maturity
- Reporting and reviews
- Amendments

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF INVESTMENT POLICY

~~Adopted January 20, 2014~~

~~I. ADOPTED: SEPTEMBER 17, 2015~~

I. BACKGROUND

~~A. Prudent management of the District includes the adoption of appropriate goals, objectives, policies and guidelines for the investment of available funds.~~

~~B. The District's cash management system is designed to monitor and forecast accurately expenditures and revenues, thus enabling the District to invest funds to the fullest extent possible.~~

~~A. C. The District investment program is based first upon the principals of safety and liquidity. The expected return on investments is considered only after the first two criteria are met.~~

~~C. II. This policy serves to organize and formalize the District's investment-related activities, while complying with all applicable statutes governing the investment of public funds.~~

~~D. This policy supersedes any previous Investment Policies of the Moulton Niguel Water District.~~

II. PURPOSE

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A. This statement is set forth by the District for the following purposes:

1. To establish a clear understanding for the Board, District management, responsible employees and third parties of the objectives, policies and guidelines for the investment of District funds.

2. To offer guidance to any investment adviser on the investment of District funds.

3. To establish a basis for evaluating investment results.

B. The general purpose of this Investment Policy is to outline a philosophy and attitude, which will guide the investment of District funds toward the desired investment goals. It is intended to be sufficiently specific to be meaningful, yet adequately flexible to be practical.

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III. ~~III.~~ INVESTMENT GOALS AUTHORITY

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A. In accordance with Section 53600 et seq. of the Government Code of the state of California, the authority to invest public funds is expressly delegated to the Board of Directors for subsequent delegation to the Treasurer. Investments are limited to those instruments specified by this Investment Policy.

B. The Moulton Niguel Water District may engage the services of one or more external investment advisers who are registered under the Investment Advisers Act of 1940 to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

IV. PRUDENCE

A. Pursuant to California Government Code, Section 53600.3, all persons authorized to make investment decisions on behalf of the Agency are trustees and therefore fiduciaries subject to the Prudent Investor Standard:

"...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

B. The Treasurer or designated investment advisor and other authorized persons responsible for managing District funds acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes provided that the Treasurer or other authorized persons acted in good faith. Deviations from expectations of a security's credit or market risk should be reported to the governing body in a timely fashion and appropriate action should be taken to control adverse developments.

V. STATEMENT OF OBJECTIVES

A. The District's investment program is based first upon the principals of safety and liquidity. The expected return on investments is considered only after the first two criteria are met.

A.

B. In order of priority, three fundamental criteria shall be followed:

1. SAFETY. Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing funds among a variety of securities with independent returns.

2. LIQUIDITY. The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

3. RETURN ON INVESTMENTS. The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

C. Funds are divided into ~~two~~three categories:

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1. ~~_____~~ 1. Funds needed for current operating expenses and capital requirements, known as the "Liquid Fund," ~~and~~

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2. ~~_____~~ 2. Funds needed over the next one to five years known as the "Limited Maturity Fund", and

3. Funds not currently needed, known as the "Operating Reserve Fund."

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D. ~~_____~~ B. The District shall inform the investment adviser from time to time of amounts to be allocated to each of the ~~two~~three categories.

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E. ~~_____~~ C. The investment goals of the Liquid Fund shall be:

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1. ~~_____~~ 1. To preserve principal,

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2. To provide liquidity for operating ~~and maintenance~~ expenses, ~~debt service payments~~, and capital requirements, and

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~~_____~~ 2. To preserve capital, and

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3. ~~_____~~ 3. To earn a total rate of return commensurate with the first two goals.

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F. ~~_____~~ D. The investment goals of the Limited Maturity Fund shall be:

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1. To preserve principal,

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2. To provide liquidity for operating and maintenance expenses, debt service payments, and capital requirements within the next one to five years, and

3. To earn a total rate of return commensurate with the first two goals.

G. The investment goal of the Operating Reserve Fund shall be to:

1. To preserve ~~real capital~~ principal, and

2. To provide growth over the long term by earning the rate of return, ~~which is~~ available from the longer-term investments permitted under the California Government Code.

IV.

VI. INVESTMENT PERFORMANCE OBJECTIVES AND GUIDELINES

A. Liquid Fund

1. A. The investment performance objectives for the Liquid Fund shall be to earn a return over a market cycle, which equals or exceeds the return on 90-day Treasury Bills.

2. B. The average maturity of the Liquid Fund shall not exceed 90 days, and the maximum final stated maturity of individual securities in the Liquid Fund may not exceed one year.

3. The District's Finance Director/Treasurer shall communicate periodically with the investment adviser in order to keep the adviser informed as to the District's specific short-term liquidity requirements.

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4. The Liquid Fund shall maintain a minimum fund balance sufficient to provide adequate cash reserves to pay current operating expenses.

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B. Limited Maturity Fund

1. The investment performance objective of the Limited Maturity Fund is to earn a return that equals or exceeds the return of the Bank of America Merrill Lynch 1-3 Year US Treasury Agency Index.

C. Operating Reserve Fund

1. The investment performance objective for the Operating Reserve Fund shall be to earn a rate of return over a market cycle, which exceeds the return on the Merrill Lynch ~~One-to-Ten~~ 1-10 Year US Corporate and Government Index, or an equivalent index determined by the District.

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~~V. INVESTMENT POLICIES~~

~~2. The maximum stated final maturity of individual investments in the Operating Reserve Fund is ten years.~~

~~VII. INVESTMENT POLICIES A.~~

~~A. Investment of District funds is governed by California Government Code Section 53601 et seq., a copy of which is attached to this policy as Exhibit B. A Summary of Permitted Investments, prepared by District's current investment adviser is attached as Exhibit A.~~

~~B. The District manages its investments under the prudent investor standard, which states "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and a familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part [of] an overall investment strategy, investments may be acquired as authorized by law."~~

~~B. C. The District manages its investments under the prudent investor standard.~~

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C. The District's Finance Director/Treasurer is designated by the Board of Directors as the officer responsible for the investment of District funds; provided, the Board may designate such responsibility to investment advisers pursuant to VII.D. below. The investment function shall be overseen by the ~~Investment~~ Finance and Information Technology Committee of the Board of Directors.

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~~D.~~ D. The Board of Directors may allocate its funds to professional investment advisers in a manner consistent with the District's objectives. Such advisers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such advisers must be registered under the Investment Advisers Act of 1940, and shall enter into a written agreement for this service with the District.

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~~E.~~

~~E.~~ Because the Operating Reserve Fund has the specific purpose of providing for long-term growth, and because cash flow requirements of the District are met through other investments, the Board of Directors hereby grants authority for the purchase of securities with maturities in excess of five years in the Operating Reserve Fund only.

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~~F.~~ ~~1.~~ The maximum stated final maturity of individual investments in the Operating Reserve Fund ~~shouldis~~ be ten years.

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~~G.~~ ~~2.~~ No more than 40% of the Operating Reserve Fund may be invested in securities with maturities in excess of five years.

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~~H.~~ ~~F.~~ Investment securities and cash shall be held in a bank custody account in the name of the District

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~~I.~~ ~~G.~~ All investments shall be made as "delivery vs. payment" transactions.

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~~VIII.~~ ~~VI.~~ Authorized Financial Institutions, Broker/Dealers, Depositories

A. The District shall work with financial institutions that are reputable and trustworthy, knowledgeable and experienced in Public Agency investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

B. In accordance with Section 53601.5, institutions eligible to transact investment business with the District include:

1. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.

2. Nationally or state-chartered banks.

3. The Federal Reserve Bank.

4. Direct issuers of securities eligible for purchase.

C. Selection of financial institutions and broker/dealers authorized to engage in transactions will be at the sole discretion of the District, except where the District utilizes an external investment adviser in which case the District may rely on the adviser for selection.

D. Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

E. Selection of broker/dealers used by an external investment adviser retained by the District will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

IX. AUTHORIZED INVESTMENTS

A. The District's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, the District seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

B. Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity, and shall be exempt from the current policy (with the exception of credit quality). At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

C. An appropriate risk level shall be maintained by purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

D. The authorized investments are as listed below:

1. MUNICIPAL SECURITIES include obligations of the District, the State of California, any of the other 49 states, and any local District within the State of California, provided that:

- a) The securities are rated "A" or higher by at least one nationally recognized statistical rating organization ("NRSRO").
- b) No more than 5% of the portfolio may be invested in any single issuer.
- c) No more than 30% of the portfolio may be in Municipal Securities.
- d) The maximum stated maturity does not exceed five (5) years, with the exception of securities that have a "put" feature of five years or less.

2. U.S. TREASURIES and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage of the portfolio that the District may invest in U.S. Treasuries, provided that:

a) The maximum maturity is five (5) years, with the exception of securities held in the Operating Reserve, which can have a stated maturity of 10 years.

3. FEDERAL AGENCIES or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage of the portfolio that the District may invest in Federal District or Government-Sponsored Enterprises (GSEs), provided that:

a) No more than 25% of the portfolio may be invested in any single District/GSE issuer.

b) The maximum maturity does not exceed five (5) years, with the exception of securities held in the Operating Reserve, which may have a stated maturity of 10 years.

4. BANKER'S ACCEPTANCES, provided that:

a) They are issued by institutions which have short-term debt obligations rated "A-1" or higher by at least one NRSRO; or long-term debt obligations which are rated "A" or higher by at least one NRSRO.

b) No more than 40% of the portfolio may be invested in Banker's Acceptances.

c) No more than 5% of the portfolio may be invested in any single issuer.

d) The maximum maturity does not exceed 180 days.

5. COMMERCIAL PAPER, provided that:

- a) The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million.
- b) The securities are rated "A-1" or higher by at least one NRSRO.
- c) The securities are issued by corporations which have long-term obligations rated "A" or higher by at least one NRSRO.
- d) The District may purchase no more than 10% of the outstanding commercial paper of any single issuer.
- e) No more than 25% of the portfolio may be invested in Commercial Paper.
- f) No more than 5% of the portfolio may be invested in any single issuer.
- g) The maximum maturity does not exceed 270 days.

6. NEGOTIABLE CERTIFICATES OF DEPOSIT (NCDS), issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- a) The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
- b) Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or higher by at least one NRSRO; or long-term obligations rated "A" or higher by at least one NRSRO.
- c) No more than 30% of the total portfolio may be invested in NCDs
- d) No more than 5% of the portfolio may be invested in any single issuer.
- e) The maximum maturity does not exceed five (5) years.

7. FEDERALLY INSURED TIME DEPOSITS (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:

- a) The amount per institution is limited to the maximum covered under federal insurance.
- b) No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.
- c) The maximum maturity does not exceed five (5) years.

8. COLLATERALIZED TIME DEPOSITS (Non-Negotiable Certificates of Deposit) in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with California law, provided that:

- a) No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits.
- b) The maximum maturity does not exceed five (5) years.

9. COLLATERALIZED BANK DEPOSITS. District deposits with financial institutions will be collateralized with pledged securities per California Government Code, Section 53651.

10. REPURCHASE AGREEMENTS collateralized with securities authorized under California Government Code, maintained at a level of at least 102% of the market value of the Repurchase Agreement. There are no limits on the dollar amount or percentage that the District may invest, provided that:

- a) Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third party custodian.
- b) Repurchase Agreements are subject to a Master Repurchase Agreement between the District and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA).
- c) The maximum maturity does not exceed one (1) year.

11. STATE OF CALIFORNIA LOCAL DISTRICT INVESTMENT GUIDELINES FUND (LAIF), provided that:

A. The District may invest up to ~~Liquid Fund~~

a) ~~1. The Liquid Fund shall be invested in the State's maximum amount permitted by LAIF.~~

b) ~~LAIF's investments in instruments prohibited by or not specified in the District's policy do not exclude the investment in LAIF itself from the District's list of allowable investments, provided LAIF's reports allow the Treasurer and the outside investment adviser to adequately judge the risk inherent in LAIF's portfolio.~~

12. LOCAL GOVERNMENT INVESTMENT POOLS

a) ~~The District may invest up to the maximum amount permitted by the following respective Local Agency Government Investment Fund (LAIF), or in short term Pools:~~

(1) ~~CALTRUST~~

(2) ~~California Asset Management Program (CAMP)~~

b) ~~Local Government Investment Pool investments in instruments prohibited by or not specified in the District's policy do not exclude the investment in LGIPs itself from the District's list of allowable investments, provided the specific LGIP's reports allow the Treasurer and the outside investment adviser to adequately judge the risk inherent in LGIP's portfolio.~~

13. CORPORATE MEDIUM TERM NOTES (MTNS), provided that:

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a) The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

b) The securities ~~permitted~~ are rated "A" or higher by at least one NRSRO.

c) No more than 30% of the total portfolio may be invested in MTNs.

d) No more than 5% of the portfolio may be invested in any single issuer.

e) The maximum maturity does not exceed five (5) years.

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14. MONEY MARKET MUTUAL FUNDS that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

a) Such Funds meet either of the following criteria:

(1) Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or

(2) Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 ~~et seq~~ and with assets under management in excess of \$500 million.

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~~1. The average maturity of the Liquid Fund shall not exceed 90 days, and the maximum final stated maturity of individual securities in the Liquid Fund may not exceed one year.~~

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~~1. The District's Finance Director/Treasurer shall communicate periodically with the investment advisor in order to keep the advisor informed as to the District's specific short term liquidity requirements.~~

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4. ~~The Liquid Fund shall maintain a minimum fund balance sufficient to provide adequate cash reserves to pay current operating expenses.~~

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(3) ~~_____~~ ~~B.~~ ~~The~~ ~~No~~ ~~more~~ ~~than~~ ~~20%~~ ~~of~~ ~~the~~ ~~total~~ ~~portfolio~~ ~~may~~ ~~be~~ ~~invested~~ ~~in~~ ~~Money~~ ~~Market~~ ~~Mutual~~ ~~Funds.~~

(4) ~~No~~ ~~more~~ ~~than~~ ~~10%~~ ~~of~~ ~~the~~ ~~portfolio~~ ~~may~~ ~~be~~ ~~invested~~ ~~in~~ ~~any~~ ~~one~~ ~~Fund.~~

15. SUPRANATIONALS, provided that:

a) ~~Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.~~

~~A.~~ ~~Operating Reserve Fund~~

b) ~~_____~~ ~~1.~~ ~~The~~ ~~Operating~~ ~~Reserve~~ ~~Fund~~ ~~shall~~ ~~be~~ ~~invested~~ ~~in~~ ~~securities~~ ~~permitted~~ ~~under~~ ~~the~~ ~~California~~ ~~are~~ ~~rated~~ ~~"AA"~~ ~~or~~ ~~higher~~ ~~by~~ ~~a~~ ~~NRSRO.~~

c) ~~No~~ ~~more~~ ~~than~~ ~~30%~~ ~~of~~ ~~the~~ ~~total~~ ~~portfolio~~ ~~may~~ ~~be~~ ~~invested~~ ~~in~~ ~~these~~ ~~securities.~~

d) ~~No~~ ~~more~~ ~~than~~ ~~10%~~ ~~of~~ ~~the~~ ~~portfolio~~ ~~may~~ ~~be~~ ~~invested~~ ~~in~~ ~~any~~ ~~single~~ ~~issuer.~~

e) ~~The~~ ~~maximum~~ ~~stated~~ ~~maturity~~ ~~does~~ ~~not~~ ~~exceed~~ ~~five~~ ~~(5)~~ ~~years.~~

16. Prohibited Investment Vehicles and Practices

a) ~~State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.~~

b) ~~In accordance with Government Code, Section 53601, et seq., .6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.~~

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~~2. Over a market cycle, the benchmark for the duration of the *Operating Reserve Fund* shall be the duration of the Merrill Lynch One-to-Ten Year Government Index.~~

~~3. Over a market cycle, the duration of the *Operating Reserve Fund* typically will vary within a range of $\pm 20\%$ of the duration of the Merrill Lynch One-to-Ten Year Government Index.~~

~~4. A minimum of 10% of the *Operating Reserve Fund* shall be invested in securities with maturities less than two years.~~

~~5. A maximum of 40% of the *Operating Reserve Fund* may be invested in securities with maturities in excess of five years. Such investments shall be only in securities issued by the U.S. government or its agencies.~~

~~6. The maximum stated final maturity of individual investments in the *Operating Reserve Fund* should be ten years.~~

~~VII. DIVERSIFICATION REQUIREMENTS~~

~~A. The District is subject to all the diversification requirements described in the California Government Code, Section 53601 et seq.~~

~~B. With the exception of securities issued by the U.S. government and its agencies, no more than 5% of the portfolio may be invested in securities of any one issuer.~~

~~C. No individual holding shall constitute more than 5% of the total debt outstanding of any issuer.~~

~~c) D. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.~~

~~d) Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.~~

~~e) Purchasing or selling securities on margin is prohibited.~~

~~f) The use of reverse repurchase agreements is further restricted in that, securities lending or any other form of borrowing or leverage is prohibited.~~

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~~1. The maximum maturity purchase of reverse repurchase agreements may not exceed 90 days.~~

~~2. Securities purchased with the proceeds of reverse repurchase agreements must be matched to the exact maturity date of the reverse repo, and must also be matched as to coupon structure (i.e., a fixed coupon on both the reverse and the reinvestment security).~~

~~3. Reverse repurchase agreements are limited to no more than 10% of the portfolio.~~

~~g) E. Corporate foreign currency denominated securities which are downgraded by any rating agency to a level below that which is allowed under the California Government Code shall be reevaluated immediately, and a decision shall be made by the Finance Committee to either sell the security immediately or continue to hold it. If the decision is made to hold the security, it shall be subject to monthly review until its maturity or sale date. is prohibited.~~

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X. ~~VIII.~~ Collateralization

A. CERTIFICATES OF DEPOSIT (CDs). The District shall require any commercial bank or savings and loan association to deposit eligible securities with an Agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

B. COLLATERALIZATION OF BANK DEPOSITS. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The District shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

C. REPURCHASE AGREEMENTS. The District requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

1. The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.

2. Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.

3. The District and its investment adviser shall receive monthly statements of collateral.

XI. Delivery, Safekeeping and Custody

A. DELIVERY-VERSUS-PAYMENT (DVP). All investment transactions shall be conducted on a delivery-versus-payment basis.

B. SAFEKEEPING AND CUSTODY. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in the District's portfolio shall be held in safekeeping in the District's name by a third party custodian, acting as agent for the District under the terms of a custody agreement executed by the bank and the District. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by the District from the custodian listing all securities held in safekeeping with current market data and other information.

C. The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money market mutual funds, since the purchased securities are not deliverable.

XII. Maximum Maturity

A. To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities.

XIII. REPORTING AND REVIEWS

A. Transactions and portfolio holdings

1. The bank custodian and the investment adviser shall each provide monthly statements of holdings and account activity to the District's Director of Finance/Treasurer. The bank custodian shall also provide such information to the District's Investment Adviser(s).

2. Confirmations of all transactions and movement of funds shall be forwarded promptly to the District by the investment adviser. The investment adviser shall ensure a duplicate confirmation is provided to the District by the broker.

B. Investment performance

1. The investment adviser shall meet at least quarterly with District management and/or with the Finance & Information Technology Committee of the Board of Directors to review account activity, economic conditions and investment performance.

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~~XIV.~~ ~~IX.~~ AMENDMENTS

~~A.~~ ~~A.~~ This Investment Policy is subject to amendment from time to time by the Board of Directors. Any changes must be approved by the Board of Directors and communicated in writing to the Director of Finance/Treasurer and other responsible employees, appropriate third parties and investment advisers.

~~B.~~ ~~B.~~ It shall be the responsibility of the investment adviser to inform the District of changes to the California Government Code, which affect the investment of District funds. Such changes shall be considered promptly by the Board of Directors.

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APPENDIX A

SUMMARY OF PERMITTED INVESTMENTS WITH STATUTORY AND POLICY LIMITATIONS

INVESTMENT	COMMENTS
U.S. Treasuries	No maximum exposure; max maturity = 10 years
Federal Agencies	No maximum exposure; max maturity = 10 years
Mortgage-backed	20% maximum exposure together w/ CMOs and asset-backed; five year max maturity
Commercial paper	25% max exposure
Banker's Accept.	40% maximum exposure
Medium Term Notes	30% maximum exposure; minimum quality = "A"; Five year maximum maturity
Mutual Funds	Maximum exposure = 20%
Secured TDs	Collateralized 110% or insured
Negotiable CDs	30% maximum exposure
LAIF	State imposed maximum of \$50 million
CMOs	20% maximum combined w/ asset-backed and mortgages
Asset-backed	20% maximum combined w/ CMOs and mortgages
Repurchase Agree.	Limited to 10% of portfolio
Reverse Repos	Limited to 10% of portfolio
Municipal Bonds	NO

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INVESTMENT	COMMENTS
OGIP	NO

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C. The Investment Policy shall be reviewed and approved annually each fiscal year during the budget process.

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How to Check Your Toilet for Leaks



1. Remove the tank lid. Carefully remove the tank lid and lay it flat on the floor to prevent it from falling over and breaking. Condensation on the underside of the tank lid may drip as you are removing the lid.

2. Check the water level in the tank. If the water level is above the manufacturer's indicated water line, make adjustments to correct the water level. If adjustments were made, reset the toilet by flushing it and allowing the tank to refill and stop on its own.

3. Drop a dye strip (provided to you by MNWD) or several drops of food dye (avoid red food dye) into the tank. Do NOT flush. Wait 30-45 minutes. If you have more than one toilet to test, repeat Steps 1 through 3 for each toilet while you wait.

4. Check the water in the bowl for color. If the color appears in the bowl, there is a leak. **Toilet leaks can waste 30 to 500 gallons of water per day.** Replacing the toilet's flapper valve will likely stop the leak. To ensure proper flush performance, be sure the replacement flapper meets the toilet manufacturer's specifications for your toilet model. **To save the most amount of water possible, ensure that you have a water efficient low flush toilet.**

Be a turnoff.



ONLY USE WHAT YOU NEED. WATER EFFICIENTLY.

Every drop matters! There are many ways to save water by using it wisely. Save water outdoors, and avoid water waste indoors. Visit our *new* page www.yourmnwd.com for more information.



Moulton Niguel Water
Leading the Way in Service

www.mnwd.com

PO BOX 30204

LAGUNA NIGUEL CA 92607-0204

WATER SHORTAGE CONTINGENCY PLAN

STAGE **2** IN EFFECT

LIVE within *your* **BUDGET**

**Use water wisely.
Save water outdoors.
Every drop matters.**

Thirsty for more information? Visit our *new* page:

www.yourmnwd.com

Be a turnoff.



ONLY USE WHAT YOU NEED. USE WATER WISELY.

Every drop matters! There are many ways to save water by using it wisely. Save water outdoors, and avoid water waste indoors. Visit our *new* page www.yourmnwd.com for more information.



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LIVE within *your* **BUDGET**

**Use water wisely.
Save water.
Every drop matters.**

Thirsty for more information? Visit our *new* page:

www.yourmnwd.com

Keep me in check.



REDUCE OUTDOOR WATERING. USE WATER WISELY.

Each sprinkler nozzle can use as much water as an indoor shower. Reduce watering times, take shorter showers, and use water efficient sprinkler nozzles and showerheads. Visit www.mnwd.com/yourmnwd for more information.





Moulton Niguel Water
Leading the Way in Service

www.mnwd.com

PO BOX 30204

LAGUNA NIGUEL CA 92607-0204

WATER SHORTAGE CONTINGENCY PLAN

STAGE 2 IN EFFECT

Remain within your water budget or pay up to \$9.04 for every billing unit (1 billing unit [BU] = 748 gallons) of water used in excess of your water budget. Visit www.mnwd.com/yourmnwd for more information.



**Use water wisely.
Do the right thing.
Every drop matters.**

Thirsty for more information?

www.mnwd.com/yourmnwd

Make the right choice. Pick wisely.

Inefficient

Efficient

USE WATER EFFICIENT SPRINKLER NOZZLES.

When drip irrigation is not an option, use water efficient sprinkler nozzles to save water. Be sure to adjust your watering based on weather. Visit www.mnwd.com/yourmnwd for more information.



Moulton Niguel Water
Leading the Way in Service

www.mnwd.com

PO BOX 30204

LAGUNA NIGUEL CA 92607-0204

WATER SHORTAGE CONTINGENCY PLAN

STAGE **2** IN EFFECT

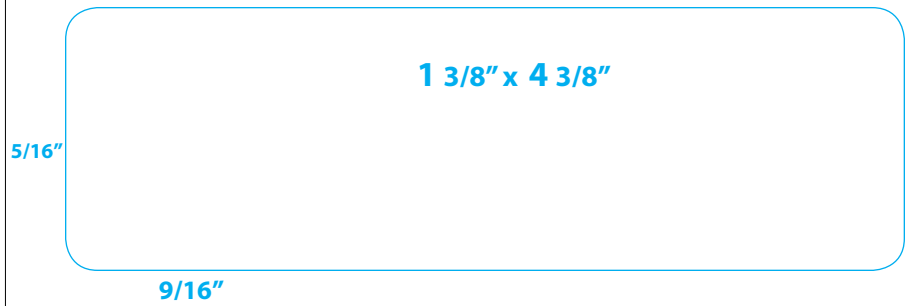
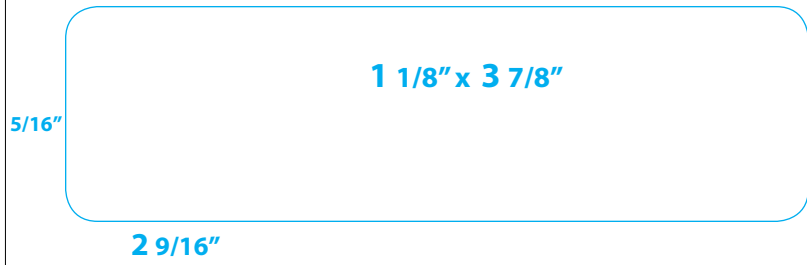
Remain within your water budget or pay up to \$9.04 for every billing unit (1 billing unit [BU] = 748 gallons) of water used in excess of your water budget. Visit www.mnwd.com/yourmnwd for more information.



**Water wisely.
Go California friendly.
Save water now.**

Thirsty for more information?

www.mnwd.com/yourmnwd



**Use water efficient devices.
Every drop matters.
Save water now.**

Infosend Side Seam flap and back

9 1/2"

4 1/8"

LIVE within your BUDGET

- Reduce outdoor watering
- Look for leaks and fix them

For more information, visit our *new* page
www.mnwd.com/yourmnwd



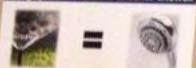
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PREPRINTED ART

PLEASE RECYCLE THIS ENVELOPE

TECHNOLOGY CENTER

Every sprinkler nozzle is another shower.



We're doing our part.
Watch your watering, and save.

Visit www.mn.gov for more water-saving tips.

MINND News



This summer is important!



We're doing our part.
Help us by doing yours, too.
Let your lawn take a nap this summer,
and give it a makeover this fall!

Visit www.mn.gov for more information on available rebates!

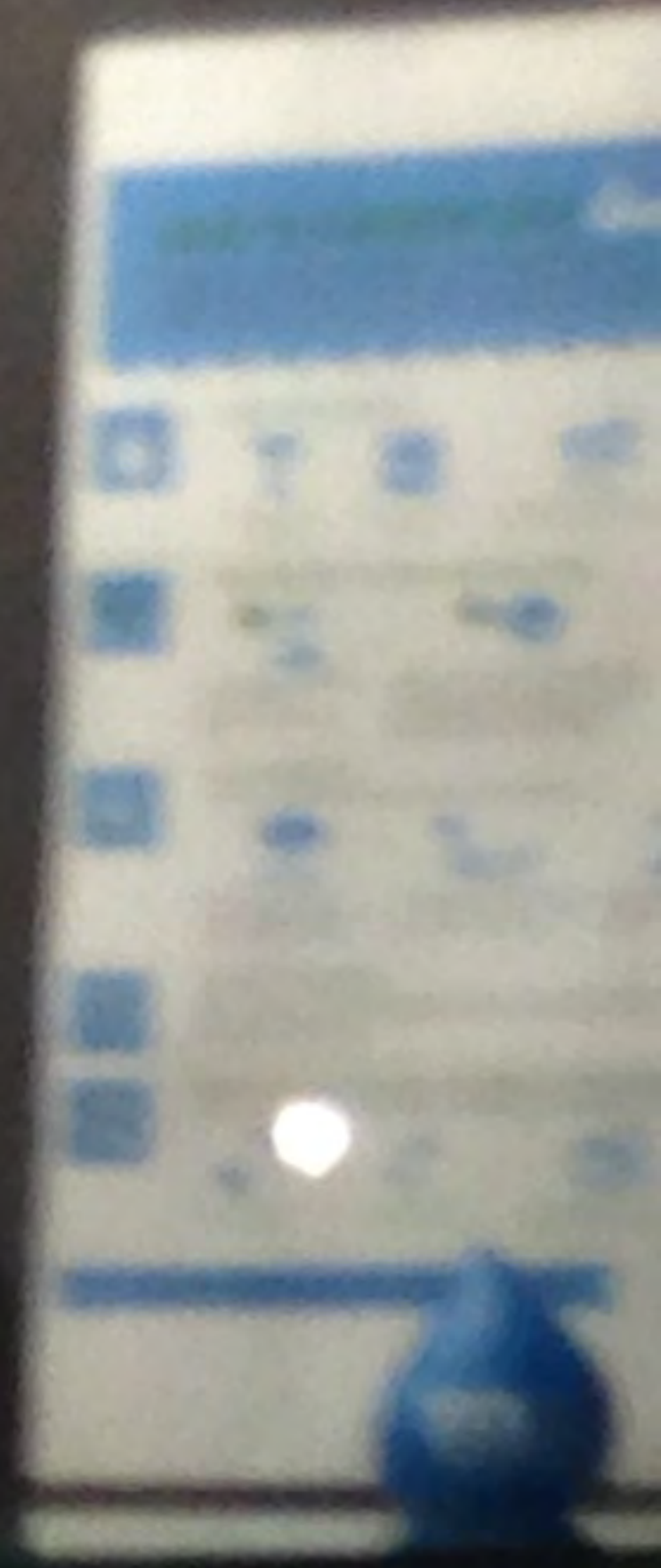


Severe California Drought = Live Within Your Budget

H₂O



H₂O



We're doing our part.
Watch your watering, and save water!



MEGAVAN WATER MANAGEMENT



We're doing our part.
Help us by doing yours, too.
Let your lawn take a nap this summer,
and give it a makeover this fall!





For Immediate Release

Media Contact:
Michael Suydam
(949) 981-5008
mike@21strat.com

MNWD Customers Are Using Water More Efficiently Now Than Ever Before

Local Residents and Businesses Cut Use by 23 percent in August

Laguna Niguel (September 8, 2015) -- Moulton Niguel Water District (MNWD) announced today that its customers reduced water use by 23 percent in August compared to the same month in 2013, the State's benchmark for water conservation measurement.

It is the third consecutive month that the District's residents and businesses exceeded their state-required water use reduction target.

"August was hot and dry, but our customers have delivered once again," said Don Froelich, Board President of MNWD. "It's a great sign that a conservation mindset is taking hold, and our focus now turns to sustaining this effort long term by encouraging permanent changes to how we use and manage water."

Empowering Customers to be Efficient

Central to MNWD's efforts is its innovative water budget system. This technology- and science-driven effort provides customers with a specific target for indoor and outdoor water use that factors in weather and other variables. This enables customers to make water-wise decisions using accurate information.

"Data is a powerful tool to save water," said Joone Lopez, MNWD's General Manager. "We believe our customers will conserve if we show them how. This summer's conservation success is proof that this approach is working. Last month, 95 percent of the water used by our customers was within the efficient water targets. Our customers are making a difference by living within their budget."

In addition to water budgets, the District has launched a proactive outreach program that includes:

- A drought- and conservation-specific webpage for customers, www.mnwd.com/yourmnwd
- Frequent direct mail postcards with a targeted approach
- Yard signs
- Window clings in local businesses and restaurants

- Advertising in local papers
- Local nursery partnerships
- HOA and community organization engagement
- Collaboration with local cities and agencies

Learn more about MNWD's water conservation efforts at www.mnwd.com/yourmnwd.

State-mandated Conservation

The State of California has required that MNWD's customers cut consumption by 20 percent as part of mandatory statewide drought regulations. Since June 1, 2015 – the date those regulations kicked in – MNWD customers have cut water consumption by approximately 24 percent. This translates to more than 693,000,000 gallons of water saved – or enough to cover over 2,120 football fields in one foot of water.

“The numbers are staggering,” continued Froelich. “We’re seeing across-the-board conservation from all of our customers. It’s clear we’re doing our part as a community to assist the state during this historic drought.”

The regulations are currently slated to last through February 2016. However, water use historically spikes in the warmer summer months, making June, July and August vitally important to achieving the overall reduction goal. Districts that do not meet their reduction target are subject to penalties upwards of \$10,000 per day from the State.

About MNWD

Moulton Niguel Water District (MNWD) provides drinking water, recycled water, and sewer service to more than 170,000 customers in Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo, and Dana Point. Approximately 25 percent of MNWD's water is provided through local water recycling programs. Approximately 75 percent of MNWD's water is imported from the Metropolitan Water District of Southern California – a regional water wholesaler that delivers water from Northern California and the Colorado River.

###



Don't smother me.

Overwatering not only wastes water, but it can also kill your plants and lawn.
It is more harmful than under watering.

Look for signs for overwatering, such as yellow or brown patches.

Avoid overwatering. Save your plants. Save your water.



For more information, visit:

www.mnwd.com/yourmnwd



Let's get friendly.

**Saving water is beautiful, and fall is a great time to plant!
Go California friendly this fall, and save water.**

LIVE within your **BUDGET**

For more information, visit:

www.mnwd.com/yourmnwd

Let's get friendly.

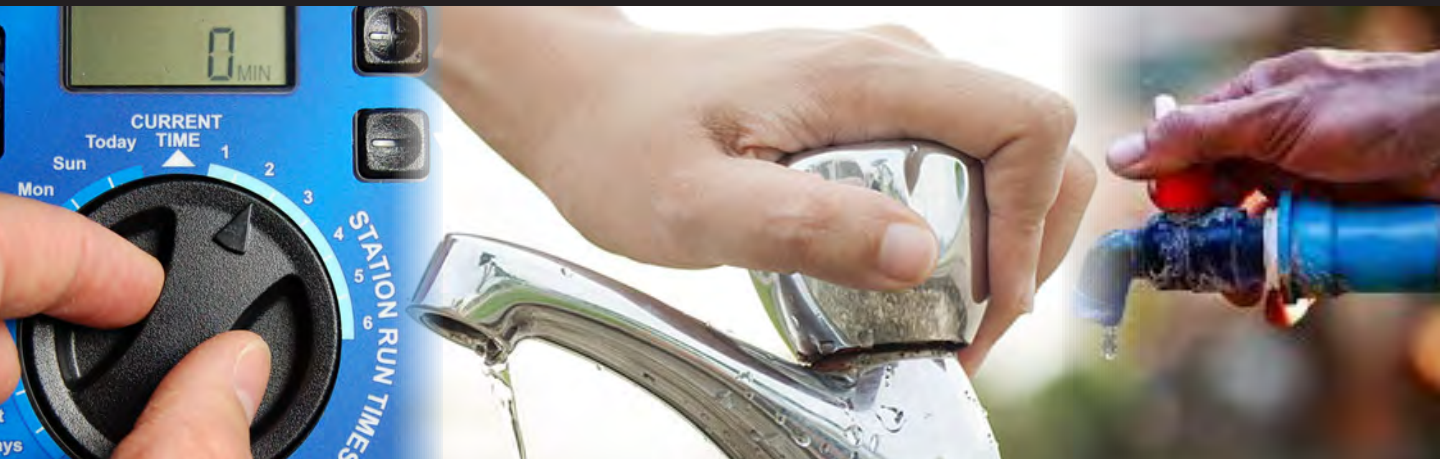


CALIFORNIA FRIENDLY. SAVE WATER. SAVE TIME

Saving water is beautiful. Give your garden a makeover with California friendly plants. For more information, visit our page www.mnwd.com/yourmnwd.



Be a turnoff.



**ONLY USE WHAT YOU NEED.
USE WATER WISELY.**

Every drop matters! Save water outdoors, and avoid water waste indoors. Visit our *new* page www.yourmnwd.com for more information.


Moulton Niguel Water
Leading the Way in Service
www.mnwd.com

Be water *smart*.
Save some for later.



One world. One water. One future.

Thank you for your help in saving water.
Every drop matters!

For more tips on how to save water, visit
www.mnwd.com/yourmnwd



Look for water saving plants and devices in the store today!

SAVING WATER^{is} BEAUTIFUL



Performing a landscape makeover or making upgrades to your home?

You could qualify for a rebate. Visit your local water provider's website for more information and resources. See reverse side for your local water provider's website information.*



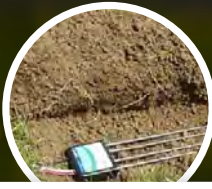
SPRINKLER NOZZLES
Up to \$8 per nozzle



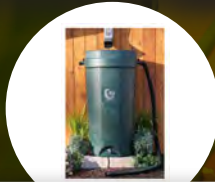
DRIP IRRIGATION
Up to \$175 per kit



SMART IRRIGATION TIMERS
Up to \$260 per controller



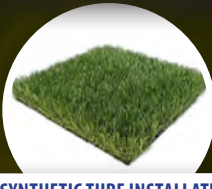
SOIL MOISTURE SENSOR
Up to \$260 per sensor



RAIN BARRELS
Up to \$75 per rain barrel



TURF REMOVAL
Up to \$2.00 per sq. ft.



SYNTHETIC TURF INSTALLATION
Up to \$1.50 per sq. ft. (MNWD Only)



HIGH EFFICIENCY TOILETS
Up to \$200 per toilet



HIGH EFFICIENCY CLOTHES WASHERS
Up to \$285 per washer

See reverse side for your local water provider's website information and water saving tips.

*Rebates based on availability. Rebate amounts vary, and specific requirements must be met to qualify for a rebate.

Did you know?

💧 FOCUS OUTDOORS to save

- 💧 **40 gallons per day**
adjust landscaping irrigation for weather
- 💧 **25 gallons per day**
water before 8 AM
- 💧 **16 gallons per day**
fix broken sprinklers, adjust spray to avoid waste, repair leaks

💧 UPGRADE INDOORS to save

- 💧 **6 gallons per load**
install a new dishwasher
- 💧 **2 gallons per flush**
install a new toilet
- 💧 **18 gallons per load**
use a high efficiency washer

💧 FIX LEAKS to save

- 💧 **192 gallons per month**
wasted by a dripping faucet
- 💧 **30-500 gallons per day**
lost from a leaking toilet
- 💧 **970 gallons per day**
potentially lost from leaking pool plumbing

SAVE



WATER
MONEY
TIME



www.etwd.com



www.lbcwd.org



Moulton Niguel Water

Leading the Way in Service

www.mnwd.com



www.san-clemente.org



www.smwd.com



Partnering With The Community

www.scwd.org



www.tcwd.ca.gov

MINWD & ETWD ASKS CUSTOMERS TO “LIVE WITHIN YOUR BUDGET”



The hot summer months are upon us, and saving water is of paramount importance. As we continue into the summer, outdoor water use is primarily the key area where we can continue to conserve our water by doing the following:

- Reduce watering times and days. Consider letting your lawn take a nap this summer, and think about giving your yard a makeover this fall by planting California friendly plants in areas containing non-functional turf!
- Avoid overwatering, overspray, and runoff.



- Check sprinkler timers often to ensure settings are correct.
- Use a weather based watering schedule or install a weather based irrigation controller.*
- Change your sprinkler nozzles to water-efficient rotating nozzles or install drip irrigation.*
- Look for leaks (both indoors and outdoors).

Visit www.mnwd.com/watersavingtips for more information on creating your own watering schedule, how to look for leaks, and other great ways to save water! Thank you for doing your part to live within your water budget and save water.

*Rebates may be available. Visit www.mnwd.com/rebates or www.etwd.com/conservation/rebates for more information.





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Mission Viejo continues to expand water conservation efforts

By mvlife on September 9, 2015



With no immediate relief in sight, the City of Mission Viejo is continuing to increase its water conservation efforts in the face of California's worst drought on record.

The City continues to expand the use of recycled water to irrigate Mission Viejo landscapes. In fact, with recent efforts, nearly 85 percent of City landscapes are now irrigated with recycled water.

"This effort continues to grow and conserve valuable drinking water," said Public Services Operations Manager Jerry Hill.

Median-island landscapes along Mission Viejo roadways are being transformed from water-thirsty grass with messy overhead irrigation to water-thrifty, drought-tolerant plant pallets with point-source drip (low-pressure and low-volume) irrigation.

Taking advantage of the latest technology available to manage irrigation water applications, the City is also installing smart irrigation timers.

While the City does its part to conserve, residents are encouraged to step up their conservation efforts.

By focusing efforts outdoors and changing indoor habits, residents can save significant amounts of water.

Consider the following statistics:

- Adjusting landscaping irrigation for weather will save 40 gallons of water per day.
- Watering before 8 a.m. saves 25 gallons per day.
- Fixing broken sprinklers, adjusting spray to avoid waste and repairing water leaks will save 16 gallons of water per day.
- Replacing grass with drought-tolerant and California-friendly plans saves about 33 percent of overall water use on average.
- Changing indoor habits such as turning off the tap while brushing your teeth saves three gallons of water per day.
- Save 5 gallons of water per day by reducing shower times by just two minutes.
- Fixing a dripping faucet saves 192 gallons of water per month, while repairing a leaky toilet saves 30 to 500 gallons of water a day.

For more tips about conserving water, visit <http://www.bewaterwise.com>.



Mission Viejo Life Blog

The ONLY Official and Accurate News Blog of the City of Mission Viejo

Mission Viejo Television SportsZone – Your Sports Community. Covered.



Recent Comments

Barbara : Please consider asking Hof's Hut to come back to our area. Their food is excellent and the prices reasonable. Sep 11, 7:43 PM

Kathe Enright : The grass on the fields by Norman Murry are saturated. Too wet to walk on. Sep 11, 10:25 AM

Beth Kukuk : It seems to me that the grass at Fieldcrest Park, where I walk, is constantly saturated. It doesn't seem necessary to have it watered so... Sep 11, 6:25 AM

Elaine Portnoy : It WILL be! And to see this film on a movie-size screen will make the event extra spectacular! Sep 10, 8:52 PM

Community Partners



FAQ Corner

1. Does the City require a business license?

No. Although the City of Laguna Niguel does not require a business licensee, there are certain approvals required for a new business. Please review the details provided under [A Guide to Starting Your Own Business](#).

2. Can I Operate A Business Out of My Home?

Yes, however, you must first obtain a Home Occupation Permit. There are restrictions as to the type of business that a resident can operate out of a residential property.

3. How Can I Obtain Business Ownership Information?

The City does not have business ownership information since we do not require a business license. The information may be obtained by contacting the County of Orange Clerk-Recorder's Office at (714) 834-3005 or visit their website at <http://www.oc.ca.gov/recorder>. The California Secretary of State's website at <http://www.ss.ca.gov> provides State information on corporations and limited liability partnerships.

4. Is There a Crime Prevention Program Specific to Businesses?

Yes. The City's [Business Watch](#) is a crime prevention program that is specifically focused on the Laguna Niguel's business community. Business members can participate in this program at no cost or obligation. For additional information, please contact [Laguna Niguel Police Services](#) at (949) 362-4312. To schedule an appointment to sign up for the Business Watch program, please call Laguna Niguel Police Services at (949) 362-4312.

Be a turnoff.

ONLY USE WHAT YOU NEED. WATER EFFICIENTLY.
Every drop matters! There are many ways to save water by using it wisely. Save water outdoors, and avoid water waste indoors. Visit our 1-800 page www.yourmwd.com for more information.

Middleton Niguel Water
Leading the Way in Service
www.mwd.com

SHRED IDENTITY THEFT

Hosted by Laguna Niguel Police Services

SATURDAY, SEPTEMBER 26

**7:00 a.m. – 12:00 Noon
(or until trucks reach capacity)**

**City Hall
30111 Crown Valley Parkway**

***Limit of 10 banker boxes or comparable sized containers per car load.**

**For more information visit
cityoflagunaniguel.org or call the hotline at
362-4309**

MOULTON NIGUEL WATER DISTRICT

Summary of Financial Results

Results of operations for the one month ended July 31, 2015, as compared to the one month ended July 31, 2014, are summarized below. Please note that the unaudited statements presented below for fiscal year-end, June 30, 2015, are currently being reviewed by the District's auditors and are not finalized. The year-end audit process takes approximately two months to complete. Therefore, actual audited financial statements will differ from what is presented here.

Summary Budget Comparison Report

The Summary Budget Comparison Report is a high-level statement of the operating activities of the District compared to the budget. The report includes total revenues and expenses, as well as line item revenues and expenses for the General Fund and the Water Efficiency Fund. As shown in the summary report, operating revenues were approximately \$4.6 million, or 9% of the annual \$53.0 million budget, while operating expenses were \$6.3 million, also 9% of the annual \$68.0 million budget.

Non-operating revenues are approximately at 2% of budget for the Fiscal Year due to the timing of receipt of property tax revenue.

Statement of Net Position

The Statement of Net Position shows the District's assets and liabilities as of July 31, 2015, compared to the balances at fiscal year ended June 30, 2015. Overall, assets were about \$6.3 million lower than at June 30, 2015, primarily due to a planned reduction in current cash and investments to fund ongoing capital projects. Liabilities have decreased by \$3.3 million from the prior month due to reduced accounts payable. As a result, the District's net position decreased by approximately \$3.0 million for the month ending July 31, 2015, compared to fiscal year ending June 30, 2015.

Revenues

Total revenues for the month ended July 31, 2015 were \$5.1 million, approximately \$171,000 less than July 31, 2014. Total Operating Revenues for the month ended July 31, 2015 were \$4.6 million, a decrease of \$0.8 million compared to July 31, 2014. The decrease in sales revenue and Water Efficiency revenues resulting from drought conservation were somewhat offset by investment income.

Expenses

Total expenses for the one month ended July 31, 2015 were \$8.2 million, a decrease of \$0.8 million or 8.5% as compared to \$8.9 million on July 31, 2014. Total operating expenses were \$6.0 million, a decrease of \$0.9 million from last year. Other operating expenses for the one month ended July 31, 2015 were \$1.7 million, an increase of approximately \$165,000 compared to \$1.5 million on July 31, 2014. Other non-operating expenses for the one month ended July 31, 2015 totaled \$0.5 million, roughly the same as on July 31, 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 \$8.8 million at July 31, 2015, virtually unchanged from the prior month.

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 seven funds that are designated by District policy for specific purposes, including Self Insurance, Water Efficiency, Replacement and Refurbishment, Water Supply Reliability, Planning and Construction, Rate Stabilization, and the Emergency Reserve. Total unrestricted funds decreased by approximately \$8.1 million since June 30, 2015, primarily due to unrestricted, undesignated funds used to pay for planned capital improvements. Water Efficiency funds decreased by approximately \$240,000, or 3.4%, due to reduced revenues from customer water-use reductions, increased customer rebate participation, and drought response program funding. Restricted fund balances remained nearly unchanged.

**Moulton Niguel Water District
Summary - Budget Comparison Report
One Month Ended July 31, 2015**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND & WATER EFFICIENCY FUND:				
Operating Revenues	\$ 52,634,952	\$ 4,603,695	\$ 48,031,257	9%
Operating Expenses	68,057,352	6,297,811	61,759,541	9%
Operating Income (Loss)	(15,422,400)	(1,694,117)		
Non-Operating Revenues (Expenses)	30,256,991	508,783	29,748,208	2%
Total Change in Funds	\$ 14,834,591	\$ (1,185,333)		
GENERAL FUND:				
Operating Revenues	\$ 49,236,079	\$ 4,520,866	\$ 44,715,213	9%
Operating Expenses	63,292,562	5,954,580	57,337,982	9%
Operating Income (Loss)	(14,056,483)	(1,433,714)		
Non-Operating Revenues (Expenses)	30,097,199	491,798	29,605,401	2%
Change in General Fund	\$ 16,040,716	\$ (941,916)		
WATER EFFICIENCY FUND:				
Operating Revenues	\$ 3,398,873	\$ 82,829	3,316,044	2%
Operating Expenses	4,764,790	343,231	4,421,559	7%
Operating Income (Loss)	(1,365,917)	(260,402)		
Non-Operating Revenues (Expenses)	159,792	16,985	142,807	11%
Change in Water Efficiency Fund	\$ (1,206,125)	\$ (243,417)		

Moulton Niguel Water District
General Fund - Budget Comparison Report
One Month Ended July 31, 2015

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND				
Operating Revenues				
Water Sales	\$ 25,449,137	\$ 2,394,332	\$ 23,054,805	9%
Recycled Water Sales	5,249,795	521,215	4,728,580	10%
Sewer Sales	18,053,647	1,582,874	16,470,773	9%
Other Operating Income	483,500	22,445	461,055	5%
Total Operating Revenue	49,236,079	4,520,866	44,715,213	9%
Operating Expenses				
Salaries	10,307,516	856,370	9,451,146	8%
PERs Employer Contributions	1,306,049	73,705	1,232,344	6%
PERs Employee Contributions	149,890	9,772	140,117	7%
PERs Other (Side fund, 401A)	250,770	14,407	236,362	6%
Educational Courses	44,270	788	43,482	2%
Travel & Meetings	238,644	3,293	235,351	1%
Employee Relations	15,000	1,199	13,801	8%
General Services	458,095	8,081	450,014	2%
Annual Audit	48,080	-	48,080	0%
Member Agencies O&M	1,542,495	11,597	1,530,898	1%
Dues & Memberships	96,510	6,393	90,117	7%
Consulting Services	2,248,900	2,000	2,246,900	0%
Equipment Rental	65,000	4,425	60,575	7%
District Fuel	340,000	-	340,000	0%
Insurance - District	561,275	41,297	519,978	7%
Insurance - Personnel	438,275	29,992	408,283	7%
Insurance - Benefits	2,587,061	162,126	2,424,935	6%
Legal Services - Personnel	50,000	-	50,000	0%
Legal Services - General ¹	200,000	-	200,000	0%
District Office Supplies	475,400	30,990	444,410	7%
District Operating Supplies	392,967	27,686	365,281	7%
Repairs & Maintenance - Equipment	738,469	21,702	716,767	3%
Repairs & Maintenance - Facilities	4,135,970	98,646	4,037,324	2%
Safety Program & Compliance Requirements	309,450	4,084	305,366	1%
SOCWA	9,204,735	2,030,286	7,174,449	22%
Special Outside Assessments	225,000	23,141	201,859	10%
Utilities	2,258,900	193,709	2,065,191	9%
Water Purchases	23,697,842	2,270,295	21,427,547	10%
Meter / Vault Purchases	906,000	28,596	877,404	3%
Total Operating Expenses	63,292,562	5,954,580	57,337,982	9%
Operating Income (Loss)	(14,056,483)	(1,433,714)		
Non-Operating Revenues (Expenses)				
Property Tax Revenue	26,501,190	-	\$ 26,501,190	0%
Investment Income	1,867,913	332,595	1,535,318	18%
Cellular Lease Income	1,660,096	145,524	1,514,572	9%
Misc. Non-Operating Income	68,000	13,678	54,322	20%
Total Non-Operating Revenue (Expenses)	30,097,199	491,798	29,605,401	2%
Change in General Fund	\$ 16,040,716	\$ (941,916)		

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

Moulton Niguel Water District
General Fund - Budget Comparison Report
One Month Ended July 31, 2015

Legal Services - General

Firm	General	Water Use Efficiency	Capital	Total
Bowie, Arneson, Wiles & Giannone	\$ -	\$ -	\$ 1,590	\$ 1,590
Best Best & Krieger LLP	-	-	-	-
Downey Brand, Attorneys	-	-	-	-
Total	\$ -	\$ -	\$ 1,590	\$ 1,590

Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
One Month Ended July 31, 2015

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Operating Revenue</u>				
Water Efficiency	\$ 3,398,873	\$ 82,829	\$ 3,316,044	2%
Total Operating Revenue	3,398,873	82,829	3,316,044	2%
<u>Operating Expenses</u>				
Salaries	471,678	39,255	432,423	8%
PERs Employer Contributions	55,365	3,092	52,273	6%
PERs Employee Contributions	14,570	893	13,677	6%
Educational Courses	500	-	500	0%
Travel & Meetings	14,700	-	14,700	0%
General Services	5,000	-	5,000	0%
Dues & Memberships	500	-	500	0%
Consulting Services	850,000	-	850,000	0%
Insurance - Personnel	9,717	1,002	8,715	10%
Insurance - Benefits	116,826	5,493	111,333	5%
Legal Services	-	-	-	n/a
District Office Supplies	92,810	11,686	81,124	13%
Repairs and Maintenance - Equipment	3,500	-	3,500	0%
Water Efficiency	3,129,624	281,810	2,847,814	9%
Total Operating Expenses	4,764,790	343,231	4,421,559	7%
Operating Income (Loss)	(1,365,917)	(260,402)		
<u>Non-Operating Revenue</u>				
Investment Income	159,792	16,985	142,807	11%
Total Non-Operating Revenue	159,792	16,985	\$ 142,807	11%
Change in Water Efficiency Fund	\$ (1,206,125)	\$ (243,417)		

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

	<u>(Unaudited) July 31, 2015</u>	<u>(Unaudited) June 30, 2015</u>
CURRENT ASSETS:		
Cash and investments	\$ 24,663,568	\$ 33,849,087
Restricted cash and investments with fiscal agent	8,777,812	8,777,679
Accounts receivables:		
Water and sanitation charges	3,486,123	3,392,611
Taxes and acreage assessments	-	300,842
Grant Reimbursements	405,067	405,067
Other accounts receivable	177,686	222,170
Interest receivable	619,649	620,930
Current portion of AMP receivable	656	1,302
Inventory	1,623,535	1,703,635
Prepaid expenses	783,075	480,124
	<u>40,537,170</u>	<u>49,753,446</u>
NONCURRENT ASSETS:		
Investments	117,412,986	116,281,296
Retrofit loans receivable	594,322	597,037
AMP Receivable	-	-
Net pension asset (CalPERS sidefund payoff)	2,956,455	2,989,772
Capital assets, net of accumulated depreciation	341,259,513	343,111,406
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	35,349,245	31,642,240
	<u>498,664,431</u>	<u>495,713,661</u>
TOTAL ASSETS	<u>539,201,601</u>	<u>545,467,108</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	1,442,921	1,488,899
	<u>1,442,921</u>	<u>1,488,899</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 540,644,522</u>	<u>\$ 546,956,007</u>

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	<u>(Unaudited)</u> <u>July 31, 2015</u>	<u>(Unaudited)</u> <u>June 30, 2015</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 4,990,774	\$ 8,162,699
Interest payable	2,312,700	1,830,740
Compensated absences	(128,516)	373,161
Current portion of long-term debt:		
Bonds payable	5,685,000	5,685,000
Loans Payable	2,110,605	2,110,605
Certificates of participation	<u>1,780,000</u>	<u>1,780,000</u>
TOTAL CURRENT LIABILITIES	<u>16,750,562</u>	<u>19,942,206</u>
LONG-TERM LIABILITIES		
Compensated absences	127,128	124,387
Long-term debt:		
Bonds payable	10,165,000	10,165,000
Loans payable	10,688,013	10,688,013
Certificates of participation	<u>76,045,000</u>	<u>76,045,000</u>
TOTAL LONG-TERM LIABILITIES	<u>97,025,140</u>	<u>97,022,400</u>
Bond Discount/Premium	3,411,542	3,483,310
TOTAL LIABILITIES	<u>117,187,245</u>	<u>120,447,916</u>
NET POSITION:		
Net investment in capital assets	281,380,724	276,377,708
Restricted for capital projects and GOB Refunding	1,511,810	1,508,110
Unrestricted	<u>140,564,744</u>	<u>148,622,273</u>
TOTAL NET POSITION	<u>423,457,277</u>	<u>426,508,091</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 540,644,522</u>	<u>\$ 546,956,007</u>

Note: Totals may not sum due to rounding.

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

	(Unaudited)	
	One Month Ended July 31,	
	2015	2014
Operating Revenues:		
Water Sales	\$ 2,394,332	\$ 2,718,692
Recycled Water Sales	521,215	596,770
Sewer Sales	1,582,874	1,623,342
WBBRS Efficiency Funds	82,829	442,293
Other Operating Income	22,445	33,381
Total Operating Revenues	4,603,695	5,414,478
Non-Operating Revenues:		
Investment Income ¹	349,580	(276,497)
Property Tax Revenue	-	-
GOB Assessment	-	-
Other Non-Operating Revenues	159,105	145,805
Total Non-Operating Revenues	508,686	(130,692)
TOTAL REVENUES	5,112,380	5,283,786
Operating Expenses:		
Water Purchases	2,270,295	2,789,475
Meter Purchases	28,596	25,885
Operating Supply and Maintenance	156,543	225,244
Salaries and Benefits	993,509	1,042,766
Election Expenses	-	-
Professional Services	2,000	8,485
Member Agencies O&M	11,597	25,884
Insurance	239,911	249,605
SOCWA	2,030,286	2,239,198
Utilities	193,709	200,614
General, Administrative, and Other	85,570	78,942
Total Operating Expenses	6,012,016	6,886,097

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

	(Unaudited)	
	One Month Ended July 31,	
	2015	2014
Other Operating Expenses:		
Depreciation and Misc. Operating Revenue	1,414,781	1,383,724
Water Efficiency	279,815	145,508
Total Other Operating Expenses	\$ 1,694,596	\$ 1,529,232
Non Operating Expenses:		
Interest Expense	\$ 481,959	\$ 518,520
Amortization and Misc. Non-Operating Expense	(25,378)	(11,766)
Total Non Operating Expenses	456,581	506,754
TOTAL EXPENSES	8,163,194	8,922,083
Capital Contributions:		
Connection Fees	-	1,400
Donated Facilities	-	-
Contributed Revenue	-	-
Total Capital Contributions	-	1,400
CHANGE IN NET POSITION	\$ (3,050,814)	\$ (3,636,896)
Net Position, Beginning	\$ 426,508,091	\$ 418,278,857
Change in Net Position	(3,050,814)	(3,636,896)
Net Position, Ending	\$ 423,457,277	\$ 414,641,960

Note: Totals may not sum due to rounding.

1. Investment income is comprised of realized income of \$243,582 and unrealized income of \$105,998.

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

	(Unaudited) Balance 7/31/2015	Net Change	(Unaudited) Balance 6/30/2015
<u>Restricted Cash and Investments:</u>			
DWR Trust Reserves	\$ 615,744	\$ 5	\$ 615,739
2009 COPS Trust Reserve	6,023,463	99	6,023,364
2010 COPS Trust Reserves	896,194	15	896,180
2015 (03) COPS Trust Reserve	1,226,514	14	1,226,500
2015 (03) COPS Issuance Fund	15,896	-	15,896
Total Restricted Trust Accounts	<u>\$ 8,777,812</u>	<u>\$ 133</u>	<u>\$ 8,777,679</u>

Note: Totals may not sum due to rounding.

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

	Reserve Policy Target	(Unaudited)		(Unaudited)
		Balance	Net Change	Balance
		7/31/2015		6/30/2015
Unrestricted Fund Balances:				
Designated for Self Insurance Reserves	\$ 250,000	\$ 250,055	\$ 201	\$ 249,855
Designated for Water Efficiency (WBBRS) ¹	n/a	6,938,768	(241,422)	7,180,191
Designated for Replacement and Refurbishment	17,061,912	17,061,892	(26,923)	17,088,815
Designated for Water Supply Reliability	n/a	801,795	165	801,631
Designated for Planning and Construction	n/a	29,200,446	71,563	29,128,883
Designated for Rate Stabilization	11,000,281	11,027,274	26,993	11,000,281
Designated for Emergency Reserve	6,884,925	6,884,925	-	6,884,925
Unrestricted, undesignated ²	20,262,901	61,245,392	(7,905,617)	69,151,009
Total Unrestricted Fund Balance	55,460,019 ³	133,410,547	(8,075,042)	141,485,589
Restricted Fund Balances:				
Restricted 2014 GOB Consolidated Refunding		7,154,196	17,512	7,136,684
Restricted for Capital Facilities (Projects)		1,511,810	3,701	1,508,110
Total Restricted Fund Balance		8,666,006	21,213	8,644,793
Total Unrestricted and Restricted Fund Balance		\$ 142,076,554	\$ (8,053,829)	\$ 150,130,382

Note: Totals may not sum due to rounding.

1. In addition to realized expenditures, there is \$1,119,607 in project commitments, reducing the available fund balance to \$5,819,161.
2. Unrestricted, undesignated funds include the General Operating Reserve as well as the regular District cash flows.
3. All funds in excess of reserve policy targets will be used to fund capital projects and operations.

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF AUGUST 2015**

Summary of Disbursements in August 2015:

General Fund Disbursements		4,260,274
Restricted Fund Disbursements:		
WBBRS Efficiency Fund	206,758	
Replacement & Refurbishment Fund	295,357	
Planning & Construction Fund	13,912	
1998 SRF LOAN	1,184,595	
2009 COP Debt Service	2,026,124	
2010 COPS ('93 Refunding)	1,891,020	
2014 GOB ('03 Refunding)	6,019,600	
2015 COPS ('03 Refunding)	137,981	11,775,348
Total Disbursements for all Funds	\$ 16,035,622	

Detail of Major Expenditures in August 2015:

1. Municipal Water District of Orange County (MWDOC)		
June Water Purchases 2,219.70 AF	2,049,893	
June Readiness to Serve	154,286	
June Turf, Nozzles, and Smart Timer Rebates	101,098	
June Capacity Charge	40,196	
June SCP Operation Surcharge	12,107	
May Reclaimed Rebate 512.1 AF	(78,863)	2,278,716
<hr/>		
2. Paulus Engineering, Inc.		
C# 2014.008 Valve Replacement, progress payment #3	96,123	
C# 2010.018 Mathis/OSO By Pass, progress payment #2	54,202	150,325
<hr/>		
3. Ken Grody Ford		
(3) 2015 F-150 Super Cabs	76,587	
(1) 2015 F-350 Super Cab w/ Harbor Body	49,989	126,576
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4. South Coast Water District (SCWD)/JRWSS		
FY 2015/16 Q1 O&M		113,624
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5. Quinn Power Systems		
(1) 2014 Backhoe Loader		101,466

