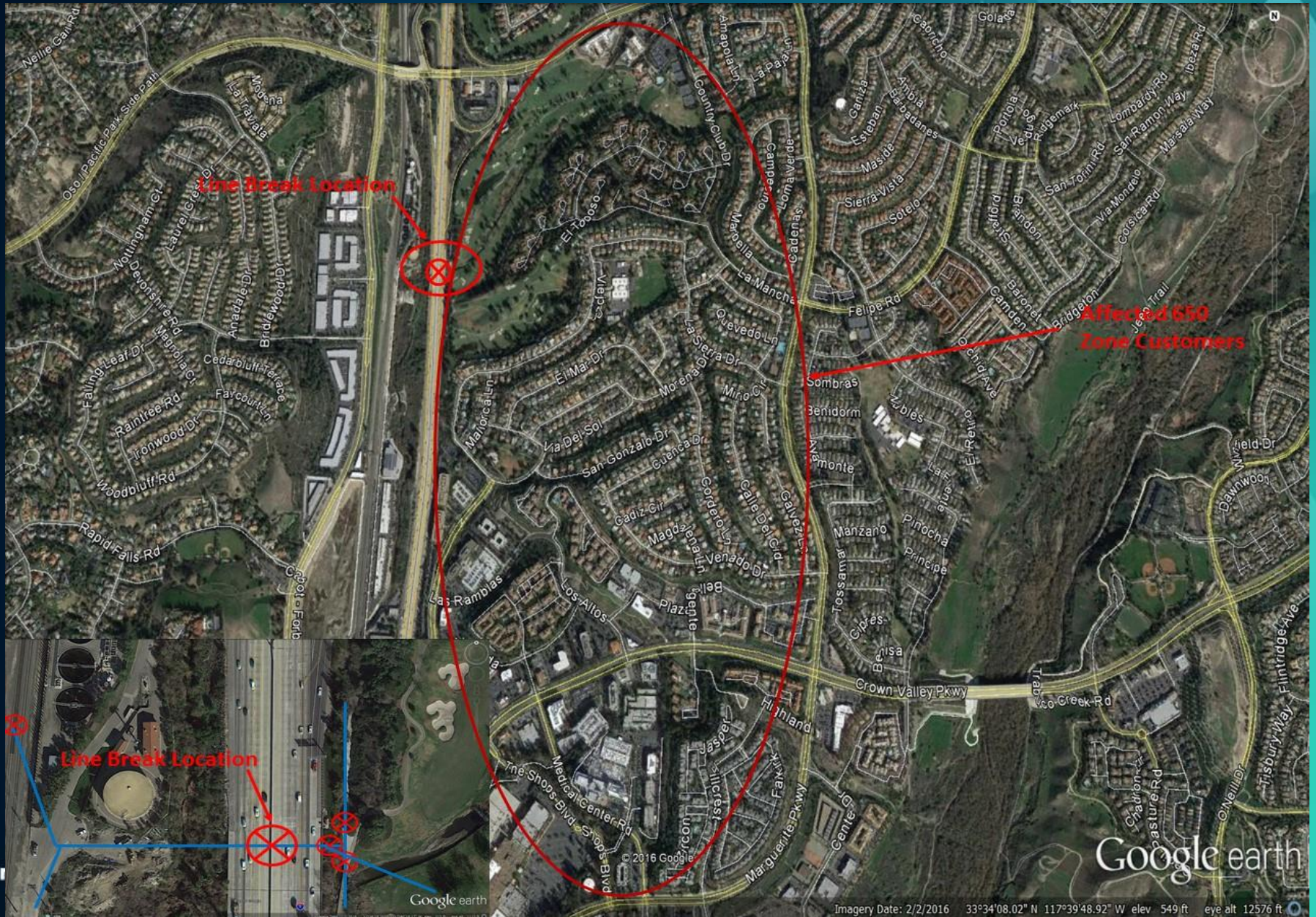




moulton niguel water district

Oso Creek Bridge
14" Diameter Potable Pipeline
Emergency Repair
August 20, 2016

Line Break Affected Area – 650 Pressure Zone

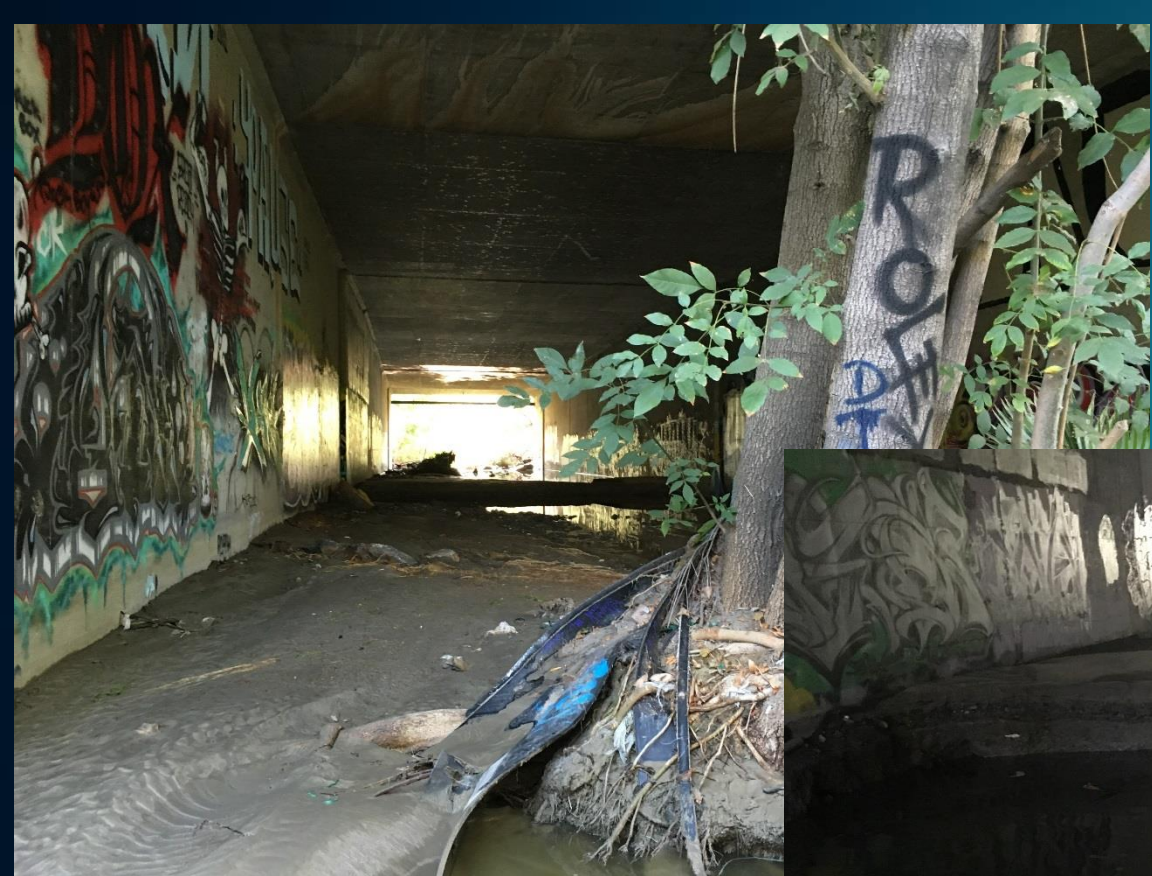


Oso Creek Bridge / 5 Freeway Overpass Creek Crossing Repair Location



Repair Challenges

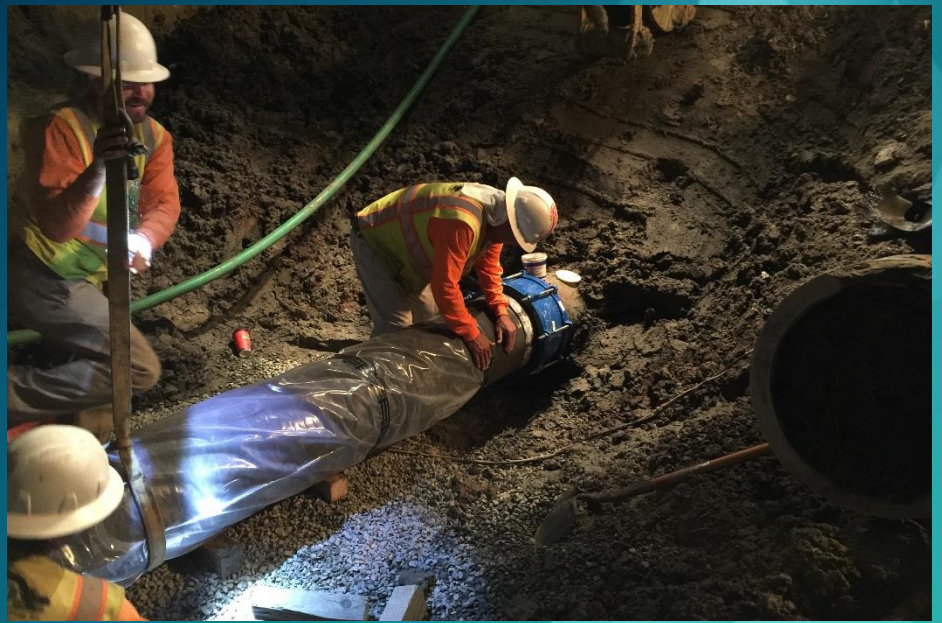




moulton niguel water district

Oso Creek Bridge Pipeline Repair







QUESTIONS

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
September 14, 2016

Unaudited results of operations for the month ended July 31, 2016, are summarized below.

Total operating revenues were \$5.4 million through July 2016, which is tracking at 10% of the budget. Total operating expenses were \$6.2 million through the month of July, which amounted to 9% of the approved budget. Total Net Income for the month ended is at (\$2.2) million. The negative balance is due to cash flow differences, primarily related to the timing of property tax receipts, which are typically received in December and April of each fiscal year.

The District currently has \$4.7 million available in the Water Efficiency Fund Balance for new projects, rebate applications or additional programs. The \$4.7 million includes the \$1.1 million in commitments already approved by the Board.

The Board revised the reserve target balances during the fiscal year 16-17 budget cycle and the revised targets have been included in the Net Position schedule towards the back of the packet. The total reserve target balance is \$64.8 million.

The Board also directed staff to transfer the amounts needed to satisfy the fiscal year 16-17 Capital Improvement Program (CIP) Budget at the first of the year, so the balances in the Replacement and Refurbishment, Water Supply Reliability, Planning and Construction and Capital Facilities funds were all affected. Under this format, as the District executes contracts on the approved CIP program, the remaining cash balances will be easily managed and more transparent.

The month of August is one of the larger months for disbursements to vendors, due to the fact that the District makes debt service payments on almost all outstanding debt, totaling \$11.5 million. As a result, for the August 2016 monthly report, there will be a corresponding reduction in the District long-term liabilities balances.

Moulton Niguel Water District
All Funds - Budget Comparison Report
One Month Ended July 31, 2016

	Description	Fiscal Year to Date Actuals	Prior Fiscal Year to Date Actuals	Current Year Approved Budget	Current Year Budget Balance	% of Actuals to Budget
ALL FUNDS						
<u>Operating Revenues</u>						
	Water Sales	\$ 2,476,404	2,394,332	\$ 28,338,290	\$ 25,861,886	9%
	Recycled Water Sales	607,467	521,215	5,489,814	4,882,347	11%
	Sewer Sales	1,639,273	1,582,874	18,911,865	17,272,592	9%
	Water Efficiency	684,738	82,829	3,303,844	2,619,106	21%
	Other Operating Income	23,210	22,445	491,585	468,375	5%
A	Total Operating Revenue	5,431,092	4,603,695	56,535,398	51,104,306	10%
<u>Operating Expenses</u>						
	Salaries	947,382	895,624	11,950,943	11,003,561	8%
	PERs Employer Contributions ⁴	121,688	83,477	1,564,665	1,442,977	8%
	Defined Contribution 401A	12,996	14,407	281,004	268,008	5%
	Educational Courses	151	788	54,080	53,929	0%
	Travel & Meetings	10,075	3,293	278,020	267,945	4%
	Recruitment & Employee Relations	5,450	1,199	78,397	72,947	7%
	General Services	10,196	8,081	394,750	384,554	3%
	Annual Audit	-	-	53,000	53,000	0%
	Member Agencies O&M	-	11,597	692,228	692,228	0%
	Dues & Memberships	9,847	6,393	101,745	91,899	10%
	Consulting Services	10,004	2,000	2,615,400	2,605,396	0%
	Equipment Rental	968	4,425	69,000	68,032	1%
	District Fuel	6,581	-	340,000	333,419	2%
	Insurance - District	29,579	41,297	443,170	413,591	7%
	Insurance - Personnel	23,048	30,995	480,546	457,498	5%
	Insurance - Benefits	179,537	167,619	3,106,144	2,926,607	6%
	Legal Services - Personnel	-	-	50,000	50,000	0%
	Legal Services - General ¹	-	-	430,000	430,000	0%
	District Office Supplies	15,952	42,676	853,750	837,798	2%
	District Operating Supplies	17,817	27,686	390,450	372,633	5%
	Repairs & Maintenance - Equipment	51,770	21,702	628,769	576,999	8%
	Repairs & Maintenance - Facilities	47,428	98,646	3,447,205	3,399,777	1%
	Safety Program & Compliance Requirements	3,261	4,084	191,650	188,389	2%
	SOCWA	1,855,839	2,030,286	9,480,876	7,625,037	20%
	Special Outside Assessments	25,101	23,141	240,000	214,899	10%
	Utilities	43,480	193,709	2,373,260	2,329,780	2%
	Water Purchases	2,486,642	2,270,295	25,826,808	23,340,166	10%
	Meter / Vault Purchases	15	28,596	615,000	614,986	0%
	Water Efficiency	69	279,815	2,898,457	2,898,388	0%
	Other Operating Expenses	252,672	(509)	-	(252,672)	n/a
B	Total Operating Expenses	6,167,546	6,291,322	69,929,317	64,014,442	9%
			6,394,605			
A-B	Operating Income (Loss)	(736,454)	(1,687,627)	(13,393,919)	(12,910,136)	5%
<u>Non-Operating Revenues (Expenses)</u>						
	Property Tax Revenue	-	-	27,069,573	27,069,573	0%
	Investment Income ²	83,291	349,580	2,348,860	2,265,569	4%
	Property Lease Income	147,890	145,524	1,569,878	1,421,988	9%
	Interest Expense	(458,834)	(481,959)	-	458,834	#DIV/0!
	Misc. Non-Operating Income ³	209,229	38,959	3,718,464	3,509,235	6%
C	Total Non-Operating Revenue (Expenses)	(18,424)	52,104	34,706,775	34,725,199	0%
A-B+C	Change in All Funds	\$ (754,878)	\$ (1,635,523)	\$ 21,312,856	\$ 21,815,063	
<u>Other Non Cash Expenses</u>						
	Depreciation	1,462,771	1,415,291	-	(1,462,771)	n/a
D	Total Change in Net Position	(2,217,649)	(3,050,813)	21,312,856	23,277,834	

Note: Totals may not sum due to rounding.

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

2. Investment income is comprised of realized income of \$155,752 and unrealized income of (\$72,461).

Moulton Niguel Water District
All Funds - Budget Comparison Report
One Month Ended July 31, 2016
Legal Services - General

Firm	General	Water Use Efficiency	Capital ⁵	Total
Best Best & Krieger LLP	-	-	-	-
Budget Amount	420,000	10,000	-	-
Budget Balance	\$ 420,000	\$ 10,000	\$ -	-

Note: Totals may not sum due to rounding.

5. Capital legal services represent legal services rendered during construction and are capitalized by the District as part of the project.

Moulton Niguel Water District
General Fund - Budget Comparison Report
One Month Ended July 31, 2016

	Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
GENERAL FUND					
<u>Operating Revenues</u>					
	Water Sales	\$ 28,338,290	\$ 2,476,404	\$ 25,861,886	9%
	Recycled Water Sales	5,489,814	607,467	4,882,347	11%
	Sewer Sales	18,911,865	1,639,273	17,272,592	9%
	Other Operating Income	491,585	23,210	468,375	5%
A	Total Operating Revenue	53,231,554	4,746,354	48,485,200	9%
<u>Operating Expenses</u>					
	Salaries	11,181,396	878,999	10,302,397	8%
	PERs Employer Contributions	1,480,783	114,485	1,366,298	8%
	Defined Contribution 401A	267,655	12,029	255,626	4%
	Educational Courses	51,580	151	51,429	0%
	Travel & Meetings	253,320	9,958	243,362	4%
	Recruitment & Employee Relations	78,397	5,450	72,947	7%
	General Services	394,750	10,196	384,554	3%
	Annual Audit	53,000	-	53,000	0%
	Member Agencies O&M	692,228	-	692,228	0%
	Dues & Memberships	101,245	9,847	91,399	10%
	Election Expenses	83,000	-	83,000	0%
	Consulting Services	1,315,400	1,154	1,314,246	0%
	Equipment Rental	69,000	968	68,032	1%
	District Fuel	340,000	6,581	333,419	2%
	Insurance - District	443,170	29,579	413,591	7%
	Insurance - Personnel	460,266	21,978	438,288	5%
	Insurance - Benefits	2,924,922	165,624	2,759,298	6%
	Legal Services - Personnel	50,000	-	50,000	0%
	Legal Services - General	420,000	-	420,000	0%
	District Office Supplies	473,250	13,241	460,009	3%
	District Operating Supplies	390,450	17,817	372,633	5%
	Repairs & Maintenance - Equipment	626,269	51,770	574,499	8%
	Repairs & Maintenance - Facilities	3,447,205	47,428	3,399,777	1%
	Safety Program & Compliance Requirements	191,650	3,261	188,389	2%
	SOCWA	9,480,876	1,855,839	7,625,037	20%
	Special Outside Assessments	240,000	25,101	214,899	10%
	Utilities	2,373,260	43,480	2,329,780	2%
	Water Purchases	25,826,808	2,486,642	23,340,166	10%
	Meter / Vault Purchases	615,000	15	614,986	0%
B	Total Operating Expenses	64,324,880	5,811,591	58,513,289	9%
A-B	Operating Income (Loss)	(11,093,326)	(1,065,237)	(10,028,089)	10%
<u>Non-Operating Revenues (Expenses)</u>					
	Property Tax Revenue	27,069,573	-	27,069,573	0%
	Investment Income	2,242,424	26,139	2,216,285	1%
	Property Lease Income	1,569,878	147,890	1,421,988	9%
	Misc. Non-Operating Income (Expense)	3,718,464	(250,235)	3,968,699	n/a
C	Total Non-Operating Revenue (Expenses)	34,600,339	(76,206)	34,676,545	0%
A-B+C	Change in General Fund	\$ 23,507,013	\$ (1,141,443)	\$ 24,648,456	0%
<u>Other Non Cash Expenses</u>					
	Depreciation	-	1,462,771	(1,462,771)	n/a
D	Total Change in Net Position	\$ 23,507,013	\$ (2,604,214)	\$ 23,185,685	\$ 1,462,771

Note: Totals may not sum due to rounding.

**Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
One Month Ended July 31, 2016**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
WATER EFFICIENCY FUND				
<u>Projected Operating Revenue</u>				
Water Efficiency	3,303,844	684,738	2,619,106	21%
Projected Total Operating Revenue	3,303,844	684,738	2,619,106	21%
<u>Projected Operating Expenses</u>				
Labor	1,068,280	91,537	976,743	9%
Educational Courses	2,500	-	2,500	0%
Travel & Meetings	24,700	117	24,583	0%
Dues & Memberships	500	-	500	0%
Consulting Services	1,300,000	8,850	1,291,150	1%
Legal Services	10,000	-	10,000	n/a
Conservation supplies	380,500	2,711	377,789	1%
Repairs and Maintenance - Equipment	2,500	-	2,500	0%
Water Efficiency	2,898,457	69	2,898,388	0%
Projected Total Operating Expenses	5,687,437	103,283	5,584,154	2%
Projected Operating Income (Loss)	(2,383,593)	581,454	(2,965,047)	-24%
<u>Projected Non-Operating Revenue</u>				
Investment Income	106,436	18,178	88,258	17%
Projected Total Non-Operating Revenue	106,436	18,178	88,258	17%
Projected Change in Water Efficiency Fund	(2,277,157)	599,633	(2,876,790)	

Note: Totals may not sum due to rounding.

Water Efficiency Available Net Position¹

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance
Fund Net Position, Beginning of Year	5,158,320	5,158,320	5,158,320
Projected Change in Water Efficiency Fund	(2,277,157)	599,633	(2,876,790)
Fund Net Position, Ended July 31, 2016	2,881,163	5,757,953	2,281,530

1. In addition to realized expenditures, there is approximately \$1,085,755 in project commitments, reducing the available WBBRS reserve balance to \$4,672,198.

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	<u>(Unaudited)</u> <u>July 31, 2016</u>	<u>(Unaudited)</u> <u>June 30, 2016</u>
CURRENT ASSETS:		
Cash and investments	\$ 28,619,909	\$ 34,176,200
Restricted cash and investments with fiscal agent	8,074,363	8,086,043
Accounts receivables:		
Water and sanitation charges	4,096,980	4,023,360
Taxes and acreage assessments	-	255,190
Grant Reimbursements	1,474,553	1,771,918
Other accounts receivable	469,984	347,088
Interest receivable	564,013	589,340
AMP receivable	-	656
Inventory	1,033,036	1,322,755
Prepaid expenses	1,088,923	566,095
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	45,421,761	51,138,645
NONCURRENT ASSETS:		
Investments	96,779,571	96,955,452
Retrofit loans receivable	558,680	561,582
Capital assets, net of accumulated depreciation	343,845,374	344,747,326
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	47,038,298	45,135,683
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	489,313,833	488,491,954
	<hr/>	<hr/>
TOTAL ASSETS	534,735,594	539,630,599
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	891,179	937,158
Deferred Items related to Pension	1,755,407	1,755,407
	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOW OF RESOURCES	2,646,586	2,692,565
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$	537,382,180	\$ 542,323,163
	<hr/> <hr/>	<hr/> <hr/>

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	<u>(Unaudited)</u> <u>July 31, 2016</u>	<u>(Unaudited)</u> <u>June 30, 2016</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 5,906,137	\$ 9,107,960
Interest payable	2,339,567	1,880,733
Unearned Revenue	45,572	45,572
Compensated absences	688,429	618,807
Current portion of long-term debt:		
Bonds payable	6,060,000	6,060,000
Loans Payable	1,994,998	3,989,995
Certificates of participation	1,855,000	1,855,000
TOTAL CURRENT LIABILITIES	<u>18,889,703</u>	<u>23,558,066</u>
LONG-TERM LIABILITIES		
Compensated absences	229,476	206,269
Long-term debt:		
Bonds payable	16,370,000	16,370,000
Loans payable	8,693,015	6,698,018
Certificates of participation	61,925,000	61,925,000
Net Pension Liability	12,934,337	12,934,337
TOTAL LONG-TERM LIABILITIES	<u>100,151,828</u>	<u>98,133,624</u>
Bond Discount/Premium	2,536,252	2,609,427
TOTAL LIABILITIES	<u>121,577,783</u>	<u>124,301,117</u>
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	3,040,630	3,040,630
TOTAL DEFERRED INFLOW OF RESOURCES	<u>3,040,630</u>	<u>3,040,630</u>
NET POSITION:		
Net investment in capital assets	293,432,497	292,404,637
Restricted for capital projects	21,513	2,632,947
Unrestricted	119,309,757	119,943,831
TOTAL NET POSITION	<u>412,763,767</u>	<u>414,981,416</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	<u>\$ 537,382,180</u>	<u>\$ 542,323,163</u>

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of July 31, 2016

	Reserve Requirement	(Unaudited) Balance 7/31/2016	Over (Under) Requirement	(Unaudited) Balance 6/30/2016
<u>Restricted Cash and Investments:</u>				
2009 COPS Trust Reserve	\$ 6,000,000	\$ 6,024,469	\$ 24,469	\$ 6,033,813
2009 COPS Installment	-	39	39	39
2010 Installment Payment	-	264,630	264,630	264,609
2010 COPS Trust Reserves	378,000	555,394	177,394	555,767
2014 Consolidated Ref Bonds	-	4	4	4
2015 Refunding Bonds	-	8	8	8
2015 Refunding Reserve	1,226,500	1,229,819	3,319	1,231,804
2015 Refunding Issuance Fund	-	-	-	-
Total Restricted Trust Accounts	\$ 7,604,500	\$ 8,074,363	\$ 469,863	\$ 8,086,043

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
NET POSITION
As of July 31, 2016

	Reserve Policy Target	(Unaudited) Balance 7/31/2016	Net Change	(Unaudited) Balance 6/30/2016
<u>Unrestricted Net Position</u>¹:				
Designated for Self Insurance Reserves	\$ 250,000	255,011	\$ 252	\$ 254,759
Designated for Water Efficiency (WBBRS) ²	n/a	5,757,953	599,633	5,158,320
Designated for Replacement and Refurbishment	n/a	24,930,610	15,200,845	9,729,765
Designated for Water Supply Reliability	n/a	8,852,685	10,130,105	(1,277,420)
Designated for Planning and Construction	n/a	9,908,983	(18,582,486)	28,491,469
Designated for Rate Stabilization	13,250,000	13,670,966	13,482	13,657,484
Designated for Emergency Reserve	35,510,000	35,510,000	-	35,510,000
Unrestricted, undesignated ³	15,820,000	20,423,548	(9,120,745)	29,544,293
Total Unrestricted Net Position	64,830,000 ⁴	119,309,757	(1,758,913)	121,068,670
Restricted for Capital Facilities (Projects)		21,513	(1,486,596)	1,508,109
Net Investment in Capital Assets ⁵		293,432,497	1,027,860	292,404,637
Total Net Position		\$ 412,763,767	\$ (2,217,649)	\$ 414,981,416

Note: Totals may not sum due to rounding.

1. Board designated balances represent available cash in that fund.

2. In addition to realized expenditures, there is approximately \$1,085,755 in project commitments, reducing the available WBBRS reserve balance to \$4,672,198.

3. Unrestricted, undesignated balance include the General Operating Reserve and other general District accrued cash flows. This amount includes the remaining total cash balance of \$20,094,380.

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

5. Net Investment in Capital Assets calculated as follows:

Total capital assets	391,975,582
Less capital related debt	(99,434,264)
Add deferred charges related to debt	891,179
Total Net Investment in Capital Assets	293,432,497

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF AUGUST 2016**

Summary of Disbursements in August 2016:

General Fund Disbursements		4,836,529
<u>Restricted Fund Disbursements:</u>		
Water Efficiency Fund	73,559	
Replacement & Refurbishment Fund	359,083	
Water Supply Reliability Fund	1,198	
Planning & Construction Fund	464,175	
1998 SRF LOAN	1,184,595	
2009 COP Debt Service	2,049,449	
2010 COPS ('93 Refunding)	1,665,970	
2014 GOB ('03 Refunding)	6,280,896	
2015 COPS ('03 Refunding)	308,617	12,387,541
Total Disbursements for all Funds	\$	17,224,070

Detail of Major Expenditures in August 2016:

1. Municipal Water District of Orange County (MWDOC)		
June Water Purchases 2255.3 AF	2,124,493	
FY 2016/17 Annual Retail Service Connection Charge	577,142	
June Readiness to Serve	141,054	
June Capacity Charge	38,599	
June SCP Operation Surcharge	13,132	
May Reclaimed Rebate 568.1 AF	(87,487)	2,806,931
2. Ferreira Construction Co., Inc.		
C# 2014013 Pradera 850 Zone Loop System, progress payment #1		423,662
3. Vadhais Trenchless Services, Inc.		
C# 2009115 San Juan Creek 30" ETM, progress payment #7		233,700
4. Santa Margarita Water District (SMWD)		
FY 2015/16 Q4 O&M Charges	144,175	
FY 2015/16 Q4 Upper Chiquita Reservoir Expenses	26,174	170,350
5. San Juan Basin Authority (SJBA)		
FY 2016/17 Annual Budget Deposit		164,854
6. South Coast Water District (SCWD)/Joint Regional Water Supply System (JRWSS)		
FY 2016/17 Q1 O&M Charges		112,509