



# moulton niguel water district

## FINANCE & INFORMATION TECHNOLOGY

### BOARD OF DIRECTORS' MEETING

### MOULTON NIGUEL WATER DISTRICT

27500 La Paz Road, Laguna Niguel

May 18, 2016

8:30 AM

**Approximate Meeting Time: 3 Hours**

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE APRIL 20, 2016 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

3. PUBLIC COMMENTS

*Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.*

*Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.*

### **PRESENTATION ITEMS**

4. Quarterly Investment Report - Chandler Asset Management
5. Water Efficiency Fund Fiscal Year 2016-17 Proposed Budget
6. Capacity Fee Study Update

### **DISCUSSION ITEMS**

7. Server Equipment Purchase for Fiscal Year 2015-16
8. Rebate Application For Turf Removal

### **INFORMATION ITEMS**

9. Monthly Financial Report
  - a. Summary of Financial Results

- b. Budget Comparison Report
  - c. Statement of Net Position
  - d. Restricted Cash and Investments with Fiscal Agent
  - e. Net Position
  - f. Summary of Disbursements April 2016
- 10. O&M / CIP Budget Review
  - 11. Water Usage Update
  - 12. Outreach Update
  - 13. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
  - 14. Late Items (Appropriate Findings to be Made)
    - a. Need to take immediate action; and
    - b. Need for action came to District's attention after Agenda Posting. [Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

### **ADJOURNMENT**

The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 831-2500 at least forty-eight (48) hours prior to the scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least forty-eight (48) hours prior to the scheduled meeting.

Agenda exhibits and other writings that are disclosable public records distributed to all, or a majority of, the members of the Moulton Niguel Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the District Office, 27500 La Paz Road, Laguna Niguel, CA ("District Office"). If such writings are distributed to members of the Board less than seventy-two (72) hours prior to the meeting, they will be available in the reception area of the District Office at the same time as they are distributed except that, if such writings are distributed immediately prior to, or during the meeting, they will be available in the Board meeting room and on the District website at [www.mnwd.com](http://www.mnwd.com).



# moulton niguel water district

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

**April 20, 2016**

A Regular Meeting of the Finance & Information Technology Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 8:30 AM on April 20, 2016. There were present and participating:

**DIRECTORS**

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Donald Froelich	President
Gary Kurtz	Director
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair (arrived at 9:18 a.m.)

Also present and participating were:

**STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC**

Matt Collings	Assistant General Manager
Marc Serna	Director of Engineering & Operations
Gina Hillary	Director of Human Resources
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Trevor Agrelius	MNWD
Carole Wayman-Piascik	MNWD
Michael Bell	Michael Bell Consulting, Inc.
Jamie Allen	Orange Label
Rochelle Reiter	Orange Label
Michelle Torr	Orange Label

## #2.

### 1. CALL MEETING TO ORDER

*The meeting was called to order by Richard Fiore at 8:31 a.m.*

### 2. APPROVE THE MINUTES OF THE MARCH 16, 2016 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

*MOTION DULY MADE BY DUANE CAVE AND SECONDED BY GARY KURTZ, MINUTES OF THE MARCH 16, 2016 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.*

### 3. PUBLIC COMMENTS

*None.*

## **INFORMATION ITEMS**

### 7. Monthly Financial Report

*This item was taken first on the agenda. Trevor Agrelius presented the Monthly Financial Report.*

*Brian Probolsky arrived at 9:18 a.m.*

## **DISCUSSION ITEMS**

### 4. Amendment No. 2 to the Consulting Services Agreement – Orange Label

*This item was taken next on the agenda. Matt Collings provided information on Amendment No. 2 to the Consulting Services Agreement with Orange Label. Michelle Torr presented the 6-month Marketing Execution Strategy. Key topics included strategy development, outreach vehicles such as print, marketing, digital and social media, and additional outreach initiatives. Staff is recommending that the Board of Directors approve Amendment No. 2 to the Consulting Services Agreement with Orange Label for an amount not-to-exceed \$145,133 for a total contract amount of \$219,508; and authorize the General Manager to execute Amendment No. 2. Discussion ensued regarding the topic.*

### 5. Server Equipment Purchase for Fiscal Year 2015-16

*This item was pulled by staff and will be brought back to the Board for consideration in the future.*

6. Rebate Applications for Turf Removal

*Matt Collings presented the Rebate Applications for Turf Removal. Richard Fiore disclosed that Casa Loma Condo Association as referenced in the staff report was a client of his firm in the past but that he sees no conflict issue with his participation.*

**INFORMATION ITEMS CONTINUED**

8. Water Usage Update

*Johnathan Cruz provided a water usage update.*

9. Outreach Update

*Matt Collings provided an outreach update.*

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

*None.*

11. Late Items (Appropriate Findings to be Made)

*Staff has none.*

**ADJOURNMENT**

*The meeting was adjourned at 11:00 a.m.*

Respectfully submitted,

Tim Bonita  
Recording Secretary



# Moulton Niguel Water District

Period Ending  
March 31, 2016



<b>SECTION 1</b>	<b>Consolidated Information</b>
<b>SECTION 2</b>	<b>Account Profile</b>
<b>SECTION 3</b>	<b>Portfolio Holdings</b>
<b>SECTION 4</b>	<b>Economic Update</b>





## SECTION 1

# Consolidated Information

## Investment Objectives

In order to provide for current expenses and long term growth, the District has divided its portfolio into three categories, the Liquid, Limited Maturity and Operating Reserve Funds. The investment goals of the Liquid and Limited Maturity Funds are to provide liquidity for operating expenses and current capital requirements, preserve principal, and earn a total rate of return commensurate with the first two goals.

The investment goals of the Operating Reserve Fund are to preserve real capital and provide growth over the long term by earning the rate of return which is available from longer term investments permitted under the California Government Code.

## Chandler Asset Management Performance Objectives



The performance objective for the Liquid Fund is to earn a return in excess of the return on 90-day Treasury bills.

The 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.

The performance objective of the Operating Reserve Fund is to earn a total rate of return over a market cycle which exceeds the return on a market index of government securities with maturities of one to ten years (the Bank of America Merrill Lynch 1-10 Year Government Index).

## Strategy

The Liquid Fund is invested in short term securities and LAIF in order to achieve its goals. The average maturity of the Liquid Fund may not exceed 90 days, and the maximum maturity of individual securities in the fund shall be one year. In order to meet the goals of the Limited Maturity and Operating Reserve Funds, they are invested in a diversified portfolio of high quality fixed income securities with a maximum maturity of ten years. No more than 40% of the fund may be invested in securities with maturities in excess of five years in the Operating Reserve Fund.



## Moulton Niguel Water District Consolidated

March 31, 2016

### COMPLIANCE WITH INVESTMENT POLICY

*This portfolio is a consolidation of assets managed by Chandler Asset Management and assets managed internally by Client. Chandler relies on Client to provide accurate information for reporting assets and producing this compliance statement.*

Category	Standard	Comment
Treasury/Agency issues	No Limit	Complies
Banker's Acceptances	≤40%; 180 days	Complies - 0.0%
Commercial Paper	A1/P1	Complies - 1.3%
Max. maturity < 270 days	25% maximum	Complies
Repurchase Agreements	≤10%; ≤1 year	Complies
Rev. Repo Agreements	≤10%; ≤90 days	Complies - 0.0%
Time CDs	110% collateral over \$100,000 or insured	Complies - 0.0%
Negotiable CDs	30% max; ≤2 yrs	Complies - 0.0%
Medium Term Notes	"A"-rated; 30% max	Complies - 20.0%
Mutual Funds	≤20%	Complies - 1.1%
LAIIF	Not used by outside adviser; \$50 million maximum imposed by LAIF	Complies
Mortgage Pass Through, including CMOs and ABS	"AA"-rated; 20% Maximum	Complies - 6.8%
Money Market Funds	"AAA"-rated or SEC reg.; 20% Maximum	Complies
Inverse floaters, range notes	Prohibited	Complies
Interest only strips	Prohibited	Complies
Zero interest accruals	Prohibited	Complies
Per issuer max	5% (except gov'ts)	Complies
Modified duration	+/- 20% of 1-10 Year benchmark duration	Complies - 2.54
% invested less than 2 years	≥10%	Complies - 40.0%
% invested beyond 5 years	≤40%	Complies - 18.6%
Maximum maturity	10 years	Complies
Maximum maturity of corp.	5 years	Complies



## Portfolio Characteristics

### Moulton Niguel Water District Consolidated

	03/31/2016	12/31/2015
	Portfolio	Portfolio
Average Maturity (yrs)	2.79	2.87
Modified Duration	2.54	2.60
Average Purchase Yield	1.54 %	1.59 %
Average Market Yield	1.00 %	1.37 %
Average Quality	AA/Aa1	AA/Aa1
Total Market Value	137,826,979	136,455,638

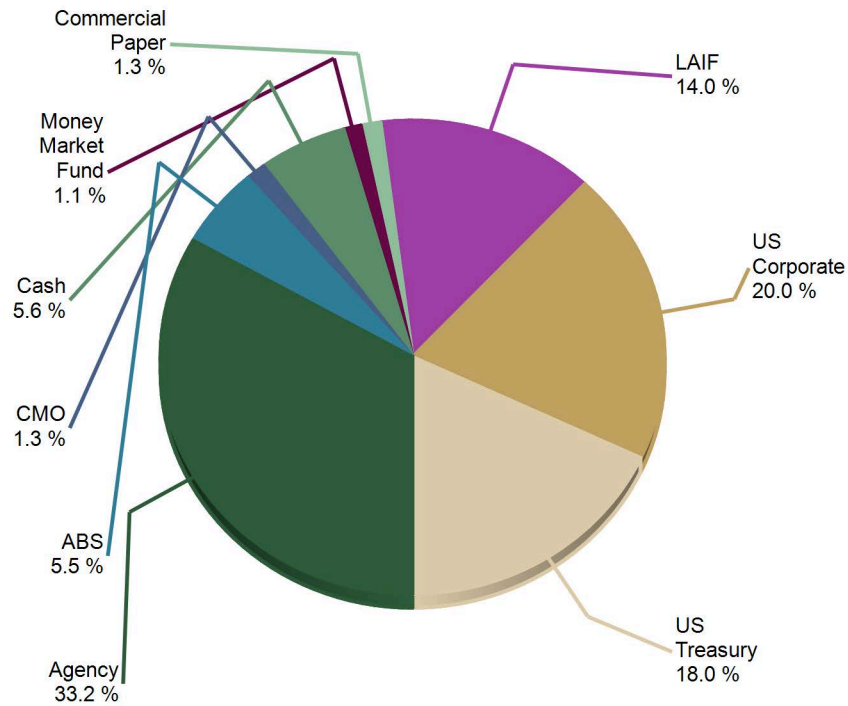
-10-



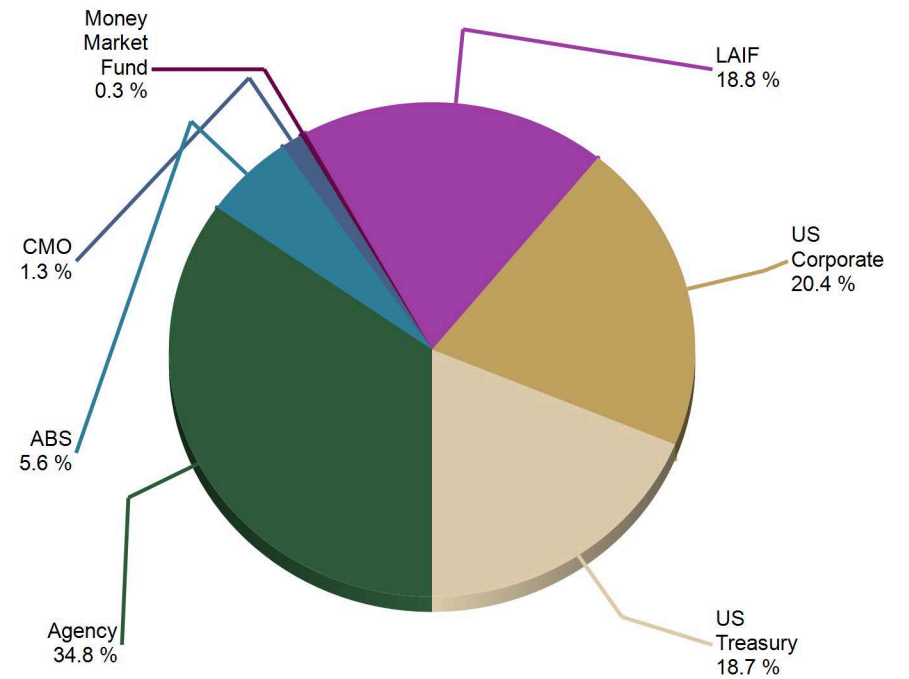
# Sector Distribution

## Moulton Niguel Water District Consolidated

March 31, 2016



December 31, 2015



-11-



## Moulton Niguel Water District Consolidated Account #43

### Issuer Report

As of 3/31/2016

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	1.22%	4.87	17.99 %
Local Agency Investment Fund	LAIF	0.51%	0.00	14.00 %
Federal Home Loan Bank	Agency	1.22%	4.18	9.94 %
Federal Home Loan Mortgage Corp	Agency	1.04%	3.42	8.16 %
Federal National Mortgage Association	Agency	1.16%	3.99	6.92 %
Bank Cash Account	Cash	0.00%	0.00	5.65 %
Tennessee Valley Authority	Agency	1.38%	4.35	5.35 %
Federal Farm Credit Bank	Agency	0.73%	1.83	2.82 %
John Deere ABS	ABS	1.15%	2.71	2.21 %
General Electric Co	US Corporate	0.89%	1.39	1.57 %
Honda ABS	ABS	1.03%	2.23	1.55 %
ChevronTexaco Corp	US Corporate	1.23%	2.02	1.42 %
Qualcomm Inc	US Corporate	1.50%	3.64	1.34 %
Federal Home Loan Mortgage Corp	CMO	1.25%	2.40	1.30 %
Rabobank Nederland NV NY	Commercial Paper	0.71%	0.22	1.27 %
Bank of New York	US Corporate	1.57%	3.45	1.23 %
Honda Motor Corporation	US Corporate	1.40%	2.53	1.19 %
Charles Schwab Corp/The	US Corporate	1.16%	1.94	1.19 %
Intel Corp	US Corporate	0.87%	1.71	1.15 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.02%	0.00	1.11 %
Apple Inc	US Corporate	0.90%	2.09	0.91 %
JP Morgan ABS	ABS	1.23%	4.04	0.90 %
US Bancorp	US Corporate	1.32%	2.63	0.90 %
Cisco Systems	US Corporate	1.12%	2.92	0.90 %
Toyota Motor Corp	US Corporate	1.35%	2.80	0.89 %
JP Morgan Chase & Co	US Corporate	1.67%	2.83	0.89 %
Deere & Company	US Corporate	1.40%	2.70	0.87 %
Paccar Financial	US Corporate	1.33%	1.94	0.81 %
Toyota ABS	ABS	1.01%	2.04	0.80 %
Coca Cola Co.	US Corporate	0.77%	0.42	0.78 %
Berkshire Hathaway	US Corporate	1.74%	4.96	0.78 %
Pepsico Inc	US Corporate	1.34%	4.08	0.72 %
Google Inc	US Corporate	0.68%	0.13	0.71 %



# Issuers Continued



Moulton Niguel Water District Consolidated  
Account #43

## Issuer Report

As of 3/31/2016

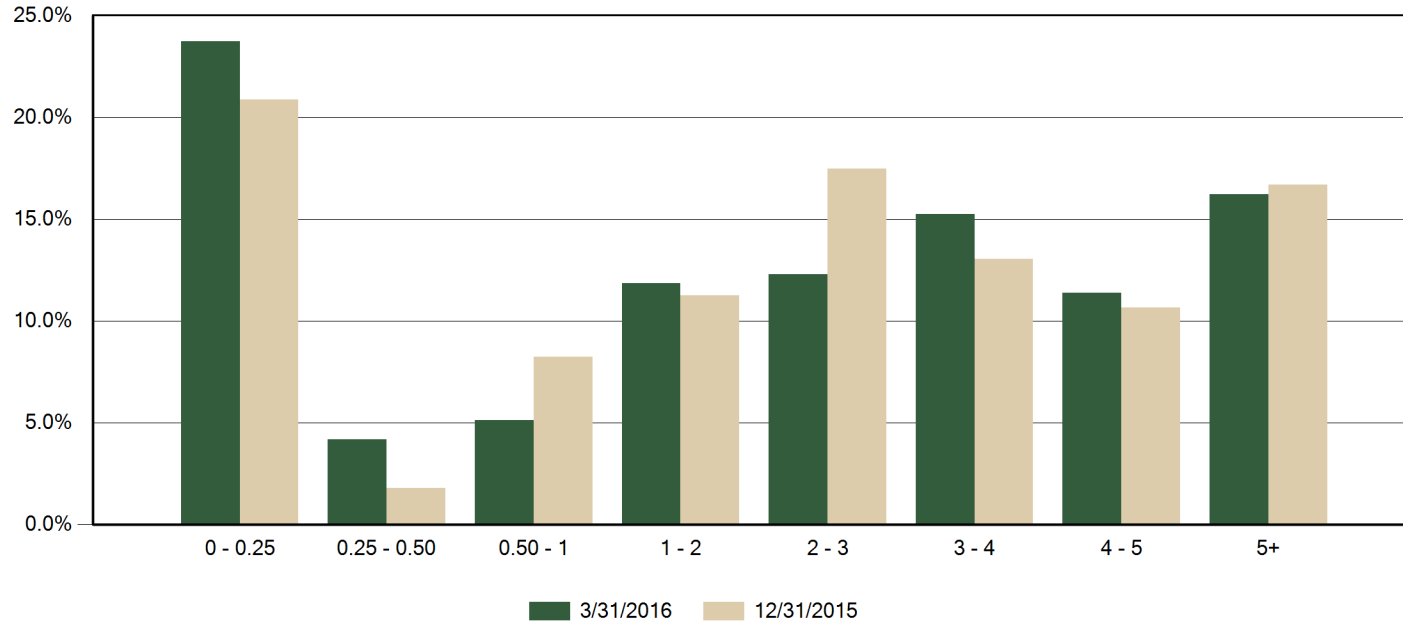
Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Wal-Mart Stores	US Corporate	0.75%	2.03	0.62 %
HSBC USA Corp	US Corporate	1.72%	1.80	0.57 %
Wells Fargo Corp	US Corporate	1.17%	1.80	0.29 %
Air Products & Chemicals	US Corporate	1.20%	1.54	0.22 %
United Technology Corp	US Corporate	0.96%	1.17	0.08 %
<b>Total</b>		<b>1.00%</b>	<b>2.79</b>	<b>100.00 %</b>



# Duration Distribution

## Moulton Niguel Water District Consolidated

March 31, 2016 vs. December 31, 2015



	<b>0 - 0.25</b>	<b>0.25 - 0.50</b>	<b>0.50 - 1</b>	<b>1 - 2</b>	<b>2 - 3</b>	<b>3 - 4</b>	<b>4 - 5</b>	<b>5+</b>
<b>3/31/16</b>	23.7 %	4.2 %	5.1 %	11.8 %	12.3 %	15.2 %	11.4 %	16.2 %
<b>12/31/15</b>	20.9 %	1.8 %	8.2 %	11.2 %	17.5 %	13.0 %	10.7 %	16.7 %

-14-





## SECTION 2

# Account Profile



## PORTFOLIO CHARACTERISTICS

### Liquid Fund

	BAML 3-Month US Treasury Bill Index	Liquid Fund	
	3/31/2016	3/31/2016	12/31/2015
Portfolio book value	--	\$19,267,760	\$25,709,540
Market value	--	\$19,294,839	\$25,718,631
Net Contribution/Withdrawal for the Period	--	(\$6,448,281)	--
Average book yield	--	0.51%	0.42%
Average maturity (yrs)	0.13	0.00	0.00
Modified duration	0.13	0.00	0.00
\$ change in value for 1% change in rates	--	\$0	\$0
% maturing within one year	100%	100%	100%
Average credit quality	AAA	Not Rated	Not Rated

### Limited Maturity Fund

	BAML 1-3 Yr US Treasury/Agency Index	Limited Maturity Fund	
	3/31/2016	3/31/2016	12/31/2015
Portfolio book value	--	\$17,002,501	\$19,209,387
Market value	--	\$16,738,154	\$18,899,083
Net Contribution/Withdrawal for the Period	--	(\$2,300,320)	--
Average book yield	--	1.08%	0.99%
Average maturity (yrs)	1.82	1.32	1.39
Modified duration	1.78	1.21	1.29
\$ change in value for 1% change in rates	--	\$202,532	\$243,798
% maturing within two years	55.2%	72.5%	68.3%
Average credit quality	AAA	AA+/Aa1	AA/Aa1



## PORTFOLIO CHARACTERISTICS

### Operating Reserve Fund

	BAML 1-10 Yr US Treasury/Agency Index	Operating Reserve Fund	
	3/31/2016	3/31/2016	12/31/2015
Portfolio book value	--	\$91,501,462	\$91,140,891
Market value	--	\$94,009,044	\$91,837,924
Net Contribution/Withdrawal for the Period	--	(\$1,555)	--
Average book yield	--	1.97%	2.04%
Average maturity (yrs)	3.92	3.85	3.97
Modified duration	3.67	3.51	3.60
\$ change in value for 1% change in rates	--	\$3,299,717	\$3,306,165
% maturing within two years	22.4%	17.0%	13.4%
Average credit quality	AAA	AA/Aa1	AA/Aa1

-17-

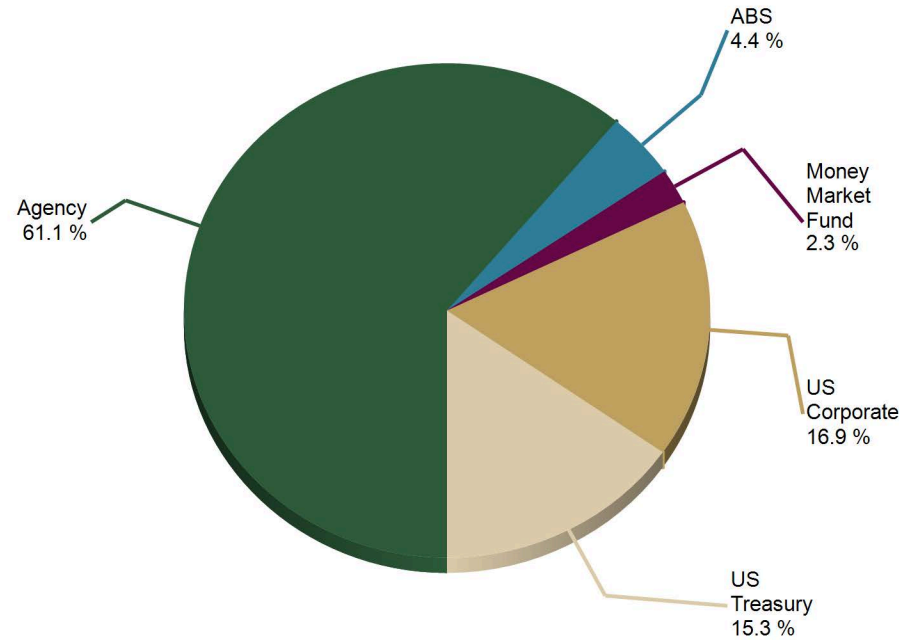
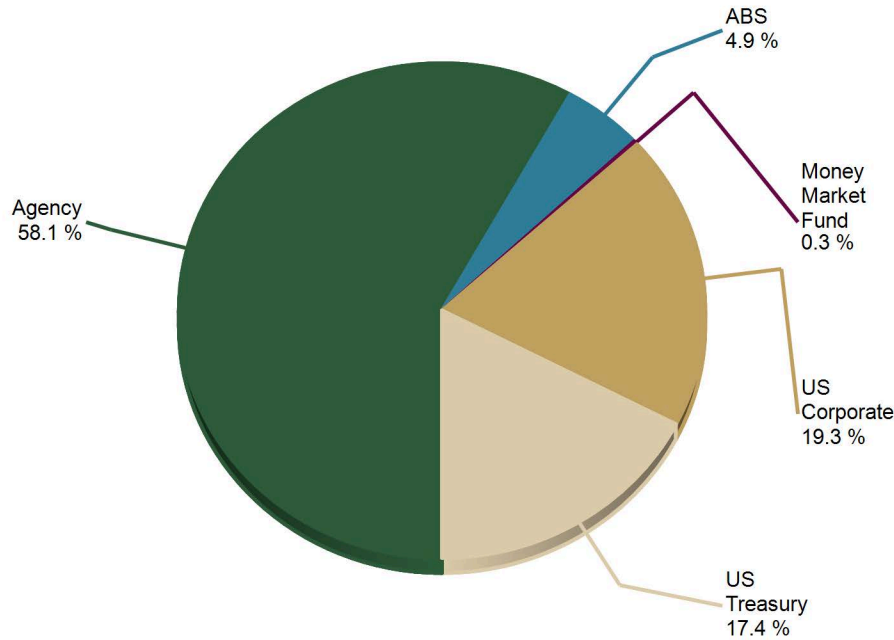


## Moulton Niguel Water District Limited Maturity

March 31, 2016

December 31, 2015

-18-



The portfolio sector allocation changed slightly as funds were transferred out of the portfolio into more liquid accounts such as LAIF to cover upcoming capital project expenditures. US Treasury, Corporates and Asset Backed Securities (ABS) increased while the Agency and Money Market Fund exposures declined.



Moulton Niguel Water District Limited Maturity  
Account #42

## Issuer Report

As of 3/31/2016

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	0.68%	1.55	17.40 %
Federal Home Loan Bank	Agency	0.61%	1.17	16.71 %
Federal National Mortgage Association	Agency	0.61%	0.88	16.71 %
Federal Home Loan Mortgage Corp	Agency	0.53%	0.84	12.74 %
Federal Farm Credit Bank	Agency	0.36%	0.40	11.93 %
Toyota ABS	ABS	1.03%	2.48	2.84 %
Qualcomm Inc	US Corporate	1.16%	2.13	2.78 %
Bank of New York	US Corporate	1.57%	3.45	2.76 %
Charles Schwab Corp/The	US Corporate	1.16%	1.94	2.59 %
Wells Fargo Corp	US Corporate	1.17%	1.80	2.41 %
ChevronTexaco Corp	US Corporate	1.18%	1.92	2.40 %
General Electric Co	US Corporate	1.06%	2.79	2.36 %
Intel Corp	US Corporate	0.87%	1.71	2.24 %
Honda ABS	ABS	1.15%	2.90	2.09 %
Air Products & Chemicals	US Corporate	1.20%	1.54	1.80 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.02%	0.00	0.25 %
<b>Total</b>		<b>0.71%</b>	<b>1.32</b>	<b>100.00 %</b>

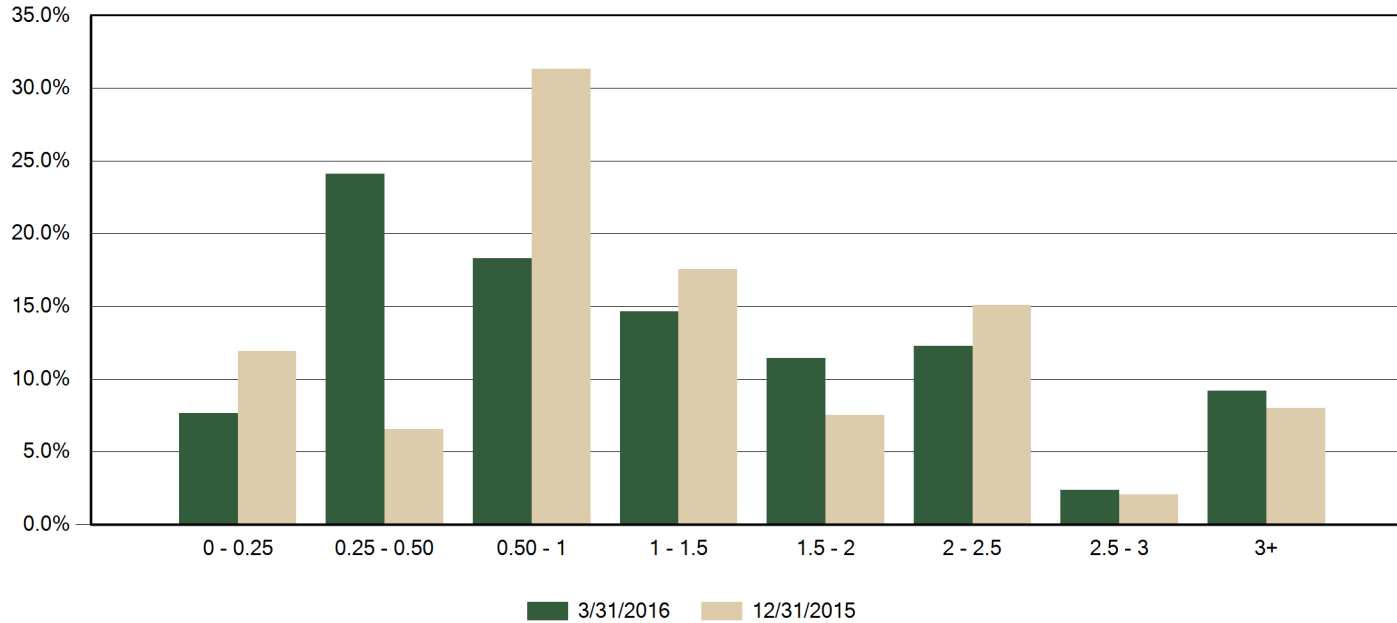


# Duration Distribution

## Moulton Niguel Water District Limited Maturity

March 31, 2016 vs. December 31, 2015

-20-



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 1.5	1.5 - 2	2 - 2.5	2.5 - 3	3+
<b>3/31/16</b>	7.7 %	24.1 %	18.3 %	14.7 %	11.4 %	12.3 %	2.4 %	9.2 %
<b>12/31/15</b>	11.9 %	6.6 %	31.3 %	17.5 %	7.5 %	15.1 %	2.1 %	8.0 %

Financial markets are likely to remain volatile after the Federal Reserve raised the fed funds rate to a range of 25-50 bps in December. The Fed's forecast shows they are prepared to raise rates roughly two times this year (given 25bps increases). However, global economic headwinds, stubbornly low inflation and weak commodity prices have caused the Fed to reassess.



# Investment Performance

## Moulton Niguel Water District Limited Maturity

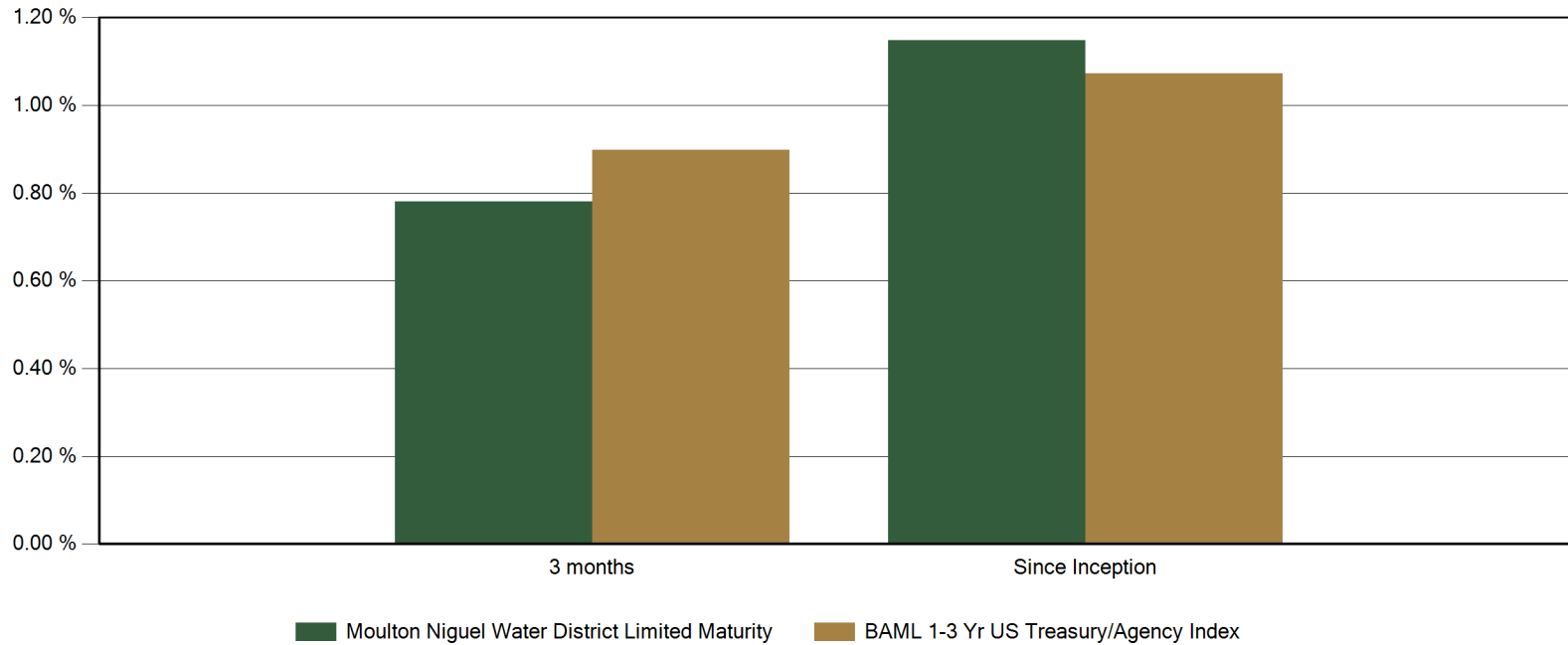
Period Ending

March 31, 2016

Total Rate of Return

Since Inception

February 28, 2015



-21-

	Latest 3 months	Since Inception
Moulton Niguel Water District Limited Maturity	0.78 %	1.24 %
BAML 1-3 Yr US Treasury/Agency Index	0.90 %	1.16 %

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



## Operating Reserve Fund

### 40- Trading Activity -12/31/2015 -3/31/2016

Settle Date	Description	Sector	Maturity Date	Amount	Book Value	Market Value	Gain/Loss	Duration	Yield
<b>Purchase</b>									
02/18/2016	FHLB	Agency	02/18/2021	\$1,580,000.00	\$1,573,616.80	\$1,573,616.80	\$0.00	4.814	1.459
01/28/2016	Rabobank Nederland NV NY	Commercial Paper	06/21/2016	\$1,750,000.00	\$1,745,065.96	\$1,745,065.96	\$0.00	0.396	0.712
01/28/2016	FHLMC	Agency	01/13/2022	\$2,000,000.00	\$2,066,660.00	\$2,066,660.00	\$0.00	5.544	1.783
03/02/2016	John Deere Owner Trust	Asset Backed Security	04/15/2020	\$715,000.00	\$714,887.46	\$714,887.46	\$0.00	2.357	1.371
03/15/2016	Berkshire Hathaway	US Corporate	03/15/2021	\$1,045,000.00	\$1,042,784.60	\$1,042,784.60	\$0.00	4.709	2.245
				\$7,090,000.00	\$7,143,014.82	\$7,143,014.82	\$0.00		
<b>-22- Sale</b>									
02/18/2016	FNMA	Agency	05/21/2018	\$600,000.00	\$582,612.60	\$599,510.40	\$16,897.80	2.226	0.911
02/25/2016	US Treasury	US Treasury	01/31/2019	\$400,000.00	\$404,173.48	\$404,670.54	\$497.06	2.873	0.846
01/28/2016	FHLMC	Agency	11/17/2017	\$1,400,000.00	\$1,569,204.00	\$1,504,762.00	(\$64,442.00)	1.724	0.929
01/28/2016	FHLMC	Agency	06/13/2018	\$1,950,000.00	\$2,224,649.10	\$2,124,856.50	(\$99,792.60)	2.253	1.042
03/14/2016	US Treasury	US Treasury	05/31/2019	\$1,000,000.00	\$993,714.94	\$998,121.65	\$4,406.71	3.136	1.185
03/23/2016	Oracle Corp	US Corporate	10/15/2017	\$1,150,000.00	\$1,119,421.50	\$1,155,347.50	\$35,926.00	1.536	0.899
				\$6,500,000.00	\$6,893,775.62	\$6,787,268.59	(\$106,507.03)		



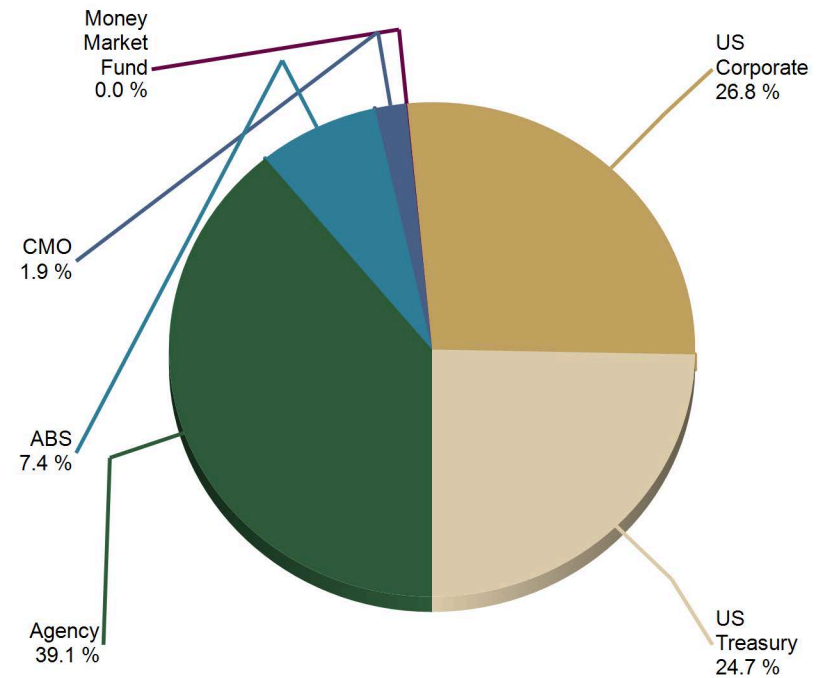
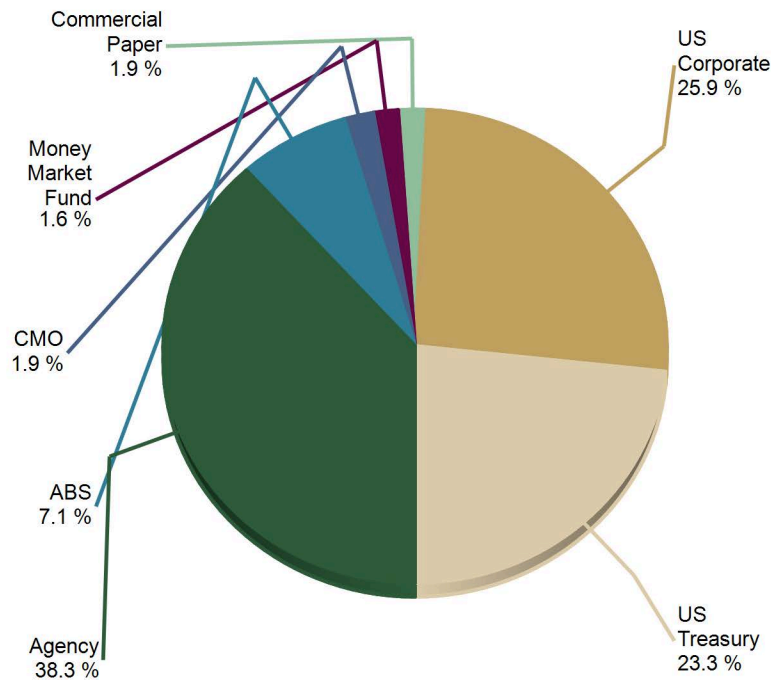


# Sector Distribution

## Moulton Niguel Water District Operating Reserve

March 31, 2016

December 31, 2015



The portfolio sector allocation experienced small changes during the reporting period as we included an allocation to Commercial Paper. We continue to evaluate opportunities in corporate securities to maintain the exposure to the strategy target.

-23-



## Moulton Niguel Water District Operating Reserve Account #40

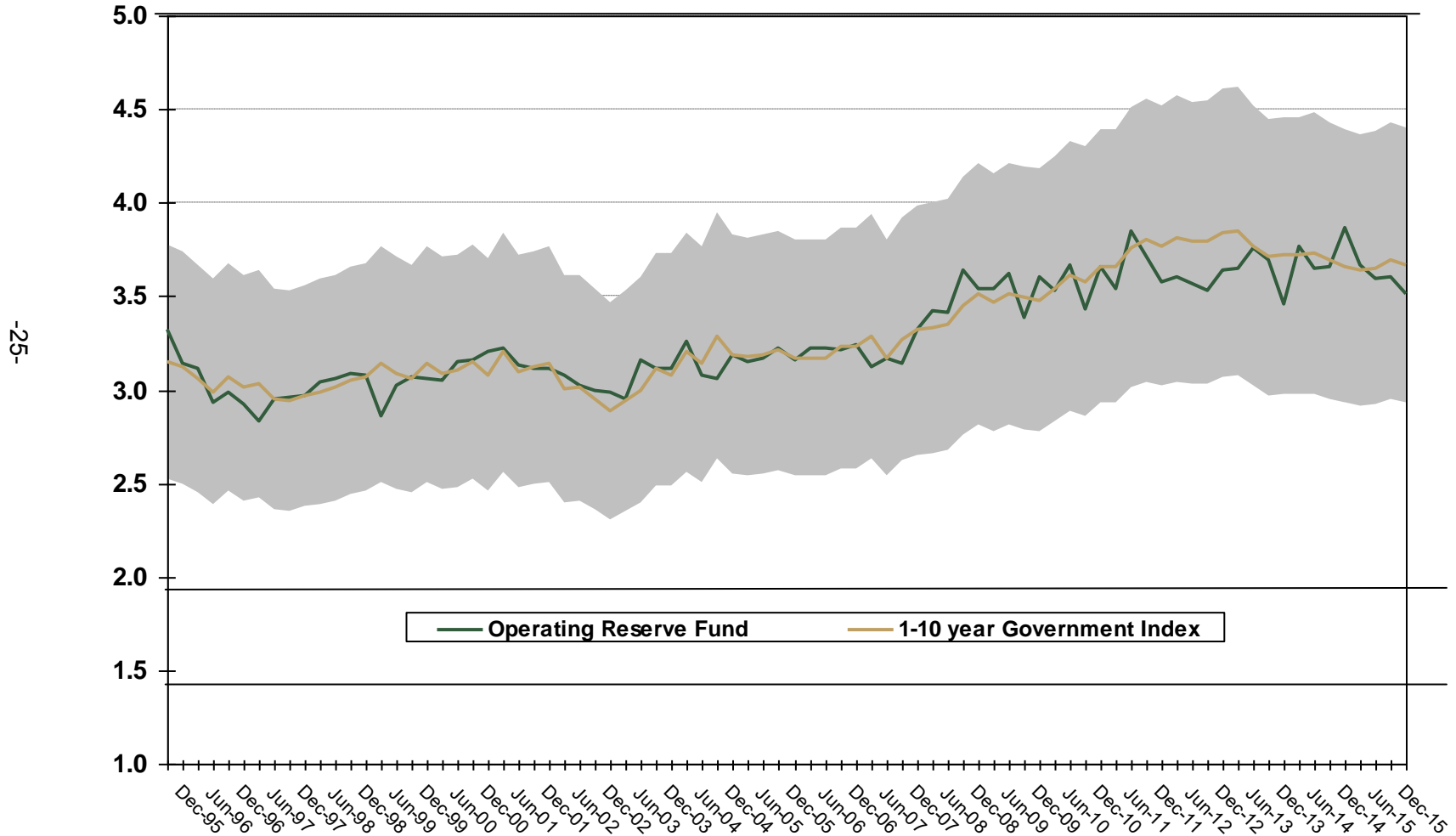
## Issuer Report

As of 3/31/2016

Issue Name	Investment Type	Avg Mkt Yield	Avg Maturity	% Portfolio
Government of United States	US Treasury	1.29%	5.32	23.28 %
Federal Home Loan Bank	Agency	1.37%	4.95	11.59 %
Federal Home Loan Mortgage Corp	Agency	1.16%	4.03	9.70 %
Tennessee Valley Authority	Agency	1.38%	4.35	7.84 %
Federal National Mortgage Association	Agency	1.39%	5.27	7.17 %
John Deere ABS	ABS	1.15%	2.71	3.24 %
Federal Farm Credit Bank	Agency	1.12%	3.34	2.00 %
Federal Home Loan Mortgage Corp	CMO	1.25%	2.40	1.90 %
Honda ABS	ABS	1.01%	2.10	1.90 %
General Electric Co	US Corporate	0.85%	1.07	1.88 %
Rabobank Nederland NV NY	Commercial Paper	0.71%	0.22	1.86 %
Honda Motor Corporation	US Corporate	1.40%	2.53	1.75 %
ChevronTexaco Corp	US Corporate	1.25%	2.04	1.65 %
Wells Fargo Adv Govt Money Market Fund	Money Market Fund FI	0.02%	0.00	1.58 %
Qualcomm Inc	US Corporate	1.62%	4.14	1.47 %
Apple Inc	US Corporate	0.90%	2.09	1.34 %
JP Morgan ABS	ABS	1.23%	4.04	1.32 %
US Bancorp	US Corporate	1.32%	2.63	1.32 %
Cisco Systems	US Corporate	1.12%	2.92	1.32 %
Bank of New York	US Corporate	1.57%	3.45	1.31 %
Toyota Motor Corp	US Corporate	1.35%	2.80	1.31 %
JP Morgan Chase & Co	US Corporate	1.67%	2.83	1.31 %
Intel Corp	US Corporate	0.87%	1.71	1.29 %
Charles Schwab Corp/The	US Corporate	1.16%	1.94	1.29 %
Deere & Company	US Corporate	1.40%	2.70	1.27 %
Paccar Financial	US Corporate	1.33%	1.94	1.19 %
Coca Cola Co.	US Corporate	0.77%	0.42	1.14 %
Berkshire Hathaway	US Corporate	1.74%	4.96	1.14 %
Pepsico Inc	US Corporate	1.34%	4.08	1.06 %
Google Inc	US Corporate	0.68%	0.13	1.05 %
Wal-Mart Stores	US Corporate	0.75%	2.03	0.90 %
HSBC USA Corp	US Corporate	1.72%	1.80	0.84 %
Toyota ABS	ABS	1.00%	1.71	0.67 %
United Technology Corp	US Corporate	0.96%	1.17	0.12 %
<b>Total</b>		<b>1.24%</b>	<b>3.85</b>	<b>100.00 %</b>

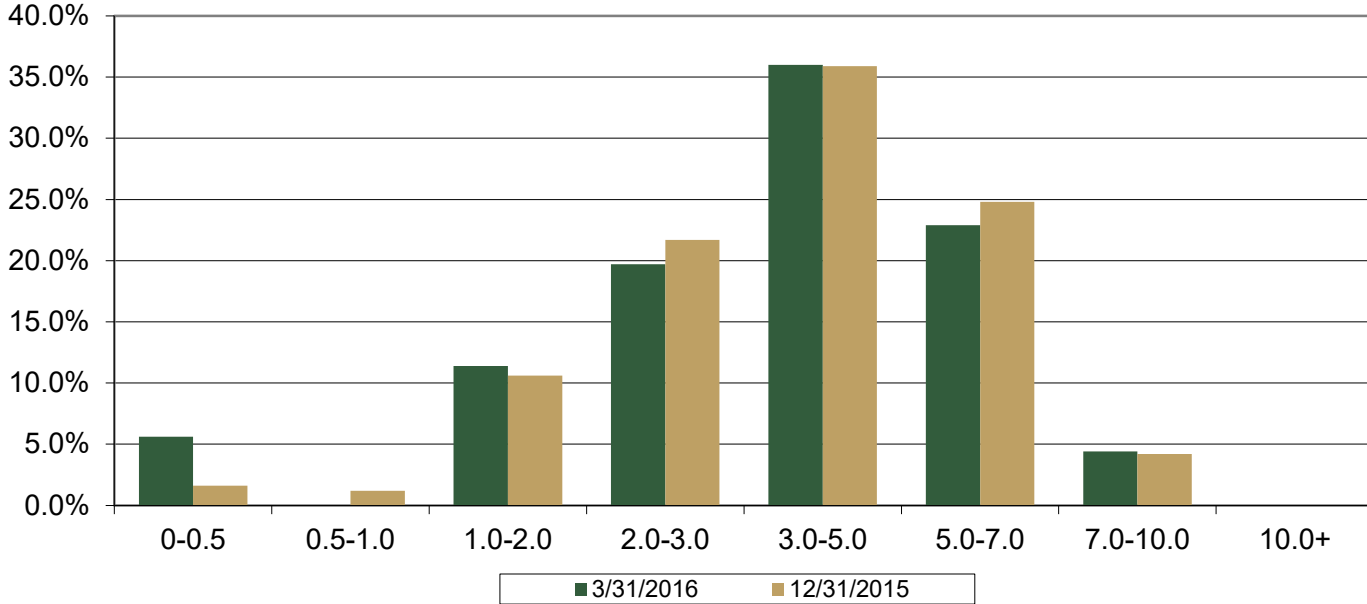


## Operating Reserve Fund Duration Compared to 1 - 10 Year Government Index Duration





## Operating Reserve Fund March 31, 2016 vs. December 31, 2015



	0-0.5	0.5-1.0	1.0-2.0	2.0-3.0	3.0-5.0	5.0-7.0	7.0-10.0	10.0+
3/31/2016	5.6%	0.0%	11.4%	19.7%	36.0%	22.9%	4.4%	0.0%
12/31/2015	1.6%	1.2%	10.6%	21.7%	35.9%	24.8%	4.2%	0.0%

Financial markets are likely to remain volatile after the Federal Reserve raised the fed funds rate to a range of 25-50 bps in December. The Fed's forecast shows they are prepared to raise rates roughly two times this year (given 25bps increases). However, global economic headwinds, stubbornly low inflation and weak commodity prices have caused the Fed to reassess.



# Investment Performance

## Moulton Niguel Water District Operating Reserve

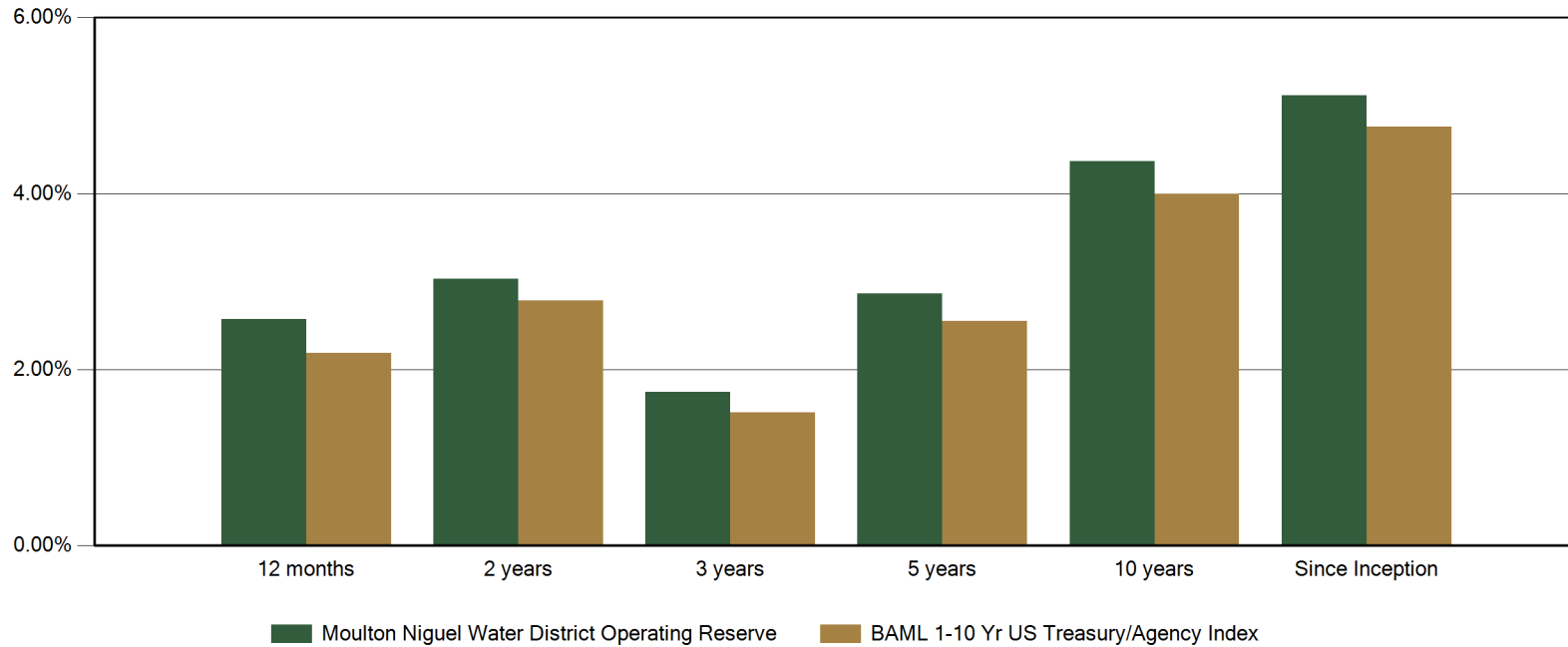
Period Ending

March 31, 2016

Total Rate of Return

Annualized Since Inception

September 30, 1995



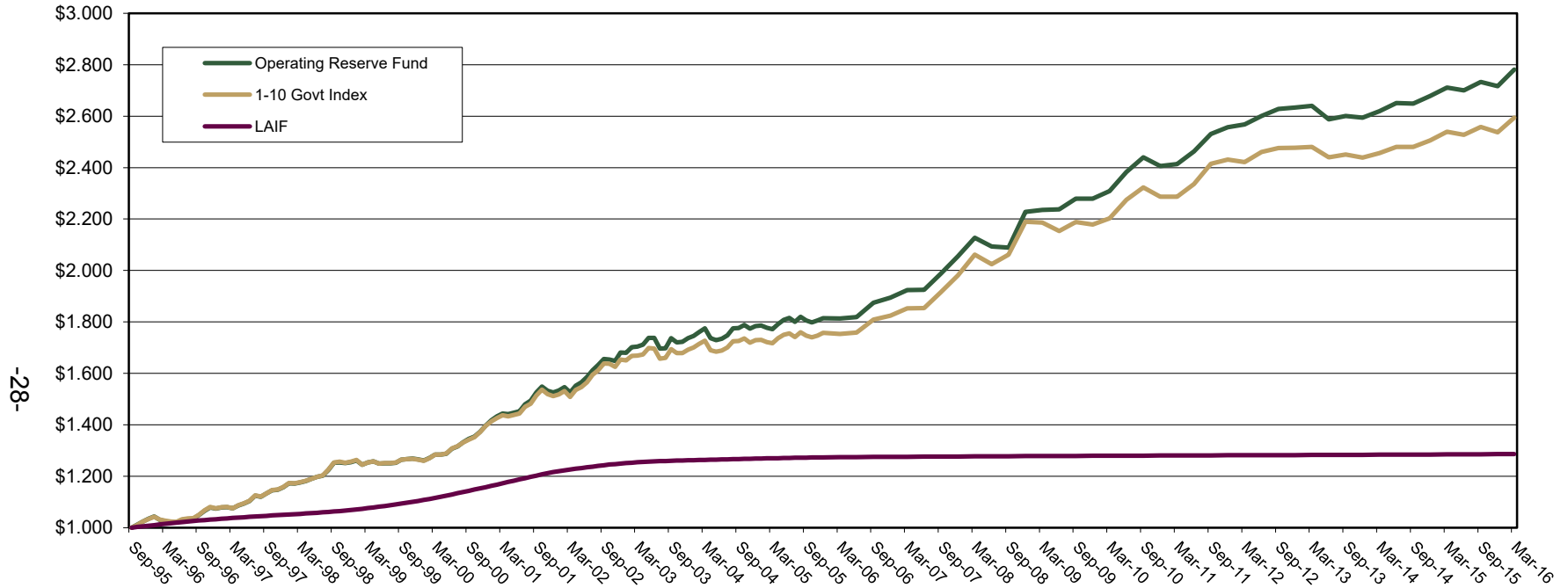
-27-

	3 months	12 months	Annualized				
			2 years	3 years	5 years	10 years	Since Inception
Moulton Niguel Water District Operating Reserve	2.37 %	2.57 %	3.03 %	1.75 %	2.87 %	4.37 %	5.12 %
BAML 1-10 Yr US Treasury/Agency Index	2.27 %	2.19 %	2.78 %	1.51 %	2.55 %	4.00 %	4.76 %

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



## Operating Reserve Fund Growth of \$1 Million



### Historical return on \$1 million invested in September 1995

**Operating Reserve Fund**

**1-10 Govt Index**

**LAIF**

3/31/2016	Return
\$2,780,696	5.12%
\$2,594,581	4.76%
\$1,286,088	1.23%



## SECTION 3

# Portfolio Holdings



**Holdings Report**

As of 3/31/16

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>LAIF</b>									
90LAIF\$00	Local Agency Investment Fund State Pool	19,267,760.31	Various 0.51 %	19,267,760.31 19,267,760.31	1.00 0.51 %	19,267,760.31 27,078.86	100.00 % 0.00	NR / NR NR	0.00 0.00
<b>Total LAIF</b>		<b>19,267,760.31</b>	<b>0.51 %</b>	<b>19,267,760.31</b>	<b>0.51 %</b>	<b>19,267,760.31</b> <b>27,078.86</b>	<b>100.00 %</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL PORTFOLIO</b>		<b>19,267,760.31</b>	<b>0.51 %</b>	<b>19,267,760.31</b>	<b>0.51 %</b>	<b>19,267,760.31</b> <b>27,078.86</b>	<b>100.00 %</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>19,294,839.17</b>			





CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
89231TAB6	Toyota Auto Receivables Owner 2015-C 0.92% Due 2/15/2018	190,000.00	08/18/2015 0.93 %	189,984.72 189,984.72	99.98 0.96 %	189,962.19 77.69	1.14 % (22.53)	Aaa / AAA NR	1.88 0.47
89236WAC2	Toyota Auto Receivables Owner 2015-A 1.12% Due 2/15/2019	285,000.00	02/24/2015 1.13 %	284,956.91 284,956.91	100.06 1.07 %	285,177.56 141.87	1.70 % 220.65	Aaa / AAA NR	2.88 1.12
43813NAC0	Honda Auto Receivables 2015-2 A3 1.04% Due 2/21/2019	350,000.00	05/13/2015 1.05 %	349,946.28 349,946.28	99.86 1.15 %	349,519.45 101.11	2.09 % (426.83)	NR / AAA AAA	2.90 1.23
<b>Total ABS</b>		<b>825,000.00</b>	<b>1.05 %</b>	<b>824,887.91</b> <b>824,887.91</b>	<b>1.08 %</b>	<b>824,659.20</b> <b>320.67</b>	<b>4.93 %</b> <b>(228.71)</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>2.66</b> <b>1.02</b>
<b>AGENCY</b>									
3134G5RF4	FHLMC Note 0.4% Due 5/27/2016	625,000.00	03/30/2015 0.43 %	624,818.75 624,818.75	100.01 0.33 %	625,063.75 861.11	3.74 % 245.00	Aaa / AA+ AAA	0.16 0.16
3133834R9	FHLB Note 0.375% Due 6/24/2016	615,000.00	02/19/2015 0.41 %	614,699.88 614,699.88	100.00 0.38 %	614,996.31 621.41	3.68 % 296.43	Aaa / AA+ AAA	0.23 0.23
3135G0XP3	FNMA Note 0.375% Due 7/5/2016	625,000.00	03/04/2015 0.46 %	624,331.25 624,331.25	99.97 0.47 %	624,838.75 559.90	3.74 % 507.50	Aaa / AA+ AAA	0.26 0.26
3131V2U9	FFCB Note 5.125% Due 8/25/2016	1,950,000.00	08/30/2011 1.14 %	2,324,887.50 2,324,887.50	101.90 0.36 %	1,987,108.50 9,993.75	11.93 % (337,779.00)	Aaa / AA+ AAA	0.40 0.40
3135G0YE7	FNMA Note 0.625% Due 8/26/2016	615,000.00	03/09/2015 0.52 %	615,897.90 615,897.90	100.07 0.46 %	615,400.98 373.70	3.68 % (496.92)	Aaa / AA+ AAA	0.41 0.40
3130A2T97	FHLB Note 0.5% Due 9/28/2016	610,000.00	03/09/2015 0.57 %	609,341.20 609,341.20	99.99 0.51 %	609,967.06 25.42	3.64 % 625.86	Aaa / AA+ AAA	0.50 0.49
3137EADS5	FHLMC Note 0.875% Due 10/14/2016	625,000.00	03/04/2015 0.59 %	627,881.25 627,881.25	100.24 0.42 %	626,514.38 2,536.89	3.76 % (1,366.87)	Aaa / AA+ AAA	0.54 0.53
3130A3J70	FHLB Note 0.625% Due 11/23/2016	610,000.00	03/09/2015 0.65 %	609,725.50 609,725.50	100.05 0.55 %	610,286.70 1,355.56	3.65 % 561.20	Aaa / AA+ AAA	0.65 0.64
3137EADU0	FHLMC Note 0.5% Due 1/27/2017	625,000.00	02/26/2015 0.64 %	623,343.75 623,343.75	99.89 0.64 %	624,306.88 555.56	3.73 % 963.13	Aaa / AA+ AAA	0.83 0.82
3135G0ZB2	FNMA Note 0.75% Due 4/20/2017	625,000.00	02/26/2015 0.73 %	625,206.25 625,206.25	100.04 0.71 %	625,230.00 2,096.35	3.75 % 23.75	Aaa / AA+ AAA	1.05 1.04
31359M7X5	FNMA Note 5% Due 5/11/2017	550,000.00	12/31/2009 3.68 %	596,309.45 596,309.45	104.77 0.68 %	576,225.10 10,694.44	3.51 % (20,084.35)	Aaa / AA+ AAA	1.11 1.07
3130A4GJ5	FHLB Note 1.125% Due 4/25/2018	610,000.00	07/31/2015 0.94 %	613,078.67 613,078.67	100.76 0.75 %	614,621.36 2,973.75	3.69 % 1,542.69	Aaa / AA+ AAA	2.07 2.03
3135G0WJ8	FNMA Note 0.875% Due 5/21/2018	340,000.00	04/11/2013 0.92 %	339,272.40 339,272.40	100.12 0.82 %	340,417.86 1,074.31	2.04 % 1,145.46	Aaa / AA+ AAA	2.14 2.11
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	250,000.00	01/04/2013 1.35 %	248,450.00 248,450.00	100.81 1.00 %	252,028.75 520.83	1.51 % 3,578.75	Aaa / AA+ AAA	3.34 3.25



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>AGENCY</b>									
3133X8AS1	FHLB Note 5.125% Due 8/15/2019	300,000.00	06/07/2011 3.02 %	345,579.00 345,579.00	113.39 1.07 %	340,173.00 1,964.58	2.04 % (5,406.00)	Aaa / AA+ AAA	3.38 3.12
<b>Total Agency</b>		<b>9,575,000.00</b>	<b>1.02 %</b>	<b>10,042,822.75</b> <b>10,042,822.75</b>	<b>0.54 %</b>	<b>9,687,179.38</b> <b>36,207.56</b>	<b>58.09 %</b> <b>(355,643.37)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>0.86</b> <b>0.84</b>
<b>MONEY MARKET FUND FI</b>									
94975J466	Wells Fargo Advantage Government MMF	42,485.76	Various 0.02 %	42,485.76 42,485.76	1.00 0.02 %	42,485.76 0.00	0.25 % 0.00	Aaa / AAA AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>42,485.76</b>	<b>0.02 %</b>	<b>42,485.76</b> <b>42,485.76</b>	<b>0.02 %</b>	<b>42,485.76</b> <b>0.00</b>	<b>0.25 %</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>0.00</b> <b>0.00</b>
<b>US CORPORATE</b>									
009158AS5	Air Products & Chemicals Note 1.2% Due 10/15/2017	300,000.00	03/03/2015 1.28 %	299,379.00 299,379.00	100.00 1.20 %	299,995.50 1,660.00	1.80 % 616.50	A2 / A NR	1.54 1.51
458140AL4	Intel Corp Note 1.35% Due 12/15/2017	370,000.00	12/12/2012 1.28 %	371,195.10 371,195.10	100.81 0.87 %	373,005.88 1,470.75	2.24 % 1,810.78	A1 / A+ A+	1.71 1.68
74BFG0	Wells Fargo Corp Note 1.5% Due 1/16/2018	400,000.00	02/23/2015 1.47 %	400,372.00 400,372.00	100.59 1.17 %	402,348.80 1,250.00	2.41 % 1,976.80	A2 / A AA-	1.80 1.76
166764AV2	Chevron Corp Note 1.365% Due 3/2/2018	400,000.00	02/24/2015 1.37 %	400,000.00 400,000.00	100.36 1.18 %	401,424.40 439.83	2.40 % 1,424.40	Aa1 / AA- NR	1.92 1.89
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.5% Due 3/10/2018	430,000.00	Various 1.48 %	430,191.20 430,191.20	100.62 1.16 %	432,649.23 376.25	2.59 % 2,458.03	A2 / A A	1.94 1.82
747525AG8	Qualcomm Inc Note 1.4% Due 5/18/2018	460,000.00	Various 1.45 %	459,275.60 459,275.60	100.51 1.16 %	462,325.30 2,343.44	2.78 % 3,049.70	A1 / A+ NR	2.13 2.09
36962G7G3	General Electric Capital Corp Note 2.3% Due 1/14/2019	380,000.00	07/31/2015 1.82 %	386,087.60 386,087.60	103.39 1.06 %	392,884.28 1,869.39	2.36 % 6,796.68	A1 / AA+ NR	2.79 2.69
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	450,000.00	11/19/2014 2.25 %	451,017.00 451,017.00	102.38 1.57 %	460,731.15 575.00	2.76 % 9,714.15	A1 / A AA-	3.45 3.23
<b>Total US Corporate</b>		<b>3,190,000.00</b>	<b>1.57 %</b>	<b>3,197,517.50</b> <b>3,197,517.50</b>	<b>1.18 %</b>	<b>3,225,364.54</b> <b>9,984.66</b>	<b>19.33 %</b> <b>27,847.04</b>	<b>A1 / A+</b> <b>A+</b>	<b>2.20</b> <b>2.12</b>
<b>US TREASURY</b>									
912828G46	US Treasury Note 0.5% Due 11/30/2016	600,000.00	02/19/2015 0.56 %	599,322.32 599,322.32	100.00 0.51 %	599,976.60 1,008.20	3.59 % 654.28	Aaa / AA+ AAA	0.67 0.66



Holdings Report

As of 3/31/16

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
912828H78	US Treasury Note 0.5% Due 1/31/2017	600,000.00	02/19/2015 0.62 %	598,619.20 598,619.20	99.93 0.59 %	599,554.80 502.75	3.58 % 935.60	Aaa / AA+ AAA	0.84 0.83
912828SS0	US Treasury Note 0.875% Due 4/30/2017	600,000.00	02/19/2015 0.74 %	601,806.70 601,806.70	100.24 0.65 %	601,429.80 2,206.73	3.61 % (376.90)	Aaa / AA+ AAA	1.08 1.07
912828XK1	US Treasury Note 0.875% Due 7/15/2018	625,000.00	07/31/2015 0.98 %	623,024.56 623,024.56	100.18 0.79 %	626,147.50 1,156.85	3.75 % 3,122.94	Aaa / AA+ AAA	2.29 2.26
912828SX9	US Treasury Note 1.125% Due 5/31/2019	475,000.00	01/30/2013 1.23 %	472,014.60 472,014.60	100.67 0.91 %	478,173.00 1,795.85	2.87 % 6,158.40	Aaa / AA+ AAA	3.17 3.09
<b>Total US Treasury</b>		<b>2,900,000.00</b>	<b>0.81 %</b>	<b>2,894,787.38</b> <b>2,894,787.38</b>	<b>0.68 %</b>	<b>2,905,281.70</b> <b>6,670.38</b>	<b>17.40 %</b> <b>10,494.32</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>1.55</b> <b>1.53</b>
<b>TOTAL PORTFOLIO</b>		<b>16,532,485.76</b>	<b>1.08 %</b>	<b>17,002,501.30</b> <b>17,002,501.30</b>	<b>0.71 %</b>	<b>16,684,970.58</b> <b>53,183.27</b>	<b>100.00 %</b> <b>(317,530.72)</b>	<b>Aa1 / AA+</b> <b>Aaa</b>	<b>1.32</b> <b>1.21</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>16,738,153.85</b>			



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>ABS</b>									
477879AC4	John Deere Owner Trust 2013-B A3 0.87% Due 8/15/2017	122,275.21	08/27/2013 0.88 %	122,258.54 122,258.54	100.00 0.89 %	122,272.40 47.28	0.13 % 13.86	Aaa / NR AAA	1.38 0.20
89231MAC9	Toyota Auto Receivables Owner 2014-A 0.67% Due 12/15/2017	630,001.88	03/11/2014 0.69 %	629,885.45 629,885.45	99.87 1.00 %	629,170.91 187.60	0.67 % (714.54)	Aaa / AAA NR	1.71 0.40
43814GAC4	Honda Auto Receivables 2014-2 A3 0.77% Due 3/19/2018	793,993.80	05/13/2014 0.78 %	793,898.36 793,898.36	99.84 1.04 %	792,742.47 220.77	0.84 % (1,155.89)	Aaa / AAA NR	1.97 0.58
47787VAC5	John Deere Owner Trust 2014-A A3 0.92% Due 4/16/2018	1,036,954.14	04/02/2014 0.93 %	1,036,788.02 1,036,788.02	99.96 1.01 %	1,036,493.73 424.00	1.10 % (294.29)	Aaa / NR AAA	2.04 0.53
43814HAC2	Honda Auto Receivables 2014-3 A3 0.88% Due 6/15/2018	990,728.21	08/12/2014 0.89 %	990,537.10 990,537.10	99.93 0.99 %	990,068.39 387.48	1.05 % (468.71)	NR / AAA AAA	2.21 0.62
477877AD6	John Deere Owner Trust 2014-B A3 1.07% Due 11/15/2018	1,170,000.00	Various 1.08 %	1,169,688.96 1,169,688.96	99.96 1.13 %	1,169,489.88 556.40	1.24 % (199.08)	Aaa / NR AAA	2.63 0.79
161571GY4	Chase CHAIT Pool #2015-A5 1.36% Due 4/15/2020	1,240,000.00	04/30/2015 1.37 %	1,239,781.51 1,239,781.51	100.27 1.23 %	1,243,408.76 749.51	1.32 % 3,627.25	NR / AAA AAA	4.04 1.98
47788MAC4	John Deere Owner Trust 2016-A A3 1.36% Due 4/15/2020	715,000.00	02/23/2016 1.37 %	714,887.46 714,887.46	99.91 1.41 %	714,379.38 783.32	0.76 % (508.08)	Aaa / NR AAA	4.04 2.09
<b>31 ABS</b>		<b>6,698,953.24</b>	<b>1.04 %</b>	<b>6,697,725.40</b> <b>6,697,725.40</b>	<b>1.11 %</b>	<b>6,698,025.92</b> <b>3,356.36</b>	<b>7.13 %</b> <b>300.52</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>2.70</b> <b>1.01</b>
<b>AGENCY</b>									
880591EA6	Tennessee Valley Authority Note 5.5% Due 7/18/2017	585,000.00	Various 3.63 %	656,277.26 656,277.26	106.05 0.80 %	620,367.35 6,524.38	0.67 % (35,909.91)	Aaa / AA+ AAA	1.30 1.25
880591CU4	Tennessee Valley Authority Note 6.25% Due 12/15/2017	1,590,000.00	Various 4.15 %	1,827,006.80 1,827,006.80	108.97 0.93 %	1,732,634.13 29,260.41	1.87 % (94,372.67)	NR / AA+ AAA	1.71 1.61
31331YF21	FFCB Note 4.25% Due 4/16/2018	650,000.00	07/15/2010 2.98 %	706,634.50 706,634.50	106.92 0.82 %	694,982.60 12,661.46	0.75 % (11,651.90)	Aaa / AA+ AAA	2.04 1.94
3137EADG1	FHLMC Note 1.75% Due 5/30/2019	1,900,000.00	04/27/2012 1.66 %	1,911,149.20 1,911,149.20	102.40 0.98 %	1,945,514.50 11,175.69	2.08 % 34,365.30	Aaa / AA+ AAA	3.16 3.06
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	2,000,000.00	Various 1.49 %	1,970,964.80 1,970,964.80	100.81 1.00 %	2,016,230.00 4,166.66	2.15 % 45,265.20	Aaa / AA+ AAA	3.34 3.25
3133X8AS1	FHLB Note 5.125% Due 8/15/2019	1,700,000.00	06/07/2011 3.02 %	1,958,281.00 1,958,281.00	113.39 1.07 %	1,927,647.00 11,132.64	2.06 % (30,634.00)	Aaa / AA+ AAA	3.38 3.12
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	1,425,000.00	Various 1.60 %	1,396,312.75 1,396,312.75	100.43 1.12 %	1,431,134.63 8,856.77	1.53 % 34,821.88	Aaa / AA+ AAA	3.51 3.40
3135G0ZY2	FNMA Note 1.75% Due 11/26/2019	1,575,000.00	12/23/2014 1.83 %	1,568,841.75 1,568,841.75	102.32 1.10 %	1,611,591.98 9,570.31	1.72 % 42,750.23	Aaa / AA+ AAA	3.66 3.52
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,575,000.00	04/17/2014 2.18 %	1,503,983.25 1,503,983.25	100.78 1.18 %	1,587,360.60 9,023.44	1.70 % 83,377.35	Aaa / AA+ AAA	4.09 3.94
3133ECPD0	FFCB Note 1.42% Due 5/13/2020	1,165,000.00	05/22/2013 1.63 %	1,148,561.85 1,148,561.85	100.47 1.30 %	1,170,523.27 6,341.48	1.25 % 21,961.42	Aaa / AA+ AAA	4.12 3.97



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>AGENCY</b>									
3135G0F73	FNMA Note 1.5% Due 11/30/2020	1,900,000.00	10/28/2015 1.57 %	1,893,464.00 1,893,464.00	101.00 1.28 %	1,919,013.30 9,579.17	2.05 % 25,549.30	Aaa / AA+ AAA	4.67 4.47
3133XDVS7	FHLB Note 5.25% Due 12/11/2020	1,825,000.00	07/07/2011 3.54 %	2,073,346.00 2,073,346.00	117.97 1.29 %	2,153,005.42 29,276.04	2.32 % 79,659.42	Aaa / AA+ AAA	4.70 4.18
3135G0H55	FNMA Note 1.875% Due 12/28/2020	1,665,000.00	11/13/2015 1.88 %	1,664,850.15 1,664,850.15	102.60 1.31 %	1,708,238.39 8,064.84	1.83 % 43,388.24	Aaa / AA+ AAA	4.75 4.51
880591EL2	Tennessee Valley Authority Note 3.875% Due 2/15/2021	2,120,000.00	04/06/2011 3.87 %	2,121,611.20 2,121,611.20	111.21 1.48 %	2,357,679.56 10,496.94	2.52 % 236,068.36	Aaa / AA+ AAA	4.88 4.46
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	1,580,000.00	02/17/2016 1.46 %	1,573,616.80 1,573,616.80	100.04 1.37 %	1,580,630.42 2,594.93	1.68 % 7,013.62	Aaa / AA+ AAA	4.89 4.70
3133752P1	FHLB Note 3.5% Due 7/29/2021	2,925,000.00	08/03/2011 3.19 %	3,003,185.25 3,003,185.25	110.43 1.46 %	3,230,057.03 17,631.25	3.45 % 226,871.78	Aaa / AA+ AAA	5.33 4.87
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	2,000,000.00	01/27/2016 1.78 %	2,066,660.00 2,066,660.00	104.84 1.50 %	2,096,752.00 10,291.67	2.24 % 30,092.00	Aaa / AA+ AAA	5.79 5.38
3130A5P45	FHLB Note 2.375% Due 6/10/2022	1,850,000.00	07/24/2015 2.31 %	1,857,751.50 1,857,751.50	104.38 1.63 %	1,930,946.75 13,547.40	2.07 % 73,195.25	Aaa / AA+ AAA	6.20 5.72
880591EN8	Tennessee Valley Authority Note 1.875% Due 8/15/2022	2,585,000.00	Various 2.03 %	2,550,760.80 2,550,760.80	100.90 1.73 %	2,608,205.55 6,193.23	2.78 % 57,444.75	Aaa / AA+ AAA	6.38 5.97
3135G0ZR7	FNMA Note 2.625% Due 9/6/2024	1,400,000.00	10/29/2014 2.68 %	1,393,896.00 1,393,896.00	105.40 1.93 %	1,475,628.00 2,552.08	1.57 % 81,732.00	Aaa / AA+ AAA	8.44 7.56
<b>Total Agency</b>		<b>34,015,000.00</b>	<b>2.43 %</b>	<b>34,847,154.86</b>	<b>1.31 %</b>	<b>35,798,142.48</b> <b>218,940.79</b>	<b>38.31 %</b> <b>950,987.62</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>4.57</b> <b>4.27</b>
<b>CMO</b>									
3137AH6Q6	FHLMC K704 A2 2.412% Due 8/25/2018	1,743,931.78	03/06/2014 1.68 %	1,797,475.93 1,797,475.93	102.36 1.25 %	1,785,139.14 701.06	1.90 % (12,336.79)	Aaa / NR AAA	2.40 2.13
<b>Total CMO</b>		<b>1,743,931.78</b>	<b>1.68 %</b>	<b>1,797,475.93</b>	<b>1.25 %</b>	<b>1,785,139.14</b> <b>701.06</b>	<b>1.90 %</b> <b>(12,336.79)</b>	<b>Aaa / NR</b> <b>Aaa</b>	<b>2.40</b> <b>2.13</b>
<b>COMMERCIAL PAPER</b>									
21687AFM0	Rabobank Nederland NV NY Discount CP 0.7% Due 6/21/2016	1,750,000.00	01/27/2016 0.71 %	1,745,065.96 1,747,243.74	99.84 0.71 %	1,747,243.74 0.00	1.86 % 0.00	P-1 / A-1 NR	0.22 0.22
<b>Total Commercial Paper</b>		<b>1,750,000.00</b>	<b>0.71 %</b>	<b>1,745,065.96</b> <b>1,747,243.74</b>	<b>0.71 %</b>	<b>1,747,243.74</b> <b>0.00</b>	<b>1.86 %</b> <b>0.00</b>	<b>P-1 / A-1</b> <b>NR</b>	<b>0.22</b> <b>0.22</b>



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>MONEY MARKET FUND FI</b>									
94975J466	Wells Fargo Advantage Government MMF	1,488,159.28	Various 0.02 %	1,488,159.28 1,488,159.28	1.00 0.02 %	1,488,159.28 0.00	1.58 % 0.00	Aaa / AAA AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>1,488,159.28</b>	<b>0.02 %</b>	<b>1,488,159.28</b>	<b>0.02 %</b>	<b>1,488,159.28</b> <b>0.00</b>	<b>1.58 %</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>0.00</b> <b>0.00</b>
<b>US CORPORATE</b>									
38259PAC6	Google Inc Note 2.125% Due 5/19/2016	975,000.00	11/15/2012 0.75 %	1,021,108.20 1,021,108.20	100.19 0.68 %	976,867.13 7,596.88	1.05 % (44,241.07)	Aa2 / AA NR	0.13 0.13
191216AU4	Coca Cola Company Note 1.8% Due 9/1/2016	1,070,000.00	08/13/2013 0.98 %	1,096,225.70 1,096,225.70	100.43 0.77 %	1,074,565.69 1,605.00	1.14 % (21,660.01)	Aa3 / AA- A+	0.42 0.42
36962G5W0	General Electric Capital Corp Note 2.3% Due 4/27/2017	1,720,000.00	03/07/2013 1.44 %	1,778,875.60 1,778,875.60	101.54 0.85 %	1,746,488.00 16,922.89	1.88 % (32,387.60)	A1 / AA+ NR	1.07 1.05
913017BU2	United Tech Corp Note 1.8% Due 6/1/2017	115,000.00	05/24/2012 1.82 %	114,901.10 114,901.10	100.97 0.96 %	116,113.78 690.00	0.12 % 1,212.68	A3 / A- A-	1.17 1.15
166764AA8	Chevron Corp Callable Note Cont 11/5/17 1.104% Due 12/5/2017	535,000.00	Various 1.19 %	533,208.75 533,208.75	99.83 1.21 %	534,073.38 1,903.18	0.57 % 864.63	Aa1 / AA- NR	1.68 1.57
140AL4	Intel Corp Note 1.35% Due 12/15/2017	1,200,000.00	Various 1.30 %	1,202,843.20 1,202,843.20	100.81 0.87 %	1,209,748.80 4,770.01	1.29 % 6,905.60	A1 / A+ A+	1.71 1.68
40428HPH9	HSBC USA Inc Note 1.625% Due 1/16/2018	790,000.00	08/21/2015 1.75 %	787,677.40 787,677.40	99.83 1.72 %	788,628.56 2,674.48	0.84 % 951.16	A2 / A AA-	1.80 1.75
69371RM45	Paccar Financial Corp Note 1.45% Due 3/9/2018	1,115,000.00	03/03/2015 1.48 %	1,113,951.90 1,113,951.90	100.23 1.33 %	1,117,571.19 988.01	1.19 % 3,619.29	A1 / A+ NR	1.94 1.90
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.5% Due 3/10/2018	1,200,000.00	03/12/2015 1.50 %	1,200,072.00 1,200,072.00	100.62 1.16 %	1,207,393.20 1,050.00	1.29 % 7,321.20	A2 / A A	1.94 1.82
931142DF7	Wal-Mart Stores Note 1.125% Due 4/11/2018	840,000.00	04/04/2013 1.14 %	839,227.20 839,227.20	100.75 0.75 %	846,313.44 4,462.50	0.90 % 7,086.24	Aa2 / AA AA	2.03 1.99
037833AJ9	Apple Inc Note 1% Due 5/3/2018	1,250,000.00	Various 1.33 %	1,231,967.50 1,231,967.50	100.21 0.90 %	1,252,576.25 5,138.89	1.34 % 20,608.75	Aa1 / AA+ NR	2.09 2.05
166764AE0	Chevron Corp Callable Note Cont 5/24/2018 1.718% Due 6/24/2018	1,000,000.00	03/28/2014 1.71 %	1,000,470.00 1,000,470.00	100.95 1.27 %	1,009,464.00 4,629.06	1.08 % 8,994.00	Aa1 / AA- NR	2.23 2.10
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	1,600,000.00	03/28/2014 1.99 %	1,609,232.00 1,609,232.00	101.80 1.40 %	1,628,800.00 16,150.00	1.75 % 19,568.00	A1 / A+ NR	2.53 2.43
91159HHE3	US Bancorp Callable Note Cont 10/15/2018 1.95% Due 11/15/2018	1,210,000.00	Various 1.83 %	1,215,878.85 1,215,878.85	101.58 1.32 %	1,229,068.40 8,913.67	1.32 % 13,189.55	A1 / A+ AA	2.63 2.46



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US CORPORATE</b>									
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	1,170,000.00	Various 2.00 %	1,167,143.90 1,167,143.90	101.46 1.40 %	1,187,083.17 6,844.50	1.27 % 19,939.27	A2 / A NR	2.70 2.61
89236TBBO	Toyota Motor Credit Corp Note 2.1% Due 1/17/2019	1,200,000.00	11/19/2014 2.00 %	1,204,548.00 1,204,548.00	102.05 1.35 %	1,224,576.00 5,180.00	1.31 % 20,028.00	Aa3 / AA- A	2.80 2.70
46625HJR2	JP Morgan Chase Note 2.35% Due 1/28/2019	1,200,000.00	04/02/2014 2.32 %	1,201,392.00 1,201,392.00	101.88 1.67 %	1,222,545.60 4,935.00	1.31 % 21,153.60	A3 / A- A+	2.83 2.72
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	1,200,000.00	Various 2.02 %	1,205,740.50 1,205,740.50	102.89 1.12 %	1,234,623.60 2,125.00	1.32 % 28,883.10	A1 / AA- NR	2.92 2.82
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	1,200,000.00	11/19/2014 2.25 %	1,202,712.00 1,202,712.00	102.38 1.57 %	1,228,616.40 1,533.33	1.31 % 25,904.40	A1 / A AA-	3.45 3.23
713448CS5	PepsiCo Inc Callable Note Cont 3/30/2020 1.85% Due 4/30/2020	970,000.00	04/27/2015 1.86 %	969,447.10 969,447.10	101.98 1.34 %	989,190.48 7,526.93	1.06 % 19,743.38	A1 / A A	4.08 3.82
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	1,340,000.00	05/13/2015 2.25 %	1,340,302.10 1,340,302.10	102.51 1.62 %	1,373,636.68 10,971.26	1.47 % 33,334.58	A1 / A+ NR	4.14 3.91
084670BQ0	Berkshire Hathaway Callable Note Cont 2/15/2021 2.2% Due 3/15/2021	1,045,000.00	03/08/2016 2.25 %	1,042,784.60 1,042,784.60	102.12 1.74 %	1,067,182.22 1,021.78	1.14 % 24,397.62	Aa2 / AA A+	4.96 4.61
-37-									
<b>Total US Corporate</b>		<b>23,945,000.00</b>	<b>1.71 %</b>	<b>24,079,709.60</b>	<b>1.24 %</b>	<b>24,265,125.97</b>	<b>25.94 %</b>	<b>A1 / A+ A+</b>	<b>2.41</b>
<b>US TREASURY</b>									
912828SD3	US Treasury Note 1.25% Due 1/31/2019	1,935,000.00	05/29/2012 1.09 %	1,955,189.19 1,955,189.19	101.11 0.85 %	1,956,542.36 4,053.40	2.09 % 1,353.17	Aaa / AA+ AAA	2.84 2.78
912828SX9	US Treasury Note 1.125% Due 5/31/2019	1,000,000.00	01/30/2013 1.23 %	993,714.94 993,714.94	100.67 0.91 %	1,006,680.00 3,780.74	1.07 % 12,965.06	Aaa / AA+ AAA	3.17 3.09
912828TH3	US Treasury Note 0.875% Due 7/31/2019	1,100,000.00	10/25/2012 1.21 %	1,075,941.90 1,075,941.90	99.76 0.95 %	1,097,378.70 1,612.98	1.17 % 21,436.80	Aaa / AA+ AAA	3.33 3.27
912828UB4	US Treasury Note 1% Due 11/30/2019	2,000,000.00	Various 1.91 %	1,893,289.25 1,893,289.25	99.96 1.01 %	1,999,140.00 6,721.31	2.13 % 105,850.75	Aaa / AA+ AAA	3.67 3.58
912828PX2	US Treasury Note 3.625% Due 2/15/2021	1,425,000.00	06/02/2011 2.95 %	1,505,662.92 1,505,662.92	111.30 1.23 %	1,586,036.40 6,527.99	1.69 % 80,373.48	Aaa / AA+ AAA	4.88 4.49
912828RC6	US Treasury Note 2.125% Due 8/15/2021	1,650,000.00	02/28/2014 2.23 %	1,637,953.86 1,637,953.86	104.15 1.32 %	1,718,512.95 4,430.98	1.83 % 80,559.09	Aaa / AA+ AAA	5.38 5.07
912828RR3	US Treasury Note 2% Due 11/15/2021	2,000,000.00	01/18/2012 1.90 %	2,017,664.26 2,017,664.26	103.42 1.37 %	2,068,438.00 15,164.84	2.22 % 50,773.74	Aaa / AA+ AAA	5.63 5.28
912828SF8	US Treasury Note 2% Due 2/15/2022	2,025,000.00	07/31/2014 2.33 %	1,978,970.99 1,978,970.99	103.42 1.39 %	2,094,214.50 5,118.13	2.23 % 115,243.51	Aaa / AA+ AAA	5.88 5.53
912828SV3	US Treasury Note 1.75% Due 5/15/2022	2,000,000.00	07/29/2013 2.41 %	1,895,945.50 1,895,945.50	101.68 1.46 %	2,033,672.00 13,269.23	2.18 % 137,726.50	Aaa / AA+ AAA	6.13 5.72



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US TREASURY</b>									
912828TJ9	US Treasury Note 1.625% Due 8/15/2022	2,000,000.00	Various 2.17 %	1,910,562.70 1,910,562.70	100.77 1.50 %	2,015,390.00 4,107.14	2.15 % 104,827.30	Aaa / AA+ AAA	6.38 6.03
912828TY6	US Treasury Note 1.625% Due 11/15/2022	1,600,000.00	05/27/2014 2.37 %	1,509,318.90 1,509,318.90	100.75 1.51 %	1,612,000.00 9,857.14	1.73 % 102,681.10	Aaa / AA+ AAA	6.63 6.22
912828VB3	US Treasury Note 1.75% Due 5/15/2023	1,800,000.00	Various 2.37 %	1,713,425.18 1,713,425.18	101.38 1.55 %	1,824,750.00 11,942.31	1.95 % 111,324.82	Aaa / AA+ AAA	7.13 6.64
912828B66	US Treasury Note 2.75% Due 2/15/2024	725,000.00	12/29/2015 2.17 %	756,353.49 756,353.49	108.29 1.62 %	785,067.70 2,519.57	0.84 % 28,714.21	Aaa / AA+ AAA	7.88 7.09
<b>Total US Treasury</b>		<b>21,260,000.00</b>	<b>2.05 %</b>	<b>20,843,993.08</b>	<b>1.29 %</b>	<b>21,797,822.61</b> <b>89,105.76</b>	<b>23.28 %</b> <b>953,829.53</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>5.32</b> <b>5.01</b>
<b>TOTAL PORTFOLIO</b>		<b>90,901,044.30</b>	<b>1.97 %</b>	<b>91,499,284.11</b> <b>91,501,461.89</b>	<b>1.24 %</b>	<b>93,579,659.14</b> <b>429,736.34</b>	<b>100.00 %</b> <b>2,078,197.25</b>	<b>Aa1 / AA</b> <b>Aaa</b>	<b>3.85</b> <b>3.51</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>94,009,395.48</b>			





Holdings Report

As of 3/31/16

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>CASH</b>									
90CASH\$00	Cash Custodial Cash Account	6,001,648.39	03/28/2016 0.00 %	6,001,648.39 6,001,648.39	1.00 0.00 %	6,001,648.39 0.00	100.00 % 0.00	NR / NR NR	0.00 0.00
<b>Total Cash</b>		<b>6,001,648.39</b>	<b>N/A</b>	<b>6,001,648.39</b> <b>6,001,648.39</b>	<b>0.00 %</b>	<b>6,001,648.39</b> <b>0.00</b>	<b>100.00 %</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL PORTFOLIO</b>		<b>6,001,648.39</b>	<b>N/A</b>	<b>6,001,648.39</b> <b>6,001,648.39</b>	<b>0.00 %</b>	<b>6,001,648.39</b> <b>0.00</b>	<b>100.00 %</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>6,001,648.39</b>			



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>CASH</b>									
90CASH\$00	Cash Custodial Cash Account	556,111.29	03/28/2016 0.00 %	556,111.29 556,111.29	1.00 0.00 %	556,111.29 0.00	100.00 % 0.00	NR / NR NR	0.00 0.00
<b>Total Cash</b>		<b>556,111.29</b>	<b>N/A</b>	<b>556,111.29</b> <b>556,111.29</b>	<b>0.00 %</b>	<b>556,111.29</b> <b>0.00</b>	<b>100.00 %</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL PORTFOLIO</b>		<b>556,111.29</b>	<b>N/A</b>	<b>556,111.29</b> <b>556,111.29</b>	<b>0.00 %</b>	<b>556,111.29</b> <b>0.00</b>	<b>100.00 %</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>556,111.29</b>			



**Holdings Report**

As of 3/31/16

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>CASH</b>									
90CASH\$00	Cash Custodial Cash Account	1,226,830.81	03/28/2016 0.00 %	1,226,830.81 1,226,830.81	1.00 0.00 %	1,226,830.81 0.00	100.00 % 0.00	NR / NR NR	0.00 0.00
<b>Total Cash</b>		<b>1,226,830.81</b>	<b>N/A</b>	<b>1,226,830.81</b> <b>1,226,830.81</b>	<b>0.00 %</b>	<b>1,226,830.81</b> <b>0.00</b>	<b>100.00 %</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL PORTFOLIO</b>		<b>1,226,830.81</b>	<b>N/A</b>	<b>1,226,830.81</b> <b>1,226,830.81</b>	<b>0.00 %</b>	<b>1,226,830.81</b> <b>0.00</b>	<b>100.00 %</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>1,226,830.81</b>			

-41-

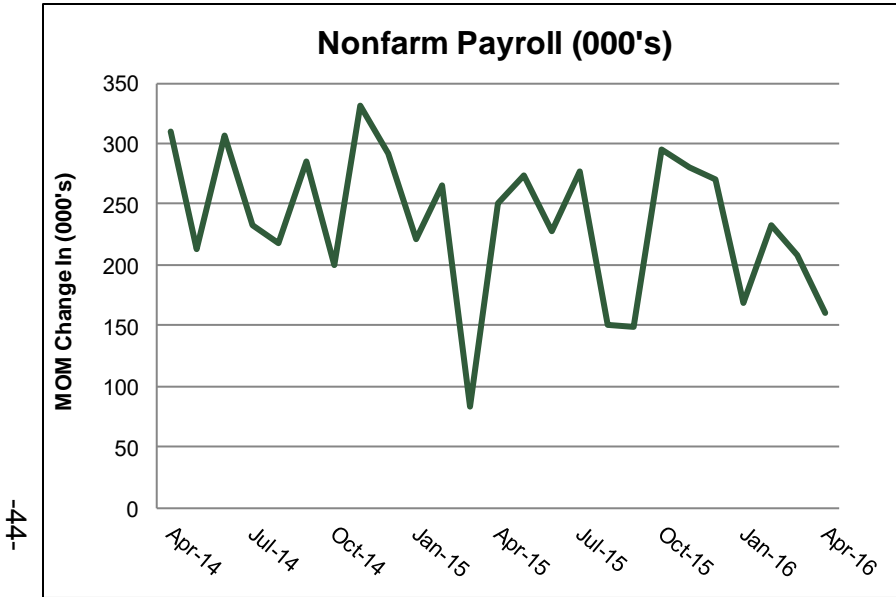
**SECTION 4**

**Economic Update**

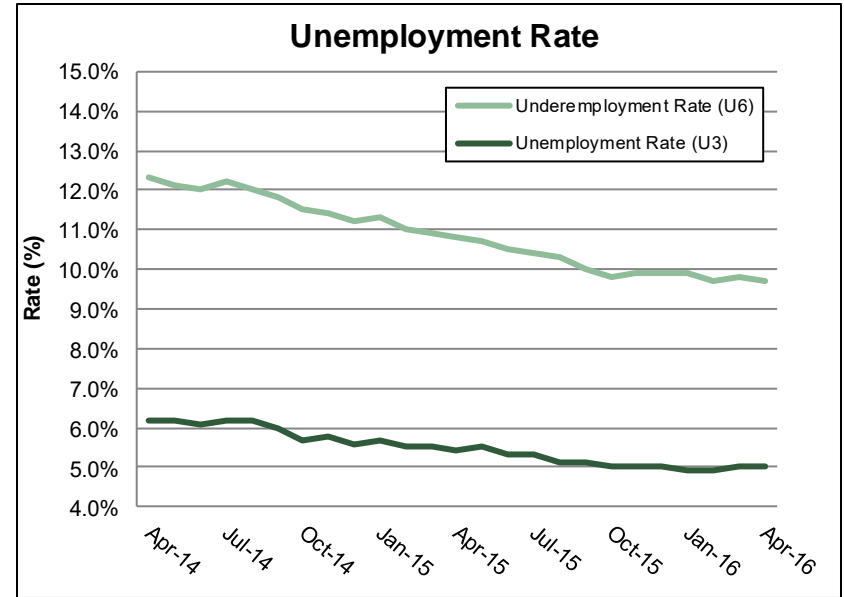




- The Federal Open Market Committee (FOMC) left policy rates unchanged at its April meeting. Kansas City Fed President Esther George was again the lone dissenter, preferring to see the fed funds rate increase by 0.25%. The Fed downgraded its assessment of the overall economy in its policy statement, noting that economic activity “appears to have slowed.” The FOMC continues to closely monitor the global economy, but removed language that was included in the March policy statement suggesting that global economic conditions posed risks to the domestic economy. We believe the FOMC has left the door open for a 25 basis point rate hike in June. However, given that inflation continues to run below the Fed's 2.0% target, job growth was lower than expected in April, and recent economic data has been somewhat sluggish, the next rate hike could be delayed. Global economic developments including the Brexit vote in June, as well as the Bank of Japan and European Central Bank monetary policy meetings next month, could also influence the Fed's policy decision.
- Domestic economic data continues to point to slow growth. Labor market trends remain favorable (with payrolls up an average of 200,000 per month over the past three months) and consumer confidence is solid. However, consumer spending trends have been lackluster and housing data has been bumpy. Manufacturing trends have improved but remain weak. Meanwhile, inflation pressures are contained, with the Core PCE index up just 1.6% year-over-year in March. First quarter 2016 GDP grew at a sluggish pace of 0.5%, following growth of 1.4% in the fourth quarter. Market participants are forecasting a modest rebound in GDP growth in the second quarter of 2016 of 2.3%.
- In April, the Treasury yield curve shifted up slightly, with the 2-year Treasury yield up just six basis points and the 10-year Treasury yield up about seven basis points. Most market participants currently expect the Fed to keep policy rates on hold for the foreseeable future. Inflation remains contained for now, which gives the Fed more leeway to remain highly accommodative. However, labor market conditions are near those consistent with maximum sustainable employment, which leaves the door open for the Fed to continue normalizing monetary policy this year. In our view, two rate hikes before year-end are still possible (which would align with the FOMC's central tendency projection), and at least one is likely. Economic data is generally in line with the FOMC's most recent projections. As such, we believe the Fed will be forced to alter its message and revamp its economic projections in June if they do not hike rates.

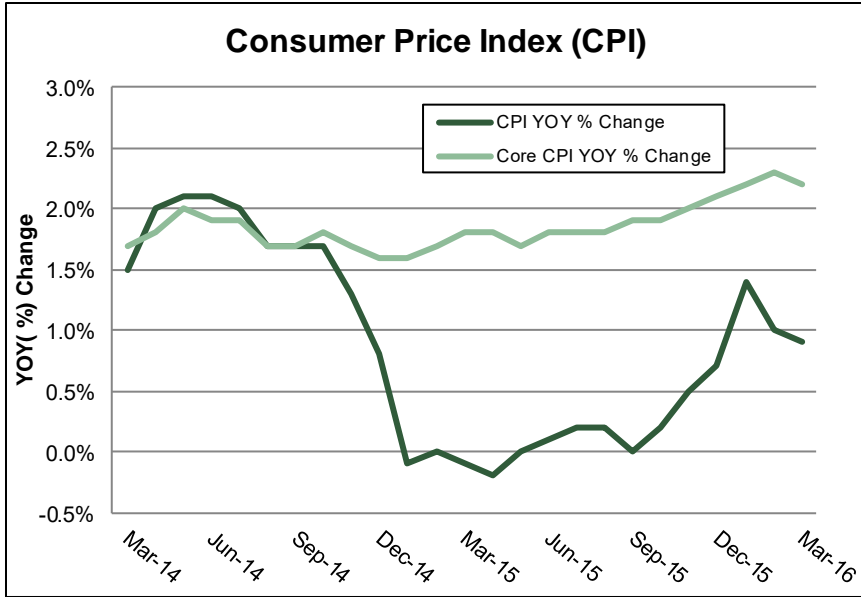


Source: US Department of Labor

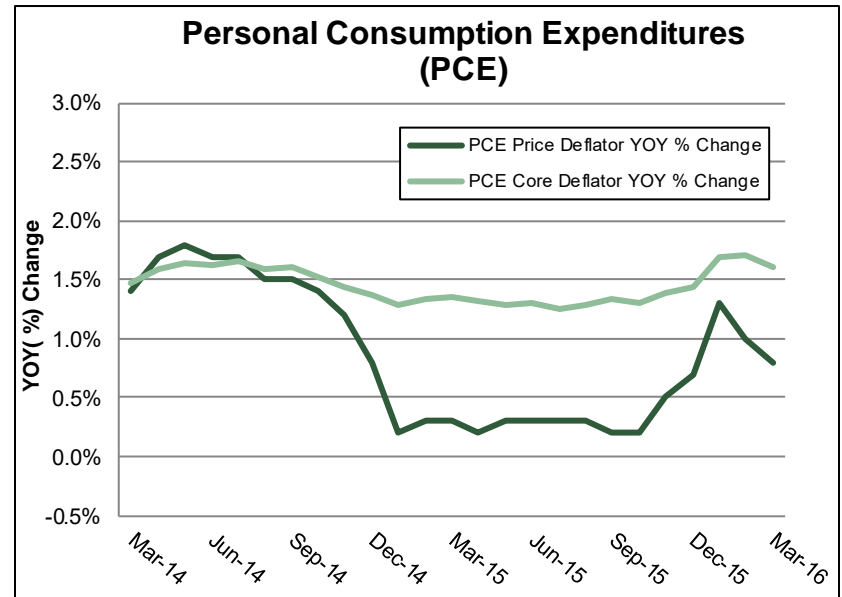


Source: US Department of Labor

Nonfarm payrolls rose by 160,000 in April, lower than the consensus forecast of 200,000. February and March payrolls were revised down by a combined total of 19,000. The unemployment rate was unchanged at 5.0%. The participation rate inched down to 62.8% from 63.0%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, declined to 9.7% from 9.8%. Wages rose 0.3% in April, in line with expectations, following growth of 0.2% in March. Over the past three months, payrolls increased by an average of 200,000 per month, compared to the trailing six-month average of 220,000. Although the April jobs report was arguably weaker than expected, wage growth was favorable, the gap between the official unemployment rate and the U-6 narrowed, and nonfarm payrolls have grown at a solid pace on a trailing 3- and 6-month basis.



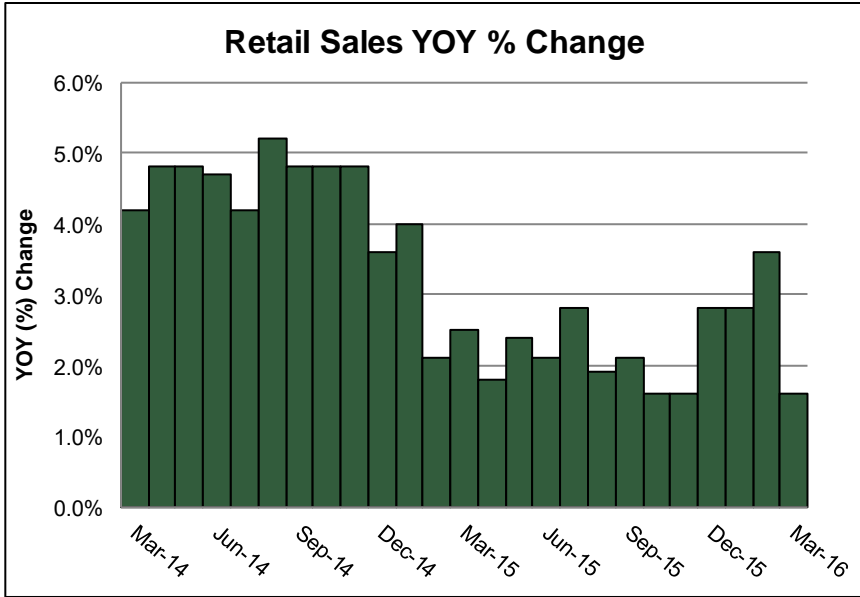
Source: US Department of Labor



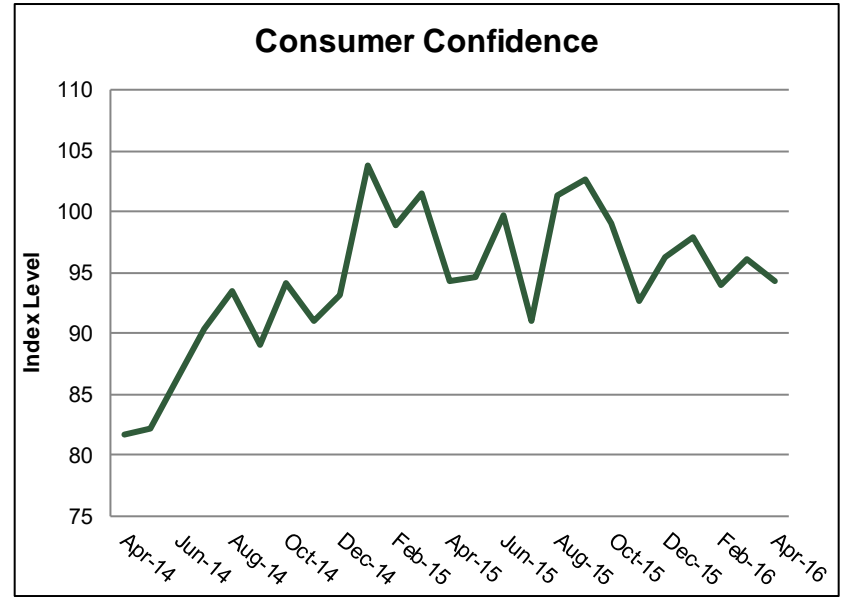
Source: US Department of Labor

Inflation pressures remain contained for now. The Consumer Price Index (CPI) was up just 0.9% year-over-year in March, vs. 1.0% in February. Core CPI (CPI less food and energy) was up just 2.2% year-over-year in March, vs. 2.3% in February. The Personal Consumption Expenditures (PCE) index was up 0.8% year-over-year in March, vs. up 1.0% in February. Core PCE (excluding food and energy) was up 1.6% year-over-year in March, vs. up 1.7% in February. These indices suggest that inflation moved further away from the Fed's longer-term 2.0% target in March.

-46-



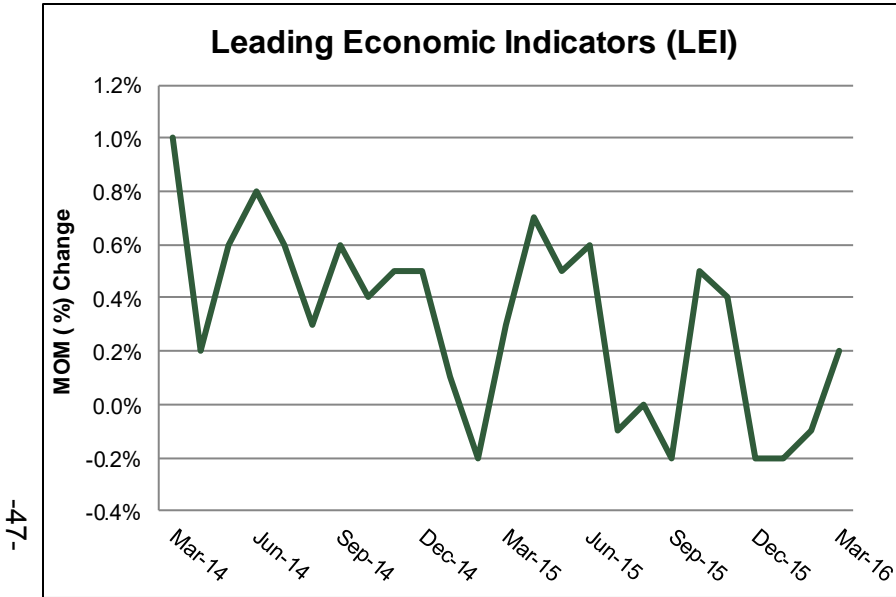
Source: US Department of Commerce



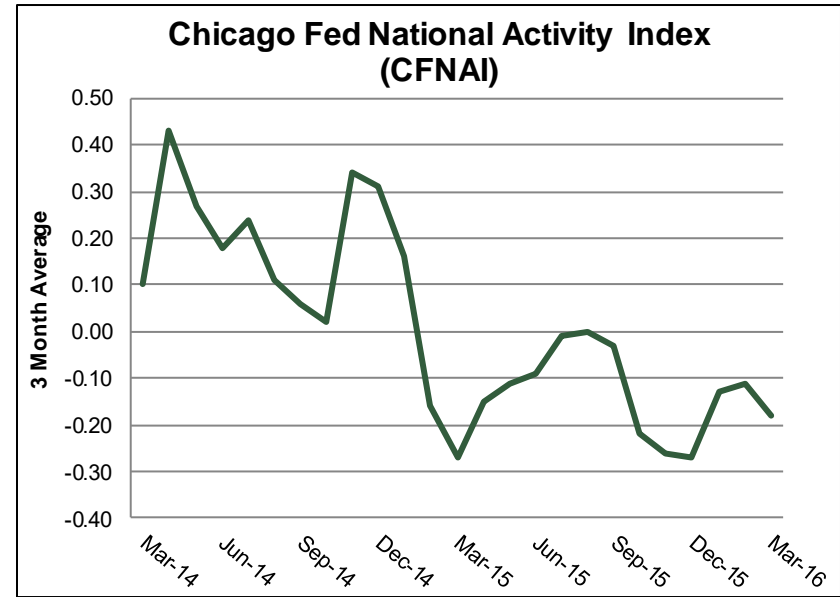
Source: Federal Reserve

Retail sales trends remain underwhelming. On a year-over-year basis, retail sales were only up 1.7% in March, down from 3.7% in February. Excluding gas, retail sales were up 3.3% in March, down from 5.4% in February. Retail sales declined 0.3% on a month-over-month basis in March, below expectations for a 0.1% increase. Meanwhile, the consumer confidence index increased to 96.2 in March from 94.0 in February. We believe ongoing improvement in the labor market and low gas prices should eventually provide a tailwind to consumer spending.





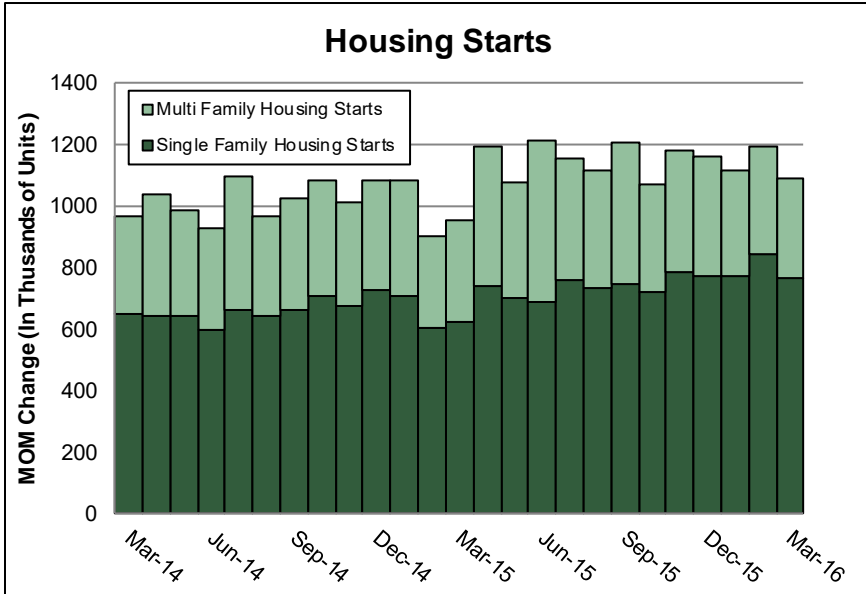
Source: The Conference Board



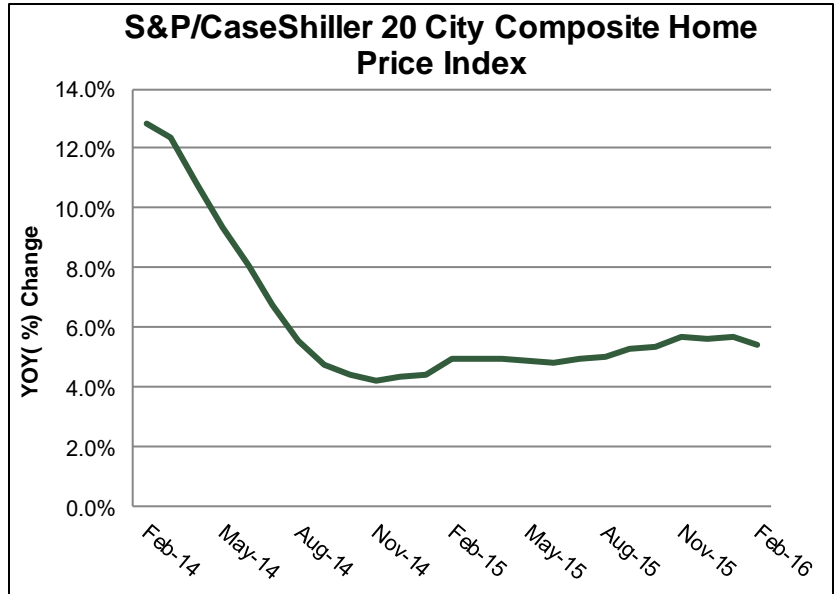
Source: Federal Reserve Bank of Chicago

The index of Leading Economic Indicators (LEI) rose 0.2% in March, following a 0.1% decline in February. On a year-over-year basis, the LEI was up 2.2% in March, unchanged from February. The Chicago Fed National Activity Index (CFNAI) 3-month moving average declined to -0.18 in March from -0.11 in February. A reading below -0.70 on a 3-month moving average basis has historically corresponded with the onset of a recession; fortunately the CFNAI remains safely above that level. Both broad economic indices (LEI and CFNAI) point to slow domestic economic growth, at best. However, neither index points to an economic downturn in the near-term.

-48-

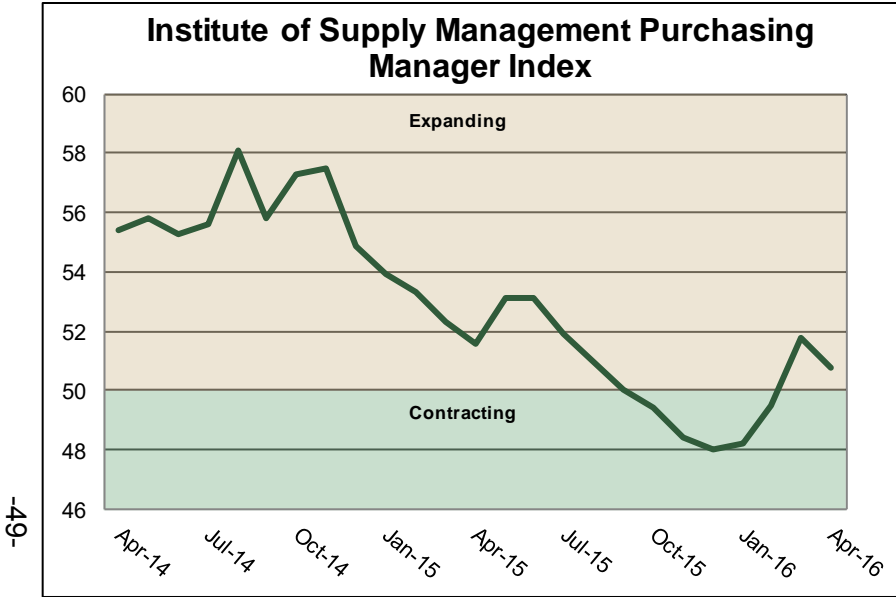


Source: US Census Bureau

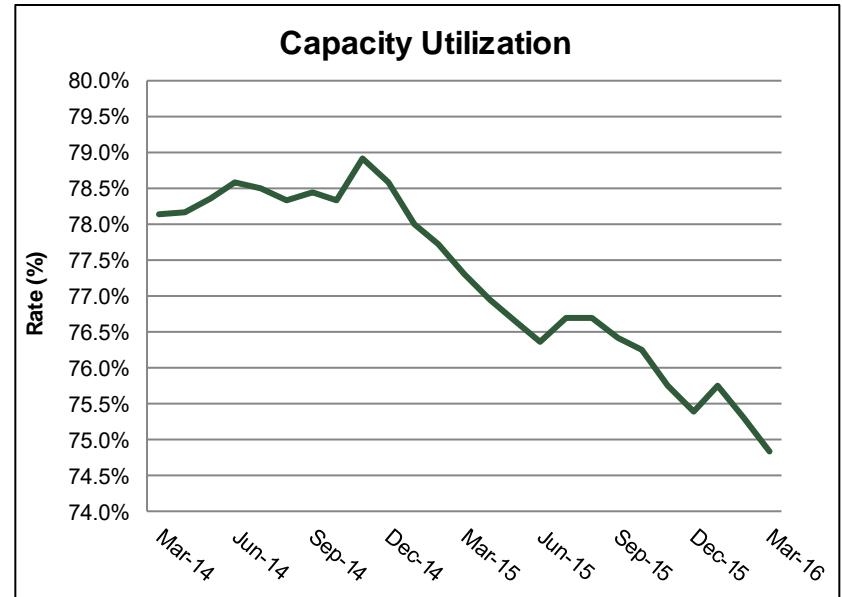


Source: S&P

Total housing starts declined 8.8% on a month-over-month basis in March, well below expectations. Single-family housing starts declined 9.2% while multi-family starts declined 7.9%. Housing starts tend to be volatile on a month-to-month basis and the data is subject to revision. On a year-over-year basis, housing starts were up 14.2% in March. Although housing starts were weak in March, we believe underlying trends in the housing market remain healthy. Meanwhile, home price appreciation has moderated. According to the Case-Shiller 20-City home price index, home prices were up 5.4% year-over-year in February (vs. up 5.7% year-over-year in January).



Source: Institute for Supply Management



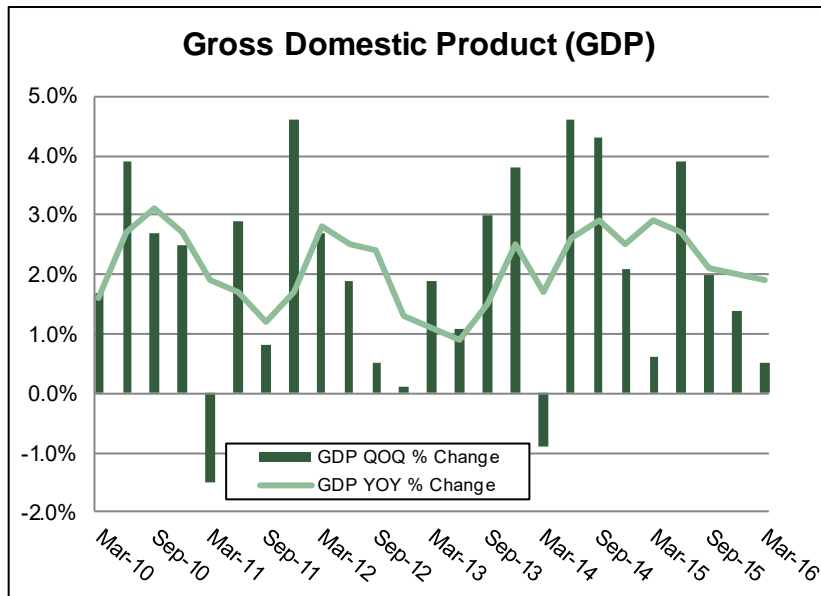
Source: Federal Reserve

The Institute for Supply Management (ISM) manufacturing index declined to 50.8 in April from 51.5 in March. The index is just barely above the 50.0 breakeven level, which suggests that the manufacturing sector is expanding slightly. Notably, a reading above 43.1 over a period of time is generally indicative of broad economic expansion, based on the historical relationship between the index and GDP growth. Meanwhile, capacity utilization, which is production divided by capacity, declined to 74.8% in March from 75.3% in February. The capacity utilization rate is much lower than the long-run average of 80.0% (1972-2015), suggesting there is still excess capacity in the industrial sector.



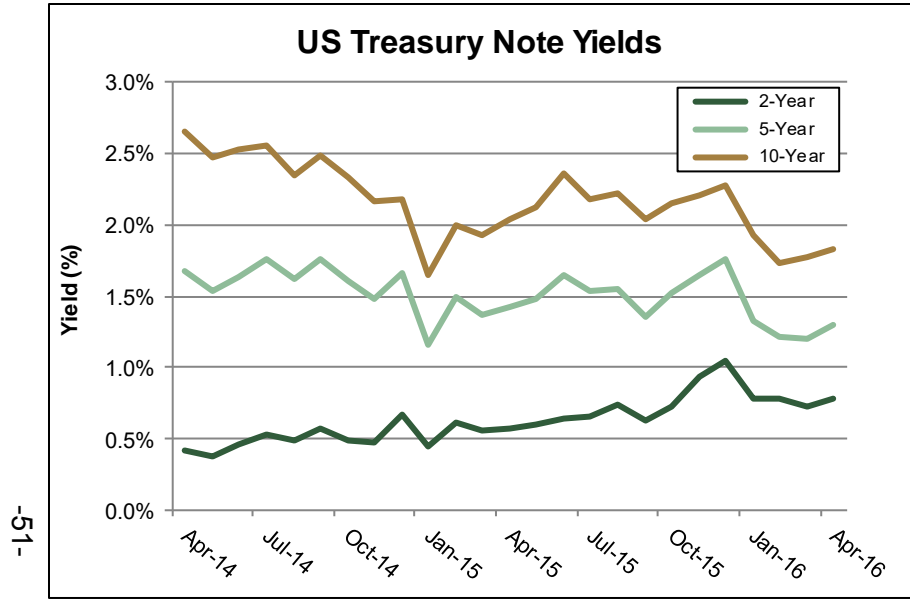
Components of GDP	6/15	9/15	12/15	3/16
Personal Consumption Expenditures	2.4%	2.0%	1.7%	1.3%
Gross Private Domestic Investment	0.9%	-0.1%	-0.2%	-0.6%
Net Exports and Imports	0.2%	-0.3%	-0.1%	-0.3%
Federal Government Expenditures	0.0%	0.0%	0.2%	-0.1%
State and Local (Consumption and Gross Investment)	0.5%	0.3%	-0.1%	0.3%
<b>Total</b>	<b>3.9%</b>	<b>2.0%</b>	<b>1.4%</b>	<b>0.5%</b>

Source: US Department of Commerce

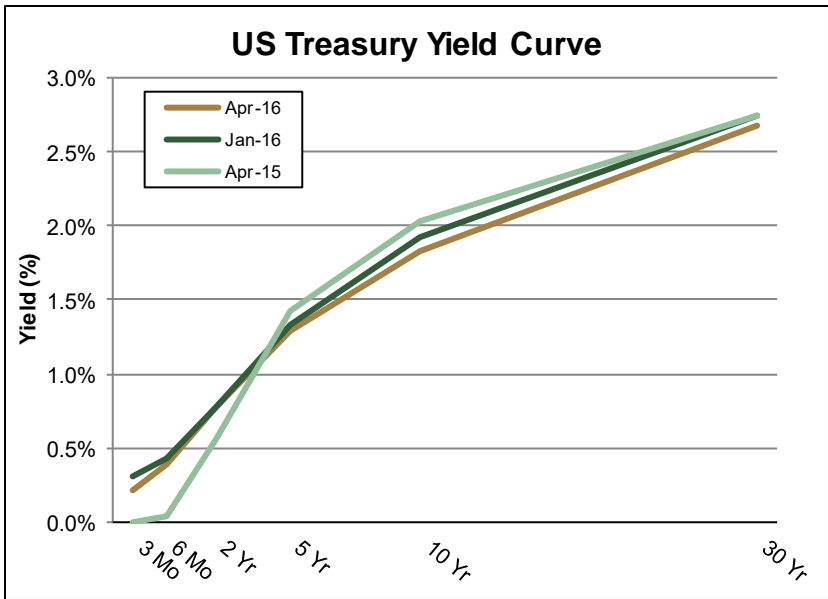


Source: US Department of Commerce

According to the advance estimate, first quarter real GDP grew 0.5%, following growth of 1.4% in the fourth quarter. The consensus forecast called for first quarter growth of 0.7%. Growth from Personal Consumption Expenditures (PCE) decelerated in the first quarter from the fourth quarter but continued to be the biggest overall contributor to economic growth. Nonresidential structures, equipment, inventories, net exports, and federal government spending were all drags on GDP growth in the first quarter. Notably, the advance estimate of GDP growth is subject to revision. In the fourth quarter, the advance estimate of GDP growth was 0.7%, before finally being revised up to 1.4%. Market participants are forecasting GDP growth of about 2.3% in the second quarter of 2016.



Source: Bloomberg



Source: Bloomberg

-51-

Over the past three months, the yield curve flattened with the 2-year Treasury yield virtually unchanged and the 10-year Treasury yield down about 9 basis points. Over much of the past year, financial market volatility has been elevated due to weak global economic growth, volatile commodity prices, and divergent global central bank monetary policy. These concerns will likely continue to fuel financial market volatility over the medium-term.





# moulton niguel water district

## STAFF REPORT

**TO:** Board of Directors **MEETING DATE:** May 18, 2016

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

**SUBJECT:** Server Equipment Purchase for Fiscal Year 2015-16

**DIVISION:** District-wide

---

### SUMMARY:

Issue: Purchase of new server equipment solution.

Recommendation: It is recommended that the Board of Directors approve the purchase of the new server equipment from Resilient Communications for the amount of \$82,100.

Fiscal Impact: Sufficient funds are available in the FY 2015-16 Capital Outlay budget.

### BACKGROUND:

The purchase of a new server solution is necessary to provide greater flexibility and capacity for JD Edwards production system, as well as preparing the District's infrastructure to meet future demands. Planned system expansions such as Document Management, Computerized Maintenance Management System (CMMS), Human Resource Information System (HRIS), and Geographic Information System (GIS) will place increased demands on current virtualization infrastructure based on input from the various departments throughout the District.

The new server will isolate JD Edwards system from other applications for maximum performance and stability. The purchase will also add necessary storage capacity to enable support for the District's various operating systems to avoid running at or near capacity.

## #7.

Server Equipment Purchase for Fiscal Year 2015-16

May 18, 2016

Page 2 of 2

### **DISCUSSION:**

Requirements and specifications for the new server were developed by staff to meet anticipated system needs. Staff specified a blade server solution that will provide flexibility to expand, ease of management, and a more efficient and responsive data center. A request for quotation was issued to five (5) vendors. The table below summarizes the quotes received:

<b>Vendor</b>	<b>Quote</b>	<b>Solution</b>
Elijahtech	\$112,914	OmniCube
Enhanced technologies Group, Inc	\$106,679	HP
<b>Resilient Communications</b>	<b>\$82,059</b>	Cisco & Nimble
Integriv	\$57,256	HP & Tegile Systems
Shi	\$43,764	Cisco

Staff performed a thorough review of the quotes received to determine the overall best value for delivering a scalable and flexible architecture for current and future data center needs. Solutions that were provided from Integriv and Shi did not meet the requirements of the specifications. The Cisco UCS 5100 Series Blade Server Chassis and Nimble Storage solution from Resilient Communications provide management simplicity with fewer physical components, and are more energy efficient than the traditional blade-server chassis. The District has experience with Cisco communication equipment, which has proven to be reliable, high-quality and reputable in the technology industry.

Staff is recommending the purchase of the new server solution from Resilient Communications based on cost, overall solution quality, and satisfaction of District's requirements. Implementation of the new server is anticipated to be completed by 6/30/2016.





# moulton niguel water district

## STAFF REPORT

**TO:** Board of Directors                      **MEETING DATE:** May 18, 2016

**FROM:** Matt Collings, Assistant General Manager  
Drew Atwater, Water Resources Manager

**SUBJECT:** Rebate Applications for Turf Removal

**DIVISION:** District-wide

---

### SUMMARY:

Issue: The District has received an exemption request for a rebate application that exceeded the maximum allowable acreage for turf removal as defined in the approved Board policy.

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

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

### BACKGROUND:

More than half of the water used at the District is for outdoor landscapes. Water efficient landscapes can decrease water use up to 70 percent through a combination of proper plant selection and irrigation technology. However, the cost of installing climate-applicable plants is sometimes an obstacle to turning traditional grass landscapes into more water-efficient environments. The District's turf replacement program is designed to help residents, businesses, and public agencies make that conversion.

The proposed project is eligible to receive \$2 per square foot from the District for turf removal and \$1.50 for synthetic turf installation. The program provides limitations on the amount of turf removal and/or synthetic turf installation that qualifies for the rebate. The relevant cap for the applicants is 3,000 square feet for the residential project.

## #8.

### Rebate Applications for Turf Removal

May 18, 2016

Page 2 of 2

All rebates from the District are funded through the Water Efficiency Fund using the incremental revenue generated from the higher consumption tiers (Tiers 3, 4 and 5) in the water budget-based rate structure.

#### **DISCUSSION:**

In recent months, the District has expanded its outreach efforts to promote water use efficiency in response to the drought emergency. Customers have responded with requests for more than 5 million square feet of turf removal and more than 600,000 square feet of synthetic turf installation. The District has received an additional request from a customer to remove 4,500 square feet of turf. Table 1 identifies the customer and the rebate request.

Table 1 – Rebate Request

Customer	Division	Proposed Turf Removal (Sq. Feet)	Proposed Synthetic Turf Installation (Sq. Feet)	Proposed Rebate Value (\$)
Residential – Acct #7-02084	4	4,500	4,500	\$15,750
<b>Total</b>		<b>4,500</b>		<b>\$15,750</b>

The value provided above is based on the project estimate and may vary as the project becomes more defined. The proposed rebate incentives for the identified project would be funded from the Water Efficiency Fund.

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

**MOULTON NIGUEL WATER DISTRICT**  
**Summary of Financial Results**  
**May 18, 2016**

Results of operations for the nine months ended March 31, 2016, are summarized below. The end of March represents 9/12 (75%) of the fiscal year. This summary is intended to provide highlights and noteworthy issues to the Board.

District-wide total operating revenues were \$39.6 million through March 31, 2016, which is right on track at 75% of the budget. Total District operating expenses were \$46.9 million as of March 31, 2016, which is trending at 67% of the approved budget. The District continues to operate under a Net Operating Loss of \$7.4 million, which is not unusual and similar to prior years. The District receives a significant portion of its revenue from property taxes to make up for the operating loss. District total Net Income for the nine months ended is at \$2.2 million. A positive total Net Income amount is indicative of sound financial management strategies and proper planning by the Board.

The District has placed significant efforts into the drought response and outreach program, and water efficiency penalty revenue is 7% lower at March 31, 2016, then it was as of March 31, 2015. Further, the District had approximately 90% of customers living within their budget as of March 31, 2016.

Potable water usage is down, which indicates that the Water Shortage Contingency Plan is accomplishing its purpose to add to the motivation to conserve water. The District has expended \$17.5 million in water purchases fiscal year to date, which represents an 11% decrease from the prior year, despite a 2% increase in MWDOC rates.

Including \$3.0 million in outstanding commitments, the Water Efficiency Fund has \$4.0 million remaining in Fund Balance. The available fund balance remained unchanged from the February 29, 2016, report.

Total Assets and Deferred Outflows of Resources has decreased by \$13.6 million fiscal year to date, which is almost entirely due to depreciation on District infrastructure. Depreciation for the year is \$12.8 million, and represents a reduction in the value of infrastructure with the passage of time, due to wear and tear. This figure shows the value to the District of a capital improvement plan that reinvests in those deteriorating assets.

Total Liabilities and Deferred Outflows of Resources have decreased by \$15.8 million since the start of the fiscal year, and can mostly be attributed to scheduled debt service payments of \$9.5 million fiscal year to date.

The District's total Net Position, or net worth of the District, is \$410.0 million as of March 31, 2016, which represents no change from the prior month's report of \$410.0 million as of February 29, 2016.

The Financial Results for March 31, 2016, show that the District remains in strong and nimble financial position. The District outreach efforts are proving effective, and the District has properly planned for demand management and difficult drought and economic conditions. This planning has allowed the Board to focus on other key areas of the Agency while remaining a leader in customer service.



**Moulton Niguel Water District**  
**All Funds - Budget Comparison Report**  
**Nine Months Ended March 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
<b>ALL FUNDS</b>					
<b>Operating Revenues</b>					
Water Sales	\$ 18,763,474	18,474,079	\$ 25,449,137	\$ 6,685,663	74%
Recycled Water Sales	3,334,273	3,530,508	5,249,795	1,915,522	64%
Sewer Sales	14,046,615	11,909,154	18,053,647	4,007,032	78%
Water Efficiency	3,152,585	3,403,455	3,398,873	246,288	93%
Other Operating Income	285,431	241,537	483,500	198,069	59%
<b>A Total Operating Revenue</b>	<b>39,582,377</b>	<b>37,558,732</b>	<b>52,634,952</b>	<b>13,052,575</b>	<b>75%</b>
<b>Operating Expenses</b>					
Salaries	7,608,384	7,245,694	10,779,194	3,170,810	71%
PERs Employer Contributions	991,938	649,610	1,422,733	430,795	70%
PERs Employee Contributions	90,315	121,783	153,377	63,062	59%
Defined Contribution 401A	122,456	129,133	200,534	78,078	61%
Educational Courses	17,265	17,787	44,770	27,505	39%
Travel & Meetings	137,956	131,463	253,344	115,388	54%
Employee Relations	13,837	7,790	15,000	1,163	92%
General Services	232,072	252,322	463,095	231,023	50%
Annual Audit	44,667	40,665	48,080	3,413	93%
Member Agencies O&M	693,330	905,374	1,542,495	849,165	45%
Dues & Memberships	95,294	78,670	97,010	1,716	98%
Consulting Services	1,735,455	897,089	3,098,900	1,363,445	56%
Equipment Rental	43,330	43,336	65,000	21,670	67%
District Fuel	137,438	174,636	340,000	202,562	40%
Insurance - District	283,141	388,040	561,275	278,134	50%
Insurance - Personnel	275,193	294,992	447,992	172,799	61%
Insurance - Benefits	1,846,610	1,714,703	2,703,887	857,277	68%
Legal Services - Personnel	6,548	854	50,000	43,452	13%
Legal Services - General <sup>1</sup>	136,969	117,941	200,000	63,031	68%
District Office Supplies	608,333	368,121	965,151	356,817	63%
District Operating Supplies	300,936	219,064	392,967	92,031	77%
Repairs & Maintenance - Equipment	556,048	421,605	741,969	185,921	75%
Repairs & Maintenance - Facilities	2,197,712	2,028,067	4,135,970	1,938,258	53%
Safety Program & Compliance Requirements	168,184	106,032	309,450	141,266	54%
SOCWA	6,858,792	6,118,011	9,204,735	2,345,943	75%
Special Outside Assessments	24,292	24,296	225,000	200,708	11%
Utilities	1,607,110	1,511,881	2,258,900	651,790	71%
Water Purchases	17,487,450	19,568,986	23,697,842	6,210,392	74%
Meter / Vault Purchases	384,647	364,987	906,000	521,353	42%
Water Efficiency	2,247,433	1,725,064	4,849,624	2,602,191	46%
Other Operating Expenses	1,874	118,298	-	(1,874)	n/a
<b>B Total Operating Expenses</b>	<b>46,955,010</b>	<b>45,786,293</b>	<b>70,174,294</b>	<b>23,221,157</b>	<b>67%</b>
<b>A-B Operating Income (Loss)</b>	<b>(7,372,634)</b>	<b>(8,227,560)</b>	<b>(17,539,342)</b>	<b>(10,168,582)</b>	<b>42%</b>
<b>Non-Operating Revenues (Expenses)</b>					
Property Tax Revenue	15,892,876	14,991,265	26,501,190	10,608,314	60%
Investment Income <sup>2</sup>	2,926,608	2,999,645	2,027,705	(898,903)	144%
Property Lease Income	1,314,875	1,284,647	1,660,096	345,221	79%
Interest Expense	(4,198,475)	(4,533,299)	(5,594,886)	(1,396,411)	75%
Misc. Non-Operating Income <sup>3</sup>	5,377,592	12,620,573	68,000	(5,309,592)	n/a
Connection Fees	1,046,336	549,379	-	(1,046,336)	n/a
<b>C Total Non-Operating Revenue (Expenses)</b>	<b>22,359,811</b>	<b>27,912,210</b>	<b>24,662,105</b>	<b>2,302,294</b>	<b>91%</b>
<b>A-B+C Change in All Funds</b>	<b>\$ 14,987,178</b>	<b>\$ 19,684,650</b>	<b>\$ 7,122,763</b>	<b>\$ (7,866,288)</b>	
<b>Other Non Cash Expenses</b>					
Depreciation	12,776,978	12,495,233	-	(12,776,978)	n/a
<b>D Total Change in Net Position</b>	<b>2,210,200</b>	<b>7,189,417</b>	<b>7,122,763</b>	<b>4,910,690</b>	

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 \$1,881,605 and unrealized income of \$1,045,003.

3. The District received \$1.3 million for the 2009 COP (Build America Bonds) Federal Interest subsidy and \$3.1 million for the Special Assessment District taxes. The District has historically not budgeted for these items but will re-evaluate for next year's Budget.

# #9.b.

**Moulton Niguel Water District  
All Funds - Budget Comparison Report  
Nine Months Ended March 31, 2016  
Legal Services - General**

<b>Firm</b>	<b>General<sup>4</sup></b>	<b>Water Use Efficiency<sup>4</sup></b>	<b>Capital<sup>5</sup></b>	<b>Total</b>
<b>Bowie, Arneson, Wiles &amp; Giannone</b>	\$ 38,902	\$ -	\$ 10,022	\$ 48,924
<b>Best Best &amp; Krieger LLP</b>	91,596	5,877	24,825	122,297
<b>Downey Brand, Attorneys</b>	594	-	3,064	3,658
<b>Total</b>	<b>\$ 131,092</b>	<b>\$ 5,877</b>	<b>\$ 37,910</b>	<b>\$ 174,879</b>

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

4. Legal Services - General on the previous page is made up of the General balance of \$131,092 and the \$5,877 Water Use Efficiency balance, for a total of \$136,969.
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**  
**Nine Months Ended March 31, 2016**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<b>GENERAL FUND</b>				
<b><u>Operating Revenues</u></b>				
Water Sales	\$ 25,449,137	\$ 18,763,474	\$ 6,685,663	74%
Recycled Water Sales	5,249,795	3,334,273	1,915,522	64%
Sewer Sales	18,053,647	14,046,615	4,007,032	78%
Other Operating Income	483,500	285,431	198,069	59%
<b>Total Operating Revenue</b>	<b>49,236,079</b>	<b>36,429,792</b>	<b>12,806,287</b>	<b>74%</b>
<b><u>Operating Expenses</u></b>				
Salaries	10,307,516	7,183,290	3,124,226	70%
PERs Employer Contributions	1,364,819	945,474	419,345	69%
PERs Employee Contributions	149,890	88,917	60,973	59%
Defined Contribution 401A	192,000	115,985	76,015	60%
Educational Courses	44,270	17,265	27,005	39%
Travel & Meetings	238,644	131,217	107,427	55%
Employee Relations	15,000	13,837	1,163	92%
General Services	458,095	232,072	226,023	51%
Annual Audit	48,080	44,667	3,413	93%
Member Agencies O&M	1,542,495	693,330	849,165	45%
Dues & Memberships	96,510	95,294	1,216	99%
Consulting Services	2,248,900	1,319,830	929,070	59%
Equipment Rental	65,000	43,330	21,670	67%
District Fuel	340,000	137,438	202,562	40%
Insurance - District	561,275	283,141	278,134	50%
Insurance - Personnel	438,275	265,376	172,899	61%
Insurance - Benefits	2,587,061	1,750,615	836,446	68%
Legal Services - Personnel	50,000	6,548	43,452	13%
Legal Services - General	200,000	131,092	68,908	66%
District Office Supplies	475,400	330,851	144,549	70%
District Operating Supplies	392,967	300,936	92,031	77%
Repairs & Maintenance - Equipment	738,469	554,136	184,333	75%
Repairs & Maintenance - Facilities	4,135,970	2,197,712	1,938,258	53%
Safety Program & Compliance Requirements	309,450	168,184	141,266	54%
SOCWA	9,204,735	6,858,792	2,345,943	75%
Special Outside Assessments	225,000	24,292	200,708	11%
Utilities	2,258,900	1,607,110	651,790	71%
Water Purchases	23,697,842	17,487,450	6,210,391	74%
Meter / Vault Purchases	906,000	384,647	521,353	42%
<b>Total Operating Expenses</b>	<b>63,292,562</b>	<b>43,412,830</b>	<b>19,879,732</b>	<b>69%</b>
<b>Operating Income (Loss)</b>	<b>(14,056,483)</b>	<b>(6,983,038)</b>	<b>(7,073,445)</b>	<b>50%</b>
<b><u>Non-Operating Revenues (Expenses)</u></b>				
Property Tax Revenue	26,501,190	15,892,876	10,608,314	60%
Investment Income	1,867,913	2,768,695	(900,782)	148%
Property Lease Income	1,660,096	1,314,875	345,221	79%
Misc. Non-Operating Income <sup>1</sup>	68,000	4,757,541	(4,689,541)	n/a
<b>Total Non-Operating Revenue (Expenses)</b>	<b>30,097,199</b>	<b>24,733,986</b>	<b>5,363,213</b>	<b>82%</b>
<b>Change in General Fund</b>	<b>\$ 16,040,716</b>	<b>\$ 17,750,948</b>	<b>\$ (1,710,232)</b>	

Note: Totals may not sum due to rounding.

1. The District received \$1.3 million for the 2009 COP (Build America Bonds) Federal Interest subsidy and \$3.1 million for the Special Assessment Assessment District taxes. The District has historically not budgeted for these items but will re-evaluate for next year's Budget.

**#9.b.**

**Moulton Niguel Water District  
Water Efficiency Fund - Budget Comparison Report  
Nine Months Ended March 31, 2016**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance	% of Actuals to Budget
<b>WATER EFFICIENCY FUND</b>				
<b><u>Operating Revenue</u></b>				
Water Efficiency	\$ 3,398,873	\$ 3,152,585	\$ 246,288	93%
<b>Total Operating Revenue</b>	<b>3,398,873</b>	<b>3,152,585</b>	<b>246,288</b>	<b>93%</b>
<b><u>Operating Expenses</u></b>				
Labor	668,156	585,238	82,918	88%
Educational Courses	500	-	500	0%
Travel & Meetings	14,700	6,740	7,960	46%
General Services	5,000	-	5,000	0%
Dues & Memberships	500	-	500	0%
Consulting Services	850,000	317,129	532,871	37%
Legal Services	-	5,877	(5,877)	n/a
Conservation supplies	489,751	279,394	210,356	57%
Repairs and Maintenance - Equipment	3,500	-	3,500	0%
Water Efficiency	4,849,624	2,247,433	2,602,191	46%
<b>Total Operating Expenses</b>	<b>6,881,731</b>	<b>3,441,811</b>	<b>3,439,920</b>	<b>50%</b>
<b>Operating Income (Loss)</b>	<b>(3,482,858)</b>	<b>(289,226)</b>	<b>(3,193,632)</b>	<b>8%</b>
<b><u>Non-Operating Revenue</u></b>				
Investment Income	159,792	157,909	1,883	99%
<b>Total Non-Operating Revenue</b>	<b>159,792</b>	<b>157,909</b>	<b>1,883</b>	<b>99%</b>
<b>Change in Water Efficiency Fund</b>	<b>\$ (3,323,066)</b>	<b>\$ (131,317)</b>	<b>\$ (3,191,749)</b>	

Note: Totals may not sum due to rounding.

**Water Efficiency Available Net Position<sup>1</sup>**

Description	Approved Budget	Fiscal Year to Date Actuals	Budget Balance
Fund Net Position, Beginning of Year	\$ 7,180,191	\$ 7,180,191	\$ 7,180,191
Change in Water Efficiency Fund	(3,323,066)	(131,317)	(3,191,749)
<b>Fund Net Position, March 31, 2016</b>	<b>\$ 3,857,125</b>	<b>\$ 7,048,874</b>	<b>\$ 3,988,442</b>

1. In addition to realized expenditures, there is approximately \$3,035,269 in project commitments, reducing the available fund balance to \$4,013,605.



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

	(Unaudited) March 31, 2016	Audited June 30, 2015
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ 33,882,501	\$ 33,849,087
Restricted cash and investments with fiscal agent	8,049,184	8,777,679
Accounts receivables:		
Water and sanitation charges	2,656,263	3,392,611
Taxes and acreage assessments	-	300,842
Grant Reimbursements	455,778	405,068
Other accounts receivable	626,969	222,169
Interest receivable	512,899	620,930
Current portion of AMP receivable	656	1,302
Inventory	1,620,520	1,703,635
Prepaid expenses	447,045	480,124
	<b>48,251,815</b>	<b>49,753,446</b>
<b>NONCURRENT ASSETS:</b>		
Investments	96,797,352	116,281,296
Retrofit loans receivable	568,343	597,037
AMP Receivable	-	-
Capital assets, net of accumulated depreciation	330,734,882	343,111,410
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	51,865,442	31,642,242
	<b>481,057,928</b>	<b>492,723,895</b>
<b>TOTAL ASSETS</b>	<b>529,309,743</b>	<b>542,477,341</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>		
Deferred Charges on Refunding	1,075,093	1,488,900
Deferred Items related to Pension	1,431,577	1,431,577
	<b>2,506,670</b>	<b>2,920,477</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 531,816,413</b>	<b>\$ 545,397,818</b>

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

	<b>(Unaudited)</b>	<b>Audited</b>
	<b>March 31, 2016</b>	<b>June 30, 2015</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 4,273,453	\$ 8,162,699
Interest payable	387,081	1,830,740
Compensated absences	113,748	373,162
Current portion of long-term debt:		
Bonds payable	6,060,000	5,685,000
Loans Payable	117,149	2,110,606
Certificates of participation	1,855,000	1,780,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,806,432</b>	<b>19,942,207</b>
<b>LONG-TERM LIABILITIES</b>		
Compensated absences	37,916	124,386
Long-term debt:		
Bonds payable	16,370,000	22,430,000
Loans payable	10,688,012	10,688,012
Certificates of participation	61,925,000	63,780,000
Net Pension Liability	12,251,838	12,251,838
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>101,272,766</b>	<b>109,274,236</b>
Bond Discount/Premium	2,828,954	3,483,309
<b>TOTAL LIABILITIES</b>	<b>116,908,151</b>	<b>132,699,752</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>		
Deferred Items related to Pension	4,936,619	4,936,619
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>4,936,619</b>	<b>4,936,619</b>
<b>NET POSITION:</b>		
Net investment in capital assets	284,923,225	267,393,560
Restricted for capital projects	2,611,455	1,508,109
Unrestricted	122,436,964	138,859,778
<b>TOTAL NET POSITION</b>	<b>409,971,643</b>	<b>407,761,447</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b>\$ 531,816,413</b>	<b>\$ 545,397,818</b>

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

**MOULTON NIGUEL WATER DISTRICT**  
**RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT**  
**AS OF MARCH 31, 2016**

	Reserve Requirement	(Unaudited) Balance 3/31/2016	Over (Under) Requirement	Audited Balance 6/30/2015
<b><u>Restricted Cash and Investments:</u></b>				
DWR Trust Reserves	\$ -	\$ -	\$ -	\$ 615,739
2009 COPS Trust Reserve	6,000,000	6,001,648	1,648	6,023,364
2009 COPS Installment	-	39	39	-
2010 Installment Payment	-	264,542	264,542	-
2010 COPS Trust Reserves	556,000	556,111	111	896,180
2014 Consolidated Ref Bonds	-	-	-	-
2015 Refunding Bonds	-	12	12	-
2015 Refunding Reserve	1,226,500	1,226,831	331	1,226,500
2015 Refunding Issuance Fund	-	-	-	15,896
<b>Total Restricted Trust Accounts</b>	<b>\$ 7,782,500</b>	<b>\$ 8,049,184</b>	<b>\$ 266,684</b>	<b>\$ 8,777,679</b>

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



**MOULTON NIGUEL WATER DISTRICT**  
**NET POSITION**  
**AS OF MARCH 31, 2016**

	Reserve Policy Target	(Unaudited) Balance		Audited Balance
		3/31/2016	Net Change	6/30/2015
<b>Unrestricted Net Position:</b>				
Designated for Self Insurance Reserves	\$ 250,000	253,094	\$ 3,239	\$ 249,855
Designated for Water Efficiency (WBBRS) <sup>1</sup>	n/a	7,048,874	(131,317)	7,180,191
Designated for Replacement and Refurbishment	17,061,912	17,324,083	235,268	17,088,815
Designated for Water Supply Reliability	n/a	393,956	(407,675)	801,631
Designated for Planning and Construction	n/a	29,151,641	22,758	29,128,883
Designated for Rate Stabilization	13,250,595	13,545,998	2,545,717	11,000,281
Designated for Emergency Reserve	6,884,925	6,884,925	-	6,884,925
Unrestricted, undesignated <sup>2</sup>	23,390,581	47,834,393	(18,690,804)	66,525,197
<b>Total Unrestricted Net Position</b>	60,838,013 <sup>3</sup>	122,436,964	(16,422,814)	138,859,778
Restricted for Capital Facilities (Projects)		2,611,455	1,103,346	1,508,109
Net Investment in Capital Assets <sup>4</sup>		284,923,225	17,529,665	267,393,560
<b>Total Net Position</b>		<b>\$ 409,971,643</b>	<b>\$ 2,210,196</b>	<b>\$ 407,761,447</b>

Note: Totals may not sum due to rounding.

1. In addition to realized expenditures, there is approximately \$3,035,269 in project commitments, reducing the available fund balance to \$4,013,605.

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.

4. Net Investment in Capital Assets calculated as follows:

Total capital assets	383,692,234
Less capital related debt	(99,844,115)
Add deferred charges related to debt	1,075,093
Total Net Investment in Capital Assets	284,923,212



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

**Summary of Disbursements in April 2016:**

General Fund Disbursements		<b>5,880,109</b>
<b><u>Restricted Fund Disbursements:</u></b>		
Self Insurance Fund	406	
Water Efficiency Fund	539,292	
Replacement & Refurbishment Fund	1,217,528	
Water Supply Reliability Fund	7,055	
Planning & Construction Fund	31,100	<b>1,795,379</b>
<b>Total Disbursements for all Funds</b>	<b>\$ 7,675,488</b>	

**Detail of Major Expenditures in April 2016:**

1. Municipal Water District of Orange County (MWDOC)		
February Water Purchases 1630.6 AF	1,536,025	
February Turf, Nozzles, and Smart Timer Rebates	295,062	
February Readiness to Serve	141,054	
FY 14/15 O&M Costs of East Orange County Feeder No. 2	122,893	
February Capacity Charge	38,599	
February SCP Operation Surcharge	7,951	
February SoCal WaterSmart Residential and CII Rebate Programs	5,259	
FY 14/15 and January 2016 Reclaimed Rebate 85.3 AF	(13,136)	<b>2,133,706</b>
2. South Orange County Wastewater Authority (SOCWA)		
FY 15/16 Q4 O&M Project Billings		<b>2,004,412</b>
3. Vadrnais Trenchless Services, Inc.		
C# 2009115 San Juan Creek 30" ETM, progress payment #3		<b>885,868</b>
4. AKM Consulting Engineers, Inc.		
Recycled Water Master Plan Professional Services	131,279	
C# 2015002 FY 15/16 Valve Replacements	20,851	
C# 2014003 Del Avion and C# 2014006 Upper Salada Lift Stations	15,189	
C# 2014013 Pradera 850 Zone Loop	5,703	<b>173,022</b>
5. J. Colon Coatings, Inc.		
C# 2013002 Mathis RW Reservoir Recoat, progress payment #5		<b>139,015</b>
6. Diamond A Equipment, LLC		
Boom Lift Trailer		<b>124,375</b>
7. Pure Technologies US, Inc.		
Consulting Assessment on Central Intertie Pipeline		<b>114,262</b>

