



moulton niguel water district

FINANCE & INFORMATION TECHNOLOGY

BOARD OF DIRECTORS' MEETING

MOULTON NIGUEL WATER DISTRICT

27500 La Paz Road, Laguna Niguel

July 19, 2017

8:30 AM

Approximate Meeting Time: 3 Hours

1. CALL MEETING TO ORDER
2. APPROVE THE MINUTES OF THE JUNE 14, 2017 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

3. PUBLIC COMMENTS

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

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

DISCUSSION ITEMS

4. Laguna Sur Sewer Rates

INFORMATION ITEMS

5. 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 June 2017

6. Long Range Financial Plan Update
7. Rate Study Update
8. Water Usage Update
9. Future Agenda Items (Any items added under this section are for discussion at future meetings only)
10. 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]

CLOSED SESSION

11. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Paragraph (1) of subdivision (d) of Government Code Section 54956.9)

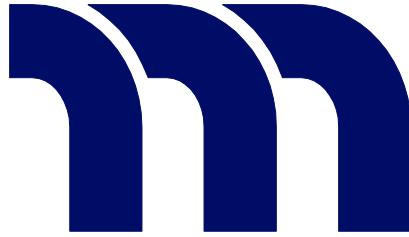
Name of case: SOCWA, City of Laguna Beach, South Coast Water District and Emerald Bay Service District v. Moulton Niguel Water District

Case number 30-2017-00923143-CU-BC-CJC

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.



moulton niguel water district

DRAFT

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

June 14, 2017

A Regular Meeting of the Finance & Information Technology Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 8:30 AM on June 14, 2017. There were present and participating:

DIRECTORS

Duane Cave	Director
Scott Colton	Vice President
Richard Fiore	Director
Gary Kurtz	Director (via teleconference)
Larry Lizotte	Director
Brian Probolsky	Vice President/Chair (arrived at 8:36 a.m.)

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Gina Hillary	Director of Human Resources
Drew Atwater	Director of Planning
Jake Vollebregt	Director of Regional & Legal Affairs
Paige Gulck	Board Secretary
Tim Bonita	Recording Secretary
Johnathan Cruz	MNWD
Rhonda Himley	MNWD
Medha Patel	MNWD
Rod Woods	MNWD
Roger Faubel	Faubel Public Affairs
Mike Dunbar	General Manager, Emerald Bay Service District
Amanda Bourne	Member of the Public
Rhett Bourne	Member of the Public
Brad Adamske	Smart Utility Systems

#2.

1. CALL MEETING TO ORDER

The meeting was called to order by Richard Fiore at 8:30 a.m.

Scott Colton led the Pledge of Allegiance.

2. APPROVE THE MINUTES OF THE MAY 17, 2017 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING

MOTION DULY MADE BY DUANE CAVE AND SECONDED BY SCOTT COLTON, MINUTES OF THE MAY 17, 2017 FINANCE AND INFORMATION TECHNOLOGY BOARD OF DIRECTORS' MEETING WERE APPROVED AS PRESENTED. A ROLL CALL VOTE WAS TAKEN AND THE VOTE WAS UNANIMOUS WITH DIRECTORS DUANE CAVE, SCOTT COLTON, RICHARD FIORE, GARY KURTZ, AND LARRY LIZOTTE ALL VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.

3. PUBLIC COMMENTS

None.

PRESENTATION ITEMS

4. Municipal Water District of Orange County (MWDOC) Water Awareness Poster Contest Winner

Richard Fiore recognized Rhett Bourne for winning the Municipal Water District of Orange County (MWDOC) Water Awareness Poster Contest. The Board awarded Rhett with a certificate for his achievement.

Brian Probolsky arrived at 8:36 a.m.

DISCUSSION ITEMS

5. Fiscal Year 2017-18 Proposed Budget

Matt Collings provided information on the item. Staff recommends that the Board of Directors approve the resolution entitled, "Approving a Budget Appropriation and Adopting the Operating Budget and Capital Improvement Program Budget for Fiscal Year 2017-18."

6. Debt Management Policy

Matt Collings and Drew Atwater provided information on the policy. Staff recommends that the Board of Directors adopt the proposed Debt Management Policy. Discussion ensued regarding the policy.

7. Updated Investment Policy

Drew Atwater provided information on the policy. Staff recommends that the Board of Directors approve the proposed changes to the investment policy. Discussion ensued regarding the policy.

8. Updated Purchasing Policy

Jake Vollebregt provided information on the policy. Staff recommends that the Board of Directors approved the proposed changes to the purchasing policy. Discussion ensued regarding the proposed changes.

9. General Obligation Bond Tax Rates for Fiscal Year 2017-18

Matt Collings provided information on the item. Staff recommends that the Board of Directors approve the resolution entitled, "Setting Tax Rates for Outstanding General Obligation Bonds of Improvement District No. 7 for Fiscal Year 2017-18".

10. Annual Gann Appropriations Limit for Fiscal Year 2017-18

Matt Collings provided information on the item. Staff recommends that the Board of Directors approve the resolution entitled, "Approving Appropriations Limit for Fiscal Year 2017-18 and Finding Compliance with Article XIII B of the Constitution of the State of California. Discussion ensued regarding the item.

11. Selection of the Annual Lump Sum Prepayment Option for Unfunded Accrued Liability to CalPERS for Fiscal Year 2017-18

Gina Hillary provided details on the item. Staff recommends that the Board of Directors elect the annual lump sum prepayment option to pay for the unfunded accrued liability to CalPERS for Fiscal Year (FY) 2017-18. Discussion ensued regarding the prepayment option.

12. Professional Services Agreement for Public Affairs Services

Joone Lopez provided information on the item. Staff recommends that the Board of Directors approve a two-year professional services agreement with Faubel Public Affairs for an amount not-to-exceed \$192,000, and authorize the General Manager or Assistant General Manager to execute the Agreement. Discussion ensued regarding the agreement.

13. Amendment No. 1 to the Master Services Agreement with Smart Utility Systems

Drew Atwater provided information on the item. Staff recommends that the Board of Directors authorize the General Manager or Assistant General Manager to execute

#2.

Amendment No. 1 to the agreement with Smart Utility Systems, for the licensed use of the Customer Portal Software Application, in the amount of \$267,250 and to fund water efficient devices consistent with current rebate funding levels through the Marketplace Module. Discussion ensued regarding the details of the Amendment.

14. Fuel Delivery Service Agreement

Matt Collings provided information on the agreement. Staff recommends that the Board of Directors approve a two-year service agreement with California Fuel and Lubricants for a total not-to-exceed amount of \$720,000 (\$360,000 per year) with two one year options to extend for the purchase and delivery of unleaded fuel, diesel fuel, and motor oil lubricants; and authorize the General Manager or Assistant General Manager to execute the Agreement. Discussion ensued regarding the agreement.

15. Amendment No. 1 to the Janitorial Services Agreement – Priority Building Services, LLC

Jake Vollebregt provided information on the Amendment. Staff recommends that the Board of Directors approve Amendment No. 1 to the agreement with Priority Building Services, LLC for another one-year term; authorize the General Manager or Assistant General Manager to execute Amendment No. 1 with the option to renew for two additional one-year extensions. Discussion ensued regarding the terms of the amendment.

INFORMATION ITEMS

16. Monthly Financial Report

Matt Collings provided the Monthly Financial Report.

17. Water Usage Update

Drew Atwater provided the Water Usage Update.

18. Outreach Update

Medha Patel provided the Outreach Update. The District is in the process of publishing the 2016 Consumer Confidence Report. Drew Atwater provided information on the District's Water Education Program

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

None.

20. Late Items (Appropriate Findings to be Made)

None.

ADJOURNMENT

The meeting was adjourned at 11:08 a.m.

Respectfully submitted,

Tim Bonita
Recording Secretary

DRAFT



moulton niguel water district

STAFF REPORT

TO: Board of Directors **MEETING DATE:** July 19, 2017

FROM: Drew Atwater, Director of Planning
Johnathan Cruz, Financial Planning Manager

SUBJECT: Laguna Sur Sewer Rates

DIVISION: 5

SUMMARY:

Issue: Setting sewer service charges and usage rates for Laguna Sur/Monarch Point/The Overlook at Laguna Apartment Homes properties for fiscal year 2017-18.

Recommendation: It is recommended that the Board of Directors approve the resolution entitled, "Adopting Report of Annual Sewer Service Charges to be collected via Property Tax Statements on Tax Roll for the Period Commencing July 1, 2017 (Laguna Sur/Monarch Point LAFCO Reorganization RO96-05)."

Fiscal Impact: No impact

Reviewed by Legal: Yes

BACKGROUND:

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

#4.

Laguna Sur Sewer Rates

July 19, 2017

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DISCUSSION:

On June 27, 2016, the Board of Directors approved new rates effective July 1, 2016, and spanning five consecutive years that are passed on from SCWD. Fiscal year 2017-18 is the second of five years of new SCWD's rates pursuant to their 218 Notice. On June 4, 2017 and June 11, 2017, Section 6066 notices were published in the legal section of the OC Register consistent with the Health and Safety Code. Attached is a resolution to continue collection of the sewer service charges and rates for the Reorganization Area on the property tax bills for 411 customers that reside in the applicable area. The collection procedure under Health and Safety Code Section 5473 et seq. requires SCWD to prepare a report of the assessor parcel numbers and corresponding sewer service charges and rates. The report has been prepared and is available for review, but is not attached due to size. It also requires that MNWD notice a public hearing and adopt the report, absent a majority protest to the tax roll collection procedure. The proposed charges and rates are consistent with those adopted by SCWD and then MNWD June 27, 2016, pursuant to a Proposition 218 hearing process.

Attachment: Resolution entitled, "Adopting Report of Annual Sewer Charges to be Collected via Property Tax Statements on Tax Roll for the Period Commencing July 1, 2017 (Laguna Sur/Monarch Point LFCO Reorganization RO96-05)."

RESOLUTION NO. 17-_____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOULTON NIGUEL WATER DISTRICT
ADOPTING REPORT OF ANNUAL SEWER SERVICE CHARGES TO
BE COLLECTED VIA PROPERTY TAX STATEMENTS ON TAX ROLL
FOR THE PERIOD COMMENCING JULY 1, 2017**

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

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

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

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

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

WHEREAS, SCWD most recently revised the Reorganization Sewer Service Charges for the Property for years 2017-18 in June, 2016 (“2016 SCWD Rate Revisions”);

WHEREAS, MNWD adopted Ordinance No. 16-01 authorizing the 2016 SCWD Rate Revisions for the Property;

#4.

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

WHEREAS, a report (“Report”) has been filed with the District Secretary containing a description of such parcels and the corresponding Reorganization Sewer Service Charges to be collected effective July 1, 2017, which Report is attached hereto as Exhibit A and incorporated herein by this reference;

WHEREAS, pursuant to Health and Safety Code Section 5473.1, the filing of the Report and notice of public hearing thereon was duly noticed as required by law by publication once each week for two successive weeks in the *Orange County Register*, a newspaper of general circulation, printed and published in the Property boundaries, such hearing to be held on July 20, 2017, at 6:00 p.m. (or as soon thereafter as practicable) at the Board Meeting Room located at 27500 La Paz Road, Laguna Niguel, California 92677;

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

WHEREAS, the Board finds it in MNWD’s best interest to collect the Reorganization Sewer Service Charges in accordance with the 2016 SCWD Rate Revisions on the tax roll via the property tax statements.

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

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

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

Section 3. The Board hereby adopts the Report attached as Exhibit A to this Resolution containing a description of the parcels comprising the Property for which the Reorganization Sewer Service Charges shall be collected via property tax statements on the tax roll and containing the amount of the charges for each parcel effective July 1, 2017, computed in conformity with the schedule of rates and charges approved by the Board pursuant to MNWD Ordinance No. 16-01, which ordinance adopted the SCWD 2016 Rate Revisions, as described above in the Recitals.

Section 4. The Secretary is hereby authorized and directed to endorse on the Report a statement that the Report was adopted by this Board of Directors on July 20, 2017, and to take whatever other action is required by the County of Orange Auditor-Controller (or other County officers) in regard thereto.

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

Section 6. The County of Orange Auditor-Controller (and such other County officers as required) be, and hereby is, ordered and directed to add the Reorganization Sewer Service Charges to the 2017-2018 secured tax roll in accordance with the Report.

Section 7. The Secretary shall cause a copy of this Resolution and the Report, in either written or electronic form, to be filed with the County of Orange Auditor-Controller (or such County officers as required) on or before August 10, 2017, or such other date as permitted by the County officers.

ADOPTED, SIGNED and APPROVED this 20th day of July 2017.

MOULTON NIGUEL WATER DISTRICT

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

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

#4.

Exhibit A

Report of Assessor Parcels – Reorganization Sewer Service Charges Fiscal Year 2017-18

MOULTON NIGUEL WATER DISTRICT
Summary of Financial Results
July 19, 2017

Unaudited results of operations for the eleven months ended May 31, 2017, are summarized below.

Total operating revenues were \$52.4 million through May 2017, which is tracking at 93% of the budget. Total operating expenses were \$58.6 million through the month of May, which amounted to 84% of the approved budget. Total Net Income for the eleven months ended is at \$5.3 million.

Investment income is at (\$0.3) million for the year, which has been impacted by an unrealized loss (change in market value) of (\$1.9) million. Excluding the market fluctuations, the District has realized gains of \$1.6 million, which remains consistent with the District's projections.

Property lease income is at 104% of the FY 16/17 budget, and is \$11k higher than the prior year balance at this point.

The District currently has \$6.2 million available in the Water Efficiency Fund for new projects, rebate applications or additional programs. The remaining fund balance takes into account \$1.0 million in water efficiency program commitments already approved by the Board.

The District's total cash balance has experienced a planned decrease by approximately \$9.0 million since June 30, 2016, despite expending over \$20 million on capital projects during the year. As a result of that spend-down in cash balances, the unrestricted net position has experienced a planned decrease by \$6.9 million (6%), however the net position related to the District infrastructure has increased by \$14.6 million (5%).

All District fiscal agent reserves are properly funded and meet the reserve requirements in the bond indentures. The report the Board received last month from Chandler Asset Management indicated the reserve accounts earn 1.11%, while the portfolio maintains a very secure AA+ average credit rating.

The Board has established a target reserve level of \$64.8 million, and as of May 31, 2017, the District held \$78.4 million in reserves.

Moulton Niguel Water District
All Funds - Budget Comparison Report
Eleven Months Ended May 31, 2017

	1	2	3	=3-1	=1/3
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	\$ 23,637,492	\$ 22,883,086	\$ 28,338,290	\$ 4,700,798	83%
Recycled Water Sales	4,442,115	4,237,154	5,489,814	1,047,699	81%
Sewer Sales	18,421,920	17,324,175	18,911,865	489,945	97%
Water Efficiency	5,475,601	3,820,949	3,303,844	(2,171,757)	166%
Other Operating Income	392,685	389,150	491,585	98,900	80%
A Total Operating Revenue	52,369,814	48,654,514	56,535,398	4,165,584	93%
<u>Operating Expenses</u>					
Salaries	10,421,529	9,228,014	11,950,943	1,529,414	87%
PERs Employer Contributions	1,410,862	1,322,101	1,564,665	153,803	90%
Defined Contribution 401A	157,170	147,856	281,004	123,834	56%
Educational Courses	23,301	18,042	54,080	30,779	43%
Travel & Meetings	199,781	166,585	278,020	78,239	72%
Recruitment & Employee Relations	16,750	17,152	78,397	61,647	21%
General Services	312,928	319,639	394,750	81,822	79%
Annual Audit	32,878	46,562	53,000	20,122	62%
Member Agencies O&M	368,633	1,008,545	692,228	323,595	53%
Dues & Memberships	96,425	100,644	101,745	5,320	95%
Election Expenses	12,707	-	83,000	70,293	15%
Consulting Services	1,508,250	2,277,180	2,615,400	1,107,150	58%
Equipment Rental	13,242	54,206	69,000	55,758	19%
District Fuel	196,213	167,770	340,000	143,787	58%
Insurance - District	341,184	331,225	443,170	101,986	77%
Insurance - Personnel	289,825	338,070	480,546	190,721	60%
Insurance - Benefits	2,236,322	2,291,382	3,106,144	869,822	72%
Legal Services - Personnel	27,522	6,581	50,000	22,478	55%
Legal Services - General ¹	222,097	170,466	430,000	207,903	52%
District Office Supplies	527,711	681,674	853,750	326,039	62%
District Operating Supplies	340,080	340,864	390,450	50,370	87%
Repairs & Maintenance - Equipment ²	660,421	582,521	628,769	(31,652)	105%
Repairs & Maintenance - Facilities	3,310,251	2,843,099	3,447,205	136,954	96%
Safety Program & Compliance Requirements ³	277,105	238,949	191,650	(85,455)	145%
Wastewater Treatment ⁴	9,880,156	8,863,204	9,480,876	(399,280)	104%
Special Outside Assessments	108,054	188,051	240,000	131,946	45%
Utilities	1,674,521	1,803,233	2,373,260	698,739	71%
Water Purchases	21,574,119	21,549,068	25,826,808	4,252,689	84%
Meter / Vault Purchases	222,807	637,677	615,000	392,193	36%
Water Efficiency	1,839,638	3,091,230	2,898,457	1,058,819	63%
Other Operating Expenses ⁵	339,472	21,120	-	(339,472)	n/a
B Total Operating Expenses	58,641,953	58,852,711	70,012,317	11,709,835	84%
A-B Operating Income (Loss)	(6,272,139)	(10,198,197)	(13,476,919)	(7,544,252)	47%
<u>Non-Operating Revenues (Expenses)</u>					
Property Tax Revenue	26,062,516	25,012,187	27,069,573	1,007,057	96%
Investment Income ⁶	(336,862)	2,830,996	2,348,860	2,685,722	-14%
Property Lease Income	1,633,724	1,622,926	1,569,878	(63,846)	104%
Interest Expense	(4,783,236)	(5,116,143)	(5,466,157)	(682,921)	88%
Misc. Non-Operating Income	4,766,768	8,005,164	3,718,464	(1,048,304)	128%
Capacity fees	331,393	1,046,336	468,818	137,425	71%
C Total Non-Operating Revenue (Expenses)	27,674,304	33,401,464	29,240,618	1,566,314	95%
A-B+C Change in All Funds	\$ 21,402,165	\$ 23,203,267	\$ 15,763,699	\$ (5,977,937)	
<u>Other Non Cash Expenses</u>					
Depreciation	16,061,349	15,689,084	-	(16,061,349)	n/a
D Total Change in Net Position	\$ 5,340,816	\$ 7,514,183	\$ 15,763,699	\$ 10,083,411	

Note: Totals may not sum due to rounding.

- Detail of Legal Services - General can be found on the next page.
- One of the District's Vac Con vehicles needed significant repairs, including a fan assembly and an engine rebuild.
- The SWRCB Water System Fees increased this FY, from \$10k in FY 15-16 to \$91k in FY 16-17.
- The District submitted an additional payment to SOCWA as a result of the FY 15-16 use audit.
- The District performed an inventory inspection and removed approximately \$200k of obsolete equipment and supplies.
- Investment income is comprised of realized income of \$1,608,393 and unrealized income (loss) of (\$1,945,255).

#5.b.

**Moulton Niguel Water District
All Funds - Budget Comparison Report
Eleven Months Ended May 31, 2017
Legal Services - General**

Firm	Water Use		Capital ⁸	Total ⁹
	General ⁷	Efficiency ⁷		
Best Best & Krieger LLP	\$ 203,099	\$ 18,997	\$ 25,838	\$ 247,935
Budget Amount	420,000	10,000	-	430,000
Budget Balance	\$ 216,901	\$ (8,997)	n/a	\$ 207,903

Note: Totals may not sum due to rounding.

7. Legal Services - General on the previous page is made up of the General balance of \$203,099 and the \$18,997 Water Use Efficiency balance, for a total of \$222,097.

8. Capital legal services represent legal services rendered during construction and are capitalized by the District as part of the project. Each project budgets for legal expenses separately and are not included as part of this schedule.

9. Total budget balance remaining excludes the \$25,838 as the budget for legal services related to capital projects are not included in this report.

Consulting Services - Grant Administration

Firm	Spent YTD	Spent Overall	Grants Received
Nossaman LLP	\$ -	\$ -	\$ -
West Yost Associates	-	-	-

Moulton Niguel Water District
General Fund - Budget Comparison Report
Eleven Months Ended May 31, 2017

	1	2	=1-2	=2/1
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	\$ 23,637,492	\$ 4,700,798	83%
Recycled Water Sales	5,489,814	4,442,115	1,047,699	81%
Sewer Sales	18,911,865	18,421,920	489,945	97%
Other Operating Income	491,585	392,685	98,900	80%
A Total Operating Revenue	53,231,554	46,894,213	6,337,341	88%
<u>Operating Expenses</u>				
Salaries	11,181,396	9,709,237	1,472,159	87%
PERs Employer Contributions	1,480,783	1,330,635	150,148	90%
Defined Contribution 401A	267,655	146,674	120,981	55%
Educational Courses	51,580	21,438	30,142	42%
Travel & Meetings	253,320	188,649	64,671	74%
Recruitment & Employee Relations	78,397	16,750	61,647	21%
General Services	394,750	312,928	81,822	79%
Annual Audit	53,000	32,878	20,122	62%
Member Agencies O&M	692,228	368,633	323,595	53%
Dues & Memberships	101,245	96,425	4,820	95%
Election Expenses	83,000	12,707	70,293	15%
Consulting Services	1,315,400	946,919	368,481	72%
Equipment Rental	69,000	13,242	55,758	19%
District Fuel	340,000	196,213	143,787	58%
Insurance - District	443,170	341,184	101,986	77%
Insurance - Personnel	460,266	275,359	184,907	60%
Insurance - Benefits	2,924,922	2,083,134	841,788	71%
Legal Services - Personnel	50,000	27,522	22,478	55%
Legal Services - General	420,000	203,099	216,901	48%
District Office Supplies	473,250	442,353	30,897	93%
District Operating Supplies	390,450	340,080	50,370	87%
Repairs & Maintenance - Equipment	626,269	660,199	(33,930)	105%
Repairs & Maintenance - Facilities	3,447,205	3,310,251	136,954	96%
Safety Program & Compliance Requirements	191,650	275,616	(83,966)	144%
Wastewater Treatment	9,480,876	9,880,156	(399,280)	104%
Special Outside Assessments	240,000	108,054	131,946	45%
Utilities	2,373,260	1,674,521	698,739	71%
Water Purchases	25,826,808	21,574,119	4,252,689	84%
Meter / Vault Purchases	615,000	222,807	392,193	36%
Other Operating Expenses	-	339,472	(339,472)	n/a
B Total Operating Expenses	64,324,880	54,811,783	9,513,097	85%
A-B Operating Income (Loss)	(11,093,326)	(7,917,570)	(3,175,756)	71%
<u>Non-Operating Revenues (Expenses)</u>				
Property Tax Revenue	27,069,573	26,062,516	1,007,057	96%
Investment Income	2,242,424	(756,178)	2,998,602	-34%
Property Lease Income	1,569,878	1,633,724	(63,846)	104%
Misc. Non-Operating Income (Expense)	3,718,464	105,664	3,612,800	3%
C Total Non-Operating Revenue (Expenses)	34,600,339	27,045,726	7,554,613	78%
A-B+C Change in General Fund	\$ 23,507,013	\$ 19,128,156	\$ 4,378,857	81%
<u>Other Non Cash Expenses</u>				
Depreciation	-	16,061,349	(16,061,349)	n/a
D Total Change in Net Position	\$ 23,507,013	\$ 3,066,807	\$ (11,682,492)	\$ 16,061,350

Note: Totals may not sum due to rounding.

#5.b.

**Moulton Niguel Water District
Water Efficiency Fund - Budget Comparison Report
Eleven Months Ended May 31, 2017**

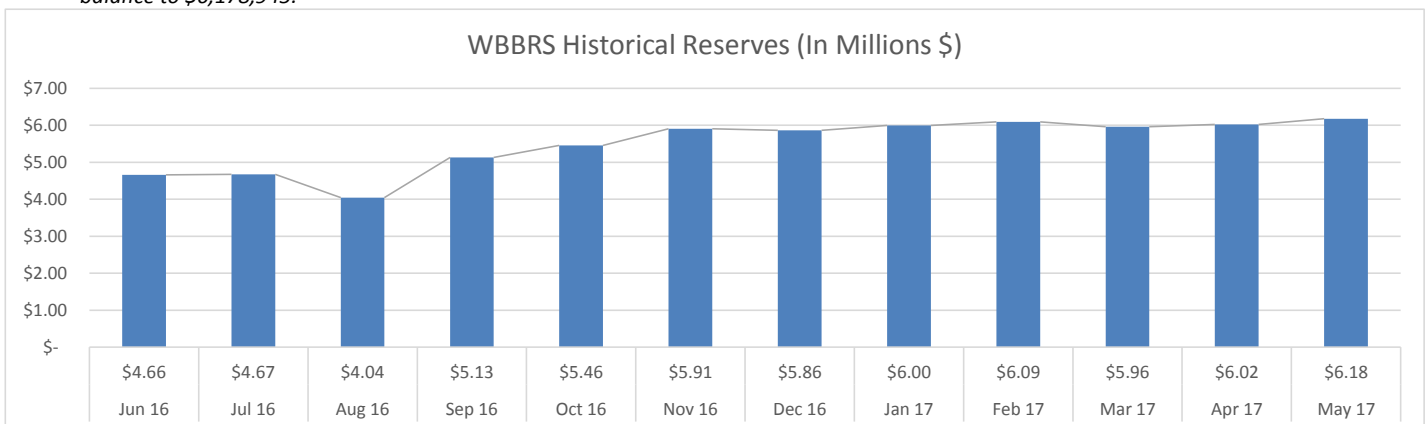
Description	1 Approved Budget	2 Fiscal Year to Date Actuals	=1-2 Budget Balance	=2/1 % of Actuals to Budget
WATER EFFICIENCY FUND				
Projected Operating Revenue				
Water Efficiency	\$ 3,303,844	\$ 5,475,601	\$ (2,171,757)	166%
A	3,303,844	5,475,601	(2,171,757)	166%
Projected Operating Expenses				
Labor	1,068,280	970,669	97,611	91%
Educational Courses	2,500	1,863	637	75%
Travel & Meetings	24,700	11,132	13,568	45%
Dues & Memberships	500	-	500	0%
Consulting Services	1,300,000	561,331	738,669	43%
Legal Services	10,000	18,997	(8,997)	190%
Conservation supplies	380,500	85,358	295,142	22%
Repairs and Maintenance - Equipment	2,500	222	2,278	9%
Safety Program & Compliance Requirements	-	1,489	(1,489)	n/a
Water Efficiency	2,898,457	1,839,638	1,058,819	63%
B	5,687,437	3,490,698	2,196,739	61%
A-B	(2,383,593)	1,984,903	(4,368,496)	-83%
Projected Non-Operating Revenue				
Demand offset fees	-	62,746	(62,746)	n/a
C	106,436	14,524	91,912	14%
A-B+C	106,436	77,270	29,166	73%
A-B+C	\$ (2,277,157)	\$ 2,062,173	\$ (4,339,330)	

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)	2,062,173	(4,339,330)
Project Commitments		(1,041,548)	
Fund Net Position, Eleven Months Ended May 31, 2017	\$ 2,881,163	\$ 6,178,945	

1. In addition to realized expenditures, there is approximately \$1,041,548 in project commitments, reducing the available WBBRS reserve balance to \$6,178,945.



MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited)	
	May 31, 2017	June 30, 2016
	<hr/>	<hr/>
CURRENT ASSETS:		
Cash and investments	\$ 39,509,815	\$ 21,149,580
Restricted cash and investments with fiscal agent	7,905,920	8,086,043
Accounts receivables:		
Water and sanitation charges	2,793,919	4,023,360
Taxes and acreage assessments	-	255,190
Grant Reimbursements	179,628	1,771,918
Other accounts receivable	170,874	347,088
Interest receivable	550,744	589,339
AMP receivable	-	656
Inventory	1,173,580	1,322,755
Prepaid expenses	675,114	566,095
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	52,959,594	38,112,024
	<hr/>	<hr/>
NONCURRENT ASSETS:		
Investments	82,660,686	109,982,071
Retrofit loans receivable	542,716	561,582
Capital assets, net of accumulated depreciation	330,672,439	344,747,326
Capital assets not being depreciated:		
Land	1,091,910	1,091,910
Construction in progress	63,607,045	45,135,106
	<hr/>	<hr/>
TOTAL NONCURRENT ASSETS	478,574,797	501,517,995
	<hr/>	<hr/>
TOTAL ASSETS	531,534,391	539,630,019
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred Charges on Refunding	676,766	937,158
Deferred Items related to Pension	1,419,676	1,419,676
	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOW OF RESOURCES	2,096,442	2,356,834
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES \$	533,630,832	\$ 541,986,853
	<hr/> <hr/>	<hr/> <hr/>

MOULTON NIGUEL WATER DISTRICT
STATEMENT OF NET POSITION

	(Unaudited)	
	May 31, 2017	June 30, 2016
CURRENT LIABILITIES:		
Accounts payable	\$ 6,444,333	\$ 9,107,383
Interest payable	1,333,753	1,880,732
Unearned Revenue	-	45,572
Compensated absences	658,825	618,807
Current portion of long-term debt:		
Bonds payable	1,275,000	6,060,000
Loans Payable	2,032,109	1,994,998
Certificates of participation	1,925,000	1,855,000
	<u>13,669,020</u>	<u>21,562,492</u>
TOTAL CURRENT LIABILITIES		
LONG-TERM LIABILITIES		
Compensated absences	219,608	206,269
Long-term debt:		
Bonds payable	15,095,000	16,370,000
Loans payable	6,660,907	8,693,015
Certificates of participation	60,000,000	61,925,000
Net Pension Liability	12,934,337	12,934,337
	<u>94,909,852</u>	<u>100,128,621</u>
TOTAL LONG-TERM LIABILITIES		
Bond Discount/Premium	2,024,832	2,609,427
	<u>110,603,703</u>	<u>124,300,540</u>
TOTAL LIABILITIES		
DEFERRED INFLOW OF RESOURCES:		
Deferred Items related to Pension	3,530,389	3,530,389
	<u>3,530,389</u>	<u>3,530,389</u>
TOTAL DEFERRED INFLOW OF RESOURCES		
NET POSITION:		
Net investment in capital assets	307,035,313	292,404,060
Restricted for capital projects	292,189	2,632,947
Unrestricted	112,169,238	119,118,917
	<u>419,496,740</u>	<u>414,155,924</u>
TOTAL NET POSITION		
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ <u><u>533,630,832</u></u>	\$ <u><u>541,986,853</u></u>

Note: Totals may not sum due to rounding.

**MOULTON NIGUEL WATER DISTRICT
RESTRICTED CASH AND INVESTMENTS WITH FISCAL AGENT
As of May 31, 2017**

	Reserve Requirement	(Unaudited) Balance 5/31/2017	Over (Under) Requirement	Balance 6/30/2016
<u>Restricted Cash and Investments:</u>				
2009 COPS Trust Reserve	\$ 6,000,000	\$ 6,132,848	\$ 132,848	\$ 6,033,813
2009 COPS Installment	-	59	59	39
2010 Installment Payment	-	140,982	140,982	264,609
2010 COPS Trust Reserves	192,500	378,843	186,343	555,767
2014 Consolidated Ref Bonds	-	2	2	4
2015 Refunding Bonds	-	9	9	8
2015 Refunding Reserve	1,226,500	1,253,176	26,676	1,231,804
Total Restricted Trust Accounts	\$ 7,419,000	\$ 7,905,920	\$ 486,920	\$ 8,086,043

Note: Totals may not sum due to rounding.

MOULTON NIGUEL WATER DISTRICT
NET POSITION
As of May 31, 2017

	Reserve Policy Target	(Unaudited)		Balance 6/30/2016
		Balance 5/31/2017	Net Change	
Adopted Reserve Targets ¹				
Designated for Self Insurance Reserve	\$ 250,000	\$ 248,561	\$ (6,198)	\$ 254,759
Designated for Rate Stabilization	13,250,000	13,765,000	107,516	13,657,484
Designated for Emergency Reserves	35,510,000	35,510,000	-	35,510,000
Designated for Operating Reserves ²	15,820,000	28,852,233	2,535,113	26,317,120
Total Adopted Reserve Targets	\$ 64,830,000	\$ 78,375,795	\$ 2,636,432	\$ 75,739,363
	FY 16/17 Capital Budget ³			
Designated for FY 16-17 Capital Projects				
Designated for Replacement and Refurbishment	\$ 27,144,426	\$ 14,914,948	\$ 5,185,183	\$ 9,729,765
Designated for Water Supply Reliability	8,861,074	3,152,017	3,152,017	-
Designated for Planning and Construction	9,613,031	8,505,984	(19,985,485)	28,491,469
Total Designated for FY 16-17 Capital Projects	\$ 45,618,531	\$ 26,572,949	\$ (11,648,285)	\$ 38,221,234
Other amounts				
Designated for Water Efficiency (WBBRS) ⁴		\$ 7,220,493	\$ 2,062,173	\$ 5,158,320
Restricted for Capital Facilities (Projects)		292,189	(2,340,758)	2,632,947
Net Investment in Capital Assets ⁵		307,035,313	14,631,253	292,404,060
Total Other amounts		\$ 314,547,996	\$ 14,352,669	\$ 300,195,327
Total Net Position		\$ 419,496,740	\$ 5,340,816	\$ 414,155,924

Note: Totals may not sum due to rounding.

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

2. General Operating Reserves include the unrestricted, undesignated balance, and other general District accrued cash flows. This amount includes the remaining total cash balance of \$36,498,943.

3. FY 16-17 Budget also includes \$950,990 for capital expenses in Fund 6, bringing the total CIP budget to \$46,569,520.

4. In addition to realized expenditures, there is approximately \$1,041,548 in project commitments, reducing the available WBBRS reserve balance to \$6,178,945.

5. Net Investment in Capital Assets calculated as follows:

Total capital assets	\$ 395,371,395
Less capital related debt	(89,012,847)
Add deferred charges related to debt	676,766
Total Net Investment in Capital Assets	\$ 307,035,313

**MOULTON NIGUEL WATER DISTRICT
SUMMARY OF DISBURSEMENTS
FOR THE MONTH OF JUNE 2017**

Summary of Disbursements in June 2017:

General Fund Disbursements		7,025,775
<u>Restricted Fund Disbursements:</u>		
Water Efficiency Fund	234,352	
Replacement & Refurbishment Fund	1,200,411	
Planning & Construction Fund	128,157	1,562,920
Total Disbursements for all Funds		\$ 8,588,696

Detail of Major Expenditures in June 2017:

1. Municipal Water District of Orange County (MWDOC)		
April Water Purchases 2230.7 AF	1,950,670	
April Readiness To Serve	110,730	
April Capacity Charge	30,934	
April Turf, Nozzles, and Smart Timer Rebates	22,330	
Doheny Ocean Desal Phase 3 Program Closeout	21,542	
April SoCal WaterSmart Residential Rebates	11,000	
April SCP Operation Surcharge	9,367	
April SAC Operation Surcharge	1,393	
March & FY15/16 Use Audit Reclaimed Rebate 558.9 AF	(86,071)	2,071,896
2. Irvine Ranch Water District (IRWD)		
March Untreated MWD Water from Irvine Lake	374,802	
March Baker Water Treatment Costs	301,967	
February Untreated MWD Water from Irvine Lake	148,908	825,677
3. Ferreira Construction Co., Inc.		
C# 2011010, C# 2011012 & C# 2011015 PRS Relocation, progress payment #3	223,734	
Emergency Repair and Valve Replacement in City of Aliso Viejo	222,969	
Emergency Repair AC Easement in City of Laguna Niguel	13,993	460,696
4. City of Laguna Niguel		
C# 2016004 & C# 2016005 Crown Valley Park improvement		283,213
5. J. Colon Coatings, Inc.		
C# 2015004 & C# 2015022 Crown Valley RW Reservoir, progress payment #7		197,962
6. South Coast Water District (SCWD)		
FY 16/17 RO #96-05 2nd Semi-Annual Installment	165,634	
TR 12366 Agreement, June 2017 Sewer Sales	5,578	171,212
7. Pacific Hydrotech Corp.		
C# 2014002 Del Avion Lift Station Replacements, progress payments #2 & #3		138,851

#5.f.

8. C. Wells Pipeline Materials Inc. Valves and Parts		134,724
9. Aqua-Metric Sales, Co. Meters		133,796
10. Kennedy Pipeline Company C# 2015011 Palms Apt. Easement Portable Waterline Replacement, progress payment #1		118,874
11. Paulus Engineering, Inc. C# 2015012 Paseo DE Valencia, progress payment #2	78,709	
Emergency Repair at Golden Lantern in Laguna Niguel	<u>33,848</u>	112,557
12. Ware Malcomb April and May Professional Services		102,544