

MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
ADMINISTRATION & FINANCE COMMITTEE
November 13, 2019, 8:30 a.m.
Conference Room 101

A&F Committee:

J. Thomas, Chair
J. Finnegan
R. McVicker

Staff: R. Hunter, K. Seckel, J. Berg,
H. De La Torre, K. Davanaugh, C. Harris,
H. Chumpitazi

Ex Officio Member: Director Barbre

MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

PUBLIC COMMENTS - Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - Determine there is a need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda. (Requires a unanimous vote of the Committee)

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING -- Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

PROPOSED BOARD CONSENT CALENDAR ITEMS

1. TREASURER'S REPORT
 - a. Revenue/Cash Receipt Report – October 2019
 - b. Disbursement Approval Report for the month of November 2019
 - c. Disbursement Ratification Report for the month of October 2019
 - d. GM Approved Disbursement Report for the month of October 2019
 - e. Water Use Efficiency Projects Cash Flow – October 31, 2019
 - f. Consolidated Summary of Cash and Investment – September 2019
 - g. OPEB and Pension Trust Fund monthly statement
2. FINANCIAL REPORT
 - a. Combined Financial Statements and Budget Comparative for the Period ending September 30, 2019
 - b. Quarterly Budget Review
 - c. FY 2018-19 Audit Report and Presentation regarding Audit Report

ACTION ITEMS

3. REVISIONS TO DISTRICT ADMINISTRATIVE CODE SECTIONS 7109 & 7110
4. CALIFORNIA WATER, ENERGY, AND EDUCATION ALLIANCE (WEEA) SPONSORSHIP
5. APPROVE ADDITION OF CIVILITY POLICY SECTION 4104 TO THE PERSONNEL MANUAL

INFORMATION ITEMS – (THE FOLLOWING ITEMS ARE FOR INFORMATIONAL PURPOSES ONLY – BACKGROUND INFORMATION IS INCLUDED IN THE PACKET. DISCUSSION IS NOT NECESSARY UNLESS REQUESTED BY A DIRECTOR.)

6. FY 2020-21 BUDGET SCHEDULE
7. SOLE SOURCE PROCUREMENT WITH MONSIDO, INC.
8. DEPARTMENT ACTIVITIES REPORTS
 - a. Administration
 - b. Finance and Information Technology
9. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION

OTHER ITEMS

10. REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL MATTERS, EMPLOYEE BENEFITS FINANCE AND INSURANCE

CLOSED SESSION ITEMS

11. PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: General Manager
Government Code Section 54957
12. CONFERENCE WITH LABOR NEGOTIATORS
District Designated Representatives: Joseph Byrne, Legal Counsel
Unrepresented Employee: General Manager

ADJOURNMENT

NOTE: At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

**Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
October 2019**

WATER REVENUES

Date	From	Description	Amount
10/01/19	City of La Habra	August 2019 Water deliveries	45,250.14
10/01/19	City of Newport Beach	August 2019 Water deliveries	303,609.20
10/03/19	City of La Palma	August 2019 Water deliveries	3,298.97
10/07/19	City of Buena Park	August 2019 Water deliveries	599,006.65
10/07/19	Santa Margarita Water District	August 2019 Water deliveries	2,605,327.13
10/07/19	City of Seal Beach	August 2019 Water deliveries	79,835.97
10/07/19	Trabuco Canyon Water District	August 2019 Water deliveries	168,948.52
10/09/19	South Coast Water District	August 2019 Water deliveries	489,612.31
10/09/19	Laguna Beach County Water District	August 2019 Water deliveries	122,514.22
10/10/19	City of Westminster	August 2019 Water deliveries	200,981.05
10/10/19	Mesa Water	August 2019 Water deliveries	52,142.01
10/10/19	City of Orange	August 2019 Water deliveries	596,145.22
10/11/19	City of Garden Grove	August 2019 Water deliveries	1,005,056.65
10/15/19	East Orange County Water District	August 2019 Water deliveries	375,017.55
10/15/19	El Toro Water District	August 2019 Water deliveries	685,989.01
10/15/19	Orange County Water District	August 2019 Water deliveries	363,914.80
10/15/19	City of San Juan Capistrano	August 2019 Water deliveries	612,251.96
10/15/19	Moulton Niguel Water District	August 2019 Water deliveries	2,598,026.16
10/15/19	Golden State Water Company	August 2019 Water deliveries	441,591.28
10/15/19	Yorba Linda Water District	August 2019 Water deliveries	426,207.75
10/15/19	Irvine Ranch Water District	August 2019 Water deliveries	1,265,146.36
10/24/19	Trabuco Canyon Water District	September 2019 Water deliveries	184,692.57
10/25/19	City of Huntington Beach	September 2019 Water deliveries	1,330,274.43
10/28/19	City of Newport Beach	September 2019 Water deliveries	237,434.55
10/30/19	Serrano Water District	September 2019 Water deliveries	5,997.97

TOTAL REVENUES \$ 14,798,272.43

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
October 2019

MISCELLANEOUS REVENUES

Date	From	Description	Amount
10/31/19	Paypal	ISDOC Registrations	659.23
10/03/19	3 Checks	Reimbursement for Thomas Guide purchase	162.18
10/31/19	Paypal	Girl Scouts Patch Clinic	392.93
10/31/19	US Bank	Monthly Interest	15.98
10/01/19	Keith Lyon	October 2019 Retiree Health insurance	288.99
10/03/19	Stan Sprague	October 2019 Retiree Health insurance	244.77
10/01/19	Judy Pfister	Oct-Dec 2019 Retiree Health insurance	121.44
10/30/19	Keith Lyon	November 2019 Retiree Health insurance	288.99
10/15/19	El Toro Water District	August 2019 Smartimer rebate program	39.19
10/21/19	Mesa Water	August 2019 Smartimer rebate program	166.48
10/25/19	Irvine Ranch Water District	August 2019 Smartimer rebate program	1,635.94
10/17/19	City of Westminster	August 2019 Turf Removal rebate program	111.00
10/18/19	City of San Clemente	August 2019 Smartimer and Turf Removal rebate program	178.73
10/21/19	Moulton Niguel Water District	August 2019 Smartimer and Turf Removal rebate program	56,761.25
10/25/19	Trabuco Canyon Water District	August 2019 Smartimer and Turf Removal rebate program	375.00
10/04/19	El Toro Water District	August 2019 So Cal Watersmart rebate program	345.00
10/15/19	Moulton Niguel Water District	August 2019 So Cal Watersmart rebate program	5,800.00
10/17/19	Trabuco Canyon Water District	August 2019 So Cal Watersmart rebate program	300.00
10/18/19	City of San Clemente	August 2019 So Cal Watersmart rebate program	375.00
10/25/19	Irvine Ranch Water District	August 2019 So Cal Watersmart rebate program	10,112.81
10/03/19	Mesa Water	Leak Detection Shared Services Elections for FY 19-20	47,540.00
10/11/19	Yorba Linda Water District	Leak Detection Shared Services Elections for FY 19-20	30,580.00
10/07/19	City of Buena Park	Leak Detection Shared Services Elections for FY 19-20	1,047.00
10/15/19	City of Orange	Leak Detection Shared Services Elections for FY 19-20	8,340.00
10/03/19	Mesa Water	Water Loss Control technical assistance - WSO, Inc.	9,850.00
10/15/19	East Orange County Water District	Water Loss Control technical assistance - WSO, Inc.	12,872.00
10/25/19	City of Huntington Beach	Water Loss Control technical assistance - WSO, Inc.	18,872.00
10/01/19	Santa Margarita Water District	FY 2019-2020 Choice Programs Billing Invoice	113,050.37
10/03/19	City of La Palma	FY 2019-2020 Choice Programs Billing Invoice	1,921.71
10/04/19	City of Orange	FY 2019-2020 Choice Programs Billing Invoice	43,413.75
10/04/19	City of San Clemente	FY 2019-2020 Choice Programs Billing Invoice	32,078.17
10/04/19	City of Tustin	FY 2019-2020 Choice Programs Billing Invoice	34,537.56
10/15/19	City of Santa Ana	FY 2019-2020 Choice Programs Billing Invoice	18.62
10/15/19	Golden State Water Company	FY 2019-2020 Choice Programs Billing Invoice	14,903.45
10/17/19	South Coast Water District	FY 2019-2020 Choice Programs Billing Invoice	21,312.08
10/18/19	City of Fullerton	FY 2019-2020 Choice Programs Billing Invoice	188.79
10/25/19	City of Huntington Beach	FY 2019-2020 Choice Programs Billing Invoice	64,246.10
10/07/19	Moulton Niguel Water District	AWIA Scope of Services Selection Phase 1 Crosswalk	15,205.00
10/22/19	South Coast Water District	AWIA Scope of Services Selection Phase 1 Crosswalk	15,205.00
10/28/19	City of Garden Grove	AWIA Scope of Services Selection Phase 1 Crosswalk	15,205.00
10/11/19	City of Anaheim	WEROC Funding for FY 19-20	17,402.00

TOTAL MISCELLANEOUS REVENUES \$ **596,163.51**

TOTAL REVENUES \$ **15,394,435.94**



Robert J. Hunter, General Manager



Hilary Chumpitazi, Treasurer

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2019**

ITEM 1B

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Core Expenditures:		
1256	Richard C. Ackerman October 2019 Consulting on legal and regulatory matters	2,500.00
	*** Total ***	2,500.00
2020	ACWA 2020 Annual membership dues	21,610.00
	*** Total ***	21,610.00
M005-2019	ACWA Joint Powers 10/1/19-10/1/20 Auto and General Liability insurance	97,985.07
	*** Total ***	97,985.07
53947	Aleshire & Wynder LLP October 2019 Legal services	867.00
	*** Total ***	867.00
51920553	Alta FoodCraft 10/16/19 Coffee & tea supplies	243.70
	*** Total ***	243.70
7001720963	American Water Works Association 2020 Annual membership dues	1,729.00
	*** Total ***	1,729.00
2020	Assoc. of Metropolitan Water Agencies 2020 Annual membership dues	20,426.00
	*** Total ***	20,426.00
PRNO4	AVRAM Electric October 2019 Progress billing for MWDOC Electrical System Rehabilitation project	23,421.30
PRNO5	Final retention billing for MWDOC Electrical System Rehabilitation project	12,229.00
	*** Total ***	35,650.30
861209	Best Best and Krieger LLP September 2019 State legislative advocacy services	8,000.00
55401-SEP19	September 2019 Legal services	14,417.46
	*** Total ***	22,417.46
352-2020	California Special Districts Assn 2020 Annual membership dues	7,615.00
	*** Total ***	7,615.00
AR169625	CSU Fullerton ASC FY 19/20 2nd Quarter Center for Demographic Research support	12,538.95
	*** Total ***	12,538.95

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	GovConnection, Inc.	
57159681	Annual support for Cisco network equipment	1,491.17
	*** Total ***	1,491.17
	Hashtag Pinpoint Corporation	
1205	October 2019 Strategic digital communications consulting services	7,917.00
	*** Total ***	7,917.00
	Herndon Group LLC	
100002	September 2019 Services to assist with America's Water Infrastructure Act compliance	6,293.95
	*** Total ***	6,293.95
	Independent Special Dist of OC	
103019PAYPAL	9/12/19-10/30/19 PayPal receipts for 10/24/19 meeting	659.23
102419REG	10/24/19 ISDOC meeting registrations for K. Seckel, Directors Finnegan, McVicker and Thomas	68.00
	*** Total ***	727.23
	Inland Group, LLC	
192369011	75,000 Ricki Raindrop booklets for elementary school programs	21,444.20
	*** Total ***	21,444.20
	James C. Barker, P.C.	
105-1019	October 2019 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	Jill Promotions	
10689	12 Customized boxes with MWDOC logo for speaker gifts	512.53
	*** Total ***	512.53
	Lawnscape Systems, Inc.	
404194	9/13/19 Landscape maintenance for atrium	295.00
404850	10/2/19 Landscape maintenance for atrium	295.00
405583	11/1/19 Landscape maintenance for atrium	295.00
	*** Total ***	885.00
	Phil Letrong	
JUL-SEP2019	July-September 2019 Retiree medical premium	406.50
	*** Total ***	406.50
	Lewis Consulting Group	
2019-154	October 2019 Consulting services	2,312.50
	*** Total ***	2,312.50
	Edward G. Means III	
MWDOC-1076	October 2019 Consulting on MET issues and guidance to Engineering staff	1,512.76
	*** Total ***	1,512.76

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	Michael Baker International, Inc.	
1056257	September 2019 Services to provide GIS data package for OC Regional Water/Wastewater Multijurisdictional Hazardous Mitigation Plan update	2,850.00
	*** Total ***	2,850.00
	Municipal Resource Group, LLC	
03-19-461	July-September 2019 Services for Performance Management Evaluation and Implementation	9,104.40
	*** Total ***	9,104.40
	NDS	
719558	10/19/19 Delivery charges for Board packets	172.01
	*** Total ***	172.01
	Office Depot, Inc.	
386542942001	10/8/19 Office supplies	295.05
394273298001	10/24/19 Office supplies	51.87
	*** Total ***	346.92
	Office Solutions	
I-01651655	10/7/19 Office supplies	264.11
I-01661617	10/24/19 Office supplies	553.41
I-01661787	10/25/19 Office supplies	217.50
I-01662057	10/25/19 Office supplies	14.58
I-01664364	10/30/19 Office supplies	86.19
I-01668920	11/7/19 Office supplies	164.14
	*** Total ***	1,299.93
	Orange County Water District	
20851	September 2019 50% share of WACO expense	246.25
20901	September 2019 Postage, shared office and maintenance expense	6,627.48
20941	October 2019 50% share of WACO expense	246.25
	*** Total ***	7,119.98
	Law Office of Amy J. Osborne	
150	October 2019 Legal services	906.50
	*** Total ***	906.50
	Patricia Kennedy Inc.	
11111	November 2019 Plant maintenance	214.00
	*** Total ***	214.00
	PDC Interiors	
2793-19A	Joint Board Room glass door replacement with new MWDOC logo	2,016.54
	*** Total ***	2,016.54

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>Raftelis</i>	
13491	March-October 2019 Water Budget Evaluation for DWR grant	5,562.47
	*** Total ***	5,562.47
	<i>Robert Half Int'l, Inc.</i>	
54526678	10/14/19-10/18/19 Temporary administration help	885.65
54598608	10/21/19-10/25/19 Temporary administration help	268.65
	*** Total ***	1,154.30
	<i>Lester A. Rosenberg</i>	
19-30	March - October 2019 Engineering services for replacement of air conditioning unit for MWDOC IT server room	2,500.00
	*** Total ***	2,500.00
	<i>Joey C. Soto</i>	
MWDOC#017	September 2019 Grant Research & Acquisition assistance	2,999.88
	*** Total ***	2,999.88
	<i>SPS Data Communications Inc.</i>	
00101920	October 2019 Services to install cabling for 6 workstations	713.00
	*** Total ***	713.00
	<i>Steven Enterprises, Inc.</i>	
0423342-IN	Photographic paper for plotter	230.72
	*** Total ***	230.72
	<i>Talent Assessment and Development, LLC</i>	
4076	September 2019 Services for prospective new hire interview assessment	1,250.00
	*** Total ***	1,250.00
	<i>Tangram</i>	
612846	Steelcase chair	1,157.67
	*** Total ***	1,157.67
	<i>Top Hat Productions</i>	
95600	10/17/19 Lunch for MET Managers' meeting	467.10
	*** Total ***	467.10
	<i>WageWorks, Inc.</i>	
INV1711272	October 2019 Cafeteria plan administration	196.07
	*** Total ***	196.07
	<i>Total Core Expenditures</i>	<hr/> 315,346.81

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Choice Expenditures:		
	<i>Building Block Entertainment Inc.</i>	
3333-1	October 2019 Elementary school program for grades K-2	7,650.00
	*** Total ***	7,650.00
	<i>Discovery Science Center</i>	
1238	October 2019 Elementary school program for grades 3-6	5,798.98
	*** Total ***	5,798.98
	<i>Inland Group, LLC</i>	
192387011	300 Pressure Regulating Valve Replacement program flyers for Laguna Beach County Water District	174.23
192388011	600 Pressure Regulating Valve Replacement program door hangers for Laguna Beach County Water District	231.06
	*** Total ***	405.29
	<i>Mission RCD</i>	
2754	September 2019 Field verifications for Water Use Efficiency rebate programs	7,039.65
2767	October 2019 Field verifications for Water Use Efficiency rebate programs	4,233.37
	*** Total ***	11,273.02
	<i>Orange County Water District</i>	
20901	September 2019 Postage for Water Use Efficiency rebate programs	20.03
	*** Total ***	20.03
	<i>Pollardwater</i>	
0147802	2 Meter Box Lid Lifters for Water Loss Control Shared Services	91.74
	*** Total ***	91.74
	<i>Valvetek Utility Services Inc.</i>	
3439	October 2019 Services to provide Distribution System Flushing for City of Westminster	14,220.00
	*** Total ***	14,220.00
	<i>Total Choice Expenditures</i>	39,459.06

Other Funds Expenditures:

	<i>Herndon Group LLC</i>	
100002	September 2019 Services to assist with America's Water Infrastructure Act compliance	154,517.15
	*** Total ***	154,517.15

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>Large Plumbing</i>	
25113	October 2019 Services for Pressure Regulating Valve Replacement program	2,395.00
	*** Total ***	2,395.00
	<i>Mission RCD</i>	
2754	September 2019 Field verifications for Water Use Efficiency rebate programs	2,662.45
2767	October 2019 Field verifications for Water Use Efficiency rebate programs	6,001.78
	*** Total ***	8,664.23
	<i>Raftelis</i>	
13491	March-October 2019 Water Budget Evaluation for DWR grant	3,924.87
	*** Total ***	3,924.87
	<i>Total Other Funds Expenditures</i>	<hr/> 169,501.25
	<i>Total Expenditures</i>	<hr/> <hr/> 524,307.12

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of October 2019**

ITEM 1C

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
Core Disbursements:				
139201	10/9/19	SPECTB	Spectrum Business	
		0375210100119	October 2019 Telephone and internet expense	1,099.18
			***Total ***	1,099.18
139202	10/9/19	VERIZO	Verizon Wireless	
		9838731822	September 2019 4G Mobile broadband unlimited service	114.03
			***Total ***	114.03
139214	10/15/19	IRONMO	Iron Mountain	
		BZWL660	October 2019 Archived document storage fees	258.26
			***Total ***	258.26
139223	10/15/19	SPECTB	Spectrum Business	
		0343564101019	October 2019 Telephone expense for 3 analog fax lines	108.33
			***Total ***	108.33
139226	10/15/19	USBANK	U.S. Bank	
		0403/0640/5443-SEP19	8/23/19-9/23/19 Cal Card charges	21,830.33
			***Total ***	21,830.33
			(See attached sheet for details)	
ACH004269	10/15/19	ACKEEX	Linda Ackerman	
		093019	September 2019 Business expense	97.44
			***Total ***	97.44
ACH004272	10/15/19	BAEZHE	Heather Baez	
		093019	September 2019 Business expense	217.34
			***Total ***	217.34
ACH004274	10/15/19	BERGIO	Joseph Berg	
		093019	September 2019 Business expense	352.56
			***Total ***	352.56
ACH004277	10/15/19	BUIJEA	Jeannie Bui	
		093019	September 2019 Business expense	70.70
			***Total ***	70.70
ACH004278	10/15/19	DICKEK	Larry Dick	
		093019	September 2019 Business expense	114.26
			***Total ***	114.26
ACH004279	10/15/19	FAHLBE	Beth Fahl	
		093019	September 2019 Business expense	60.88
			***Total ***	60.88

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of October 2019**

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
ACH004282	10/15/19	HOSTER	Kevin Hostert	
		093019	September 2019 Business expense	239.93
			***Total ***	239.93
ACH004283	10/15/19	HUNTER	Robert J. Hunter	
		092219	September 2019 Business expense	92.53
			***Total ***	92.53
		LINGAD	Christopher S. Lingad	
ACH004287	10/15/19	082919	August 2019 Business expense	24.24
ACH004288	10/15/19	092619	September 2019 Business expense	86.61
			***Total ***	110.85
ACH004302	10/15/19	MCVICK	Robert McVicker	
		093019	September 2019 Business expense	64.98
			***Total ***	64.98
ACH004303	10/15/19	ROBERT	Bryce Roberto	
		093019	September 2019 Business expense	103.64
			***Total ***	103.64
ACH004304	10/15/19	SCHNEI	Megan Yoo Schneider	
		093019	September 2019 Business expense	312.97
			***Total ***	312.97
ACH004306	10/15/19	THOMAS	Jeffery Thomas	
		093019	September 2019 Business expense	164.72
			***Total ***	164.72
ACH004308	10/15/19	WAITER	Rachel Waite	
		093019	September 2019 Business expense	82.82
			***Total ***	82.82
ACH004309	10/31/19	BACATI	Tiffany Baca	
		093019	September 2019 Business expense	150.20
			***Total ***	150.20
ACH004312	10/31/19	FINNEG	Joan Finnegan	
		093019	September 2019 Business expense	74.36
			***Total ***	74.36
ACH004313	10/31/19	FRAZIE	Leah Frazier	
		103119	October 2019 Business expense	484.07
			***Total ***	484.07
ACH004315	10/31/19	HALEY	Melissa Baum Haley	
		093019	September 2019 Business expense	332.02
			***Total ***	332.02

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of October 2019**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
ACH004316	10/31/19	HARRIS	Cathleen M. Harris	
		103119	October 2019 Business expense	190.97
			***Total ***	190.97
ACH004324	10/31/19	TAMARI	Satoru Tamaribuchi	
		093019	September 2019 Business expense	123.54
			***Total ***	123.54
ACH004329	10/31/19	WILSON	Sarah C. Wilson	
		093019	September 2019 Business expense	60.73
			***Total ***	60.73
Total Core Disbursements				26,911.64

Choice Disbursements:

139224	10/15/19	THORSE	Jason Thorsell	
		100119	September 2019 Business expense	232.52
			***Total ***	232.52
139226	10/15/19	USBANK	U.S. Bank	
		0640-SEP19	8/23/19-9/23/19 Cal Card charges	600.10
			***Total ***	600.10
			(See attached sheet for details)	
ACH004273	10/15/19	BERGIO	Joseph Berg	
		083019	August 2019 Business expense	108.58
			***Total ***	108.58
139267	10/31/19	THORSE	Jason Thorsell	
		103119	October 2019 Business expense	192.31
			***Total ***	192.31
Total Choice Disbursements				1,133.51

Other Funds Disbursements:

139202	10/9/19	VERIZO	Verizon Wireless	
		9838731822	September 2019 4G Mobile broadband unlimited service	76.02
			***Total ***	76.02
139204	10/15/19	ATTUVEOC	AT&T	
		1812-OCT19	October 2019 U-verse internet service for WEROC N. EOC	53.50
			***Total ***	53.50

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of October 2019**

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
139205	10/15/19	ATTCALN	AT&T	
		000013672427	September 2019 Telephone expense for WEROC N. EOC and S. EOC	308.05
		000013672428	September 2019 Telephone expense for WEROC N. EOC	107.31
			***Total ***	415.36
139211	10/15/19	HARRISD	Daniel Harrison	
		093019	September 2019 Business expense	170.93
			***Total ***	170.93
139226	10/15/19	USBANK	U.S. Bank	
		0604-SEP19A	8/23/19-9/23/19 Cal Card charges	1,691.50
			***Total ***	1,691.50
			(See attached sheet for details)	
ACH004305	10/15/19	SCHWENE	Leslie Schwene	
		093019	September 2019 Business expense	21.34
			***Total ***	21.34
139233	10/22/19	SCHUNK	Janine Schunk	
		102219	October 2019 Business expense	1,189.59
			***Total ***	1,189.59
139234	10/29/19	DRIPPR	Spray to Drip Program	
		S2D2-R-SM-38698-17387	S. Waegner	220.40
			***Total ***	220.40
		TURFRP	Turf Removal Program	
139235	10/29/19	TR12-R-SM-38526-37432	N. Hang	9,936.00
139236	10/29/19	TR12-R-IRWD-29209-29128	H. Sahni	2,936.00
139237	10/29/19	TR12-R-BP-35333-35260	V. Balakumar	4,925.65
139238	10/29/19	TR12-R-MNT-38462-37376	D. McCluskey	1,254.00
139239	10/29/19	TR12-R-IRWD-38498-37405	D. Bateman	792.00
139240	10/29/19	TR12-C-SM-26542-37421	Casta Del Sol HOA (Mission Viejo)	95,088.00
139241	10/29/19	TR12-R-LH-38534-37438	R. Eckheart	3,364.00
139242	10/29/19	TR12-C-TUST-38564-37467	Cadigan Tustin Plaza (Tustin)	3,687.50
139243	10/29/19	TR12-R-MNT-38567-37470	J. Lahners	2,526.00
139244	10/29/19	TR12-R-ETWD-38626-37532	M. Majowicz	929.25
139245	10/29/19	TR12-R-MNT-38657-37565	W. Adams	2,505.00
139246	10/29/19	TR12-R-BREA-38661-37569	L. Bent	4,052.00
139247	10/29/19	TR12-R-MNT-38677-37579	M. Hashemimoghadam	3,468.00
139248	10/29/19	TR12-R-O-38695-37594	H. Butler	938.98
139249	10/29/19	TR12-R-SM-38698-37596	S. Waegner	5,040.00
139250	10/29/19	TR12-R-LB-38715-37615	A. Oswald	2,434.00
139251	10/29/19	TR13-R-MNT-24411-37628	L. Maldonado	2,283.00
139252	10/29/19	TR13-R-HB-38730-37632	R. Bird	1,397.18
139253	10/29/19	TR13-R-MNT-38731-37633	A. Ross	489.00
139254	10/29/19	TR13-R-MNT-38774-37677	R. Nielsen	1,362.00
139255	10/29/19	TR13-R-IRWD-38775-37678	B. Braun	442.00

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of October 2019**

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
139256	10/29/19	TR13-R-MNT-38787-37689	J. Hill	237.00
139257	10/29/19	TR13-R-MNT-38795-37696	C. Amsden	1,416.00
139258	10/29/19	TR13-R-MNT-38797-37698	V. Zhang	3,513.00
139259	10/29/19	TR13-R-MNT-38809-37711	J. Whitson	1,368.00
139260	10/29/19	TR13-R-MNT-38819-37723	S. Akhtar	771.00
139261	10/29/19	TR13-R-MNT-38825-37729	S. Raphael	2,313.00
			***Total ***	159,467.56
139264	10/31/19	HARRISD 101819	Daniel Harrison October 2019 Business expense	390.53
			***Total ***	390.53
139266	10/31/19	SANTI1 AUG2019	Santiago Aqueduct Commission August 2019 SAC Pipeline Operation surcharge	3,025.89
			***Total ***	3,025.89
ACH004323	10/31/19	SANTAM AUG2019	Santa Margarita Water District August 2019 SCP Pipeline Operation surcharge	32,768.38
			***Total ***	32,768.38
EFT-191031	10/31/19	METWAT 9827	Metropolitan Water District August 2019 Water deliveries	15,223,916.07
			***Total ***	15,223,916.07
			Total Other Funds Disbursements	15,423,407.07
			Total Disbursements	<u><u>15,451,452.22</u></u>


Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: August 22, 2019
Payment Date: September 30, 2019

<u>Date</u>	<u>Description</u>	<u>Amount</u>
<u>Public Affairs Card</u>		
8/28/2019	Lunch for Inspection Trip meeting	66.71
8/29/2019	International Awards Associates Inc. GlobalTrend award entry fee for Girl Scout Patch program	375.00
9/3/2019	Zipper tote for 9/5/19 Water Policy Dinner guest speaker's gift	32.33
9/7/2019	Westin Hotel room for 9/5/19 Water Policy Dinner guest speaker	188.19
9/9/2019	Lunch for Environmental Literacy Planning meeting	50.38
9/12/2019	California Association of Public Information Officials membership for S. Wilson	225.00
9/17/2019	Lunch for 2020 Summit meeting	76.81
9/18/2019	Lunch for Public Affairs staff meeting	21.83
	Total	<u>\$ 1,036.25</u>

Cal Card Charges
Statement Date: August 22, 2019
Payment Date: September 30, 2019

Date	Description	Amount
<u>K. Seckel Card</u>		
8/21/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Registration and membership for M. Baum Haley	505.00
8/21/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Accommodations deposit for M. Baum Haley	565.08 1
8/24/2019	7/24/19-8/23/19 Web hosting service for MWDOC website	15.65
8/25/2019	FedEx delivery charges for ACCO Engineered Systems on Aug. 22, 2019	19.95
8/26/2019	Lunch for Reservoir Analysis and Strand Ranch meeting	57.01
8/26/2019	California Chamber of Commerce upgrade to membership	60.00
8/26/2019	UPS Delivery charges for Board packets on Aug. 16, 2019	28.66
8/26/2019	Traffic Control Coning & Flagging training	1,195.00
8/26/2019	Watersmart Innovations conference in Las Vegas, NV from Oct. 2-3, 2019 - Airfare for R. Waite	103.98
8/27/2019	Work boots for Water Loss Control Shared Services employee	160.39
8/27/2019	10 Online California Harassment Prevention trainings for MWDOC employees	265.52
8/27/2019	Computer supplies	49.98
8/27/2019	Lunch for MET Managers' meeting	84.35
8/27/2019	ACWA Federal Affairs Committee meeting in Sacramento, CA on Sep. 12, 2019 - Airfare for H. Baez	405.96
8/29/2019	Careers in Government job posting for Director of Emergency Management position	375.00
8/30/2019	5 Pairs of workpants for Water Loss Control Shared Services employee	125.01 2
8/30/2019	Office supplies from Costco	282.55
8/30/2019	Brown Caldwell Water Jobs employment posting for Director of Emergency Management position	200.00
8/31/2019	1 Year subscription for Cloud Cam storage for security camera	69.99
9/2/2019	UPS Delivery charges for Board packets on Aug. 29, 2019	56.14
9/2/2019	9/1/19-9/30/19 E-mail service for California Sprinkler Adjustment Notification system	14.95
9/3/2019	California Emergency Services Association conference in Rohnert Park, CA from Oct. 21-24, 2019 - Airfare for D. Harrison	361.96
9/3/2019	California Emergency Services Association conference in Rohnert Park, CA from Oct. 21-24, 2019 - Registration for D. Harrison	774.00
9/4/2019	ACWA Regulatory Summit in Sacramento, CA on Oct. 17, 2019 - Registration for H. Baez	290.00
9/4/2019	Small tools for WEROC EOCs	179.99
9/4/2019	ACWA Regulatory Summit in Sacramento, CA on Oct. 17, 2019 - Airfare for H. Baez	539.96
9/4/2019	ACWA State Legislative Committee meeting in Sacramento, CA on Oct. 25, 2019 - Airfare for H. Baez	539.96
9/5/2019	4 Pairs of workpants for Water Loss Control Shared Services employee	133.51
9/5/2019	Locksmith service call	92.96
9/5/2019	Lunch for Wellness Lunch and Learn for staff	347.66
9/5/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Accommodations deposit for H. De La Torre	415.42 3

Cal Card Charges
Statement Date: August 22, 2019
Payment Date: September 30, 2019

Date	Description	Amount
<u>K. Seckel Card</u> (Continued)		
9/5/2019	Watersmart Innovations conference in Las Vegas, NV from Oct. 2-3, 2019 - Accommodations deposit for R. Waite	213.76
9/5/2019	Watersmart Innovations conference in Las Vegas, NV from Oct. 2-3, 2019 - Accommodations deposit for R. Davis	213.76
9/6/2019	Public Relations Society of America International conference in San Diego, CA from Oct. 20-22, 2019 - Registration for T. Baca	1,395.00
9/6/2019	Public Relations Society of America International conference in San Diego, CA from Oct. 20-22, 2019 - Registration for S. Wilson	1,395.00
9/9/2019	5 Pairs of workpants for Water Loss Control Shared Services employee	166.24
9/9/2019	3 Wireless keyboards	130.11
9/9/2019	UPS Delivery charges for Board packets on Sep. 6, 2019	7.38
9/10/2019	6 ESRI ArcGIS Licenses for Water Loss Control mapping and analytics software	2,300.00
9/10/2019	Urban Water Institute Spring Water conference in Palm Springs from Feb. 19-21, 2020 - Accommodations deposit for R. Hunter	194.11
9/10/2019	Urban Water Institute Spring Water conference in Palm Springs from Feb. 19-21, 2020 - Accommodations deposit for K. Seckel	194.11
9/10/2019	Urban Water Institute Spring Water conference in Palm Springs from Feb. 19-21, 2020 - Accommodations deposit for M. Baum Haley	194.11
9/10/2019	Urban Water Institute Spring Water conference in Palm Springs from Feb. 19-21, 2020 - Accommodations deposit for D. Micalizzi	194.11
9/10/2019	Urban Water Institute Spring Water conference in Palm Springs from Feb. 19-21, 2020 - Accommodations deposit reserved for a director	194.11
9/10/2019	Urban Water Institute Spring Water conference in Palm Springs from Feb. 19-21, 2020 - Accommodations deposit reserved for a director	194.11
9/10/2019	Urban Water Institute Spring Water conference in Palm Springs from Feb. 19-21, 2020 - Accommodations deposit reserved for a director	194.11
9/12/2019	Water Distribution Operator Certification online class - Registration for L. Schwene	99.00
9/13/2019	Water District Jobs employment post for Senior Engineer position	145.00
9/13/2019	Food for staff development meeting	30.49
9/13/2019	North American Water Loss conference in Nashville, TN from Dec. 3-5, 2019 - Airfare for J. Berg	977.69 4
9/16/2019	UPS Delivery charges for Board packets on Sep. 6, 11 & 13, 2019	107.88
9/17/2019	Government Finance Officers Association Intermediate Governmental Accounting class in Garden Grove, CA from Oct. 23-24, 2019 - Registration for L. Gunawan	576.00
9/17/2019	State Water Resources Control Board workshop and California Water Efficiency Partnership Membership meeting in Sacramento, CA from Sep. 23-24, 2019 - Airfare for J. Berg	497.96
9/18/2019	Orange County Water Association Operator Expo in Irvine, CA on Sep 19, 2019 - Registration for D. Harrison	45.00
9/18/2019	Office supplies from Costco	313.97
9/19/2019	Computer supplies	33.68

Cal Card Charges
Statement Date: August 22, 2019
Payment Date: September 30, 2019

Date	Description	Amount
<u>K. Seckel Card</u> (Continued)		
9/20/2019	Cordless drill and accessories for WEROC S. EOC	231.55
9/20/2019	Solar panel kit for MWDOC generator	411.85
Total		<u>\$ 18,965.68</u>

- 1 Accommodations with Caesars Palace canceled, deposit refunded on 10/10/19
- 2 Pants were returned, refunded on 10/2/19
- 3 Accommodations with Caesars Palace canceled, deposit refunded on 10/10/19
- 4 Airline reservation was canceled \$593.69 refunded on 10/1/19 and \$384.00 is available for future travel

Cal Card Charges
Statement Date: August 22, 2019
Payment Date: September 30, 2019

Date	Description	Amount
<u>R. Hunter Card</u>		
8/23/2019-9/23/19	Meals for R. Hunter's meetings	84.89
8/26/2019	Bond Buyer's California Public Finance conference in San Francisco, CA from from Sep. 23-25, 2019 - Airfare for Director Barbre	459.60 ¹
8/31/2019	Legislative activities in Washington DC from Sep. 11-13, 2019 - Accommodations for R. Hunter	696.58
9/4/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Registration and membership for R. Hunter	505.00
9/4/2019	Legislative activities in Washington DC from Sep. 11-13, 2019 - Airline seat charge for R. Hunter	61.72 ²
9/4/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Accommodations deposit for R. Hunter	149.66 ³
9/5/2019	Colorado River Water Users Association conference in Las Vegas, NV from Dec. 11-13, 2019 - Accommodations deposit for Director Thomas	415.42 ⁴
9/9/2019	ACWA Region 10 program in Mission Viejo, CA on Jul. 30, 2019 - Registration for R. Hunter	80.00
9/11/2019	Legislative activities in Washington DC from Sep. 11-13, 2019 - Transportation for R. Hunter	31.13
9/12/2019	Legislative activities in Washington DC from Sep. 11-13, 2019 - Meal for R. Hunter and 2 Guests	283.12
9/13/2019	Legislative activities in Washington DC from Sep. 11-13, 2019 - Meals for R. Hunter	47.70
9/13/2019	Legislative activities in Washington DC from Sep. 11-13, 2019 - Transportation for R. Hunter	17.00
9/13/2019	Legislative activities in Washington DC from Sep. 11-13, 2019 - Parking for R. Hunter	60.00
9/13/2019	Legislative activities in Washington DC from Sep. 11-13, 2019 - Accommodations cancellation fee for Director Barbre	697.75 ⁵
9/13/2019	Legislative activities in Washington DC from Sep. 11-13, 2019 - Meal for R. Hunter	20.43
9/17/2019	LinkedIn job posting for Director of Emergency Management position	510.00
Total		\$ 4,120.00

- ¹ Director Barbre reimbursed MWDOC \$236.99
- ² American airfare \$772.00 paid for with travel voucher
- ³ Accommodations with Caesars Palace canceled, deposit refunded on 10/10/19
- ⁴ Accommodations with Caesars Palace canceled, deposit refunded on 10/10/19
- ⁵ Director Barbre reimbursed MWDOC \$697.75

Municipal Water District of Orange County
GM Approved Disbursement Report ⁽¹⁾
For the month of October 2019

ITEM 1D

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
Core Disbursements:				
ACH004271	10/15/19	AVRAME PRN03	Avram Electric September 2019 Progress billing for MWDOC Electrical System Rehabilitation project ***Total ***	100,439.70 100,439.70
ACH004295	10/15/19	OSBORNE 147	Law Office of Amy Osborne September 2019 Legal services for personnel issues ***Total ***	8,399.00 8,399.00
ACH004322	10/31/19	ROBERTH 54477682	Robert Half Int'l, Inc. 10/7/19-10/11/19 Temporary administration help ***Total ***	895.50 895.50
Total Core Disbursements				109,734.20
Choice Disbursements:				
Total Choice Disbursements				-
Other Funds Disbursements:				
139207	10/15/19	DAYWIR 617428	Day Wireless Systems Installation of fixed mast antennas for satellite phones at WEROC N. and S. EOCs ***Total ***	1,760.00 1,760.00
139263	10/31/19	DAYWIR 617613	Day Wireless Systems Installation of fixed mast antenna for satellite phone at MWDOC EOC and materials for all EOC installations ***Total ***	1,260.63 1,260.63
Total Other Funds Disbursements				3,020.63
Total Disbursements				112,754.83


 Robert J. Hunter, General Manager

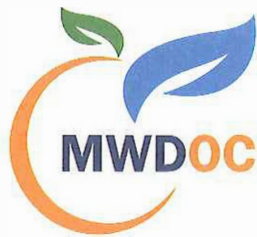

 Hilary Chumpitazi, Treasurer

(1) For disbursements that did not make the cut-off of previous month's Disbursement Approval report.
 Disbursements are approved by GM for payment and need A & F Committee ratification.

**Municipal Water District of Orange County
WATER USE EFFICIENCY PROJECTS**

Cash Flow as of 10/31/19

	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	TOTALS
Cash - Beginning Balance	\$ (692,088.66)	\$ (564,751.37)	\$ (605,357.98)	\$ (568,531.76)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	
REVENUES:													
BUREC			49,393.62										\$ 49,393.62
City of Brea													-
City of Buena Park	111.00	150.00											261.00
City of Fountain Valley	111.00		114.00										225.00
City of Fullerton													-
City of Garden Grove													-
City of Huntington Beach													-
City of La Habra		222.00											222.00
City of San Clemente	515.00	444.99	455.00	553.73									1,988.72
City of San Juan Capistrano													-
City of Santa Ana													-
City of Tustin													-
City of Newport Beach													-
City of Orange		333.00	111.00										444.00
City of Westminster				111.00									111.00
County of Orange													-
Department of Water Resources		30,204.36											30,204.36
East Orange County Water District													-
El Toro Water District	2,614.00	1,924.00	924.00	384.19									5,846.19
Irvine Ranch Water District	6,632.11	18,446.65	6,790.00	11,748.75									43,617.51
Laguna Beach County Water District													-
Mesa Water District		306.45	207.24	188.48									680.17
Metropolitan Water District	17,249.94	878.64	115,504.83										133,633.41
Moulton Niguel Water District	36,055.78	25,127.90	13,476.61	62,561.25									137,221.54
Orange County Water District													-
Santa Margarita Water District													-
Trabuco Canyon Water District	537.90	273.96	111.00	675.00									1,486.86
Yorba Linda Water District													111.00
Miscellaneous Revenues													
Miscellaneous													-
Interest Revenue													-
Total Revenues	63,826.73	78,311.95	187,087.30	76,200.40	-	-	-	-	-	-	-	-	\$ 405,426.38
EXPENDITURES:													
Budget Based Tiered Rates, Ratfells													-
Droplet													-
IRWD													-
GardenSoft Corp				19,500.00									19,500.00
Golden State Water Company													-
City of Huntington Beach													-
Laguna Beach CWD													-
Metropolitan Water District				21,663.40									21,663.40
Mission RCD	6,476.15	8,985.40		810.35									16,271.90
Multi Family HET Direct			110,600.00										110,600.00
Pollard Water													-
Recycled Water On Site Retrofit program													-
South Coast Water District													-
Spray to Drip program		1,031.68	324.60	220.40									1,576.68
SMWD													-
Turf Removal	25,029.55	101,394.48	38,571.48	159,467.56									324,463.07
Water Savings Incentive Program		5,382.00											5,382.00
Water Systems Optimization				5,218.62									5,218.62
Miscellaneous Expenses													
Miscellaneous	1,720.00												1,720.00
Interest Expense	2,413.74												2,413.74
Salary & Benefit	850.00	2,125.00	765.00										3,740.00
Total Expenditures	36,489.44	118,918.56	150,261.08	206,880.33	-	-	-	-	-	-	-	-	\$ 512,549.41
Cash - Ending Balance	\$ (564,751.37)	\$ (605,357.98)	\$ (568,531.76)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	\$ (699,211.69)	



Municipal Water District of Orange County
Consolidated Summary of Cash and Investment
 September 30, 2019

Street Address:
 18700 Ward Street
 Fountain Valley, California 92708

Mailing Address:
 P.O. Box 20895
 Fountain Valley, CA 92728-0895

(714) 963-3058
 Fax: (714) 964-9389
www.mwdoc.com

Brett R. Barbre
 President

Joan C. Finnegan
 Vice President

Larry D. Dick
 Director

Bob McVicker, P.E., D.WRE
 Director

Megan Yoo Schneider, P.E.
 Director

Sat Tamaribuchi
 Director

Jeffery M. Thomas
 Director

Robert J. Hunter
 General Manager

MEMBER AGENCIES

City of Brea
 City of Buena Park
 East Orange County Water District
 El Toro Water District
 Emerald Bay Service District
 City of Fountain Valley
 City of Garden Grove
 Golden State Water Co.
 City of Huntington Beach
 Irvine Ranch Water District
 Laguna Beach County Water District
 City of La Habra
 City of La Palma
 Mesa Water District
 Moulton Niguel Water District
 City of Newport Beach
 City of Orange
 Orange County Water District
 City of San Clemente
 City of San Juan Capistrano
 Santa Margarita Water District
 City of Seal Beach
 Serrano Water District
 South Coast Water District
 Trabuco Canyon Water District
 City of Tustin
 City of Westminster
 Yorba Linda Water District

District investments and cash balances are held in various funds designated for certain purposes as follows:

Fund	Book Value	% of Portfolio
Designated Reserves		
General Operations	\$3,341,910	16.19%
Grant & Project Cash Flow	1,500,000	7.27%
Election Expense	608,000	2.95%
Building Repair	385,408	1.87%
OPEB	297,147	1.44%
Total Designated Reserves	6,132,465	29.72%
General Fund	11,075,873	53.65%
Water Fund	3,204,554	15.52%
Conservation Fund	(568,532)	(2.75%)
WEROC Fund	767,855	3.72%
Trustee Activities	29,433	0.14%
Total	\$20,641,648	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.71%	\$147,171	\$147,171
Short-term investment			
• LAIF	60.74%	\$12,538,027	\$12,538,027
• OCIP	23.52%	4,854,765	4,854,765
Long-term investment			
• Corporate Bond	5.58%	1,151,685	1,153,281
• Certificates of Deposit	9.45%	1,950,000	1,991,556
Total	100.00%	\$20,641,648	\$20,684,800

The average number of days to maturity/call as of September 30, 2019 equaled 135 and the average yield to maturity is 2.288%. During the month, the District's average daily balance was \$27,710,158.41. Funds were invested in Federal Agency Issues, Certificates of Deposit, Negotiable CD's, Miscellaneous Securities, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of September 2019.

The \$43,152 difference between the book value and the market value on September 30, 2019 represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or cash flow requirements identified in the near future that would require the sale of these securities prior to maturity.


 Robert J. Hunter
 General Manager


 Hilary Chumpitazi
 Treasurer



MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Portfolio Management - Portfolio Summary

September 30, 2019

9/30/2019	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,950,000.00	1,991,556.00	1,950,000.00	9.52	1,121	2.519
Corporate Bond	1,150,000.00	1,153,280.50	1,151,684.78	5.61	482	2.290
Local Agency Investment Funds	12,538,027.15	12,538,027.15	12,538,027.15	61.18	1	2.272
Orange County Investment Pool	4,854,765.47	4,854,765.47	4,854,765.47	23.69	1	2.236
Total Investments	20,492,792.62	20,537,629.12	20,494,477.40	100.00	135	2.288

Cash						
Cash	147,170.55	147,170.55	147,170.55		1	0.00
Total Cash and Investments	20,639,963.17	20,684,799.67	20,641,647.95		135	2.288

Total Earnings	Month Ending September	Fiscal Year to Date
Current Year	53,751.93	141,568.31
Average Daily Balance	27,710,158.41	
Effective Rate of Return	2.288%	

We certify that this report reflects the cash and investments of the Municipal Water District of Orange County and is in conformity with the Government Code requirements and the District Investment Policy and Guidelines in effect at the time of investment. The Investment Program herein shown provides sufficient cash flow liquidity to meet the next six month's estimated expenditure. The source for the market values are from Union Bank. Per Resolution 2059 there are no compliance exceptions to report.

Robert J. Hunter, General Manager

Date

11-6-19

Hilary Chumbitazi, Treasurer

Date

11/06/2019

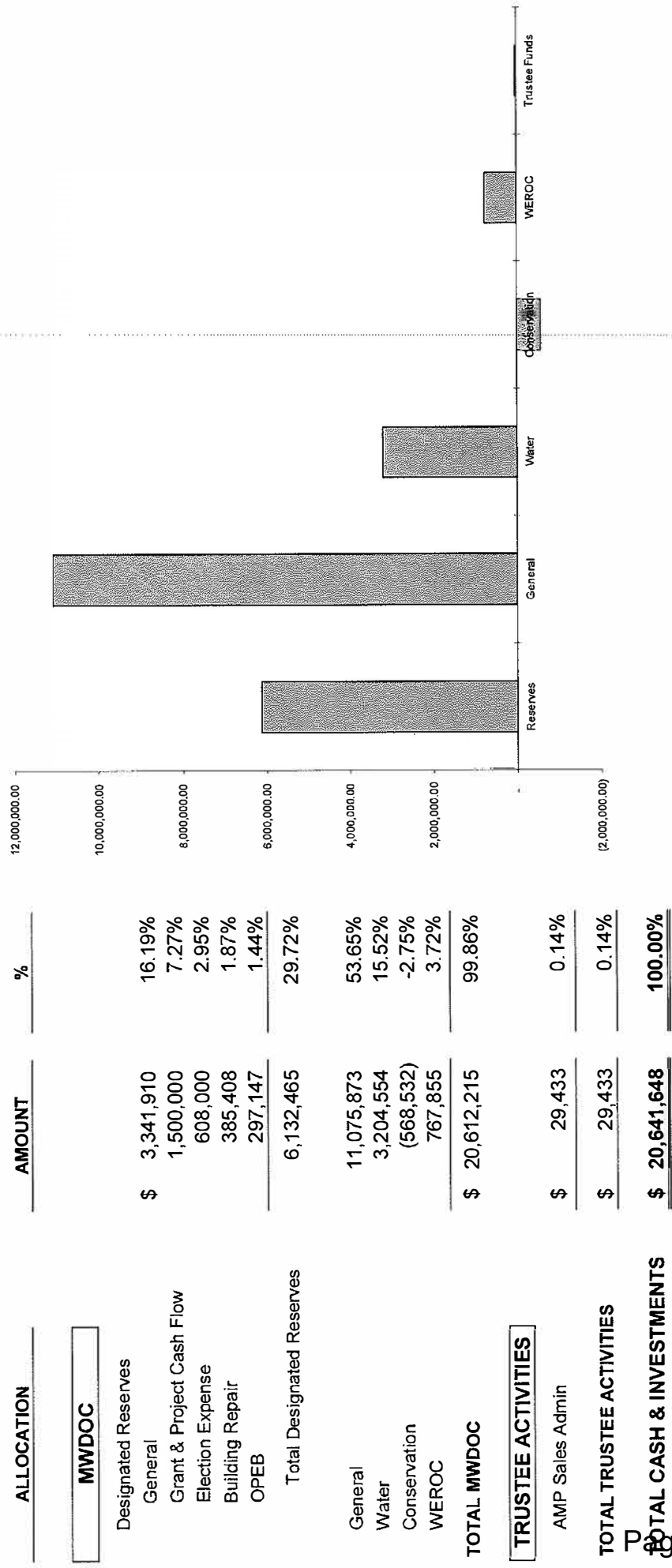
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
September 30, 2019

Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Negotiable Certificate Of Deposit									
Barclays Bank	06740KKY2	9/27/2017	250,000.00	253,180.00	250,000.00	2.250	2.250	1,093	9/27/2022
Capital One Bank	14042TBO9	8/7/2019	250,000.00	253,630.00	250,000.00	2.250	2.250	1,773	8/7/2024
Capital One NA	14042RMJ7	7/24/2019	250,000.00	253,075.00	250,000.00	2.200	2.200	1,759	7/24/2024
Citibank	17294XUN4	7/31/2019	250,000.00	251,297.50	250,000.00	2.200	2.200	305	7/31/2024
Comenity Capital	20033AUX2	7/25/2017	200,000.00	200,706.00	200,000.00	2.000	2.000	655	7/16/2021
Discover Bank	254673RV0	7/25/2018	250,000.00	263,387.50	250,000.00	3.300	3.300	1,394	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	263,970.00	250,000.00	3.350	3.350	1,408	8/8/2023
Morgan Stanley Bank	61747MJ36	2/1/2018	250,000.00	252,310.00	250,000.00	2.500	2.500	490	2/1/2021
Sub Total			1,950,000.00	1,991,556.00	1,950,000.00	2.519	2.519	1,121	
Corporate Bond									
JP Morgan Chase	46625HKA7	11/2/2015	500,000.00	500,130.00	500,146.45	2.250	2.152	84	1/23/2020
National Rural Util Coop	63743FE51	7/27/2017	200,000.00	199,234.00	200,000.00	2.500	2.500	1,019	7/15/2022
Wells Fargo	94974BGR5	1/13/2016	250,000.00	251,342.50	250,390.96	2.550	2.409	434	12/7/2020
Westpac Banking Corp	961214DQ3	7/25/2017	200,000.00	202,574.00	201,147.37	2.500	2.278	1,002	6/28/2022
Sub Total			1,150,000.00	1,153,280.50	1,151,684.78	2.402	2.290	482	
Total Investments			3,100,000.00	3,144,836.50	3,101,684.78	2.476	2.434	884	
Total Earnings									
Current Year		Month Ending September	6,191.65	Fiscal Year To Date	21,101.50				

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
September 30, 2019

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Local Agency Investment Funds									
LAIF LGIP	LAIF	6/30/2010	12,538,027.15	12,538,027.15	12,538,027.15	2.272	2.272	1	N/A
Sub Total			12,538,027.15	12,538,027.15	12,538,027.15	2.272	2.272	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	4,854,765.47	4,854,765.47	4,854,765.47	2.236	2.236	1	N/A
Sub Total			4,854,765.47	4,854,765.47	4,854,765.47	2.236	2.236	1	
Total Investments			17,392,792.62	17,392,792.62	17,392,792.62	2.262	2.262		
Cash									
Petty Cash Cash	CASH	7/1/2010	500.00	500.00	500.00	0.000	0.000	1	N/A
US Bank Cash	CASHUSBANK	7/25/2018	146,670.55	146,670.55	146,670.55	0.000	0.000	1	N/A
Total Cash			147,170.55	147,170.55	147,170.55	0.000	0.000	1	
Total Cash and Investments			17,539,963.17	17,539,963.17	17,539,963.17	2.262	2.262	1	
Total Earnings									
Current Year		Month Ending September	Fiscal Year To Date						
		47,560.28	120,466.81						

**Municipal Water District of Orange County
Cash and Investments at September 30, 2019**



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS Post-Employment Benefits Trust**Account Report for the Period**
9/1/2019 to 9/30/2019Rob Hunter
General Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708**Account Summary**

Source	Beginning Balance as of 9/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 9/30/2019
OPEB	\$2,213,684.89	\$0.00	\$16,316.14	\$461.18	\$0.00	\$0.00	\$2,229,539.85
PENSION	\$424,493.96	\$0.00	\$3,128.53	\$88.44	\$0.00	\$0.00	\$427,534.05
Totals	\$2,638,178.85	\$0.00	\$19,444.67	\$549.62	\$0.00	\$0.00	\$2,657,073.90

Investment Selection**Source**OPEB **Moderate HighMark PLUS**
PENSION **Moderate HighMark PLUS****Investment Objective****Source**

OPEB The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

PENSION The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	0.74%	0.85%	4.91%	7.05%	5.81%	-	10/26/2011
PENSION	0.74%	0.92%	4.98%	-	-	-	7/31/2018

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

NET PERFORMANCE FEE ANALYSIS

As of September 30, 2019

Over 1 Year

PARS/HIGHMARK	
Moderate Active Strategy (46% Fixed Income)	5.09%
minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.34%
1-Year Net Return	4.50%

Over 3 Years

PARS/HIGHMARK	
Moderate Active Strategy (46% Fixed Income)	7.03%
minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.34%
3-Year Net Return	6.44%

Over 5 Years

PARS/HIGHMARK	
Moderate Active Strategy (46% Fixed Income)	5.81%
minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.34%
5-Year Net Return	5.22%

CALPERS CERBT

Strategy 2 (43% Fixed Income)	7.70%
minus fees	(-) 0.10%
1-Year Net Return	7.61%

CALPERS CERBT

Strategy 2 (43% Fixed Income)	6.56%
minus fees	(-) 0.10%
3-Year Net Return	6.47%

CALPERS CERBT

Strategy 2 (43% Fixed Income)	5.49%
minus fees	(-) 0.10%
5-Year Net Return	5.40%

* Subject to change due to rebalancing; fees are based on assets under \$5 million; past performance does not guarantee future results

NET PERFORMANCE FEE ANALYSIS

As of September 30, 2019

Over 1 Year

PARS/HIGHMARK	
Moderate Active Strategy (46% Fixed Income)	5.09%
minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.34%
1-Year Net Return	4.50%

Over 3 Years

PARS/HIGHMARK	
Moderate Active Strategy (46% Fixed Income)	7.03%
minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.34%
3-Year Net Return	6.44%

Over 5 Years

PARS/HIGHMARK	
Moderate Active Strategy (46% Fixed Income)	5.81%
minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.34%
5-Year Net Return	5.22%

CALPERS CERBT

Strategy 3 (49% Fixed Income)	9.07%
minus fees	(-) 0.10%
1-Year Net Return	8.98%

CALPERS CERBT

Strategy 3 (49% Fixed Income)	5.43%
minus fees	(-) 0.10%
3-Year Net Return	5.34%

CALPERS CERBT

Strategy 3 (49% Fixed Income)	4.85%
minus fees	(-) 0.10%
5-Year Net Return	4.76%

* Subject to change due to rebalancing; fees are based on assets under \$5 million; past performance does not guarantee future results

ITEM 2A

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
COMBINED FINANCIAL STATEMENTS
AND
BUDGET COMPARATIVE
JULY 1, 2019 THRU SEPTEMBER 30, 2019

**Municipal Water District of Orange County
Combined Balance Sheet
As of September 30, 2019**

<u>ASSETS</u>	Amount
Cash in Bank	147,170.55
Investments	20,494,477.40
Accounts Receivable	30,547,244.03
Accounts Receivable - Other	194,268.95
Accrued Interest Receivable	138,928.46
Prepays/Deposits	336,975.76
Leasehold Improvements	3,833,004.08
Furniture, Fixtures & Equipment	573,533.87
Less: Accum Depreciation	<u>(3,128,507.24)</u>
TOTAL ASSETS	<u><u>\$53,137,095.86</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts Payable	31,474,415.47
Accounts Payable - Other	107.99
Accrued Salaries and Benefits Payable	385,446.31
Other Liabilities	615,862.70
Unearned Revenue	<u>802,012.18</u>
Total Liabilities	<u>33,277,844.65</u>
 Fund Balances	
Restricted Fund Balances	
Water Fund - T2C	<u>1,012,367.51</u>
Total Restricted Fund Balances	<u>1,012,367.51</u>
Designated Reserves	
General Operations	3,341,910.36
Grant & Project Cash Flow	1,500,000.00
Election Expense	608,000.00
Building Repair	385,407.45
OPEB	<u>297,147.00</u>
Total Designated Reserves	<u>6,132,464.81</u>
General Fund	4,246,251.93
General Fund Capital	525,009.00
WEROC Capital	114,948.58
WEROC	<u>250,873.05</u>
Total Unrestricted Fund Balances	<u>11,269,547.37</u>
Excess Revenue over Expenditures	
Operating Fund	7,303,015.73
Other Funds	<u>274,320.60</u>
Total Fund Balance	<u>19,859,251.21</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>53,137,095.86</u></u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July thru September 2019

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>REVENUES</u>						
Retail Connection Charge	0.00	7,888,929.60	7,888,930.00	100.00%	0.00	0.40
Ground Water Customer Charge	0.00	598,248.00	598,248.00	100.00%	0.00	0.00
Water rate revenues	0.00	8,487,177.60	8,487,178.00	100.00%	0.00	0.40
Interest Revenue	52,991.78	138,900.41	580,000.00	23.95%	0.00	441,099.59
Subtotal	52,991.78	8,626,078.01	9,067,178.00	95.14%	0.00	441,099.99
Choice Programs	0.00	1,193,865.52	1,472,622.00	81.07%	0.00	278,756.48
Miscellaneous Income	421.66	12,782.82	3,000.00	426.09%	0.00	(9,782.82)
Revenue Other	0.00	1,088.00	0.00	0.00%	0.00	(1,088.00)
School Contracts	6,145.94	6,145.94	118,213.00	5.20%	0.00	112,067.06
Transfer-In From Reserve	0.00	0.00	(42,870.00)	0.00%	0.00	(42,870.00)
Subtotal	6,567.60	1,213,882.28	1,550,965.00	78.27%	0.00	337,082.72
TOTAL REVENUES	59,559.38	9,839,960.29	10,618,143.00	92.67%	0.00	778,182.71

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July thru September 2019

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>EXPENSES</u>						
Salaries & Wages	310,391.63	949,063.00	4,052,038.00	23.42%	0.00	3,102,975.00
Salaries & Wages - Grant Recovery	0.00	0.00	(5,500.00)	0.00%	0.00	(5,500.00)
Salaries & Wages - Recovery	(933.24)	(3,722.88)	0.00	0.00%	0.00	3,722.88
Director's Compensation	19,957.76	56,754.88	268,132.00	21.17%	0.00	211,377.12
MWD Representation	9,355.20	32,119.52	153,218.00	20.96%	0.00	121,098.48
Employee Benefits	92,071.19	287,198.20	1,261,651.00	22.76%	0.00	974,452.80
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Employee Benefits - Recovery	(177.76)	(709.12)	0.00	0.00%	0.00	709.12
Director's Benefits	11,461.85	30,998.45	93,947.00	33.00%	0.00	62,948.55
Health Insurance for Retirees	6,798.24	15,263.22	70,287.00	21.72%	0.00	55,023.78
Training Expense	2,036.52	3,347.02	32,000.00	10.46%	18,000.00	10,652.98
Tuition Reimbursement	0.00	2,552.62	5,000.00	51.05%	0.00	2,447.38
Temporary Help Expense	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Personnel Expenses	450,961.39	1,579,864.91	6,142,773.00	25.72%	18,000.00	4,544,908.09
Engineering Expense	4,784.73	76,831.54	435,000.00	17.66%	235,747.67	122,420.79
Legal Expense	23,624.86	76,047.05	200,000.00	38.02%	154,452.95	(30,500.00)
Audit Expense	8,000.00	15,500.00	29,240.00	53.01%	4,267.00	9,473.00
Professional Services	99,196.17	220,050.40	1,487,330.00	14.79%	785,505.85	481,773.75
Professional Fees	135,605.76	388,428.99	2,151,570.00	18.05%	1,179,973.47	583,167.54
Conference-Staff	4,110.00	10,610.00	40,535.00	26.17%	0.00	29,925.00
Conference-Directors	0.00	6,025.00	28,440.00	21.18%	0.00	22,415.00
Travel & Accom.-Staff	7,513.81	11,618.87	89,131.00	13.04%	0.00	77,512.13
Travel & Accom.-Directors	656.03	5,461.72	46,625.00	11.71%	0.00	41,163.28
Travel & Conference	12,279.84	33,715.59	204,731.00	16.47%	0.00	171,015.41
Membership/Sponsorship	345.00	61,773.33	114,966.00	53.73%	0.00	53,192.67
CDR Support	0.00	12,538.95	50,156.00	25.00%	37,616.85	0.20
Dues & Memberships	345.00	74,312.28	165,122.00	45.00%	37,616.85	53,192.87
Business Expense	154.41	673.40	5,200.00	12.95%	0.00	4,526.60
Maintenance Office	5,753.16	24,905.84	138,527.00	17.98%	109,564.12	4,057.04
Building Repair & Maintenance	1,357.03	2,961.29	20,000.00	14.81%	7,038.71	10,000.00
Storage Rental & Equipment Lease	258.26	759.53	3,616.00	21.00%	1,856.47	1,000.00
Office Supplies	2,255.46	7,935.52	36,000.00	22.04%	2,627.64	25,436.84
Supplies - Water Loss Control	892.10	4,027.41	2,033.00	198.10%	77.76	(2,072.17)
Postage/Mail Delivery	359.29	1,126.63	9,400.00	11.99%	2,038.60	6,234.77
Subscriptions & Books	120.00	280.61	1,500.00	18.71%	0.00	1,219.39
Reproduction Expense	0.00	1,534.38	61,000.00	2.52%	2,965.62	56,500.00
Maintenance-Computers	213.77	790.51	8,000.00	9.88%	1,948.40	5,261.09
Software Purchase	0.00	9,507.36	34,500.00	27.56%	3,678.15	21,314.49
Software Support	4,661.15	17,514.51	59,134.00	29.62%	1,800.00	39,819.49
Computers and Equipment	0.00	19,929.14	49,450.00	40.30%	0.00	29,520.86
Automotive Expense	1,903.41	5,814.64	19,300.00	30.13%	0.00	13,485.36
Vehicle Expense	303.64	330.08	13,160.00	2.51%	0.00	12,829.92
Toll Road Charges	61.46	303.23	2,400.00	12.63%	0.00	2,096.77
Insurance Expense	10,014.19	30,177.71	140,000.00	21.56%	0.00	109,822.29
Utilities - Telephone	2,051.67	5,899.25	25,773.00	22.89%	1,028.91	18,844.84
Bank Fees	0.00	88.33	1,200.00	7.36%	0.00	1,111.67
Miscellaneous Expense	6,579.07	16,781.07	108,100.00	15.52%	636.83	90,682.10
MWDOC's Contrb. to WEROC	19,081.50	57,244.50	273,367.00	20.94%	0.00	216,122.50
Depreciation Expense	3,482.30	10,446.89	0.00	0.00%	0.00	(10,446.89)
Other Expenses	59,501.87	219,031.83	1,011,660.00	21.65%	135,261.21	657,366.96
Building Expense	118,220.53	241,196.07	835,831.00	28.86%	173,058.11	421,576.82
Capital Acquisition	0.00	394.89	106,456.00	0.37%	76,518.55	29,542.56
TOTAL EXPENSES	776,914.39	2,536,944.56	10,618,143.00	23.89%	1,620,428.19	6,460,770.25
NET INCOME (LOSS)	(717,355.01)	7,303,015.73	0.00			

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
From July thru September 2019

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<u>WATER REVENUES</u>					
Water Sales	14,762,351.60	41,206,964.20	232,376,274.00	17.73%	191,169,309.80
Readiness to Serve Charge	838,872.80	2,516,618.40	10,071,282.00	24.99%	7,554,663.60
Capacity Charge CCF	299,996.67	899,990.01	3,615,440.00	24.89%	2,715,449.99
SCP/SAC Pipeline Surcharge	32,830.38	100,892.42	350,000.00	28.83%	249,107.58
Interest	<u>1,963.41</u>	<u>5,987.95</u>	<u>20,000.00</u>	<u>29.94%</u>	<u>14,012.05</u>
TOTAL WATER REVENUES	<u>15,936,014.86</u>	<u>44,730,452.98</u>	<u>246,432,996.00</u>	<u>18.15%</u>	<u>201,702,543.02</u>
<u>WATER PURCHASES</u>					
Water Sales	14,762,351.60	41,206,964.20	232,376,274.00	17.73%	191,169,309.80
Readiness to Serve Charge	838,872.80	2,516,618.40	10,071,282.00	24.99%	7,554,663.60
Capacity Charge CCF	299,996.67	899,990.01	3,615,440.00	24.89%	2,715,449.99
SCP/SAC Pipeline Surcharge	<u>32,830.38</u>	<u>100,892.42</u>	<u>350,000.00</u>	<u>28.83%</u>	<u>249,107.58</u>
TOTAL WATER PURCHASES	<u>15,934,051.45</u>	<u>44,724,465.03</u>	<u>246,412,996.00</u>	<u>18.15%</u>	<u>201,688,530.97</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u><u>1,963.41</u></u>	<u><u>5,987.95</u></u>	<u><u>20,000.00</u></u>		

Municipal Water District of Orange County
WUE Revenues and Expenditures (Actuals vs Budget)
From July thru September 2019

	Year to Date Actual	Annual Budget	% Used
Spray To Drip Conversion			
Revenues	1,578.28	110,562.00	1.43%
Expenses	<u>1,785.89</u>	<u>110,562.00</u>	1.62%
Excess of Revenues over Expenditures	(207.61)	0.00	
Member Agency Administered Passthru			
Revenues	203,400.00	616,000.00	33.02%
Expenses	<u>110,600.00</u>	<u>616,000.00</u>	17.95%
Excess of Revenues over Expenditures	92,800.00	0.00	
ULFT Rebate Program			
Revenues	3,402.81	27,500.00	12.37%
Expenses	<u>3,402.81</u>	<u>27,500.00</u>	12.37%
Excess of Revenues over Expenditures	0.00	0.00	
HECW Rebate Program			
Revenues	30,142.45	300,000.00	10.05%
Expenses	<u>29,981.78</u>	<u>300,000.00</u>	9.99%
Excess of Revenues over Expenditures	160.67	0.00	
CII Rebate Program			
Revenues	0.00	305,000.00	0.00%
Expenses	<u>0.00</u>	<u>305,000.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Turf Removal Program			
Revenues	173,736.71	835,776.00	20.79%
Expenses	<u>175,210.21</u>	<u>835,776.00</u>	20.96%
Excess of Revenues over Expenditures	(1,473.50)	0.00	
Comprehensive Landscape (CLWUE)			
Revenues	13,738.96	110,558.00	12.43%
Expenses	<u>13,097.29</u>	<u>116,450.00</u>	11.25%
Excess of Revenues over Expenditures	641.67	(5,892.00)	
Recycled Water Program			
Revenues	0.00	19,750.00	0.00%
Expenses	<u>0.00</u>	<u>19,750.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
WSIP - Industrial Program			
Revenues	0.00	45,000.00	0.00%
Expenses	<u>0.00</u>	<u>45,000.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
WUE Projects			
Revenues	425,999.21	2,370,146.00	17.97%
Expenses	<u>334,077.98</u>	<u>2,376,038.00</u>	14.06%
Excess of Revenues over Expenditures	91,921.23	(5,892.00)	
WEROC			
Revenues	286,222.50	652,564.00	43.86%
Expenses	<u>107,478.47</u>	<u>624,478.00</u>	17.21%
Excess of Revenues over Expenditures	178,744.03	28,086.00	



Memorandum

DATE: November 13, 2019

TO: Administrative & Finance Committee
(Directors Thomas, Finnegan, McVicker)

FROM: Robert Hunter

SUBJECT: Quarter ending September 2019 Fiscal YTD Financials Actual versus Budget

The following reports are attached:

- Revenues and Expenditures Actual versus Budget for the General Fund
- Revenues and Expenditures Actual versus Budget Detailed Comparative Report for the General Fund
- Revenues and Expenditures Actual versus Budget for Water Funds
- Revenues and Expenditures Actual versus Budget for Other Funds
- Revenues and Expenditures Actual versus Budget for the Water Use Efficiency Projects

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget Summary Report
Fiscal Year to Date ending September 2019 (Unaudited)
(\$000 Omitted)
General Fund and Reserve Fund

GENERAL FUND

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
<u>REVENUES</u>			
Water Rate revenues:			
Retail Connection Charge	7,889	7,889	100.00%
Ground Water Customer Charge	598	598	100.00%
Subtotal	<u>8,487</u>	<u>8,487</u>	<u>100.00%</u>
Other Revenues:			
Interest income	139	580	23.95%
Choice Programs ⁽¹⁾	1,194	1,473	81.07%
School Contracts ⁽²⁾	6	118	5.20%
Other income ⁽³⁾	14	3	462.37%
Transfer in from Reserve ⁽⁴⁾	0	(43)	0.00%
Subtotal	<u>1,353</u>	<u>2,131</u>	<u>63.48%</u>
TOTAL REVENUES	<u><u>9,840</u></u>	<u><u>10,618</u></u>	<u><u>92.67%</u></u>
<u>EXPENSES</u>			
Personnel Expenses (incl. Dir.)	1,580	6,143	25.72%
Professional services ⁽⁵⁾	236	1,517	15.53%
Outside engineering ⁽⁶⁾	77	435	17.66%
Legal expense ⁽⁷⁾	76	200	38.02%
Travel & Conference ⁽⁸⁾	34	205	16.47%
Dues and memberships ⁽⁹⁾	74	165	45.00%
General & Admin expense	219	1,012	21.65%
Building repair & expense	241	836	28.86%
Capital acquisition (not including building repairs) ⁽¹⁰⁾	0	106	0.37%
TOTAL EXPENSES	<u><u>2,537</u></u>	<u><u>10,618</u></u>	<u><u>23.89%</u></u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>7,303</u></u>		

RESERVE FUND

Beginning Balance	5,520
Nov 2018 - excess from FY 17-18 General Fund	612
TOTAL RESERVE FUND	<u><u>6,132</u></u>

(1) Choice Programs are billed and paid in the beginning of the fiscal year

(2) School Contracts begin in September

(3) Other Income - Refund of unspent technical assistance research from Doheny (8 years ago) and a delinquent water payment

(4) Transfer in from Reserves is moved at year-end

(5) Professional Services - Projects in process

(6) Outside Engineering - Projects in process

(7) Legal expense includes unanticipated events

(8) Travel & Conference scheduled throughout the fiscal year

(9) Dues and memberships are generally paid early in the fiscal year

(10) Capital acquisition projects awaiting city approval

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending September 2019 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
REVENUES			
Retail Connection Charge	7,888,930	7,888,930	100.00%
Ground Water Customer Charge	598,248	598,248	100.00%
Water Rate Revenues	8,487,178	8,487,178	100.00%
Choice Programs	1,193,865	1,472,622	81.07%
Interest Revenue	138,900	580,000	23.95%
Miscellaneous Income	13,871	3,000	462.37%
School Contracts	6,146	118,213	5.20%
Transfer in from Reserve	0	(42,870)	0.00%
Other Revenues	1,352,782	2,130,965	63.48%
TOTAL REVENUES	9,839,960	10,618,143	92.67%

OPERATING EXPENSES			
Salaries & Wages	949,063	4,052,038	23.42%
less Recovery's	(3,723)	(5,500)	67.69%
Directors' Compensation	56,755	268,132	21.17%
MWD Representation	32,120	153,218	20.96%
Employee Benefits	287,198	1,261,651	22.76%
less Recovery's	(709)	0	0.00%
CALPERS Unfunded Liability Contribution	207,000	207,000	100.00%
Directors Benefits	30,998	93,947	33.00%
Health Insurances for Retirees	15,263	70,287	21.72%
Training Expense	3,347	32,000	10.46%
Tuition Reimbursement	2,553	5,000	51.06%
Temporary Help Expense	0	5,000	0.00%
Personnel Expenses	1,579,865	6,142,773	25.72%
Engineering Expense	76,832	435,000	17.66%
Legal Expense	76,047	200,000	38.02%
Audit Expense	15,500	29,240	53.01%
Professional Services	220,050	1,487,330	14.79%
Professional Fees	388,429	2,151,570	18.05%
Conference-Staff	10,610	40,535	26.17%
Conference-Directors	6,025	28,440	21.18%
Travel & Accom.-Staff	11,619	89,131	13.04%
Travel & Accom.-Directors	5,462	46,625	11.71%
Travel & Conference	33,716	204,731	16.47%
Membership/Sponsorship	61,773	114,966	53.73%
CDR Support	12,539	50,156	25.00%
Dues & Memberships	74,312	165,122	45.00%

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending September 2019 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
Business Expense	673	5,200	12.94%
Maintenance Office	24,906	138,527	17.98%
Building Repair & Maintenance	2,961	20,000	14.81%
Storage Rental & Equipment Lease	760	3,616	21.02%
Office Supplies	7,936	36,000	22.04%
Supplies - Water Loss Control	4,027	2,033	198.08%
Postage/Mail Delivery	1,127	9,400	11.99%
Subscriptions & Books	281	1,500	18.73%
Reproduction Expense	1,534	61,000	2.51%
Maintenance-Computers	791	8,000	9.89%
Software Purchase	9,507	34,500	27.56%
Software Support	17,514	59,134	29.62%
Computers and Equipment	19,929	49,450	40.30%
Automotive Expense	5,815	19,300	30.13%
Vehicle Expense	330	13,160	2.51%
Toll Road Charges	303	2,400	12.63%
Insurance Expense	30,178	140,000	21.56%
Utilities - Telephone	5,899	25,773	22.89%
Bank Fees	88	1,200	7.33%
Miscellaneous Expense	16,781	108,100	15.52%
MWDOC's Contribution to WEROC	57,245	273,367	20.94%
Depreciation Expense	10,447	0	0.00%
MWDOC Building Expense	241,196	835,831	28.86%
Capital Acquisition	395	106,456	0.37%
Other Expenses	460,623	1,953,947	23.57%
TOTAL EXPENSES	2,536,945	10,618,143	23.89%
EXCESS OF REVENUES OVER EXPENSES	7,303,015	0	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Revenues and Expenditures
Fiscal Year to Date ending September 2019 (Unaudited)
Water Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>Water Revenues</u>			
Water Sales	41,206,964	232,376,274	(191,169,310)
Readiness to Serve Charge	2,516,618	10,071,282	(7,554,664)
Capacity Charge CCF	899,990	3,615,440	(2,715,450)
SCP/SAC Pipeline Surcharge	100,892	350,000	(249,108)
Interest	5,988	20,000	(14,012)
Total Water Revenues	<u>44,730,452</u>	<u>246,432,996</u>	<u>(201,702,544)</u>
<u>Water Purchases</u>			
Water Sales	41,206,964	232,376,274	(191,169,310)
Ready to Serve Charge	2,516,618	10,071,282	(7,554,664)
Capacity Charge	899,990	3,615,440	(2,715,450)
SCP/SAC Pipeline Surcharge	100,892	350,000	(249,108)
Total Water Purchases	<u>44,724,464</u>	<u>246,412,996</u>	<u>(201,688,532)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,988</u>	<u>20,000</u>	<u>(14,012)</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending September 2019 (Unaudited)
Other Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>WEROC</u>			
Revenues	286,222	652,564	(366,342)
Expenditures	107,478	624,478	(517,000)
Excess of Revenues over Expenditures	<u>178,744</u>	<u>28,086</u>	<u>150,658</u>

WUE Projects (details on next page)

Revenues	425,999	2,370,146	(1,944,147)
Expenditures	334,078	2,376,038	(2,041,960)
Excess of Revenues over Expenditures	<u>91,921</u>	<u>(5,892)</u>	<u>97,813</u>

Footnote:

- 1) The excess of expense over revenue is waiting for reimbursement.
- 2) USBR (Federal) Grant is billed in October and April with funds being received one month later.
- 3) DWR is billed quarterly to county and takes a few months to a year to receive funds.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending September 2019 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %</u>	<u>Fiscal Year Budget</u>	<u>% of Budget</u>	<u>Projected Final FY Budget</u>
<u>Spray to Drip Conversion</u>					
Revenues	1,578		110,562	1.43%	110,562
Expenditures	1,786		110,562	1.62%	110,562
Excess of Revenues over Expenditures	(208)	-13%			

Actual Variance: Payment to Program Participants ahead of Grant, Metropolitan (on water bill), and Retail Water Agencies reimbursements.

Budget Variance: To be on target the % of Budget should be closer to 25%, but with 75% of the implementation year left, there is time to increase the numbers. All reporting is current. Have requested marketing to increase to build participation.

Member Agency Administered Pass thru

Revenues	203,400		616,000	33.02%	616,000
Expenditures	110,600		616,000	17.95%	616,000
Excess of Revenues over Expenditures	92,800	46%			

Actual Variance: Posted revenues out ahead of expenditures. Revenue comes from reporting to Metropolitan on program activity.

Budget Variance: Slightly ahead of target set at this time of year to be 25%.

ULFT Rebate Program

Revenues	3,403		27,500	12.37%	27,500
Expenditures	3,403		27,500	12.37%	27,500
Excess of Revenues over Expenditures	-	0%			

Actual Variance: This tracks MWDOC member agencies activities to provide supplemental funding to increase activity in their service territories.

Budget Variance: Actual Budget is at 12.37%, still time to achieve 100% by year's end.

HECW Rebate Program

Revenues	30,142		300,000	10.05%	300,000
Expenditures	29,982		300,000	9.99%	300,000
Excess of Revenues over Expenditures	160	1%			

Actual Variance: This tracks MWDOC member agencies activities to provide supplemental funding to increase activity in their service territories.

Budget Variance: Actual Budget is at 10.05%, still time to achieve 100% by year's end.

CII Rebate Program

Revenues	-		305,000	0.00%	305,000
Expenditures	-		305,000	0.00%	305,000
Excess of Revenues over Expenditures	-	0%			

Actual Variance: This tracks MWDOC member agencies activities to provide supplemental funding to increase CII activity in their service territories. Currently a handful of agencies who indicated they would provide funding have yet to start. Several agencies have indicated after the start of the fiscal year they no longer would provide supplemental funding.

Budget Variance: See Actual Variance explanation

Notes:

[1] Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.

[2] Fiscal year budget versus Actual

[3] With each quarterly report the projected fiscal year end budget may be re-adjusted.

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending September 2019 (Unaudited)
Water Use Efficiency Projects

	<u>Actual</u>	<u>Variance %</u>	<u>Fiscal Year Budget</u>	<u>% of Budget</u>	<u>Projected Final FY Budget</u>
<u>Turf Removal Program</u>					
Revenues	173,737		835,776	20.79%	835,776
Expenditures	175,210		835,776	20.96%	835,776
Excess of Revenues over Expenditures	(1,473)	-1%			

Actual Variance: On target. All reporting current.

Budget Variance: On target. All reporting current.

<u>Comprehensive Landscape (CLWUE)</u>					
Revenues	13,739		110,558	12.43%	110,558
Expenditures	13,097		116,450	11.25%	116,450
Excess of Revenues over Expenditures	642	5%	(5,892)		

Actual Variance: Grant funded program. All reporting is current.

Budget Variance: Actual Budget is at 12.43%, still time to achieve 100% by year's end.

<u>Recycled Water Program</u>					
Revenues	-		19,750	0.00%	19,750
Expenditures	-		19,750	0.00%	19,750
Excess of Revenues over Expenditures	-	0%			

Actual Variance: Funding activity for this program comes from a USBR grant agreement. Agreement term began Oct 1, 2019. Grant funds to be expended throughout the remaining fiscal year.

Budget Variance: See Actual Variance explanation

<u>WSIP - Industrial Program</u>					
Revenues	-		45,000	0.00%	45,000
Expenditures	-		45,000	0.00%	45,000
Excess of Revenues over Expenditures	-	0%			

Actual Variance: Funding for the program comes from 3 grants sources that we currently have or will come on line within the coming months. Should see activity on these projects prior to the end of the fiscal year.

Budget Variance: Several projects in the queue to finish this year.

Notes:

[1] Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.

[2] Fiscal year budget versus Actual

[3] With each quarterly report the projected fiscal year end budget may be re-adjusted.

FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2019



Table of Contents

	Page
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Unaudited)	3 - 9
Basic Financial Statements:	
▪ Statement of Net Position	10 - 11
▪ Statement of Revenues, Expenses and Changes in Net Position	12
▪ Statement of Cash Flows.....	13 - 14
▪ Notes to Basic Financial Statements	15 - 36
Required Supplementary Information (Unaudited):	
▪ Other Post-Employment Benefit Plan Schedule of Changes	37
▪ Other Post-Employment Benefit Plan Schedule of OPEB Contributions.....	38
▪ Cost Sharing Retirement Plan Schedule of the District's Proportionate Share of the Net Pension Liability.....	39 - 40
▪ Cost Sharing Retirement Plan Schedule of Contributions.....	41

INDEPENDENT AUDITORS' REPORT



Report of Independent Auditors

The Honorable Members of the Board of Directors Municipal Water District of Orange County

Report on the Financial Statements

We have audited the accompanying financial statements of the Municipal Water District of Orange County (the District) which comprise the statement of net position as of June 30, 2019, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



DRAFT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2019 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 14, 2018. In our audit opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it was derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of Contributions for the Cost Sharing Retirement Plan on pages 3 through 9 and 37 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **November __, 2019** on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Glendale, California

November __, 2019

A scenic landscape photograph of a mountain lake. In the foreground, a rustic wooden railing made of horizontal logs and vertical posts is visible. The lake is calm, reflecting the surrounding environment. The background features a large, rugged mountain with steep, rocky slopes and patches of snow. The sky is a clear, pale blue. The overall scene is peaceful and natural.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2019**

The following is a brief discussion of the Municipal Water District of Orange County's (District) activities and financial performance for the year ended June 30, 2019. Please read it in conjunction with the District's basic financial statements and accompanying notes which follow this section.

FINANCIAL HIGHLIGHTS

- The District's revenues were \$173.8 million in FY 2018-19, compared to \$232.3 million in the prior fiscal year, a 25.2% decrease.
- The District's expenses were \$172.5 million in FY 2018-19, compared to \$230.9 million in the prior fiscal year, a 25.3% decrease.
- The District's assets at June 30, 2019 were \$34.9 million, a 33.5% decrease compared to total assets of \$52.6 million at June 30, 2018.
- The District's liabilities at June 30, 2019 were \$25.1 million, a 43.2% decrease compared to total liabilities of \$44.2 million at June 30, 2018.
- The District's net position at June 30, 2019 was \$10.4 million, a 13.8% increase compared to net position of \$9.2 million at June 30, 2018.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting.

Under the economic resources measurement focus, all assets, deferred inflows and outflows of resources, and liabilities (whether current or noncurrent) associated with these activities are included on the Statements of Net Position. The Statements of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's financial statements, prepared in accordance with generally accepted accounting principles (GAAP), offer key, high-level financial information about the District activities during the reporting period. The financial statements of the District consist of three interrelated statements designed to provide the reader with relevant information on the District's financial condition and operating results. These statements offer short-term and long-term financial information about the District's activities utilizing the full accrual basis of accounting.

The *Statements of Net Position* includes all of the District's assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference being reported as Net Position. It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2019**

All of the current year's revenues and expenses are accounted for in the *Statements of Revenues, Expenses, and Changes in Net Position*. These statements measure the District's operations over the past year and can be used to determine whether the District has successfully recovered all its projected costs through its rates and other service related charges.

The final required financial statement is the *Statements of Cash Flows* which presents information about the District's cash receipts and cash payments during the reporting period classified as cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities. These statements also provide comparative information on the sources and uses of the District's cash during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is: "Is the District, as a whole, financially better off or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) as one way to measure financial health or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in economic conditions, population growth, changes in rates and charges and new or changed government legislation or accounting standards.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2019**

STATEMENT OF NET POSITION

Net position is the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, and may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's Statement of Net Position.

**TABLE 1
Condensed Statements of Net Positions
(In thousands of dollars)
June 30:**

	FY 2019	PY FY 2018	Variance	Total Percent Change
Current Restricted Assets	\$ 2,181	\$ 2,593	\$ (412)	(15.9%)
Current Unrestricted Assets	31,502	48,639	(17,137)	(35.2%)
Capital Assets	1,289	1,352	(63)	(4.7%)
Total Assets	34,972	52,584	(17,612)	(33.5%)
Deferred Outflows of Resources	852	1,024	(172)	(16.8%)
Liabilities Payable from Restricted Current Assets	880	1,401	(521)	(37.2%)
Liabilities Payable from Unrestricted Current Assets	21,775	40,256	(18,481)	(45.9%)
Noncurrent Unrestricted Liabilities	2,481	2,573	(92)	(3.6%)
Total Liabilities	25,136	44,230	(19,094)	(43.2%)
Deferred Inflows of Resources	219	179	40	22.3%
Net Position:				
Investment in Capital Assets, Net of Related Debt	1,288	1,352	(64)	(4.7%)
Restricted for Trustee Activities	1,301	1,192	109	9.1%
Unrestricted	7,880	6,655	1,225	18.4%
Total Net Assets	\$ 10,469	\$ 9,199	\$ 1,270	13.8%

- Total Assets decreased by \$17.6 million due to lower water sales of \$17.5 million and Conservation rebates paid upfront for \$917 thousand. This is offset by an increase in interest income of \$227 thousand and \$612 thousand went to reserves.
- Total Liabilities decreased by \$19.0 million. Under Restricted we had \$366 thousand less MET Conservation accrued liability and \$150 thousand less unearned revenue used in our conservation programs. Unrestricted had \$18 million less outstanding invoices compared to prior fiscal year because of lower water purchases due to lower water sales.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2019**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

While the Statement of Net Position shows the financial position at year-end, the Statement of Revenues, Expenses, and Changes in Net Position provides information as to the results of operations of the District during the year. The District reported an increase in net position of \$1,270 thousand for the year ended June 30, 2019, as compared to an increase of \$1,391 thousand for the year ended June 30, 2018. The following is a summary of the change in the District's net position.

**TABLE 2
Condensed Statements of Revenues
Expenses, and Changes in Net Assets
(In thousands of dollars)**

	FY 2019	FY 2018	Variance	Total Percent Change
Water Sales	\$ 170,399	\$ 229,707	\$ (59,308)	(25.8%)
Special Projects, Federal and State Grant Revenue	2,706	2,343	363	15.5%
Non-operating Revenues	699	253	446	176.3%
Total Revenues	173,804	232,303	(58,499)	(25.2%)
Operating Expense	169,637	228,404	(58,767)	(25.7%)
Special Projects Expense	2,706	2,343	363	15.5%
Depreciation Expense	191	165	26	15.8%
Total Expenses	172,534	230,912	(58,378)	(25.3%)
Change in Net Position	1,270	1,391	(121)	(8.7%)
Beginning Net Position	9,199	7,808	1,391	17.8%
Ending Net Position	\$ 10,469	\$ 9,199	\$ 1,270	13.8%

The sources of change in net position are the following:

- Water Sales Revenues and Operating Expenses are lower due to lower water sales.
- Non-operating Revenues are higher due to a \$210 thousand increase in fair value of investments and \$227 thousand more in interest revenue.
- Net position increased due to capital and building expense projects being carried over in to the new fiscal year.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2019**

CAPITAL ASSETS

The following is a summary of the District's capital assets at June 30, 2019 and June 30, 2018.

**TABLE 3
Capital Assets
(In thousands of dollars)**

	FY 2019	FY 2018	Variance	Total Percent Change
Leasehold Improvements	\$ 3,804	\$ 3,728	\$ 76	2.0%
Furniture, Equipment & Computer Equipment	602	571	31	5.4%
Subtotal	4,406	4,299	107	2.5%
Less Accumulated Depreciation	(3,118)	(2,947)	(171)	5.8%
Net Capital Assets	\$ 1,288	\$ 1,352	\$ (64)	(4.7%)

The District upgraded the phone and virtual server and began research and prep work for an office remodel and seismic retrofit. Additional information regarding capital assets can be found in Notes 1 and 4 of the notes to the financial statements.

DEBT ADMINISTRATION

The District had no debt outstanding as of June 30, 2019. No new long-term debt was incurred in the year ended June 30, 2019, and the District does not plan to issue new debt in the year ending June 30, 2020.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2019**

BUDGETARY HIGHLIGHTS

The District is governed by a Board of Directors consisting of seven elected members. The Board adopts an annual appropriated budget prior to the start of the fiscal year. The Budget may be revised by Board action during the fiscal year. All amendments to the budget, or transfers of operating budget appropriations to or from reserve accounts, require Board notification. The General Manager is authorized to transfer budget amounts within programs. The legal level of budgetary control is at the total fund level. An actual vs. budget comparison schedule for FY 2018-19 is presented in Table 4 to demonstrate compliance with the adopted budget.

**TABLE 4
FY 2019 Actual vs FY 2019 Budget
(In thousands of dollars)**

	Actual	Budget	Variance	Total Percent Change
Revenues:				
From Operations	\$ 173,105	\$ 216,680	\$ (43,575)	(20.1%)
Non-operating Revenues	699	406	293	72.2%
Total Revenues	173,804	217,086	(43,282)	(19.9%)
Expenses:				
From Operations				
Cost of Water	161,016	204,099	43,083	21.1%
Other Operating	11,327	13,060	1,733	13.3%
Depreciation	191	150	(41)	(27.3%)
Total Expenses	172,534	217,309	44,775	20.6%
Change In Net Assets	\$ 1,270	\$ (223)	\$ 1,493	(669.5%)

The variances on the budget to actual are as follows:

- Revenues from Operations were \$43.5 million less than budget due to a decrease in water sales.
- Non-Operating Revenues is higher due to investment values increasing and higher interest rates.
- Expenses from Cost of Water purchased were \$43.0 million lower than budget due to a decrease in water sales.
- Other Operating Expenses were \$1.7 million lower mainly due to projects taking longer and a reduction of applicants in the conservation rebate programs.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors during preparation and approval of the annual budget for FY 2019-20. The budgeted operating expenses total \$256.7 million and operating and non-operating revenues total \$257.0 million.

Historically, the District has recouped the cost of water purchased from the resale of imported water to the District's 28 water agencies located in Orange County. In addition MWDOC has charged both a per acre-foot surcharge and a per retail meter charge to cover its operating budget. In past history, the District's operating revenue has been approximately 65% from per retail connection charges, and 35% from per acre-foot charges. Beginning in 2011-12, MWDOC began transitioning from the two-component rate structure to one involving only a single component. Over a five year period, ending in 2015-16, MWDOC had been transitioning from a water rate structure involving a per acre-foot charge and a fixed per retail meter charge to a 100% on the per retail meter charge. Beginning FY 2016-17 MWDOC has established two classes of customers, a retail meter and a groundwater customer. The District's budget is now allocated between retail meter customers and groundwater customers. In addition MWDOC's agencies will also pay for the resale cost of imported water.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is intended to provide the Board of Directors, customers, taxpayers, creditors, and other interested parties with a general overview of the District's financial operations and condition as of and for the year ended June 30, 2019, and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional information, you may contact the Municipal Water District of Orange County, Finance Dept., at 18700 Ward Street, Fountain Valley, CA 92708, (714) 963-3058, www.mwdoc.com.



BASIC FINANCIAL STATEMENTS

**Statement of Net Position
Statement of Revenues
Expenses and Changes in Net Position
Statement of Cash Flows**

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Net Position

June 30, 2019

(with comparative data as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents (Note 2)	\$ 744,317	\$ 1,635,790
Accounts Receivable Other	1,432,806	951,057
Accrued Interest Receivable	4,056	6,453
Total Restricted Assets	<u>2,181,179</u>	<u>2,593,300</u>
Unrestricted Assets:		
Cash and Cash Equivalents (Note 2)	9,984,416	5,738,482
Investments (Note 2)	3,114,873	6,550,065
Accounts Receivable:		
Water Sales	18,019,979	35,580,199
Other	74,090	510,987
Accrued Interest Receivable	121,695	75,267
Deposits and Prepaid Expenses	<u>187,146</u>	<u>183,576</u>
Total Unrestricted Assets	<u>31,502,199</u>	<u>48,638,576</u>
Total Current Assets	<u>33,683,378</u>	<u>51,231,876</u>
Noncurrent Assets:		
Unrestricted Assets:		
Capital Assets, Net (Note 4)	<u>1,288,478</u>	<u>1,351,853</u>
Total Noncurrent Assets	<u>1,288,478</u>	<u>1,351,853</u>
TOTAL ASSETS	<u>34,971,856</u>	<u>52,583,729</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Amount Related to Pensions (Note 7)	852,253	1,023,601
Deferred Amount Related to OPEB (Note 8)	161	215
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>852,414</u>	<u>1,023,816</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Net Position (Continued)

June 30, 2019

(with comparative data as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Payable from Restricted Assets		
Accrued Liabilities	\$ 80,266	\$ 446,371
Advances from Participants	799,951	954,312
Total Payable from Restricted Assets	<u>880,217</u>	<u>1,400,683</u>
Unrestricted Liabilities:		
Accounts Payable, Metropolitan Water District of Southern California	20,434,703	38,407,556
Accrued Liabilities	<u>1,340,676</u>	<u>1,848,316</u>
Total Unrestricted Liabilities	<u>21,775,379</u>	<u>40,255,872</u>
Total Current Liabilities	<u>22,655,596</u>	<u>41,656,555</u>
Noncurrent Liabilities:		
Unrestricted Liabilities:		
Net Pension Liability (Note 7)	2,214,703	2,276,032
Net OPEB Liability (Note 8)	<u>266,409</u>	<u>297,147</u>
Total Noncurrent Liabilities	<u>2,481,112</u>	<u>2,573,179</u>
TOTAL LIABILITIES	<u>25,136,708</u>	<u>44,229,734</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Amount Related to Pensions (Note 7)	210,752	178,707
Deferred Amount Related to OPEB (Note 8)	<u>7,883</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>218,635</u>	<u>178,707</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,288,478	1,351,853
Restricted	1,300,962	1,192,617
Unrestricted	<u>7,879,487</u>	<u>6,654,635</u>
TOTAL NET POSITION	<u>\$ 10,468,927</u>	<u>\$ 9,199,105</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Revenues, Expenses and
Changes in Net Position

For the Fiscal Year Ended June 30, 2019
(with comparative data as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Water Sales	\$ 170,399,375	\$ 229,706,556
Special Projects Revenue	1,520,451	1,364,076
Federal Grant Revenue	169,354	428,303
State Grant Revenue	1,015,737	550,750
Total Operating Revenues	<u>173,104,917</u>	<u>232,049,685</u>
Operating Expenses:		
Cost of Water Sold	161,016,026	220,617,185
Salaries and Employee Benefits	5,263,408	4,879,337
General and Administrative	3,357,762	2,907,711
Special Project Expenses	2,705,543	2,343,129
Depreciation	191,366	165,049
Total Operating Expenses	<u>172,534,105</u>	<u>230,912,411</u>
Operating Income	<u>570,812</u>	<u>1,137,274</u>
Nonoperating Revenues:		
Investment Income	669,506	233,523
Other Income	29,504	19,938
Total Nonoperating Revenues	<u>699,010</u>	<u>253,461</u>
Change in Net Position	<u>1,269,822</u>	<u>1,390,735</u>
NET POSITION - BEGINNING OF YEAR	<u>9,199,105</u>	<u>7,808,370</u>
NET POSITION - END OF YEAR	<u><u>\$ 10,468,927</u></u>	<u><u>\$ 9,199,105</u></u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2019

(with comparative data for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Cash received from member agencies-water deliveries	\$ 187,959,595	\$ 226,494,561
Cash (payments) to Metropolitan Water District of Southern California	(178,988,878)	(215,239,164)
Cash (payments) for salaries and employee benefits	(5,144,145)	(4,670,237)
Cash (payments) for general and administrative expenses	(3,432,075)	(3,223,997)
Cash received from special projects	1,857,688	3,761,877
Cash (payments) for special projects	(2,859,904)	(3,103,004)
Other income	29,504	19,938
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(578,215)	4,039,974
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activity:		
Acquisition of capital assets	(127,991)	(153,299)
	<hr/>	<hr/>
Net Cash Used by Capital and Related Financing Activity	(127,991)	(153,299)
	<hr/>	<hr/>
Cash Flows from Investment Activities:		
Investment income	669,506	233,523
Investments matured/(purchased)	3,391,161	(3,584,501)
	<hr/>	<hr/>
Net Cash Provided/(Used) by Investment Activities	4,060,667	(3,350,978)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	3,354,461	535,697
Cash and Cash equivalents at beginning of year	7,374,272	6,838,575
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	\$ 10,728,733	\$ 7,374,272
	<hr/>	<hr/>
Financial Statement Presentation:		
Cash and Cash Equivalents (Restricted)	\$ 744,317	\$ 1,635,790
Cash and Cash Equivalents (Unrestricted)	9,984,416	5,738,482
	<hr/>	<hr/>
Totals	\$ 10,728,733	\$ 7,374,272
	<hr/>	<hr/>

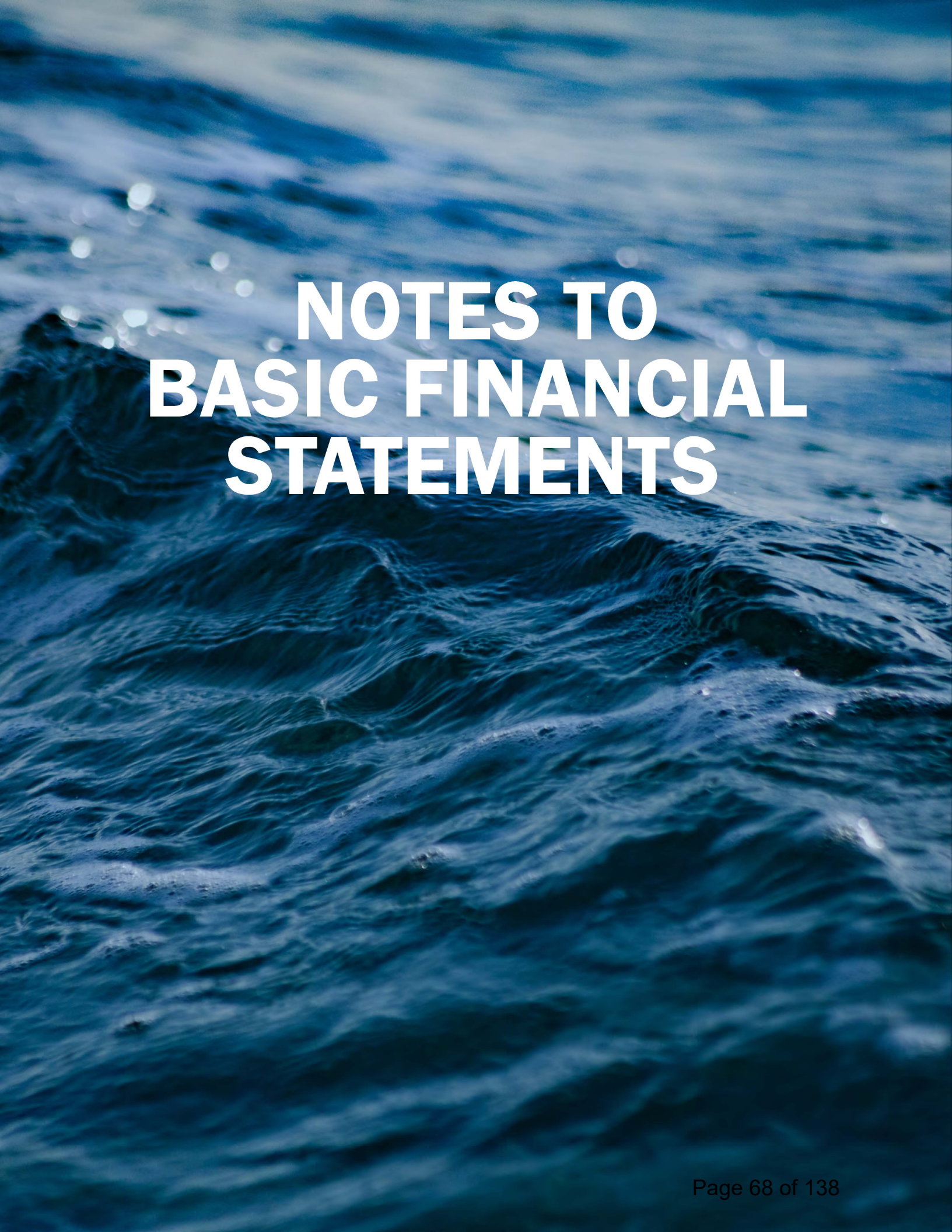
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2019

(with comparative data for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income	\$ 570,812	\$ 1,137,274
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	191,366	165,049
Other Income	29,504	19,938
Change in Assets and Liabilities:		
(Increase)/Decrease in accounts receivable - water sales	17,560,220	(3,211,996)
(Increase)/Decrease in accounts receivable - other	436,897	(372,639)
(Increase) in deposits and prepaid expenses	(3,570)	(7,145)
(Increase)/Decrease in accounts receivable - special projects	(481,749)	1,303,699
(Increase)/Decrease in deferred outflows - pension/OPEB related	171,402	(133,525)
Increase/(Decrease) in accrued and other liabilities	(507,640)	63,498
Increase/(Decrease) in restricted accrued liabilities	(366,105)	115,048
(Decrease) in advances from participants	(154,361)	(759,874)
Increase/(Decrease) in accounts payable to Metropolitan Water District of Southern California	(17,972,852)	5,378,022
Increase/(Decrease) in net pension and OPEB liability	(92,067)	394,997
Increase/(Decrease) in deferred inflows - pension/OPEB related	39,928	(52,372)
Total Adjustments	<u>(1,149,027)</u>	<u>2,902,700</u>
Net Cash Provided(Used) by Operating Activities	\$ <u>(578,215)</u>	\$ <u>4,039,974</u>
Noncash investing activity:		
Unrealized gain (loss) on investments	\$ 125,479	\$ (84,182)
Total noncash investing activity	\$ <u>125,479</u>	\$ <u>(84,182)</u>



NOTES TO BASIC FINANCIAL STATEMENTS

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(1) Organization and Summary of Significant Accounting Policies

Reporting Entity

The Municipal Water District of Orange County (the District) was formed as a municipal water district on January 11, 1951 under the Municipal Water District Act of 1911. The District is a wholesale water supplier and resource planning agency that serves all of Orange County through 28 cities and water agencies (except the Cities of Anaheim, Fullerton, and Santa Ana which are independent member agencies of Metropolitan Water District of Southern California (Metropolitan). As a public agency member of Metropolitan, the District purchases imported water from Metropolitan and provides water to the District's 28 member agencies, which provide retail or wholesale water services to over 2.3 million residents within the District's service area of approximately 600 square miles. The District's primary sources of water from Metropolitan are the California State Water Project (SWP) and the Colorado River Aqueduct.

The District is an independent special district of the State of California governed by an elected seven-member board. On January 2001, the District merged with the Coastal Municipal Water District (Coastal) under the recommendation of the Local Agency Formation Commission of Orange County (LAFCO) as part of an effort to streamline local government. The consolidation of the two agencies allows the new district to more efficiently provide wholesale water services for the benefit of residents living throughout the service area.

The District's reporting entity includes the accounts of the District and the Municipal Water District of Orange County Water Facilities Corporation (WFC). Formed as a separate California nonprofit corporation on April 20, 1978 to assist in the financing of the Allen-McColloch Pipeline (AMP) and the Flow Augmentation Project (FAP), the WFC has no employees. The WFC is governed by a seven-member board comprised of the District's board members. The WFC had no activity or balances for the year ended June 30, 2019 and is kept active for potential future financing arrangements. WFC is a blended component unit of the District and the District has operational responsibility for WFC.

Basic Financial Statements

The District's basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the Notes to the Basic Financial Statements.

Basis of Presentation

The District accounts for its activities as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's basic financial statements have been prepared on the accrual basis of accounting, and are presented on an economic measurement focus reporting all economic resources and obligations as of and for the year ended June 30, 2019.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(1) Organization and Summary of Significant Accounting Policies (Continued)

Net Position

In the Statement of Net Position, net position is classified in the following categories:

- Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets as applicable.
- Restricted net position – This amount consists of restricted assets reduced by liabilities. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported or a resource subject to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This amount is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Operating and Nonoperating Revenues and Expenses

The District's primary purpose is to provide a dependable wholesale supply of imported water for its 28 member agencies. Accordingly, operating revenues such as water sales, result from exchange transactions associated with the principal activity of the District, which is the purchase and resale of imported water to the District's member agencies.

Revenues from federal and state grants, reimbursements from participants and special projects, as well as special project expenses are defined as operating revenues and expenses, respectively. Nonoperating revenues consist of investment income and other miscellaneous income.

Water Sales and Cost of Water Sold

Historically, the District's primary source of revenue has been from the resale of imported water to the District's 28 member agencies located in Orange County. Based on Metropolitan's cost of water, each year Metropolitan's Board of Directors approves water rates comprised of a capacity charge, readiness to serve charge and a per acre-foot charge. Metropolitan's rates are based on cost of service studies performed on a biennial basis. Water rates are not subject to regulation by the California Public Utilities Commission or by any other local, state, or federal agency. Revenue from sales of water is recognized on the accrual basis as water is delivered.

The District's revenue is from a per retail meter connection charge and a groundwater customer charge. Choice services are charged directly to the agencies as a "fee for service" on a subscription basis. The member agencies also pay for the resale of imported water in addition to the other charges noted.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(1) Organization and Summary of Significant Accounting Policies (Continued)

Investments

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investment policy and delegation of investment authority, is reviewed and approved each year by the Board of Directors. The investment policy authorizes the Treasurer to invest, reinvest, sell or exchange permitted fixed income securities in accordance with the California Government Code. Investment income from restricted assets remains restricted.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and short-term, highly liquid investments (i.e., Local Agency Investment Fund and Orange County Investment Pool) which are readily convertible to cash and mature within ninety (90) days of original purchase.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management believes all accounts receivable are collectible. In the event any accounts receivable are determined they are uncollectible, an allowance is recorded.

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life greater than one (1) year. Upon retirement, sale or other disposition of capital assets, the cost and related accumulated depreciation are removed from their respective accounts and any gains or losses are recognized. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which range from 3 to 10 years for furniture, fixtures, and equipment, and up to 30 years for leasehold improvements.

Deposits and Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as Deposits and Prepaid Expenses in the basic financial statements.

Deferred Outflows and Inflows of Resources

The District reported deferred outflows and inflows of resources related to pensions and OPEB. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position by the district that is applicable to a future period. Refer to Note 7 and 8 for items identified as deferred inflows and outflows as of June 30, 2019.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(1) Organization and Summary of Significant Accounting Policies (Continued)

Compensated Absences

As vacation leave is a vested employee benefit, the District is obligated to compensate employees for all earned but unused vacation days. Employee vacation days are accrued each pay period and reported as accrued liabilities. Depending on the length of employment, employees earn a minimum of 10 up to a maximum of 21 vacation days per year. Accumulated vacation days may not exceed 2 times the number of days earned per year without prior approval of the General Manager. Sick leave time is a non-vested employee benefit (i.e. accumulated sick leave is not payable in the event of employee termination) and is considered a contingent liability and is not reflected in the accompanying financial statements.

Unearned Revenue / Advances from Participants

Unearned revenue and advances from participants represent grant and agency revenues received in advance of the recognition of the related expense.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees Retirement System (CalPERS) plan and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that could affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates. Also, the preparation of the financial statements inherently requires rounding of amounts and estimates. Management believes that any differences due to rounding are not material.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(1) Organization and Summary of Significant Accounting Policies (Continued)

should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

(2) Cash and Investments

Cash and investments at June 30, 2019, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents (restricted)	\$ 744,317
Cash and cash equivalents (unrestricted)	9,984,416
Investments (unrestricted)	<u>3,114,873</u>
Total Cash and Investments	<u><u>\$ 13,843,606</u></u>

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	255,741
Investments	<u>13,587,365</u>
Total Cash and Investments	<u><u>\$ 13,843,606</u></u>

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy). The table also identifies certain provisions of the California Government Code (or the District's investment policy) that address interest rate risk and concentration of credit risk. The District's investment policy allows for funds to be divided into two categories. The Operating and Fiduciary Funds authorized investments are below:

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(2) Cash and Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One
U.S. Treasuries	5 years	100%	100%
U.S. Government Agencies	5 years	100%	50%
Corporate Securities	5 years	30%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Bankers' Acceptances	180 days	40%	5%
Repurchase Agreements	1 year	20%	10%
Money Market Mutual Funds	N/A	20%	20%
Collective Investment Pool	N/A	20%	10%
County Investment Pool	N/A	100%	100%
State Investment Pool	N/A	100%	100%

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(2) Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25-60 Months
Negotiable Certificate of Deposits	\$ 1,964,476	\$ 499,863	\$ 501,328	\$ 963,285
Corporate Securities	1,150,397	499,845	250,700	399,852
Orange County Investment Pool	4,023,808	4,023,808	-	-
State Investment Pool	6,448,684	6,448,684	-	-
	<u>\$ 13,587,365</u>	<u>\$ 11,472,200</u>	<u>\$ 752,028</u>	<u>\$ 1,363,137</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or District's investment policy, or debt agreements, and the actual rating by Standard and Poor's (S&P) as of the year end of each investment type. The District purchases all investments at the minimum rating but some investments' ratings may downgrade during its life but it is the District's policy to hold investments until their maturity.

Investment Type	Total	Minimum Legal Rating	Ratings as of Year End				
			AAAm	A	A-	AA-	Not Rated
Negotiable Certificate of Deposits	\$ 1,964,476	N/A	\$ -	\$ -	\$ -	\$ -	\$ 1,964,476
Corporate Securities	1,150,397	A	-	198,516	750,545	201,336	-
Orange County Investment Pool	4,023,808	N/A	4,023,808	-	-	-	-
State Investment Pool	6,448,684	N/A	-	-	-	-	6,448,684
	<u>\$ 13,587,365</u>		<u>\$ 4,023,808</u>	<u>\$ 198,516</u>	<u>\$ 750,545</u>	<u>\$ 201,336</u>	<u>\$ 8,413,160</u>

** Investments conformed to District's Investment Policy at time of acquisition

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(2) Cash and Investments (Continued)

Disclosures Relating to Fair Value Measurement and Application

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 2 are valued using a market approach using quoted market prices. Values are determined using pricing models and discounted cash flow models and includes management judgement and estimation. Uncategorized investments include investments in a non 2a-7 like pool, such as the Local Agency Investment Fund (LAIF) and the Orange County Investment Pool (OCIP). These investments do not have a legally binding guarantee for its share price and cannot have a measured amortized cost.

The District had the following recurring fair value measurements as of June 30, 2019:

Investment Type	Fair Value Application			
	1	2	3	Uncategorized
Negotiable Certificate of Deposits	\$ 1,964,476	\$ -	\$ 1,964,476	\$ -
Corporate Securities	1,150,397	-	1,150,397	-
Orange County Investment Pool	4,023,808	-	-	4,023,808
State Investment Pool	6,448,684	-	-	6,448,684
	<u>\$ 13,587,365</u>	<u>\$ -</u>	<u>\$ 3,114,873</u>	<u>\$ 10,472,492</u>

Investments in LAIF and OCIP are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, these investments are uncategorized.

Concentration of Credit Risk

The District's investment policy contains limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. At June 30, 2019 the District did not have investments in more than one issuer (other than U.S. Treasury securities, mutual funds, external investment pools) that represented 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. The Government Code also allows financial institutions to secure public agency deposits

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(2) Cash and Investments (Continued)

by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2019 the District's deposits with financial institutions are covered by the Federal Deposit Insurance Corporation up to \$250,000, the remaining amounts of \$147,560 were collateralized as described above.

Investment in State and County Investment Pool

The District is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California, and in the OCIP under the oversight of the Orange County Treasurer. The fair market value of the District's investment in these pools are reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair market value provided by LAIF and OCIP for the entire LAIF and OCIP portfolios (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCIP, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office.

The Agency is a participant in the OCIP. The OCIP is an external investment pool, and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee conducts OCIP oversight. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the OCIP, refer to the County of Orange Comprehensive Annual Financial Report.

(3) Restricted Assets

Restricted assets are monies held in restricted funds or accounts by the District for the benefit of member agencies, including a rate stabilization fund. As of June 30, 2019, \$2,181,179 was reported as restricted assets related to member agency activities.

(4) Capital Assets

The following is a summary of capital assets at June 30, 2019 with changes therein:

	2018	Additions	Deletions	2019
Furniture, Fixtures and Equipment	\$ 570,618	\$ 52,155	\$ (20,361)	\$ 602,412
Leasehold Improvements	3,728,519	75,857	(250)	3,804,126
	<u>4,299,137</u>	<u>128,012</u>	<u>(20,611)</u>	<u>4,406,538</u>
Less Accumulated Depreciation:				
Furniture, Fixtures and Equipment	(417,210)	(33,868)	20,361	(430,717)
Leasehold Improvements	(2,530,073)	(157,498)	228	(2,687,343)
	<u>(2,947,283)</u>	<u>(191,366)</u>	<u>20,589</u>	<u>(3,118,060)</u>
Net Capital Assets	<u>\$ 1,351,854</u>	<u>\$ (63,354)</u>	<u>\$ (22)</u>	<u>\$ 1,288,478</u>

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(5) Deferred Pension Plan

The District sponsors a Money Purchase Pension Plan (the Pension Plan), a defined contribution plan, under Internal Revenue Code Section 401(a) for the benefit of its Board of Directors. The Directors contribute 7.5 percent of their covered compensation to the Pension Plan. The Directors' contributions to the Pension Plan totaled \$24,013 for the year ended June 30, 2019. Participants become vested in the Pension Plan at a rate of 20% per year of service until they are fully vested after five (5) years.

Previously in FY 2015-16 due to a possible issue with conflicting State and Federal requirements regarding the District making contributions to the Director's retirement plans and whether these contributions would be considered compensation to the Directors subject to State Government Code limits; the District stopped making contributions and the Directors committed to refunding all contributions previously made by the District with interest. In FY 2015-16 all current MWDOC Directors at that time refunded \$156,833 to the District.

District employees were previously part of the Pension Plan until March 2013 when they became members of the CalPERS plan. See Note 7.

(6) Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA) (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage for participating member agencies.

The Insurance Authority bills the District a deposit premium at the beginning of each year, which is placed in a reserve fund to cover the self-insurance portion of any claim. Settlements and/or expenses related to claims during the year are then charged to the reserve. If the balance of the reserve at the end of the year is deemed too low in relation to the amount of outstanding claims, the District is billed for additional premiums. When the claims are fully settled, any amounts remaining in the reserve are refunded to the District.

At June 30, 2019, the District participated in the self-insurance programs as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500 million. The District has a \$1,000 deductible for buildings, personal property and fixed equipment.

General, Auto and Public Officials Liability - The Insurance Authority has pooled self-insurance up to \$5 million per occurrence, and has purchased excess insurance coverage up to \$55 million for a total of \$60 million.

Crime Policy/Fidelity Bond - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$3 million. The District has a \$1,000 deductible.

Cyber Liability – The District added Cyber Security for \$3 million per occurrence and \$5 million aggregate.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(6) Risk Management (Continued)

The District pays annual premiums to the Insurance Authority for all coverages. There were no instances in the past three years when a settlement exceeded the District's coverage.

Workers' Compensation – This Plan is administered through the Special District Risk Management Authority (SDRMA). The SDRMA is self-insured up to the statutory limit per occurrence.

Employer's liability is insured up to a \$5 million limit per occurrence. ACWA/JPIA maintains a Self-Insured Retention that is periodically adjusted based on market conditions.

The District pays annual premiums for all coverages. There were no instances in the past three years when a settlement exceeded the District's coverage and the District did not file any claims against any of the policies.

(7) Cost-Sharing Defined Benefit Plan

General Information about the Pension Plan

Plan Descriptions – Effective March 1, 2013, all qualified regular full-time employees working over 1,000 hours in a fiscal year are eligible to participate in the District's employee pension plan, a cost-sharing multiple employer defined benefit pension plan administered by CalPERS. The CalPERS Plans (the Plans) consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees' Retirement Funds C (PERF C). Benefit provisions under the Plans are established and may be amended by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, membership information, and related financial information can be found on the CalPERS website at: <http://www.calpers.ca.gov>.

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(7) Cost-Sharing Defined Benefit Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Formula	2.0% @55	2.0% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.250%
Required employer contribution rates	9.409%	6.842%
Pensionable Compensation Cap*	No Cap	\$140,424

* Will increase to reflect changes in the Consumer Price Index

Contributions – Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

Contributions recognized by the Plans from the employer for the year ended June 30, 2019 were \$302,458. The District has phased out contributions paid on behalf of employees as of July, 2018.

Pension Liabilities, Pension Expenses and Deferred Outflows / Inflows of Resources Related to Pensions

As of June 30, 2019, the District's reported net pension liabilities for its proportionate share of the net pension liability of the Plan is as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 2,214,703</u>

The District's net pension liability was measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The District's net pension liability was measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

(7) Cost-Sharing Defined Benefit Plan (Continued)

share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 were as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2017	0.05774%
Proportion - June 30, 2018	0.05877%
Change - Increase (Decrease)	<u>0.00103%</u>

For the year ended June 30, 2019, the District recognized pension expense of \$444,522.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 84,974	\$ 28,916
Changes of Assumptions	252,482	61,879
Differences between Projected and Actual Investment Earnings	10,949	-
Change in Employer's Proportion	201,390	10,267
Differences between District Contributions and Proportionate Share of Contributions	-	109,690
Pension Contributions Made Subsequent to Measurement Date	<u>302,458</u>	<u>-</u>
Total	<u>\$ 852,253</u>	<u>\$ 210,752</u>

The amount of \$302,458 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ending June 30,	
2020	\$ 246,475
2021	166,984
2022	(54,496)
2023	(19,920)
	<u>\$ 339,043</u>

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

(7) Cost-Sharing Defined Benefit Plan (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuation were determined using the following actuarial assumptions.

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 CalPERS Experience Study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website at www.calpers.ca.gov.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Taking into account historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(7) Cost-Sharing Defined Benefit Plan (Continued)

The table below reflects long-term expected real rate of return by asset class.

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1-10 ²	Real Return Years 11 + ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

¹ In CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, as well as what the District's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
District's Net Pension Liability/(Asset)	\$ 3,823,948	\$ 2,214,703	\$ 886,297

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(7) Cost-Sharing Defined Benefit Plan (Continued)

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARS�) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

(8) Retiree Medical Plan – Other Post-Employment Benefits (OPEB)

Plan Description:

Effective October 1, 2011, the District established a Post-Retirement Healthcare Plan (Health Plan), and has contributed to a Section 115 Irrevocable Exclusive Benefit Trust for the pre-funding of post-employment health care costs. Currently, the District provides health insurance for its retired employees and their dependent spouses (if married and covered on the District's plan at time of retirement), or survivors in accordance with Board resolutions. Medical coverage is provided for retired employees who are age 55 or over and who have a minimum of 10 consecutive years of full-time service with the District. The District pays 100% of the premium for the lowest cost single retiree plan plus 90% of the difference to the plan actually selected, plus 80% of the combined retiree and spouse's medical premium until age 65. If a retiree in receipt of these benefits dies before reaching age 65, the surviving spouse will continue to receive coverage that the retiree would have been entitled to until age 65 only. When a retiree reaches age 65 and/or is eligible for Medicare, the District reimburses the retiree up to \$1,800 per calendar year for the cost of Supplemental Medical Insurance and Medicare Prescription Drug (Part D) Insurance for the lifetime of the retiree only. Retirees who complete at least 25 consecutive years of full-time service receive District-paid dental and vision benefits along with the above-mentioned medical coverage and post-age 65 coverage includes Medicare Part B premium reimbursements until the time of the retiree and spouse's death. Employees hired on or after July 1, 2012 are ineligible for District-paid retiree health benefits.

Plan benefits and contribution requirements of Health Plan members and the District are established, and may be amended, by the District's Board of Directors.

The following parties are responsible for administration of the Health Plan:

- Public Agency Retirement Services (PARS) serves as Trust Administrator and Consultant
- US Bank serves as Trustee, and
- HighMark Capital Management (HighMark) serves as Investment Manager

PARS issues monthly account reports to the District and HighMark publishes quarterly performance reports.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Plan membership. At June 30, 2018, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	12
Active plan members	14
Total	<u>26</u>

Funding Policy:

The contribution requirements of Health Plan members and the District are established, and may be amended, by the District's Board of Directors. Currently, contributions are not required from Health Plan members. The District has fully funded the OPEB obligation with the addition of an OPEB Designated Reserve account.

Net OPEB Liability:

The District's Net OPEB Liability was measured as of June 30, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2018. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions:

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Inflation rate	3.00%
Investment rate of return	6.00%, net OPEB plan investment expense
Healthcare cost trend rate	6.00% for 2018; 5% for 2019 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2018 valuation were based on a review of plan experience during the period July 1, 2016 to June 30, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rate of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected rates of return by asset class (based on published capital market assumption).

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Rate of Return</u>
Broad U.S. Equity	50%	4.4
U.S. Fixed	50%	1.5

Discount rate:

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2018
Long-Term Expected Return of Plan Investments	6.00%	6.00%
Municipal Bond 20-Year High Grade Rate Index	3.13%	3.62%
Discount Rate	6.00%	6.00%

The components of the net OPEB liability at June 30, 2019, were as follows:

Total OPEB liability	\$ 2,478,646
Plan fiduciary net position	2,212,237
Net OPEB liability	<u>\$ 266,409</u>
Measurement date	June 30, 2019
Reporting date	June 30, 2019
Covered payroll	\$ 1,956,477
Net OPEB liability (asset) as a percentage of covered payroll	13.62%
Plan fiduciary net position as a percentage of the total OPEB liability	89.25%

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Schedule of Change in Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at July 1, 2018	<u>\$2,374,867</u>	<u>\$ 2,077,720</u>	<u>\$ 297,147</u>
Changes for the year:			
Service Cost	34,408	-	34,408
Interest	140,392	-	140,392
Net investment income	-	140,186	(140,186)
Contributions			
Employer - cash subsidy	-	71,021	(71,021)
Benefit payments, including implicit subsidy of \$7,411	(71,021)	(71,021)	-
Administrative expense	-	(5,669)	5,669
Net changes	<u>103,779</u>	<u>134,517</u>	<u>(30,738)</u>
Balances at June 30, 2019	<u>\$2,478,646</u>	<u>\$ 2,212,237</u>	<u>\$ 266,409</u>

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current discount rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability (asset)	\$627,909	\$266,409	\$(26,684)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 4.00%)	Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Net OPEB liability (asset)	\$(41,871)	\$266,409	\$648,245

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District made a total contribution of \$63,610, which represent actual health care costs for its retirees and their covered dependents. Total contribution inclusive of implicit subsidy amounted to \$71,021.

OPEB Expense

For the year ended June 30, 2019, the District's OPEB expense was \$48,220.

Service Cost	\$ 34,408
Interest Cost	140,392
Expected Return on Assets	(124,663)
Recognition of Deferred Outflows and Inflows	
Difference between projected and actual investments	(1,917)
Total OPEB Expense	<u>\$ 48,220</u>

Actuarially Determined Contribution

The following shows the actuarially determined contribution for the year ended June 30, 2019:

Service Cost	\$ 34,408
Net OPEB Liability Amortization Payment (30-year)	<u>15,439</u>
Total	<u>\$ 49,847</u>

Valuation Date	July 1, 2018
Discount Rate	6.00%
Salary Increases	3.00%

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2019

(8) Retiree Medical Plan – Other-Post-Employment Benefits (OPEB) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual return investments	\$ 161	\$7,883

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year ending June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 54	\$ (1,971)
2021	54	(1,971)
2022	53	(1,971)
2023	-	(1,970)
	<u>\$ 161</u>	<u>\$ (7,883)</u>

Investments

For the year ended June 30, 2019 the annual money-weighted rate of return on investments, net of investment expense, was 6.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

The District's policy regarding the allocation of the plan's invested assets is established and may be amended by the District's management and Board of Directors. The current investment selection is the Moderate HighMark PLUS. The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

<u>Asset Class</u>	<u>Strategic Asset Allocation Ranges</u>
Equity	40-60%
Fixed income	40-60%
Cash	0-20%

(9) Commitments and Contingencies

The District is involved in various litigation from time to time arising from the normal course of business. In the opinion of management and legal counsel, the District is not involved in any litigation that is expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2019

(10) Subsequent Events

The District has evaluated events or transactions through November 13, 2019, the date on which the financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no other subsequent matters require disclosure or adjustment to the accompanying financial statements.



REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2019

**Schedule of Changes in Net OPEB Liability and Related Ratios
For the Measurement Periods Ended June 30**

Measurement Period	2019	2018
Total OPEB Liability		
Service cost	\$ 34,408	\$ 33,406
Interest on the total OPEB liability	140,392	134,254
Actual and expected experience difference	-	-
Changes in assumptions	-	-
Changes in benefit terms	-	-
Benefit Payments	<u>(71,021)</u>	<u>(59,870)</u>
Net change in total OPEB liability	103,779	107,790
Total OPEB liability - beginning	<u>2,374,867</u>	<u>2,267,077</u>
Total OPEB liability - ending (a)	<u>2,478,646</u>	<u>2,374,867</u>
Plan Fiduciary Net Position		
Contribution - employer	71,021	59,870
Net investment income	140,186	128,809
Benefit payments	(71,021)	(59,870)
Administrative expense	<u>(5,669)</u>	<u>(11,456)</u>
Net change in plan fiduciary net position	134,517	117,353
Plan fiduciary net position - beginning	<u>2,077,720</u>	<u>1,960,367</u>
Plan fiduciary net position - ending (b)	<u>2,212,237</u>	<u>2,077,720</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 266,409</u>	<u>\$ 297,147</u>
Plan fiduciary net position as a percentage of the total OPEB liability	89.25%	87.49%
Covered-employee payroll	\$ 1,956,477	\$ 1,933,612
Net OPEB liability as a percentage of covered-employee payroll	13.62%	15.37%

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2019

**Schedule of OPEB Contributions
Last Ten Fiscal Years***

Fiscal Year Ended June 30	2019	2018
Actuarially Determined Contribution (ADC)	\$ 49,847	\$ 48,878
Contributions in relation to the ADC	(71,021)	(59,870)
Contribution deficiency (excess)	<u>\$ (21,174)</u>	<u>\$ (10,992)</u>
Covered-employee payroll	\$ 1,956,477	\$ 1,933,612
Contributions as a percentage of covered-employee payroll	3.63%	3.10%

* Fiscal year 2018 was the first year of implementation, therefore only 2 years are shown

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019 was determined by an actuarial valuation as of July 1, 2018. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	5-year smoothed market
Inflation	3.00%
Payroll Growth	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Healthcare cost-trend rates	6.00% for 2018; 5.00% for 2019 and later years
Retirement Age	55
	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2019

Cost Sharing Retirement Plan
Schedule of the District's Proportional Share of the Net Pension Liability
Last Ten Years*

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.05877%	0.05774%	0.05387%	0.05019%	0.02186%
Proportionate share of the net pension liability	\$ 2,214,703	\$ 2,276,032	\$ 1,871,472	\$ 1,376,955	\$ 1,360,017
Covered Payroll	\$3,295,260	\$3,022,872	\$ 2,748,796	\$ 2,640,576	\$ 2,601,571
Proportionate share of the net pensions liability as a percentage of covered payroll	67.21%	75.29%	68.08%	52.15%	52.28%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	75.87%	78.40%	79.82%

* Fiscal year 2015 was the first year of implementation, therefore only five years are shown

Notes to Schedule:

Fiscal Year End:	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Valuation Date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Discount Rate	7.15%	7.15%	7.65%	7.65%	7.50%
Projected Salary Increase	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service	Varies, based on Entry Age and Service
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	3.25%	3.00%	3.00%	3.00%	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Summary of Changes of Benefits or Assumptions

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2019

Cost Sharing Retirement Plan
Schedule of the District's Proportional Share of the Net Pension Liability
Last Ten Years* (continued)

financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2019

**Cost Sharing Retirement Plan
Schedule of Contributions
Last Ten Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 302,458	\$ 273,125	\$ 252,815	\$ 220,517	\$ 288,065
Contributions in relation to the actuarially determined contribution	<u>(302,458)</u>	<u>(273,125)</u>	<u>(252,815)</u>	<u>(220,517)</u>	<u>(288,065)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 3,482,913	 \$ 3,295,260	 \$ 3,022,872	 \$ 2,748,796 ¹	 \$ 2,640,576 ¹
 Contributions as a percentage of covered-employee payroll	 8.68%	 8.29%	 8.36%	 8.02%	 10.91%

* Fiscal year 2015 was the first year of implementation, therefore only five years are shown

¹ Restated Covered Payroll



November 13, 2019



Introduction

To the Honorable Members of the Board of Directors Municipal Water District of Orange county

We are pleased to present this report related to our audit of the financial statements of Municipal Water District of Orange County (the District) as of and for the year ended June 30, 2019. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process, as well as other matters that we believe may be of interest to you. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

This report is intended solely for the information and use of the Administration and Finance Committee, Board of Directors and Management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the District.



1

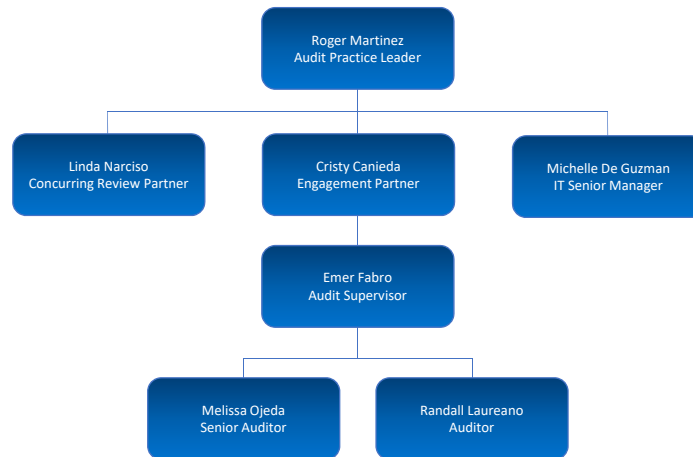


Agenda

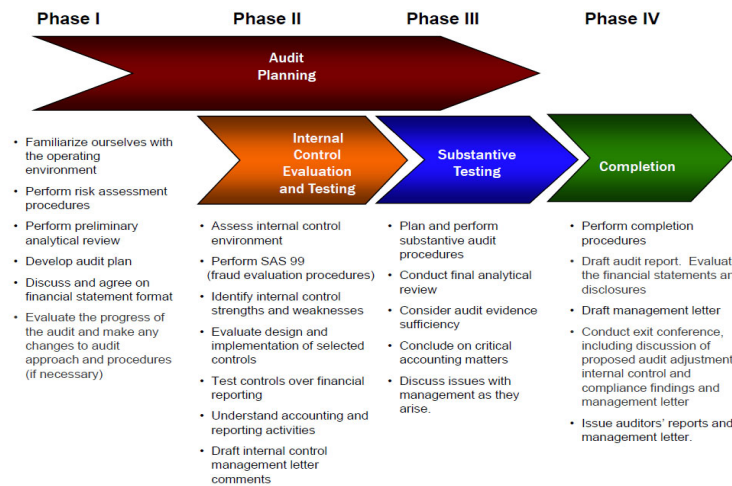
- ☐ The Audit Team
- ☐ Audit Strategy
- ☐ Significant events considered in the audit or description of risk assessment procedures
- ☐ Results of the Audit
 - *Financial Audit*
 - *SAS 115*
 - *Uniform Guidance*
 - *SAS 114 Communication*
- New Accounting Pronouncements

THE ENGAGEMENT TEAM

Engagement Team



Audit Strategy



Audit Focus Areas

Audit Area	Focus
Cash and Investments	The fair values reported in the statements of net position are fairly stated with no inaccurate, incomplete, or missing disclosures related to investment securities.
Receivables and related allowance for doubtful accounts	Receivables are recorded correctly and are properly valued as to collectability.
Capital Assets	Capital assets, capital expenditures and related depreciation are monitored and fairly stated in the financial statements.
Pension and OPEB liabilities	Pension and OPEB liabilities are properly valued and disclosed in the financial statements.
Revenues	Billings to agency participants are reasonably stated and reported in proper periods.
Expenditures/Payroll	Expenditures are incurred in compliance with budgetary constraints and procurement policies. Payroll costs are correctly allocated and are supported by documentation of hours and rates.

Audit Risks

- ❑ **Revenue Recognition**
 - Tested through analytic procedures, confirmations and through testing of the cutoff of the year-end receivables balance
- ❑ **Management and BOD expenditures**
 - Tested a sample of expenditures related to management and BOD and compared to stated District policies.
- ❑ **Related Party Transactions**
 - Tested through review of the Form 700s as well as payments to vendors during the year through IDEA testing
- ❑ **Bidding Procedures not in accordance with District policies**
 - Tested a sample of contracts entered into during the year and compared to stated District policies
- ❑ **Investments not in accordance with District and State of California policies**
 - Tested a sample of quarterly reports during the year
- ❑ **Fraudulent or improper journal entries were posted during the year**
 - Tested through use of IDEA to ensure that entries were not posted on weekends, there were no gaps in sequence and that entries with round numbers were proper and had support validating the entry.
- ❑ **GASB 75 and GASB 68**
 - Tested census data and reasonableness of assumptions used in the valuation
- ❑ **Disclosure of net pension liability and OPEB obligations**
 - Agreed to reports provided by third party actuaries and underlying data provided by MWDOC

IDEA Analysis

- ❑ We performed data analytics to test disbursements and general ledger transactions for unusual events, such as:
 - *Gaps in check sequence*
 - *Transactions posting outside of business hours*
 - *Transactions/payments with even dollar amounts*
 - *Unusually large dollar payments*
- ❑ All potential issues were investigated and resolved satisfactorily

SUMMARY OF AUDIT RESULTS

Independence

There are no relationships between any of our representatives and MWDOC that in our professional judgment may reasonably be thought to bear on independence.

We confirm that we are independent of MWDOC within the meaning of the independence, integrity and objectivity rules, regulations, interpretations, and rulings of the AICPA, Government Auditing Standards (Yellow Book), the State of California Board of Accountancy, and other regulatory agencies.



8



Status of prior year recommendations

- ☐ No separate detailed formal written capitalization policy for fixed assets (Current capitalization threshold: \$5,000) – *Implemented in FY2019*
- ☐ Detailed monthly closing checklist should be included in the written accounting policies and procedures manual - *Implemented in FY2019*
- ☐ Required Vacation –Implemented since FY2018
 - MWDOC should require that accounting personnel take vacation of five consecutive days and/or during key transaction cycle periods, such as distribution of accounts payable and payroll checks, so as to ensure that MWDOC has proper backup and training of personnel as well as to prevent possible fraud.



9



Report of Independent Auditors

UNMODIFIED OPINION

- ☐ Audit performed in accordance with auditing standards generally accepted in the United States of America.
- ☐ The financial statements fairly present, in all material respects, Municipal Water District of Orange County's:
 - *Financial position*
 - *Results of operations*
 - *Changes in net assets*
 - *Cash flows*
- ☐ Report on Internal Control over Financial Reporting and on Compliance - No material weaknesses, significant deficiencies, and material noncompliance noted.



10



SAS 114 – AUDITORS' REQUIRED COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE



Required Communications

- ☐ Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
- ☐ We are not aware of any consultations by management with other accountants about accounting or auditing matters.
- ☐ We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Administration and Finance Committee and the Board.
- ☐ We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements.
- ☐ MWDOC's significant accounting policies are appropriate and management has applied its policies consistently with prior periods in all material respects.
- ☐ No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.

Required Communications (continued)

- ☐ There were no material audit adjustments made during the year.
- ☐ No significant issues were discussed, or subject to correspondence, with management prior to retention.
- ☐ No significant deficiencies or material weaknesses in internal controls were identified.
- ☐ No irregularities, fraud or illegal acts or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.
- ☐ MWDOC will provide us with a signed copy of the management representation letter at the end of the audit and prior to our issuance of the financial statements.

Current year recommendations

- ☐ Enhanced Password Parameters Setup
- ☐ Perform Daily Anti-Virus Quick Scans
- ☐ Perform Annual Disaster Recovery Plan Testing



13



NEW ACCOUNTING PRONOUNCEMENTS



New Accounting Pronouncements

GASB 83 – Certain Asset Retirement Obligations. Effective for periods beginning after June 15, 2018.

GASB 84 – Fiduciary Activities. Effective for periods beginning after December 15, 2018.

GASB 87 – Leases. Effective for periods beginning after December 15, 2020.

GASB 88 – Certain Disclosures Related to Debt (Including Direct Borrowings and Direct Placements)
December 31, 2020 (for entities with December 31 year end)

GASB 89 – Accounting for Interest cost Incurred Before the End of a Construction Period

GASB 90 – Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61. Effective for periods beginning after December 15, 2018.

GASB 90 – Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61. Effective for periods beginning after December 15, 2018.

GASB 91 - Conduit Debt Obligations – effective for periods beginning after December 15, 2020



14



DISCUSSION AND QUESTIONS



**THANK YOU FOR YOUR TIME AND
ATTENTION**





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ACTION ITEM
November 20, 2019

TO: Board of Directors

FROM: **Administration & Finance Committee**
(Directors Thomas, Finnegan, McVicker)

Robert J. Hunter
General Manager

Staff Contact: Cathy Harris,
Director of Human Resources &
Administration

**SUBJECT: REVISIONS TO DISTRICT ADMINISTRATIVE CODE SECTIONS 7109
& 7110**

STAFF RECOMMENDATION

It is recommended that the Board of Directors Approve the recommended changes to Administrative Code Sections 7109 and 7110, as presented.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

The Board approved revisions to the Personnel Manual on October 16th. Based on the changes to the Personnel Manual, staff is recommending the proposed revisions to Chapter 7 of the Administrative Code to provide consistency with the recently approved Personnel Manual changes relating to the Internal Complaint Procedures and Grievance Reporting Steps. The changes are outlined as follows:

§7109 VIOLATION OF POLICY – STAFF AND STAFF OFFICERS

If an employee is reported to have violated MWDOC's Ethics Policy, the alleged violation matter shall be referred to any of the following: Supervisor or Manager, depending on which individual the employee feels most comfortable contacting, and the Director of Human Resources. In the event the complaint is against the Director of Human Resources, the employee may report the violation to the General Manager (1) the

Budgeted (Y/N): NA	Budgeted amount: NA	Core _X_	Choice _X_
Action item amount: NA	Line item: NA		
Fiscal Impact (explain if unbudgeted): Not applicable			

~~General Manager; (2) Human Resources; (3) the Board of Directors; or (4) any member of the management staff,~~ for investigation and consideration of any appropriate action warranted which may include employment action such as demotion, reduction in salary, or termination.

If a Board appointed officer (Secretary, Treasurer or General Manager) is reported to have violated MWDOC's Ethics Policy, the matter shall be referred to the Board President, Executive Committee, or the full Board of Directors for investigation and consideration of any appropriate action in accordance with Section 4200 of the Personnel Manual, Grievance Procedure. ~~The Executive Committee may make a determination and present the issue to the full Board.~~

Motion - 1/17/96; 6/17/15; 11/20/19

§7110 VIOLATION OF POLICY -- DIRECTORS

A perceived violation of this policy by a Director should be referred to the Board President, Executive Committee, or the full Board of Directors for investigation, and consideration of any appropriate action warranted. A violation of this policy may be addressed by the use of such remedies as are available by law to MWDOC, including, but not limited to: (a) adoption of a resolution expressing disapproval of the conduct of the Director who has violated this policy, (b) injunctive relief, or (c) referral of the violation to MWDOC Legal Counsel and/or the Grand Jury.

BOARD OPTIONS

Option #1

- Approve the recommended changes to Administrative Code Sections 7109 and 7110, as presented.

Fiscal Impact: None

Business Analysis: Proposed changes provides consistency in administering policies.

Option #2

- Do not approve as presented.

Fiscal Impact: None

Business Analysis: Inconsistent with Complaint Procedures and Grievance Reporting Steps outlined in Personnel Manual.

Option #3

-

Fiscal Impact:

Business Analysis:

STAFF RECOMMENDATION

Option #1



ACTION ITEM
November 20, 2019

TO: Board of Directors

FROM: Administration & Finance Committee
(Directors Thomas, Finnegan, McVicker)

Robert Hunter, General Manager

Staff Contact: Tiffany Baca

SUBJECT: California Water, Energy, and Education Alliance (WEEA) Sponsorship

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee: Authorize sponsorship (membership) in WEEA in the amount of \$2,500 (option 1).

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Through the California Environmental Education Foundation (CEEF), a Southern California Water, Energy, and Education Alliance (WEEA or Alliance) has been formed. Leadership in education, water, and energy sectors have been working together to develop and implement a Career Technical Education program (CTE) for Southern California high school students. This CTE will ensure that opportunities for postsecondary education and career pathways are illuminated, and will help fill the need for skilled workers in the water and energy sectors.

Sponsorship – or truly, membership – is \$2500 each year. Some of the key benefits of membership include a position of leadership, and inclusion on all discussions and decisions made related to the structure of these specific CTEs for Southern California. This item is budgeted under Public Affairs - Sponsorship Contingency Fund (32-7670).

DETAILED REPORT

In 2018, CEEF approved the formation of WEEA. The purpose of the Alliance is multifold: (1) to grow skill and career interest in the water and energy sectors, (2) to reinforce student understanding of concepts and science practices identified in California's Next Generation Science Standards (NGSS), (3) to design and implement a CTE that will be offered to Southern California high school students, and (4) through the implementation of CTEs, to

Budgeted (Y/N): Y	Budgeted amount: \$5000	Core __	Choice __
Action item amount: \$2500	Line item: 32-7670		
Fiscal Impact (explain if unbudgeted):			

offer a variety of customized apprenticeships, field trips, job-shadowing opportunities, and expert speakers to schools.

In the early stages of development, Metropolitan Water District of Southern California (Metropolitan) and Los Angeles Department of Water and Power (LADWP) joined the Alliance, working closely with CEEF on key strategies to strengthen career pathways and partnerships between school districts and water/energy sectors. Today, three additional members have joined the Alliance, and several others have offered commitments. These members include:

- Elsinore Valley Municipal Water District - *Member*
- Irvine Ranch Water District - *Member*
- Water Replenishment District of Southern California - *Member*
- Moulton Niguel Water District – *Commitment*
- Eastern Municipal Water District – *Commitment*

Membership includes multiple benefits for participating agencies, including a seat at the table for discussions related to effective partnerships, introductions to resources, as well as the opportunity to provide input and recommendations on the development and implementation of CTEs throughout Southern California.

The Alliance has enabled leadership from both education and water/energy business sectors to work together in finding innovative strategies that offer a pathway to postsecondary education and career opportunities for high school students. This initiative has become increasingly important as the demand for skilled employees continues to grow along with the region's growing population, and as senior industry professionals retire at a rapid rate.

Through the membership opportunity provided, the Municipal Water District of Orange County has been invited to the next Leadership Roundtable (#3) on November 8, 2019 (agenda attached). This roundtable has three (3) main purposes:

1. Review the key elements of CTE workforce pathway partnerships
2. Gain understanding of the focus and progress of other WEEA members on current partnerships with school districts
3. Initiate action planning between industry and educational professionals on cohort partnership strategies

Leadership Roundtable #3 will focus on characteristics of exemplary school district-water/energy partnerships, and participants will be invited to identify their current workforce needs. Participant's current recruitment programs will also be examined to ensure they align with high schools and colleges in their service areas.

Option #1

- Authorize sponsorship payment of \$2500 in the California Water, Energy, and Education Alliance (WEEA)

Fiscal Impact: \$2500 taken from the Public Affairs budget, line item 32-7670, bullet #6 "Sponsorship Contingency Fund - \$5000"

Option #2

- Do not authorize sponsorship payment of \$2500 in the WEEA

Fiscal Impact: None



AGENDA

**WEEA Leadership Roundtable #3
LADWP Executive Conference Center, Room 1514
111 N. Hope St. Los Angeles, CA 90012
November 8, 2019**

- 8:00 Please **check-in** at Security and receive a security sticker badge (Photo ID required). Complimentary breakfast and refreshments in Room 1514
- 8:30 WELCOME: Bill Andrews, WEEA; Walter Zeisl, LADWP; Adrian Hightower, MWD
- 8:45 Self-Introductions: WEEA Sponsors and Educators (name, title, agency/school district/role)
- 9:15 Roundtable #3 Agenda: Target Outcomes and “Key Elements of Progress in a CTE Workforce Pathway Partnership” - Bill Andrews and Dr. Jeanne Knapp
- 9:30 Skill Craft Recruitment at LADWP- Mark Barbula, Electrical Services Manager; Adam Krause, Chief Electric Plant Operator; Melvin Spears, Water Utility Supervisor
- 10:30 Break
- 10:45 Roundtable Discussion: What Collaborative Model Provides the Best Service to Alliance Partners in 2020?
- Prompt: Since CTE workforce pathways are dependent upon collaboration between industry and education partners, please answer the following:
1. *What is THE most important collaborative goal or strategy you want to pursue over the next five months?*
 2. *In what way(s) can the WEEA Leadership Team best support you?*
- 11:45 Action Steps for WEEA Partners
- 11:50 WEEA’s Support Role in 2020 Partnership Development: Facilitate WEEA/ Sponsor Partnership Meetings [11/19-3/20]; WEEA Roundtable #4, January 31, 2020; and WEEA’s Phase II Sponsorship in April, 2020
- 11:55 Acknowledgments and adjournment





ACTION ITEM
November 20, 2019

TO: Board of Directors

FROM: Administration & Finance Committee
(Directors Thomas, Finnegan, McVicker)

Robert J. Hunter, General Manager
Staff Contact: Cathy Harris, Director of Human Resources and Admin.

SUBJECT: APPROVE ADDITION OF CIVILITY POLICY SECTION 4104 TO THE PERSONNEL MANUAL

STAFF RECOMMENDATION

Staff recommends that the Board of Directors consider the addition of the Civility Policy, Section 4104 to the Personnel Manual at the November 20, 2019 meeting (Option 1).

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

This is the fifth month that the Administration & Finance (A&F) Committee will consider Civility Policy revisions and additions to the MWDOC Personnel Manual.

In October, the A&F Committee voted to move the proposed revisions to the Personnel forward for approval by the Board of Directors without the proposed Civility Policy (Section 4104). The Board subsequently approved the changes to the Personnel Manual; and the Civility Policy was referred to the November A&F Committee meeting for further review. The carried-over Section 4104 reads as follows:

4104 CIVILITY POLICY

This procedure shall serve as the mechanism for ensuring that the Employees and Board Members of the District are provided a healthy environment in which to work and are treated with respect and courtesy in the workplace. This

Budgeted (Y/N): NA	Budgeted amount: NA	Core X	Choice __
Action item amount: NA	Line item: NA		
Fiscal Impact (explain if unbudgeted):			

procedure shall establish a process for addressing harmful conduct that is inconsistent with the legitimate business interests of the District.

4104.1 Definitions

Incivility means the harmful conduct of an employer or employee in the workplace that a reasonable person would find hostile and offensive considering the severity, nature and frequency of the conduct. Incivility generally is taken to mean a pervasive behavior or series of inappropriate events but in some circumstances, where the incivility is sufficiently severe and egregious, may be proved by a single act. Incivility includes, but is not limited to the following:

- Repeated infliction of verbal/written abuse such as the use of derogatory remarks, insults and epithets; or
- Targeting individuals or groups of individuals for negative attention by yelling, screaming, or public displays of temper; or
- Verbal or physical conduct that a reasonable person would find threatening, intimidating, demeaning, or humiliating; or
- The gratuitous sabotage or undermining of a person's work performance.

4104.2 Internal Complaint Procedure

Any employee or Board Member who believes he/she has been subjected to incivility may notify his or her supervisor, or depending on which individual the employee feels most comfortable contacting, and the Director of Human Resources of the alleged conduct. In the event the complaint is against the Director of Human Resources, then the employee may report the incident to the General Manager or in the event the complaint is against the General Manager or a Board Member, the employee may report the incident to the Board President, the Executive Committee or the full Board of Directors and the Director of Human Resources. Complaints will be investigated by Human Resources or, where appropriate, a designated neutral party, and the complainant will be advised of the general outcome of the investigation and the determination as to whether incivility occurred to the appropriate persons, including the complainant, the alleged perpetrator(s) and the department head. Employees are expected to report workplace incivility as soon as possible after the occurrence. Immediate reporting of the issue facilitates early resolution and can prevent further complications.

If it is demonstrated that the complainant acted maliciously in making the complaint, disciplinary action may be initiated.

4104.3 Corrective Action

If workplace incivility, or any other inappropriate behavior that violates this policy, is found to have occurred, the District will take prompt and effective remedial action against the perpetrator(s). The action will be commensurate with the severity of the offense. Reasonable steps will be taken to protect the complainant from further harassment and any

retaliation as a result of communicating the complaint. See Section 5101 for further discussion of corrective actions.

If an employee is not satisfied with the reply presented by the Director of Human Resources, they may file a grievance pursuant to the steps outlined in the Grievance Policy.

No person shall retaliate in any manner against an employee because such employee has made a complaint under this procedure that he/she has been subjected to incivility in the workplace or has been the victim of workplace incivility, or has testified, assisted, or participated in any manner in an investigation under this procedure, except for malicious complaints, as noted on previous page.

Purpose of the Civility Policy

As currently configured, the most germane sections of the MWDOC Personnel Manual for this discussion include:

- 4100 Equal Opportunity Employment
- 4101 Reasonable Accommodation of Disabilities
- 4102 Prohibition Against Discrimination and Harassment
- 4200 Grievance Procedure
- 5000 Behavior and Consequences
- 5100 Standards of Conduct
- 5101 Corrective Actions

Sections 4100 and 4102 primarily deal with discrimination of legally established protected classes (e.g., on the basis of race, color, religion, gender, national origin, etc.) and sexual harassment. Section 4101 deals with discrimination against employees with disabilities. These are legally protected classes and defined groups and the Personnel Manual reflects the specific nature of the coverage. Essentially, if your situation is not related to Sexual Harassment or does not fall under one of the protected classes then these sections have very limited applicability. An employee who has a concern or complaint regarding communication issues or general hostility would necessarily follow the Grievance Procedure (4200), by filing a formal grievance under these legal prohibitions relating to Harassment but would necessarily fail.

The alternate approach for dealing with communication issues or general hostility is to file a grievance related to the Standards of Conduct (5100). This is a list of 32 examples of unacceptable behaviors. The Standards of Conduct were added to the Personnel Manual in 2004 and are not based on specific laws with mandatory requirements and limitations. It is simply a list of "unacceptable behaviors" without any contextual elements, definitions, or limitations. By way of explanation, the following are two of the listed items:

- 15. Discourteous treatment of the public or other District employees.
- 20. Actions incompatible with or offensive to the image or goals of the District.

There is no legal context or definition of these items and actions. Nor is there any scale of the seriousness of the behavior. Is being discourteous in the eye of the person who files a grievance, the person who the complaint is filed against, the General Manager, a “reasonable individual”? As currently written, a person has violated MWDOC policy by any discourtesy to the public or employees. Presumably, for some people, that could be interpreted to include sneezing in public without covering your mouth.

The intent of the Civility Policy is to provide the contextual framework and specificity as to what the Standards of Conduct are of behavior. It does not expand current policy but limits it by reference to California standards. Section 410.1 (Definitions) is based on the “abusive conduct” language of California Government Code Section 12950.1 and defines “incivility” in terms of harmful conduct that a reasonable person would find “hostile and offensive considering the severity, nature and frequency of the conduct.” The remainder of the Civility Policy deals with the internal complaint procedure, the grievance procedure, corrective actions and the prohibition against retaliatory behavior.

As written, the current version of the Civility Policy is approximately 1¹/₃ pages long and a Director suggested at one point in the discussion that a shorter piece might be more appropriate. It is possible to minimize the text. However, the purpose of the policy is to make it more specific and shortening the policy may work against that purpose.

Attached is the survey that the Board requested.

BOARD OPTIONS

Option #1

- Approve the addition of the Section 4104 Civility Policy to the MWDOC Personnel Manual.

Option #2

- Direct staff to prepare a shortened version of the Civility Policy for consideration and discussion at the November 20, 2019 Board meeting.

Option #3

- Do not approve the Civility Policy as recommended by staff and Legal Counsel. No further action recommended.

STAFF RECOMMENDATION

Option # 1

Staff solicited Member Agencies regarding a Civility Policy and received a limited number of responses. Of the nine responses received two agencies have a Civility Policy. The responses are outlined below.

Agency Name	Civility Policy	Other Comments
City of Brea	No	
City of Huntington Beach	Yes	Code of Ethics includes Civility and respect and Standards of Behavior
Laguna Beach CWD	No	
Mesa WD	No	
Moulton Niguel WD	No	
City of San Juan Capistrano	No	
Santa Margarita WD	No	They are holding Respect in the Workplace Training for employees
City of Seal Beach	Yes	
City of Tustin	No	

Note that the City of Laguna Beach had adopted a Civility Policy on 9/17/19

MWDOC BUDGET SCHEDULE

November 2019
<ul style="list-style-type: none"> • Notification to Member Agencies of start of budget process and solicitation of input
December 2019
<ul style="list-style-type: none"> • MWDOC staff begins preparation of budget hours and costs on program and line-item basis
<ul style="list-style-type: none"> • Review of four month actuals and fiscal year-end projections
<ul style="list-style-type: none"> • Review budget adjustments for current fiscal year
<ul style="list-style-type: none"> • Preparation of internal, draft conceptual budget (review changes for upcoming fiscal year)
January 2020
<ul style="list-style-type: none"> • Initial review of budget issues with A&F Committee for feedback (1-11-20)
<ul style="list-style-type: none"> • Initial discussion of budget issues with Member Agencies for feedback
<ul style="list-style-type: none"> • Request for Member Agencies' <u>preliminary</u> indication of participation in Choice
February 2020
<ul style="list-style-type: none"> • Publish and post the FIRST DRAFT Budget in the packet for the A&F Committee (2-7-20)
<ul style="list-style-type: none"> • Review Full Draft Budget with A&F Committee (2-12-20)
<ul style="list-style-type: none"> • Formally request comments from all Member Agencies
<ul style="list-style-type: none"> • <u>DRAFT</u> information completed on prior year Choice WUE program benefits to Member Agencies to serve as basis for charging agencies for the upcoming year for Choice WUE activities
<ul style="list-style-type: none"> • Member Agencies' INITIAL CONFIRMATION of participation in Choice Services by February 22. The Updated Agreement by the end of March and after the Elected Officials Meeting
<ul style="list-style-type: none"> • Discuss FIRST DRAFT Budget at Member Agency Managers' Meeting (2-20-20)
<ul style="list-style-type: none"> • Meet with Member Agencies as requested or scheduled

MWDOC BUDGET SCHEDULE

March 2020
<ul style="list-style-type: none"> Revised information completed on prior year Choice WUE benefits to Member Agencies to serve as basis of charging agencies for the upcoming year for WUE activities Discuss SECOND DRAFT Budget in A&F Committee (3-11-20) Review SECOND DRAFT Budget at Member Agency Managers' Meeting (3-19-20) Update Choice Participation Member Agencies' submit Formal Comments about the Budget (3-25-20)
April 2020
<ul style="list-style-type: none"> Conduct meeting with Elected Officials from Member Agencies to discuss budget and other topics (4-2-20) THIRD DRAFT Budget and Rates presented to A&F Committee (4-8-20) Member Agencies' Formal Comments presented to A&F Committee (4-8-20) Board approval of FY2020-20 FINAL Budget and Rates (4-15-20)
June 2020
<ul style="list-style-type: none"> Member Agencies confirm final Choice Participation (6-12-20)
August 2020
<ul style="list-style-type: none"> Reconciliation of FY 2020-19 WUE & Choice Programs
September 2020
<ul style="list-style-type: none"> REVISED FINAL Choice Budget presented to A&F Committee (9-9-20) Board approval of FY2020-20 REVISED FINAL Choice Budget (9-16-20)

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Fiscal Year 2019-20

Sole Source Procurement Justification for Projects under \$25,000*



- A. Supplier Information/Name of Company and Prime Contact at the Supplier and at MWD OC: Monsido, Inc. / Sean Marden
- B. Contract awards to Supplier over prior 36-months: None
- C. Product(s) or Service(s) to be provided and Deliverables:
- Quality Assurance
 - On-page SEO audit
 - Domain(s) scanned every **7 days** for the duration of the term
 - Up to **5** domains scanned and **unlimited** authorized users
 - Scanning of up to **250** HTML pages (and documents)
 - Scanning of documents for broken links (PDFs, Word, PowerPoint, and RTF files)
 - **10** on-demand scans available per month
 - Customer support
 - Readability testing
 - Uptime monitor response check every **5** minutes
 - Policy compliance testing
 - Collaboration features (Domain groups, User/Domain access, CMS integration)
 - Web-analytics (**1M** page views included per year)
 - HTML Accessibility checking (WCAG 2.0/2.1 - A, AA, AAA)
 - PageAssist module for webpage personalization
 - PageCorrect module for quickly addressing issues on-the-spot from the Monsido platform
 - PDF Accessibility testing of up to **3000** PDFs (WCAG 2.0) per year
- D. Justification Definition** Of all other vendors researched, this is the only one that offers all of the above services in one, reasonably priced package. MWD OC Web Developer LA Design Studios also conducted research, supplied piece work options, but also concluded this was the most appropriate vendor for the services offered.

* Projects over \$25,000 must go to a Committee of the Board.



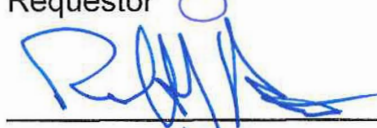
** Possible justifications include but are not limited to: Only qualified bidder; Proprietary item; Urgent necessity; Bid process did not produce competitors; Governmental agency, association or Utility; Prior phase of professional services contract completed successfully by same Consultant; and Special technical expertise by Consultant for tasks desired.

E. Narrative Explanation: Monsido is an online tool suite that will scan the District website once every 7 days, or on-demand (up 10 times per month). After each scan, a status report about the website's condition is sent via email. Scan information can also be accessed in the Monsido dashboard that contains numerous valuable tools allowing unlimited, although specified team members to find and solve website issues and make improvements related to Quality Assurance (QA), Accessibility, Search Engine Optimization (SEO), and Web Governance.

F. Budget Line Item Reference & Amount: 45-7440

G. Core or Choice designation: Core

H. Signature/Approvals:

		11/7/19
Requestor		Date
		11-7-19
General Manager		Date

* Projects over \$25,000 must go to a Committee of the Board.

** Possible justifications include but are not limited to: Only qualified bidder; Proprietary item; Urgent necessity; Bid process did not produce competitors; Governmental agency, association or Utility; Prior phase of professional services contract completed successfully by same Consultant; and Special technical expertise by Consultant for tasks desired.



**Administration Activities Report
October 4, 2019 to November 7, 2019**

Activity	Summary
Administration/Board	<p>Staff worked on the following:</p> <ul style="list-style-type: none"> • Scheduled meetings for Rob Hunter, Karl Seckel and other various meetings of the Board members. • Assisted Rob/Karl with various write-ups and follow-up for the Committees and Board. • Continue to send the Water Supply Reports to the member agencies. • Processed and reviewed agreements for appropriate Board approval and insurance requirements. • Review Insurance documents for all District Agreements. • District was awarded the Transparency of Excellence and District of Distinction awards through CSDA's Special District Leadership. Foundation; facilitated presentation to Board. • Responded to one Public Records Act Request. • Continued review of Laserfiche filing system improvements. • Continued to work with staff training/cross training • Attended webinar entitled "Keeping Current" through ACWA regarding legal requirements for archiving. • Registration and travel arrangements for D.C. Trips, October CED Meeting, AWWA No. American Water Loss Conf., CESA Conference, ACWA DC 2020, AMWA Water Policy Conference, ACWA 2020 Legislative Symposium, CRWUA Conference, 2020 CSMFO Conference, PRSA Conference, GFOA Seminar.
Records Management	<ul style="list-style-type: none"> • Review and reorganization of electronic documents in Laserfiche continues. • Staff participated in a webinar regarding Social Media Archiving & Legal Requirements. • A final comparison of services between Iron Mountain and Corodata was made. Staff will be coordinating the transfer of records from Iron Mountain to Corodata. This will result in an annual cost savings to the District of approximately \$2,500.
Recruitment /Departures	<ul style="list-style-type: none"> • Recruitment efforts for the Water Loss Control Supervisor, and Intern (Leak Detection Assistant) continues; interviews are currently being conducted.



	<ul style="list-style-type: none"> • The recruitment process to fill the Director of Emergency Management continues. • Water Use Efficiency has hired 2 interns who started employment in early October. • Sr. Engineer position recruitment is currently be evaluated.
Other	
Projects and Activities	<ul style="list-style-type: none"> • Coordination efforts continue with IDS Consultants, and Engineering, regarding building improvements and seismic retrofits. Plans were submitted to the City of Fountain Valley for permitting on September 30th. • New IT Server Air Conditioning unit installation is underway as of November 4. • Staff participated in interviews for interns and Director of Emergency Services. • Staff is working with the Municipal Resource Group (MRG) on coordinating staff workshops.
Health Benefits	<ul style="list-style-type: none"> • Open enrollment is currently underway, closing on November 8th. • Election maximums for the Flexible Spending Accounts for 2020, was released on November 7th and information will be distributed. • Early detection screening appointments can be made through Human Resources if you missed the October 24th date.

**INFORMATION ITEM**

November 13, 2019

TO: Administration & Finance Committee
(Directors Thomas, Finnegan, McVicker)

FROM: Robert J. Hunter, General Manager

Staff Contact: Jeff Stalvey

SUBJECT: Finance and IT Pending Items Report

SUMMARY

The following list details the status of special projects that are in-progress or to be completed during FY 2019-20.

Finance

Description	% of Completion	Estimated Completion date	Status
Further Implementation of WUE Landscape Programs Databases and Web Site.	On-going	On-going	In Progress
2019 W-9 collection for water rebates. Currently holding 2 rebate checks awaiting W-9 form.	On-going	On-going	In Progress
Year End procedures; Prepare Annual Financials and Final Audit week of 09-16-19.	100%	09-20-19	Completed
Assisting Mesa Water District with reviewing proposals received from their RFP for new Banking Services. Also assisting with interviewing the top four proposers.	75%	11-12-19	In Progress
Government Compensation in California Report 2019	0%	03-30-20	Not Started
State Controller Report preparation FY18-19	0%	01-31-20	Not Started
Preparation of documents for FY20-21 budget process.	0%	04-30-20	Not Started

Information Technology

Description	% of Completion	Estimated Completion date	Status
Network security issues (hackers, viruses and spam emails)	On-going	On-going	Continuous system monitoring
Purchase and upgrade Conference room 101 with Interactive board, sound system and microphones.	0%	06-30-20	Not Started
Upgrade WUE Web Server (Software upgrade)	10%	06-30-20	In Progress
Upgrade software for Data Server	10%	06-30-20	In Progress
Upgrade 5 computers and monitors for Staff	80%	12-31-19	In Progress
Disposal of non-functional and obsolete electronic equipment	0%	03-31-20	Not Started
Replace network color printer and 2 Department printers	0%	03-31-20	Not Started
Upgrade Network Attached Storage device for Backups	100%	12-31-19	Completed

FY 2019-20 Completed Special Tasks

Description	% of Completion	Estimated Completion date	Status
<u>Finance</u>			
State Tax filing for Water Facilities FY18-19	100%	11-30-19	Completed
<u>Information Technology</u>			
Upgrade Wi-Fi Network equipment	100%	09-30-19	Completed



INFORMATION ITEM

November 13, 2019

TO: **Administration & Finance Committee**
(Directors Thomas, McVicker, Finnegan)

FROM: **Robert Hunter, General Manager**

Staff Contact: Chris Lingad

SUBJECT: **Monthly Water Usage Data and Water Supply Info.**

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file this information.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

REPORT

The attached figures show the recent trend of water consumption in Orange County (OC), an estimate of Imported Water Sales for MWD OC, and selected water supply information.

- OC Water Usage, Monthly by Supply **OCWD Groundwater was the main supply in September.**
- OC Water Usage, Monthly, Comparison to Previous Years Water usage in **September 2019 was above average compared to the last 5 years.** A slight increase in overall water usage is projected compared to Fiscal Year (FY) 2018-19. It has been 31 months since all mandatory water restrictions were lifted by the California State Water Resources Control Board.
- Historical OC Water Consumption Orange County M & I water consumption is estimated to be **528,000 acre-feet (AF) in FY 2019-20** (this includes ~15 thousand acre-feet of agricultural usage and non-retail water agency usage). This is about **12,000 AF more than FY 2018-19** and is about **12,000 AF less than FY 2017-18.** Water usage per person is projected to be slightly higher in **FY 2018-19 for Orange County at 142 gallons per day** (This includes recycled water). Although OC population has increased 20% over the past two decades, water usage has not increased, on average. A long-term decrease in per-capita water usage is attributed

Budgeted (Y/N): N	Budgeted amount: N/A	Core <u>X</u>	Choice <u> </u>
Action item amount: N/A		Line item:	
Fiscal Impact (explain if unbudgeted):			

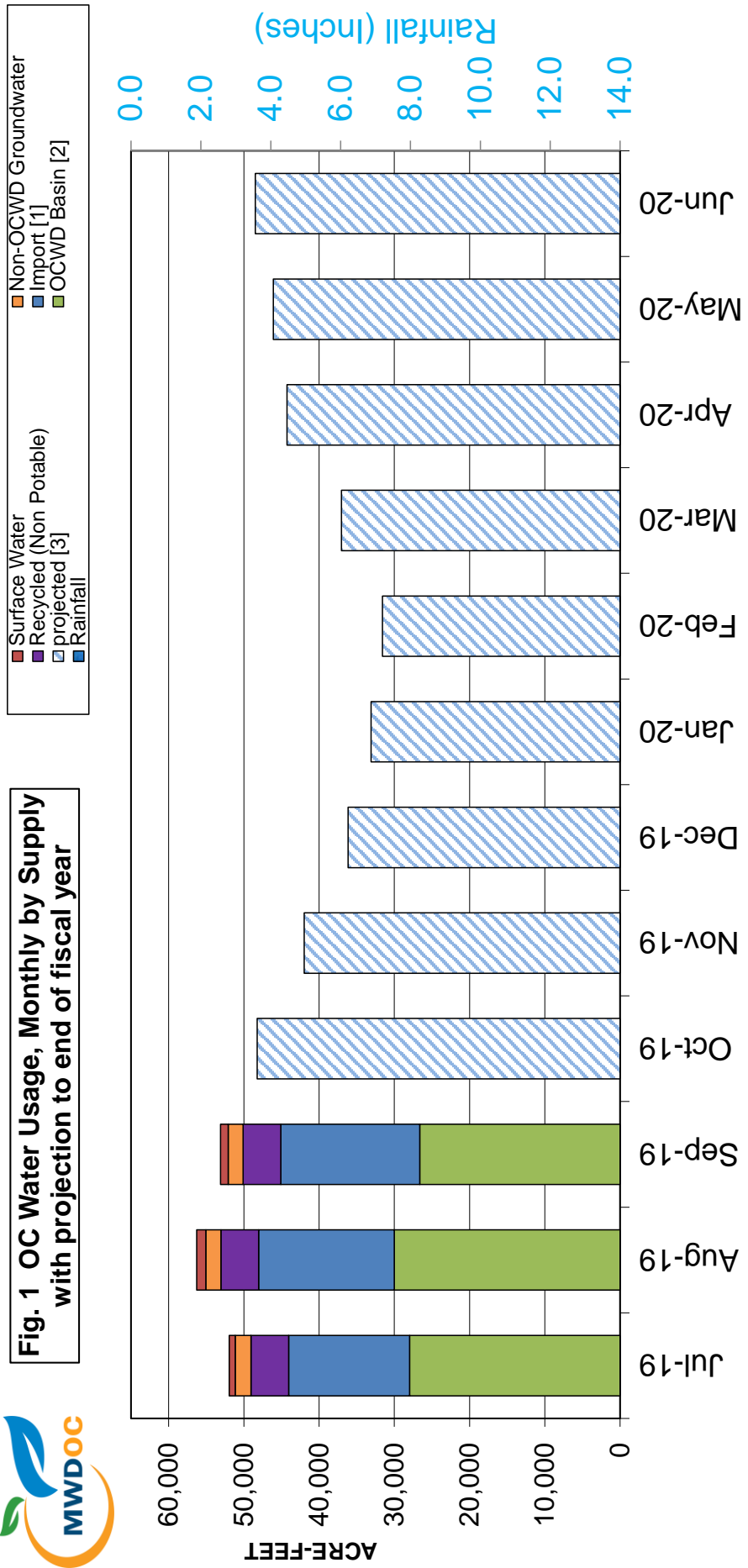
mostly to Water Use Efficiency (water conservation) efforts. ***O.C. Water Usage for the last four Fiscal Years is the lowest since the 1982-83 Fiscal Year*** (FY 1982-83 was the third wettest year on record).

Water Supply Information Includes data on Rainfall in OC; the OCWD Basin overdraft; Northern California and Colorado River Basin hydrologic data; the State Water Project (SWP) Allocation, and regional storage volumes. The data have implications for the magnitude of supplies from the three watersheds that are the principal sources of water for OC. Note that a hydrologic year is Oct. 1st through Sept. 30th.

- Orange County's accumulated rainfall through **October** was below average for this period. Water year to date rainfall in Orange County is **0.03 inches**, which is **4% of normal**.
- Northern California accumulated precipitation through **October** was **10% of normal for this period**. Water Year 2018 was 28% of normal while water year 2017 was 434% of normal. The **Northern California snowpack** was **172% of normal** as of April 1st. **Through October, 2.06%** of California is experiencing **moderate drought conditions** while 17.74% of the state is experiencing abnormally dry conditions. The State Water Project Contractors Table A Allocation was increased to 75% in June 2019.
- Colorado River Basin accumulated precipitation through **late October was 59% of normal** for this period. The **Upper Colorado Basin snowpack was 128% of normal** as of April 15th. **Lake Mead and Lake Powell** combined have about **65% of their average storage volume** for this time of year and are at **46.5% of their total capacity**. If Lake Mead's **level falls below a "trigger" limit 1,075 ft. at the end of a calendar year**, then a shortage will be declared by the US Bureau of Reclamation (USBR), impacting Colorado River water deliveries to the Lower Basin states. As of late August, Lake Mead levels were **8.00' above the "trigger" limit**. The USBR predicts that the start of 2019 will not hit the "trigger" level but there is **a 0% chance that the trigger level will be hit in 2020 and a 4% chance in 2021**.



**Fig. 1 OC Water Usage, Monthly by Supply
with projection to end of fiscal year**



[1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water and deliveries into Irvine Lake.

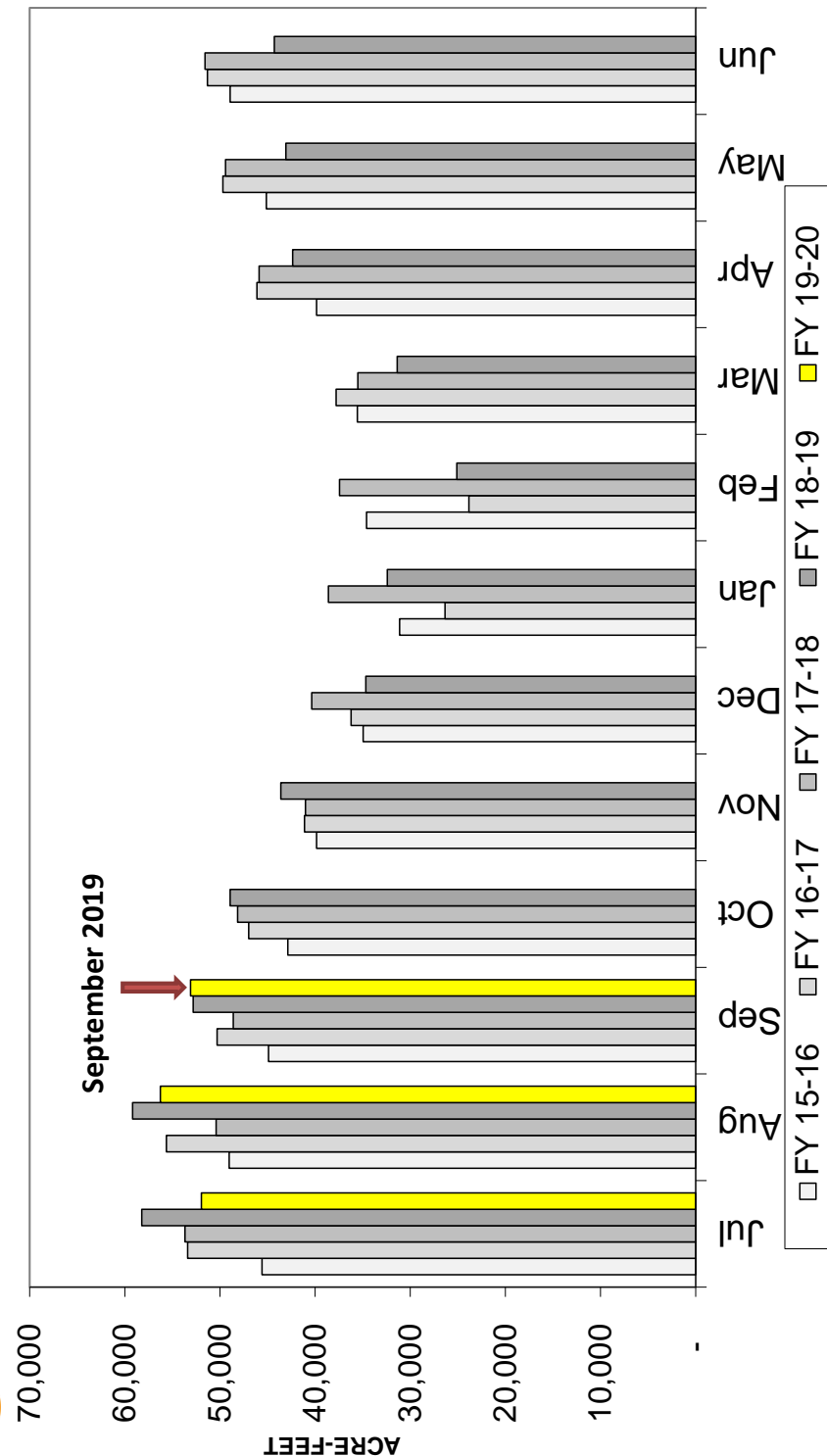
[2] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '19-20 is 77%.

[3] MWD OC's estimate of monthly demand is based on the projected 5 Year historical retail water demand and historical monthly demand patterns.

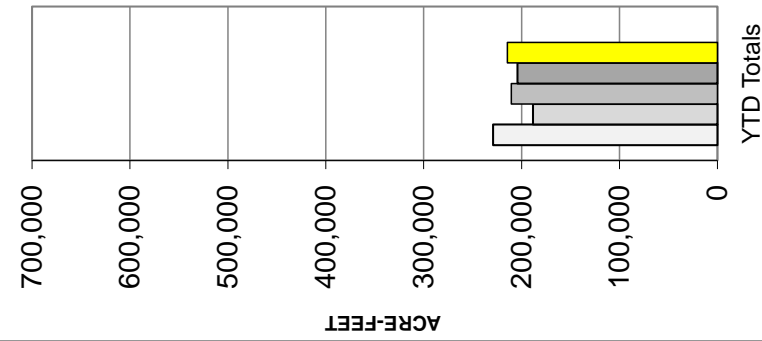
[4] Total water usage includes IRWD groundwater agricultural use and usage by non-retail water agencies.



Fig. 2 OC Monthly Water Usage [1]: Comparison to Last 4 Fiscal Years

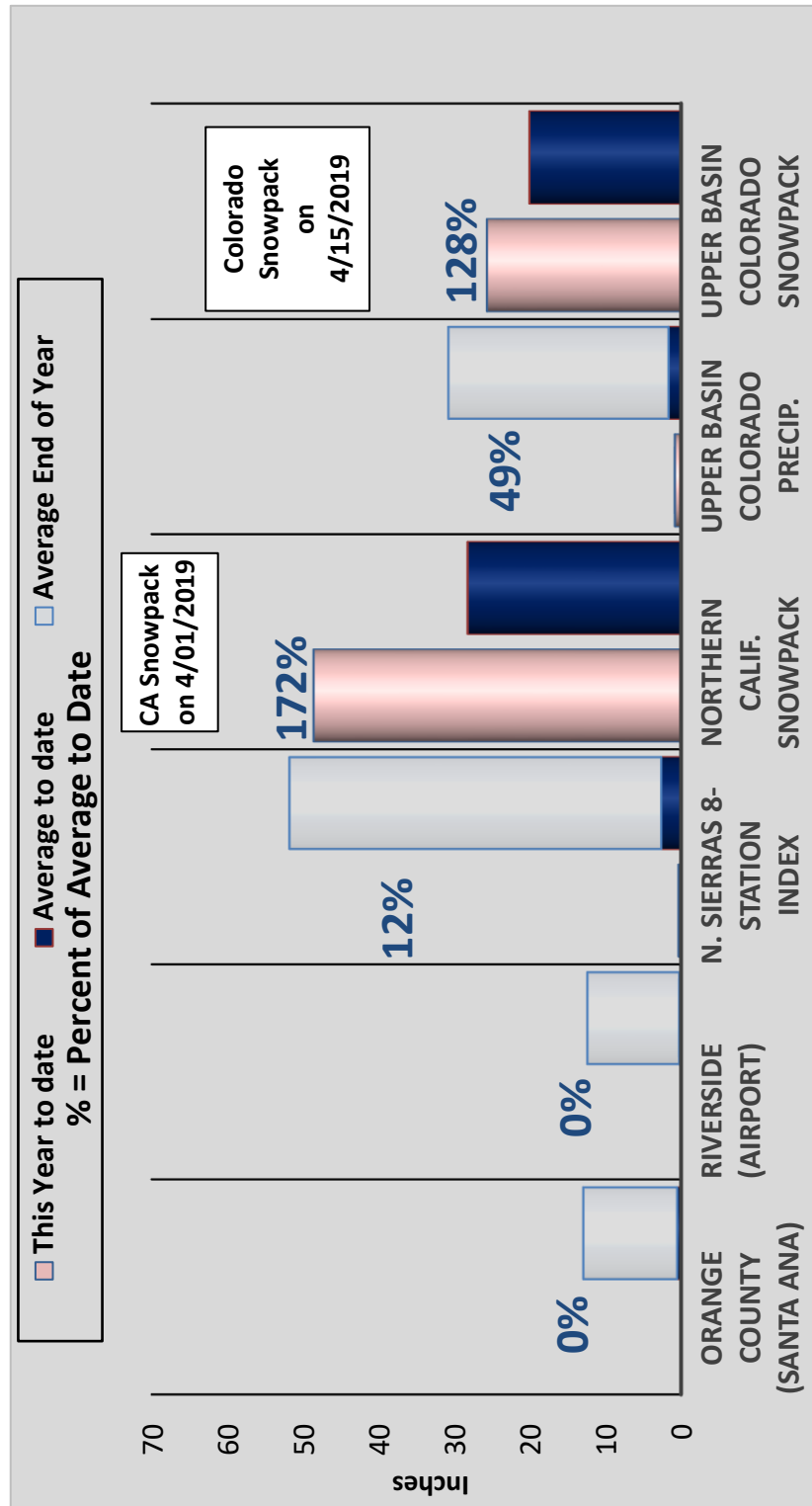


Partial Year Subtotals



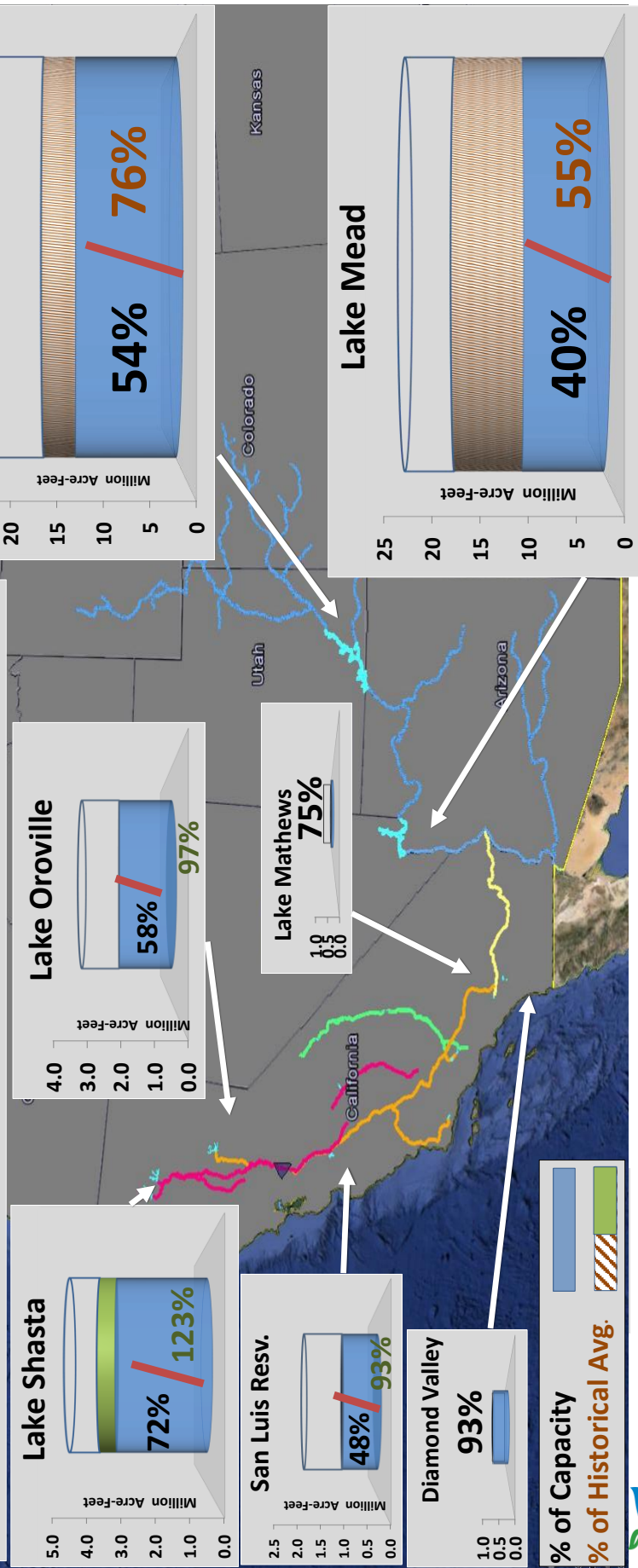
[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment" and "Barrier Replenishment") and Local water for consumptive use (includes recycled and non-potable water and excludes GWRS production) Recent months numbers include some estimation.

Accumulated Precipitation for the Oct.-Sep. water year, through Late October 2019



* The date of maximum snowpack accumulation (April 1st in Northern Calif. , April 15th in the Upper Colorado Basin) is used for year to year comparison.

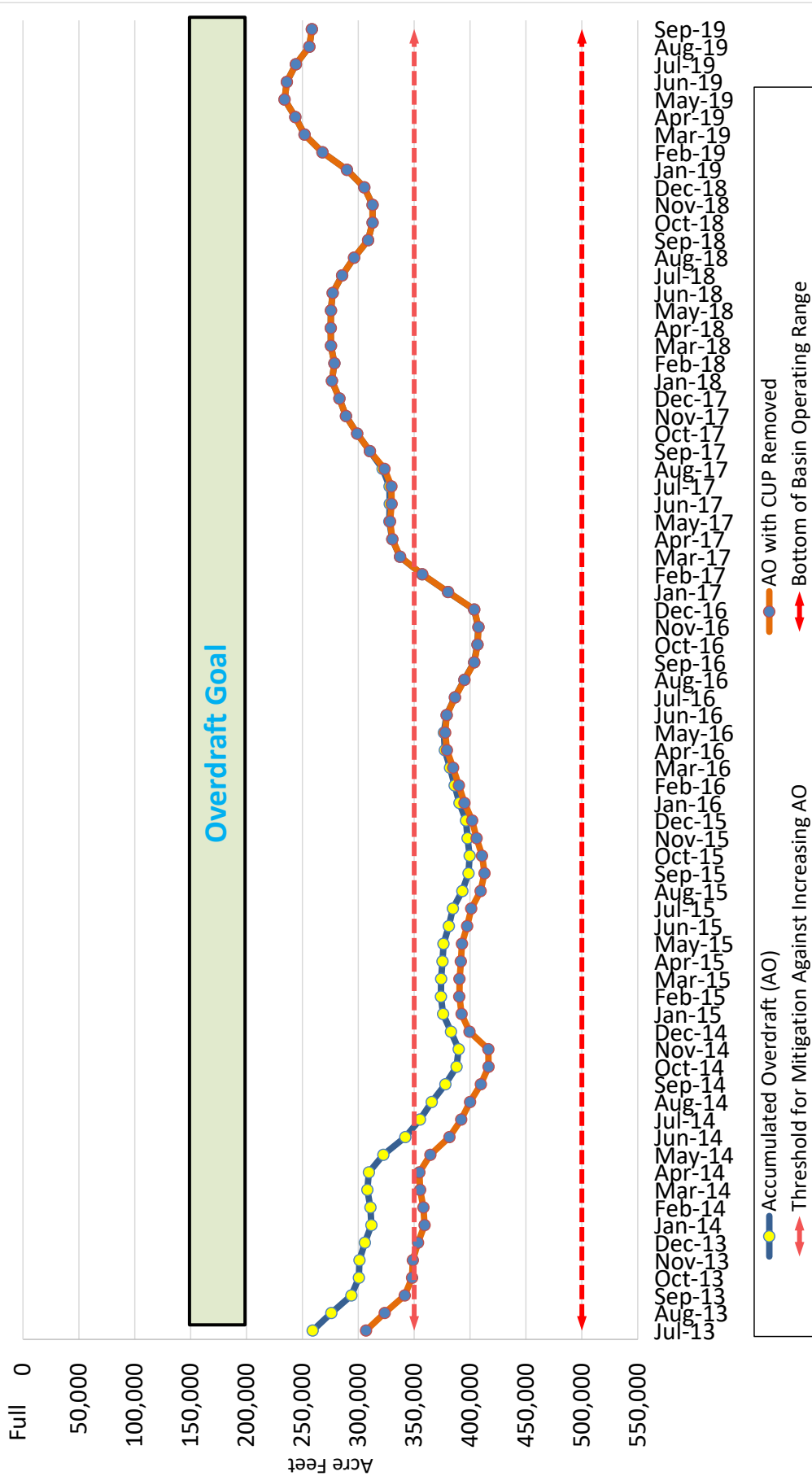
State Water Project, Colorado River, and MWD Reservoir Storage
as of October 28, 2019



Prepared by the Municipal Water District of Orange County
November 19, 2019



Accumulated Overdraft of the OCWD Groundwater Basin as of September 2019

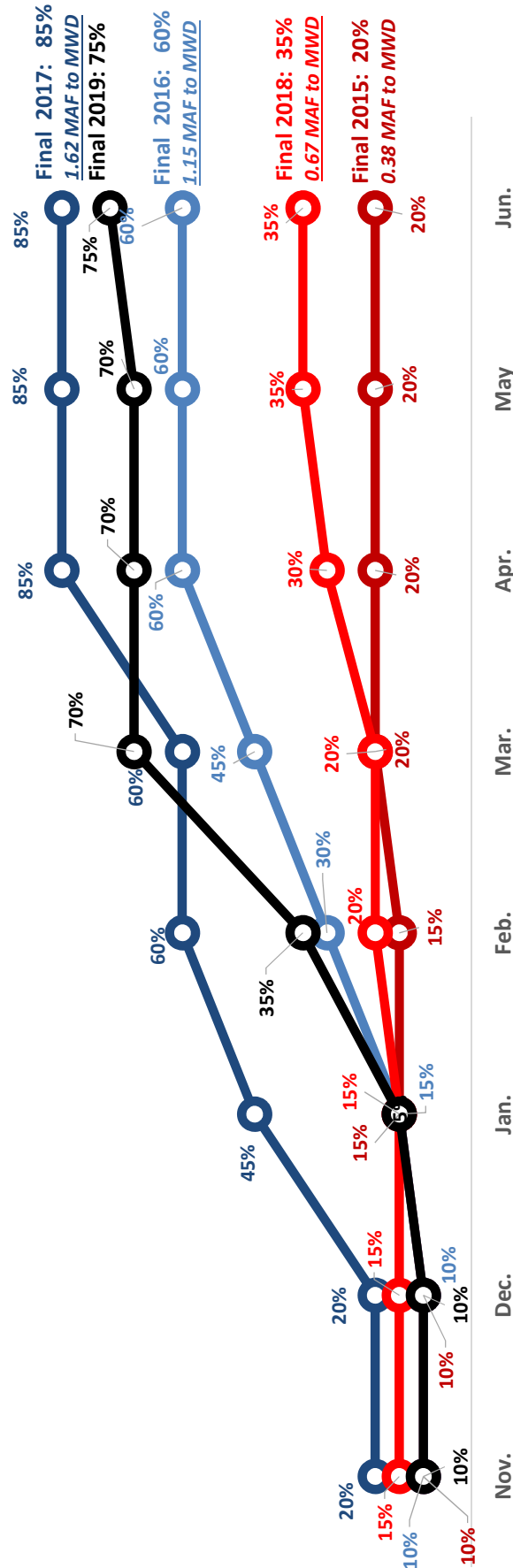


	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
AO (AF)	285,494	296,106	308,748	312,758	312,758	305,367	289,860	267,879	251,876	243,604	234,048	236,005
AO w/CUP removed (AF)	285,494	296,106	308,748	312,758	312,782	305,367	289,860	267,879	251,876	243,604	234,048	236,005
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
AO (AF)	244,057	256,239	258,445									
AO w/CUP removed (AF)	244,057	256,239	258,445									

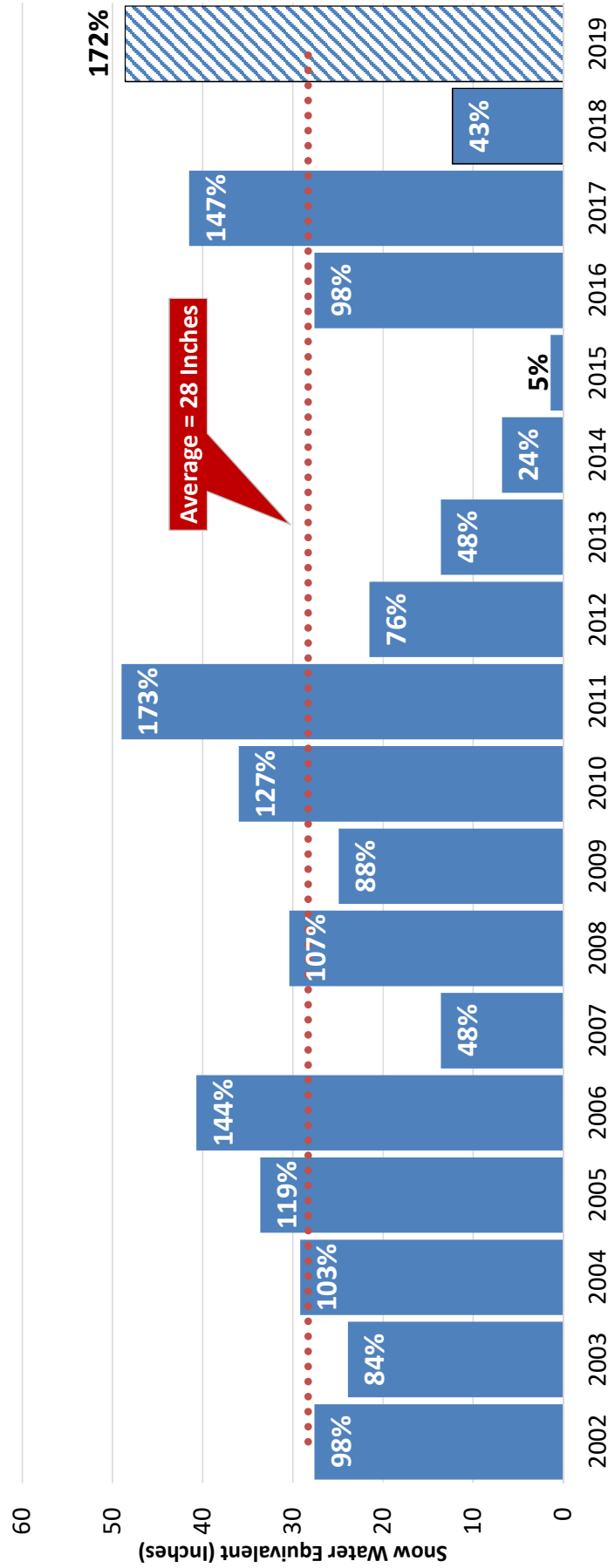


SWP TABLE A ALLOCATION

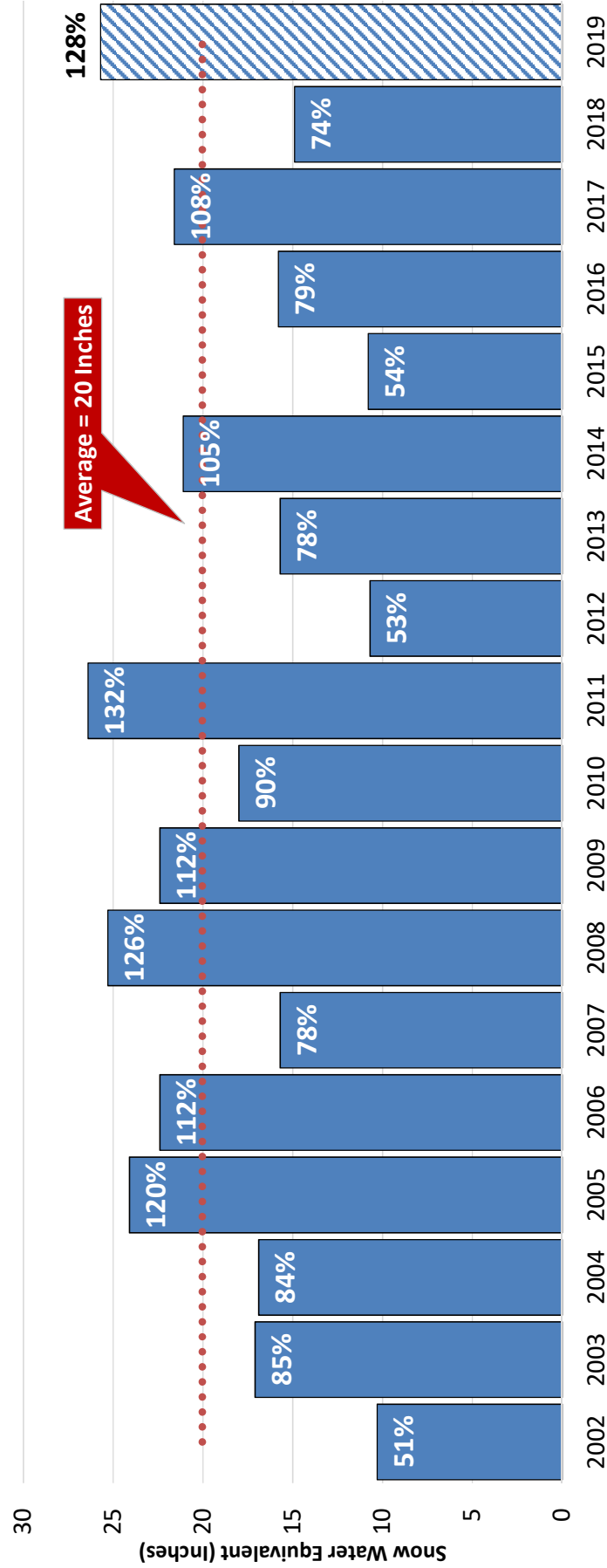
FOR STATE WATER PROJECT CONTRACTORS

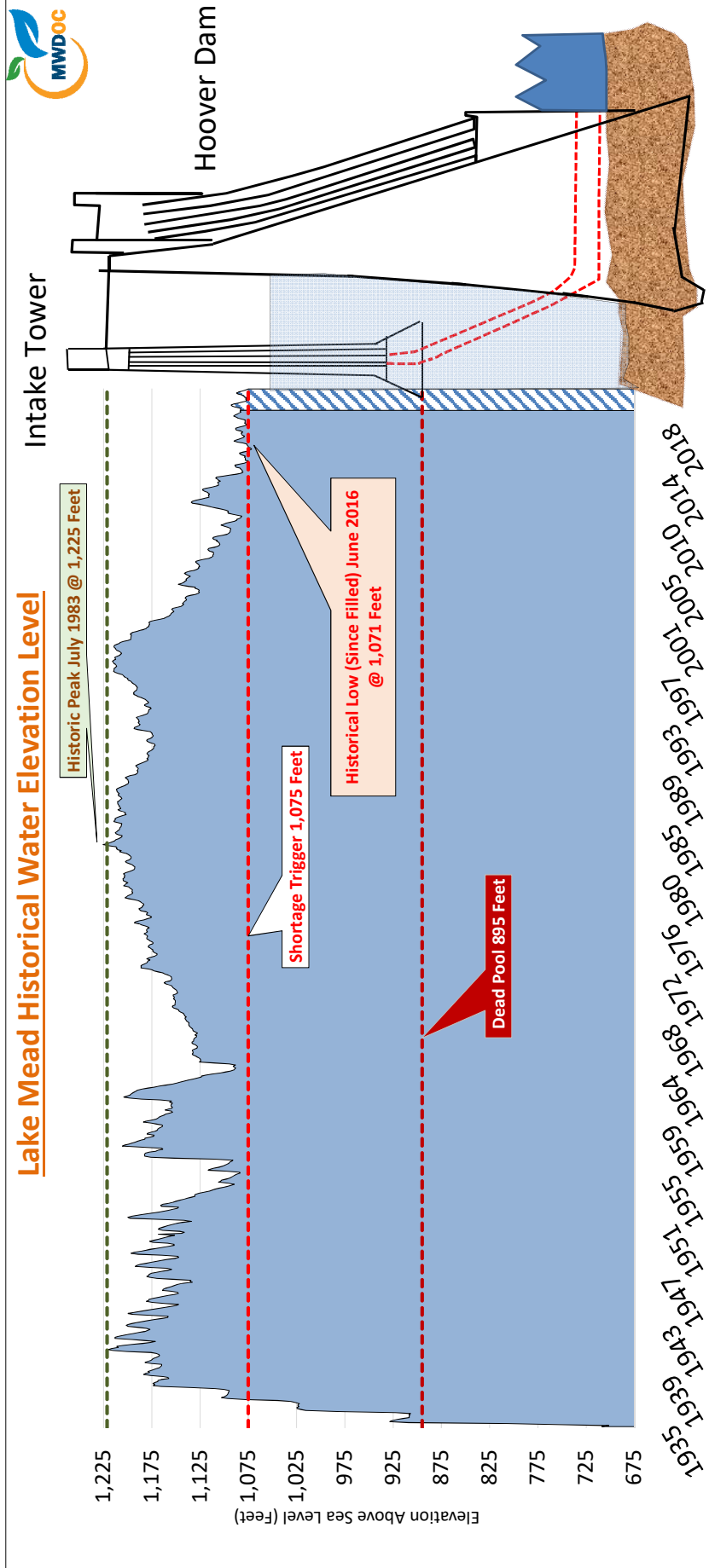


Historical Northern California April 1st Peak Snow Water Equivalent



Historical Colorado Basin April 15th Peak Snow Water Equivalent

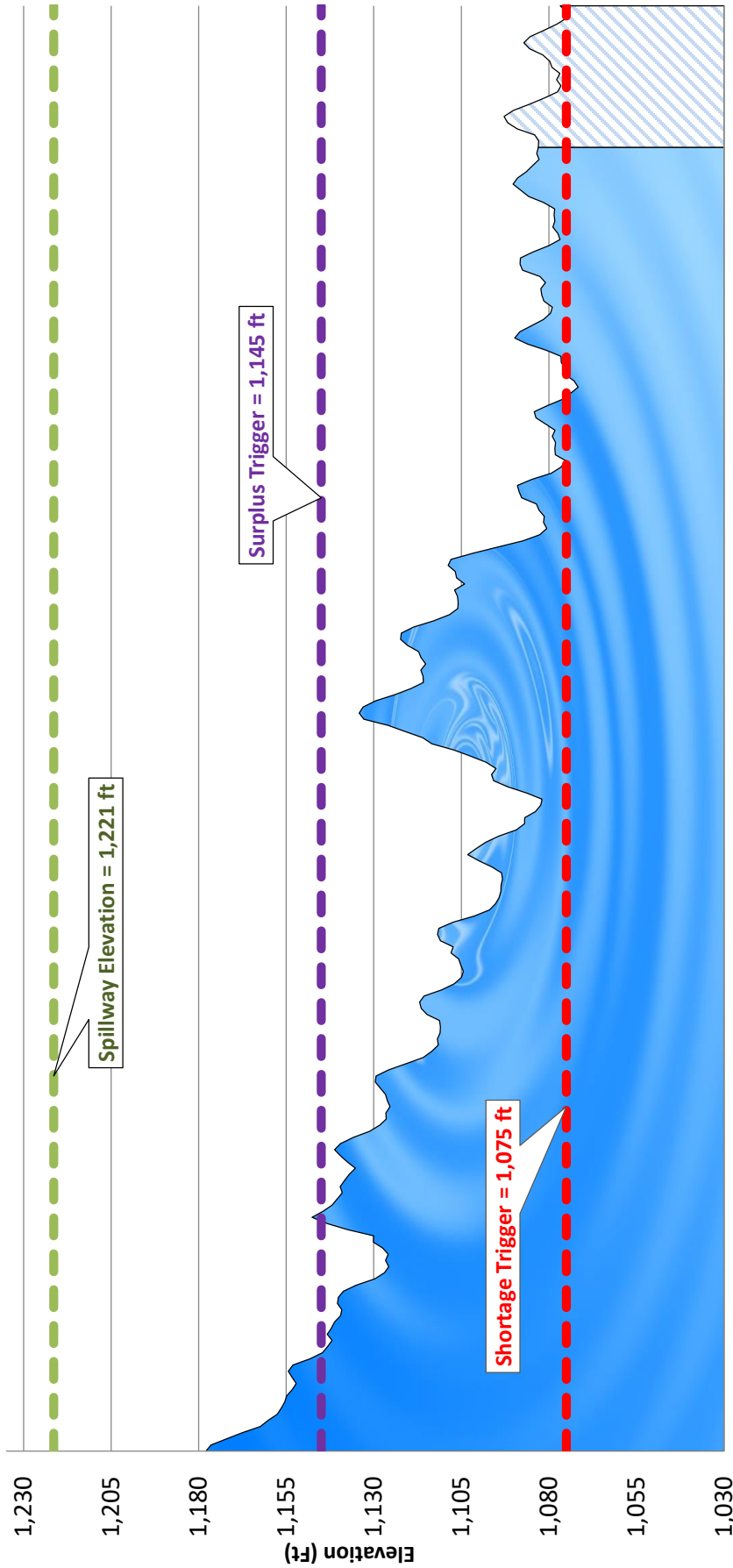






Lake Mead Levels: Historical and Projected projection per USBR 24-Month Study

☒ Historical ☐ Projected





Lake Powell Levels: Historical and Projected projection per USBR 24-Month Study

■ Historical □ Projected

