

MEETING OF THE BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Jointly with the
ADMINISTRATION & FINANCE COMMITTEE

November 12, 2020, 8:30 a.m.

Due to the spread of COVID-19 and as authorized by the Governor's Executive Order, MWDOC will be holding all upcoming Board and Committee meetings by Zoom Webinar and will be available by either computer or telephone audio as follows:

Computer Audio: You can join the Zoom meeting by clicking on the following link:

<https://zoom.us/j/8828665300>

Telephone Audio: (669) 900 9128 fees may apply
(877) 853 5247 Toll-free
Webinar ID: 882 866 5300#

A&F Committee:

Director Thomas, Chair
Director Finnegan
Director Dick

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

Ex Officio Member: Director Tamaribuchi

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 2020
 - b. Disbursement Approval Report for the month of November 2020
 - c. Disbursement Ratification Report for the month of October 2020

- d. GM Approved Disbursement Report for the month of October 2020
 - e. Water Use Efficiency Projects Cash Flow – October 31, 2020
 - f. Consolidated Summary of Cash and Investment – September 2020
 - g. OPEB and Pension Trust Fund monthly statement
2. FINANCIAL REPORT
- a. Combined Financial Statements and Budget Comparative for the Period ending September 30, 2020
 - b. Quarterly Budget Review
 - c. FY 2019-20 Audit Report and Presentation regarding Audit Report

ACTION ITEM

- 3. SELECTION OF A CONSULTANT FOR RATE STUDY SERVICES
- 4. AWARD CONTRACT FOR AUDIO VISUAL (AV) EQUIPMENT AND INSTALLATION FOR NEW CONFERENCE ROOMS
- 5. RECONSIDER MEMBERSHIP IN ASSOCIATION OF METROPOLITAN WATER AGENCIES (AMWA)

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 2021-22 BUDGET SCHEDULE
- 7. DISTRICT CLASSIFICATION AND COMPENSATION STUDY
- 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

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 2020

WATER REVENUES

Date	From	Description	Amount
10/01/20	City of Westminster	August 2020 Water deliveries	12,795.62
10/02/20	City of La Habra	August 2020 Water deliveries	58,003.97
10/05/20	City of Buena Park	August 2020 Water deliveries	276,627.32
10/07/20	City of Newport Beach	August 2020 Water deliveries	166,086.10
10/07/20	City of Seal Beach	August 2020 Water deliveries	396,979.39
10/09/20	City of La Palma	August 2020 Water deliveries	3,579.73
10/09/20	Laguna Beach County Water District	August 2020 Water deliveries	404,406.68
10/09/20	South Coast Water District	August 2020 Water deliveries	565,189.04
10/09/20	City of San Clemente	August 2020 Water deliveries	843,749.11
10/09/20	Trabuco Canyon Water District	August 2020 Water deliveries	183,773.03
10/13/20	Santa Margarita Water District	August 2020 Water deliveries	2,831,733.63
10/13/20	City of Garden Grove	August 2020 Water deliveries	734,096.75
10/14/20	City of San Juan Capistrano	August 2020 Water deliveries	705,787.12
10/14/20	City of Orange	August 2020 Water deliveries	993,672.87
10/15/20	East Orange County Water District	August 2020 Water deliveries	524,039.25
10/15/20	Orange County Water District	August 2020 Water deliveries	425,343.03
10/15/20	El Toro Water District	August 2020 Water deliveries	658,450.29
10/15/20	Moulton Niguel Water District	August 2020 Water deliveries	2,762,706.80
10/15/20	Golden State Water Company	August 2020 Water deliveries	548,710.37
10/15/20	Yorba Linda Water District	August 2020 Water deliveries	428,771.99
10/15/20	Irvine Ranch Water District	August 2020 Water deliveries	1,393,521.70
10/15/20	Serrano Water District	August 2020 Water deliveries	7,524.73
10/26/20	City of Fountain Valley	September 2020 Water deliveries	9,369.54
10/29/20	City of Westminster	September 2020 Water deliveries	10,417.59
10/30/20	City of Huntington Beach	September 2020 Water deliveries	579,631.05
10/30/20	City of Brea	September 2020 Water deliveries	11,848.14

TOTAL WATER REVENUES \$ 15,536,814.84

Municipal Water District of Orange County
REVENUE / CASH RECEIPT REPORT
October 2020

MISCELLANEOUS REVENUES


Date	From	Description	Amount
10/26/20	Stan Sprague	November 2020 Retiree Health insurance	241.22
10/30/20	Keith Lyon	November 2020 Retiree Health insurance	253.60
10/16/20	Cathy Harris	October 2020 COBRA insurance	901.97
10/23/20	Water Replenishment District	WEEA - Community Partner Sponsorship	2,500.00
10/30/20	Paula Bouyounes	Sit Stand Desk/ 1 Monitor Set-up	250.00
10/30/20	US Bank	Monthly Interest	6.74
10/26/20	Moulton Niguel Water District	August 2020 Smartimer rebate program	24,662.22
10/30/20	Laguna Beach County Water District	August 2020 Smartimer rebate program	133.84
10/26/20	Irvine Ranch Water District	August 2020 Smartimer and Rotating Nozzle rebate program	973.42
10/26/20	City of Orange	August 2020 Turf Removal rebate program	333.00
10/26/20	Irvine Ranch Water District	August 2020 Spray to Drip rebate program	1,698.00
10/05/20	City of Buena Park	Feb - Mar 2020 Turf Removal rebate program	222.00
10/19/20	City of Fountain Valley	August 2020 Turf Removal and Spray to Drip rebate program	444.00
10/23/20	City of Brea	August 2020 Turf Removal and Spray to Drip rebate program	333.00
10/16/20	City of Tustin	August 2020 Turf Removal and Spray to Drip rebate program	444.00
10/07/20	Moulton Niguel Water District	August 2020 So Cal Watersmart rebate program	7,400.00
10/09/20	Laguna Beach County Water District	August 2020 So Cal Watersmart rebate program	480.00
10/16/20	City of San Clemente	August 2020 So Cal Watersmart rebate program	1,185.00
10/16/20	El Toro Water District	August 2020 So Cal Watersmart rebate program	520.00
10/13/20	Irvine Ranch Water District	Water Savings Incentive rebate program	13,471.46
10/16/20	El Toro Water District	AWIA Phase 2 Risk and Resilience Assessment	83,855.00
10/02/20	City of Garden Grove	AWIA Phase 3 Emergency Response Plan	61,886.00
10/07/20	Santa Margarita Water District	AWIA Phase 3 Emergency Response Plan	14,945.00
10/26/20	City of Orange	AWIA Phase 3 Emergency Response Plan	33,229.00
10/13/20	City of San Juan Capistrano	FY 2020-2021 Choice Programs Billing Invoice	26,280.18
10/13/20	Moulton Niguel Water District	FY 2020-2021 Choice Programs Billing Invoice	108,348.22
10/16/20	City of Brea	FY 2020-2021 Choice Programs Billing Invoice	49,323.49
10/16/20	City of Tustin	FY 2020-2021 Choice Programs Billing Invoice	67,475.80
10/16/20	El Toro Water District	FY 2020-2021 Choice Programs Billing Invoice	16,541.66
10/16/20	Serrano Water District	FY 2020-2021 Choice Programs Billing Invoice	1,469.99
10/19/20	City of Fountain Valley	FY 2020-2021 Choice Programs Billing Invoice	6,009.12
10/19/20	City of Newport Beach	FY 2020-2021 Choice Programs Billing Invoice	81,850.17
10/19/20	Golden State Water Company	FY 2020-2021 Choice Programs Billing Invoice	46,350.73
10/19/20	Trabuco Canyon Water District	FY 2020-2021 Choice Programs Billing Invoice	12,504.87
10/22/20	City of La Habra	FY 2020-2021 Choice Programs Billing Invoice	8,477.46
10/22/20	Irvine Ranch Water District	FY 2020-2021 Choice Programs Billing Invoice	162,216.34
10/23/20	City of Huntington Beach	FY 2020-2021 Choice Programs Billing Invoice	80,513.45
10/23/20	City of La Palma	FY 2020-2021 Choice Programs Billing Invoice	2,695.18
10/26/20	City of Orange	FY 2020-2021 Choice Programs Billing Invoice	20,290.26
10/23/20	City of Tustin	Water Loss Control Shared Services FY 2020-21	8,651.00
10/16/20	City of San Clemente	Water Loss Control Technical Assistance Year IV	19,572.00
10/19/20	City of Anaheim	WEROC Funding for FY 2020-21	18,334.00

TOTAL MISCELLANEOUS REVENUES \$ 987,272.39

TOTAL REVENUES \$ 16,524,087.23



Robert J. Hunter, General Manager



Hilary Chumplitazi, Treasurer

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2020**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Core Expenditures:		
5106754	ABSG Consulting Inc. September 2020 Owner's Representative plan check & bidding services for MWDOC office remodel *** Total ***	4,442.70 4,442.70
1290	Richard C. Ackerman October 2020 Consulting on legal and regulatory matters *** Total ***	2,050.00 2,050.00
1280130596	Adobe Systems Incorporated 11/9/20-9/8/21 Additional four Adobe Acrobat Pro licenses *** Total ***	539.60 539.60
12025732	Alta Food Craft 10/27/20 Coffee and tea supplies *** Total ***	46.65 46.65
7001849952	American Water Works Association 2021 Annual membership renewal *** Total ***	1,780.00 1,780.00
34194750	Arcadis U.S., Inc. September 2020 Urban Water Management Plan services *** Total ***	62,685.00 62,685.00
105-1020	Barker Leavitt PLLC October 2020 Federal legislative advocacy services *** Total ***	8,000.00 8,000.00
888474 55401-SEP20 889267	Best Best and Krieger LLP September 2020 State legislative advocacy services September 2020 Legal services September 2020 Harassment training *** Total ***	8,000.00 22,409.28 1,200.00 31,609.28
1331642	Black & Veatch 9/5/20-10/2/20 Services for Hydraulic Model Phase 2 Build Model & Calibration *** Total ***	18,296.50 18,296.50
352-2021	California Special Districts Association 2021 Annual membership renewal *** Total ***	7,805.00 7,805.00
90109597 90110867	CDM Smith 8/30/20-9/26/20 Water Resource Planning services 9/27/20-10/24/20 Water Resource Planning services *** Total ***	1,811.00 2,572.50 4,383.50

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2020**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	Commercial Door of Orange County	
25116	Repair MWDOC lobby entrance door	281.00
	*** Total ***	281.00
	Constant Contact	
XR8WAECAB30920	Renewal for online event registration software	1,239.00
	*** Total ***	1,239.00
	CSU Fullerton ASC	
AR170647	7/1/20-12/31/20 Center for Demographic Research support	26,550.16
AR170615	2010-2020 Center for Demographic Research historic population estimates	1,927.17
AR170616	2010-2020 Center for Demographic Research historic population projections	2,828.23
	*** Total ***	31,305.56
	Davis Farr LLP	
8316	July-September 2020 Financial consulting services	4,824.75
	*** Total ***	4,824.75
	Dissinger Associates Plan Administration & Design, Inc.	
AP-MWD-103120	September 2020 Pension plan distribution processing	50.00
	*** Total ***	50.00
	Elevated Health, Inc.	
OCT2020	10/21/20 Pre-employment exam	115.00
	*** Total ***	115.00
	GovernmentJobs.com, Inc.	
INV-17314	12/28/20-12/27/21 Job posting subscription and license for Insight applicant tracking software	3,862.06
	*** Total ***	3,862.06
	Hashtag Pinpoint Corporation	
1330	October 2020 Strategic digital communications consulting services	7,913.00
	*** Total ***	7,913.00
	Herndon Solutions Group LLC	
INV-0000000130	September 2020 Services to assist with America's Water Infrastructure Act compliance	2,430.83
	*** Total ***	2,430.83
	Lawnscape Systems, Inc.	
413779	10/19/20 Landscape maintenance for atrium	495.00
	*** Total ***	495.00
	Lewis Consulting Group	
2020-138	October 2020 Consulting services	2,375.00
	*** Total ***	2,375.00

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2020**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	Edward G. Means III	
MWDOC-1087	October 2020 Consulting on MET issues and guidance to Engineering staff	1,437.50
	*** Total ***	1,437.50
	Mega Maids Cleaning Service	
11483	October 2020 Cleaning services for COVID-19 prevention	1,035.00
	*** Total ***	1,035.00
	NDS	
774516	9/4/20 Delivery charges for Board packets	179.42
775769	10/9/20 Delivery charges for Board packets	179.42
775868	10/15/20 Delivery charges for Board packets	179.42
776026	10/31/20 Delivery charges for Board packets	179.42
	*** Total ***	717.68
	Office Depot, Inc.	
134192097001	10/29/20 Office supplies	197.86
	*** Total ***	197.86
	Orange County Water District	
22146	September 2020 Postage, shared office & maintenance expense	8,859.65
	*** Total ***	8,859.65
	Judy Pfister	
093020	July-September 2020 Retiree medical premium	427.80
	*** Total ***	427.80
	Joey C. Soto	
MWDOC#030	October 2020 Grant research and acquisition assistance	3,250.00
	*** Total ***	3,250.00
	USAFact, Inc.	
103224	October 2020 Pre-employment background checks	63.09
	*** Total ***	63.09
	WageWorks, Inc.	
INV2366903	October 2020 Cafeteria plan administration	201.48
	*** Total ***	201.48
	Water Systems Optimization, Inc.	
1862	October 2020 Water Loss Control program	2,320.00
1863	October 2020 Water Loss Audit Validation Research	4,000.00
1864	October 2020 Water Loss Control Shared Services template development	440.00
	*** Total ***	6,760.00
	Total Core Expenditures	219,479.49

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2020**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
Choice Expenditures:		
	<i>Building Block Entertainment, Inc.</i>	
08302-2	9/18/20-10/2/20 Elementary school program grades K-2	1,765.00
3411-2	10/9/20-10/27/20 Elementary school program grades TK-5	4,685.00
	*** Total ***	6,450.00
	<i>Constant Contact</i>	
XR8WAECAB30920	Renewal for online event registration software	1,239.00
	*** Total ***	1,239.00
	<i>McCall's Meter Sales & Service</i>	
33230	October 2020 Meter Accuracy Testing for City of La Palma	1,250.00
	*** Total ***	1,250.00
	<i>Orange County Water District</i>	
22146	September 2020 Postage for Water Use Efficiency rebate programs	14.61
	*** Total ***	14.61
	<i>Pres Tech Equipment Company</i>	
INV-000118	Pipe Trapper kit with receiver and transmitter for Water Loss Control Shared Services	4,089.00
	*** Total ***	4,089.00
	<i>US Bank Voyager Fleet Systems</i>	
869434993043	9/25/20-10/24/20 Fuel for Water Loss Control Shared Services vehicles	186.72
	*** Total ***	186.72
	<i>Utility Crane & Equipment, Inc.</i>	
332810	Aqua Test kit for Water Loss Control Shared Services	3,282.36
	*** Total ***	3,282.36
	<i>Total Choice Expenditures</i>	<hr/> 16,511.69
Other Funds Expenditures:		
	<i>Best Best and Krieger LLP</i>	
55401-SEP20A	September 2020 Legal services	3,075.70
	*** Total ***	3,075.70
	<i>EcoTech Services, Inc.</i>	
1783	October 2020 Services for Pressure Regulating Valve Replacement program	940.00
	*** Total ***	940.00

**Municipal Water District of Orange County
Disbursement Approval Report
For the month of November 2020**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<i>Herndon Solutions Group LLC</i>	
INV-0000000130	September 2020 Services to assist with America's Water Infrastructure Act compliance	144,532.02
	*** Total ***	144,532.02
	<i>Large Plumbing</i>	
25446	October 2020 Services for Pressure Regulating Valve Replacement program	2,950.00
	*** Total ***	2,950.00
	<i>Lighthouse Fire Protection</i>	
24831	10/6/20 Service fire extinguishers at WEROC S. & N. EOCs	100.00
	*** Total ***	100.00
	<i>Mission RCD</i>	
2916	October 2020 Field verifications for Water Use Efficiency rebate programs	11,638.00
	*** Total ***	11,638.00
	<i>County of Orange</i>	
SC12537	October-December 2020 Cost allocation for 800 MHz emergency radios	231.00
	*** Total ***	231.00
	<i>Water Systems Optimization, Inc.</i>	
1862	October 2020 Water Loss Control program	18,700.00
	*** Total ***	18,700.00
	<i>Total Other Funds Expenditures</i>	<u>182,166.72</u>
	<i>Total Expenditures</i>	<u><u>418,157.90</u></u>

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of October 2020**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
Core Disbursements:				
139892	10/8/20	SPECTB 0375210100120	Spectrum Business October 2020 Telephone and internet expense ***Total ***	1,408.42 1,408.42
139893	10/8/20	VERIZO 9863493330	Verizon Wireless September 2020 4G Mobile broadband unlimited service ***Total ***	114.03 114.03
139903	10/15/20	CORTBU 7350966	Cort Business Services Corp. September 2020 Furniture lease for 2 temporary workstations ***Total ***	144.48 144.48
139920	10/15/20	SPECTB 0343564101020	Spectrum Business October 2020 Telephone expense for 3 analog fax lines ***Total ***	109.42 109.42
139923	10/15/20	USBANK 0403/7659-SEP20	U.S. Bank 8/25/20-9/22/20 Cal Card charges ***Total *** (See attached sheet for details)	5,702.52 5,702.52
ACH004977	10/15/20	BERGJO 093020	Joseph Berg September 2020 Business expense ***Total ***	63.47 63.47
ACH004983	10/15/20	BUSSLI 083120	Charles Busslinger August 2020 Business expense ***Total ***	629.18 629.18
ACH004985	10/15/20	CORODA RS4635438	Corodata Records Management, Inc. September 2020 Archived document storage fees ***Total ***	52.13 52.13
ACH005000	10/15/20	SCHWENE 093020	Leslie Schwene September 2020 Business expense ***Total ***	30.00 30.00
139947	10/30/20	SNOWM OCT2020	Mary Snow October 2020 Business expense ***Total ***	30.00 30.00

Municipal Water District of Orange County
Disbursement Ratification Report
For the month of October 2020

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
ACH005012	10/30/20	FINNEG SEPT2020	Joan Finnegan September 2020 Business expense ***Total ***	40.00 40.00
ACH005013	10/30/20	FRANCI SEPT2020	Pari Francisco August 2020 Business expense ***Total ***	84.79 84.79
ACH005019	10/30/20	WAITER SEPT2020	Rachel Waite September 2020 Business expense ***Total ***	45.00 45.00
Total Core Disbursements				8,453.44

Choice Disbursements:

139923	10/15/20	USBANK 7659-SEP20B	U.S. Bank 8/25/20-9/22/20 Cal Card charges ***Total *** (See attached sheet for details)	1,446.52 1,446.52
Total Choice Disbursements				1,446.52

Other Funds Disbursements:

139893A	10/15/20	VERIZO 9863493330	Verizon Wireless September 2020 4G Mobile broadband unlimited service ***Total ***	76.02 76.02
139895	10/15/20	ATTUVEOC 1812-OCT20	AT&T October 2020 U-verse internet service for WEROC N. EOC ***Total ***	64.20 64.20
139898	10/15/20	ATTCALN 000015380576 000015380575	AT&T September 2020 Telephone expense for WEROC N. EOC September 2020 Telephone expense for WEROC N. and S. EOC ***Total ***	111.47 323.95 435.42

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of October 2020**

Check #	Date	Vendor # Invoice/CM #	Name / Description	Net Amount
139907	10/15/20	HARRISD	Daniel Harrison	
		093020	September 2020 Business expense	82.72
			***Total ***	82.72
139922	10/15/20	SANTI1	Santiago Aqueduct Commission	
		JUN2020	June 2020 SAC Pipeline Operation Surcharge (re-issue)	701.36
			***Total ***	701.36
139923	10/15/20	USBANK	U.S. Bank	
		7659-SEP20B	8/25/20-9/22/20 Cal Card charges	200.00
			***Total ***	200.00
			(See attached sheet for details)	
ACH004993	10/15/20	MESAWA	Mesa Water District	
		10277	August 2020 Credit for Local Resources program	86,231.49
			***Total ***	86,231.49
		DRIPPR	Spray to Drip Program	
139925	10/29/20	S2D4-R-MESA-39972-17737	M. Lopez	336.00
			***Total ***	336.00
		TURFRP	Turf Removal Program	
139926	10/29/20	TR13-R-SM-39355-38195	I. Redd	7,256.38
139927	10/29/20	TR13-R-ETWD-39372-38217	S. Porcu	2,110.00
139928	10/29/20	TR13-R-MNT-39555-38397	M. Paydar	1,479.00
139929	10/29/20	TR13-R-SC-39562-38403	B. Consolin	5,046.00
139930	10/29/20	TR13-R-O-39577-38419	M. Skorpanich	1,731.00
139931	10/29/20	TR13-C-SOCO-38850-38506	Monarch Beach Golf Links (Santa Ana)	137,400.00
139932	10/29/20	TR13-C-MNT-38755-38507	Siena HOA (Dana Point)	8,136.00
139933	10/29/20	TR13-R-MNT-39703-38530	S. Ben-Abraham	988.61
139934	10/29/20	TR13-R-MNT-39742-38571	C. Swearingen	4,170.74
139935	10/29/20	TR13-R-IRWD-39862-38683	R. Ramos	900.00
139936	10/29/20	TR13-R-SC-39854-38740	A. King	3,540.00
139937	10/29/20	TR14-R-MESA-39972-38811	M. Lopez	1,470.00
139938	10/29/20	TR14-R-MNT-40019-38838	D. Yamano	2,940.00
139939	10/29/20	TR14-R-ETWD-41087-39895	R. Wood	500.00
139940	10/29/20	TR14-R-MNT-41093-39899	A. Steen	1,695.00
139941	10/29/20	TR14-R-LH-41136-39937	D. Stegelvik	3,452.00
139942	10/29/20	TR13-R-SOCO-39398-38243B	M. Zamparelli	4,914.00
			***Total ***	187,728.73
139946	10/30/20	SANTI1	Santiago Aqueduct Commission	
		AUG2020	August 2020 SAC Pipeline Operation Surcharge	2,981.78
			***Total ***	2,981.78

**Municipal Water District of Orange County
Disbursement Ratification Report
For the month of October 2020**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
139949	10/30/20	WSIP WSP4628	Water Savings Incentive Program Maruchan, Inc. (Irvine) ***Total ***	15,000.00 15,000.00
ACH005018	10/30/20	SANTAM AUG2020	Santa Margarita Water District August 2020 SCP Pipeline Operation Surcharge ***Total ***	32,025.20 32,025.20
WIRE-201030	10/30/20	METWAT 10179	Metropolitan Water District August 2020 Water deliveries ***Total ***	15,500,913.14 15,500,913.14
Total Other Funds Disbursements				<u>15,826,776.06</u>
Total Disbursements				<u><u>15,836,676.02</u></u>


Robert J. Hunter, General Manager


Hilary Chumpitazi, Treasurer

Cal Card Charges
Statement Date: September 22, 2020
Payment Date: October 15, 2020

<u>Date</u>	<u>Description</u>	<u>Amount</u>
<u>Public Affairs Card</u>		
8/26/2020	One month Zoom Webinar add-on for September 2020	\$ 140.00
8/26/2020	California Association of Public Information Officials membership for S. Wilson	275.00
9/2/2020	9/2/20-10/1/20 Zoom Video Communications monthly fee with audio licenses	174.95
9/3/2020	Monthly storage unit rental during MWDOC remodel	187.00
9/15/2020	Monthly storage unit rental upgrade to 10x20 unit	314.74
9/15/2020	Public Relations Society of America membership for T. Baca	400.00
9/17/2020	California Association of Public Information Officials Hosting Virtual Events webinar on Aug. 22, 2020 - Registration for T. Baca	30.00
Total		<u>\$ 1,521.69</u>

Cal Card Charges
Statement Date: September 22, 2020
Payment Date: October 15, 2020

Date	Description	Amount
<u>K. Seckel Card</u>		
8/24/2020	7/25/20-8/24/20 Web hosting service for MWDOC website	\$ 15.65
8/25/2020	2 Toner cartridges	352.56
8/26/2020	Hard drive replacement for data server	412.87
8/26/2020	Laptop with 3 year protection plan	1,470.22
8/27/2020	6 ESRI ArcGIS licenses for mapping and analytics software	2,300.00
8/29/2020	Moving box labels for MWDOC office remodel project	17.33
8/29/2020	Laptop case bag	26.84
8/30/2020	Gift card for employee recognition	25.00
8/31/2020	Annual subscription for Cloud Cam storage for security camera	69.99
9/2/2020	California Special Districts Association Virtual Board Secretary/Clerk conference from Oct. 26-28, 2020 - Registration for M. Goldsby	425.00
9/4/2020	Supplies for Water Loss Control Shared Services	46.52
9/4/2020	Water District Jobs employment posting for Education Program Assistant	200.00
9/8/2020	50 Storage boxes and wrapping paper for MWDOC office remodel project	57.59
9/9/2020	Orange County Water Association Buena Park Explores Unidirectional Flushing webinar on Sep. 16, 2020 - Registrations for J. Berg & R. Davis	20.00
9/10/2020	Urban Water Institute A Discussion with Jeff Kightlinger webinar on Oct. 21, 2020 - Registration for Director McVicker	25.00
9/10/2020	Refund duplicate Jul. 2020 PreworSCREEN online subscription charge	(147.63)
9/14/2020	PreworSCREEN online subscription monthly fee for COVID-19 prevention	167.58
9/17/2020	Sympathy flowers for retired MWDOC staff member	71.09
9/17/2020	Government Finance Officers Association Annual GAAP Update webinar on Nov. 5, 2020 - Registration for H. Chumpitazi	135.00
9/18/2020	Orange County Business Council nomination fee for Turning Red Tape into Red Carpet virtual awards on Nov. 19, 2020	125.00
9/21/2020	UPS delivery charge for Lotus Media on Sep. 15, 2020	11.74
Total		\$ 5,827.35

Cal Card Charges
Statement Date: September 22, 2020
Payment Date: October 15, 2020

Date	Description	Amount
<u>R. Hunter Card</u>		

No Charges

Municipal Water District of Orange County
GM Approved Disbursement Report ⁽¹⁾
For the month of October 2020

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
Core Disbursements:				
Total Core Disbursements				-
Choice Disbursements:				
Total Choice Disbursements				-
Other Funds Disbursements:				
139924	10/20/20	ALLICS 101920	The Alliance for Community Solutions Transfer of CalWarn Chapter funds	495.00
***Total ***				495.00
Total Other Funds Disbursements				495.00
Total Disbursements				<u>495.00</u>


 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 10/31/20**

	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	TOTALS
Cash - Beginning Balance	\$ (662,317.98)	\$ (714,498.92)	\$ (140,775.56)	\$ (214,897.70)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	
REVENUES:													
BUREC													\$ -
City of Brea		253.00	222.00	333.00									808.00
City of Buena Park				222.00									222.00
City of Fountain Valley		126.50		444.00									570.50
City of San Clemente	250.00	625.00		1,185.00									2,060.00
City of San Juan Capistrano													-
City of Tustin	111.00	632.50	222.00	444.00									1,409.50
City of Newport Beach	111.00	126.50	333.00										570.50
City of Orange	111.00		333.00										777.00
City of Westminster													-
County of Orange	124,617.14												124,617.14
Department of Water Resources		236,887.19											236,887.19
East Orange County Water District													-
El Toro Water District	290.00	269.99		520.00									1,079.99
East Orange County Water District													-
Golden State Water Company													-
Irvine Ranch Water District	69.99	383.18		16,142.88									16,596.05
Laguna Beach County Water District	40.00			613.84									653.84
Mesa Water District		720.00											720.00
Metropolitan Water District	221,040.00	392,146.78		83,479.49									696,666.27
Moulton Niguel Water District	15,351.82	1,600.00	3,101.70	32,062.22									52,115.74
Santa Margarita Water District													-
Trabuco Canyon Water District		20.00											20.00
Yorba Linda Water District													-
Miscellaneous Revenues													
Miscellaneous													-
Interest Revenue													-
Total Revenues	361,991.95	633,790.64	4,211.70	135,779.43	-	-	-	-	-	-	-	-	\$ 1,135,773.72
EXPENDITURES:													
Budget Based Tiered Rates, Raftelis													-
Ecotech, Ferguson	8,800.00		9,305.00	5,475.00									23,580.00
IRWD													-
GardenSoft Corp			9,205.00										-
Large Plumbing				3,320.00									9,205.00
Metropolitan Water District													3,320.00
MNWD	155,422.00												155,422.00
Mission RCD		10,935.25											28,039.20
Multi Family HET Direct	16,400.00			17,103.95									16,400.00
Plant Nerd	13,560.00		17,570.00	29,820.00									60,950.00
Recycled Water On Site Retrofit program													-
Spray to Drip program			4,202.10	336.00									16,925.77
TerraWorks Studio	7,994.30	4,393.37											2,625.00
Turf Removal				2,625.00									480,831.62
Water Savings Incentive Program	210,312.49	44,738.66	38,051.74	187,728.73									15,000.00
Water Systems Optimization				15,000.00									-
Miscellaneous Expenses													
Miscellaneous													-
Interest Expense	1,573.10												1,573.10
Salary & Benefit													-
Total Expenditures	414,172.89	60,067.26	78,333.84	261,408.68	-	-	-	-	-	-	-	-	\$ 813,982.69
Cash - Ending Balance	\$ (714,498.92)	\$ (140,775.56)	\$ (214,897.70)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	\$ (340,526.95)	



Municipal Water District of Orange County
Consolidated Summary of Cash and Investment
 September 30, 2020

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

Sat Tamaribuchi
 President

Joan C. Finnegan
 Vice President

Division I
 Vacant

Larry D. Dick
 Director

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

Megan Yoo Schneider, P.E.
 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	\$3,830,240	18.08%
Grant & Project Cash Flow	1,500,000	7.08%
Election Expense	696,000	3.29%
Building Repair	444,186	2.10%
OPEB	297,147	1.40%
Total Designated Reserves	6,767,573	31.95%
General Fund	11,206,378	52.89%
Water Fund	1,806,336	8.53%
Conservation Fund	(214,898)	(1.01%)
WEROC Fund	1,607,079	7.59%
Trustee Activities	10,381	0.05%
Total	\$21,182,849	100.00%

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.58%	\$122,144	\$122,144
Short-term investment			
• LAIF	61.43%	\$13,013,398	\$13,013,398
• OCIP	23.35%	4,946,517	4,946,517
Long-term investment			
• Corporate Bond	6.61%	1,400,790	1,407,797
• Certificates of Deposit	8.03%	1,700,000	1,797,093
Total	100.00%	\$21,182,849	\$21,286,949

The average number of days to maturity/call as of September 30, 2020 equaled 109 and the average yield to maturity is 0.97%. During the month, the District's average daily balance was \$30,162,324.52. Funds were invested in Negotiable Certificate of Deposit's, Corporate Bonds, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of September 2020.

The \$104,100 difference between the book value and the market value on September 30, 2020 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, 2020

9/30/2020	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,700,000.00	1,797,092.50	1,700,000.00	8.07	875	2.566
Corporate Bond	1,400,000.00	1,407,797.00	1,400,789.53	6.65	570	1.629
Local Agency Investment Funds	13,013,397.67	13,013,397.67	13,013,397.67	61.79	1	0.679
Orange County Investment Pool	4,946,517.24	4,946,517.24	4,946,517.24	23.49	1	1.001
Total Investments	21,059,914.91	21,164,804.41	21,060,704.44	100.00	109	0.970

Cash						
Cash	122,144.43	122,144.43	122,144.43		1	0.00
Total Cash and Investments	21,182,059.34	21,286,948.84	21,182,848.87		109	0.970

Total Earnings Month Ending September Fiscal Year to Date

Current Year 23,660.16 69,963.62

Average Daily Balance 30,162,324.52

Effective Rate of Return 0.970%

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 U.S. Bank. Per Resolution 2059 there are no compliance exceptions to report.


Robert J. Hunter, General Manager

Date

11-5-2020


Hilary Chumpitazi, Treasurer

Date

11/05/2020

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Long-Term Portfolio Details - Investments
September 30, 2020

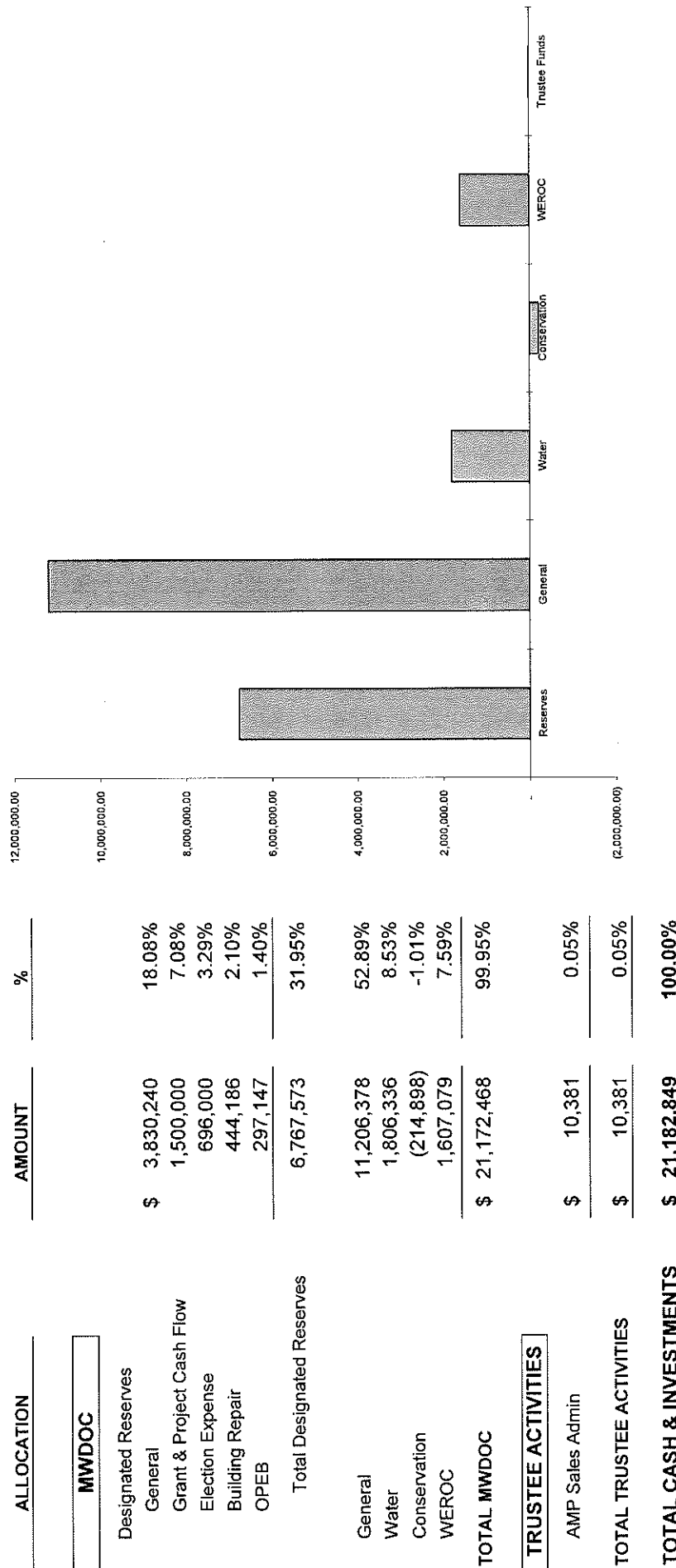
Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
Negotiable Certificate Of Deposit									
Barclays Bank	06740KKY2	9/27/2017	250,000.00	260,480.00	250,000.00	2.250	2.250	727	9/27/2022
Capital One Bank	14042TBQ9	8/7/2019	250,000.00	266,780.00	250,000.00	2.250	2.250	1,407	8/7/2024
Capital One NA	14042RMJ7	7/24/2019	250,000.00	268,162.50	250,000.00	2.200	2.200	1,393	7/24/2024
Comenity Capital	20033AUX2	7/25/2017	200,000.00	203,050.00	200,000.00	2.000	2.000	289	7/16/2021
Discover Bank	254673RV0	7/25/2018	250,000.00	271,937.50	250,000.00	3.300	3.300	1,028	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	272,582.50	250,000.00	3.350	3.350	1,042	8/8/2023
Morgan Stanley Bank	61747MJ36	2/1/2018	250,000.00	252,100.00	250,000.00	2.500	2.500	124	2/1/2021
Sub Total			1,700,000.00	1,797,092.50	1,700,000.00	2.566	2.566	875	
Corporate Bond									
Citigroup Global Markets	17328WFZ6	9/16/2020	250,000.00	248,890.00	250,000.00	1.000	1.000	1,812	9/16/2025
JP Morgan Chase	48128GV56	8/18/2020	250,000.00	248,360.00	250,000.00	0.800	0.800	1,418	8/18/2025
National Rural Util Coop	63743FE51	7/27/2017	200,000.00	203,532.00	200,000.00	2.500	2.500	653	7/15/2022
Societe Generale	83369MD25	8/19/2020	250,000.00	248,505.00	250,000.00	1.000	1.088	323	8/19/2025
Wells Fargo	94974BGR5	1/13/2016	250,000.00	251,010.00	250,061.26	2.550	2.409	68	12/7/2020
Westpac Banking Corp	961214DQ3	7/25/2017	200,000.00	207,500.00	200,728.27	2.500	2.278	636	6/28/2022
Sub Total			1,400,000.00	1,407,797.00	1,400,789.53	1.670	1.629	570	
Total Investments			3,100,000.00	3,204,889.50	3,100,789.53	2.161	2.143	737	

Month Ending September		Fiscal Year To Date
Total Earnings	5,303.50	15,984.34
Current Year		

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Portfolio Management
Short-Term Portfolio Details - Cash and Investments
September 30, 2020

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	13,013,397.67	13,013,397.67	13,013,397.67	0.679	0.679	1	N/A
Sub Total			13,013,397.67	13,013,397.67	13,013,397.67	0.679	0.679	1	
Orange County Investment Pool									
County of Orange LGIP	OCIP	6/29/2005	4,946,517.24	4,946,517.24	4,946,517.24	1.001	1.001	1	N/A
Sub Total			4,946,517.24	4,946,517.24	4,946,517.24	1.001	1.001	1	
Total Investments			17,959,914.91	17,959,914.91	17,959,914.91	0.768	0.768		
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	121,644.43	121,644.43	121,644.43	0.000	0.000	1	N/A
Total Cash			122,144.43	122,144.43	122,144.43	0.000	0.000	1	
Total Cash and Investments			18,082,059.34	18,082,059.34	18,082,059.34	0.768	0.768	1	
Total Earnings									
Current Year			18,356.66		53,979.28				

**Municipal Water District of Orange County
Cash and Investments at September 30, 2020**



MUNICIPAL WATER DIST OF ORANGE COUNTY
PARS Post-Employment Benefits Trust**Account Report for the Period**
9/1/2020 to 9/30/2020Rob Hunter
General Manager
Municipal Water Dist of Orange County
18700 Ward Street
Fountain Valley, CA 92708**Account Summary**

Source	Balance as of 9/1/2020	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 9/30/2020
OPEB	\$2,427,554.19	\$0.00	-\$39,844.45	\$1,160.53	\$0.00	\$0.00	\$2,386,549.21
PENSION	\$675,305.85	\$0.00	-\$11,084.43	\$266.27	\$0.00	\$0.00	\$663,955.15
Totals	\$3,102,860.04	\$0.00	-\$50,928.88	\$1,426.80	\$0.00	\$0.00	\$3,050,504.36

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	-1.64%	4.54%	7.70%	6.19%	7.46%	-	10/26/2011
PENSION	-1.64%	4.42%	7.57%	-	-	-	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

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
COMBINED FINANCIAL STATEMENTS
AND
BUDGET COMPARATIVE
JULY 1, 2020 THRU SEPTEMBER 30, 2020

**Municipal Water District of Orange County
Combined Balance Sheet
As of September 30, 2020**

<u>ASSETS</u>	Amount
Cash in Bank	122,144.43
Investments	21,060,704.44
Accounts Receivable	30,634,263.60
Accounts Receivable - Other	92,733.17
Accrued Interest Receivable	69,697.06
Prepays/Deposits	350,876.49
Leasehold Improvements	4,284,127.08
Furniture, Fixtures & Equipment	649,773.62
Less: Accum Depreciation	<u>(3,318,434.48)</u>
TOTAL ASSETS	<u>\$53,945,885.41</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities	
Accounts Payable	30,080,116.93
Accounts Payable - Other	93.77
Accrued Salaries and Benefits Payable	498,657.05
Other Liabilities	1,580,984.50
Unearned Revenue	<u>658,092.22</u>
Total Liabilities	<u>32,817,944.47</u>
 Fund Balances	
Restricted Fund Balances	
Water Fund - T2C	<u>1,028,452.53</u>
Total Restricted Fund Balances	<u>1,028,452.53</u>
Designated Reserves	
General Operations	3,830,240.00
Grant & Project Cash Flow	1,500,000.00
Election Expense	696,000.00
Building Repair	444,186.00
OPEB	<u>297,147.00</u>
Total Designated Reserves	<u>6,767,573.00</u>
General Fund	4,908,358.72
General Fund Capital	682,542.68
WEROC Capital	115,298.58
WEROC	<u>284,002.59</u>
Total Unrestricted Fund Balances	<u>12,757,775.57</u>
Excess Revenue over Expenditures	
Operating Fund	7,251,547.50
Other Funds	<u>90,165.34</u>
Total Fund Balance	<u>21,127,940.94</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>53,945,885.41</u>

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July thru September 2020

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>REVENUES</u>						
Retail Connection Charge	0.00	7,837,792.40	7,837,792.00	100.00%	0.00	(0.40)
Ground Water Customer Charge	0.00	595,323.00	595,323.00	100.00%	0.00	0.00
Water rate revenues	0.00	8,433,115.40	8,433,115.00	100.00%	0.00	(0.40)
Interest Revenue	23,113.42	68,725.07	458,000.00	15.01%	0.00	389,274.93
Subtotal	23,113.42	8,501,840.47	8,891,115.00	95.62%	0.00	389,274.53
Choice Programs	1,188,495.79	1,193,812.79	1,574,100.00	75.84%	0.00	380,287.21
MWD Revenue - Shared Services	24,178.00	24,178.00	0.00	0.00%	0.00	(24,178.00)
Miscellaneous Income	184.89	237.93	3,000.00	7.93%	0.00	2,762.07
Revenue Other	0.00	1,258.00	0.00	0.00%	0.00	(1,258.00)
Transfer-In From Reserve	0.00	0.00	97,733.00	0.00%	0.00	97,733.00
Subtotal	1,212,858.68	1,219,486.72	1,674,833.00	72.81%	0.00	455,346.28
TOTAL REVENUES	1,235,972.10	9,721,327.19	10,565,948.00	92.01%	0.00	844,620.81

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
General Fund
From July thru September 2020

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<u>EXPENSES</u>						
Salaries & Wages	357,519.00	1,071,832.90	4,151,602.00	25.82%	0.00	3,079,769.10
Director's Compensation	18,990.94	56,972.82	258,909.00	22.00%	0.00	201,936.18
MWD Representation	13,097.20	35,362.44	157,070.00	22.51%	0.00	121,707.56
Employee Benefits	105,256.33	332,940.42	1,335,116.00	24.94%	0.00	1,002,175.58
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Director's Benefits	9,701.61	28,513.07	101,971.00	27.96%	0.00	73,457.93
Health Insurance for Retirees	7,597.34	15,785.22	87,449.00	18.05%	0.00	71,663.78
Training Expense	2,485.00	754.20	64,500.00	1.17%	8,895.60	54,850.20
Tuition Reimbursement	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Temporary Help Expense	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Personnel Expenses	514,647.42	1,749,161.07	6,373,617.00	27.44%	8,895.60	4,615,560.33
Engineering Expense	31,100.92	53,462.84	340,000.00	15.72%	318,414.78	(31,877.62)
Legal Expense	25,266.78	57,028.05	210,500.00	27.09%	153,471.95	0.00
Audit Expense	11,500.00	19,000.00	29,725.00	63.92%	10,725.00	0.00
Professional Services	128,907.72	234,425.56	1,525,503.00	15.37%	857,419.96	433,657.48
Professional Fees	196,775.42	363,916.45	2,105,728.00	17.28%	1,340,031.69	401,779.86
Conference-Staff	200.00	915.00	26,515.00	3.45%	0.00	25,600.00
Conference-Directors	25.00	735.00	18,695.00	3.93%	0.00	17,960.00
Travel & Accom.-Staff	720.20	1,349.38	62,495.00	2.16%	0.00	61,145.62
Travel & Accom.-Directors	0.00	0.00	24,900.00	0.00%	0.00	24,900.00
Travel & Conference	945.20	2,999.38	132,605.00	2.26%	0.00	129,605.62
Membership/Sponsorship	675.00	54,086.64	127,161.00	42.53%	0.00	73,074.36
CDR Support	0.00	0.00	53,158.00	0.00%	53,100.32	57.68
Dues & Memberships	675.00	54,086.64	180,319.00	29.99%	53,100.32	73,132.04
Business Expense	0.00	0.00	4,500.00	0.00%	0.00	4,500.00
Maintenance Office	9,850.77	25,904.05	125,420.00	20.65%	101,115.95	(1,600.00)
Building Repair & Maintenance	1,073.91	6,177.11	15,000.00	41.18%	8,620.43	202.46
Storage Rental & Equipment Lease	52.13	159.06	1,750.00	9.09%	590.94	1,000.00
Office Supplies	872.59	2,459.39	39,000.00	6.31%	3,200.00	33,340.61
Supplies - Water Loss Control	46.52	535.81	10,000.00	5.36%	0.00	9,464.19
Postage/Mail Delivery	638.58	2,156.15	9,300.00	23.18%	2,113.72	5,030.13
Subscriptions & Books	120.00	239.97	1,000.00	24.00%	0.00	760.03
Reproduction Expense	0.00	3,371.14	83,700.00	4.03%	5,745.50	74,583.36
Maintenance-Computers	439.71	473.30	8,000.00	5.92%	0.00	7,526.70
Software Purchase	12,246.07	19,281.61	57,000.00	33.83%	0.00	37,718.39
Software Support	2,840.70	24,684.47	47,640.00	51.81%	1,800.00	21,155.53
Computers and Equipment	1,470.22	7,673.34	33,550.00	22.87%	0.00	25,876.66
Maintenance-Expense	0.00	0.00	6,000.00	0.00%	0.00	6,000.00
Automotive Expense	0.00	0.00	20,000.00	0.00%	0.00	20,000.00
Vehicle Expense	298.88	1,289.69	6,350.00	20.31%	0.00	5,060.31
Toll Road Charges	0.00	0.00	2,300.00	0.00%	0.00	2,300.00
Insurance Expense	11,443.33	34,401.51	110,000.00	31.27%	0.00	75,598.49
Utilities - Telephone	3,146.01	9,418.01	30,850.00	30.53%	1,028.91	20,403.08
Bank Fees	0.00	494.01	1,200.00	41.17%	0.00	705.99
Miscellaneous Expense	3,130.36	5,101.33	113,800.00	4.48%	3,823.03	104,875.64
MWDOC's Contrb. to WEROC	20,103.00	60,309.00	241,236.00	25.00%	0.00	180,927.00
Depreciation Expense	4,485.38	13,456.13	0.00	0.00%	0.00	(13,456.13)
Other Expenses	72,258.16	217,585.08	967,596.00	22.49%	128,038.48	621,972.44
Building Expense	8,014.73	38,556.07	726,883.00	5.30%	278,595.24	409,731.69
Capital Acquisition	0.00	43,475.00	79,200.00	54.89%	34,560.00	1,165.00
TOTAL EXPENSES	793,315.93	2,469,779.69	10,565,948.00	23.37%	1,843,221.33	6,252,946.98
NET INCOME (LOSS)	442,656.17	7,251,547.50	0.00			

Municipal Water District of Orange County
Revenues and Expenditures Budget Comparative Report
Water Fund
From July thru September 2020

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<u>WATER REVENUES</u>					
Water Sales	12,664,349.70	40,941,997.00	208,407,327.00	19.65%	167,465,330.00
Readiness to Serve Charge	963,901.00	2,891,703.00	11,583,326.00	24.96%	8,691,623.00
Capacity Charge CCF	324,353.33	973,059.99	3,892,240.00	25.00%	2,919,180.01
SCP/SAC Pipeline Surcharge	33,153.82	102,011.53	315,000.00	32.38%	212,988.47
Interest	632.73	2,198.99	22,000.00	10.00%	19,801.01
TOTAL WATER REVENUES	13,986,390.58	44,910,970.51	224,219,893.00	20.03%	179,308,922.49
<u>WATER PURCHASES</u>					
Water Sales	12,664,349.70	40,941,997.00	208,407,327.00	19.65%	167,465,330.00
Readiness to Serve Charge	963,901.00	2,891,703.00	11,583,326.00	24.96%	8,691,623.00
Capacity Charge CCF	324,353.33	973,059.99	3,892,240.00	25.00%	2,919,180.01
SCP/SAC Pipeline Surcharge	33,153.82	102,011.53	315,000.00	32.38%	212,988.47
TOTAL WATER PURCHASES	13,985,757.85	44,908,771.52	224,197,893.00	20.03%	179,289,121.48
EXCESS OF REVENUE OVER EXPENDITURES	632.73	2,198.99	22,000.00		

Municipal Water District of Orange County
WUE Revenues and Expenditures (Actuals vs Budget)
From July thru September 2020

	Year to Date Actual	Annual Budget	% Used
Spray To Drip Conversion			
Revenues	16,036.85	38,900.00	41.23%
Expenses	<u>17,707.42</u>	<u>38,900.00</u>	45.52%
Excess of Revenues over Expenditures	(1,670.57)	0.00	
Member Agency Administered Passthru			
Revenues	0.00	175,000.00	0.00%
Expenses	<u>0.00</u>	<u>175,000.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
ULFT Rebate Program			
Revenues	340.00	2,000.00	17.00%
Expenses	<u>340.00</u>	<u>2,000.00</u>	17.00%
Excess of Revenues over Expenditures	0.00	0.00	
HECW Rebate Program			
Revenues	9,847.40	77,000.00	12.79%
Expenses	<u>9,845.00</u>	<u>77,000.00</u>	12.79%
Excess of Revenues over Expenditures	2.40	0.00	
CII Rebate Program			
Revenues	0.00	12,500.00	0.00%
Expenses	<u>0.00</u>	<u>12,500.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
Turf Removal Program			
Revenues	267,905.15	648,000.00	41.34%
Expenses	<u>297,565.77</u>	<u>648,000.00</u>	45.92%
Excess of Revenues over Expenditures	(29,660.62)	0.00	
Comprehensive Landscape (CLWUE)			
Revenues	57,027.23	130,784.00	43.60%
Expenses	<u>84,171.17</u>	<u>130,784.00</u>	64.36%
Excess of Revenues over Expenditures	(27,143.94)	0.00	
Recycled Water Program			
Revenues	0.00	61,750.00	0.00%
Expenses	<u>0.00</u>	<u>61,750.00</u>	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
WSIP - Industrial Program			
Revenues	13,471.46	30,000.00	44.90%
Expenses	<u>13,471.46</u>	<u>30,000.00</u>	44.90%
Excess of Revenues over Expenditures	0.00	0.00	
Land Design Program			
Revenues	40,210.00	404,000.00	9.95%
Expenses	<u>63,215.00</u>	<u>404,000.00</u>	15.65%
Excess of Revenues over Expenditures	(23,005.00)	0.00	
WUE Projects			
Revenues	404,838.09	1,579,934.00	25.62%
Expenses	<u>486,315.82</u>	<u>1,579,934.00</u>	30.78%
Excess of Revenues over Expenditures	(81,477.73)	0.00	
WEROC			
Revenues	301,545.00	482,472.00	62.50%
Expenses	<u>113,980.05</u>	<u>482,472.00</u>	23.62%
Excess of Revenues over Expenditures	187,564.95	0.00	



Memorandum

DATE: November 12, 2020

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

FROM: Robert Hunter

SUBJECT: Quarter ending September 2020 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 2020 (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	7,838	7,838	100.00%
Ground Water Customer Charge	595	595	100.00%
Subtotal	<u>8,433</u>	<u>8,433</u>	<u>100.00%</u>
Other Revenues:			
Interest Income	69	458	15.01%
Choice Programs ⁽¹⁾	1,218	1,574	77.38%
Other Income ⁽²⁾	1	3	49.87%
Transfer in from Reserve ⁽³⁾	0	98	0.00%
Subtotal	<u>1,288</u>	<u>2,133</u>	<u>60.40%</u>
TOTAL REVENUES	<u>9,721</u>	<u>10,566</u>	<u>92.01%</u>
<u>EXPENSES</u>			
Personnel Expenses (incl. Dir.)	1,750	6,374	27.45%
Professional Services ⁽⁴⁾	253	1,555	16.30%
Outside Engineering ⁽⁵⁾	53	340	15.72%
Legal Expense	57	211	27.09%
Travel & Conference ⁽⁶⁾	3	133	2.26%
Dues and Memberships	54	180	30.00%
General & Admin Expense	218	968	22.49%
Building Repair & Expense ⁽⁷⁾	39	727	5.30%
Capital Acquisition (not including building repairs) ⁽⁸⁾	43	79	54.89%
TOTAL EXPENSES	<u>2,470</u>	<u>10,566</u>	<u>23.38%</u>
EXCESS OF REVENUES OVER EXPENSES	<u>7,251</u>		

RESERVE FUND

Beginning Balance	6,132
Nov 2019 - excess from FY2018-19 General Fund	635
TOTAL RESERVE FUND	<u>6,767</u>

- (1) Choice Programs are paid in the beginning of the fiscal year
(2) Other Income - Wellness Grant for employees from ACWA JPIA
(3) Transfer in from Reserves is moved at year-end
(4) Professional Services - Projects in process
(5) Outside Engineering - Projects in process
(6) Travel is suspended due to COVID-19
(7) Work is in progress for Building Repair & Expense
(8) Capital Acquisition is a work in progress

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending September 2020 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
REVENUES			
Retail Connection Charge	7,837,792	7,837,792	100.00%
Ground Water Customer Charge	595,323	595,323	100.00%
Water Rate Revenues	8,433,115	8,433,115	100.00%
Choice Programs	1,193,813	1,574,100	75.84%
MWD Revenue - Shared Services	24,178	0	0.00%
Interest Revenue	68,725	458,000	15.01%
Miscellaneous Income	1,496	3,000	49.87%
School Contracts	0	0	0.00%
Gain on Sale of Investment	0	0	0.00%
Transfer in from Reserve	0	97,733	0.00%
Other Revenues	1,288,212	2,132,833	60.40%
TOTAL REVENUES	9,721,327	10,565,948	92.01%

OPERATING EXPENSES			
Salaries & Wages	1,071,833	4,151,602	25.82%
less Recovery's	0	0	0.00%
Directors' Compensation	56,973	258,909	22.01%
MWD Representation	35,362	157,070	22.51%
Employee Benefits	332,941	1,335,116	24.94%
less Recovery's	0	0	0.00%
CALPERS Unfunded Liability Contribution	207,000	207,000	100.00%
Directors Benefits	28,513	101,971	27.96%
Health Insurances for Retirees	15,785	87,449	18.05%
Training Expense	754	64,500	1.17%
Tuition Reimbursement	0	5,000	0.00%
Temporary Help Expense	0	5,000	0.00%
Personnel Expenses	1,749,161	6,373,617	27.44%
Engineering Expense	53,463	340,000	15.72%
Legal Expense	57,028	210,500	27.09%
Audit Expense	19,000	29,725	63.92%
Professional Services	234,425	1,525,503	15.37%
Professional Fees	363,916	2,105,728	17.28%
Conference-Staff	915	26,515	3.45%
Conference-Directors	735	18,695	3.93%
Travel & Accom.-Staff	1,349	62,495	2.16%
Travel & Accom.-Directors	0	24,900	0.00%
Travel & Conference	2,999	132,605	2.26%
Membership/Sponsorship	54,087	127,161	42.53%
CDR Support	0	53,158	0.00%

Municipal Water District of Orange County
Revenues and Expenditures Actual vs Budget Line Item Report
Fiscal Year to Date ending September 2020 (Unaudited)
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
Dues & Memberships	54,087	180,319	30.00%
Business Expense	0	4,500	0.00%
Maintenance Office	25,904	125,420	20.65%
Building Repair & Maintenance	6,177	15,000	41.18%
Storage Rental & Equipment Lease	159	1,750	9.09%
Office Supplies	2,459	39,000	6.31%
Supplies - Water Loss Control	536	10,000	5.36%
Postage/Mail Delivery	2,156	9,300	23.18%
Subscriptions & Books	240	1,000	24.00%
Reproduction Expense	3,371	83,700	4.03%
Maintenance-Computers	473	8,000	5.91%
Software Purchase	19,282	57,000	33.83%
Software Support	24,685	47,640	51.82%
Computers and Equipment	7,673	33,550	22.87%
Maintenance Expense	0	6,000	0.00%
Automotive Expense	0	20,000	0.00%
Vehicle Expense	1,290	6,350	20.31%
Toll Road Charges	0	2,300	0.00%
Insurance Expense	34,402	110,000	31.27%
Utilities - Telephone	9,418	30,850	30.53%
Bank Fees	494	1,200	41.17%
Miscellaneous Expense	5,101	113,800	4.48%
MWDOC's Contribution to WEROC	60,309	241,236	25.00%
Depreciation Expense	13,456	0	0.00%
MWDOC Building Expense	38,556	726,883	5.30%
Capital Acquisition	43,475	79,200	54.89%
Other Expenses	299,616	1,773,679	16.89%
TOTAL EXPENSES	2,469,779	10,565,948	23.37%
EXCESS OF REVENUES OVER EXPENSES	7,251,548	0	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Statement of Revenues and Expenditures
Fiscal Year to Date ending September 2020 (Unaudited)
Water Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>Water Revenues</u>			
Water Sales	40,941,997	208,407,327	(167,465,330)
Readiness to Serve Charge	2,891,703	11,583,326	(8,691,623)
Capacity Charge CCF	973,060	3,892,240	(2,919,180)
SCP/SAC Pipeline Surcharge	102,012	315,000	(212,988)
Interest	2,199	22,000	(19,801)
Total Water Revenues	<u>44,910,971</u>	<u>224,219,893</u>	<u>(179,308,922)</u>
<u>Water Purchases</u>			
Water Sales	40,941,997	208,407,327	(167,465,330)
Ready to Serve Charge	2,891,703	11,583,326	(8,691,623)
Capacity Charge	973,060	3,892,240	(2,919,180)
SCP/SAC Pipeline Surcharge	102,012	315,000	(212,988)
Total Water Purchases	<u>44,908,772</u>	<u>224,197,893</u>	<u>(179,289,121)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,199</u>	<u>22,000</u>	<u>(19,801)</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Revenues and Expenditures Actual versus Budget
Fiscal Year to Date ending September 2020 (Unaudited)
Other Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<u>WEROC</u>			
Revenues	301,545	482,472	(180,927)
Expenditures	113,980	482,472	(368,492)
Excess of Revenues over Expenditures	<u>187,565</u>	<u>0</u>	<u>187,565</u>

WUE Projects (details on next page)

Revenues	404,837	1,579,934	(1,175,097)
Expenditures	476,315	1,579,934	(1,103,619)
Excess of Revenues over Expenditures	<u>(71,478)</u>	<u>0</u>	<u>(71,478)</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 2020 (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	16,037		38,900	41.23%	38,900
Expenditures	17,707		38,900	45.52%	38,900
Excess of Revenues over Expenditures	(1,670)	-10%			

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

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

Member Agency Administered Pass thru

Revenues	0		175,000	0.00%	175,000
Expenditures	0		175,000	0.00%	175,000
Excess of Revenues over Expenditures	0	0%			

Actual Variance: Retail Water Agencies have not begun reporting their projects.

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

ULFT Rebate Program

Revenues	340		2,000	17.00%	2,000
Expenditures	340		2,000	17.00%	2,000
Excess of Revenues over Expenditures	0	0%			

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

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

HECW Rebate Program

Revenues	9,847		77,000	12.79%	77,000
Expenditures	9,845		77,000	12.79%	77,000
Excess of Revenues over Expenditures	2	0%			

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

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

CII Rebate Program

Revenues	0		12,500	0.00%	12,500
Expenditures	0		12,500	0.00%	12,500
Excess of Revenues over Expenditures	0	0%			

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

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

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 2020 (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	267,905		648,000	41.34%	648,000
Expenditures	297,566		648,000	45.92%	648,000
Excess of Revenues over Expenditures	(29,661)	-11%			

Actual Variance: Posted revenues lagging behind expenses. All revenue reporting for reimbursement is up to date.

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

<u>Comprehensive Landscape (CLWUE)</u>					
Revenues	57,027		130,784	43.60%	130,784
Expenditures	74,171		130,784	56.71%	130,784
Excess of Revenues over Expenditures	(17,144)	-30%			

Actual Variance: Grant funded program. Granting agencies are slow to provide their funding. All reporting is current.

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

<u>Recycled Water Program</u>					
Revenues	0		61,750	0.00%	61,750
Expenditures	0		61,750	0.00%	61,750
Excess of Revenues over Expenditures	0	0%			

Actual Variance: Should begin reimbursing recycled water projects in the second quarter.

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

<u>WSIP - Industrial Program</u>					
Revenues	13,471		30,000	44.90%	30,000
Expenditures	13,471		30,000	44.90%	30,000
Excess of Revenues over Expenditures	0	0%			

Actual Variance: N/A

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

<u>Land Design Program</u>					
Revenues	40,210		404,000	9.95%	404,000
Expenditures	63,215		404,000	15.65%	404,000
Excess of Revenues over Expenditures	(23,005)	-57%			

Actual Variance: Expenses out ahead of grant reimbursements. All local, State, and Federal reporting current.

Budget Variance: Stated budget number is a yearly number, actual number is for the first quarter. It is anticipated that by year's end Actual will be closer to Budget.

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, 2020



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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, 2020, 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.



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, 2020 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 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 13, 2019. In our audit opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 2, 2020 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 2, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2020**

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, 2020. 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 \$174.2 million in FY 2019-20, compared to \$173.8 million in the prior fiscal year, a 0.2% increase.
- The District's expenses were \$172.9 million in FY 2019-20, compared to \$172.5 million in the prior fiscal year, a 0.2% increase.
- The District's assets at June 30, 2020 were \$50.1 million, a 43.5% increase compared to total assets of \$34.9 million at June 30, 2019.
- The District's liabilities at June 30, 2020 were \$39.0 million, a 55.3% increase compared to total liabilities of \$25.1 million at June 30, 2019.
- The District's net position at June 30, 2020 was \$11.7 million, a 12.6% increase compared to net position of \$10.4 million at June 30, 2019.

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 Statement of Net Position. The Statement 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 *Statement 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, 2020**

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures 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 *Statement 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. This statement also provides 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 Statement of Net Position and the Statement 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, 2020**

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 2020	PY FY 2019	Variance	Total Percent Change
Current Restricted Assets	\$ 3,377	\$ 2,181	\$ 1,196	54.8%
Current Unrestricted Assets	45,182	31,502	13,680	43.4%
Capital Assets	1,630	1,289	341	26.5%
Total Assets	50,189	34,972	15,217	43.5%
Deferred Outflows of Resources	965	852	113	13.3%
Current Liabilities Payable from Restricted Assets	1,098	880	218	24.8%
Current Liabilities Payable from Unrestricted Liabilities	35,113	21,775	13,338	61.3%
Noncurrent Unrestricted Liabilities	2,832	2,481	351	14.1%
Total Liabilities	39,043	25,136	13,907	55.3%
Deferred Inflows of Resources	324	219	105	47.9%
Net Position:				
Investment in Capital Assets, Net of Related Debt	1,630	1,288	342	26.6%
Restricted for Trustee Activities	2,279	1,301	978	75.2%
Unrestricted	7,877	7,880	(3)	(0.0%)
Total Net Assets	\$ 11,786	\$ 10,469	\$ 1,317	12.6%

- Total Assets increased by \$15.2 million due to a \$12 million increase in Accounts Receivable for Water Sales, upfront funding of WEROC's AWIA Project of \$1.5 million, an increase in cash due to less travel and expenses of \$980 thousand because of COVID-19, as well as the addition of large capital assets, which are explained in Table 3.
- Total Liabilities increased by \$13.9 million because of larger credits due to MET Conservation rebates at year end; Unrestricted liabilities increased due to increase in accounts payable for water purchased from MWD of Southern California (\$11 million), as well as WEROC's AWIA project and the District's new Shared Services program which added \$406 thousand to the liability.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2020**

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 \$1,317 thousand for the year ended June 30, 2020, as compared to an increase of \$1,270 thousand for the year ended June 30, 2019. 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 2020	FY 2019	Variance	Total Percent Change
Water Sales	\$ 170,997	\$ 170,399	\$ 598	0.4%
Special Project Revenues	2,529	2,706	(177)	(6.5%)
Non-operating Revenues	696	699	(3)	(0.4%)
Total Revenues	174,222	173,804	418	0.2%
Operating Expenses	170,180	169,637	543	0.3%
Special Projects Expenses	2,529	2,706	(177)	(6.5%)
Depreciation Expense	196	191	5	2.6%
Total Expenses	172,905	172,534	371	0.2%
Change in Net Position	1,317	1,270	47	3.7%
Beginning Net Position	10,469	9,199	1,270	13.8%
Ending Net Position	\$ 11,786	\$ 10,469	\$ 1,317	12.6%

The sources of change in net position are the following:

- Water Sales Revenues and Operating Expenses are slightly higher due to higher water sales.
- Special Projects Revenue and Expense are lower due to less State Grant activity in conservation rebates due to lower applicants.
- Non-operating Revenues are lower due to a decrease in interest revenue.
- Net position increased due to capital and building expense projects being carried over in to the new fiscal year and an increase in our election reserve for upcoming election expenses.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2020**

CAPITAL ASSETS

The following is a summary of the District's capital assets at June 30, 2020 and June 30, 2019.

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

	FY 2020	FY 2019	Variance	Total Percent Change
Leasehold Improvements	\$ 4,284	\$ 3,804	\$ 480	12.6%
Furniture, Equipment & Computer Equipment	650	602	48	8.0%
Subtotal	4,934	4,406	528	12.0%
Less Accumulated Depreciation	(3,304)	(3,118)	(186)	6.0%
Net Capital Assets	\$ 1,630	\$ 1,288	\$ 342	26.6%

The District purchased a new IT server rack, a truck and utility van; replaced the IT server room HVAC unit, and upgraded the electrical panel. 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, 2020. No new long-term debt was incurred in the year ended June 30, 2020, and the District does not plan to issue new debt in the year ending June 30, 2021.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(CONTINUED)
JUNE 30, 2020**

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 and cost centers. The legal level of budgetary control is at the total fund level. An actual vs. budget comparison schedule for FY 2019-20 is presented in Table 4 to demonstrate compliance with the adopted budget.

**TABLE 4
FY 2020 Actual vs FY 2020 Budget
(In thousands of dollars)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Total Percent Change</u>
Revenues:				
From Operations	\$ 173,526	\$ 259,090	\$ (85,564)	(33.0%)
Non-operating Revenues	696	603	93	15.4%
Total Revenues	174,222	259,693	(85,471)	(32.9%)
Expenses:				
From Operations				
Cost of Water	161,113	246,413	85,300	34.6%
Other Operating	11,596	13,145	1,549	11.8%
Depreciation	196	191	(5)	(2.6%)
Total Expenses	172,905	259,749	86,844	33.4%
Change In Net Assets	\$ 1,317	\$ (56)	\$ 1,373	(2,451.8%)

The variances on the budget to actual are as follows:

- Revenues from Operations were \$85.5 million less than budget due to actual water sales being lower than expected.
- Non-Operating Revenues are higher due to an increase in the fair value of investments.
- Expenses from Cost of Water purchased were \$85.3 million lower than budget due to actual water sales being lower than expected.
- Other Operating Expenses were \$1.5 million lower due to a reduction in travel conference and other expenses due to COVID19 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, 2020**

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 2020-21. The budgeted operating expenses total \$234.5 million and operating and non-operating revenues total \$234.6 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, 2020, 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

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

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Net Position

June 30, 2020

(with comparative data as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Restricted Assets (Note 3):		
Cash and Cash Equivalents (Note 2)	\$ 1,817,311	\$ 744,317
Accounts Receivable Other	1,557,816	1,432,806
Accrued Interest Receivable	2,058	4,056
Total Restricted Assets	<u>3,377,185</u>	<u>2,181,179</u>
Unrestricted Assets:		
Cash and Cash Equivalents (Note 2)	11,477,712	9,984,416
Investments (Note 2)	2,714,282	3,114,873
Accounts Receivable:		
Water Sales	29,851,130	18,019,979
Other	849,348	74,090
Accrued Interest Receivable	80,804	121,695
Deposits and Prepaid Expenses	208,462	187,146
Total Unrestricted Assets	<u>45,181,738</u>	<u>31,502,199</u>
Total Current Assets	<u>48,558,923</u>	<u>33,683,378</u>
Noncurrent Assets:		
Unrestricted Assets:		
Capital Assets, Net (Note 4)	<u>1,630,237</u>	<u>1,288,478</u>
Total Noncurrent Assets	<u>1,630,237</u>	<u>1,288,478</u>
TOTAL ASSETS	<u>50,189,160</u>	<u>34,971,856</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Amount Related to Pensions (Note 7)	856,104	852,253
Deferred Amount Related to OPEB (Note 8)	108,419	161
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>964,523</u>	<u>852,414</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Net Position (Continued)

June 30, 2020

(with comparative data as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Payable from Restricted Assets		
Accrued Liabilities	\$ 439,878	\$ 80,266
Advances from Participants	658,092	799,951
Total Payable from Restricted Assets	<u>1,097,970</u>	<u>880,217</u>
Unrestricted Liabilities:		
Accounts Payable, Metropolitan Water District of Southern California	31,154,917	20,434,703
Accrued Liabilities	<u>3,957,879</u>	<u>1,340,676</u>
Total Unrestricted Liabilities	<u>35,112,796</u>	<u>21,775,379</u>
Total Current Liabilities	<u>36,210,766</u>	<u>22,655,596</u>
Noncurrent Liabilities:		
Unrestricted Liabilities:		
Net Pension Liability (Note 7)	2,516,221	2,214,703
Net OPEB Liability (Note 8)	<u>316,000</u>	<u>266,409</u>
Total Noncurrent Liabilities	<u>2,832,221</u>	<u>2,481,112</u>
TOTAL LIABILITIES	<u>39,042,987</u>	<u>25,136,708</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Amount Related to Pensions (Note 7)	267,799	210,752
Deferred Amount Related to OPEB (Note 8)	<u>56,477</u>	<u>7,883</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>324,276</u>	<u>218,635</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	1,630,237	1,288,478
Restricted	2,279,215	1,300,962
Unrestricted	<u>7,876,968</u>	<u>7,879,487</u>
TOTAL NET POSITION	<u>\$ 11,786,420</u>	<u>\$ 10,468,927</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Revenues, Expenses and

Changes in Net Position

For the Fiscal Year Ended June 30, 2020

(with comparative data as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Water Sales	\$ 170,997,486	\$ 170,399,375
Special Projects Revenue	1,703,203	1,520,451
Federal Grant Revenue	178,610	169,354
State Grant Revenue	647,196	1,015,737
Total Operating Revenues	<u>173,526,495</u>	<u>173,104,917</u>
Operating Expenses:		
Cost of Water Sold	161,112,594	161,016,026
Salaries and Employee Benefits	6,089,438	5,263,408
General and Administrative	2,978,151	3,357,762
Special Project Expenses	2,529,009	2,705,543
Depreciation	195,898	191,366
Total Operating Expenses	<u>172,905,090</u>	<u>172,534,105</u>
Operating Income	<u>621,405</u>	<u>570,812</u>
Nonoperating Revenues:		
Investment Income	648,678	669,506
Other Income	47,410	29,504
Total Nonoperating Revenues	<u>696,088</u>	<u>699,010</u>
Change in Net Position	<u>1,317,493</u>	<u>1,269,822</u>
NET POSITION - BEGINNING OF YEAR	<u>10,468,927</u>	<u>9,199,105</u>
NET POSITION - END OF YEAR	<u><u>\$ 11,786,420</u></u>	<u><u>\$ 10,468,927</u></u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2020

(with comparative data for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Cash received from member agencies-water deliveries	\$ 159,166,335	\$ 187,959,595
Cash (payments) to Metropolitan Water District of Southern California	(150,392,380)	(178,988,878)
Cash (payments) for salaries and employee benefits	(5,744,797)	(5,144,145)
Cash (payments) for general and administrative expenses	(1,157,522)	(3,432,075)
Cash received from special projects	2,763,611	1,857,688
Cash (payments) for special projects	(2,670,868)	(2,859,904)
Other income	47,410	29,504
	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	2,011,789	(578,215)
	<hr/>	<hr/>
Cash Flows from Capital and Related Financing Activity:		
Acquisition of capital assets	(537,657)	(127,991)
	<hr/>	<hr/>
Cash Used by Capital and Related Financing Activity	(537,657)	(127,991)
	<hr/>	<hr/>
Cash Flows from Investment Activities:		
Investment income	648,678	669,506
Investments matured/(purchased)	443,480	3,391,161
	<hr/>	<hr/>
Cash Provided by Investment Activities	1,092,158	4,060,667
	<hr/>	<hr/>
Net increase in cash and cash equivalents	2,566,290	3,354,461
Cash and Cash equivalents at beginning of year	10,728,733	7,374,272
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	\$ 13,295,023	\$ 10,728,733
	<hr/>	<hr/>
Financial Statement Presentation:		
Cash and Cash Equivalents (Restricted)	\$ 1,817,311	\$ 744,317
Cash and Cash Equivalents (Unrestricted)	11,477,712	9,984,416
	<hr/>	<hr/>
Totals	\$ 13,295,023	\$ 10,728,733
	<hr/>	<hr/>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY


Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2020

(with comparative data for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income	\$ 621,405	\$ 570,812
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	195,898	191,366
Other Income	47,410	29,504
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable - Water Sales	(11,831,151)	17,560,220
(Increase)/Decrease in Accounts Receivable - Other	(775,258)	436,897
(Increase) in Deposits and Prepaid Expenses	(21,316)	(3,570)
(Increase) in Accounts Receivable - Special Projects	(125,010)	(481,749)
(Increase)/Decrease in Deferred Outflows - Pension/OPEB Related	(112,109)	171,402
Increase/(Decrease) in Accrued and Other Liabilities	2,617,203	(507,640)
Increase/(Decrease) in Restricted Accrued Liabilities	359,612	(366,105)
(Decrease) in Advances from Participants	(141,859)	(154,361)
Increase/(Decrease) in Accounts Payable to Metropolitan Water District of Southern California	10,720,214	(17,972,852)
Increase/(Decrease) in Net Pension and OPEB Liability	351,109	(92,067)
Increase in Deferred Inflows - Pension/OPEB Related	105,641	39,928
Total Adjustments	<u>1,390,384</u>	<u>(1,149,027)</u>
Net Cash Provided(Used) by Operating Activities	<u>\$ 2,011,789</u>	<u>\$ (578,215)</u>
Noncash investing activity:		
Unrealized gain on investments*	\$ 154,032	\$ 125,479
Total noncash investing activity	<u>\$ 154,032</u>	<u>\$ 125,479</u>

*Per GASB 31 adjusted investments and cash equivalent to fair value for FY 2019-20



NOTES TO BASIC FINANCIAL STATEMENTS

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(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, 2020 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, 2020.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2020

(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, 2020

(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, 2020.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(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.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2020

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

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 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, 2020, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents (restricted)	\$ 1,817,311
Cash and cash equivalents (unrestricted)	11,477,712
Investments (unrestricted)	<u>2,714,282</u>
Total Cash and Investments	<u><u>\$ 16,009,305</u></u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	213,216
Investments	<u>15,795,589</u>
Total Cash and Investments	<u><u>\$ 16,009,305</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 Fund authorized investments are below:

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2020

(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%

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	\$ 2,050,217	\$ 253,490	\$ 203,834	\$ 1,592,893
Corporate Securities	664,065	252,315	207,842	203,908
Orange County Investment Pool	4,971,975	4,971,975	-	-
State Investment Pool	8,109,332	8,109,332	-	-
	<u>\$ 15,795,589</u>	<u>\$ 13,587,112</u>	<u>\$ 411,676</u>	<u>\$ 1,796,801</u>

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(2) Cash and Investments (Continued)

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	\$ 2,050,217	N/A	\$ -	\$ -	\$ -	\$ -	\$ 2,050,217
Corporate Securities	664,065	A	-	203,908	252,315	207,842	-
Orange County Investment Pool	4,971,975	N/A	4,971,975	-	-	-	-
State Investment Pool	8,109,332	N/A	-	-	-	-	8,109,332
	<u>\$ 15,795,589</u>		<u>\$ 4,971,975</u>	<u>\$ 203,908</u>	<u>\$ 252,315</u>	<u>\$ 207,842</u>	<u>\$ 10,159,549</u>

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

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, 2020:

Investment Type		Fair Value Application			
		1	2	3	Uncategorized
Negotiable Certificate of Deposits	\$ 2,050,217	\$ -	\$ 2,050,217	\$ -	\$ -
Corporate Securities	664,065	-	664,065	-	-
Orange County Investment Pool	4,971,975	-	-	-	4,971,975
State Investment Pool	8,109,332	-	-	-	8,109,332
	<u>\$ 15,795,589</u>	<u>\$ -</u>	<u>\$ 2,714,282</u>	<u>\$ -</u>	<u>\$ 13,081,307</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.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(2) Cash and Investments (Continued)

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, 2020 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 by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2020 the District's deposits with financial institutions are covered by the Federal Deposit Insurance Corporation up to \$250,000, the remaining amounts of \$192,405 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

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(2) Cash and Investments (Continued)

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, 2020, \$3,377,185 was reported as restricted assets related to member agency activities.

(4) Capital Assets

The following is a summary of capital assets at June 30, 2020 with changes therein:

	2019	Additions	Deletions	2020
Furniture, Fixtures and Equipment	\$ 602,412	\$ 82,499	\$ (35,137)	\$ 649,774
Leasehold Improvements	3,804,126	484,265	(4,264)	4,284,127
	<u>4,406,538</u>	<u>566,764</u>	<u>(39,401)</u>	<u>4,933,901</u>
Less Accumulated Depreciation:				
Furniture, Fixtures and Equipment	(430,717)	(41,788)	6,258	(466,247)
Leasehold Improvements	(2,687,343)	(154,110)	4,036	(2,837,417)
	<u>(3,118,060)</u>	<u>(195,898)</u>	<u>10,294</u>	<u>(3,303,664)</u>
Net Capital Assets	<u>\$ 1,288,478</u>	<u>\$ 370,866</u>	<u>\$ (29,107)</u>	<u>\$ 1,630,237</u>

(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). Currently the MWDOC Board of Directors, MWDOC MET Directors and the General Manager actively participate in the Pension Plan. In accordance with section 3401(c) of the Internal Revenue Code, the term employee includes officers, whether elected or appointed. The Directors contribute 7.5 percent of their covered compensation to the Pension Plan, in lieu of contributing to Social Security. The Directors' contributions to the Pension Plan totaled \$27,939 for the year ended June 30, 2020. 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.

Based on the Attorney General's Opinion issued in April 2019, which concludes that MWDOC may make employer-paid pension contributions on behalf of its Directors without violating statutory limits regarding Directors compensation; the District reimbursed each Director based on the amount they reimbursed the District in 2015 plus interest which totaled \$163,655.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(5) Deferred Pension Plan (Continued)

District employees were previously part of the Pension Plan until March 2003 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, 2020, 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 and \$500 for licensed vehicles/trailers.

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 per occurrence.

Crime Policy/Fidelity Bond - The Insurance Authority has a coverage limit of \$3 million, per loss. The District has a \$1,000 deductible.

Cyber Liability – The Insurance Authority has a coverage limit of \$3 million per claim and \$5 million aggregate with a \$10,000 to \$50,000 retention based on annual revenue.

Special District Risk Management Authority Workers' Compensation Program offers an alternative workers' compensation program for special districts and other public agencies. Responsive claims management and cost containment, combined with tailored safety and loss prevention provides members an unequaled full-service workers' compensation program. All claims are handled by a third party administrator, Sedgwick. Comprehensive Coverage includes Statutory Workers' Compensation Limits, \$5 Million Employer's Liability, Zero Member Deductible, and SDRMA maintains a Self-Insured Retention that is periodically adjusted based on market conditions.

The JPIA's Liability Program is designed specifically for public water agencies. It provides protection to members against liability for bodily injury, property damage, errors and omissions, employment practices, fiduciary responsibilities, products, and pollution. The program provides pooled, reinsurance and excess coverage of up to \$55 million for its members.

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(6) Risk Management (Continued)

The District pays annual premiums for all policy coverages. The District currently does not have any active/open claims or pending settlements.

(7) Cost-Sharing Defined Benefit Plan

General Information about the Pension Plan

Plan Descriptions – Effective March 1, 2003, 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.

The Plans' provisions and benefits in effect at June 30, 2020, 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%	6.750%
Required employer contribution rates	10.221%	6.985%
Pensionable Compensation Cap*	No Cap	\$151,549

* Will increase to reflect changes in the Consumer Price Index

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2020

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

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, 2020 were \$349,145. 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, 2020, 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>\$ 2,516,221</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, 2019, 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, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term 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, 2018 and 2019 were as follows:

	Miscellaneous
Proportion - June 30, 2018	<u>0.05877%</u>
Proportion - June 30, 2019	<u>0.06283%</u>
Change - Increase (Decrease)	<u>0.00406%</u>

For the year ended June 30, 2020, the District recognized pension expense of \$703,859.

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2020

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

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 174,762	\$ 13,541
Changes of Assumptions	119,985	42,534
Differences between Projected and Actual Investment Earnings	-	43,991
Change in Employer's Proportion	212,212	-
Differences between District Contributions and Proportionate Share of Contributions	-	167,733
Pension Contributions Made Subsequent to Measurement Date	349,145	-
Total	<u>\$ 856,104</u>	<u>\$ 267,799</u>

The amount of \$349,145 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, 2021. 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,	
2021	\$ 223,263
2022	(11,515)
2023	18,523
2024	8,889
	<u>\$ 239,160</u>

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2020

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuation were determined using the following actuarial assumptions.

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

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, 2020

(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 the System's 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)	\$ 4,315,661	\$ 2,516,221	\$ 1,030,909

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, 2020

(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, 2020

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

Plan membership. At June 30, 2020, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	12
Active plan members	13
Total	<u>25</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, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2020. 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 2020; 5.9% for 2021; 5.80% for 2022; and decreasing 0.10% per year to an ultimate rate of 5.00% for 2030 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, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

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, 2020

(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, 2020	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2019
Long-Term Expected Return of Plan Investments	6.00%	6.00%
Fidelity GO AA 20-Year Municipal Index	2.45%	3.13%
Discount Rate	6.00%	6.00%

The components of the net OPEB liability at June 30, 2020, were as follows:

Total OPEB liability	\$ 2,602,083
Plan fiduciary net position	2,286,083
Net OPEB liability	<u>\$ 316,000</u>
Measurement date	June 30, 2020
Reporting date	June 30, 2020
Covered payroll	\$ 1,975,686
Net OPEB liability (asset) as a percentage of covered payroll	15.99%
Plan fiduciary net position as a percentage of the total OPEB liability	87.86%

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(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 June 30, 2019	\$ 2,478,646	\$ 2,212,237	\$ 266,409
Changes for the year:			
Service Cost	30,118	-	30,118
Interest	148,417	-	148,417
Differences between expected and actual experience	(86,201)	-	(86,201)
Change in assumptions	102,437	-	102,437
Net investment income	-	85,732	(85,732)
Contributions			
Employer - cash subsidy	-	71,334	(71,334)
Benefit payments, including implicit subsidy	(71,334)	(71,334)	-
Administrative expense	-	(11,886)	11,886
Net changes	123,437	73,846	49,591
Balances at June 30, 2020	\$ 2,602,083	\$ 2,286,083	\$ 316,000

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)	\$689,315	\$316,000	\$11,006

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)	\$14,860	\$316,000	\$683,735

Municipal Water District of Orange County

Notes to Basic Financial Statements
For the Year Ended June 30, 2020

(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, 2020, the District made a total contribution of \$63,891, which represent actual health care costs for its retirees and their covered dependents. Total contribution inclusive of implicit subsidy amounted to \$71,334.

OPEB Expense

For the year ended June 30, 2020, the District's OPEB expense was \$61,261.

Service Cost	\$ 30,118
Interest Cost	148,417
Expected Return on Assets	(132,734)
Recognition of Deferred Outflows and Inflows	
Difference between expected and actual experience	(29,724)
Change of assumptions	35,323
Difference between projected and actual investments	9,861
Net OPEB Expense June 30, 2019 to June 30, 2020	<u>\$ 61,261</u>

Actuarially Determined Contribution

The following shows the actuarially determined contribution for the year ended June 30, 2020:

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

Valuation Date	July 1, 2020
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, 2020

(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, 2020, 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
Net difference between projected and actual earnings on plan investments	\$ 41,305	\$ -
Differences between expected and actual experience	-	56,477
Changes in assumptions	67,114	-
Total	<u>\$ 108,419</u>	<u>\$ 56,477</u>

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
2021	\$ 45,184	\$ (29,724)
2022	41,651	(26,753)
2023	9,808	-
2024	11,776	-
	<u>\$ 108,419</u>	<u>\$ (56,477)</u>

Investments

For the year ended June 30, 2020 the annual money-weighted rate of return on investments, net of investment expense, was 3.89%. 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%

Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2020

(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, 2020.

(10) Subsequent Events

On March 4, 2020, California Governor Gavin Newsome declared a State of Emergency in response to the spread of COVID-19 in the state of California. Water utilities are identified as critical infrastructure by the United States Department of Homeland Security and the District has activated its emergency response plan. The District has instituted guidelines prescribed by the Centers for Disease Control (CDC) to help prevent the spread of COVID-19. Accordingly, as of report issuance date, there is no direct threat to the water supply from the COVID-19 pandemic and the District continues to monitor CDC and the Environmental Protection Agency (EPA) guidelines to ensure the District's groundwater and water delivery services are not compromised.

Other than the events described above, no events have occurred subsequent to the balance sheet date through November 2, 2020, the date on which the financial statements were available to be issued, that require adjustment to, or disclosure in, the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)



Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2020

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

Measurement Period	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 30,118	\$ 34,408	\$ 33,406
Interest on the total OPEB liability	148,417	140,392	134,254
Actual and expected experience difference	(86,201)	-	-
Changes in assumptions	102,437	-	-
Changes in benefit terms	-	-	-
Benefit Payments	(71,334)	(71,021)	(59,870)
Net change in total OPEB liability	123,437	103,779	107,790
Total OPEB liability - beginning	2,478,646	2,374,867	2,267,077
Total OPEB liability - ending (a)	2,602,083	2,478,646	2,374,867
Plan Fiduciary Net Position			
Contribution - employer	71,334	71,021	59,870
Net investment income	85,732	140,186	128,809
Benefit payments	(71,334)	(71,021)	(59,870)
Administrative expense	(11,886)	(5,669)	(11,456)
Net change in plan fiduciary net position	73,846	134,517	117,353
Plan fiduciary net position - beginning	2,212,237	2,077,720	1,960,367
Plan fiduciary net position - ending (b)	2,286,083	2,212,237	2,077,720
Net OPEB liability - ending (a)-(b)	\$ 316,000	\$ 266,409	\$ 297,147
Plan fiduciary net position as a percentage of the total OPEB liability	87.86%	89.25%	87.49%
Covered-employee payroll	\$ 1,975,686	\$ 1,956,477	\$ 1,933,612
Net OPEB liability as a percentage of covered-employee payroll	15.99%	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, 2020

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

Fiscal Year Ended June 30	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 46,537	\$ 49,847	\$ 48,878
Contributions in relation to the ADC	(71,334)	(71,021)	(59,870)
Contribution deficiency (excess)	<u>\$ (24,797)</u>	<u>\$ (21,174)</u>	<u>\$ (10,992)</u>
Covered-employee payroll	\$ 1,975,686	\$ 1,956,477	\$ 1,933,612
Contributions as a percentage of covered-employee payroll	3.61%	3.63%	3.10%

* Fiscal year 2018 was the first year of implementation, therefore only 3 years are shown

Notes to Schedule:

The District's Net OPEB Liability was measured as of June 30, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2020 (June 30, 2020). 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, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00%
Inflation Rate	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Healthcare cost-trend rates	6.00% for 2020; 5.90% for 2021; 5.80% for 2022; and decreasing 0.10% per year to an ultimate rate of 5.00% for 2030 and later years
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, 2020

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

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.06283%	0.05877%	0.05774%	0.05387%	0.05019%	0.02186%
Proportionate share of the net pension liability	\$ 2,516,221	\$ 2,214,703	\$ 2,276,032	\$ 1,871,472	\$ 1,376,955	\$ 1,360,017
Covered Payroll	\$3,482,913	\$3,295,260	\$3,022,872	\$ 2,748,796	\$ 2,640,576	\$ 2,601,571
Proportionate share of the net pension liability as a percentage of covered payroll	72.24%	67.21%	75.29%	68.08%	52.15%	52.28%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	75.87%	78.40%	79.82%

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

Notes to Schedule:

Fiscal Year End:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Valuation Date:	6/30/2018	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	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	Level Percent of Payroll
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount Rate	7.15%	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	Varies, based on Entry Age and Service
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	2.75%	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 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%.

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2020

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

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

Changes of Assumptions: None

Municipal Water District of Orange County
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2020

Cost Sharing Retirement Plan
Schedule of Contributions
Last Ten Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 349,145	\$ 302,458	\$ 273,125	\$ 252,815	\$ 220,517	\$ 288,065
Contributions in relation to the actuarially determined contribution	<u>(349,145)</u>	<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>	<u>\$ -</u>
Covered Payroll	\$3,792,545	\$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	9.21%	8.68%	8.29%	8.36%	8.02%	10.91%

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

¹ Restated Covered Payroll



November 12, 2020

Introduction

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

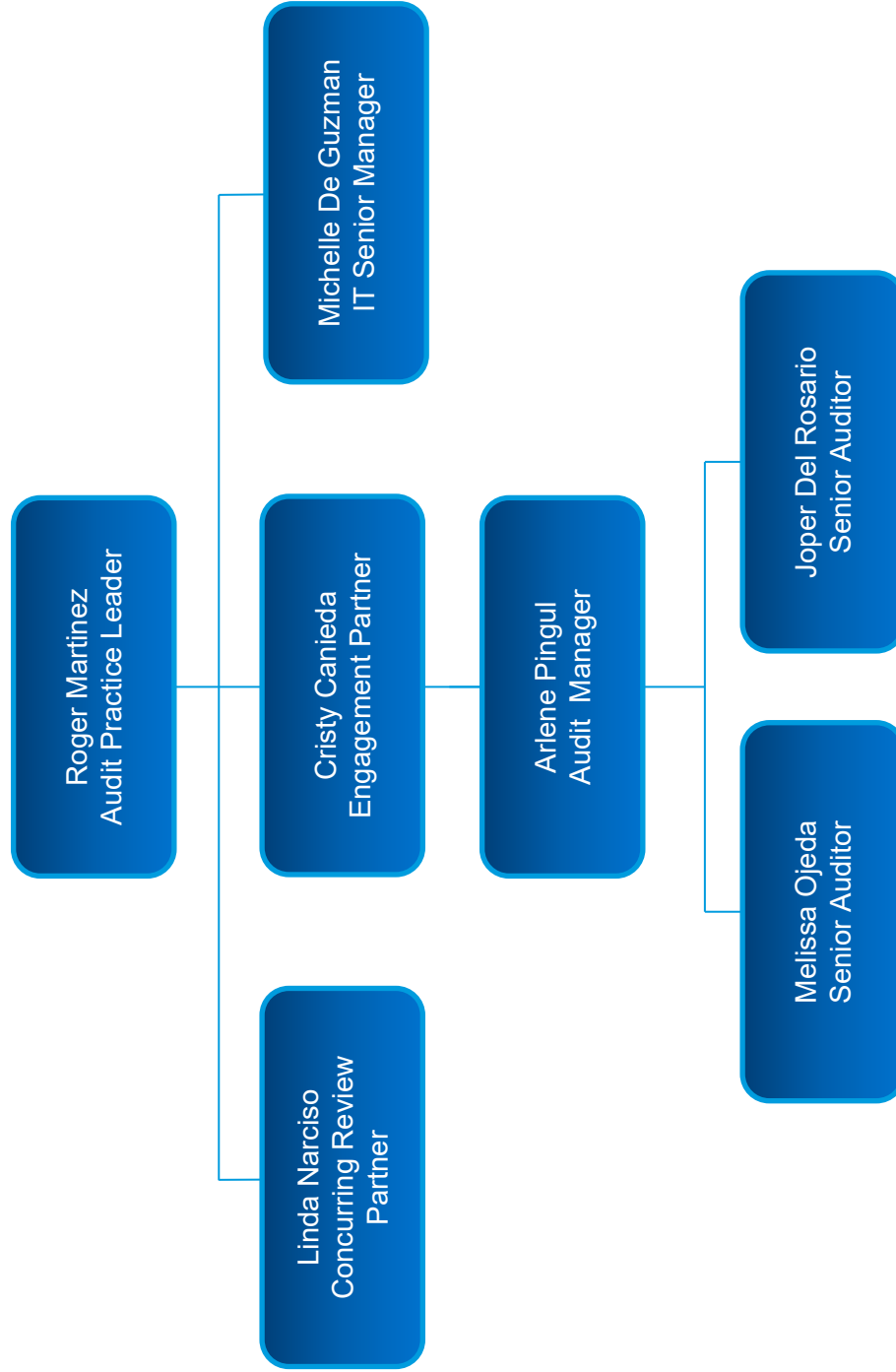
We are pleased to present this report related to our audit of the financial statements of Municipal Water District of Orange County (the District) as of and for the year ended June 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight 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.

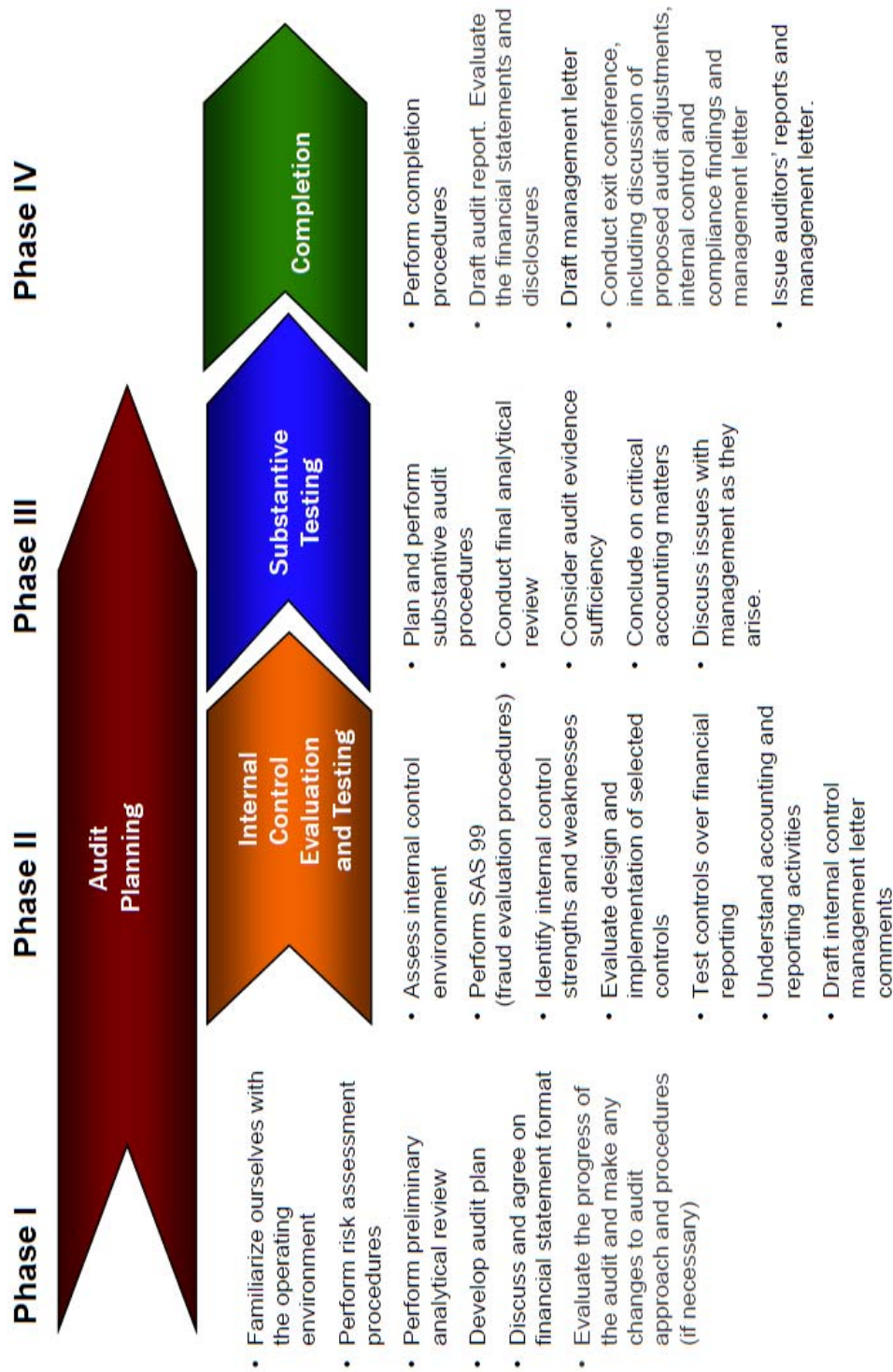
Agenda

- ❑ The Engagement Team
- ❑ Levels of Assurance
- ❑ Audit Strategy
- ❑ Results of the Audit
 - *Financial Audit*
 - *SAS 115*
 - *Uniform Guidance*
 - *AU-C 260 Required Communication*
- ❑ New Accounting Pronouncements – GASB Implementation

The 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 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

Report of Independent Auditors

UNMODIFIED OPINION

- ☐ Audit performed 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*
- ☐ 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.

AU-C 260– 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.
- ☐ 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.
- ☐ The financial statements were prepared on the assumption that the District will continue as a going concern.
- ☐ There were no material audit adjustments made during the year.
- ☐ We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements

Required Communications (Continued)

- ☐ We are not aware of any consultations management had with other accountants about accounting and auditing matters.
- ☐ No significant issues were discussed, or subject to correspondence, with management prior to retention.
- ☐ 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.
- ☐ 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.

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.

Status of prior year recommendations

- ☐ Enhanced Password Parameters Setup – *Implemented in FY 20*
- ☐ Perform Daily Anti-Virus Quick Scans - *Implemented in FY 20*
- ☐ Perform Annual Disaster Recovery Plan Testing - *Implemented in FY 20*

NEW ACCOUNTING PRONOUNCEMENTS – GASB IMPLEMENTATION

New Accounting Pronouncements - GASB Implementation

To be implemented in 2020

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance

To be implemented in 2021

GASB 84 – Fiduciary Activities

GASB 90 – Majority Equity Interest

GASB 93 – Interbank Offered Rates (except LIBOR Removal and Lease Modifications)

To be implemented in 2022

GASB 87 – Leases

GASB 89 – Construction-Period Interest

GASB 92 – Omnibus (multiple effective date)

GASB 93 – LIBOR Removal and Lease Modifications

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

To be implemented in 2023

GASB 91 – Conduit Debt

GASB 94 – Public-Private Partnerships

GASB 96 – Subscription-Based Information Technology Arrangements

DISCUSSION AND QUESTIONS

THANK YOU FOR YOUR TIME AND ATTENTION



Contact Information

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ACTION ITEM

November 18, 2020

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Hilary Chumpitazi

SUBJECT: **Selection of a Consultant for Rate Study Services**

STAFF RECOMMENDATION

Staff recommends that the Board of Directors authorize the General Manager to enter into a professional services contract with Raftelis Financial Consultants, Inc. for Rate Study Services not-to-exceed \$67,405.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Staff prepared and issued a Request for Proposals (RFP) for Rate Study Services to be applied to the District's FY2021-22 Budget. It has been five years since our last rate study. The RFP was posted to MWDOC, CSDA and CSMFO's websites as well as emailed it to the following consultants:

- Black & Veatch
- Carollo Engineers
- EES Consulting
- FCS Group
- HF&H Consultants, LLC
- Raftelis Financial Consultants, Inc.
- Municipal & Financial Services Group
- RDN (Robert D. Niehaus, Inc.)
- Stantec
- Trilogy Consulting LLC

- Bartel Wells Associates

Proposals and Proposal Evaluation

MWDOC received two proposals by the closing date:

- Raftelis Financial Consultants, Inc.
- HF&H Consultants, LLC

The proposals received met the initial qualifying criteria and were reviewed by a Committee of Staff consisting of: Rob Hunter, Harvey De La Torre, Joe Berg, Hilary Chumpitazi and Damon Micalizzi who rated and scored each proposal individually.

The staff Committee convened to review the summary of combined rankings of the proposals and unanimously voted for Raftelis Financial Consultants, Inc. The review panel found Raftelis' approach, budget and experience with a number of other water agencies in Orange County best suited for MWDOC. In addition, with Raftelis performing MWDOC's last rate study five years ago, staff felt this past knowledge and understanding of MWDOC's current rate structure will aid in meeting the District's budget schedule for FY 2021-22.

BOARD OPTIONS

Option #1: Staff recommends that the Board of Directors authorize the General Manager to enter into a professional services contract with Raftelis Financial Consultants, Inc. for Rate Study Services not-to-exceed \$67,405.

Fiscal Impact: \$82,500 was included in the 2020-2021 budget for a Rate Study. Expenditures under Option 1 would amount to \$67,405; \$15,095 less than budgeted.

Business Analysis: The last rate study MWDOC conducted was in 2015, MWDOC staff recommends to conduct a rate study every five years.

Option #2: Not move forward with staff's recommendation of Raftelis Financial Consultants, Inc. and direct staff to re-issue the Request for Proposal (RFP) for Rate Study Service.

Impact: Option 2 would delay the completed of a rate study, which may result in not having a revised rate structure in place for FY2021-22.

Option #3: Not move forward with staff's recommendation of Raftelis Financial Consultants, Inc. and not conduct a MWDOC rate study for 2021.

Impact: Option 3 would maintain our current rate structure.

STAFF RECOMMENDATION

Option # 1



ACTION ITEM

November 18, 2020

TO: Board of Directors

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

Robert J. Hunter, General Manager

Staff Contact: Hilary Chumpitazi

SUBJECT: **Award contract for Audio Visual (AV) Equipment and Installation for new Conference Rooms**

STAFF RECOMMENDATION

It is recommended that the Board of Directors authorize the General Manager to enter into a contract with EEI Systems to update Conference Rooms 101 and 102 with new AV Equipment.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

Staff solicited bids to update Conference Room 101 with AV Equipment to accommodate our new design and layout for committee meetings, training and to operate as an Emergency Operations Center, as well as Conference Room 102 for meetings.

Staff received three quotes as follows:

Vendor	Total
Western Audio Visual	\$ 123,068.53
Pinnacle	\$ 84,862.20
EEI Systems	\$ 62,789.11

Staff reviewed the requirements of the newly designed conference rooms and the AV equipment that would be needed and per our Administrative Code, requested quotes from local, reputable companies. Based on staff's review of the quotes and the Conference Room's needs, staff is recommending an award of contract to EEI Systems.

BOARD OPTIONS

Option #1: Staff recommends that the Board of Directors authorize the General Manager to enter into a professional services contract with EEI Systems for Audio Visual Equipment and Installation for \$62,789.11.

Fiscal Impact: \$20,000 has been carried over from prior budget years and the remaining amount will be budgeted in FY 2021-22 when the project is expected to be completed.

Option #2: Not move forward with staff's recommendation and direct staff to obtain more quotes.

Impact: None

Option #3: Not move forward with staff's recommendation and do not add any new Audio Visual equipment in the new Conference Rooms.

Impact: Option 3 would maintain the continued use of our current Audio Visual equipment, which will not work well in the new conference room design.

STAFF RECOMMENDATION

Option #1:



ACTION ITEM
November 18, 2020

TO: Board of Directors

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

Robert J. Hunter, General Manager

SUBJECT: **RECONSIDER MEMBERSHIP IN ASSOCIATION OF METROPOLITAN WATER AGENCIES (AMWA)**

STAFF RECOMMENDATION

It is recommended that the Board of Directors approve the continuation of MWDOC's participation in AMWA.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

SUMMARY

For the last few years, MWDOC has reviewed the continuation or reinstatement of membership in the Association of Metropolitan Water Agencies (AMWA). When membership has been removed from the budget process it has been subsequently reinstated. AMWA membership was removed from this year's final budget but the Board has requested that the issue be agendaized for reconsideration prior to the expiration of MWDOC's membership on December 31, 2020. The annual membership is currently \$20,426 and there is no travel anticipated during the remainder of this fiscal year. Funding for this expense is not budgeted but is anticipated to be covered by the avoided cost of having to fund only four of the five director elections this year (\$1,332,740 budgeted).

Discussions during the Federal Advocacy Services procurement process have included the possibility of greater reliance on and participation with national water organizations. AMWA is such an organization, represents large water agencies and is a leading voice and participant in federal water legislation, regulation, funding and issues. Rob Hunter is on the AMWA Board of Directors.

BOARD OPTIONS

Option #1

- **Authorize the continued membership in AMWA for calendar year 2021**
Fiscal Impact: \$20,426 – use of anticipated surplus in election expense budget.

Option #2

- **Do not authorize the continued membership in AMWA for calendar year 2021**
Fiscal Impact: None

STAFF RECOMMENDATION

Option #1



INFORMATION ITEM
November 12, 2020

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

FROM: **Robert Hunter, General Manager**

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

SUBJECT: FY 2021-2022 BUDGET SCHEDULE

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file the information, as presented.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

The schedule for the FY 2021-22 budget process follows. The schedule anticipates three draft budgets and the final budget and rates being approved by the Board of Directors at the April 21, 2021 meeting. Please note that the budget may be in a new format as it will be the output of MWDOC's new accounting software. It is also planned to incorporate any modifications to the rate structure resulting from the rate study.

Staff is recommending the Board receive and file the information.

November 2020
<ul style="list-style-type: none"> • Notification to Member Agencies of start of budget process and solicitation of input
December 2020
<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 2021
<ul style="list-style-type: none"> • Initial review of budget issues with A&F Committee for feedback (1-13-21)
<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 2021
<ul style="list-style-type: none"> • Publish and post the FIRST DRAFT Budget in the packet for the A&F Committee (2-5-21)
<ul style="list-style-type: none"> • Review Full Draft Budget with A&F Committee (2-10-21)
<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 (2-18-21)
<ul style="list-style-type: none"> • Meet with Member Agencies as requested or scheduled

March 2021
<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
<ul style="list-style-type: none"> Discuss SECOND DRAFT Budget in A&F Committee (3-10-21)
<ul style="list-style-type: none"> Review SECOND DRAFT Budget at Member Agency Managers' Meeting (3-18-21)
<ul style="list-style-type: none"> Update Choice Participation
<ul style="list-style-type: none"> Member Agencies' submit Formal Comments about the Budget (3-26-21)
April 2021
<ul style="list-style-type: none"> Conduct meeting with Elected Officials from Member Agencies to discuss budget and other topics (4-1-21)
<ul style="list-style-type: none"> THIRD DRAFT Budget and Rates presented to A&F Committee (4-14-21)
<ul style="list-style-type: none"> Member Agencies' Formal Comments presented to A&F Committee (4-14-21)
<ul style="list-style-type: none"> Board approval of FY2021-22 FINAL Budget and Rates (4-21-21)
June 2021
<ul style="list-style-type: none"> Member Agencies confirm final Choice Participation (6-11-21)
August 2021
<ul style="list-style-type: none"> Reconciliation of FY 2020-21 WUE & Choice Programs
September 2021
<ul style="list-style-type: none"> REVISED FINAL Choice Budget presented to A&F Committee (9-8-21)
<ul style="list-style-type: none"> Board approval of FY2021-22 REVISED FINAL Choice Budget (9-15-21)



**INFORMATION ITEM
November 12, 2020**

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

FROM: **Robert Hunter, General Manager**

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

SUBJECT: DISTRICT CLASSIFICATION AND COMPENSATION STUDY

STAFF RECOMMENDATION

Staff recommends the Administration & Finance Committee receive and file the information, as presented.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

In accordance with District policy, a comprehensive compensation and benefits survey shall be conducted every three years to evaluate market practices, job grading and ensure the District's pay is competitive with the market. The last survey was completed in April 2018 by Ralph Andersen and Associates.

The comprehensive study will include some of the following components:

- Comprehensive review of the District's Classification schedule and pay structure for approximately 49 classifications, representing 43 full-time and part-time positions and intern ranges
- Review of job descriptions
- Evaluate labor market
- Review and benchmark classes most closely representative to those of MWDOC
- Complete internal and external salary relationship analysis

In preparation for this effort, \$36,000 was included in the current FY 2020-21 Budget for Ralph Andersen to perform these services. The proposed cost for the compensation and benefits survey is \$29,800.

Staff is recommending the Board receive and file the information.

Administration Activities Report

October 9, 2020 – November 5, 2020

Activity	Summary
Administration/Board	<p>Staff worked on the following:</p> <ul style="list-style-type: none">• Scheduled meetings for Rob Hunter and 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 as well as execution following approval• Reviewed Insurance documents for all District Agreements.• Responded to four Public Records Act requests.• Various consultations with legal counsel regarding Brown Act, minutes, and Board issues• Prepared Board write ups and worked with President Tamaribuchi on various issues• Attended Ethics and Harassment Prevention trainings• Attended virtual CSDA Board Secretary Conference• Updated various portions of the website; including updating Zoom Board and Committee meetings, ISDOC and WACO• Coordinated with AWWA CA-NV on administrative issues• Formatted letters for Government Affairs, Engineering and WUE• Assisted with agreement processing• Zoom Meetings – Set-up and Hosted.• Assisted Principal Engineer with records management.• Scheduled, Set-up and Hosted Zoom Interviews for Federal and State Advocacy positions.• Assisted in processing agreements for building remodel.• Assisted in the response to questions regarding the Rate Study RFP. Provided responses via email, uploaded responses to the MWDOC website and combined candidate scoresheets.

Administration/Board (continued)	<ul style="list-style-type: none"> Assisted Finance department with scheduling of the upcoming employee Accufund System training.
Records Management	<ul style="list-style-type: none"> Review and reorganization of electronic documents in Laserfiche continues. In preparation for the office remodel, documents that are removed from offices are being reviewed and scanned if necessary. Documents are also being removed from the vault and sent to Corodata for storage.
Health Benefits	<ul style="list-style-type: none"> Open Enrollment information has been provided to eligible participants for 2021 health and vision benefits and will continue through November 13th. Any changes should be provided to Human Resources by 11/13/2020. Dental open enrollment is now closed. Staff is working with the new vendor for dependent and medical flexible benefits plans for 2021, as well as transitioning the Health Savings Account plan and COBRA administration. Open enrollment for the Flexible Benefits Plans will be initiated in late November or early December, following completion of the new implementation plan.
Recruitment/Departures	<ul style="list-style-type: none"> Katie Vincent was hired on October 28th to fill the Education Program Assistant position.
Projects and Activities	<ul style="list-style-type: none"> Staff continues coordination efforts in working with Engineering staff, IDS, ABS and the furniture vendor, on planning for the Office Seismic Retrofit and Tenant Improvements. Staff is preparing for its triennial Compensation and Benchmark study. Staff continues coordination efforts with the move management consultant on the evaluation, coordination, planning, scheduling and IT requirements during various construction phases. The removal of office furniture and storage of pertinent items for staff impacted for Phase 1 was completed on 11/4/2020. The next phase for removal of obsolete items will be completed on 11/14/2020. Staff is working with the furniture vendor (People Space) regarding office furnishings for various phases and material and design options. Staff secured and coordinated the move of all Phase 1 items on November 4th.

Projects and Activities (continued)	<ul style="list-style-type: none"> • The General Manager continues to hold bi-monthly staff meetings via Zoom. • Staff is continuing to work closely with the Director of Emergency Management on COVID-19, the impacts to MWDOC employees and implementation of processes and procedures. Keeping in mind the safety and well-being of employees. • Staff continues coordinating office clean-up activities with all staff in preparation for remodel and relocation of workstations. • Staff participated in the CalPERS Educational Forum on October 15th via Zoom. • Staff coordinated and participated in the Education Assistant interviews via Zoom. • Staff participated in training on the new finance software system and the HR Module on October 26th, 30th and November 4th, with future trainings to continue.
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**INFORMATION ITEM****November 12, 2020**

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

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 2020-21.

Finance

Description	% of Completion	Estimated Completion date	Status
Further Implementation of WUE Landscape Programs Databases and Web Site.	On-going	On-going	In Progress
2020 W-9 collection for water rebates. Currently holding 0 rebate checks awaiting W-9 form.	On-going	On-going	In Progress
Design, Implementation and Training of Accufund ERP software	50%	01-31-2021	In Progress
Government Compensation in California Report 2020	0%	03-30-2021	Not Started
State Controller Report preparation FY19-20	0%	11-30-2020	Not Started
Preparation of documents for FY21-22 budget process.	15%	04-30-2021	In Progress
GASB 75 Biennial OPEB Actuarial report	0%	08-31-2020	No Started
Year End procedures; Prepare Annual Financials and Final Audit week of 09-14-20. Awaiting partner review of financials.	100%	11-02-2020	Completed

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.	50%	03-31-2021	In Progress
Software upgrade for Primary Domain Controller	0%	06-31-2021	Not started
Implement message archiver for District Exchange E-mail system	0%	06-31-2021	Not started
Upgrade Financial Server (hardware and software)	100%	06-30-2021	Completed
Implement firewall for District wireless network	0%	03-31-2021	Not started
Upgrade WUE Web Server (Software upgrade)	100%	06-30-2020	Completed

FY 2020-21 Completed Special Tasks

Description	% of Completion	Completion date	Status
<u>Finance</u>			
State Tax filing for Water Facilities FY19-20	100%	11-30-2020	Completed
<u>Information Technology</u>			
Data Server software upgrade	100%	09-30-2020	Completed
Disposal of non-functional and obsolete electronic equipment	100%	03-31-2020	Completed



INFORMATION ITEM

November 12, 2020

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

FROM: **Robert Hunter, General Manager**

Staff Contact: Kevin Hostert

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 **August 2020 was slightly below average compared to the last 5 years**. We are projecting a slight decrease in overall water usage compared to FY 2019-20. It has been 42 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 **projected** to be **522,000 AF in FY 2020-21** (this includes ~15 TAF of agricultural usage and non-retail water agency usage). This is about **12,000 AF less than FY 2019-20** and is about **7,000 AF more than FY 2018-19**. Water usage per person is projected to be slightly lower in **FY 2020-21 for Orange County at 145 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 mostly to Water Use Efficiency

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):			

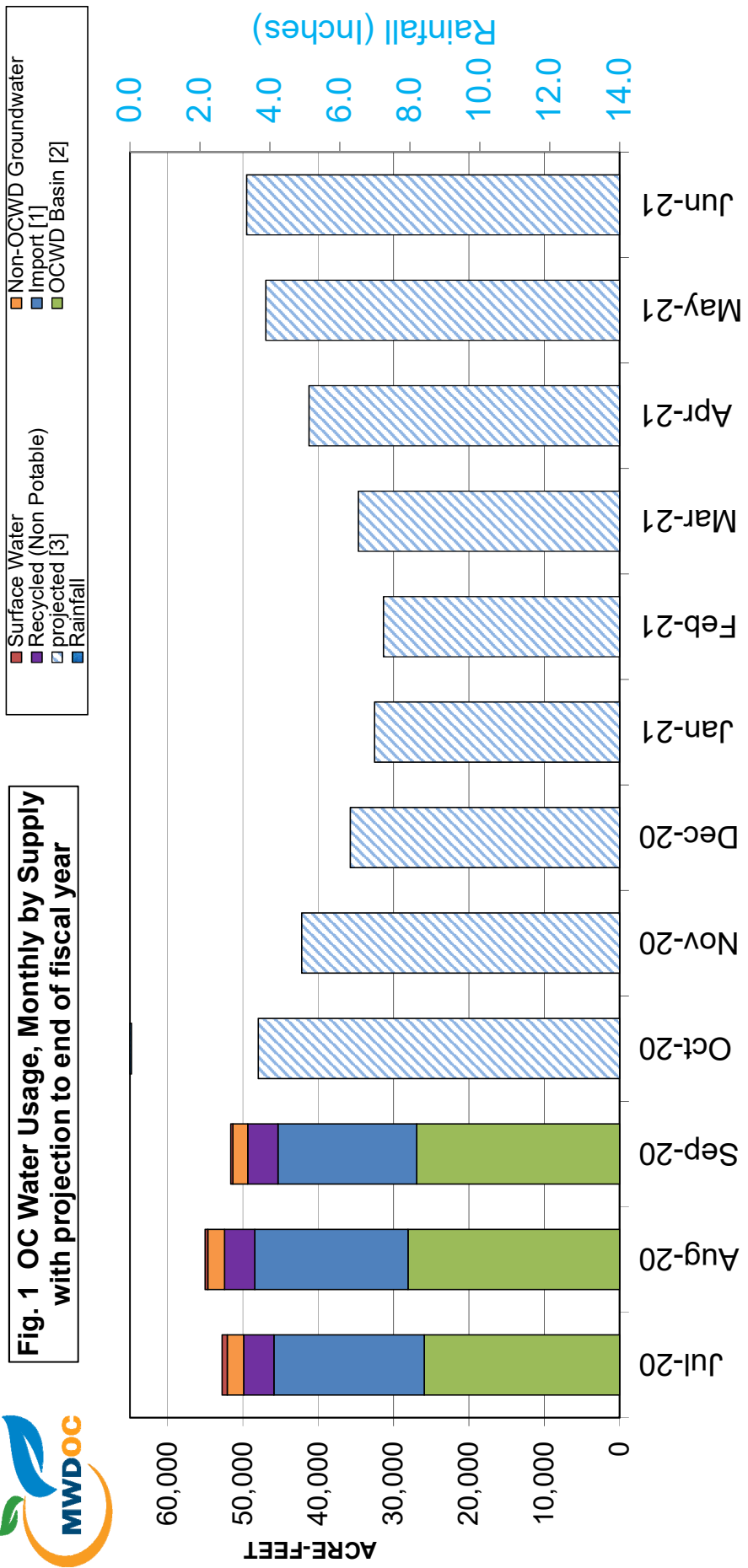
(water conservation) efforts. ***O.C. Water Usage for the last five Fiscal Years is the lowest since the 1982-83 Fiscal Year*** (FY 1982-83 was the third wettest year on record).

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 precipitation through ***early November*** was below average for this period. Water year to date rainfall in Orange County is ***0.04 inches***, which is ***7% of normal***.
- Northern California accumulated precipitation through ***early November*** was ***0.28% of normal for this period***. Water Year 2019 was 137% of normal while water year 2018 was 82% of normal. The ***Northern California snowpack*** was ***71% of normal*** as of April 8th. ***As of early October, 67.65%*** of California is experiencing ***moderate to extreme drought conditions*** while 84.60% of the state is experiencing abnormally dry conditions. The State Water Project Contractors Table A Allocation was increased to 20% in May 2020.
- Colorado River Basin accumulated precipitation through ***early November*** was ***33% of normal*** for this period. The ***Upper Colorado Basin snowpack*** was ***100% of normal*** as of April 6th. ***Lake Mead and Lake Powell*** combined have about ***59% of their average storage volume*** for this time of year and are at ***42.1% 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 early October, Lake Mead levels were ***6.78' above the "trigger" limit***. The USBR predicts that the start of 2020 will not hit the "trigger" level but there is ***a 0% chance that the trigger level will be hit in 2021 and a 23% chance in 2022***.



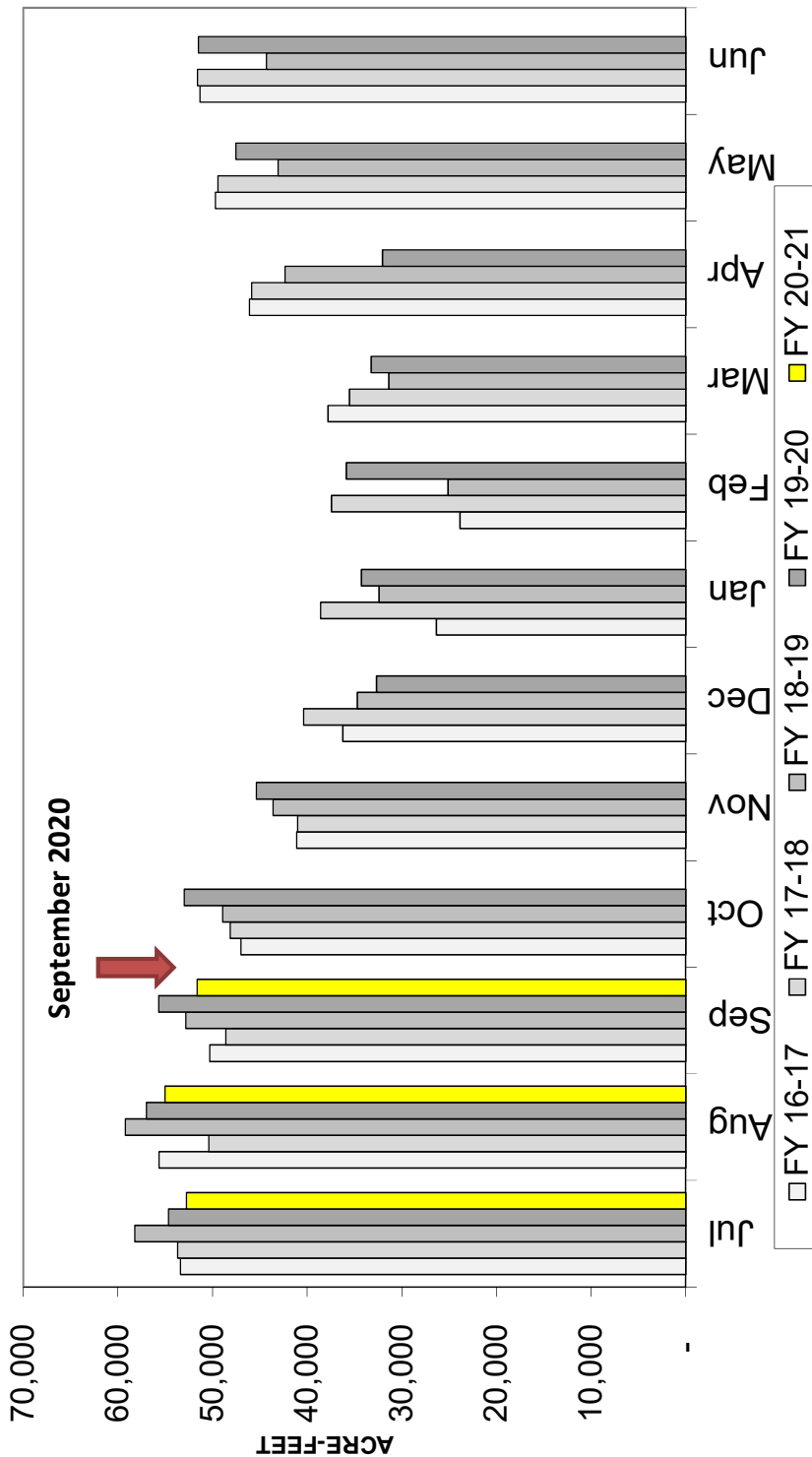
Fig. 1 OC Water Usage, Monthly by Supply
with projection to end of fiscal year



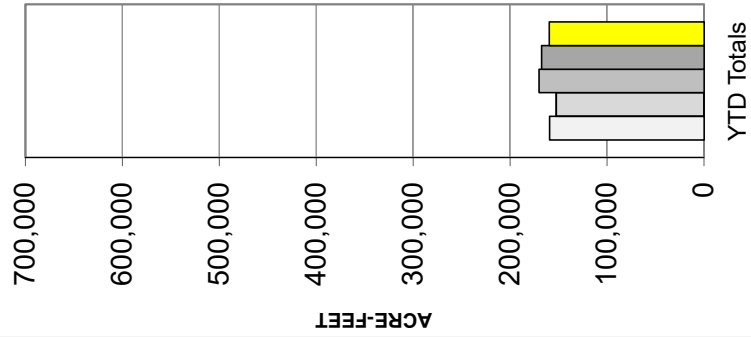
- [1] Imported water for consumptive use. Includes "In-Lieu" deliveries and CUP water extraction. Excludes "Direct Replenishment" deliveries of spreading water and deliveries into Irvine Lake.
- [2] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '20-21 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

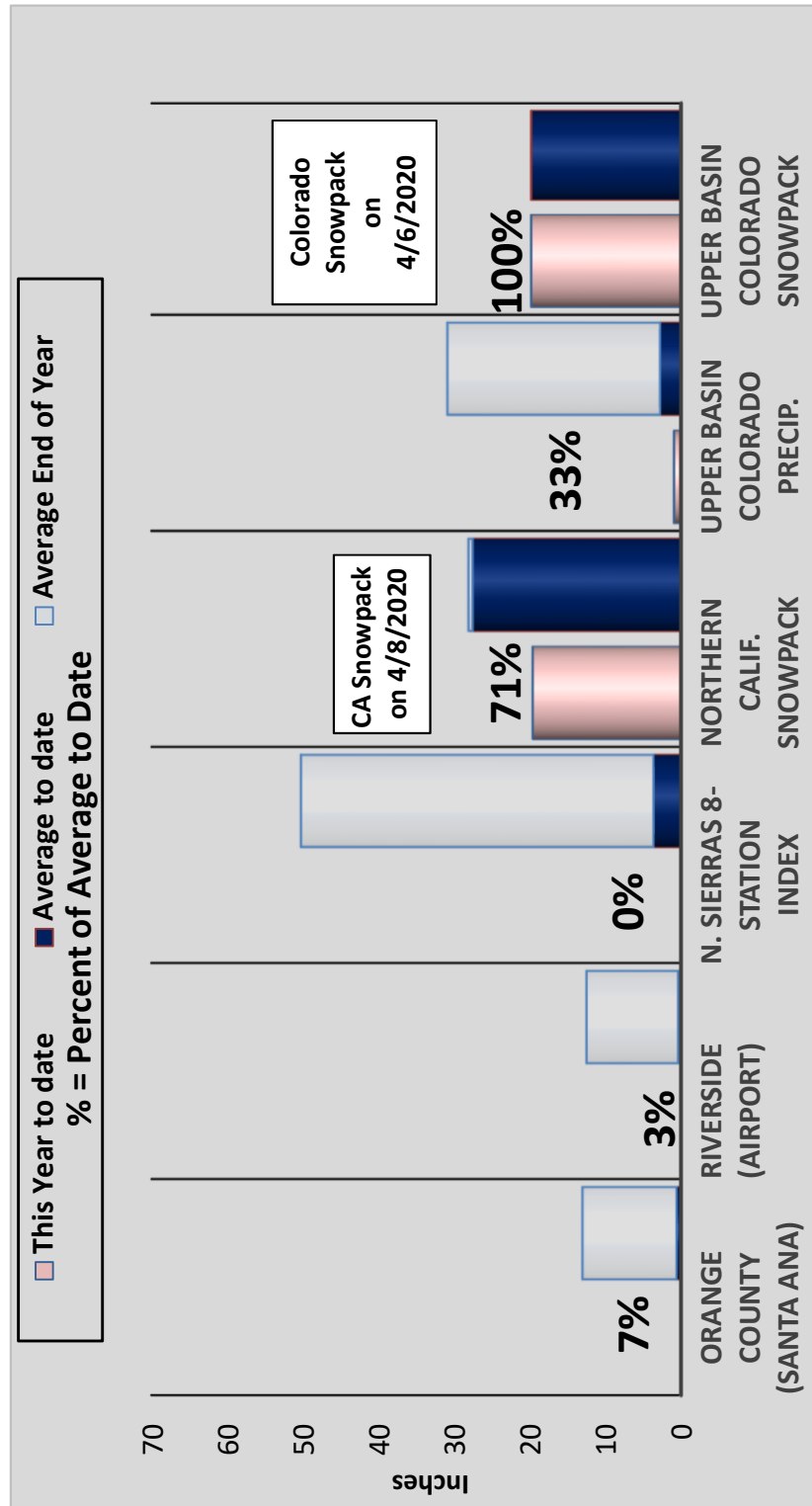


Partial Year Subtotals



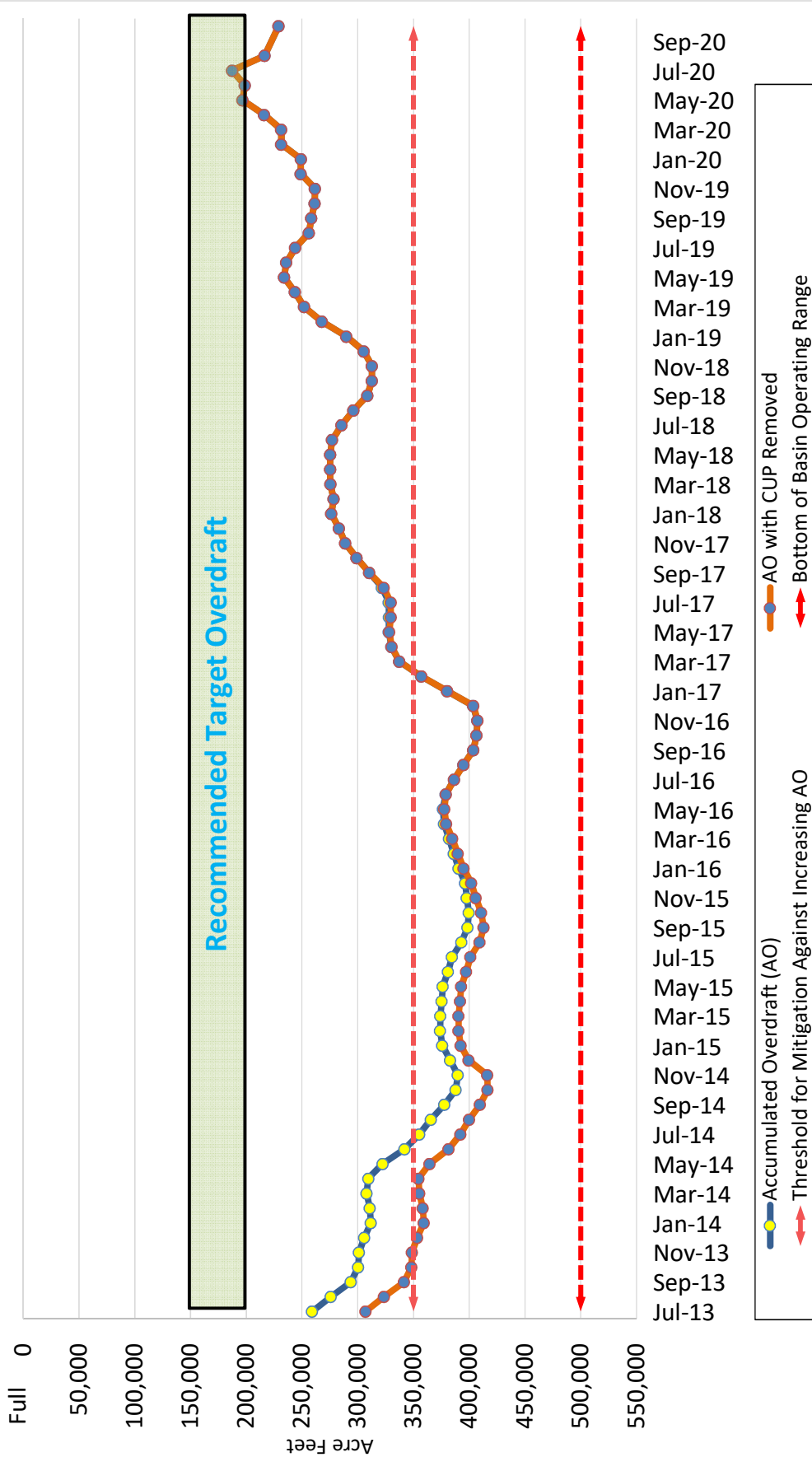
[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment" and "Barrier Replenishment") and Local water for consumptive use (includes recycled and non-potable water and excludes GWRS production) Recent months numbers include some estimation.

Accumulated Precipitation for the **Oct.-Sep.** water year, early November 2020



* 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.

Accumulated Overdraft of the OCWD Groundwater Basin as of September 2020

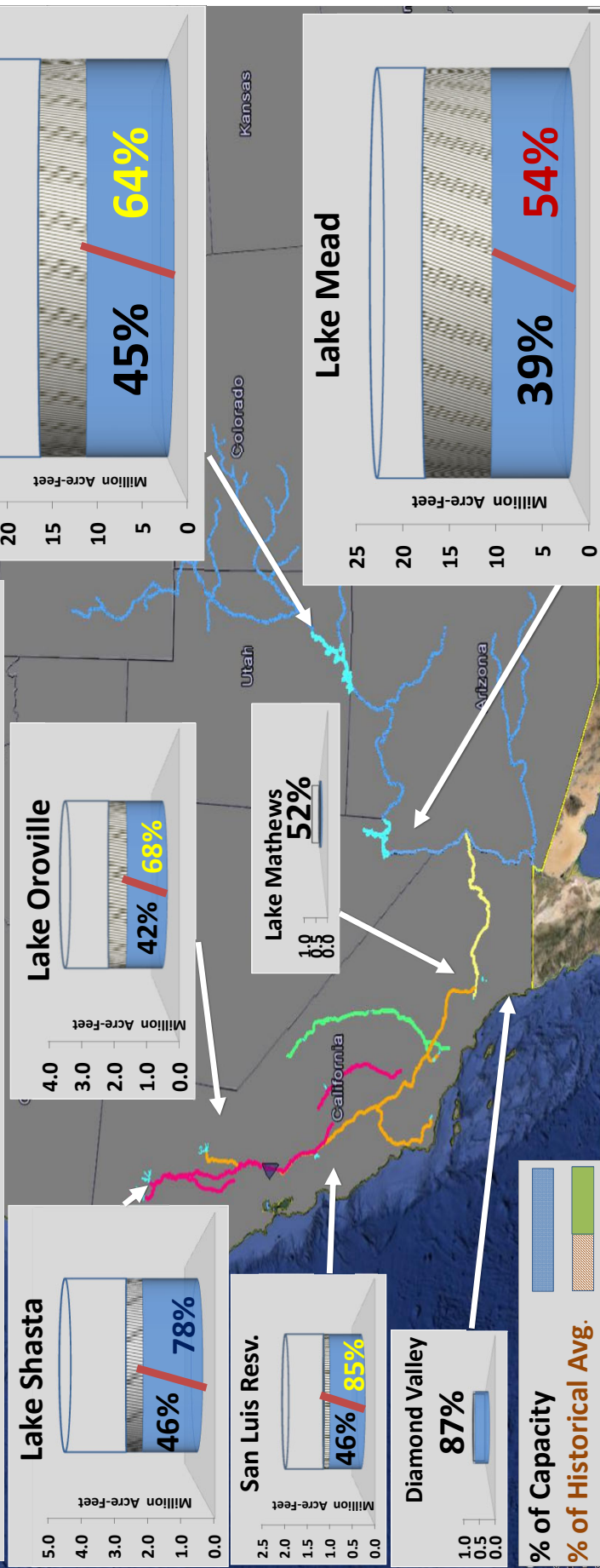


	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
AO (AF)	244,057	256,239	258,445	261,464	261,645	248,909	249,051	231,354	231,354	216,098	196,677	198,754
AO w/CUP removed (AF)	244,057	256,239	258,446	261,464	261,645	248,909	249,051	231,354	231,354	216,098	196,677	198,754
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
AO (AF)	187,392	216,548	229,124									
AO w/CUP removed (AF)	187,392	216,548	229,124									

* Source ~ OCWD Monthly Board of Directors Packet, Water Resources Summary

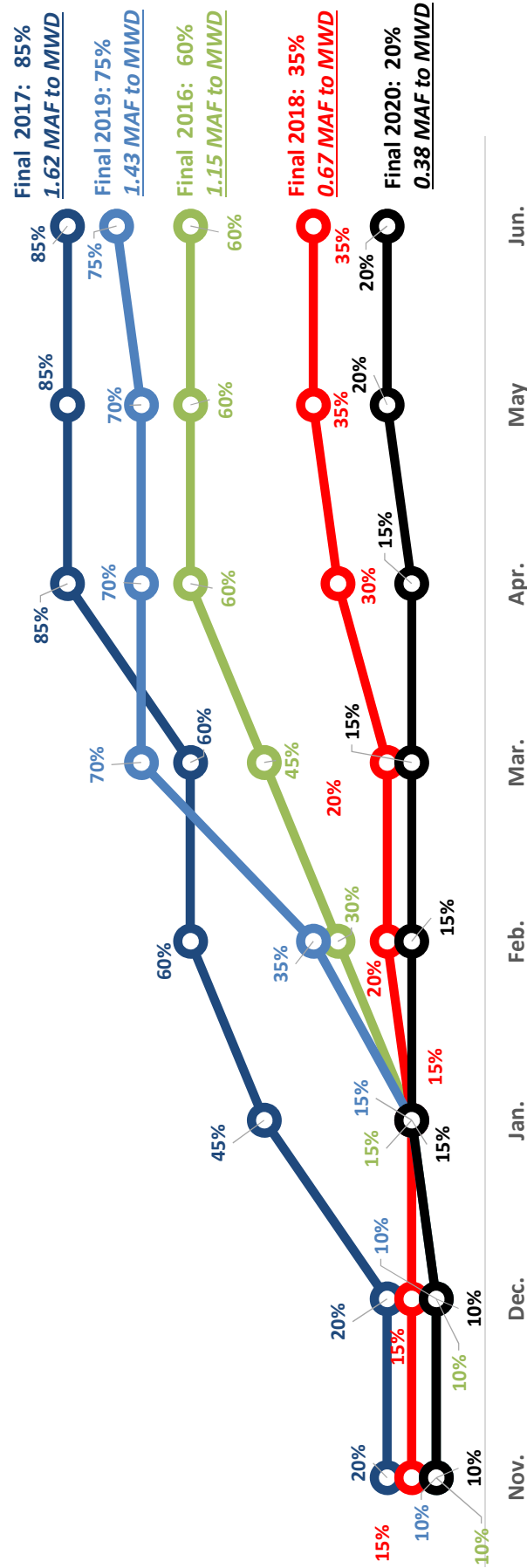


State Water Project, Colorado River, and MWD Reservoir Storage as of November 3, 2020

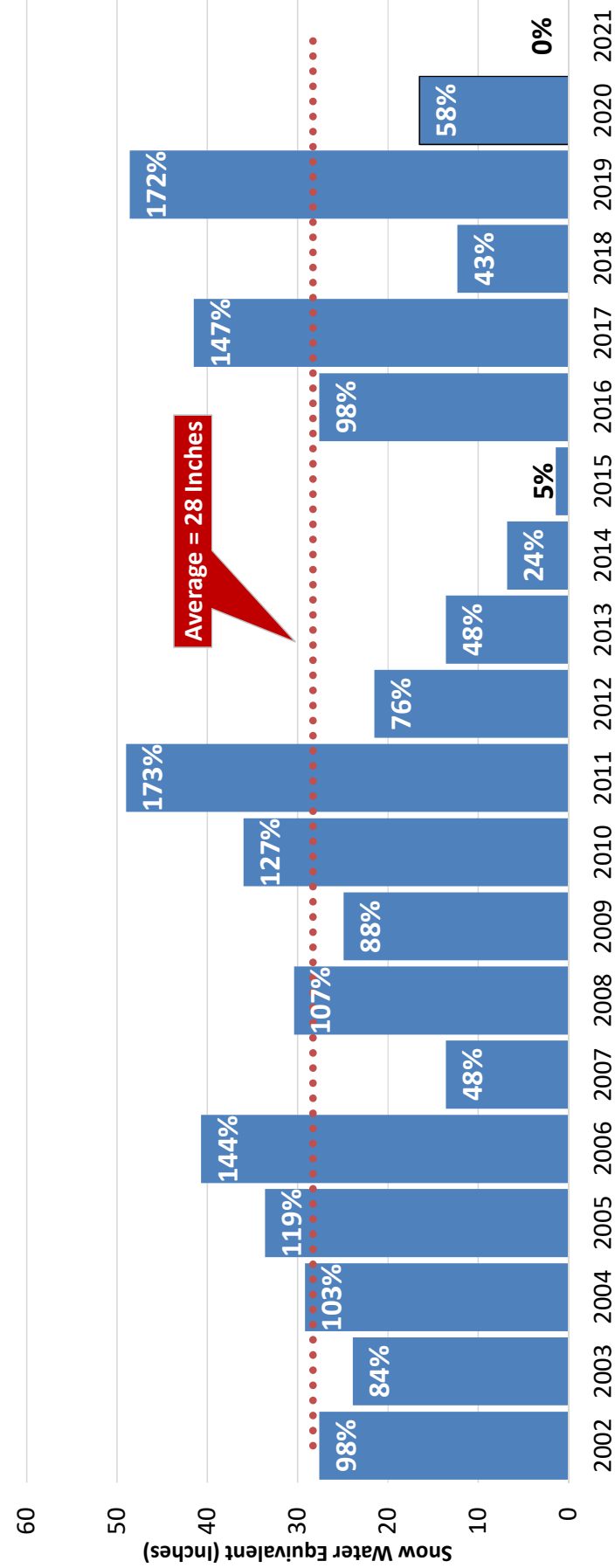


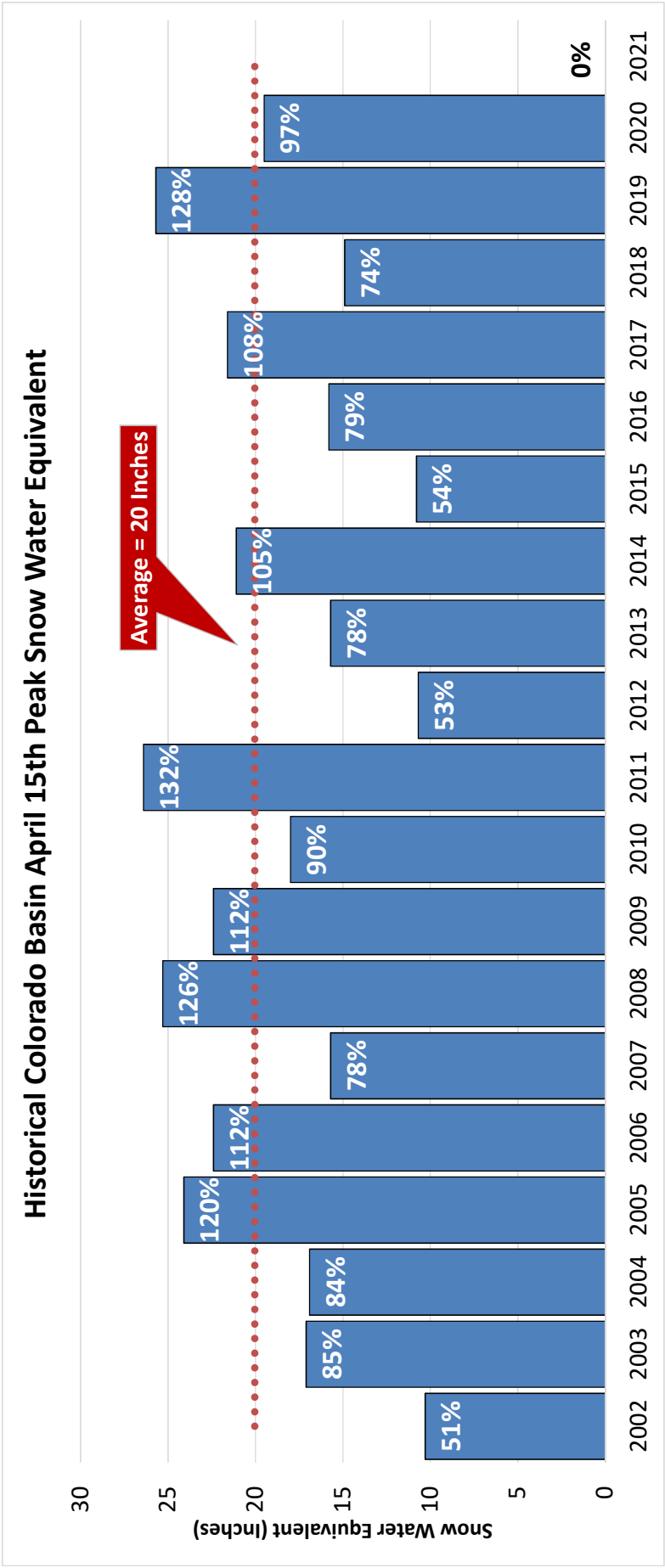
SWP TABLE A ALLOCATION

FOR STATE WATER PROJECT CONTRACTORS



Historical Northern California April 1st Peak Snow Water Equivalent

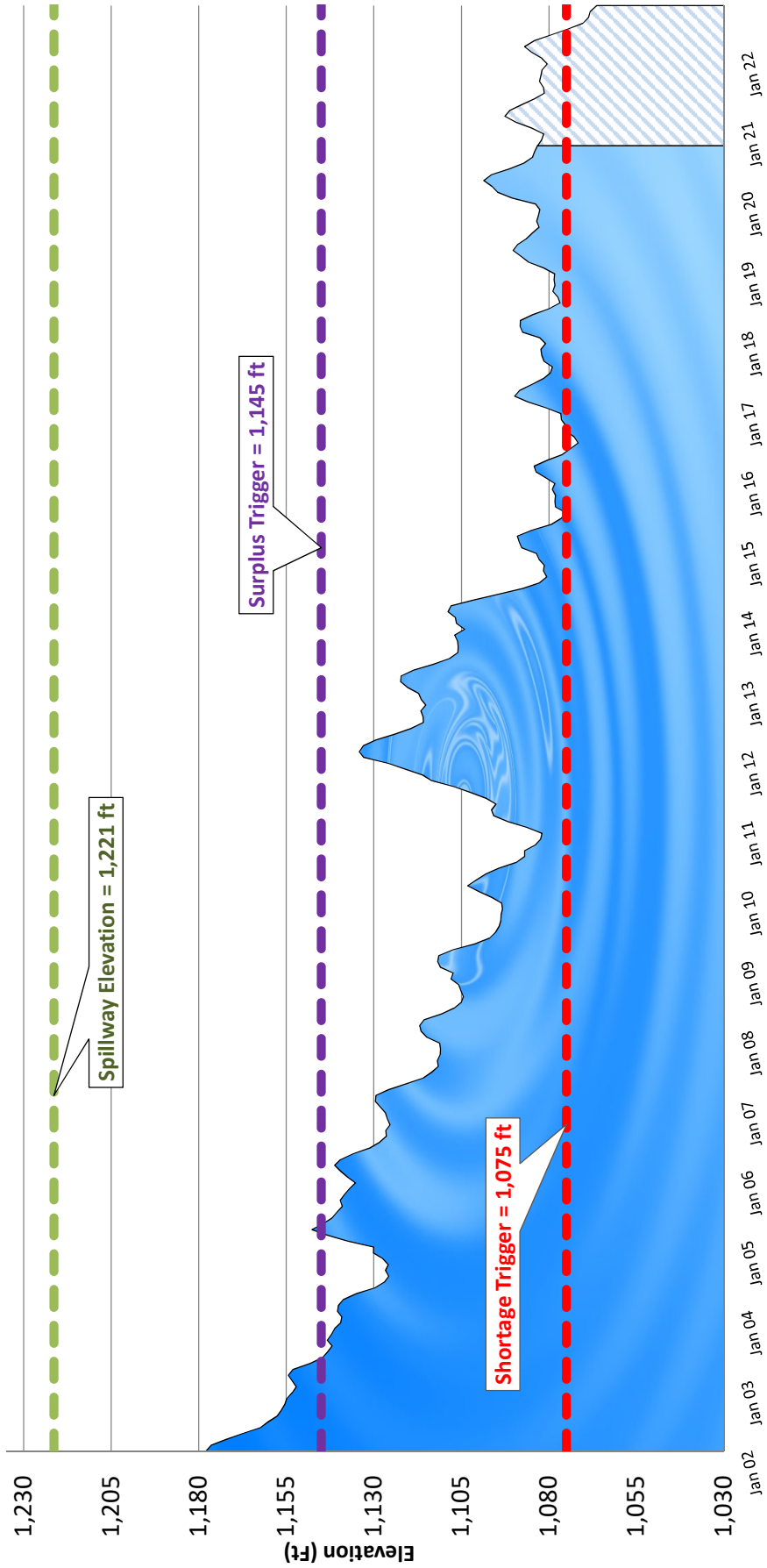






Lake Mead Levels: Historical and Projected projection per USBR 24-Month Study

■ Historical □ Projected





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

■ Historical □ Projected

