

MEETING OF THE BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Jointly with the  
**ADMINISTRATION & FINANCE COMMITTEE**  
November 10, 2021, 8:30 a.m.

**Due to the current state of emergency related to the spread of COVID-19 and pursuant to Government Code Section 54953(e), MWDOC will be holding this Board and Committee meeting 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>

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

**A&F Committee:**

Director McVicker, Chair  
Director Dick  
Director Thomas

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

Ex Officio Member: Director Tamaribuchi

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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 2021
  - b. Disbursement Approval Report for the month of November 2021
  - c. Disbursement Ratification Report for the month of October 2021
  - d. GM Approved Disbursement Report for the month of October 2021

- e. Consolidated Summary of Cash and Investment – September 2021
  - f. OPEB and Pension Trust Fund monthly statement
2. FINANCIAL REPORT
- a. Combined Financial Statements and Budget Comparative for the Period Ending September 30, 2021
  - b. Quarterly Budget Report
  - c. FY 2020-21 Audit Report and Presentation regarding Audit Report

### **ACTION ITEMS**

- 3. AUTHORIZATION TO VOTE ON BEHALF OF MWDOC IN THE ASSOCIATION OF CALIFORNIA WATER AGENCIES' (ACWA) ELECTION OF PRESIDENT, VICE PRESIDENT
- 4. 2022 HEALTH SAVINGS ACCOUNT CONTRIBUTIONS

**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.)**

- 5. DISPOSAL OF FIXED ASSETS
- 6. FY 2022-23 BUDGET SCHEDULE
- 7. EOC VOICE DATA SYSTEMS UPDATE
- 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 2021**

**WATER REVENUES**

<u>Date</u>	<u>From</u>	<u>Description</u>	<u>Amount</u>
10/01/2021	City of Brea	August 2021 Water deliveries	157,528.22
10/01/2021	City of Seal Beach	August 2021 Water deliveries	252,321.33
10/04/2021	City of Buena Park	August 2021 Water deliveries	355,651.58
10/04/2021	City of Fountain Valley	August 2021 Water deliveries	9,884.77
10/04/2021	City of La Habra	August 2021 Water deliveries	150,667.52
10/04/2021	City of La Palma	August 2021 Water deliveries	67,792.96
10/08/2021	City of San Clemente	August 2021 Water deliveries	839,918.33
10/13/2021	East Orange Co Water District	August 2021 Water deliveries	1,143,116.79
10/13/2021	El Toro Water District	August 2021 Water deliveries	689,400.92
10/13/2021	City of Garden Grove	August 2021 Water deliveries	662,087.57
10/13/2021	Laguna Beach County Water District	August 2021 Water deliveries	375,759.23
10/13/2021	Santa Margarita Water District	August 2021 Water deliveries	2,858,477.83
10/13/2021	South Coast Water District	August 2021 Water deliveries	552,367.78
10/14/2021	City of Orange	August 2021 Water deliveries	1,629,352.18
10/14/2021	Orange County Water District	August 2021 Water deliveries	377,513.21
10/14/2021	City of San Juan Capistrano	August 2021 Water deliveries	704,184.05
10/14/2021	Trabuco Canyon Water District	August 2021 Water deliveries	111,672.99
10/14/2021	City of Westminster	August 2021 Water deliveries	15,667.87
10/14/2021	Yorba Linda Water District	August 2021 Water deliveries	2,364,570.02
10/15/2021	Golden State Water Company	August 2021 Water deliveries	956,060.86
10/15/2021	Irvine Ranch Water District	August 2021 Water deliveries	1,762,893.22
10/15/2021	Moulton Niguel Water District	August 2021 Water deliveries	2,739,351.73
10/22/2021	City of Brea	September 2021 Water deliveries	47,017.82
10/22/2021	City of Huntington Beach	September 2021 Water deliveries	406,681.12
10/25/2021	City of Fountain Valley	September 2021 Water deliveries	9,884.77
10/25/2021	City of Newport Beach	September 2021 Water deliveries	32,969.67
10/28/2021	City of Westminster	September 2021 Water deliveries	15,667.87
10/29/2021	City of Seal Beach	September 2021 Water deliveries	9,330.93

**TOTAL WATER REVENUES \$ 19,297,793.14**

**Municipal Water District of Orange County**  
**REVENUE / CASH RECEIPT REPORT**  
**October 2021**

**MISCELLANEOUS REVENUES**

<u>Date</u>	<u>From</u>	<u>Description</u>	<u>Amount</u>
10/04/2021	Irvine Ranch Water District	9/30/2021 Water Policy dinner	360.00
10/04/2021	Rancho Water	9/30/2021 Water Policy dinner	850.00
10/04/2021	Square	9/30/2021 Water Policy dinner	87.56
10/07/2021	Moulton Niguel Water District	9/30/2021 Water Policy dinner	360.00
10/07/2021	Susan Hinman	9/30/2021 Water Policy dinner	180.00
10/25/2021	Metropolitan Water District	9/30/2021 Water Policy dinner	850.00
10/04/2021	Karl Seckel	October 2021 Retiree Health insurance	241.40
10/04/2021	Patricia Meszaros	October 2021 Retiree Health insurance	40.63
10/14/2021	Judy Pfister	Oct-Dec 2021 Retiree Health insurance	121.89
10/25/2021	Stan Sprague	November 2021 Retiree Health insurance	241.40
10/18/2021	Igoe and Company Inc	COBRA and Retiree vision insurance	70.98
10/15/2021	US Bank Custodial Account	National Rural Utilities Coop Interest payment	416.67
10/29/2021	US Bank	Monthly Interest payment	5.29
10/04/2021	Moulton Niguel Water District	August 2021 Smartimer rebate program	18,530.61
10/13/2021	Irvine Ranch Water District	August 2021 Smartimer rebate program	4,437.53
10/08/2021	City of Brea	August 2021 Turf Removal rebate program	111.00
10/08/2021	City of Tustin	August 2021 Turf Removal rebate program	111.00
10/13/2021	City of Fountain Valley	August 2021 Turf Removal rebate program	555.00
10/18/2021	City of Buena Park	August 2021 Turf Removal rebate program	111.00
10/14/2021	City of Orange	August 2021 Turf Removal and Spray to Drip rebate program	666.00
10/04/2021	Moulton Niguel Water District	August 2021 So Cal Watersmart rebate program	4,600.00
10/25/2021	El Toro Water District	August 2021 So Cal Watersmart rebate program	115.00
10/29/2021	City of San Clemente	August 2021 So Cal Watersmart rebate program	375.00
10/04/2021	City of Anaheim	FY 2021-22 Choice Programs Billing Invoice	61.78
10/04/2021	City of Buena Park	FY 2021-22 Choice Programs Billing Invoice	21,152.15
10/04/2021	El Toro Water District	FY 2021-22 Choice Programs Billing Invoice	56,885.43
10/04/2021	Yorba Linda Water District	FY 2021-22 Choice Programs Billing Invoice	23,152.89
10/18/2021	Irvine Ranch Water District	FY 2021-22 Choice Programs Billing Invoice	127,956.80
10/25/2021	City of Newport Beach	FY 2021-22 Choice Programs Billing Invoice	15,848.36
10/18/2021	South Coast Water District	FY 2020-21 & FY 2021-22 AMP Administration Costs	262.00

**TOTAL MISCELLANEOUS REVENUES \$ 278,757.47**  
**TOTAL REVENUES \$ 19,576,550.61**

  
 Robert J. Hunter, General Manager

  
 Hilary Chumpitazi, Treasurer

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2021**

Vendor/ Invoice	Description	Amount to Pay
<b>Core Disbursements:</b>		
<b>ABSG Consulting Inc</b>		
5107602	Sept. 2021 Owner's Representative and relocation services for MWDOC office remodel	15,133.30
***Total***		<b>15,133.30</b>
<b>ACCO Engineered Systems Inc</b>		
20178052	Repair air conditioning unit	3,582.53
***Total***		<b>3,582.53</b>
<b>Richard C Ackerman</b>		
1317	October 2021 Legal Consulting on Water Issues	2,050.00
***Total***		<b>2,050.00</b>
<b>ACWA Joint Powers Ins Auth</b>		
100121	10/1/2021-9/30/22 Auto and General Liability Insurance	108,172.17
***Total***		<b>108,172.17</b>
<b>Aleshire &amp; Wynder LLP</b>		
64095	Sept. 2021 Legal Services	1,309.00
64579	October 2021 Legal Services	563.56
***Total***		<b>1,872.56</b>
<b>American Water Works Assoc</b>		
7001959335	2022 Annual membership renewal	1,919.00
***Total***		<b>1,919.00</b>
<b>Assoc of Metropolitan Water Agencies</b>		
12312022	2022 Annual membership renewal	21,039.00
***Total***		<b>21,039.00</b>
<b>Richard Bell</b>		
093021	July-September 2021 Retiree medical premium	986.40
***Total***		<b>986.40</b>
<b>Best Best and Krieger LLP</b>		
55401-SEP21	Sept. 2021 Legal Services	14,372.90
917639	Sept. 2021 Services for State legislative advocacy	8,000.00
***Total***		<b>22,372.90</b>
<b>Cal Desal</b>		
Annual Dues	2021-2022 Annual membership renewal	5,000.00
***Total***		<b>5,000.00</b>

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2021**

<b>Vendor/ Invoice</b>	<b>Description</b>	<b>Amount to Pay</b>
<b>California Special Districts Association</b>		
352-2022	2022 Annual membership renewal	8,195.00
***Total***		<u>8,195.00</u>
<b>CDM Smith</b>		
90135782	August-September 2021 Services for water resource planning	5,254.00
***Total***		<u>5,254.00</u>
<b>CSU Fullerton ASC</b>		
AR171405	10/1/21-12/31/21 Center for Demographic Research support	13,797.33
***Total***		<u>13,797.33</u>
<b>Davis Farr LLP</b>		
10678	Sept. 2021 Financial consulting service	5,402.50
***Total***		<u>5,402.50</u>
<b>Edward G Means III</b>		
MWDOC-1098	October 2021 MET issues & strategic guidance to staff	1,312.50
MWDOC-1303	October 2021 East Orange County Feeder #2 Emergency Pilot Project Consulting Services	550.00
***Total***		<u>1,862.50</u>
<b>Elevated Health Inc</b>		
October 2021	Pre-employment physical for three new staff members	345.00
***Total***		<u>345.00</u>
<b>GovConnection Inc</b>		
71974635	Adobe Acrobat and Adobe Creative Cloud renewal licenses for staff	10,984.00
72044696	ARCServe UDP backup software annual renewal	780.27
***Total***		<u>11,764.27</u>
<b>Hashtag Pinpoint Corporation</b>		
1493	October 2021 Social Media consultation & service	7,913.00
***Total***		<u>7,913.00</u>
<b>IDS Group Inc</b>		
18X093.0-15A	August 2021 Seismic retrofit design and project support MWDOC office remodel	558.87
18X093.0-16	Sept. 2021 Seismic retrofit design and project support MWDOC office remodel	1,397.38
***Total***		<u>1,956.25</u>
<b>Lawnscape Systems Inc</b>		
422341	10/5/21 Landscape Maintenance for Atrium	395.00
422985	10/26/21 Landscape Maintenance for Atrium	495.00
***Total***		<u>890.00</u>

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2021**

<b>Vendor/ Invoice</b>	<b>Description</b>	<b>Amount to Pay</b>
<b>Lewis Consulting Group</b>		
2021-131	October 2021 Consulting services	2,375.00
***Total***		<u>2,375.00</u>
<b>Mega Maids Cleaning Service</b>		
12105	October 2021 Cleaning services for COVID-19 prevention	480.00
***Total***		<u>480.00</u>
<b>Natural Resource Results LLC</b>		
3622	October 2021 Federal legislative advocacy services	8,000.00
***Total***		<u>8,000.00</u>
<b>NDS</b>		
792122	10/1/21 & 10/8/21 Board packet delivery service	373.00
792487	10/15/21 Board packet delivery service	186.50
***Total***		<u>559.50</u>
<b>Office Depot Inc</b>		
206206026001	10/19/21 Office supplies	233.83
***Total***		<u>233.83</u>
<b>Office Solutions</b>		
I-01927941	10/19/21 Office supplies	64.85
***Total***		<u>64.85</u>
<b>Optima RPM Inc</b>		
5000428	October 2021 Construction services for MWDOC office seismic Improvements and remodel	106,142.31
***Total***		<u>106,142.31</u>
<b>Orange County Fast Print</b>		
59722	Business cards for new hire	53.88
***Total***		<u>53.88</u>
<b>Orange County Water District</b>		
23565	Sept. 2021 Postage, shared office and maintenance expense	4,834.27
***Total***		<u>4,834.27</u>
<b>Pacific Environmental Co</b>		
8305	Oct. 5-8, 2021 Services for asbestos abatement air monitoring for MWDOC office remodel	3,910.00
***Total***		<u>3,910.00</u>
<b>Paul Redvers Brown Inc</b>		
DOC002	Sept.-Oct. 2021 MWDOC Facilitated Member Agency Discussions Project services	6,960.00
***Total***		<u>6,960.00</u>



**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2021**

<b>Vendor/ Invoice</b>	<b>Description</b>	<b>Amount to Pay</b>
<b>Penn Corporate Relocation Services</b>		
120211098	9/28/21 Relocate furniture and remove surplus for MWDOC office remodel	2,259.50
***Total***		<u>2,259.50</u>
<b>Karl Seckel</b>		
11012021	November 2021 Retiree medical premium	657.60
***Total***		<u>657.60</u>
<b>Joey C Soto</b>		
2021-MWDOC-GA- OCT-47	October 2021 Grant Research and Acquisition	3,250.00
***Total***		<u>3,250.00</u>
<b>Sunbelt Controls</b>		
51269	October 2021 Services for HVAC Building Automation & Management system for MWDOC office remodel	2,439.20
***Total***		<u>2,439.20</u>
<b>The Westin South Coast Plaza</b>		
84SC7011795	Event facility for MWDOC Water Policy Forum & Dinner on 9/30/21	22,631.69
***Total***		<u>22,631.69</u>
<b>USAFact Inc</b>		
1103137	October 2021 Background checks for two new hires	122.70
***Total***		<u>122.70</u>
<b>Vasquez and Company LLP</b>		
2210929-IN	Second progress billing for Fiscal year ended June 30, 2021 Financial Audit	13,000.00
***Total***		<u>13,000.00</u>
<b>Water Systems Optimization Inc</b>		
2084	October 2021 Technical Assistance Program services for Water Loss Control	640.00
2085	October 2021 Services for Water Loss Control Shared Services template development	1,380.00
***Total***		<u>2,020.00</u>
<b>Total Core Expenditures</b>		<u>419,502.04</u>
<b>Choice Expenditures:</b>		
<b>Building Block Entertainment Inc</b>		
3465-2	October 2021 Choice Elementary School Program K-2	13,325.00
***Total***		<u>13,325.00</u>

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2021**

<b>Vendor/ Invoice</b>	<b>Description</b>	<b>Amount to Pay</b>
<b>Mission RCD</b>		
3062	October 2021 Field inspection and verification for Water Use Efficiency rebate programs	4,841.90
***Total***		<u>4,841.90</u>
<b>Orange County Water District</b>		
23565	Sept. 2021 Postage for Water Use Efficiency rebate programs	16.31
***Total***		<u>16.31</u>
<b>Westerly Meter Service</b>		
6931	October 2021 Meter Accuracy Testing for Mesa Water District	2,970.00
***Total***		<u>2,970.00</u>
<b>Total Choice Expenditures</b>		<u>21,153.21</u>
 <b>Other Funds Expenditures:</b>		
<b>EcoTech Services Inc</b>		
2081	October 2021 Landscape Design and Maintenance Assistance programs	3,527.75
2082	Aug. - Sept. 2021 Services for Pressure Regulating Valve program	3,280.00
***Total***		<u>6,807.75</u>
<b>Herndon Solutions Group LLC</b>		
INV-0000001781	Sept. 2021 Services to assist with America's Water Infrastructure Act compliance	43,930.50
***Total***		<u>43,930.50</u>
<b>Large Plumbing</b>		
25772	October 2021 Services for Pressure Regulating Valve program	4,060.00
***Total***		<u>4,060.00</u>
<b>Mission RCD</b>		
3062	October 2021 Field inspection and verification for Water Use Efficiency rebate programs	5,025.00
***Total***		<u>5,025.00</u>
<b>County of Orange</b>		
SC13137	10/1-12/31/21 800 MHz radio operation maintenance and management cost share	312.00
***Total***		<u>312.00</u>
<b>The Plant Nerd</b>		
6769	Sept. 2021 Landscape Design and Maintenance Assistance programs	18,300.00
6831	October 2021 Landscape Design and Maintenance Assistance programs	17,970.00
***Total***		<u>36,270.00</u>

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2021**

<b>Vendor/ Invoice</b>	<b>Description</b>	<b>Amount to Pay</b>
<b>Joey C Soto</b>		
2021-MWDOC-SA- OCT-48	October 2021 Grant Administration Services for Prop 1 North	825.00
***Total***		<u>825.00</u>
<b>TerraWorks Studio</b>		
MW0011	October 2021 Landscape Design and Maintenance Assistance programs	2,625.00
***Total***		<u>2,625.00</u>
<b>Water Systems Optimization Inc</b>		
2084	October 2021 Technical Assistance Program services for Water Loss Control	22,240.00
***Total***		<u>22,240.00</u>
<b>Total Other Funds Expenditures</b>		<u>122,095.25</u>
<b>Total Expenditures</b>		<u><u>562,750.50</u></u>

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2021**

<b>Name/ Date</b>	<b>Check/ EFT</b>	<b>Invoice</b>	<b>Description</b>	<b>Amount</b>
<b>Core Disbursements:</b>				
<b>Harvey De La Torre</b>				
10/29/2021	EFT	100521	October 2021 Business expense	157.39
<b>***Total***</b>				<b>157.39</b>
<b>Larry Dick</b>				
10/29/2021	EFT	93021	September 2021 Business expense	11.20
<b>***Total***</b>				<b>11.20</b>
<b>Leah Frazier</b>				
10/15/2021	EFT	92321	September 2021 Business expense	55.17
<b>***Total***</b>				<b>55.17</b>
<b>Lina Gunawan</b>				
10/29/2021	EFT	81921	August 2021 Business expense	20.00
<b>***Total***</b>				<b>20.00</b>
<b>Daniel Harrison</b>				
10/29/2021	EFT	83021	August 2021 Business expense	109.83
<b>***Total***</b>				<b>109.83</b>
<b>Home Depot Credit Services</b>				
10/15/2021	140494	7900289	Key lock box for main entry door during MWDOC office remodel	34.45
<b>***Total***</b>				<b>34.45</b>
<b>Al Nederhood</b>				
10/29/2021	EFT	93021	September 2021 Business expense	40.32
<b>***Total***</b>				<b>40.32</b>
<b>Ricoh USA Inc</b>				
10/29/2021	EFT	1089538789	Copier relocation for MWDOC office remodel	252.50
<b>***Total***</b>				<b>252.50</b>
<b>Karl Seckel</b>				
10/29/2021	EFT	92921	September 2021 Business expense	26.44
<b>***Total***</b>				<b>26.44</b>
<b>Spectrum Business</b>				
10/18/2021	140505	343564101021	Oct. 2021 Telephone expense for 1 analog fax line	39.99
10/07/2021	140487	375210093021	October 2021 Telephone and internet expense	1,424.85
<b>***Total***</b>				<b>1,464.84</b>
<b>Satoru Tamaribuchi</b>				
10/29/2021	EFT	90921	September 2021 Business expense	33.60
<b>***Total***</b>				<b>33.60</b>

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2021**

<b>Name/ Date</b>	<b>Check/ EFT</b>	<b>Invoice</b>	<b>Description</b>	<b>Amount</b>
<b>US Bank</b>				
10/29/2021	140537	0208/4192/4279-SEP21	8/24/21-9/22/21 Cal Card Charges	11,612.64
<b>***Total***</b>				<b>11,612.64</b>
<b>Verizon Wireless</b>				
10/07/2021	140488	9889127905	Sept. 2021 4G Mobile broadband unlimited service	114.03
<b>***Total***</b>				<b>114.03</b>
<b>Total Core Disbursements</b>				<b>13,932.41</b>
<b>Choice Disbursements:</b>				
<b>US Bank</b>				
10/29/2021	140537	4192/4279-SEP21	8/24/21-9/22/21 Cal Card Charges	1,618.18
<b>***Total***</b>				<b>1,618.18</b>
<b>US Bank Voyager Fleet Systems</b>				
10/15/2021	EFT	8694349932139	8/25/21-9/24/21 Fuel and wash for Water Loss Control Shared Services vehicles	327.02
<b>***Total***</b>				<b>327.02</b>
<b>Total Choice Disbursements</b>				<b>1,945.20</b>
<b>Other Funds Disbursements:</b>				
<b>AT&amp;T</b>				
10/15/2021	140489	291831812-OCT21	Oct. 2021 U-Verse internet service for WEROC N. EOC	64.20
<b>***Total***</b>				<b>64.20</b>
<b>AT&amp;T</b>				
10/15/2021	140490	17098863	Sept. 2021 Telephone expense for WEROC N. & S. EOC	437.36
10/15/2021	140490	17098864	Sept. 2021 Telephone expense for WEROC N. EOC	117.03
<b>***Total***</b>				<b>554.39</b>
<b>Daniel Harrison</b>				
10/29/2021	EFT	83021	August 2021 Business expense	550.28
<b>***Total***</b>				<b>550.28</b>
<b>Mesa Water District</b>				
10/15/2021	EFT	10601	August 2021 Credit for Local Resources program	90,992.00
<b>***Total***</b>				<b>90,992.00</b>

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2021**

<b>Name/ Date</b>	<b>Check/ EFT</b>	<b>Invoice</b>	<b>Description</b>	<b>Amount</b>
<b>Metropolitan Water District</b>				
10/29/2021	WIRE	10533	August 2021 Water deliveries	19,605,634.09
<b>***Total***</b>				<b>19,605,634.09</b>
<b>Santa Margarita Water District</b>				
10/29/2021	EFT	AUG2021	August 2021 SCP Pipeline Operation Surcharge	32,900.25
<b>***Total***</b>				<b>32,900.25</b>
<b>Santiago Aqueduct Commission</b>				
10/29/2021	140535	AUG2021	August 2021 SAC Pipeline Operation Surcharge	2,806.88
<b>***Total***</b>				<b>2,806.88</b>
<b>Spray to Drip Rebate</b>				
10/28/2021	140521	S2D3-R-FV-39950-17725	R. Patel	2,500.00
10/28/2021	140517	S2D3-R-HB-38700-17506	S. Nelson	478.00
10/28/2021	140522	S2D4-R-FV-38511-17979	R. Patel	1,770.50
10/28/2021	140509	S2D4-R-MESA-41966-18055	H. Gandhi	153.50
10/28/2021	140507	S2D4-R-SM-42053-18071	L. Fettis	327.50
10/28/2021	140530	S2D4-R-TUST-42016-17971	C. Wang	1,113.00
<b>***Total***</b>				<b>6,342.50</b>
<b>Turf Rebate</b>				
10/28/2021	140518	TR12-R-HB-38700-37598	S. Nelson	2,868.00
10/28/2021	140523	TR13-R-FV-39947-38765	R. Patel	15,000.00
10/28/2021	140511	TR13-R-MESA-39963-38780	D. Simon	2,772.00
10/28/2021	140514	TR13-R-MNT-39941-38760	K. Houshang	404.11
10/28/2021	140528	TR13-R-TUST-39220-38093	E. Tran	2,376.00
10/28/2021	140512	TR14-C-NWPT-4463-41343	Harbor Hills HOA (Newport Beach)	1,482.00
10/28/2021	140519	TR14-R-ETWD-42002-40742	L. Noble	710.86
10/28/2021	140524	TR14-R-FV-38511-40781	R. Patel	5,439.00
10/28/2021	140513	TR14-R-FV-42412-41124 ADJ	J. Horner	308.00
10/28/2021	140532	TR14-R-HB-42013-40820	H. Wilson	1,234.00
10/28/2021	140506	TR14-R-HB-42524-41230	L. Catton	5,222.00
10/28/2021	140510	TR14-R-MESA-41966-40705	H. Gandhi	614.00
10/28/2021	140520	TR14-R-MNT-41392-40179	B. Nokes	620.00
10/28/2021	140516	TR14-R-MNT-41475-40262	E. Maurer	980.37
10/28/2021	140508	TR14-R-SM-42053-40811	L. Fettis	430.72
10/28/2021	140527	TR14-R-SM-42437-41208	J. Staff	796.00
10/28/2021	140531	TR14-R-TUST-42016-40768	C. Wang	2,698.00
10/28/2021	140525	TR14-R-WEST-42218-40948	S. Simaan	382.00
10/28/2021	140529	TR14-R-YLWD-42057-40799	B. Vu	4,394.00
10/28/2021	140526	TR15-R-MNT-13458-41512	L. Soriano	5,900.58
10/28/2021	140515	TR15-R-MNT-42641-41333	M. Lavigne	2,880.00
<b>***Total***</b>				<b>57,511.64</b>

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2021**

Name/ Date	Check/ EFT	Invoice	Description	Amount
<b>US Bank</b>				
10/29/2021	140537	6066-SEPT21	8/24/21-9/22/21 Cal Card Charges	(43.08)
***Total***				(43.08)
<b>Verizon Wireless</b>				
10/07/2021	140488	9889127905	Sept. 2021 4G Mobile broadband unlimited service	76.02
***Total***				76.02
<b>Total Other Funds Disbursements</b>				<b>19,797,389.17</b>
<b>Total Disbursements</b>				<b>19,813,266.78</b>

Robert J. Hunter, General Manager

Hilary Chumpitazi, Treasurer

**Cal Card Charges**  
**Statement Date: September 22, 2021**  
**Payment Date: October 29, 2021**

Date	Description	Amount
<b>R. Hunter Card:</b>		
9/07/2021	R. Hunter business lunch meeting	96.48
9/10/2021	R. Hunter business breakfast and lunch meeting	346.14
9/14/2021	AMWA Executive Management conference in Denver, CO from October 3-5, 2021 - Airfare for R. Hunter	222.40
<b>Total:</b>		<b>665.02</b>
<b>C. Harris Card:</b>		
8/17/2021	Refund duplicate charge for WaterSmart Innovations conference - Accommodations for R. Waite	(84.75)
8/17/2021	Refund cancellation for WaterSmart Innovations conference - Accommodations for R. Waite	(84.75)
8/17/2021	ESRI licenses annual renewal for WEROC and Water Loss Control	1,800.00
8/21/2021	UPS delivery charge on August 11, 2021	6.01
8/24/2021	7/25/21-8/24/21 Web hosting service for MWDOC website	15.65
8/31/2021	16" screen laptop with 3 year protection plan for District Secretary	1,638.35
9/01/2021	ACWA Fall Conference in Pasadena, CA from Nov. 30 - Dec. 2, 2021- Registration for Director Seckel, Director Tamaribuchi, Director Nederhood, R. Hunter, H. De La Torre, V. Osborn and H. Baez	5,075.00
9/01/2021	ACWA Fall Conference-Virtual from Nov. 30 - Dec. 2, 2021- Registration for C. Harris, Director Thomas, Director Yoo Schneider, and D. Micalizzi	1,540.00
9/03/2021	5 year anniversary gift card for C. Busslinger	25.00
9/07/2021	Refund duplicate payment for Financial Analyst/Database Analyst recruitment job post	(275.00)
9/07/2021	2021 Board Secretary & Clerk Conference in Anaheim, CA from October 25-27, 2021 - Registration for M. Goldsby	525.00
9/09/2021	Colorado River Water Users Association annual conference in Las Vegas, NV from December 14-16, 2021 - Registration for H. Del La Torre and M. Baum-Haley	1,010.00
9/13/2021	WaterSmart Innovations conference in Las Vegas, NV from Oct. 6-7, 2021 - Airfare for R. Davis	115.96
9/13/2021	Sept. 2021 Pre-work Screen subscription - Covid-19 Prevention	175.56
9/13/2021	Toll Road charge for Water Loss Control Shared Services vehicles	100.00
9/20/2021	AWWA Acoustic Leak Detection Applications training webinar on September 22, 2021 - Registration for R. Davis and J. Thorsell	50.00
9/20/2021	WaterSmart Innovations conference in Las Vegas, NV from October 6-7, 2021 - Airfare for S. Fetter	110.96
<b>Total:</b>		<b>11,742.99</b>



**Cal Card Charges**  
**Statement Date: September 22, 2021**  
**Payment Date: October 29, 2021**

<b>Date</b>	<b>Description</b>	<b>Amount</b>
<b>Public Affairs Card:</b>		
8/24/2021	Graphic Design class at Saddleback College during Fall 2021 - Registration for K. Vincent	160.00
8/27/2021	USPS on 8/27/21 to ship Ricky Puppets to School Program vendor	8.55
8/31/2021	Vinyl banner for 9112 Prop 1 North Signage	59.09
9/01/2021	Vinyl banner for 9113 Prop 1 South Signage	59.09
9/02/2021	9/2/21-10/1/21 Zoom Video Communications monthly fee with audio licenses	124.95
9/03/2021	Sept. 2021 Public Storage Unit for Public Affairs	294.00
9/14/2021	Burte PowerPoint Template for campaign distribution	15.00
9/15/2021	Public Affairs team building lunch on 9/15/21	52.13
9/17/2021	Speaker gift at Water Policy Forum and Dinner on 9/30/21 for A. Hagekhalil	50.00
<b>Total:</b>		<b>822.81</b>
<b>WEROC Card:</b>		
8/25/2021	WEROC office supplies	280.14
8/28/2021	Return credit for 8/19/21 office supplies purchase	(323.22)
<b>Total:</b>		<b>(43.08)</b>

**Municipal Water District of Orange County**  
**GM Approved Disbursement Report <sup>(1)</sup>**  
**For the Month of October 2021**

Name/ Date	Check/ EFT	Invoice	Description	Amount
<b>Core Disbursements:</b>				
PeopleSpace				
10/08/2021	EFT	DEPSO1035033.1	40% Payment upon shipment on purchase of furniture for Phase 2 & 3 of MWDOC office remodel	2,389.80
***Total***				<u>2,389.80</u>
Total Core Disbursements				<u>2,389.80</u>
<b>Choice Disbursements:</b>				
Total Choice Disbursements				<u>-</u>
<b>Other Funds Disbursements:</b>				
Total Other Funds Disbursements				<u>-</u>
Total Disbursements				<u><u>2,389.80</u></u>



Robert J. Hunter, General Manager



Hilary Chumitazi, 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**  
**Consolidated Summary of Cash and Investment**  
 September 30, 2021

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](http://www.mwdoc.com)

Sat Tamaribuchi  
 President

Megan Yoo Schneider, P.E.  
 Vice President

Al Nederhood  
 Director

Larry D. Dick  
 Director

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

Karl W. Seckel, 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
<b>Designated Reserves</b>		
General Operations	\$3,738,505	19.16%
Grant & Project Cash Flow	1,500,000	7.69%
Election Expense	1,333,000	6.83%
Building Repair	436,542	2.24%
OPEB	297,147	1.52%
<b>Total Designated Reserves</b>	<b>7,305,194</b>	<b>37.44%</b>
General Fund	9,458,288	48.46%
Water Fund	1,997,176	10.23%
Conservation Fund	(671,297)	(3.44%)
WEROC Fund	1,407,901	7.21%
Trustee Activities	18,904	0.10%
<b>Total</b>	<b>\$19,516,166</b>	<b>100.00%</b>

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.57%	\$110,378	\$110,378
Short-term investment			
• LAIF	27.17%	5,301,719	5,301,719
• OCIP	56.38%	11,003,866	11,003,866
Long-term investment			
• US Government Issues	1.28%	249,892	249,125
• Corporate Bond	7.17%	1,400,311	1,384,308
• Certificates of Deposit	7.43%	1,450,000	1,506,276
<b>Total</b>	<b>100.00%</b>	<b>\$19,516,166</b>	<b>\$19,555,672</b>

The average number of days to maturity/call as of September 30, 2021 equaled 90 and the average yield to maturity is 0.631%. During the month, the District's average daily balance was \$31,454,085.07. Funds were invested in US Bank Money Market, Negotiable Certificate of Deposits, Corporate Bonds, US Government Issues, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of September 2021.

The \$39,506 difference between the book value and the market value on September 30, 2021 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, 2021

9/30/2021	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,450,000.00	1,506,275.50	1,450,000.00	7.47	891	2.440
Corporate Bond	1,400,000.00	1,384,308.50	1,400,310.32	7.22	301	1.341
US Government Issues	250,000.00	249,125.00	249,892.25	1.29	57	0.860
Local Agency Investment Funds	5,301,718.58	5,301,718.58	5,301,718.58	27.32	1	0.201
Orange County Investment Pool	11,003,866.24	11,003,866.24	11,003,866.24	56.70	1	0.504
<b>Total Investments</b>	<b>19,405,584.82</b>	<b>19,445,293.82</b>	<b>19,405,787.39</b>	<b>100.00</b>	<b>90</b>	<b>0.631</b>
<b>Cash</b>						
Cash	110,378.37	110,378.37	110,378.37		1	0.00
<b>Total Cash and Investments</b>	<b>19,515,963.19</b>	<b>19,555,672.19</b>	<b>19,516,165.76</b>		<b>90</b>	<b>0.631</b>

Total Earnings	Month Ending September	Fiscal Year to Date
Current Year	13,001.93	36,261.19
Average Daily Balance	31,454,085.07	
Effective Rate of Return	0.631%	

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

11-4-21

  
Hilary Chumplitazi, Treasurer

Date

11/04/2021

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Long-Term Portfolio Details - Investments**  
**September 30, 2021**

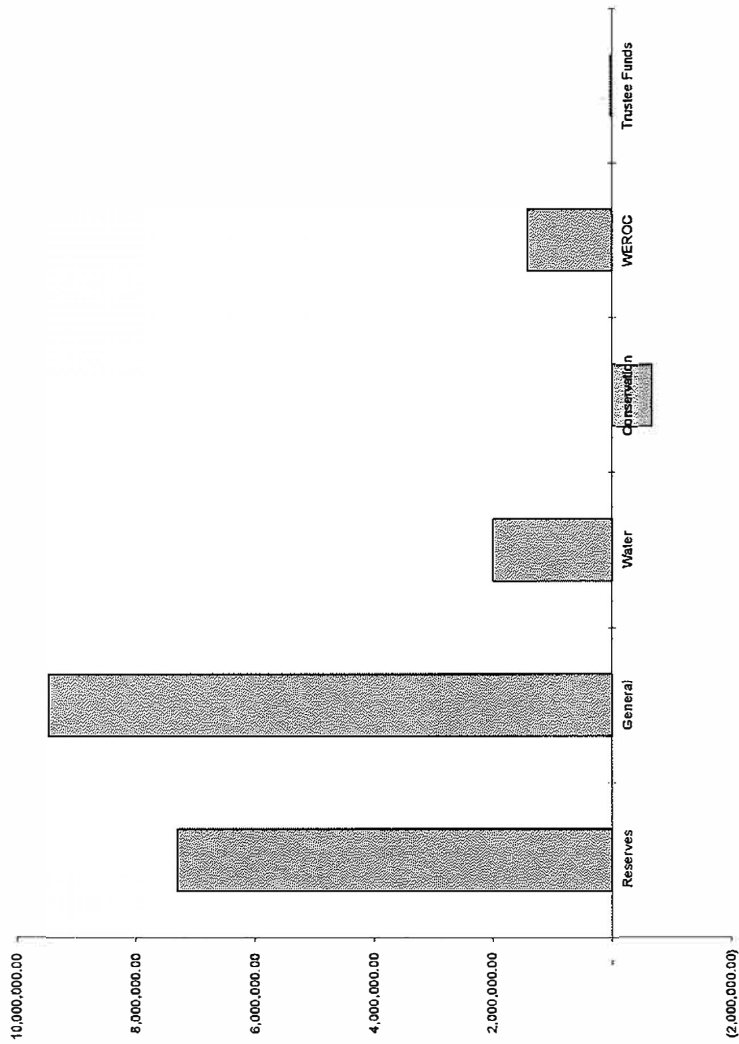
Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
<b>Negotiable Certificate Of Deposit</b>									
Barclays Bank	06740KKY2	9/27/2017	250,000.00	255,327.50	250,000.00	2.250	2.250	362	9/27/2022
Capital One Bank	14042TBO9	8/7/2019	250,000.00	261,627.50	250,000.00	2.250	2.250	1,042	8/7/2024
Capital One NA	14042RMJ7	7/24/2019	250,000.00	261,200.00	250,000.00	2.200	2.200	1,028	7/24/2024
Discover Bank	254673RV0	7/25/2018	250,000.00	263,560.00	250,000.00	3.300	3.300	663	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	264,032.50	250,000.00	3.350	3.350	677	8/8/2023
Sallie Mae Bank	7954507A7	7/14/2021	200,000.00	200,528.00	200,000.00	1.000	1.000	1,748	7/14/2026
<b>Sub Total</b>			<b>1,450,000.00</b>	<b>1,506,275.50</b>	<b>1,450,000.00</b>	<b>2.440</b>	<b>2.440</b>	<b>891</b>	
<b>US Government Issues</b>									
FHLB	3130ALGR9	3/1/2021	250,000.00	249,125.00	249,892.25	0.850	0.860	57	2/26/2026
<b>Sub Total</b>			<b>250,000.00</b>	<b>249,125.00</b>	<b>249,892.25</b>	<b>0.850</b>	<b>0.860</b>	<b>57</b>	
<b>Corporate Bond</b>									
Bank of America Corp	06048WK41	12/7/2020	250,000.00	245,170.00	250,000.00	0.650	0.800	56	11/25/2025
Citigroup Global Markets	17328WVZ6	9/16/2020	250,000.00	244,145.00	250,000.00	1.000	1.000	77	9/16/2025
JP Morgan Chase	48128GV56	8/18/2020	250,000.00	242,500.00	250,000.00	0.800	0.800	1,053	8/18/2025
National Rural Util Coop	63743FE51	7/27/2017	200,000.00	202,316.00	200,000.00	2.500	2.500	288	7/15/2022
Societe Generale	83369MD25	8/19/2020	250,000.00	246,757.50	250,000.00	1.000	1.088	50	8/19/2025
Westpac Banking Corp	961214DQ3	7/25/2017	200,000.00	203,420.00	200,310.32	2.500	2.278	271	6/28/2022
<b>Sub Total</b>			<b>1,400,000.00</b>	<b>1,384,308.50</b>	<b>1,400,310.32</b>	<b>1.330</b>	<b>1.341</b>	<b>301</b>	
<b>Total Investments</b>			<b>3,100,000.00</b>	<b>3,139,709.00</b>	<b>3,100,202.57</b>	<b>1.810</b>	<b>1.816</b>	<b>557</b>	
<b>Total Earnings</b>									
<b>Current Year</b>			<b>Month Ending September</b>		<b>Fiscal Year To Date</b>				
			4,546.74		14,103.50				

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Short-Term Portfolio Details - Cash and Investments**  
**September 30, 2021**

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
<b>Local Agency Investment Funds</b>									
LAIF LGIP	LAIF	6/30/2010	5,301,718.58	5,301,718.58	5,301,718.58	0.201	0.201	1	N/A
Sub Total			5,301,718.58	5,301,718.58	5,301,718.58	0.201	0.201	1	
<b>Orange County Investment Pool</b>									
County of Orange LGIP	OCIP	6/29/2005	11,003,866.24	11,003,866.24	11,003,866.24	0.504	0.504	1	N/A
Sub Total			11,003,866.24	11,003,866.24	11,003,866.24	0.504	0.504	1	
Total Investments			16,305,584.82	16,305,584.82	16,305,584.82	0.405	0.405		
<b>Cash</b>									
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	109,878.37	109,878.37	109,878.37	0.000	0.000	1	N/A
Total Cash			110,378.37	110,378.37	110,378.37	0.000	0.000	1	
Total Cash and Investments			16,415,963.19	16,415,963.19	16,415,963.19	0.405	0.405	1	
<b>Total Earnings</b>									
Current Year		Month Ending September	Fiscal Year To Date						
		8,455.19	22,157.69						

**Municipal Water District of Orange County  
Cash and Investments at September 30, 2021**

ALLOCATION	AMOUNT	%
<b>MWDOC</b>		
Designated Reserves		
General	\$ 3,738,505	19.16%
Grant & Project Cash Flow	1,500,000	7.69%
Election Expense	1,333,000	6.83%
Building Repair	436,542	2.24%
OPEB	297,147	1.52%
Total Designated Reserves	7,305,194	37.44%
General	9,458,288	48.46%
Water	1,997,176	10.23%
Conservation	(671,297)	-3.44%
WEROC	1,407,901	7.21%
<b>TOTAL MWDOC</b>	<b>\$ 19,497,262</b>	<b>99.90%</b>
<b>TRUSTEE ACTIVITIES</b>		
AMP Sales Admin	\$ 18,904	0.10%
<b>TOTAL TRUSTEE ACTIVITIES</b>	<b>\$ 18,904</b>	<b>0.10%</b>
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>\$ 19,516,166</b>	<b>100.00%</b>



**MUNICIPAL WATER DIST OF ORANGE COUNTY**  
**PARS Post-Employment Benefits Trust****Account Report for the Period**  
**9/1/2021 to 9/30/2021**Rob Hunter  
General Manager  
Municipal Water Dist of Orange County  
18700 Ward Street  
Fountain Valley, CA 92708**Account Summary**

Source	Balance as of 9/1/2021	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 9/30/2021
OPEB	\$2,824,864.01	\$0.00	-\$76,913.79	\$1,385.00	\$0.00	\$0.00	\$2,746,565.22
PENSION	\$994,087.77	\$0.00	-\$27,066.45	\$428.70	\$0.00	\$0.00	\$966,592.62
<b>Totals</b>	<b>\$3,818,951.78</b>	<b>\$0.00</b>	<b>-\$103,980.24</b>	<b>\$1,813.70</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,713,157.84</b>

**Investment Selection**

Source	
OPEB	<b>Moderate HighMark PLUS</b>
PENSION	<b>Moderate HighMark PLUS</b>

**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	-2.72%	-1.09%	15.76%	9.36%	8.87%	8.48%	10/26/2011
PENSION	-2.72%	-1.12%	15.72%	9.33%	-	-	7/31/2018

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

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

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

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



# NET PERFORMANCE FEE ANALYSIS

As of September 30, 2021

## Over 1 Year

PARS/HIGHMARK	
<b>Moderate</b> (50% Fixed Income/Cash)	15.94%
minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.35%
<b>1-Year Net Return</b>	<b>15.34%</b>
CALPERS CERBT	
<b>Strategy 2</b> (48% Fixed Income/Cash)	14.76%
minus fees	(-) 0.10%
<b>1-Year Net Return</b>	<b>14.66%</b>

## Over 3 Years

PARS/HIGHMARK	
<b>Moderate</b> (50% Fixed Income/Cash)	9.54%
minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.35%
<b>3-Year Net Return</b>	<b>8.94%</b>
CALPERS CERBT	
<b>Strategy 2</b> (48% Fixed Income/Cash)	10.02%
minus fees	(-) 0.10%
<b>3-Year Net Return</b>	<b>9.93%</b>

## Over 5 Years

PARS/HIGHMARK	
<b>Moderate</b> (50% Fixed Income/Cash)	8.93%
minus weighted PARS administration fee	(-) 0.25%
minus weighted HighMark investment management fee	(-) 0.35%
<b>5-Year Net Return</b>	<b>8.33%</b>
CALPERS CERBT	
<b>Strategy 2</b> (48% Fixed Income/Cash)	8.39%
minus fees	(-) 0.10%
<b>5-Year Net Return</b>	<b>8.30%</b>

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

## PARS DIVERSIFIED PORTFOLIOS MODERATE

Q3 2021

### WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

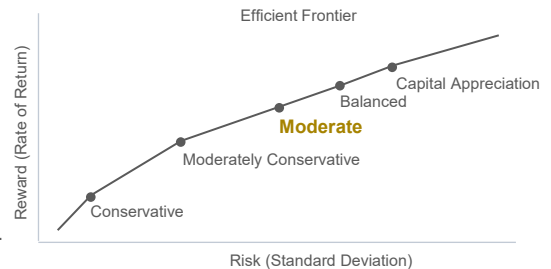
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



### ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	53%
Fixed Income	40 - 60%	45%	46%
Cash	0 - 20%	5%	1%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

Current Quarter*	-1.05%
Blended Benchmark*,**	-0.41%
Year To Date*	6.00%
Blended Benchmark*,**	6.22%
1 Year	15.94%
Blended Benchmark**	15.32%
3 Year	9.54%
Blended Benchmark**	9.40%
5 Year	8.93%
Blended Benchmark**	8.73%
10 Year	8.72%
Blended Benchmark**	8.63%

#### Index Plus Composite (Passive)

Current Quarter*	-0.54%
Blended Benchmark*,**	-0.41%
Year To Date*	6.19%
Blended Benchmark*,**	6.22%
1 Year	14.77%
Blended Benchmark**	15.32%
3 Year	9.10%
Blended Benchmark**	9.40%
5 Year	8.34%
Blended Benchmark**	8.73%
10 Year	8.35%
Blended Benchmark**	8.63%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 – Present: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM (net), 6% MSCI EAFE (net), 33.50% Bloomberg US Agg, 10% ICE BofA 1-3 Yr US Corp/Govt, 1.50% ICE BofA US High Yield Master II, 1.75% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE (net), 15% ICE BofA 1-3 Year Corp/Govt, 30% Bloomberg US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 50% S&P 500, 15% ICE BofA 1-3Yr Corp/Govt, 30% Bloomberg US Agg, and 5% FTSE 1 Mth US T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-22.88%
2009	21.47%
2010	12.42%
2011	0.55%
2012	12.25%
2013	13.06%
2014	4.84%
2015	0.14%
2016	6.45%
2017	13.19%
2018	-4.03%
2019	17.71%
2020	12.92%

#### Index Plus Composite (Passive)

2008	-18.14%
2009	16.05%
2010	11.77%
2011	2.29%
2012	10.91%
2013	12.79%
2014	5.72%
2015	-0.52%
2016	7.23%
2017	11.59%
2018	-4.03%
2019	17.52%
2020	11.23%

### PORTFOLIO FACTS

#### HighMark Plus (Active)

Composite Inception Date	10/2004
No of Holdings in Portfolio	20

#### Index Plus (Passive)

Composite Inception Date	05/2006
No of Holdings in Portfolio	13

## HOLDINGS

### HighMark Plus (Active)

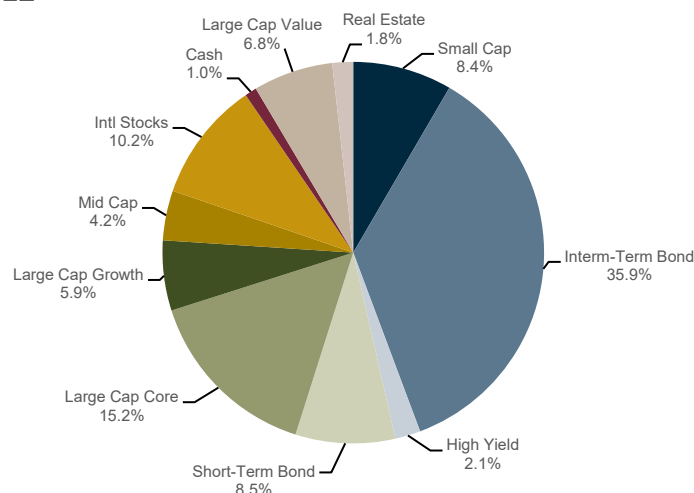
Columbia Contrarian Core I3  
Vanguard Growth & Income Adm  
Dodge & Cox Stock Fund  
iShares S&P 500 Value ETF  
Harbor Capital Appreciation - Retirement  
T. Rowe Price Growth Stock - I  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
Undiscovered Managers Behavioral Value-R6  
Victory RS Small Cap Growth - R6  
DFA Large Cap International Portfolio  
Dodge & Cox International Stock  
MFS International Growth - R6  
Hartford Schroders Emerging Markets Eq  
Vanguard Short-Term Invest-Grade Adm  
PIMCO High Yield Instl  
PIMCO Total Return Fund - Inst  
PGIM Total Return Bond - R6  
DoubleLine Core Fixed Income - I  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500 Value ETF  
iShares S&P 500 Growth ETF  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
iShares Russell 2000 Value ETF  
iShares Russell 2000 Growth ETF  
iShares Core MSCI EAFE ETF  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
Vanguard High-Yield Corp Adm  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Moderate active and passive objectives.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT Index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
Suite 1600  
San Francisco, CA 94104  
800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has 100 years (including predecessor organizations) of institutional money management experience with \$9.4 billion in assets under management and \$9.6 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
Investment Experience: since 1994  
HighMark Tenure: since 1997  
Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
Investment Experience: since 2004  
HighMark Tenure: since 2014  
Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
Investment Experience: since 1985  
HighMark Tenure: since 1995  
Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2010  
Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2007  
Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager  
Investment Experience: since 2002  
HighMark Tenure: since 2017  
Education: MBA, Arizona State University; BS, University of Washington

### Asset Allocation Committee

Number of Members: 17  
Average Years of Experience: 26  
Average Tenure (Years): 14

### Manager Review Group

Number of Members: 8  
Average Years of Experience: 20  
Average Tenure (Years): 9

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
COMBINED FINANCIAL STATEMENTS  
AND  
BUDGET COMPARATIVE  
JULY 1, 2021 THRU SEPTEMBER 30, 2021**

**Municipal Water District of Orange County  
Combined Balance Sheet  
As of September 30, 2021**

	<u><b>Amount</b></u>
<b><u>ASSETS</u></b>	
Cash in Bank	110,378.37
Investments	19,405,787.39
Accounts Receivable	38,976,659.18
Accounts Receivable - Other	114,969.11
Accrued Interest Receivable	32,605.89
Prepays/Deposits	412,330.91
Leasehold Improvements	6,059,805.67
Furniture, Fixtures & Equipment	780,261.60
Less: Accumulated Depreciation	<u>(3,496,763.45)</u>
<b>TOTAL ASSETS</b>	<b><u><u>62,396,034.67</u></u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b><u>LIABILITIES</u></b>	
Accounts Payable	38,376,429.18
Accounts Payable - Other	64.82
Accrued Salaries and Benefits Payable	677,786.50
Other Liabilities	2,406,429.00
Unearned Revenue	<u>443,410.26</u>
<b>TOTAL LIABILITIES</b>	<b><u><u>41,904,119.76</u></u></b>
<b><u>FUND BALANCES</u></b>	
<b><u>Restricted Fund Balances</u></b>	
Water Fund - T2C	<u>1,034,174.05</u>
Total Restricted Fund Balances	<u>1,034,174.05</u>
<b><u>Unrestricted Fund Balances</u></b>	
<b><u>Designated Reserves</u></b>	
General Operations	3,738,505.00
Grant & Project Cash Flow	1,500,000.00
Election Expense	1,333,000.00
Building Repair	436,542.00
OPEB	<u>297,147.00</u>
Total Designated Reserves	<u>7,305,194.00</u>
General Fund	3,566,614.99
General Fund Capital	964,158.72
WEROC Capital	159,687.58
WEROC	<u>246,196.60</u>
Total Unrestricted Fund Balances	<u>12,241,851.89</u>
<b><u>Excess Revenue over Expenditure</u></b>	
Operating Fund	7,099,450.01
Other Funds	<u>116,438.96</u>
<b>TOTAL FUND BALANCES</b>	<b><u><u>20,491,914.91</u></u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u><u>62,396,034.67</u></u></b>

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**General Fund**  
**July 1, 2021 thru September 30, 2021**

	<u>Month to Date</u>	<u>Year to Date</u>	<u>Annual Budget</u>	<u>% Used</u>	<u>Encumbrance</u>	<u>Budget Remaining</u>
<b><u>REVENUES</u></b>						
Retail Connection Charge	0.00	8,357,232.00	8,357,232.00	100.00%	0.00	0.00
Ground Water Customer Charge	0.00	335,385.00	335,385.00	100.00%	0.00	0.00
<b>Water Rate Revenues</b>	<b>0.00</b>	<b>8,692,617.00</b>	<b>8,692,617.00</b>	<b>100.00%</b>	<b>0.00</b>	<b>0.00</b>
Interest Revenue	12,898.05	35,913.25	220,000.00	16.32%	0.00	184,086.75
<b>Subtotal</b>	<b>12,898.05</b>	<b>8,728,530.25</b>	<b>8,912,617.00</b>	<b>97.93%</b>	<b>0.00</b>	<b>184,086.75</b>
Choice Programs	4,751.86	1,231,474.77	1,515,775.00	81.24%	0.00	284,300.23
Miscellaneous Income	395.28	511.28	3,000.00	17.04%	0.00	2,488.72
Revenue - Other	0.00	1,360.00	0.00	0.00%	0.00	(1,360.00)
School Contracts	927.00	927.00	120,895.00	0.77%	0.00	119,968.00
Transfer-In from Reserve	0.00	0.00	95,745.00	0.00%	0.00	95,745.00
<b>Subtotal</b>	<b>6,074.14</b>	<b>1,234,273.05</b>	<b>1,735,415.00</b>	<b>71.12%</b>	<b>0.00</b>	<b>501,141.95</b>
<b>TOTAL REVENUES</b>	<b>18,972.19</b>	<b>9,962,803.30</b>	<b>10,648,032.00</b>	<b>93.56%</b>	<b>0.00</b>	<b>685,228.70</b>

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**General Fund**  
**July 1, 2021 thru September 30, 2021**

	<u>Month to Date</u>	<u>Year to Date</u>	<u>Annual Budget</u>	<u>% Used</u>	<u>Encumbrance</u>	<u>Budget Remaining</u>
<b>EXPENSES</b>						
Salaries & Wages	351,275.36	1,052,831.59	4,178,542.00	25.20%	0.00	3,125,710.41
Salaries & Wages - Grant Recovery	(6,304.44)	(6,304.44)	(18,665.00)	(33.78)%	0.00	(12,360.56)
Director's Compensation	22,592.67	65,158.57	288,800.00	22.56%	0.00	223,641.43
MWD Representation	13,097.20	33,725.29	165,029.00	20.44%	0.00	131,303.71
Employee Benefits	115,874.40	324,362.00	1,356,730.00	23.91%	0.00	1,032,368.00
Employee Benefits - Grant Recovery	(1,569.28)	(1,569.28)	0.00	0.00%	0.00	1,569.28
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Director's Benefits	9,623.28	28,036.43	161,248.00	17.39%	0.00	133,211.57
Health Insurance for Retirees	9,740.51	22,473.63	101,099.00	22.23%	0.00	78,625.37
Training Expense	735.00	3,459.00	52,000.00	6.65%	8,895.60	39,645.40
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
<b>Personnel Expenses</b>	<b>515,064.70</b>	<b>1,729,172.79</b>	<b>6,501,783.00</b>	<b>26.60%</b>	<b>8,895.60</b>	<b>4,763,714.61</b>
Engineering Expense	2,250.00	26,709.50	380,000.00	7.03%	445,238.55	(91,948.05)
Legal Expense	15,681.90	58,986.14	225,000.00	26.22%	166,013.86	0.00
Audit Expense	0.00	5,000.00	30,220.00	16.55%	20,220.00	5,000.00
Professional Services	56,548.04	144,473.24	1,475,640.00	9.79%	958,145.18	373,021.58
<b>Professional Fees</b>	<b>74,479.94</b>	<b>235,168.88</b>	<b>2,110,860.00</b>	<b>11.14%</b>	<b>1,589,617.59</b>	<b>286,073.53</b>
Conference - Staff	4,680.00	5,365.00	44,560.00	12.04%	0.00	39,195.00
Conference - Directors	2,945.00	3,595.00	16,845.00	21.34%	0.00	13,250.00
Travel & Accom. - Staff	279.82	1,018.98	69,825.00	1.46%	0.00	68,806.02
Travel & Accom. - Directors	26.44	26.44	21,250.00	0.12%	0.00	21,223.56
<b>Travel &amp; Conference</b>	<b>7,931.26</b>	<b>10,005.42</b>	<b>152,480.00</b>	<b>6.56%</b>	<b>0.00</b>	<b>142,474.58</b>
Membership/Sponsorship	0.00	46,056.20	143,041.00	32.20%	0.00	96,984.80
CDR Support	0.00	13,797.33	65,249.00	21.15%	41,391.98	10,059.69
<b>Dues &amp; Memberships</b>	<b>0.00</b>	<b>59,853.53</b>	<b>208,290.00</b>	<b>28.74%</b>	<b>41,391.98</b>	<b>107,044.49</b>
Business Expense	442.62	485.45	2,500.00	19.42%	0.00	2,014.55
Office Maintenance	7,090.45	23,758.37	147,400.00	16.12%	111,927.11	11,714.52
Building Repair & Maintenance	4,885.14	7,625.89	15,000.00	50.84%	10,859.64	(3,485.53)
Storage Rental & Equipment Lease	108.89	213.39	1,800.00	11.86%	586.61	1,000.00
Office Supplies	1,945.47	2,870.92	35,000.00	8.20%	2,963.46	29,165.62
Supplies - Water Loss Control	0.00	98.50	4,000.00	2.46%	0.00	3,901.50
Postage/Mail Delivery	591.01	2,191.45	9,243.00	23.71%	1,910.25	5,141.30
Subscriptions & Books	0.00	0.00	1,000.00	0.00%	0.00	1,000.00
Reproduction Expense	30.46	756.27	82,700.00	0.91%	5,443.73	76,500.00
Maintenance - Computers	140.78	1,805.63	8,000.00	22.57%	1.08	6,193.29
Software Purchase	5,271.81	6,221.71	36,040.00	17.26%	11,358.85	18,459.44
Software Support	786.00	15,860.89	48,640.00	32.61%	0.00	32,779.11
Computers and Equipment	1,638.35	6,366.74	23,450.00	27.15%	4,525.53	12,557.73
Maintenance Expense	0.00	0.00	6,000.00	0.00%	2,580.49	3,419.51
Automotive Expense	140.29	179.94	16,000.00	1.12%	0.00	15,820.06
Vehicle Expense	327.02	1,035.29	5,800.00	17.85%	0.00	4,764.71
Toll Road Charges	100.00	100.00	1,250.00	8.00%	0.00	1,150.00
Insurance Expense	12,006.69	35,973.40	130,000.00	27.67%	0.00	94,026.60
Utilities - Telephone	2,905.56	8,724.18	42,840.00	20.36%	1,026.27	33,089.55
Bank Fees	0.00	653.35	3,200.00	20.42%	0.00	2,546.65
Miscellaneous Expense	445.13	10,966.10	85,181.00	12.87%	4,102.32	70,112.58
MWDOC's Contrb. to WEROC	21,695.50	65,086.50	260,346.00	25.00%	0.00	195,259.50
Depreciation Expense	5,860.66	17,581.92	0.00	0.00%	0.00	(17,581.92)
<b>Other Expenses</b>	<b>66,411.83</b>	<b>208,555.89</b>	<b>965,390.00</b>	<b>21.60%</b>	<b>157,285.34</b>	<b>599,548.77</b>
Capital Aquisition	87,911.20	186,900.71	267,256.00	69.93%	160,578.88	(80,223.59)
Building Expense	136,686.98	433,696.07	441,973.00	98.13%	461,821.60	(453,544.67)
<b>TOTAL EXPENSES</b>	<b>888,485.91</b>	<b>2,863,353.29</b>	<b>10,648,032.00</b>	<b>26.89%</b>	<b>2,419,590.99</b>	<b>5,365,087.72</b>
<b>NET INCOME (LOSS)</b>	<b>(869,513.72)</b>	<b>7,099,450.01</b>	<b>0.00</b>	<b>0.00%</b>	<b>(2,419,590.99)</b>	<b>(4,679,859.02)</b>

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**Water Fund**  
**July 1, 2021 thru September 30, 2021**

	<u>Month to Date</u>	<u>Year to Date</u>	<u>Annual Budget</u>	<u>% Used</u>	<u>Budget Remaining</u>
<b><u>WATER REVENUES</u></b>					
Water Sales	16,514,020.40	54,035,035.70	155,126,337.00	34.83%	101,091,301.30
Readiness to Serve Charge	926,009.00	2,778,027.03	11,142,354.00	24.93%	8,364,326.97
Capacity Charge CCF	394,384.17	1,183,152.51	4,732,610.00	25.00%	3,549,457.49
SCP/SAC Pipeline Surcharge	32,122.86	102,861.36	315,000.00	32.65%	212,138.64
Interest Revenue	326.35	947.22	10,500.00	9.02%	9,552.78
<b>TOTAL WATER REVENUES</b>	<b>17,866,862.78</b>	<b>58,100,023.82</b>	<b>171,326,801.00</b>	<b>33.91%</b>	<b>113,226,777.18</b>
<b><u>WATER PURCHASES</u></b>					
Water Sales	16,514,020.40	54,035,035.70	155,126,337.00	34.83%	101,091,301.30
Readiness to Serve Charge	926,009.00	2,778,027.03	11,142,354.00	24.93%	8,364,326.97
Capacity Charge CCF	394,384.17	1,183,152.51	4,732,610.00	25.00%	3,549,457.49
SCP/SAC Pipeline Surcharge	32,122.86	102,861.36	315,000.00	32.65%	212,138.64
<b>TOTAL WATER PURCHASES</b>	<b>17,866,536.43</b>	<b>58,099,076.60</b>	<b>171,316,301.00</b>	<b>33.91%</b>	<b>113,217,224.40</b>
<b>EXCESS OF REVENUE OVER EXPENDITURE</b>	<b>326.35</b>	<b>947.22</b>	<b>10,500.00</b>	<b>9.02%</b>	<b>9,552.78</b>



**Municipal Water District of Orange County  
Revenues and Expenditures Budget Comparative Report  
Water Use Efficiency  
July 1, 2021 thru September 30, 2021**

	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>
<b>Spray To Drip Conversion</b>			
Revenues	5,547.68	117,480.00	4.72%
Expenses	11,292.44	117,480.00	9.61%
Excess of Revenues over Expenditures	(5,744.76)	0.00	
<b>Member Agency Administered Pass-Thru</b>			
Revenues	49,247.00	573,201.00	8.59%
Expenses	47,022.00	573,201.00	8.20%
Excess of Revenues over Expenditures	2,225.00	0.00	
<b>ULFT Rebate Program</b>			
Revenues	110.00	2,000.00	5.50%
Expenses	110.00	2,000.00	5.50%
Excess of Revenues over Expenditures	0.00	0.00	
<b>HECW Rebate Program</b>			
Revenues	16,467.85	84,300.00	19.53%
Expenses	16,465.00	84,300.00	19.53%
Excess of Revenues over Expenditures	2.85	0.00	
<b>CII Rebate Program</b>			
Revenues	0.00	6,500.00	0.00%
Expenses	0.00	6,500.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
<b>Turf Removal Program</b>			
Revenues	157,275.66	993,924.00	15.82%
Expenses	178,156.54	993,924.00	17.92%
Excess of Revenues over Expenditures	(20,880.88)	0.00	
<b>Comprehensive Landscape (CLWUE)</b>			
Revenues	83,958.64	303,100.00	27.70%
Expenses	110,697.68	303,100.00	36.52%
Excess of Revenues over Expenditures	(26,739.04)	0.00	
<b>Recycled Water Program</b>			
Revenues	0.00	40,000.00	0.00%
Expenses	0.00	40,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
<b>WSIP - Industrial Program</b>			
Revenues	0.00	45,000.00	0.00%
Expenses	0.00	45,000.00	0.00%
Excess of Revenues over Expenditures	0.00	0.00	
<b>Land Design Program</b>			
Revenues	15,623.00	297,330.00	5.25%
Expenses	53,177.00	297,330.00	17.88%
Excess of Revenues over Expenditures	(37,554.00)	0.00	
<b>Total WUE Projects</b>			
Revenues	328,229.83	2,462,835.00	13.33%
Expenses	416,920.66	2,462,835.00	16.93%
Excess of Revenues over Expenditures	(88,690.83)	0.00	
<b>WEROC</b>			
Revenues	325,432.50	520,692.00	62.50%
Expenses	132,779.87	520,692.00	25.50%
Excess of Revenues over Expenditures	192,652.63	0.00	



## Memorandum

**DATE:** November 10, 2021

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

**FROM:** Robert Hunter

**SUBJECT:** Quarter ending September 2021 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 2021 (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	8,357	8,357	100.00%
Ground Water Customer Charge	336	336	100.00%
Subtotal	<u>8,693</u>	<u>8,693</u>	<u>100.00%</u>
Other Revenues:			
Interest Income <sup>(1)</sup>	36	220	16.32%
Choice Programs <sup>(2)</sup>	1,231	1,516	81.24%
School Contracts <sup>(3)</sup>	1	121	0.77%
Other Income <sup>(4)</sup>	2	3	62.37%
Transfer in from Reserve <sup>(5)</sup>	0	95	0.00%
Subtotal	<u>1,270</u>	<u>1,955</u>	<u>64.97%</u>
<b>TOTAL REVENUES</b>	<u><u>9,963</u></u>	<u><u>10,648</u></u>	<u><u>93.57%</u></u>
<u>EXPENSES</u>			
Personnel Expenses (incl. Dir.)	1,729	6,502	26.60%
Professional Services <sup>(6)</sup>	149	1,506	9.93%
Outside Engineering <sup>(7)</sup>	27	380	7.03%
Legal Expense	59	225	26.22%
Travel & Conference <sup>(8)</sup>	10	153	6.56%
Dues and Memberships	60	208	28.74%
General & Admin Expense	208	965	21.55%
Building Repair & Expense <sup>(9)</sup>	434	442	98.13%
Capital Acquisition (not including building repairs) <sup>(9)</sup>	187	267	69.93%
<b>TOTAL EXPENSES</b>	<u><u>2,863</u></u>	<u><u>10,648</u></u>	<u><u>26.89%</u></u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><u>7,100</u></u>		

RESERVE FUND

Beginning Balance	6,767
Nov 2020 - excess from FY 2019-20 General Fund	538
<b>TOTAL RESERVE FUND</b>	<u><u>7,305</u></u>

- (1) Interest rates continue to drop due to pandemic  
(2) Choice Programs are paid in the beginning of the fiscal year  
(3) School Contracts begin in September  
(4) Other Income - JPIA Wellness Grant and CalCard Rebate  
(5) Transfer in from Reserves is moved at year-end  
(6) Professional Services - Projects in process  
(7) Outside Engineering projects to begin through out the fiscal year  
(8) Travel was suspended due to COVID-19  
(9) Remodel is in final phase to be completed in November

Municipal Water District of Orange County  
Revenues and Expenditures Actual vs Budget Line Item Report  
Fiscal Year to Date ending September 2021 (Unaudited)  
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
<b>REVENUES</b>			
Retail Connection Charge	8,357,232	8,357,232	100.00%
Ground Water Customer Charge	335,385	335,385	100.00%
<b>Water Rate Revenues</b>	<b>8,692,617</b>	<b>8,692,617</b>	<b>100.00%</b>
Choice Programs	1,231,475	1,515,775	81.25%
Interest Revenue	35,913	220,000	16.32%
Miscellaneous Income	1,871	3,000	62.37%
School Contracts	927	120,895	0.77%
Transfer in from Reserve	0	95,745	0.00%
<b>Other Revenues</b>	<b>1,270,186</b>	<b>1,955,415</b>	<b>64.96%</b>
<b>TOTAL REVENUES</b>	<b>9,962,803</b>	<b>10,648,032</b>	<b>93.56%</b>

<b>OPERATING EXPENSES</b>			
Salaries & Wages	1,052,832	4,178,542	25.20%
less Recovery's	(6,304)	(18,665)	33.78%
Directors' Compensation	65,159	288,800	22.56%
MWD Representation	33,725	165,029	20.44%
Employee Benefits	324,362	1,356,730	23.91%
less Recovery's	(1,569)	0	0.00%
CALPERS Unfunded Liability Contribution	207,000	207,000	100.00%
Directors Benefits	28,036	161,248	17.39%
Health Insurances for Retirees	22,474	101,099	22.23%
Training Expense	3,459	52,000	6.65%
Tuition Reimbursement	0	5,000	0.00%
Temporary Help Expense	0	5,000	0.00%
<b>Personnel Expenses</b>	<b>1,729,173</b>	<b>6,501,783</b>	<b>26.60%</b>
Engineering Expense	26,710	380,000	7.03%
Legal Expense	58,986	225,000	26.22%
Audit Expense	5,000	30,220	16.55%
Professional Services	144,473	1,475,640	9.79%
<b>Professional Fees</b>	<b>235,169</b>	<b>2,110,860</b>	<b>11.14%</b>
Conference-Staff	5,365	44,560	12.04%
Conference-Directors	3,595	16,845	21.34%
Travel & Accom.-Staff	1,019	69,825	1.46%
Travel & Accom.-Directors	26	21,250	0.12%
<b>Travel &amp; Conference</b>	<b>10,005</b>	<b>152,480</b>	<b>6.56%</b>
Membership/Sponsorship	46,056	143,041	32.20%
CDR Support	13,797	65,249	21.15%
<b>Dues &amp; Memberships</b>	<b>59,854</b>	<b>208,290</b>	<b>28.74%</b>

Municipal Water District of Orange County  
Revenues and Expenditures Actual vs Budget Line Item Report  
Fiscal Year to Date ending September 2021 (Unaudited)  
General Fund

	YTD ACTUAL	ANNUAL BUDGET	% Used
Business Expense	485	2,500	19.40%
Maintenance Office	23,758	147,400	16.12%
Building Repair & Maintenance	7,626	15,000	50.84%
Storage Rental & Equipment Lease	213	1,800	11.83%
Office Supplies	2,871	35,000	8.20%
Supplies - Water Loss Control	99	4,000	2.48%
Postage/Mail Delivery	2,191	9,243	23.70%
Subscriptions & Books	0	1,000	0.00%
Reproduction Expense	756	82,700	0.91%
Maintenance-Computers	1,806	8,000	22.58%
Software Purchase	6,222	36,040	17.26%
Software Support	15,861	48,640	32.61%
Computers and Equipment	6,367	23,450	27.15%
Maintenance Expense	0	6,000	0.00%
Automotive Expense	180	16,000	1.13%
Vehicle Expense	1,035	5,800	17.84%
Toll Road Charges	100	1,250	8.00%
Insurance Expense	35,973	130,000	27.67%
Utilities - Telephone	8,724	42,840	20.36%
Bank Fees	653	3,200	20.41%
Miscellaneous Expense	10,966	85,181	12.87%
MWDOC's Contribution to WEROC	65,087	260,346	25.00%
Depreciation Expense	17,582	0	0.00%
MWDOC Building Expense	433,696	441,973	98.13%
Capital Acquisition	186,901	267,256	69.93%
<b>Other Expenses</b>	<b>829,152</b>	<b>1,674,619</b>	<b>49.51%</b>
<b>TOTAL EXPENSES</b>	<b>2,863,353</b>	<b>10,648,032</b>	<b>26.89%</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>7,099,450</b>	<b>0</b>	

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Statement of Revenues and Expenditures  
Fiscal Year to Date ending September 2021 (Unaudited)  
Water Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<b><u>Water Revenues</u></b>			
Water Sales	54,035,036	155,126,337	(101,091,301)
Readiness to Serve Charge	2,778,027	11,142,354	(8,364,327)
Capacity Charge CCF	1,183,153	4,732,610	(3,549,457)
SCP/SAC Pipeline Surcharge	102,861	315,000	(212,139)
Interest	947	10,500	(9,553)
Total Water Revenues	<u>58,100,024</u>	<u>171,326,801</u>	<u>(113,226,777)</u>
 <b><u>Water Purchases</u></b>			
Water Sales	54,035,036	155,126,337	(101,091,301)
Ready to Serve Charge	2,778,027	11,142,354	(8,364,327)
Capacity Charge	1,183,153	4,732,610	(3,549,457)
SCP/SAC Pipeline Surcharge	102,861	315,000	(212,139)
Total Water Purchases	<u>58,099,077</u>	<u>171,316,301</u>	<u>(113,217,224)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>947</u>	<u>10,500</u>	<u>(9,553)</u>

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Revenues and Expenditures Actual versus Budget  
Fiscal Year to Date ending September 2021 (Unaudited)  
Other Funds

	<u>YTD Actual</u>	<u>Annual Budget</u>	<u>Balance</u>
<b><u>WEROC</u></b>			
Revenues	325,433	520,692	(195,259)
Expenditures	132,780	520,692	(387,912)
Excess of Revenues over Expenditures	<u>192,653</u>	<u>0</u>	<u>192,653</u>

**WUE Projects (details on next page)**

Revenues	328,230	2,462,835	(2,134,605)
Expenditures	416,921	2,462,835	(2,045,914)
Excess of Revenues over Expenditures	<u>(88,691)</u>	<u>0</u>	<u>(88,691)</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 2021 (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>
<b><u>Spray to Drip Conversion</u></b>					
Revenues	5,548		117,480	4.72%	117,480
Expenditures	11,292		117,480	9.61%	117,480
Excess of Revenues over Expenditures	(5,745)	-104%			

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

Budget Variance: Stated budget number is a yearly number, Actual number is out ahead of Budgeted number due to increase in activity from property owners.

**Member Agency Administered Pass thru**

Revenues	49,247		573,201	8.59%	573,201
Expenditures	47,022		573,201	8.20%	573,201
Excess of Revenues over Expenditures	2,225	5%			

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

Budget Variance: Stated budget number is a yearly number. It is anticipated Agencies will begin their projects soon.

**ULFT Rebate Program**

Revenues	110		2,000	5.50%	2,000
Expenditures	110		2,000	5.50%	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 third quarter. It is anticipated that by year's end Actual will be closer to Budget.

**HECW Rebate Program**

Revenues	16,468		84,300	19.53%	84,300
Expenditures	16,465		84,300	19.53%	84,300
Excess of Revenues over Expenditures	3	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 third quarter. Final year-end will be an increase over the Budget.

**CII Rebate Program**

Revenues	0		6,500	0.00%	6,500
Expenditures	0		6,500	0.00%	6,500
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: Agencies have yet to provide their stated funding. It is expected they won't be participating.

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 2021 (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>
<b><u>Turf Removal Program</u></b>					
Revenues	157,276		993,924	15.82%	993,924
Expenditures	178,157		993,924	17.92%	993,924
Excess of Revenues over Expenditures	(20,881)	-13%			

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

Budget Variance: By the end of the fiscal year, Actual Budget will exceed the Budget due to increase property owner activity in our programs.

**Comprehensive Landscape (CLWUE)**

Revenues	83,959		303,100	27.70%	303,100
Expenditures	110,698		303,100	36.52%	303,100
Excess of Revenues over Expenditures	(26,739)	-32%			

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

Budget Variance: By the end of the fiscal year, Actual Budget will exceed the Budget due to increase activity in our programs.

**Recycled Water Program**

Revenues	0		40,000	0.00%	40,000
Expenditures	0		40,000	0.00%	40,000
Excess of Revenues over Expenditures	0	0%			

Actual Variance: Payments did occur for this program. Funding is from State grants which are notoriously slow to reimburse. All reporting is current.

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

**WSIP - Industrial Program**

Revenues	0		45,000	0.00%	45,000
Expenditures	0		45,000	0.00%	45,000
Excess of Revenues over Expenditures	0	0%			

Actual Variance: Payments did occur for this program. Funding is from State grants which are notoriously slow to reimburse. All reporting is current.

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

**Land Design Program**

Revenues	15,623		297,330	5.25%	297,330
Expenditures	53,177		297,330	17.88%	297,330
Excess of Revenues over Expenditures	(37,554)	-240%			

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 third quarter. By fiscal year end, it is anticipated Actual Budget versus year-end program activity will come in less than the 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.

A large, dark rock formation stands prominently on a beach, topped with several tall, slender evergreen trees. The scene is captured during sunset or sunrise, with a soft, warm glow in the sky. The ocean waves are visible at the base of the rock, and the entire scene is reflected in the calm water in the foreground. The text 'FINANCIAL REPORT' is overlaid in large, bold, white capital letters.

# **FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2021**

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An aerial photograph of a river winding through a dense forest. The water is a vibrant turquoise color, contrasting with the dark, muted tones of the surrounding trees. Some trees show autumn foliage in shades of orange and brown. The river is rocky, with numerous boulders visible in the water and along the banks. The overall scene is serene and natural.

# **INDEPENDENT AUDITOR'S REPORT**



## **Independent Auditor's Report**

### **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, 2021, 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.

#### **Auditor's 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, 2021 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 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 2, 2020. In our audit opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 4, 2021 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 4, 2021





# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Unaudited)**

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
JUNE 30, 2021**

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, 2021. 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 \$167.1 million in FY 2020-21, compared to \$174.2 million in the prior fiscal year, a 4.1% decrease.
- The District's expenses were \$167.9 million in FY 2020-21, compared to \$172.9 million in the prior fiscal year, a 2.9% decrease.
- The District's assets at June 30, 2021 were \$52.9 million, a 5.5% increase compared to total assets of \$50.2 million at June 30, 2020.
- The District's liabilities at June 30, 2021 were \$42.3 million, an 8.5% increase compared to total liabilities of \$39.0 million at June 30, 2020.
- The District's net position at June 30, 2021 was \$11.0 million, a 7.0% decrease compared to net position of \$11.8 million at June 30, 2020.

**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, 2021**

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, 2021**

**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:**

	<b>FY 2021</b>	<b>PY FY 2020</b>	<b>Variance</b>	<b>Total Percent Change</b>
Current Restricted Assets	\$ 2,985	\$ 3,377	\$ (392)	(11.6%)
Current Unrestricted Assets	46,494	45,182	1,312	2.9%
Capital Assets	3,362	1,630	1,732	106.3%
Other Assets	89	-	89	-
<b>Total Assets</b>	<b>52,930</b>	<b>50,189</b>	<b>2,741</b>	<b>5.5%</b>
<b>Deferred Outflows of Resources</b>	<b>898</b>	<b>965</b>	<b>(67)</b>	<b>(6.9%)</b>
Current Liabilities Payable from Restricted Assets	852	1,098	(246)	(22.4%)
Current Liabilities Payable from Unrestricted Liabilities	38,649	35,113	3,536	10.1%
Noncurrent Unrestricted Liabilities	2,845	2,832	13	0.5%
<b>Total Liabilities</b>	<b>42,346</b>	<b>39,043</b>	<b>3,303</b>	<b>8.5%</b>
<b>Deferred Inflows of Resources</b>	<b>519</b>	<b>324</b>	<b>195</b>	<b>60.2%</b>
<b>Net Position:</b>				
Investment in Capital Assets, Net of Related Debt	3,362	1,630	1,732	106.3%
Restricted for Trustee Activities	2,132	2,279	(147)	(6.5%)
Unrestricted	5,468	7,877	(2,409)	(30.6%)
<b>Total Net Position</b>	<b>\$ 10,962</b>	<b>\$ 11,786</b>	<b>\$ (824)</b>	<b>(7.0%)</b>

- Total Assets increased by \$2.7 million due to a \$3.5 million increase in Accounts Receivable for June Water Sales; the addition of capital assets for \$1.7 million, which are explained in Table 3 and an OPEB asset of 89 thousand. These are offset by Restricted Assets decrease of \$500 thousand due to less conservation credits from MET in May and June; a decrease in cash of \$1.9 million due to spending our carryover funds for the District's remodel/retrofit and a decrease of \$600 thousand in WEROC's AWIA project as they finish phase 3.
- Total Liabilities increased by \$3.3 million due to higher Water Sales in June for \$3.5 million and lower current liabilities from restricted assets of \$245 thousand due to spending unearned revenue throughout the year for conservation rebates.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2021**

**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 a decrease in net position of \$(824) thousand for the year ended June 30, 2021, as compared to an increase of \$1.3 million for the year ended June 30, 2020. 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)**

	<b>FY 2021</b>	<b>FY 2020</b>	<b>Variance</b>	<b>Total Percent Change</b>
Water Sales	\$ 164,209	\$ 170,997	\$ (6,788)	(4.0%)
Special Project Revenues	2,757	2,529	228	9.0%
Non-operating Revenues	90	696	(606)	(87.1%)
<b>Total Revenues</b>	<b>167,056</b>	<b>174,222</b>	<b>(7,166)</b>	<b>(4.1%)</b>
Operating Expenses	164,895	170,180	(5,285)	(3.1%)
Special Projects Expenses	2,756	2,529	227	9.0%
Depreciation Expense	229	196	33	16.8%
<b>Total Expenses</b>	<b>167,880</b>	<b>172,905</b>	<b>(5,025)</b>	<b>(2.9%)</b>
<b>Change in Net Position</b>	<b>(824)</b>	<b>1,317</b>	<b>(2,141)</b>	<b>(162.6%)</b>
<b>Beginning Net Position</b>	<b>11,786</b>	<b>10,469</b>	<b>1,317</b>	<b>12.6%</b>
<b>Ending Net Position</b>	<b>\$ 10,962</b>	<b>\$ 11,786</b>	<b>\$ (824)</b>	<b>(7.0%)</b>

The sources of change in net position are the following:

- Water Sales Revenues and Operating Expenses are lower due to lower water sales for the year.
- Special Projects Revenue and Expense are higher due to increased conservation and Federal Grant activity in conservation rebates.
- Non-operating Revenues are lower due to a decrease in interest revenue.
- Net position decreased due to capital and building expense projects being expensed as we enter the final phase of our office remodel/retrofit.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2021**

**CAPITAL ASSETS**

The following is a summary of the District's capital assets at June 30, 2021 and June 30, 2020.

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

	<b>FY 2021</b>	<b>FY 2020</b>	<b>Variance</b>	<b>Total Percent Change</b>
Leasehold Improvements	\$ 6,060	\$ 4,284	\$ 1,776	41.5%
Furniture, Equipment & Computer Equipment	780	650	130	20.0%
<b>Subtotal</b>	<b>6,840</b>	<b>4,934</b>	<b>1,906</b>	<b>38.6%</b>
<b>Less Accumulated Depreciation</b>	<b>(3,478)</b>	<b>(3,304)</b>	<b>(174)</b>	<b>5.3%</b>
<b>Net Capital Assets</b>	<b>\$ 3,362</b>	<b>\$ 1,630</b>	<b>\$ 1,732</b>	<b>106.3%</b>

The District is continuing with the office remodel and retrofit in which phase one has been completed and purchased new financial software. 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, 2021. No new long-term debt was incurred in the year ended June 30, 2021, and the District does not plan to issue new debt in the year ending June 30, 2022.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2021**

**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 2020-21 is presented in Table 4 to demonstrate compliance with the adopted budget.

**TABLE 4  
FY 2021 Actual vs FY 2021 Budget  
(In thousands of dollars)**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Total Percent Change</b>
<b>Revenues:</b>				
From Operations	\$ 166,966	\$ 236,026	\$ (69,060)	(29.3%)
Non-operating Revenues	90	483	(393)	(81.4%)
<b>Total Revenues</b>	<b>167,056</b>	<b>236,509</b>	<b>(69,453)</b>	<b>(29.4%)</b>
<b>Expenses:</b>				
From Operations				
Cost of Water	154,405	224,198	69,793	31.1%
Other Operating	13,246	12,387	(859)	(6.9%)
Depreciation	229	191	(38)	(19.9%)
<b>Total Expenses</b>	<b>167,880</b>	<b>236,776</b>	<b>68,896</b>	<b>29.1%</b>
<b>Change In Net Assets</b>	<b>\$ (824)</b>	<b>\$ (267)</b>	<b>\$ (557)</b>	<b>208.6%</b>

The variances on the budget to actual are as follows:

- Revenues from Operations were \$69.0 million less than budget due to actual water sales being lower than expected.
- Non-Operating Revenues are lower due to a decrease in the fair value of investments.
- Expenses from Cost of Water purchased were \$69.8 million lower than budget due to actual water sales being lower than expected.
- Other Operating Expenses were \$859 thousand higher due to the election expense that is being covered by the reserve account.
- Depreciation is higher due to the addition of capital assets.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2021**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's Board of Directors and management considered many factors during the preparation and approval of the annual budget for FY 2021-22. The budgeted operating expenses total \$181.7 million and operating and non-operating revenues total \$181.9 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, 2021, 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](http://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, 2021

(with comparative data as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
<b>Restricted Assets (Note 3):</b>		
Cash and Cash Equivalents (Note 2)	\$ 1,871,973	\$ 1,817,311
Accounts Receivable Other	1,112,402	1,557,816
Accrued Interest Receivable	540	2,058
Total Restricted Assets	<u>2,984,915</u>	<u>3,377,185</u>
<b>Unrestricted Assets:</b>		
Cash and Cash Equivalents (Note 2)	9,219,011	11,477,712
Investments (Note 2)	3,144,568	2,714,282
Accounts Receivable:		
Water Sales	33,665,658	29,851,130
Other	230,826	849,348
Accrued Interest Receivable	40,561	80,804
Deposits and Prepaid Expenses	193,053	208,462
Total Unrestricted Assets	<u>46,493,677</u>	<u>45,181,738</u>
Total Current Assets	<u>49,478,592</u>	<u>48,558,923</u>
<b>Noncurrent Assets:</b>		
<b>Unrestricted Assets:</b>		
Capital Assets, Net (Note 4)	3,362,201	1,630,237
Net Other Post Employment Benefits (OPEB) Asset (Note 8)	89,196	-
Total Noncurrent Assets	<u>3,451,397</u>	<u>1,630,237</u>
<b>TOTAL ASSETS</b>	<u>52,929,989</u>	<u>50,189,160</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Amount Related to Pensions (Note 7)	865,988	856,104
Deferred Amount Related to OPEB (Note 8)	31,791	108,419
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>897,779</u>	<u>964,523</u>



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Net Position (Continued)

June 30, 2021

(with comparative data as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b>		
<b>Payable from Restricted Assets</b>		
Accrued Liabilities	\$ 440,453	\$ 439,878
Advances from Participants	412,042	658,092
Total Payable from Restricted Assets	<u>852,495</u>	<u>1,097,970</u>
<b>Unrestricted Liabilities:</b>		
Accounts Payable, Metropolitan Water District of Southern California	34,290,284	31,154,917
Accrued Liabilities	4,359,106	3,957,879
Total Unrestricted Liabilities	<u>38,649,390</u>	<u>35,112,796</u>
Total Current Liabilities	<u>39,501,885</u>	<u>36,210,766</u>
<b>Noncurrent Liabilities:</b>		
<b>Unrestricted Liabilities:</b>		
Net Pension Liability (Note 7)	2,844,833	2,516,221
Net OPEB Liability (Note 8)	-	316,000
Total Noncurrent Liabilities	<u>2,844,833</u>	<u>2,832,221</u>
<b>TOTAL LIABILITIES</b>	<u>42,346,718</u>	<u>39,042,987</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Amount Related to Pensions (Note 7)	237,042	267,799
Deferred Amount Related to OPEB (Note 8)	281,591	56,477
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>518,633</u>	<u>324,276</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	3,362,201	1,630,237
Restricted	2,132,420	2,279,215
Unrestricted	5,467,796	7,876,968
<b>TOTAL NET POSITION</b>	<u>\$ 10,962,417</u>	<u>\$ 11,786,420</u>

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Revenues, Expenses and

Changes in Net Position

For the Fiscal Year Ended June 30, 2021

(with comparative data as of June 30, 2020)

	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>Operating Revenues:</b>		
Water Sales	\$ 164,209,371	\$ 170,997,486
Special Projects Revenue	1,819,848	1,703,203
Federal Grant Revenue	314,942	178,610
State Grant Revenue	621,614	647,196
Total Operating Revenues	<u>166,965,775</u>	<u>173,526,495</u>
<b>Operating Expenses:</b>		
Cost of Water Sold	154,404,997	161,112,594
Salaries and Employee Benefits	6,609,558	6,089,438
General and Administrative	3,880,352	2,978,151
Special Project Expenses	2,756,404	2,529,009
Depreciation	228,688	195,898
Total Operating Expenses	<u>167,879,999</u>	<u>172,905,090</u>
Operating Income	<u>(914,224)</u>	<u>621,405</u>
<b>Nonoperating Revenues:</b>		
Investment Income	75,669	648,678
Other Income	14,552	47,410
Total Nonoperating Revenues	<u>90,221</u>	<u>696,088</u>
<b>Change in Net Position</b>	<b>(824,003)</b>	<b>1,317,493</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>11,786,420</u>	<u>10,468,927</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 10,962,417</u></u>	<u><u>\$ 11,786,420</u></u>

# MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

## Statement of Cash Flows

For the Fiscal Year Ended June 30, 2021

(with comparative data for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from member agencies-water deliveries	\$ 160,394,843	\$ 159,166,335
Cash (payments) to Metropolitan Water District of Southern California	(151,269,630)	(150,392,380)
Cash (payments) for salaries and employee benefits	(6,425,041)	(5,744,797)
Cash (payments) for general and administrative expenses	(2,845,194)	(1,157,522)
Cash received from special projects	3,202,393	2,763,611
Cash (payments) for special projects	(3,002,454)	(2,670,868)
Other income	14,552	47,410
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	69,469	2,011,789
	<hr/>	<hr/>
<b>Cash Flows from Capital and Related Financing Activity:</b>		
Acquisition of capital assets	(1,960,652)	(537,657)
	<hr/>	<hr/>
Cash Used by Capital and Related Financing Activity	(1,960,652)	(537,657)
	<hr/>	<hr/>
<b>Cash Flows from Investment Activities:</b>		
Investment income	75,669	648,678
Investments matured/(purchased)	(388,525)	443,480
	<hr/>	<hr/>
Cash Provided (Used) by Investment Activities	(312,856)	1,092,158
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(2,204,039)	2,566,290
Cash and Cash equivalents at beginning of year	13,295,023	10,728,733
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	\$ 11,090,984	\$ 13,295,023
	<hr/>	<hr/>
<b>Financial Statement Presentation:</b>		
Cash and Cash Equivalents (Restricted)	\$ 1,871,973	\$ 1,817,311
Cash and Cash Equivalents (Unrestricted)	9,219,011	11,477,712
	<hr/>	<hr/>
Totals	\$ 11,090,984	\$ 13,295,023
	<hr/>	<hr/>

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2021

(with comparative data for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	\$ (914,224)	\$ 621,405
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	228,688	195,898
Other Income	14,552	47,410
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable - Water Sales	(3,814,528)	(11,831,151)
(Increase)/Decrease in Accounts Receivable - Other	618,522	(775,258)
(Increase) in Deposits and Prepaid Expenses	15,409	(21,316)
(Increase)/Decrease in Accounts Receivable - Special Projects	445,414	(125,010)
(Increase)/Decrease in Deferred Outflows - Pension/OPEB Related	66,744	(112,109)
Increase/(Decrease) in Accrued and Other Liabilities	401,227	2,617,203
Increase/(Decrease) in Restricted Accrued Liabilities	575	359,612
(Decrease) in Advances from Participants	(246,050)	(141,859)
Increase/(Decrease) in Accounts Payable to		
Metropolitan Water District of Southern California	3,135,367	10,720,214
Increase/(Decrease) in Net Pension and OPEB Liability	12,612	351,109
Increase in Deferred Inflows - Pension/OPEB Related	194,357	105,641
Total Adjustments	<u>983,693</u>	<u>1,390,384</u>
Net Cash Provided by Operating Activities	<u>\$ 69,469</u>	<u>\$ 2,011,789</u>
Noncash investing activity:		
Unrealized gain/(loss) on investments*	\$ (130,536)	\$ 154,032
Total noncash investing activity	<u>\$ (130,536)</u>	<u>\$ 154,032</u>

\*Per GASB 31 adjusted investments and cash equivalent to fair value for FY 2020-21



# **NOTES TO BASIC FINANCIAL STATEMENTS**

# **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

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## **(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, 2021 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, 2021.



## **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

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### **(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, 2021

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### **(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 of resources as of June 30, 2021.



## **Municipal Water District of Orange County**

Notes to Basic Financial Statements

For the Year Ended June 30, 2021

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### **(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), is considered a contingent liability, and is not reflected in the accompanying financial statements.

#### **Unearned Revenue / Advances from Participants**

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

#### **Pensions**

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

#### **Postemployment Benefits Other Than Pensions (OPEB)**

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

#### **Estimates**

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

#### **Prior Year Data**

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

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

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

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

### (2) Cash and Investments

Cash and investments at June 30, 2021, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents (restricted)	\$ 1,871,973
Cash and cash equivalents (unrestricted)	9,219,011
Investments (unrestricted)	<u>3,144,568</u>
Total Cash and Investments	<u><u>\$ 14,235,552</u></u>

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	424,545
Investments	<u>13,810,507</u>
Total Cash and Investments	<u><u>\$ 14,235,552</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, 2021

## (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%	10%
Commercial Paper	270 days	25%	10%
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	\$ 1,518,161	\$ 200,174	\$ 256,615	\$ 1,061,372
Corporate Securities	1,377,247	204,496	203,464	969,287
US Government Issues	249,160	-	-	249,160
Orange County Investment Pool	9,279,986	9,279,986	-	-
State Investment Pool	1,385,953	1,385,953	-	-
	<u>\$ 13,810,507</u>	<u>\$ 11,070,609</u>	<u>\$ 460,079</u>	<u>\$ 2,279,819</u>

# Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

## (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					
			AA+	A	A-	AA-	BBB+	Not Rated
Negotiable Certificate of Deposits	\$ 1,518,161	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,518,161
Corporate Securities	1,377,247	A	-	243,403	686,098	204,496	243,250	-
US Government Issues	249,160	A	249,160	-	-	-	-	-
Orange County Investment Pool	9,279,986	N/A	-	-	-	-	-	9,279,986
State Investment Pool	1,385,953	N/A	-	-	-	-	-	1,385,953
	<u>\$13,810,507</u>		<u>\$249,160</u>	<u>\$243,403</u>	<u>\$686,098</u>	<u>\$204,496</u>	<u>\$243,250</u>	<u>\$12,184,100</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, 2021:

Investment Type		Fair Value Application			
		1	2	3	Uncategorized
Negotiable Certificate of Deposits	\$ 1,518,161	\$ -	\$1,518,161	\$ -	\$ -
Corporate Securities	1,377,247	-	1,377,247	-	-
US Government Issues	249,160	-	249,160	-	-
Orange County Investment Pool	9,279,986	-	-	-	9,279,986
State Investment Pool	1,385,953	-	-	-	1,385,953
	<u>\$13,810,507</u>	<u>\$ -</u>	<u>\$3,144,568</u>	<u>\$ -</u>	<u>\$ 10,665,939</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, 2021

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### **(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, 2021, 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, 2021 the District's deposits with financial institutions are covered by the Federal Deposit Insurance Corporation up to \$250,000, the remaining amounts of \$354,802 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 District is a participant in OCIP. The OCIP is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in OCIP at June 30, 2021, is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end.

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

### (2) Cash and Investments (Continued)

For further information regarding 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, 2021, \$2,984,915 was reported as restricted assets related to member agency activities.

### (4) Capital Assets

The following is a summary of capital assets at June 30, 2021 with changes therein:

	2020	Additions	Deletions	2021
Furniture, Fixtures and Equipment	\$ 649,774	\$ 182,070	\$ (51,582)	\$ 780,262
Leasehold Improvements	4,284,127	1,784,748	(9,069)	6,059,806
	<u>4,933,901</u>	<u>1,966,818</u>	<u>(60,651)</u>	<u>6,840,068</u>
Less Accumulated Depreciation:				
Furniture, Fixtures and Equipment	(466,247)	(59,070)	50,858	(474,459)
Leasehold Improvements	<u>(2,837,417)</u>	<u>(169,618)</u>	<u>3,627</u>	<u>(3,003,408)</u>
	<u>(3,303,664)</u>	<u>(228,688)</u>	<u>54,485</u>	<u>(3,477,867)</u>
Net Capital Assets	<u>\$ 1,630,237</u>	<u>\$ 1,738,130</u>	<u>\$ (6,166)</u>	<u>\$ 3,362,201</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 \$28,314 for the year ended June 30, 2021. 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.

District employees were previously part of the Pension Plan until March 2003 when they became members of the CalPERS plan. See Note 7.

## **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

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### **(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, 2021, 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 \$5 million aggregate with a \$75,000 to \$100,000 deductible.

**Workers' Compensation Program** – The District is a member of the Special District Risk Management Authority (SDRMA) and participates in its Workers' Compensation Program for special districts and other public agencies. The SDRMA provides responsive claims management, cost containment, combined with tailored safety and loss prevention and 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 District pays annual premiums for all policy coverages and to date does not have any active/open claims or pending settlements.

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

### (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, 2021, 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	11.031%	7.732%
Pensionable Compensation Cap*	No Cap	\$153,671

\* Will increase to reflect changes in the Consumer Price Index

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

Contributions recognized by the Plans from the employer for the year ended June 30, 2021 were \$413,399. The District has phased out contributions paid on behalf of employees as of July 2018.



## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

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

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

As of June 30, 2021, the District's proportionate share of the net pension liability of the Plan is as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 2,844,833</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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 were as follows:

	Miscellaneous
Proportion - June 30, 2019	<u>0.06283%</u>
Proportion - June 30, 2020	<u>0.06744%</u>
Change - Increase (Decrease)	<u>0.00461%</u>

For the year ended June 30, 2021, the District recognized pension expense of \$702,598.

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

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

At June 30, 2021, 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	\$ 146,603	\$ -
Changes of Assumptions	-	20,290
Differences between Projected and Actual Investment Earnings	84,510	-
Change in Employer's Proportion	221,476	-
Differences between Employers Contributions and Proportionate Share of Contributions	-	216,752
Pension Contributions Made Subsequent to Measurement Date	413,399	-
Total	<u>\$ 865,988</u>	<u>\$ 237,042</u>

The amount of \$413,399 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 ending June 30, 2022. 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,	
2022	\$ 40,686
2023	73,733
2024	60,594
2025	40,534
	<u>\$ 215,547</u>

## Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2021

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

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2019 actuarial valuation were determined using the following actuarial assumptions.

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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 <sup>1</sup>	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

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

**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.

**Long-term Expected Rate of Return-** 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, 2021

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

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

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11 + <sup>3</sup>
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%		

<sup>1</sup> 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.

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> 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)	\$ 4,779,044	\$ 2,844,833	\$ 1,246,655

**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, 2021

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### (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 (EARSL) 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, 2021

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

Plan membership. At June 30, 2021, 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. The District has fully funded the OPEB obligation with the addition of an OPEB Designated Reserve account.

#### Net OPEB Liability/(Asset):

The District's Net OPEB Liability/(Asset) was measured as of June 30, 2021 and the Total OPEB Liability/(Asset) used to calculate the Net OPEB Liability/(Asset) 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/(asset) 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 of OPEB plan investment expense
Healthcare cost trend rate	5.90% for 2021; 5.80% for 2022; 5.60% for 2023; and decreasing 0.10% per year to an ultimate rate of 5.00% for 2030 and later years
Pre-retirement Mortality	RP-2014 Employee Mortality Table, without projection
Post-Retirement Mortality	RP-2014 Health Annuitant Mortality Table, 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 real rates of return by asset class (based on published capital market assumptions).

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

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

Asset Class	Assumed Asset Allocation	Real Rate of Return
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:

- 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.
- 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 (if any) 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/(asset) is based on these requirements and the following information:

Reporting Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2020
Long-Term Expected Return of Plan Investments	6.00%	6.00%
Fidelity GO AA 20-Year Municipal Index	1.92%	2.45%
Discount Rate	6.00%	6.00%

The components of the net OPEB liability/(asset) at June 30, 2021, were as follows:

Total OPEB liability	\$ 2,691,904
Plan fiduciary net position	2,781,100
Net OPEB liability/(asset)	<u>\$ (89,196)</u>
Measurement date	June 30, 2021
Reporting date	June 30, 2021
Covered payroll	\$ 1,889,365
Net OPEB liability/(asset) as a percentage of covered payroll	-4.72%
Plan fiduciary net position as a percentage of the total OPEB liability	103.31%

# Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2021

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

Schedule of Changes in Net OPEB Liability/(Asset) (June 30, 2020 to June 30, 2021):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2020	\$ 2,602,083	\$ 2,286,083	\$ 316,000
Changes for the year:			
Service Cost	32,103	-	32,103
Interest	155,170	-	155,170
Differences between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Net investment income	-	509,846	(509,846)
Contributions			
Employer - cash subsidy	-	97,452	(97,452)
Benefit payments, including implicit subsidy	(97,452)	(97,452)	-
Administrative expense	-	(14,829)	14,829
<b>Net changes</b>	<b>89,821</b>	<b>495,017</b>	<b>(405,196)</b>
<b>Balances at June 30, 2021</b>	<b>\$ 2,691,904</b>	<b>\$ 2,781,100</b>	<b>\$ (89,196)</b>

### Sensitivity of the net OPEB liability/(asset) to changes in the discount rate:

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

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability (asset)	\$285,663	\$(89,196)	\$(396,384)

### Sensitivity of the net OPEB liability/(asset) to changes in the healthcare cost trend rates:

The following presents the net OPEB liability/(asset), as well as what the net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.90% decreasing to 4.00%) or 1-percentage-point higher (6.90% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (4.90% decreasing to 4.00%)	Trend Rate (5.90% decreasing to 5.00%)	1% Increase (6.90% decreasing to 6.00%)
Net OPEB liability (asset)	\$(411,909)	\$(89,196)	\$305,045



## Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2021

### (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, 2021, the District made a total contribution of \$76,809, which represent actual health care costs for its retirees and their covered dependents. Total contribution inclusive of implicit subsidy amounted to \$97,452.

#### OPEB Expense

For the year ended June 30, 2021, the District's OPEB expense was \$(6,002).

Service Cost	\$	32,103
Interest		155,170
Expected Return on Assets		(137,165)
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		(61,709)
Total		(56,110)
Net OPEB Expense June 30, 2020 to June 30, 2021	\$	(6,002)

#### Actuarially Determined Contribution

The following shows the actuarially determined contribution from the most recent actuarial valuation:

Actuarially Determined Contribution for year ending June 30, 2021 <sup>1</sup>	\$	50,448
Actuarially Determined Contribution for year ending June 30, 2022 <sup>1</sup>		51,962
Valuation Date		July 1, 2020
Discount Rate		6.00%
Salary Increases		3.00%

<sup>1</sup> For purposes of reporting the comparison between actual employer OPEB contributions and the actuarially determined contribution, we recommend adjusting actual employer OPEB contributions for any associated implicit subsidy: Adding \$20,643 for the year ended June 30, 2021 and \$27,552 for year ending June 30, 2022.

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2021

### (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, 2021, 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	\$ -	\$ 254,838
Differences between expected and actual experience	-	26,753
Changes in assumptions	31,791	-
Total	<u>\$ 31,791</u>	<u>\$ 281,591</u>

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

<u>Fiscal Year ending June 30:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	\$ 31,791	\$ (88,463)
2023	-	(61,762)
2024	-	(59,794)
2025	-	(71,572)
	<u>\$ 31,791</u>	<u>\$ (281,591)</u>

#### Investments

For the year ended June 30, 2021 the annual money-weighted rate of return on investments, net of investment expense, was 22.35%. 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, 2021

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### **(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, 2021.


### **(10) Impact of Coronavirus on the District's Operations**

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.

### **(11) Subsequent Events**

No events have occurred subsequent to the balance sheet date through November 10, 2021, 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, 2021

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

Measurement Period	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	\$ 32,103	\$ 30,118	\$ 34,408	\$ 33,406
Interest on the total OPEB liability	155,170	148,417	140,392	134,254
Actual and expected experience difference	-	(86,201)	-	-
Changes in assumptions	-	102,437	-	-
Changes in benefit terms	-	-	-	-
Benefit Payments	(97,452)	(71,334)	(71,021)	(59,870)
Net change in total OPEB liability	89,821	123,437	103,779	107,790
Total OPEB liability - beginning	2,602,083	2,478,646	2,374,867	2,267,077
Total OPEB liability - ending (a)	2,691,904	2,602,083	2,478,646	2,374,867
<b>Plan Fiduciary Net Position</b>				
Contribution - employer	97,452	71,334	71,021	59,870
Net investment income	509,846	85,732	140,186	128,809
Benefit payments	(97,452)	(71,334)	(71,021)	(59,870)
Administrative expense	(14,829)	(11,886)	(5,669)	(11,456)
Net change in plan fiduciary net position	495,017	73,846	134,517	117,353
Plan fiduciary net position - beginning	2,286,083	2,212,237	2,077,720	1,960,367
Plan fiduciary net position - ending (b)	2,781,100	2,286,083	2,212,237	2,077,720
Net OPEB liability/(asset) - ending (a)-(b)	\$ (89,196)	\$ 316,000	\$ 266,409	\$ 297,147
Plan fiduciary net position as a percentage of the total OPEB liability	103.31%	87.86%	89.25%	87.49%
Covered-employee payroll	\$ 1,889,365	\$ 1,975,686	\$ 1,956,477	\$ 1,933,612
Net OPEB liability as a percentage of covered-employee payroll	-4.72%	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, 2021

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

Fiscal Year Ended June 30	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 50,448	\$ 46,537	\$ 49,847	\$ 48,878
Contributions in relation to the ADC	(97,452)	(71,334)	(71,021)	(59,870)
Contribution deficiency (excess)	<u>\$ (47,004)</u>	<u>\$ (24,797)</u>	<u>\$ (21,174)</u>	<u>\$ (10,992)</u>
Covered-employee payroll	\$ 1,889,365	\$ 1,975,686	\$ 1,956,477	\$ 1,933,612
Contributions as a percentage of covered-employee payroll	5.16%	3.61%	3.63%	3.10%

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

**Notes to Schedule:**

The District's Net OPEB Liability was measured as of June 30, 2021 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.

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

Actuarial Cost Method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair Value of Assets
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	5.90% for 2021; 5.80% for 2022; 5.60% for 2023; and decreasing 0.10% per year to an ultimate rate of 5.00% for 2030 and later years
Pre-Retirement Mortality	RP-2014 Employee Mortality Table, without projection
Post-Retirement Mortality	RP-2014 Health Annuitant Mortality Table, 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.

**Municipal Water District of Orange County**  
Required Supplementary Information (Unaudited)  
For the Year Ended June 30, 2021

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

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.06744%	0.06283%	0.05877%	0.05774%	0.05387%	0.05019%	0.02186%
Proportionate share of the net pension liability	\$2,844,833	\$2,516,221	\$2,214,703	\$2,276,032	\$1,871,472	\$1,376,955	\$1,360,017
Covered Payroll	\$3,792,545	\$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	75.01%	72.24%	67.21%	75.29%	68.08%	52.15%	52.28%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%	75.87%	78.40%	79.82%

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

**Notes to Schedule:**

Fiscal Year End:	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Valuation Date:	6/30/2019	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:**

	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Cost 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	Level Percent of Payroll
Asset Valuation Method	Fair Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount Rate	7.15%	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	Varies, based on Entry Age and Service
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	2.75%	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 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, 2021

**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.

**Changes of Assumptions and Methods:** The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses as well as a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019.



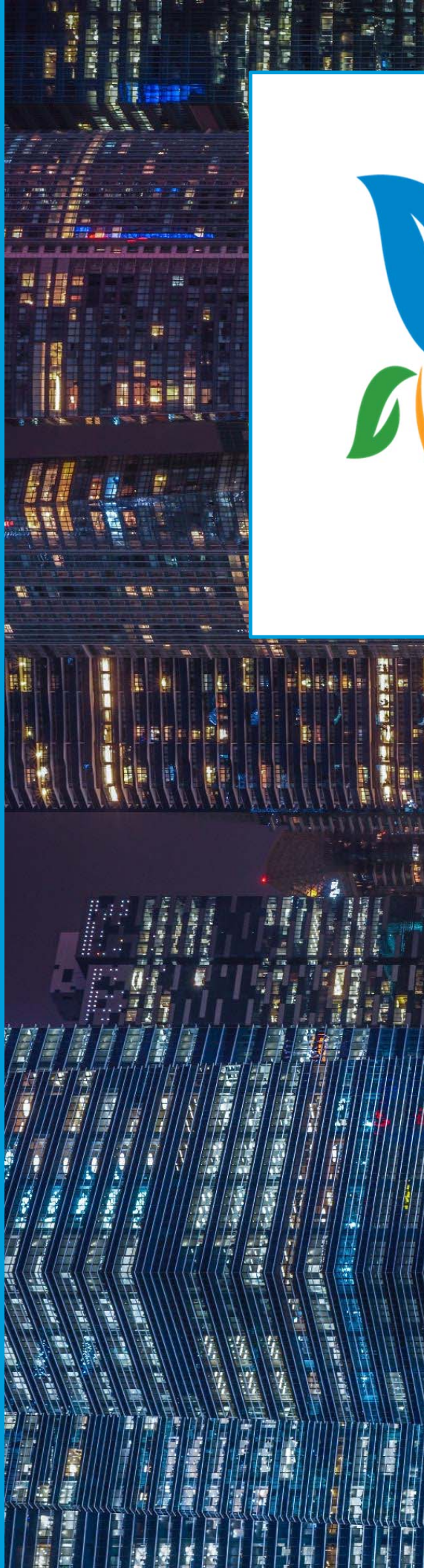
**Municipal Water District of Orange County**  
Required Supplementary Information (Unaudited)  
For the Year Ended June 30, 2021

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 413,399	\$ 349,145	\$ 302,458	\$ 273,125	\$ 252,815	\$ 220,517	\$ 288,065
Contributions in relation to the actuarially determined contribution	<u>(413,399)</u>	<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>	<u>\$ -</u>
Covered Payroll	\$4,204,889	\$3,792,545	\$3,482,913	\$3,295,260	\$3,022,872	\$2,748,796 <sup>1</sup>	\$2,640,576 <sup>1</sup>
Contributions as a percentage of covered-employee payroll	9.83%	9.21%	8.68%	8.29%	8.36%	8.02%	10.91%

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

<sup>1</sup> Restated Covered Payroll



# REPORT TO THE BOARD OF DIRECTORS

November 10, 2021





# 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, 2021. 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.

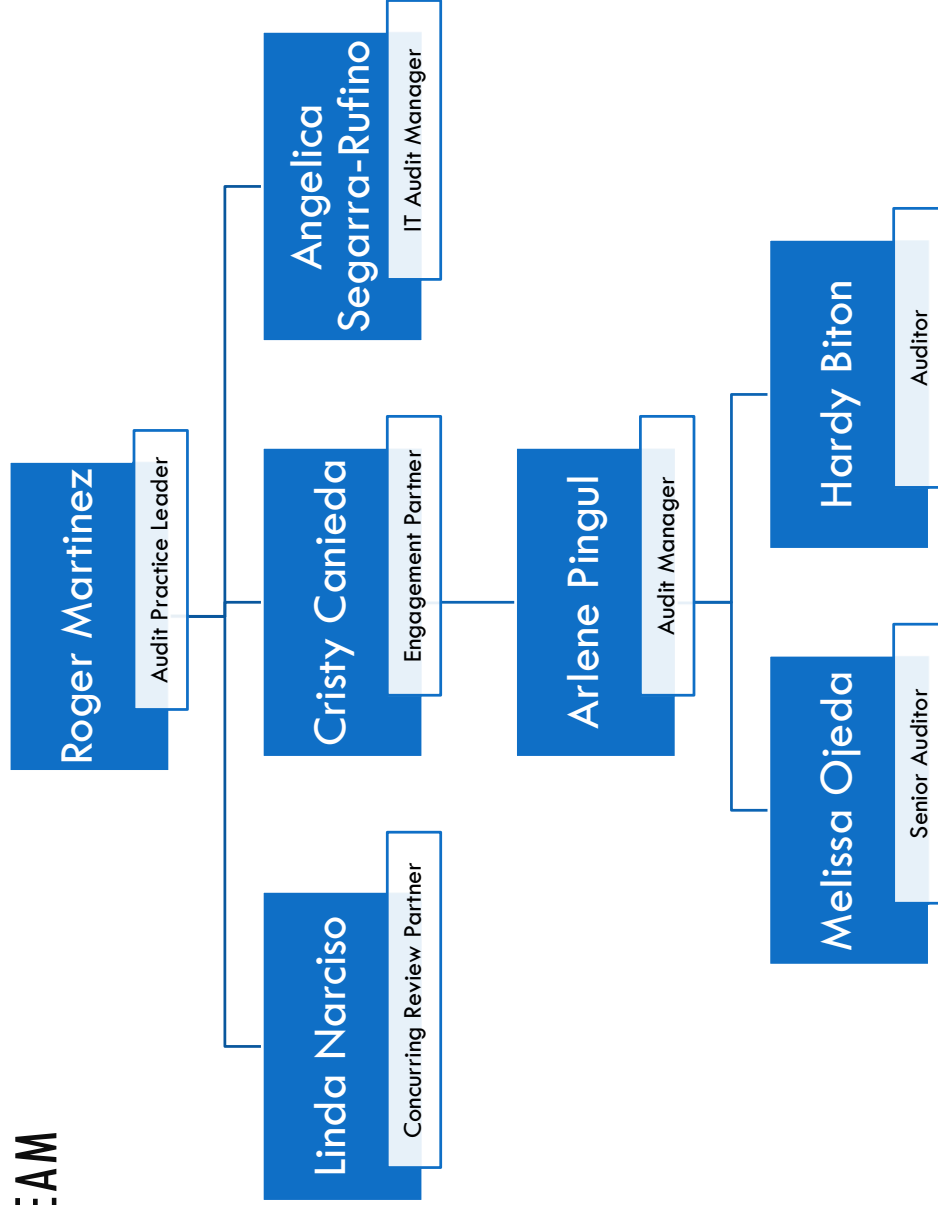
This report is intended solely for the information and use of the Administration and Finance Committee, Board of Directors and Management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding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



# AGENDA

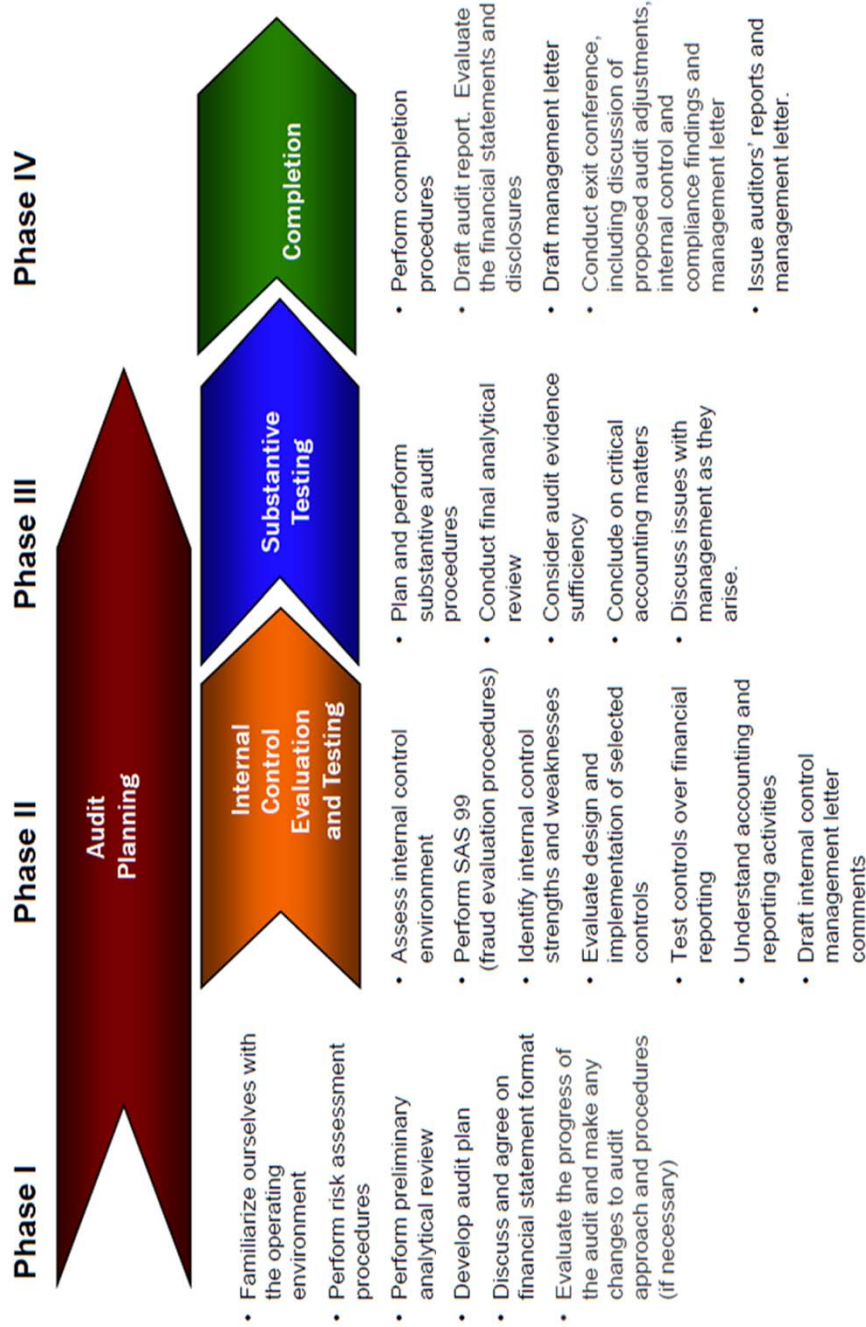
- ☐ The Engagement Team
- ☐ Levels of Assurance
- ☐ Audit Strategy
- ☐ Summary of Audit Results
  - Financial Audit
  - SAS 115
  - Uniform Guidance
  - AU-C 260 Required Communications
- ☐ New Accounting Pronouncements – GASB Implementation
- ☐ Questions
- ☐ Contact Information

## 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

# INDEPENDENT AUDITORS REPORT

## 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*

Report on Internal Control over Financial Reporting and on Compliance

- *No material weaknesses, significant deficiencies, and material noncompliance noted.*

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*

# AUDITOR'S REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE (AU-C 260)

## REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Management's Responsibility	Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
Significant Accounting Policies	MWDOC's significant accounting policies are appropriate, and management has applied its policies consistently with prior periods in all material respects.
Controversial issues	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.
Basis of Accounting	The financial statements were prepared on the assumption that the District will continue as a going concern.

## REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Continued

Audit Adjustments	There were no material audit adjustments made during the year.
Disagreements with Management	We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting and auditing matters.
Conditions of Retention	No significant issues were discussed, or subject to correspondence, with management prior to retention.

## REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Continued

Difficulties with Management	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.
Material Weakness and Significant Deficiency	No significant deficiencies or material weaknesses in internal controls were identified.
Irregularities, Fraud or Illegal Acts	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.
Management Representations	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.



## CURRENT YEAR RECOMMENDATIONS



1 Ensure timely termination of user access of resigned/ terminated employees

2 Establish and document formal IT policies and procedures

3 Assess and consider segregation of test and production environment for Accufund System

4 Conduct regular security awareness training throughout the Organization

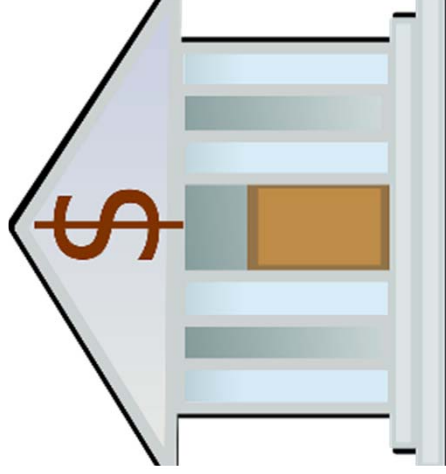
# NEW ACCOUNTING PRONOUNCEMENTS - GASB IMPLEMENTATION

## **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
- GASB 97** – Certain Component Unit Criteria – An amendment of GASB 14 and 84
- GASB 98** – The Annual Comprehensive Financial Report



# QUESTIONS



THANK YOU FOR YOUR TIME  
AND ATTENTION



# CONTACT INFORMATION

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**ACTION ITEM**  
November 17, 2021

**TO:** Board of Directors

**FROM:** **Planning & Operations Committee**  
(Directors Yoo Schneider, Nederhood, and Seckel)

Robert Hunter, General Manager

Staff Contact: Heather Baez

**SUBJECT: AUTHORIZATION TO VOTE ON BEHALF OF MWDOC IN THE  
ASSOCIATION OF CALIFORNIA WATER AGENCIES' (ACWA) ELECTION  
OF PRESIDENT, VICE PRESIDENT**

**STAFF RECOMMENDATION**

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Staff recommends that the Committee authorize MWDOC Board President Sat Tamaribuchi or his designee to cast the District's ballot for the ACWA President, Vice President at ACWA's Fall Conference on December 1, 2021.

**COMMITTEE RECOMMENDATION**

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Committee recommends (To be determined at Committee Meeting)

**BACKGROUND**

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The deadline for ACWA member agencies to submit nominating resolutions for qualified candidates to serve as ACWA President and Vice President for the 2022-2023 elected term was Wednesday, September 1. A memo announcing the call for candidates was emailed to ACWA member agency Board Presidents and General Managers on June 1.

Candidates for ACWA President and Vice President must be elected or appointed directors of ACWA member agencies, according to ACWA bylaws and Board of Directors' policy. Nominations must be accompanied by an official nominating resolution from the ACWA member agency on whose board the nominee serves. A statement of qualifications or

<b>Budgeted (Y/N):</b> n/a	<b>Budgeted amount:</b> n/a	<b>Core</b> X	<b>Choice</b> __
<b>Action item amount:</b> None		Line item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			

resume highlighting the proposed candidate's background and qualifications must also be submitted for the Nominating Committee's review. Additional letters or resolutions of support from other agencies may be submitted, but are not required.

Interviews of candidates for ACWA President and Vice President were held Friday, September 17. The recommended slate was announced at the ACWA Board meeting, Friday, September 24.

## **SUMMARY**

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On Wednesday, December 1, at 12:00 p.m., during ACWA's Fall Conference in Pasadena, there will be a General Membership meeting to formally nominate and elect ACWA's President and Vice President for the 2022-2023 term. The in-person meeting will be held in Ballroom D-H of the Pasadena Convention Center.

Virtual voting delegates will participate via Zoom. Staff will provide the Zoom access information to the virtual voting delegates upon receipt of the Voter Designation & Information Form and the member agency's Consent to Electronic Transmissions, Meetings & Voting Form.

### Nomination and Election of ACWA President and Vice President

The ACWA Nominating Committee has announced a 2022-2023 slate that recommends current Vice President **Pamela Tobin** (President, San Juan Water District) **for ACWA President** and current Region 10 Chair **Cathy Green** (Vice President, Orange County Water District) **for ACWA Vice President**. As provided by ACWA's Bylaws nominations from the floor will be accepted prior to the vote. Such nominations and seconds must be supported by a resolution of the governing body of the member agency making and seconding such nomination.

### Voting Process

ACWA will be using a voting system called Live-Tally, which will allow voters to vote using a handheld keypad OR online keypad (which can be accessed through any modern web browser on a computer, tablet or smart phone). **Voters must be present at the membership meeting, either in person or virtually, to vote.**

Consistent with ACWA's Bylaws, Article 9, Section 5, "each member of the Association shall be entitled to one vote that shall be cast by its authorized representative."

- Member agencies must indicate their voting representative and alternate on the attached Voter Designation & Information Form.
- Member agencies must indicate if their voting representative/alternate is attending in person or virtually as well as provide all of the information identified on the form in order for ACWA to facilitate all aspects of the membership meeting and voting processes.

Members who desire to participate in the membership meeting virtually and vote electronically are required to sign and return the attached Consent to Electronic Transmissions, Meetings & Voting Form by November 24, 2021, consistent with the California Corporations Code.

## BOARD OPTIONS

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### Option #1

- Review the candidates and authorize MWDOC Board President, Sat Tamaribuchi or his designee, to cast the District's ballot for the ACWA President and Vice President at ACWA's Fall Conference on December 1, 2021.

**Fiscal Impact:** None

**Business Analysis:** ACWA is the leading statewide organization representing water agencies in Sacramento and Washington D.C. Having a strong leadership is key to its success and as members, MWDOC should participate in the election process.

### Option #2

- Take no action

**Fiscal Impact:** None

**Business Analysis:** MWDOC would not have an opportunity to vote for ACWA's President and Vice President for 2022-2023.

**Attachments:** Notice of General Session Membership Meeting Memo  
Membership Meeting and Election Procedures  
Consent to Electronic Transmissions, Meetings and Voting  
Voter Designation and Information Form



Via U.S. Mail and Electronic Mail

**TO:** ACWA Member Agency Board Presidents and General Managers

**CC:** ACWA Board of Director

**FROM:** Dave Eggerton, ACWA Executive Director

**DATE:** October 4, 2021

**SUBJECT:** Notice of General Session Membership Meeting — December 1, 2021

---

There will be a General Session Membership Meeting on **December 1, 2021, at 12:00 p.m.** The purpose of this meeting is to formally nominate and elect ACWA's President and Vice President for the 2022-2023 term. At its meeting on September 24, 2021, the ACWA Board of Directors approved procedures whereby ACWA members will be able to participate and vote in the upcoming membership meeting and election in person or virtually. These procedures are in accordance with California Corporations Code Sections 20, 21, 5079 and subsections (a) and (f) of Section 7510, as well as Article 9 of ACWA's Bylaws. The in-person meeting will be held in Ballroom D-H of the Pasadena Convention Center. Virtual voting delegates will participate via Zoom. Staff will provide the Zoom access information to the virtual voting delegates upon receipt of the Voter Designation & Information Form and the member agency's Consent to Electronic Transmissions, Meetings & Voting Form. Members who wish to attend the membership meeting virtually as a non-voting participant can obtain the registration link by contacting Clerk of the Board Donna Pangborn at [donnap@acwa.com](mailto:donnap@acwa.com) or 916-441-4545 to confirm their member agency has submitted the requisite Consent to Electronic Transmissions, Meetings & Voting Form.

## Election/Voting Process

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The ACWA Nominating Committee has announced a 2022-2023 slate that recommends current **Vice President Pamela Tobin for ACWA President** and current **Region 10 Vice Chair Cathy Green for ACWA Vice President**. The Nominating Committee's 2022-2023 slate will be presented for the members' consideration and vote at the membership meeting on December 1.

As provided by ACWA's Bylaws (Article 9, Section 9) nominations from the floor will be accepted prior to the vote on the Nominating Committee's slate. The Bylaws require that floor nominations and seconds be made by a member of the Association and must be supported by a resolution of the governing body of the member making and seconding such nomination. The member agency on whose board the nominee serves must submit a resolution of support if they are not the agency making the floor nomination or second. The resolutions to facilitate floor nominations must be submitted to the Clerk of the Board Donna Pangborn at [donnap@acwa.com](mailto:donnap@acwa.com) by **COB Wednesday, November 24, 2021**.

➤ **See attachment for detailed Membership Meeting & Election Procedures.**

ACWA will be using a voting system called Live-Tally, which will allow voters to vote using a handheld keypad OR online keypad (which can be accessed through any modern web browser on a computer, tablet or smart phone). **Voters must be present at the membership meeting, either in person or virtually, to vote.**

Consistent with ACWA's Bylaws, Article 9, Section 5, "each member of the Association shall be entitled to one vote that shall be cast by its authorized representative."

- Member agencies must indicate their voting representative and alternate on the attached Voter Designation & Information Form.
- Member agencies must indicate if their voting representative/alternate is attending in person or virtually as well as provide all of the information identified on the form in order for ACWA to facilitate all aspects of the membership meeting and voting processes.

**Members who desire to participate in the membership meeting virtually and vote electronically are required to sign and return the attached Consent to Electronic Transmissions, Meetings & Voting Form by November 24, 2021, consistent with the California Corporations Code.**

## Deadline & Changes

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The deadline for submitting the Voter Designation & Information Form is **Wednesday, November 24, 2021**. While this form identifies both a voting delegate and an alternate voting delegate for the ACWA member agency, if for any reason the member agency desires for the alternate voting delegate to vote at the election in place of its designated voting delegate, the member agency must notify ACWA in advance of its exchange of voting delegates by contacting the Clerk of the Board Donna Pangborn at [donnap@acwa.com](mailto:donnap@acwa.com) or 916-441-4545 **no later than Monday, November 29, 2021**. Staff will then provide the member agency's alternate voter with the Zoom and Live-Tally access/participant information if the voter is participating virtually.

## ACWA General Session Desk

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ACWA staff will be available at the **ACWA General Session Desk**, located in the Ballroom Lobby of the Pasadena Convention Center, on **Wednesday, December 1**, between **9:00 a.m. and 11:45 a.m.** to answer questions about the membership meeting and election process.

**In-person voters need to check in at the ACWA General Session Desk on Wednesday, December 1, between 10:30 and 11:45 a.m. to pick up handheld keypads.**

If you have any questions regarding this process, please contact Clerk of the Board Donna Pangborn at 916-441-4545 or [donnap@acwa.com](mailto:donnap@acwa.com).

dgp

Attachments:

1. Membership Meeting & Election Procedures
2. Voter Designation & Information Form
3. Consent to Electronic Transmission, Meetings & Voting Form

The following information is provided to inform the ACWA member agency voting delegates of the meeting and election procedures to be used in the upcoming General Session Membership Meeting scheduled for December 1, 2021 at 12:00 p.m. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2022-2023 term. The in-person meeting will be held in Ballroom D-H of the Pasadena Convention Center. Virtual voting delegates will participate via Zoom. Staff will provide the Zoom access information to the virtual voting delegates upon receipt of the Voter Designation & Information Form and the member agency's Consent to Electronic Transmissions, Meetings & Voting Form. Members who wish to attend the membership meeting virtually as a non-voting participant can obtain the registration link by contacting Clerk of the Board Donna Pangborn at [donna@acwa.com](mailto:donna@acwa.com) or 916-441-4545 to confirm their member agency has submitted the requisite Consent to Electronic Transmissions, Meetings & Voting Form.

## ELECTION / VOTING PROCESS

ACWA will be using a voting system called Live-Tally, which will allow voters to vote either in person using a handheld keypad OR virtually through an online keypad (which uses any modern web browser on a computer, tablet or smart phone). **Voters must be present at the membership meeting, either in person or virtually, to vote.**

Consistent with ACWA's Bylaws, Article 9, Section 5, "each member of the Association shall be entitled to one vote that shall be cast by its authorized representative."

- Member agencies must indicate their voting representative and alternate on the Voter Designation & Information Form.
- Member agencies must indicate if their voting representative/alternate is attending in person or virtually as well as provide all of the information identified on the form in order for ACWA to facilitate all aspects of the membership meeting and voting processes.

**Members who desire to participate in the membership meeting virtually and vote electronically are required to sign and return the Consent to Electronic Transmissions, Meetings & Voting Form by November 24, 2021, consistent with the California Corporations Code.**

### VIRTUAL ATTENDEES

Virtual attendees need to take the following steps after the member agency has completed and returned the Voter Designation & Information Form and requisite Consent to Electronic Transmissions, Meetings & Voting Form.

1. Voting delegates need to **save the Zoom access/login information** ACWA staff will provide to you. Save the information for the day of the meeting. **Use that information to login to the virtual meeting**, which is how ACWA will identify you as a participant.
2. Voting delegates need to **save the Live-Tally Participant ID information** ACWA staff will provide to you, which is how Live-Tally will identify you as the member agency voter.

### IN-PERSON ATTENDEES

In-person attendees need to take the following steps after completing and returning the Voter Designation & Information Form:

1. Check in at the ACWA General Session Desk, located in the Ballroom Lobby of the Pasadena Convention Center, on **Wednesday, December 1**, between **10:30 and 11:45 a.m.** to pick up handheld keypads.
2. Voting delegates **must be present to vote** and **MUST** have the handheld keypad prior to the start of the membership meeting.

### DEADLINE & CHANGES

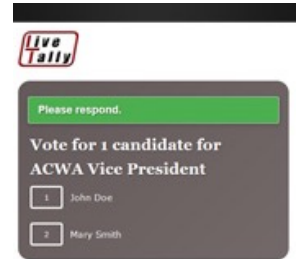
The deadline for submitting the **Voter Designation & Information Form** is Wednesday, **November 24, 2021**. If there is any change of your agency's voting delegate with its designated alternate, you must contact ACWA's Clerk of the Board Donna Pangborn at [donna@acwa.com](mailto:donna@acwa.com) or 916-441-4545 no later than Monday, November 29, 2021. Staff will provide the alternate voter with the Zoom and Live-Tally access/participant information if the voter is participating virtually.

1. The General Session Membership Meeting will be called to order at 12:00 p.m. and a quorum will be determined. The presence of 50 authorized voting representatives is required to establish a quorum for transacting business.
2. An overview of the Zoom platform will be provided, including demonstration of how the virtual meeting participants can interact throughout the meeting.
3. An overview of the Live-Tally voting system will be provided and a test vote will be conducted.
4. Legal Affairs Committee Chair Jennifer Buckman will provide an overview of the agenda and election procedures.
5. Nominating Committee Chair Brent Hastey will present the Committee's report and announce the candidate for ACWA President.
6. President Steven LaMar will call for floor nominations for ACWA President.
7. If there are no floor nominations for ACWA President, the election will proceed. President LaMar will close the nominations and delegates will vote following motion/second to elect the Nominating Committee's recommendation using Live-Tally.
8. If there are floor nominations for President, the nomination will follow the procedures established by Article 9 of ACWA's Bylaws, stating that floor nominations and seconds shall be made by a member of the Association and must be supported by a resolution of the governing body of the member making and seconding such nomination. The member agency on whose board the nominee serves shall submit a resolution of support if they are not the agency making the floor nomination or second.
  - a. **Resolutions to facilitate floor nominations must be submitted to the Clerk of the Board Donna Pangborn at [donnap@acwa.com](mailto:donnap@acwa.com) by COB Wednesday, November 24, 2021.**
  - b. Candidates will be given three minutes to address the membership.
  - c. Staff will create a ballot in the Live-Tally system and then display for the voters' action.
  - d. Voting delegates will vote on one (1) candidate of the candidate options displayed on the screen using the handheld OR online keypad in the Live-Tally voting system. Results will be displayed in real time.
  - e. President LaMar will announce the results of the vote.
9. Nominating Committee Chair Brent Hastey will announce the candidate for ACWA Vice President.
10. President Steven LaMar will call for floor nominations for ACWA Vice President.
11. If there are no floor nominations for ACWA Vice President, the election will proceed. President LaMar will close the nominations and delegates will vote following motion/second to elect the Nominating Committee's recommendation using Live-Tally.
12. If there are floor nominations for ACWA Vice President, the nominations will follow the procedures described in item 6 above, and the election will proceed according to the steps outlined in 6.a. through 6.e.
13. The ACWA Board of Directors appointed LAC Chair Jennifer Buckman to serve as an election inspector to resolve any challenges or questions in connection with the election consistent with California Corporations Code 7614.

California Corporations Code requires ACWA to maintain a voting record of its membership meetings.

When the members are ready to vote, the President will announce that it is time to vote (instructions will appear on the projection screen).

- **How do I submit my vote?** Press 1, 2, or 3 to cast your vote; then press SEND.
- **What happens if I make a mistake?** Re-submit your vote by pressing 1, 2, or 3 and send before the voting window ends.
- **What if I arrive late?** Your vote will be cast from the time you arrive at the meeting; prior to that your vote will register as "absent."
- **What happens if I am out of the room or have to leave early?** Your vote will be recorded as "absent" for that vote.



**Test voting will be conducted at the beginning of the Membership Meeting.**



### **VIRTUAL VOTING**

Each voting delegate will be provided access to voting through Live-Tally's voting system. If you are attending the meeting virtually, follow the instructions listed below.

1. Use any modern web browser on a computer, tablet or smart phone to navigate to <https://MyBallot.app>
2. Enter the meeting ID "ACWA" and click the "Connect" button.
3. When prompted, enter the specific voting participant ID that was provided to you.
4. Voting questions will appear on this "virtual keypad" as they are presented.
  - Simply click the numbered button that corresponds to your choice.
  - **To change your vote**, make a different selection before the voting window ends.
5. Hit refresh if your browser or virtual keypad goes to "sleep."



### **IN-PERSON VOTING**

If you are attending the meeting in person, you will be given a handheld keypad. Each handheld keypad is numbered on the back, and that number will be assigned to you as you check in at the ACWA General Session Desk on **Wednesday, December 1 between 10:30 and 11:45 a.m.**

- **Check your device to make sure that it is working properly.** Press any button and it will light up. All devices were tested prior to the meeting.
- **If it does not light up.** Take it back to the ACWA General Session Desk and ask for another keypad and make sure that they make a note of the numeric change.



**Return your keypad to the ACWA General Session Desk.**

In accordance with California Corporations Code Sections 20, 21, 5079 and subsections (a) and (f) of Section 7510, and Article 9 of the Bylaws of the Association of California Water Agencies, a California nonprofit mutual benefit corporation ("ACWA"), the undersigned member of ACWA (the "Member") hereby consents and agrees as follows:

1. ACWA may send meeting notices, annual reports, and all other materials to the Member by (a) electronic transmission to the Member's facsimile number or email address; (b) posting on an electronic message board or network which ACWA has designated for those communications, together with separate notice to the Member of the posting; or (c) other means of electronic communication. The Member's initial facsimile number and email address for receiving such notices, annual reports and other materials are listed below.
2. ACWA may conduct meetings of the members by electronic transmission or electronic video screen communication; provided, however, that if fewer than all members of ACWA consent to conduct such meetings by electronic transmission or electronic video screen communication, then such meetings shall be held at a physical location, and the authorized representative(s) of any member that has so consented (and not withdrawn its consent) may participate in such meetings by electronic transmission or electronic video screen communication, be deemed present in person and vote at such meetings.
3. ACWA may rely on communications sent by the Member to ACWA by (a) electronic transmission from the Member's facsimile number or email address; (b) posting on an electronic message board or network which ACWA has designated for those communications; or (c) other means of electronic communication. ACWA may reasonably conclude that the Member is the sender of any electronic transmission that (i) is received from such facsimile number or email address or (ii) is submitted by an authorized representative of the Member with valid registration/login credentials.
4. ACWA may rely on electronic votes (including votes to approve or reject actions) submitted by an authorized representative of the Member to ACWA during meetings conducted in whole or in part by electronic transmission or electronic video screen communication. ACWA may reasonably conclude that the authorized representative of the Member is the sender of any electronic votes submitted pursuant to such authorized representative's meeting participant ID. The Member's initial authorized representative(s) is listed below.

ACWA shall maintain paper records of all communications sent by ACWA to the members and all votes or actions taken at any member meeting. The Member may (i) access such records at ACWA's headquarters during normal business hours or (ii) request in writing for ACWA to send copies of such records to the Member via U.S. Mail or email.

This consent shall remain in full force and effect until the Member revokes it in writing and so notifies ACWA.

Print Member Name

Print Representative Name

Representative Title

Representative Signature

Date

Please provide the facsimile number and email address to which the Member authorizes ACWA to send the electronic communications described above. The Member may change its designated facsimile number and email address at any time by written notice to ACWA.

Please provide the name of the Member's initial authorized representative(s) who will participate in and vote in connection with member meetings. The Member may change its authorized representative(s) at any time by written notice to ACWA.

Facsimile Number

Authorized Representative No. 1

Email

Authorized Representative No. 2



**To:** Donna Pangborn, Clerk of the Board

**Email:** donnap@acwa.com

**Fax:** 916-669-2425

The person designated below will be attending the ACWA General Session Membership Meeting(s) on Wednesday, December 1, 2021 (and December 2, 2021 if necessary) as our voting delegate. Please designate an alternate voting delegate to facilitate any change to your voting representation at the meeting. To change your alternate, however, you must notify Donna Pangborn of the change no later than COB Monday, November 29, 2021.

Member Agency's Name

Agency's Phone No.

Print Member Agency's Authorized Signatory Name

Authorized Signatory Signature

**I have signed and returned the Consent to Electronic Transmission, Meetings & Voting Form.**

Voting Delegate's Name	How Will Delegate Attend? Will attend the meeting in person in Pasadena. Will attend the meeting virtually.
Voting Delegate's Email	Voting Delegates' Phone No.
Alternate Voting Delegate's Name	How Will Alternate Delegate Attend? Will attend the meeting in person in Pasadena. Will attend the meeting virtually.
Alternate Voting Delegate's Email	Alternate Voting Delegates' Phone No.
Voting Delegate's Affiliation (if different from assigning agency)*	Date

\*If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above.



**ACTION ITEM**  
November 17, 2021

**TO: Board of Directors**

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

Robert J. Hunter, General Manager

Staff Contact: Katie Davanaugh, Sr. Executive Assistant

**SUBJECT: 2022 HEALTH SAVINGS ACCOUNT CONTRIBUTIONS**

**STAFF RECOMMENDATION**

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It is recommended that the Board of Directors approve Option 1, as follows:

Establish the District's annual Health Saving Account (HSA) contributions for 2022, per JPIA recommendation. The 2021 annual contributions are the same.

	Employee	2-party	Family
Proposed annual District contribution (by plan, by tier)			
Kaiser	\$1500	\$3000	\$3000
Anthem	1300	2600	2400

**COMMITTEE RECOMMENDATION**

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Committee recommends (to be determined at Committee meeting)

**Summary**

Annually, at open enrollment, the Board of Directors reviews, establishes and approves the annual Health Savings Account (HSA) contributions to the Consumer Driven Health Plans (CDHP).

2022 will be the 7<sup>th</sup> year that the District has offered and participated in the Anthem PPO and Kaiser Consumer Driven Health Plans (CDHP). To incentivize participation in these plans, JPIA recommends that Districts make a contribution to each participant's HSA.

Budgeted (Y/N): Y	Budgeted amount:	Core <u>X</u>	Choice
Action item amount: varies by actual plan enrollment	Line item:		
Fiscal Impact (explain if unbudgeted):			



For 2022, two employees are enrolled in the Kaiser Consumer Driven Health Plan, which represents less than 5% of total enrollment.

## **BOARD OPTIONS**

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### **Option #1**

Authorize 2022 contributions to the HSA Accounts, per MWDOC policy and JPIA recommendation.

**Business Analysis:** Providing District contributions encourages participation in the plans and may reduce/increase costs to the District, depending on plan enrollment.

### **Option #2**

Do not authorize contributions to the HSA.

**Business Analysis:** If not approved, this may discourage enrollment.

## **STAFF RECOMMENDATION**

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### **Option #1**

**Municipal Water District of Orange County**  
**Obsolete, Nonfunctional Fixed Asset to be Written-off**  
**Date: July 1, 2020 - June 30, 2021**

Asset No.	Placed in Service	Vendor	Asset Description	Life	Purchase Amount	Accumulated Depreciation	Book Value	Gain/ (Loss)	Comments
<b>Leasehold Improvements</b>									
FA00162	7/01/2017	Prowest Building Services Inc	Office 105 Refurbishment-Paint, Shades, Carpet	10	5,497.53	(2,198.88)	3,298.65	(3,298.65)	Disposed-MWDOC Office Remodel
FA00163	7/01/2017	Prowest Building Services Inc	Office 107 Refurbishment-Paint, Shades, Carpet	10	3,571.50	(1,428.48)	2,143.02	(2,143.02)	Disposed-MWDOC Office Remodel
			<b>Total Leasehold Improvements</b>			<b>(3,627.36)</b>	<b>5,441.67</b>	<b>(5,441.67)</b>	
<b>Furniture &amp; Fixtures</b>									
FA01020	2/28/1971	Unknown	CONFERENCE TABLE, WALNUT	10	507.67	(507.67)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01031	12/28/1979	Davis Stationers	MODAR WALNUT PODIUM	10	116.60	(116.60)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01097	3/30/1990	Orange County Office Furniture	BOOKCASE, WALNUT	5	179.56	(179.56)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01101	3/30/1990	Orange County Office Furniture	CARTER METAL BOOKCASE, BLACK	5	317.69	(317.69)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01106	8/28/1990	Paramount Stationers Inc	HIGH PT. BOOKCASE, WALNUT	5	130.05	(130.05)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01109	8/28/1990	Paramount Stationers Inc	DELUX COMPUTER STAND, WALNUT	5	90.31	(90.31)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01124B	6/30/1991	Orange County Water District	1 LATERAL FILE CABINETS,PUTTY	5	100.00	(100.00)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01126A	3/14/1991	California Business Inter	1WORK SURFACE PKG,RADIAS EDGE	5	111.36	(111.36)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01127B	2/20/1991	California Business Inter	Cubicles	5	1,215.75	(1,215.75)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01134	1/21/1992	Paramount Stationers Inc	COMPUTER TBL,E,WALNT/BLACK LEGS	5	312.48	(312.48)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01141	3/05/1992	California Business Inter	OVAL WOOD EDGE TABLE, WALNUT	5	1,760.04	(1,760.04)	0.00	50.00	Sold-MWDOC Office Remodel
FA01142	3/05/1992	California Business Inter	7 SWIVEL CHAIRS, DOGWOOD UPHOL	5	2,108.13	(2,108.13)	0.00	50.00	Sold-MWDOC Office Remodel
FA01144	3/10/1992	California Business Inter	ADDITIONAL CUBICAL COMPONENTS	5	992.74	(992.74)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01145B	3/04/1992	California Business Inter	CUBICLES: ACCTG & SECRETARIES	5	2,874.82	(2,874.82)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01148	3/13/1992	Pace Membership Warehouse	35 PLASTIC PATIO CHAIRS, WHITE	5	376.75	(376.75)	0.00	16.00	Sold-MWDOC Office Remodel
FA01149	3/13/1992	Pace Membership Warehouse	5 PATIO TABLES, GLASS/WHITE	5	377.07	(377.07)	0.00	50.00	Sold-MWDOC Office Remodel
FA01164	1/15/1994	City Office Furniture Inc	ERGONOMIC CHAIR W/T-ARM, BLACK	5	437.43	(437.43)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01169B	12/02/1995	BKM Total Office of California	Cubicles	5	4,982.90	(4,982.90)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01170	2/20/1996	Dozar Office Furniture	4 DRW LATERAL FILE W/LCK, TAN	5	568.36	(568.36)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01181	11/30/1996	City Office Furniture Inc	BOOKCASE, WALNUT	5	106.62	(106.62)	0.00	10.00	Sold-MWDOC Office Remodel
FA01186	6/30/1997	Westfall Interior Systems	OFFICE CHAIR,MULTI-FUNC,HEATHR	5	274.76	(274.76)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01187	6/30/1997	Westfall Interior Systems	OFFICE CHAIR,MULTI-FUNC,HEATHR	5	274.77	(274.77)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01191	10/28/1997	Dozar Office Furniture	4 DRW LATERAL FILE CAB,PUTTY	5	790.17	(790.17)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01192	3/17/1998	Dozar Office Furniture	BOOKCASE, WALNUT	5	174.05	(174.05)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01193	3/17/1998	Dozar Office Furniture	BOOKCASE, WALNUT	5	174.05	(174.05)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01196	6/23/1998	Dozar Office Furniture	4 DRW LATERAL FILE CAB,LIT GRY	5	614.28	(614.28)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01197	7/31/1998	Mica Industries Inc	CONFERENCE TABLE-RELAMINATE	5	614.18	(614.18)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01198	3/31/1999	Dozar Office Furniture	4 DRW LATERAL FILE CABINET	5	790.17	(790.17)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01200	6/30/1999	Westfall Interior Systems	2-4 DRW LATERAL FILES,LIT GRAY	5	1,058.11	(1,058.11)	0.00	35.00	Sold-MWDOC Office Remodel
FA01201	5/30/2001	City Office Furniture Inc	U-Shaped Computer Desk	5	913.55	(913.55)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01202	10/31/2001	Express Office Environment	U-Shaped Desk, African Walnut	5	1,748.21	(1,748.21)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01203	10/31/2001	Express Office Environment	U-Shaped Desk, African Walnut	5	2,053.54	(2,053.54)	0.00	50.00	Sold-MWDOC Office Remodel
FA01204	10/31/2001	Express Office Environment	L-Shaped Desk, African Walnut	5	1,342.95	(1,342.95)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01208	6/30/2002	System Source	U-Shaped Desk, Cordovan color	5	2,781.51	(2,781.51)	0.00	100.00	Sold-MWDOC Office Remodel
FA01210	6/30/2002	System Source	L-Shaped Desk, Cordovan color	5	1,154.98	(1,154.98)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01211	6/30/2002	System Source	U-Shaped Desk, Cordovan color	5	2,473.51	(2,473.51)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01212	3/17/2003	System Source	Humanscale Freedom Task Chair	5	587.24	(587.24)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01219	4/29/2003	System Source	U-Shaped Desk, Maple	5	1,843.08	(1,843.08)	0.00	0.00	Disposed-MWDOC Office Remodel

**Municipal Water District of Orange County**  
 Obsolete, Nonfunctional Fixed Asset to be Written-off  
 Date: July 1, 2020 - June 30, 2021

Asset No.	Placed in Service	Vendor	Asset Description	Life	Purchase Amount	Accumulated Depreciation	Book Value	Gain/ (Loss)	Comments
<b>Furniture &amp; Fixtures - Continued</b>									
FA01220	4/29/2003 System Source		L-Shaped, Bullet Desk, Maple	5	1,947.60	(1,947.60)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01221	4/29/2003 System Source		U-Shaped Desk, Maple	5	1,863.00	(1,863.00)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01222	4/29/2003 System Source		U-Shaped Desk, Maple	5	1,664.19	(1,664.19)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01223	4/29/2003 System Source		U-Shaped Desk, Maple	5	1,804.81	(1,804.81)	0.00	0.00	Disposed-MWDOC Office Remodel
FA01224	5/16/2003 Office Solutions		U-Shaped, Bullet Desk	5	1,537.71	(1,537.71)	0.00	90.00	Sold-MWDOC Office Remodel
FA01225	5/16/2003 Office Solutions		Bookcase with hinged doors	5	700.90	(700.90)	0.00	0.00	Disposed-MWDOC Office Remodel
			<b>Total Furniture &amp; Fixtures</b>			<b>(46,847.65)</b>	<b>0.00</b>	<b>451.00</b>	
<b>Equipment</b>									
FA03049	2/12/2003 Office Solutions		Brother Intellifax 5750E	5	1,076.42	(1,076.42)	0.00	0.00	Disposed-MWDOC Office Remodel
FA03053	6/30/2011 CDW Government		Cisco Firewall	5	2,932.99	(2,932.99)	0.00	0.00	Disposed-MWDOC Office Remodel
FA03066	7/1/2020 Riverside Chevrolet		2019 Chevrolet 2500 Truck	5	725.00	0.00	725.00	0.00	Sold Rack on truck for \$725
			<b>Total Equipment</b>			<b>(4,009.41)</b>	<b>725.00</b>	<b>0.00</b>	

**Total Write-offs**

**(54,484.42)**

**6,166.67 (4,990.67)**

Approval to write-off:

*Hilary Chumtazi*  
 Hilary Chumtazi, Accounting Manager  
 11/04/2021  
 Date

*Robert J. Hunter*  
 Robert J. Hunter, General Manager  
 11-11-21  
 Date

## MWDOC BUDGET SCHEDULE

<b>November 2021</b>
<ul style="list-style-type: none"> <li>Notification to Member Agencies of start of budget process and solicitation of input</li> </ul>
<b>December 2021</b>
<ul style="list-style-type: none"> <li>MWDOC staff begins preparation of budget hours and costs on program and line-item basis</li> <li>Review of four month actuals and fiscal year-end projections</li> <li>Review budget adjustments for current fiscal year</li> <li>Preparation of internal, draft conceptual budget (review changes for upcoming fiscal year)</li> </ul>
<b>January 2022</b>
<ul style="list-style-type: none"> <li>Initial review of budget issues with A&amp;F Committee for feedback <b>(1-12-22)</b></li> <li>Initial discussion of budget issues with Member Agencies for feedback</li> <li>Request for Member Agencies' <u>preliminary</u> indication of participation in Choice</li> </ul>
<b>February 2022</b>
<ul style="list-style-type: none"> <li>Publish and post the FIRST DRAFT Budget in the packet for the A&amp;F Committee <b>(2-4-22)</b></li> <li>Review Full Draft Budget with A&amp;F Committee <b>(2-9-22)</b></li> <li>Formally request comments from all Member Agencies</li> <li><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</li> <li>Member Agencies' INITIAL CONFIRMATION of participation in Choice Services by <b>February 21</b>. The Updated Agreement by the end of <b>March</b> and after the Elected Officials Meeting</li> <li>Discuss FIRST DRAFT Budget at Member Agency Managers' Meeting <b>(2-17-22)</b></li> <li>Meet with Member Agencies as requested or scheduled</li> </ul>

## MWDOC BUDGET SCHEDULE

<b>March 2022</b>
<ul style="list-style-type: none"> <li>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</li> </ul>
<ul style="list-style-type: none"> <li>Discuss SECOND DRAFT Budget in A&amp;F Committee <b>(3-9-22)</b></li> </ul>
<ul style="list-style-type: none"> <li>Review SECOND DRAFT Budget at Member Agency Managers' Meeting <b>(3-17-22)</b></li> </ul>
<ul style="list-style-type: none"> <li>Update Choice Participation</li> </ul>
<ul style="list-style-type: none"> <li>Member Agencies' submit Formal Comments about the Budget <b>(3-25-22)</b></li> </ul>
<b>April 2022</b>
<ul style="list-style-type: none"> <li>Conduct meeting with Elected Officials from Member Agencies to discuss budget and other topics <b>(4-7-22)</b></li> </ul>
<ul style="list-style-type: none"> <li>THIRD DRAFT Budget and Rates presented to A&amp;F Committee <b>(4-13-22)</b></li> </ul>
<ul style="list-style-type: none"> <li>Member Agencies' Formal Comments presented to A&amp;F Committee <b>(4-13-22)</b></li> </ul>
<ul style="list-style-type: none"> <li>Board approval of FY2021-22 FINAL Budget and Rates <b>(4-20-22)</b></li> </ul>
<b>June 2022</b>
<ul style="list-style-type: none"> <li>Member Agencies confirm final Choice Participation <b>(6-10-22)</b></li> </ul>
<b>August 2022</b>
<ul style="list-style-type: none"> <li>Reconciliation of FY 2021-22 WUE &amp; Choice Programs</li> </ul>
<b>September 2022</b>
<ul style="list-style-type: none"> <li>REVISED FINAL Choice Budget presented to A&amp;F Committee <b>(9-14-22)</b></li> </ul>
<ul style="list-style-type: none"> <li>Board approval of FY2021-22 REVISED FINAL Choice Budget <b>(9-21-22)</b></li> </ul>

## INFORMATION ITEM

November 10, 2021

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

**FROM: Robert Hunter, General Manager**

Staff Contact Vicki Osborn, Director of Emergency Management

**SUBJECT:** EOC Voice/Data Systems Cost Update

## STAFF RECOMMENDATION

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

## COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

## DETAILED REPORT

Over the past year following the WEROC assessment report, Director Dick has inquired on different occasions regarding the charges associated with the voice and data systems at the WEROC EOC in South Orange County and the backup facility in North Orange County.

The provider for both Data and Voice at the EOCs is AT&T; however, three separate invoices are paid each month for services:

- AT&T Telephone (North & South Location) \$385.41
- AT&T Telephone (North Location) \$111.84
- AT&T U-Verse Internet (Data) Service (North Location) \$ 64.20

In September, AT&T increased the cost for telephone services at the North and South locations from \$385.41 to \$437.36 (50.00). During this time, majority of the phone service at the north location and internet service has been discontinued.

<b>Budgeted (Y/N): Y</b>	Budgeted amount: 10,000	Core X_	Choice __
<b>Action item amount:</b>		Line item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			

WEROC will be billed one more month and the change should be seen effected in November 2021. Monthly cost savings should be \$111.84 for phone service and \$64.20 for internet service totaling \$176.04.

Phone lines were disconnected include the following:

1. (714) 288-8200
2. (714) 288-8201
3. (714) 288-8202
4. (714) 288-8203
5. (714) 288-8204
6. (714) 288-8205
7. (714) 288-8206

WEROC has not lost any capability but instead expands capability by obtaining Verizon WI-FI Travel Routers. These are only activated during an event and costs associated only occurred during actual use. This allows for capability expansion at either the north or south locations.

Voice capability at the north location will primarily use cellular technology, with one emergency AT&T direct network phone line and satellite phones being a backup system.

The estimated cost savings per year is \$2112.48

The budgeted amount of 10,000.00 in WEROC funding for line item 7640 will remain the same to ensure activation costs and use of satellite or mobile routers usage can be accounted for. Unused annual funding from budget line item 7640 will be allocated to the WEROC Operating Reserves for this purpose.

**Administration Activities Report****October 8, 2021 – November 4, 2021**

Activity	Summary
<b>Administration/ Board</b>	<p>Staff worked on the following:</p> <ul style="list-style-type: none"><li>• Scheduled meetings for Rob Hunter and Board members.</li><li>• Assisted Rob with various write-ups and follow-up for the Committees and Board.</li><li>• Continue to send the Water Supply Reports to the member agencies.</li><li>• Processed and reviewed agreements for appropriate Board approval and insurance requirements as well as execution following approval</li><li>• Reviewed Insurance documents for all District Agreements.</li><li>• Responded to two Public Records Act requests</li><li>• Updated various portions of the website.</li><li>• Reviewed Administrative Code and budget regarding conference attendance; worked with staff re Admin Code policies</li><li>• Worked with MET staff regarding travel information</li><li>• Worked with Legal Counsel regarding AB 361</li><li>• Reviewed Administrative Code and budget regarding conference attendance.</li><li>• Attended the CSDA Board Secretary Conference</li><li>• Reviewed MWD OC documentation regarding SMWD/San Juan Capistrano consolidation; conferred with SMWD</li><li>• Consulted with MET regarding various contracts</li><li>• Worked with Governmental Affairs re RFP</li><li>• Attended and hosted ISDOC Executive Meeting via Zoom</li><li>• Hosted ISDOC Quarterly Luncheon on Zoom.</li><li>• Prepared presentation for the ISDOC Quarterly Luncheon.</li><li>• Prepared ISDOC 2022 Executive Meeting and Quarterly Luncheon schedule.</li><li>• Prepared ISDOC 2022 Membership/Directory letters for distribution.</li><li>• Provided GM with letter and schedule for the 2022-2023 Budget process.</li><li>• Zoom Meetings: solicited availability, set-up and hosted Zoom Meetings for General Manager, Engineering &amp; Governmental Affairs Manager.</li><li>• Agreements: processed agreements for Engineering and Government Affairs.</li><li>• Posted RFP on CSDA site for Government Affairs.</li></ul>



<b>Administration/ Board</b>	<ul style="list-style-type: none"> <li>• Created requisitions for furniture for remodel &amp; training.</li> <li>• Provided assistance to Government Affairs with formatting letters.</li> <li>• Registered Staff for various training and conferences.</li> <li>• Transcribed interview notes from the MA Facilitated discussions.</li> <li>• Scheduled and hosted Zoom meetings for the MWDOC – Member Agency Facilitated Discussions and Interviews.</li> <li>• Provided renewal certificates of insurance for WEROC program; Reviewed new protocol for utilizing new insurance portals through SDRMA and JPIA.</li> </ul>
<b>Records Management</b>	<ul style="list-style-type: none"> <li>• Staff continues to review incoming mail and log necessary documents into the Laserfiche system.</li> <li>• Staff continues to review documents and update information in Laserfiche.</li> <li>• Staff attended Laserfiche webinar regarding document capture procedures.</li> <li>• Staff updated Insurance Expiration Report.</li> </ul>
<b>Health and Welfare Benefits</b>	<ul style="list-style-type: none"> <li>• Open enrollment for dental was completed on October 29.</li> <li>• Open enrollment for medical and vision will close on November 5.</li> <li>• Staff continued outreach efforts pertaining to 2022 retiree health benefits.</li> <li>• Retiree health payment information was sent to current retirees.</li> <li>• Open Enrollment for the Flexible Spending Plans will be provided to all eligible participants mid-November.</li> </ul>
<b>Recruitment / Departures</b>	<ul style="list-style-type: none"> <li>• Recruiting efforts are being finalized and on-boarding activities are underway for the following: <ul style="list-style-type: none"> <li>• Public Affairs Intern</li> <li>• Leak Detection Intern</li> <li>• Water Loss Control Technician</li> </ul> </li> </ul>
<b>Projects/ Activities</b>	<ul style="list-style-type: none"> <li>• Phase 3 work is in progress and majority of work is expected to be completed by November 23.</li> <li>• Staff continues coordination activities for the completion of Phase 1 and 2 punch list items.</li> <li>• Staff continues coordination efforts in working with Engineering staff, IDS, ABS and the furniture vendor on Phase 3 of the Office Seismic Retrofit and Tenant Improvements.</li> <li>• Staff continues to participate in weekly move management and Construction Meetings.</li> <li>• Staff continues coordination activities for the final phase of construction.</li> </ul>
<b>Projects/</b>	

<b>Activities</b>	<ul style="list-style-type: none"> <li>• Staff is continuing to work with the furniture vendor (People Space) on finalizing the office furniture specifications and the Interior Designer for Phases 3.</li> <li>• Staff continues to work with Outdoor Dimensions to identify required office signage in compliance with ADA and Fire Code.</li> <li>• Staff is evaluating concepts for office art displays/exhibits upon completion of construction.</li> <li>• The District will be closed in observance of the following:             <ul style="list-style-type: none"> <li>○ Veterans' Day on November 11<sup>th</sup></li> <li>○ Thanksgiving on November 25</li> <li>○ Day after Thanksgiving on November 26<sup>th</sup>.</li> </ul> </li> <li>• Several admin staff members are signed up to participate in the November 19th Bolsa Chica Conservancy clean-up project.</li> <li>• Staff coordinated the relocation of server room equipment for the installation of carpet and paint for the server room.</li> <li>• The General Manager continues to hold bi-monthly staff meetings via Zoom.</li> <li>• Staff is continuing to coordinate closely with the Director of Emergency Management on COVID-19 protocols, OSHA ETS and State guidelines.</li> <li>• Staff continues to coordinate additional office cleanings in the office twice a week.</li> <li>• Staff continues hosting of Board, Committee and Department meetings via zoom.</li> <li>• Weekly virtual meetings are held with the Administration Team.</li> <li>• Staff continues to update changes to the District Act Database and to the District Contacts in Outlook.</li> <li>• Staff continues to assist with WACO Meetings via Zoom, PowerPoint presentations and various correspondence.</li> <li>• Staff assisted with the WACO Planning Committee.</li> <li>• Staff assisting in the preparation of the Annual Budget Letter to Member Agencies.</li> <li>• Staff coordinated and participated in interviews for the Public Affairs Intern, Water Loss Control Intern and Water Loss Control Technician position.</li> </ul>
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## INFORMATION ITEM

November 10, 2021

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

**FROM:** Robert J. Hunter, General Manager

Staff Contact: Jeff Stalvey

**SUBJECT:** Finance and IT Pending Items Report

### **SUMMARY**

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The following list details the status of special projects that are in-progress or to be completed during FY 2021-22.

### **Finance**

Description	% of Completion	Estimated Completion date	Status
Further Implementation of WUE Landscape Programs Databases and Web Site.	On-going	On-going	In Progress
2021 W-9 collection for conservation rebates. Currently holding 2 rebate checks awaiting a W-9 form.	On-going	On-going	In Progress
Annual audit of our financial statements. Final audit week of Sept 13 <sup>th</sup> .	100%	11-04-2021	Completed
Prepare Annual Financials	100%	11-02-2021	Completed
Government Compensation in California Report 2021	0%	03-30-2022	Not Started
State Controller Report preparation FY 2020-21	0%	11-30-2021	Not Started
Preparation of documents for FY 2022-23 budget process.	0%	04-30-2022	Not Started

## **Information Technology**

<b>Description</b>	<b>% of Completion</b>	<b>Estimated Completion date</b>	<b>Status</b>
Network security issues (hackers, viruses and spam emails)	On-going	On-going	Continuous system monitoring
Upgrade Conference room 101 and 102 with new Audio/Video equipment.	<b>90%</b>	10-31-2021	In Progress
Batteries replacement for UPS	<b>10%</b>	12-31-2021	In Progress
Replace 10 computers and monitors for Staff	<b>50%</b>	12-31-2021	In Progress
Replace End-Of-Life Cisco Voice Gateway router (hardware and software)	<b>10%</b>	3-30-2022	In Progress
Upgrade backbone Gigabit network switch (hardware)	<b>10%</b>	3-30-2022	In Progress
Software and hardware upgrade for Hyper-V Virtual Server	<b>0%</b>	6-30-2022	Not Started
Exchange E-mail Online Migration for the District	<b>10%</b>	03/31/2022	In Progress

## **FY 2021-22 Completed Special Tasks**

<b>Description</b>	<b>% of Completion</b>	<b>Completion date</b>	<b>Status</b>
<b><u>Finance</u></b>			
State Tax filing for Water Facilities Corp FY2020-21	<b>100%</b>	09-30-2021	Completed
Preparation of documents for FY2021-22 revised budget.	<b>100%</b>	10-31-2021	Completed
<b><u>Information Technology</u></b>			
Upgrade 2 IT laptops for check-out	<b>100%</b>	12-31-2021	Completed

**INFORMATION ITEM**  
November 10, 2021

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

**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.**
- Estimated OC Water Usage, Monthly, Comparison to Previous Years Water usage in September **2021 was slightly below average compared to the last 5 years.** We are projecting a slight decrease in overall water usage compared to FY 2020-21. On July 8<sup>th</sup> 2021, state officials have ask California residents to voluntary reduce their water usage by 15% compared to 2020 levels.
- Historical OC Water Consumption Orange County M & I water consumption is **projected** to be **534,000 AF in FY 2021-22** (this includes ~11 TAF of agricultural usage and non-retail water agency usage). This is about **26,000 AF less than FY 2020-21** and is about **2,000 AF more than FY 2019-20**. Water usage per person is projected to be slightly lower in **FY 2021-22 for Orange County at 151 gallons per day** (This includes recycled water usage). 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

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):			

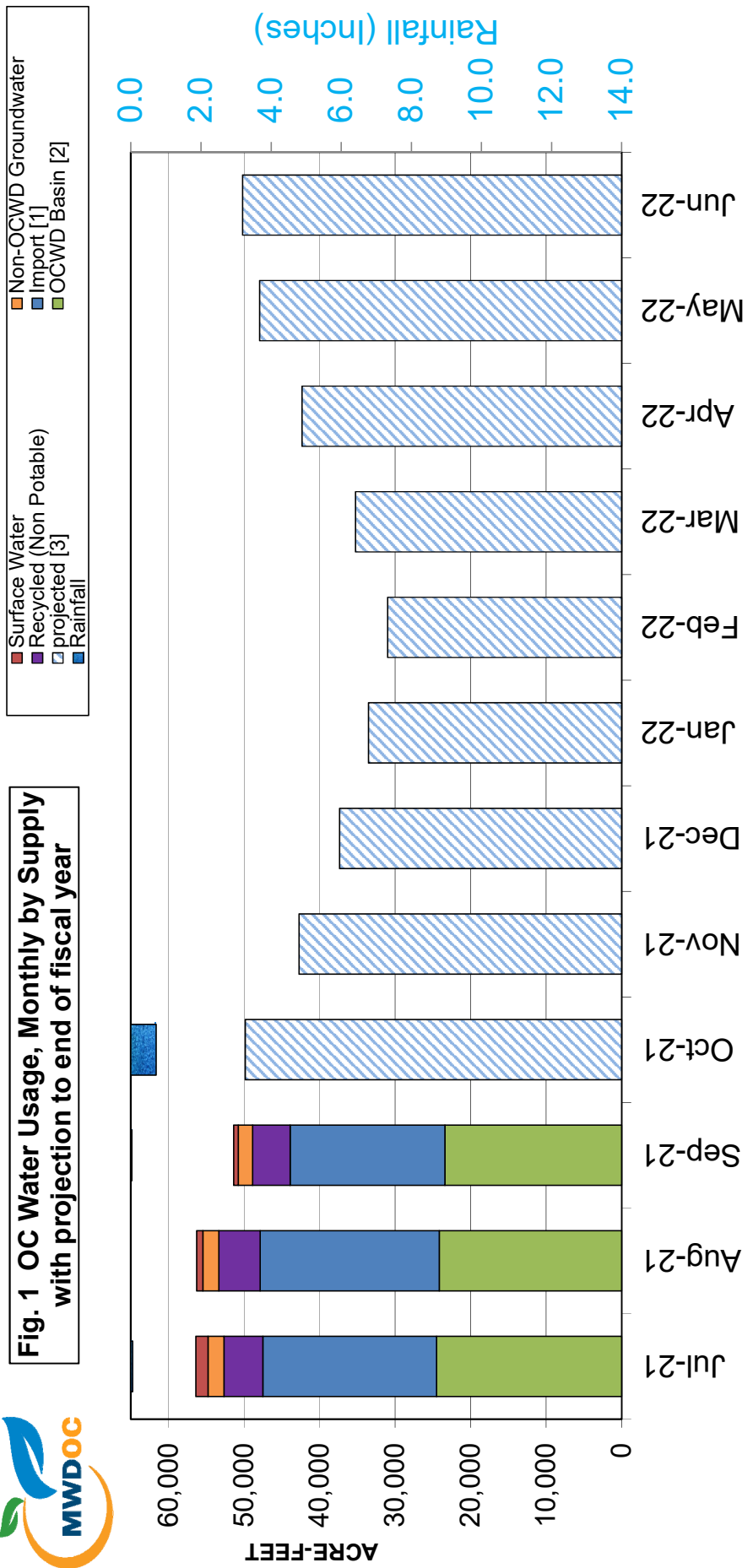
Efficiency (water conservation) efforts. ***O.C. Water Usage for the period of Fiscal Years FY 2015-16 to FY 2019-20 was the lowest since the 1982-83 Fiscal Year*** (FY 1982-83 was the third wettest year on record). ***O.C. Water Usage in FY 2020-21 was the highest since FY 2010-11.***

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. 1<sup>st</sup> through Sept. 30<sup>th</sup>.

- Orange County's accumulated precipitation through ***late October was*** below average for this period. Water year to date rainfall in Orange County is ***1.22 inches***, which is ***222% of normal***.
- Northern California accumulated precipitation through ***late October was 416% of normal for this period***. Water Year 2021 was 48% of normal while water year 2020 was 63% of normal. The ***Northern California snowpack was 66% as April 1<sup>st</sup>. As of late August, 100.00%*** of California is experiencing ***moderate to exceptional drought conditions*** while 100.00% of the state is experiencing abnormally dry conditions. The State Water Project Contractors Table A Allocation was lowered to 5% in March 2021.
- Colorado River Basin accumulated precipitation through ***late October was 138% of normal*** for this period. The ***Upper Colorado Basin snowpack was 74% of normal*** as of April 13<sup>th</sup>. ***Lake Mead and Lake Powell*** combined have about ***45.0% of their average storage volume*** for this time of year and are at ***32.1% 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 late August, Lake Mead levels were ***8.36' BELOW the "trigger" limit***. The USBR has declared a ***shortage on the Colorado River starting January 1<sup>st</sup> 2022***. ***There is and a 97% chance of shortage continuing in 2023.***



**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.

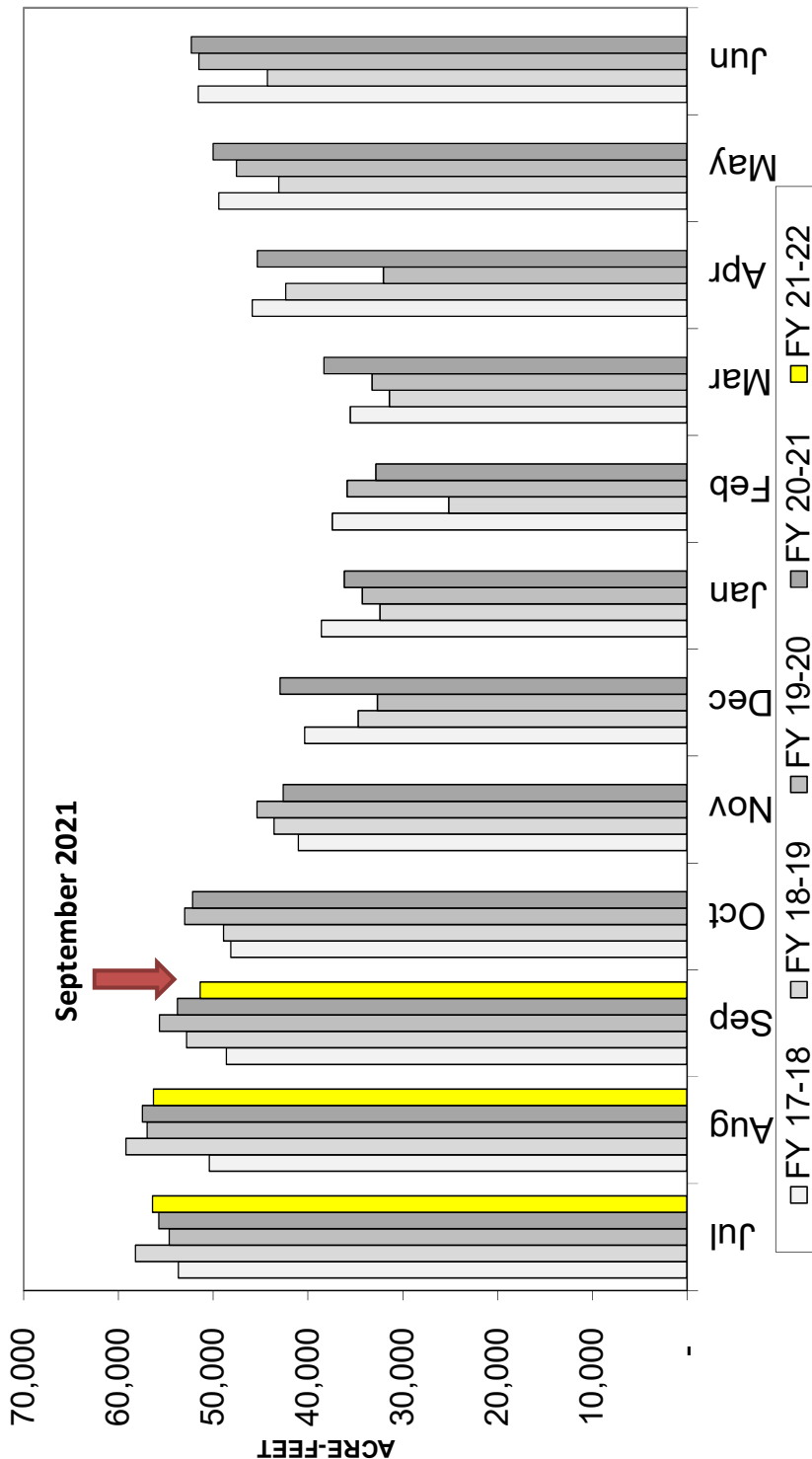
[2] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '21-22 is 77%.

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

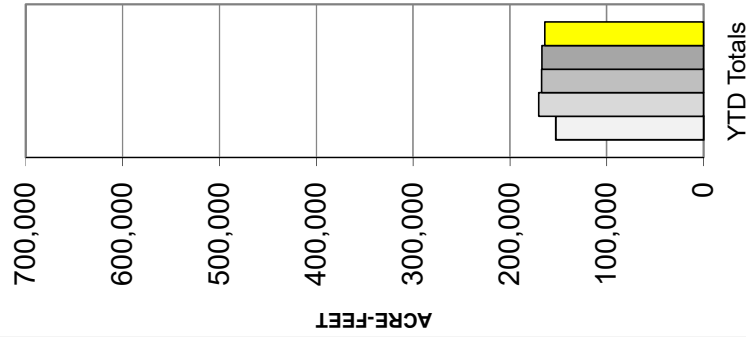
[4] Total water usage includes IRWD groundwater agricultural use and usage by non-retail water agencies.



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

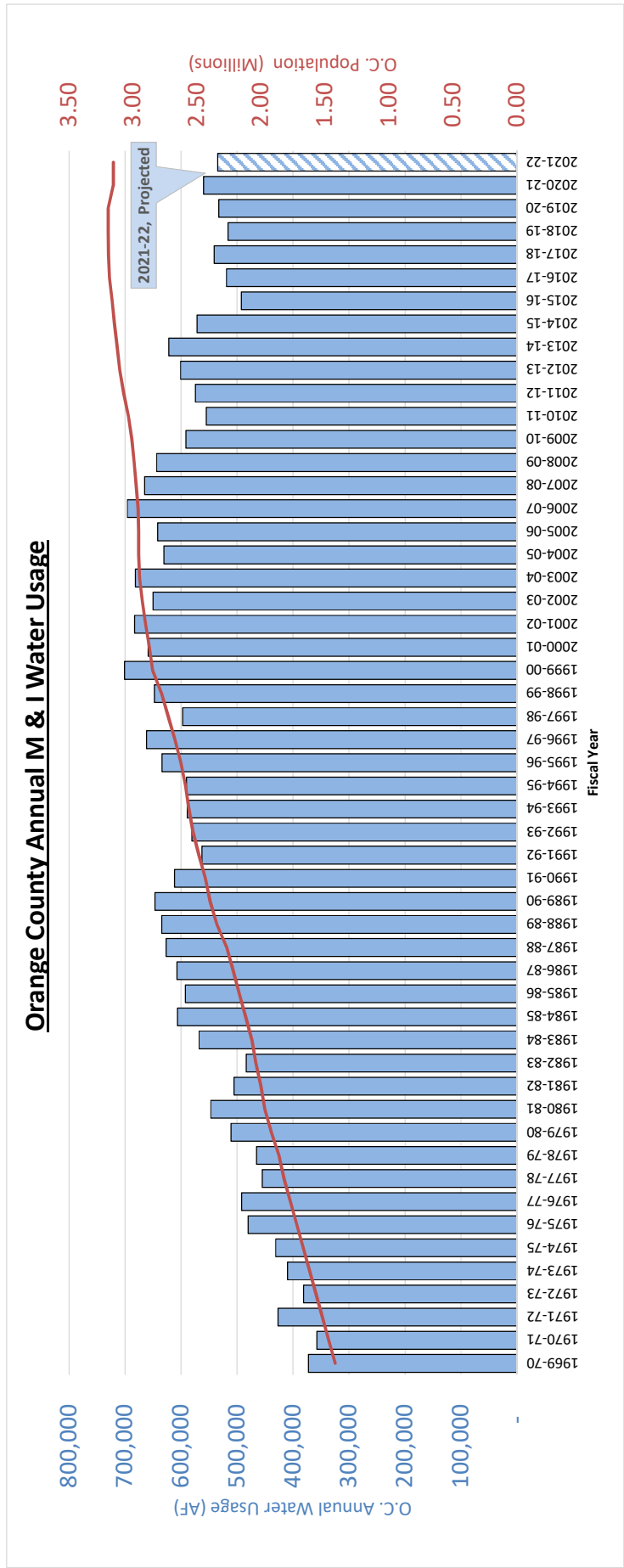


**Partial Year Subtotals**

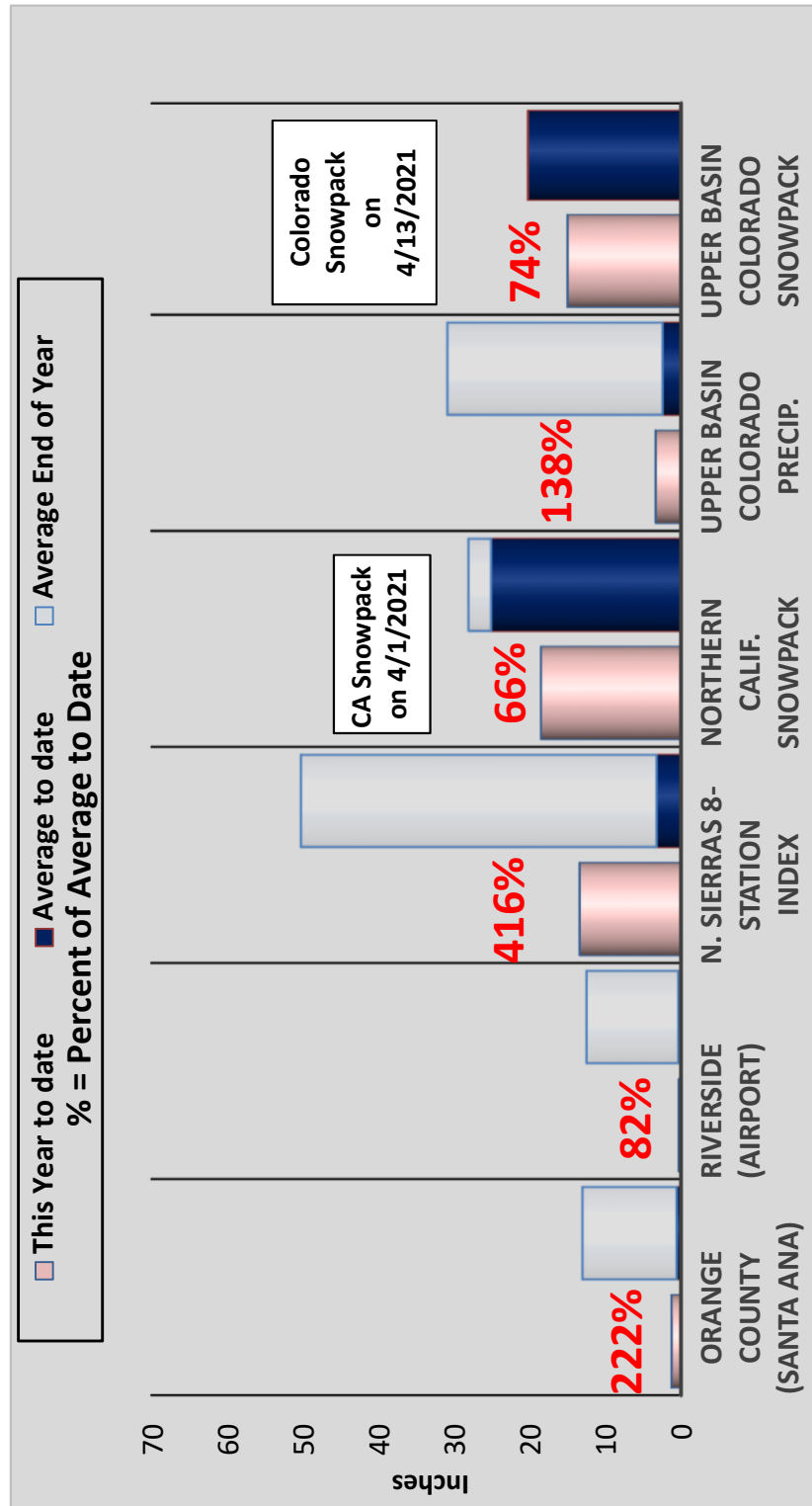


[1] Sum of Imported water for consumptive use (includes "In-Lieu" deliveries; excludes "Direct Replenishment" and "Barrier Replenishment") and Local water for consumptive use (includes recycled and non-potable water and excludes GWRS production) Recent months numbers include some estimation.



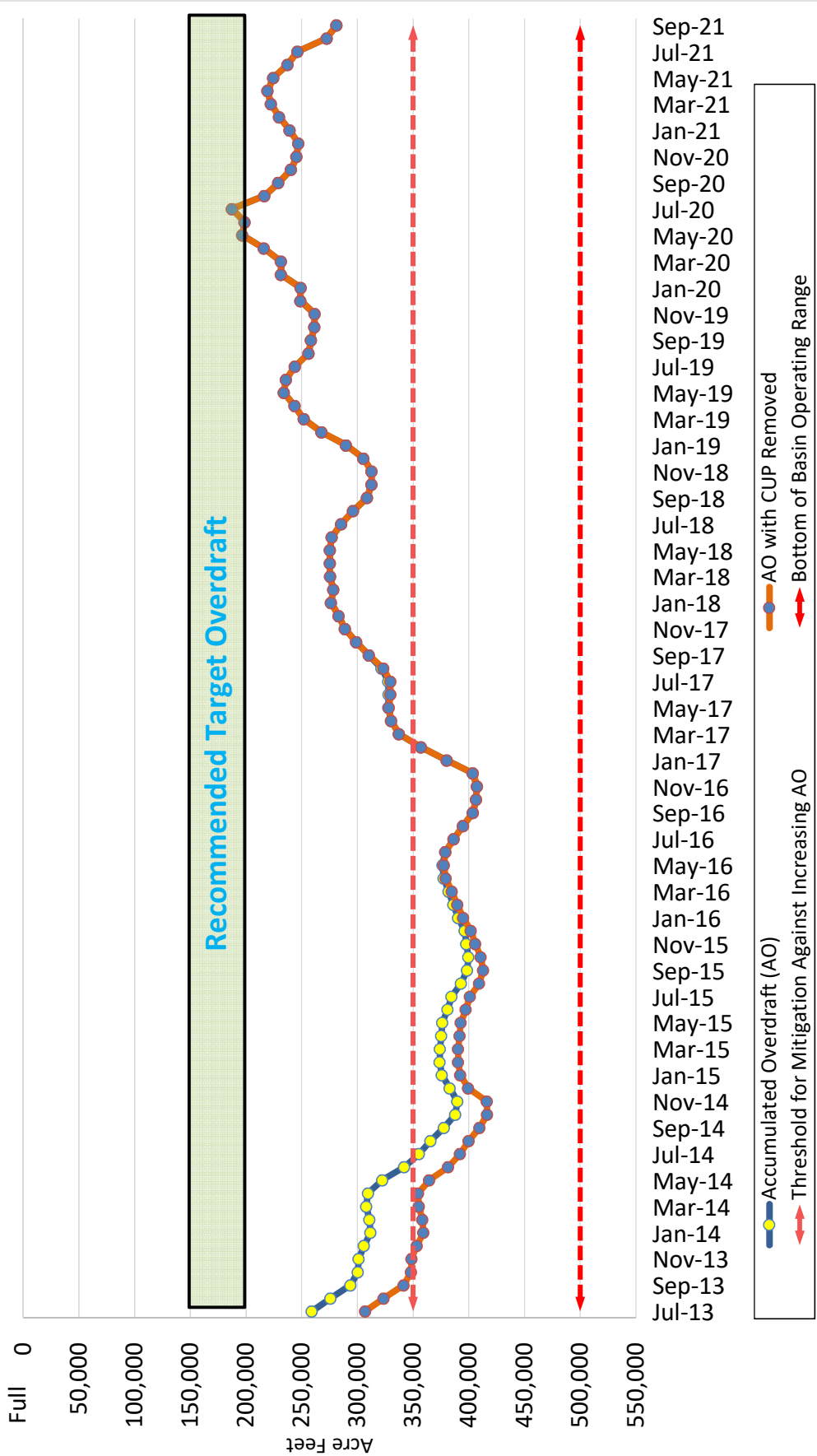


## Accumulated Precipitation for the Oct.-Sep. water year, late October 2021



\* 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 2021



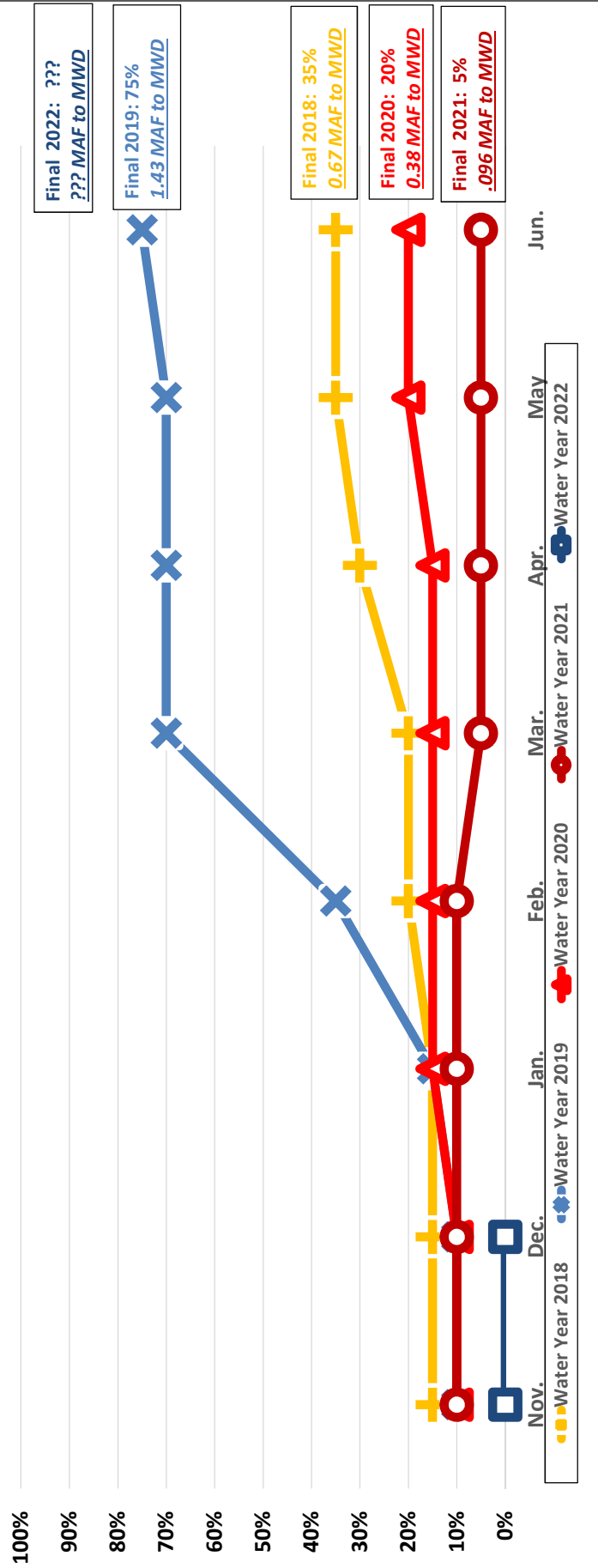
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
AO (AF)	187,392	216,548	229,124	240,414	245,441	246,998	239,329	229,738	222,470	219,388	224,458	237,335
AO w/CUP removed (AF)	187,392	216,548	229,124	240,414	245,441	246,998	239,329	229,738	222,470	219,388	224,458	237,335
AO (AF)	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
AO w/CUP removed (AF)	246,350	272,443	281,354	281,354								

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

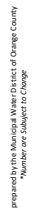


## SWP TABLE A ALLOCATION PERCENTAGE

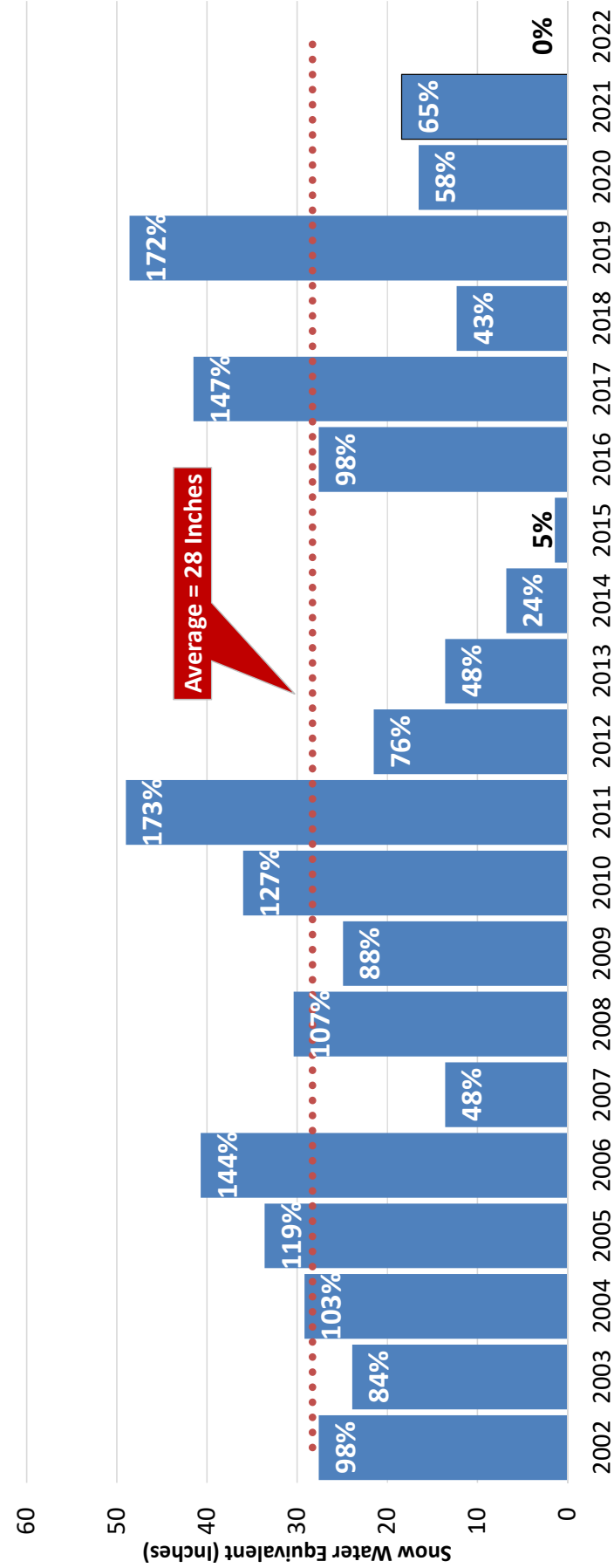
FOR STATE WATER PROJECT CONTRACTORS

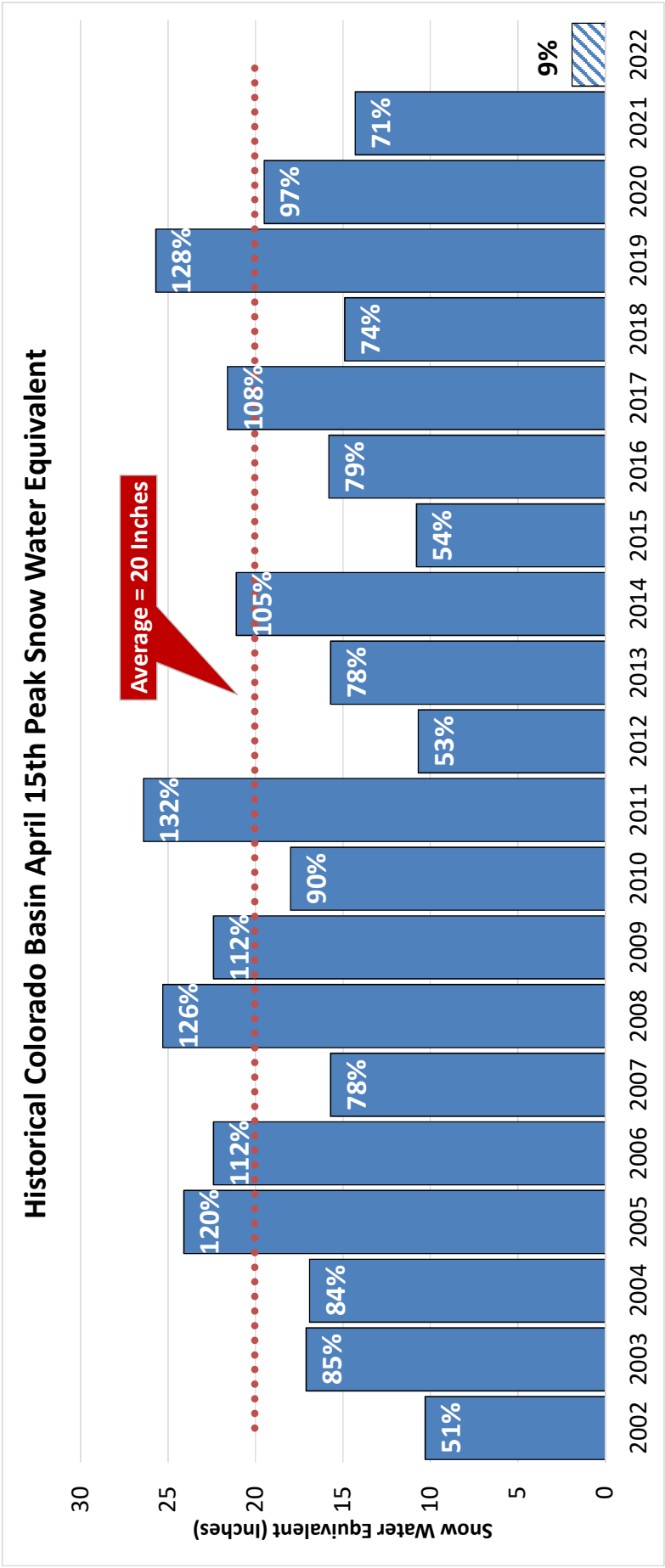


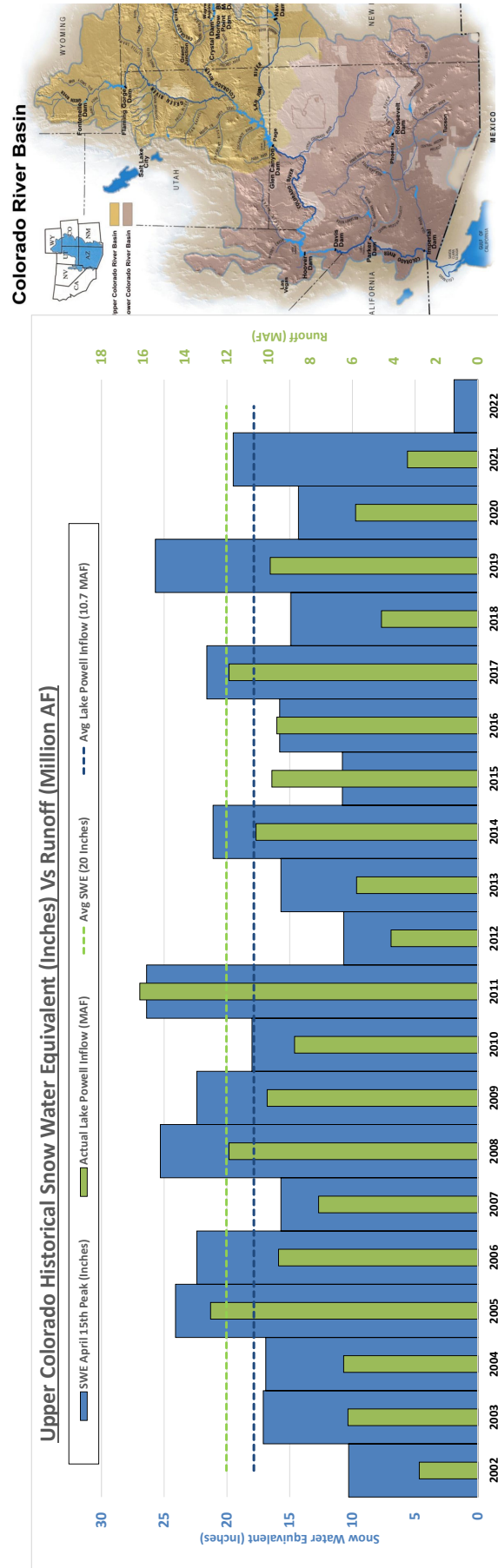
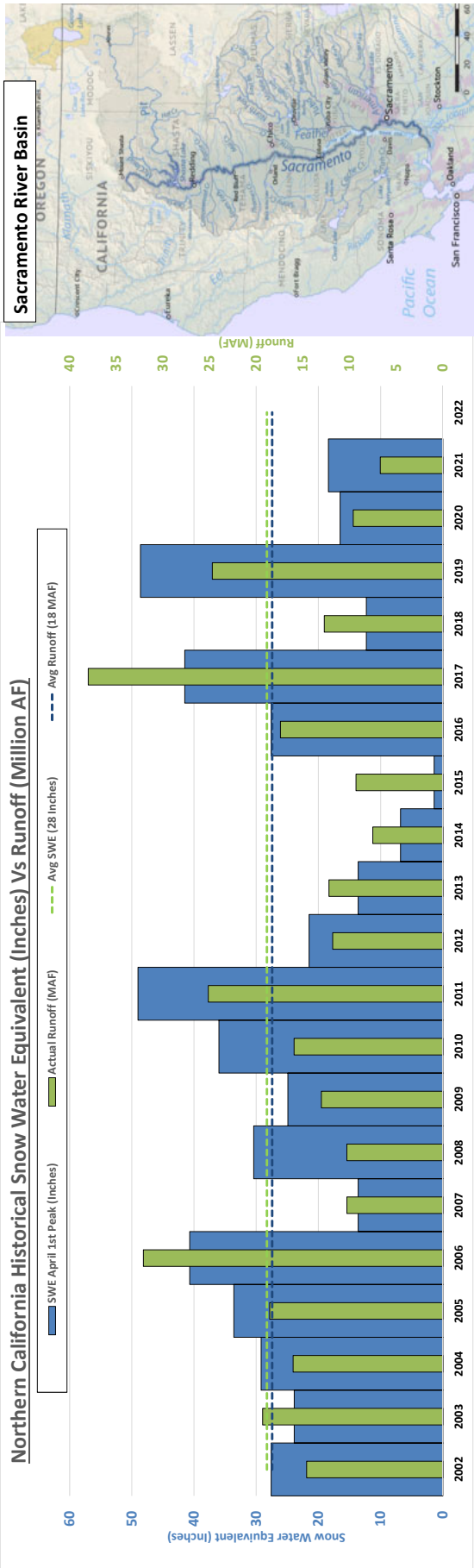
## as of November 1, 2021



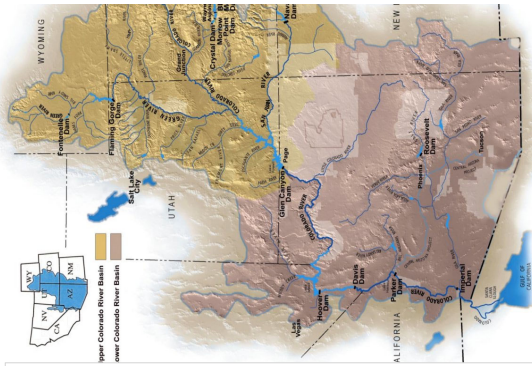
# Historical Northern California April 1st Peak Snow Water Equivalent







Colorado River Basin



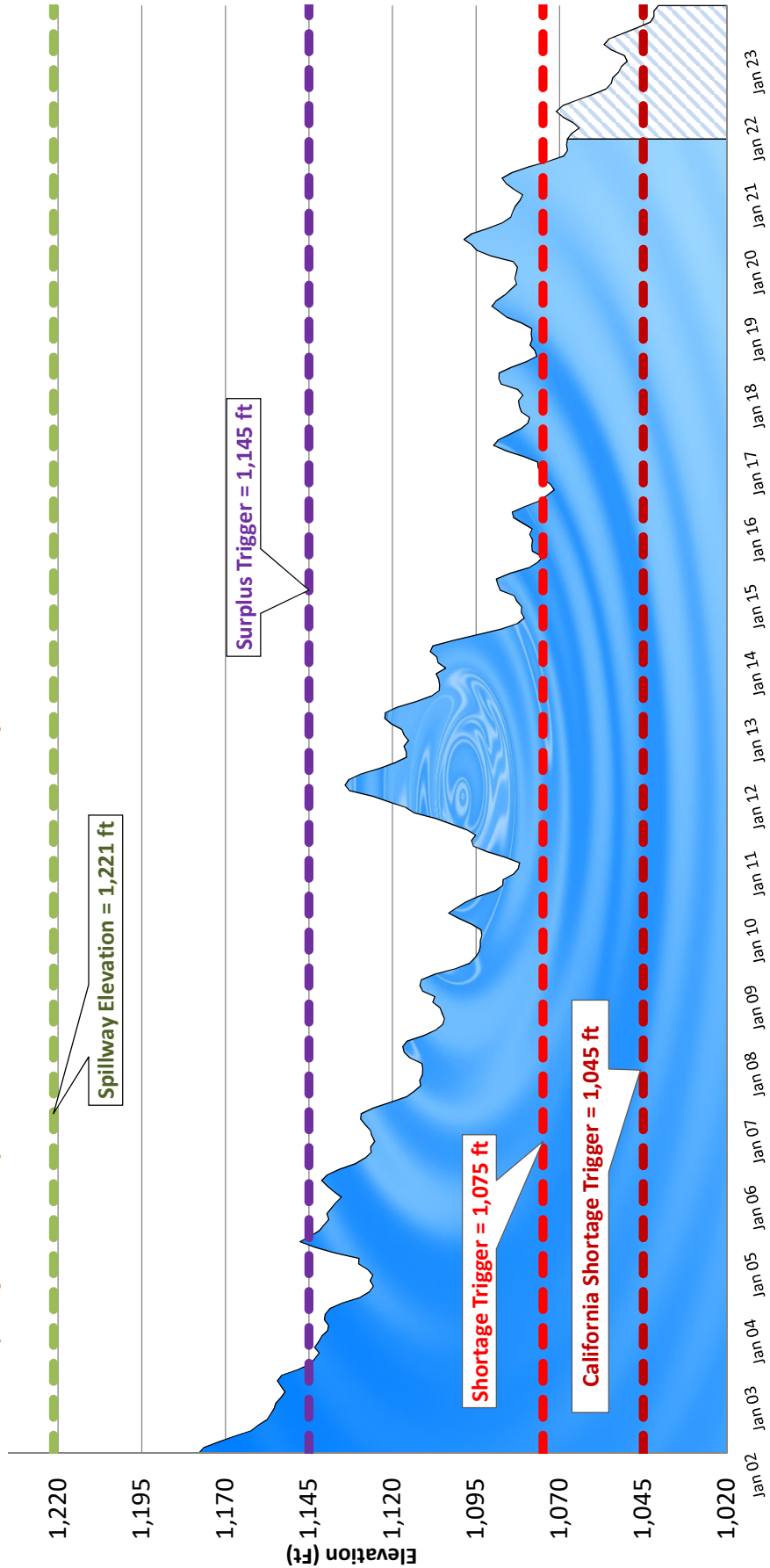
Sacramento River Basin







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





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

■ Historical    □ Projected

