

MEETING OF THE BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Jointly with the  
**ADMINISTRATION & FINANCE COMMITTEE**  
November 9, 2022, 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>

**Telephone Audio:** (669) 900 9128 fees may apply  
(877) 853 5247 Toll-free

**Webinar ID:** 882 866 5300#

**A&F Committee:**

Director Seckel, Chair  
Director Thomas  
Director Dick

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

Ex Officio Member: Director Yoo Schneider

---

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.

**ROLL CALL**

**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 2022
  - b. Disbursement Approval Report for the month of November 2022

- c. Disbursement Ratification Report for the month of October 2022
  - d. GM Approved Disbursement Report for the month of October 2022
  - e. Consolidated Summary of Cash and Investment – September 2022
  - f. OPEB and Pension Trust Fund statements
2. FINANCIAL REPORT
- a. Combined Financial Statements and Budget Comparative for the Period Ending September 30, 2022
  - b. Quarterly Budget Review
  - c. FY 2021-22 Audit Report and Presentation regarding Audit Report

**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.)**

- 3. MWDOC BUDGET SCHEDULE
- 4. RESERVE FUND POLICY UPDATE
- 5. DEPARTMENT ACTIVITIES REPORTS
  - a. Administration
  - b. Finance and Information Technology
- 6. MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION

#### **OTHER ITEMS**

- 7. 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 2022**

**Item 1a**

**WATER REVENUES**

| <u>Date</u> | <u>From</u>                          | <u>Description</u>              | <u>Amount</u> |
|-------------|--------------------------------------|---------------------------------|---------------|
| 10/03/2022  | City of La Palma                     | August 2022 Water deliveries    | 1,511.82      |
| 10/03/2022  | City of Seal Beach                   | August 2022 Water deliveries    | 353,854.89    |
| 10/05/2022  | Mesa Water District                  | August 2022 Water deliveries    | 92.96         |
| 10/07/2022  | City of Brea                         | August 2022 Water deliveries    | 15,070.71     |
| 10/07/2022  | City of San Clemente                 | August 2022 Water deliveries    | 858,787.55    |
| 10/07/2022  | El Toro Water District               | August 2022 Water deliveries    | 637,537.09    |
| 10/07/2022  | Laguna Beach County Water District   | August 2022 Water deliveries    | 397,204.36    |
| 10/07/2022  | Trabuco Canyon Water District        | August 2022 Water deliveries    | 227,088.33    |
| 10/11/2022  | Santa Margarita Water District       | August 2022 Water deliveries    | 2,922,993.60  |
| 10/11/2022  | Santa Margarita Water District (ID9) | August 2022 Water deliveries    | 765,523.60    |
| 10/11/2022  | Serrano Water District               | August 2022 Water deliveries    | 167,338.24    |
| 10/12/2022  | City of Garden Grove                 | August 2022 Water deliveries    | 873,708.49    |
| 10/13/2022  | City of Buena Park                   | August 2022 Water deliveries    | 295,262.50    |
| 10/13/2022  | City of Orange                       | August 2022 Water deliveries    | 1,332,869.16  |
| 10/13/2022  | City of Westminster                  | August 2022 Water deliveries    | 14,362.85     |
| 10/13/2022  | East Orange Co Water District        | August 2022 Water deliveries    | 1,015,641.39  |
| 10/13/2022  | Yorba Linda Water District           | August 2022 Water deliveries    | 496,369.47    |
| 10/14/2022  | Golden State Water Company           | August 2022 Water deliveries    | 729,012.38    |
| 10/14/2022  | Irvine Ranch Water District          | August 2022 Water deliveries    | 4,025,198.46  |
| 10/14/2022  | Moulton Niguel Water District        | August 2022 Water deliveries    | 2,694,308.97  |
| 10/14/2022  | Orange County Water District         | August 2022 Water deliveries    | 373,346.13    |
| 10/21/2022  | City of Huntington Beach             | September 2022 Water deliveries | 909,151.60    |
| 10/24/2022  | City of Fountain Valley              | September 2022 Water deliveries | 7,715.58      |
| 10/28/2022  | City of San Clemente                 | September 2022 Water deliveries | 786,070.59    |
| 10/31/2022  | City of Buena Park                   | September 2022 Water deliveries | 258,343.60    |
| 10/31/2022  | City of La Habra                     | September 2022 Water deliveries | 36,195.03     |
| 10/31/2022  | City of Newport Beach                | September 2022 Water deliveries | 103,843.43    |
| 10/31/2022  | Serrano Water District               | September 2022 Water deliveries | 7,538.24      |

**TOTAL WATER REVENUES \$ 20,305,941.02**

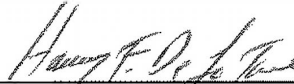
**Municipal Water District of Orange County**  
**REVENUE / CASH RECEIPT REPORT**  
**October 2022**

**MISCELLANEOUS REVENUES**

| <u>Date</u> | <u>From</u>                        | <u>Description</u>   | <u>Amount</u> |
|-------------|------------------------------------|--|---------------|
| 10/03/2022  | WePay                              | 9/16/2022 OC Water Summit registrations                            | 5,879.04      |
| 10/24/2022  | ACWA                               | 9/16/2022 OC Water Summit registration                             | 140.00        |
| 10/19/2022  | The Dew Water                      | 9/16/2022 OC Water Summit sponsorship                              | 4,000.00      |
| 10/24/2022  | MWH Constructors                   | 9/16/2022 OC Water Summit sponsorship                              | 2,140.00      |
| 10/31/2022  | ACWA                               | OC Water Summit Room charge reimbursement                          | 489.06        |
| 10/13/2022  | Ricoh USA Inc                      | Rebate for RICOH Copier purchase                                   | 4,000.00      |
| 10/11/2022  | Tina Dubuque                       | Reimbursement for personal copies                                  | 25.00         |
| 10/11/2022  | Tina Dubuque                       | Reimbursement for staff gift                                       | 103.98        |
| 10/12/2022  | US Bank Custodial Account          | Barclays Bank partial interest payment                             | 16.13         |
| 10/31/2022  | US Bank                            | Monthly Interest   | 10.61         |
| 10/03/2022  | Karl Seckel                        | October 2022 Retiree Health insurance                              | 179.55        |
| 10/03/2022  | Keith Lyon                         | October 2022 Retiree Health insurance                              | 179.55        |
| 10/07/2022  | Patricia Meszaros                  | October 2022 Retiree Health insurance                              | 43.08         |
| 10/17/2022  | Judy Pfister                       | Oct-Dec 2022 Retiree Health insurance                              | 129.24        |
| 10/17/2022  | Stan Sprague                       | November 2022 Retiree Health insurance                             | 179.55        |
| 10/31/2022  | Keith Lyon                         | November 2022 Retiree Health insurance                             | 179.55        |
| 10/31/2022  | Patricia Meszaros                  | Nov-Dec 2022 Retiree Health insurance                              | 86.16         |
| 10/24/2022  | Santa Margarita Water District     | June 2022 Smartimer rebate program                                 | 99.99         |
| 10/14/2022  | City of Tustin                     | June 2022 Turf Removal rebate program                              | 888.00        |
| 10/31/2022  | City of Newport Beach              | July 2022 Turf Removal rebate program                              | 333.00        |
| 10/11/2022  | Moulton Niguel Water District      | August 2022 Turf Removal rebate program                            | 6,121.00      |
| 10/21/2022  | City of San Clemente               | August 2022 Turf Removal rebate program                            | 222.00        |
| 10/24/2022  | Laguna Beach County Water District | August 2022 Turf Removal rebate program                            | 222.00        |
| 10/24/2022  | Mesa Water District                | August 2022 Turf Removal rebate program                            | 222.00        |
| 10/31/2022  | City of Buena Park                 | August 2022 Turf Removal rebate program                            | 111.00        |
| 10/31/2022  | El Toro Water District             | August 2022 Turf Removal rebate program                            | 2,248.00      |
| 10/07/2022  | Laguna Beach County Water District | May 2022 Turf Removal and Spray to Drip rebate program             | 222.00        |
| 10/31/2022  | City of Newport Beach              | May 2022 Turf Removal and Spray to Drip rebate program             | 222.00        |
| 10/07/2022  | City of Tustin                     | August 2022 Turf Removal and Spray to Drip rebate program          | 444.00        |
| 10/11/2022  | City of Fountain Valley            | August 2022 Turf Removal and Spray to Drip rebate program          | 786.74        |
| 10/17/2022  | City of Orange                     | August 2022 Turf Removal and Spray to Drip rebate program          | 1,776.00      |
| 10/31/2022  | City of Newport Beach              | August 2022 Turf Removal and Spray to Drip rebate program          | 985.05        |
| 10/31/2022  | Irvine Ranch Water District        | August 2022 Turf Removal and Spray to Drip rebate program          | 16,631.40     |
| 10/24/2022  | Moulton Niguel Water District      | June 2022 Smartimer, Turf Removal and Spray to Drip rebate program | 6,935.15      |
| 10/31/2022  | Moulton Niguel Water District      | September 2022 So Cal Watersmart rebate program                    | 6,400.00      |
| 10/31/2022  | Department of Water Resources      | Partial payment for Jan-Jun 2022 Prop 1 grant                      | 113,143.81    |
| 10/14/2022  | South Coast Water District         | Water Loss Control Shared Services FY 2022-23                      | 13,342.00     |
| 10/31/2022  | City of Fountain Valley            | Water Loss Control Shared Services FY 2022-23                      | 8,377.00      |
| 10/03/2022  | City of Buena Park                 | FY 2022-23 Choice Programs Billing invoice                         | 10,073.13     |
| 10/14/2022  | City of Fullerton                  | FY 2022-23 Choice Programs Billing invoice                         | 568.43        |
| 10/17/2022  | El Toro Water District             | FY 2022-23 Choice Programs Billing invoice                         | 66,551.97     |
| 10/31/2022  | Laguna Beach County Water District | FY 2022-23 Choice Programs Billing invoice                         | 4,168.24      |
| 10/03/2022  | City of Laguna Beach               | WERO Emergency supplies for COVID-19                               | 2,166.30      |
| 10/14/2022  | Yorba Linda Water District         | WERO Emergency supplies for COVID-19                               | 594.00        |
| 10/17/2022  | Moulton Niguel Water District      | WERO Emergency supplies for COVID-19                               | 2,970.00      |
| 10/24/2022  | SOCWA                              | WERO Emergency supplies for COVID-19                               | 1,188.00      |
| 10/24/2022  | Costa Mesa Sanitary District       | WERO Emergency Supplies for COVID-19                               | 249.00        |
| 10/31/2022  | El Toro Water District             | WERO Emergency supplies for COVID-19                               | 235.20        |
| 10/31/2022  | El Toro Water District             | WERO Emergency supplies for COVID-19                               | 594.00        |
| 10/24/2022  | Santa Margarita Water District     | WUE Economic Analysis Shared Services Agreement                    | 25,000.00     |

**TOTAL MISCELLANEOUS REVENUES \$ 311,870.91**

**TOTAL REVENUES \$ 20,617,811.93**

  
 Robert J. Hunter, General Manager

  
 Hilary Chumplitazi, Treasurer



**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2022**

| Vendor/<br>Invoice                            | Description   | Amount to Pay     |
|---|---|-------------------|
| <b>Core Disbursements:</b>                    |   |                   |
| <b>Ackerman Consulting-Richard C Ackerman</b> |   |                   |
| 1351  | October 2022 Legal and regulatory specialized consulting services | 3,500.00          |
| ***Total***                                   |   | <u>3,500.00</u>   |
| <b>ACWA</b>                                   |   |                   |
| 10123   | 2023 Annual membership dues                                       | 24,655.00         |
| ***Total***                                   |   | <u>24,655.00</u>  |
| <b>ACWA Joint Powers Ins Auth</b>             |   |                   |
| 100122  | 10/1/22-9/30/23 Auto and General Liability Insurance              | 129,437.33        |
| ***Total***                                   |   | <u>129,437.33</u> |
| <b>Aleshire &amp; Wynder LLP</b>              |   |                   |
| 71483/71484                                   | October 2022 Legal Services                                       | 975.00            |
| ***Total***                                   |   | <u>975.00</u>     |
| <b>Alta FoodCraft</b>                         |   |                   |
| 12250193                                      | October 2022 Coffee and tea supplies                              | 121.11            |
| 12252783                                      | November 2022 Coffee supplies                                     | 125.00            |
| ***Total***                                   |   | <u>246.11</u>     |
| <b>American Water Works Assoc</b>             |   |                   |
| 7002053202                                    | 2023 Annual membership renewal                                    | 1,977.00          |
| ***Total***                                   |   | <u>1,977.00</u>   |
| <b>Assoc of Metropolitan Water Agencies</b>   |   |                   |
| 12312022                                      | 2023 Annual membership renewal                                    | 25,900.00         |
| ***Total***                                   |   | <u>25,900.00</u>  |
| <b>BearCom Wireless Worldwide</b>             |   |                   |
| 5438797                                       | Radios for 9/16/22 OC Water Summit                                | 278.40            |
| ***Total***                                   |   | <u>278.40</u>     |
| <b>Best Best and Krieger LLP</b>              |   |                   |
| 55401-SEP22                                   | September 2022 Legal Services                                     | 12,310.50         |
| 948755  | September 2022 State Advocacy Agreement services                  | 8,000.00          |
| ***Total***                                   |   | <u>20,310.50</u>  |
| <b>Black &amp; Veatch</b>                     |   |                   |
| 1382218                                       | September 2022 Hydraulic Model Work with SCWD                     | 3,337.50          |
| ***Total***                                   |   | <u>3,337.50</u>   |

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2022**

| <b>Vendor/<br/>Invoice</b>                      | <b>Description</b>  | <b>Amount to Pay</b> |
|---|---|----------------------|
| <b>California Special Districts Association</b> |   |                      |
| 352-2023  | 2023 Annual membership renewal  | 8,810.00             |
| ***Total***                                     |   | 8,810.00             |
| <b>CDM Smith</b>                                |   |                      |
| 90164001  | October 2022 Services for water resource planning                                     | 6,977.00             |
| ***Total***                                     |   | 6,977.00             |
| <b>Elevated Health Inc</b>                      |   |                      |
| October 2022                                    | Pre-employment physical for new staff member  | 275.00               |
| ***Total***                                     |   | 275.00               |
| <b>Flume Inc</b>                                |   |                      |
| 1585  | October 2022 Flume End Use Study services   | 20,000.00            |
| ***Total***                                     |   | 20,000.00            |
| <b>GovConnection Inc</b>                        |   |                      |
| 73456750  | Office 365 Exchange Online annual renewal licenses for staff                          | 6,712.87             |
| 73456769  | MS Office 365 Professional upgrade licenses for 45 staff                              | 5,774.85             |
| ***Total***                                     |   | 12,487.72            |
| <b>Green Thumb (Indoor Plant Care) LLC</b>      |   |                      |
| 20221035  | Purchase of office plants and planters with installation for MWDOC office             | 4,254.43             |
| 20221036  | November 2022 Indoor plant care for MWDOC office                                      | 305.50               |
| ***Total***                                     |   | 4,559.93             |
| <b>Hashtag Pinpoint Corporation</b>             |   |                      |
| 1658  | October 2022 Social Media consultation and services                                   | 7,913.00             |
| ***Total***                                     |   | 7,913.00             |
| <b>Irvine Window Cleaning</b>                   |   |                      |
| 3843  | 10/5/22 window cleaning   | 400.00               |
| ***Total***                                     |   | 400.00               |
| <b>Lawnscape Systems Inc</b>                    |   |                      |
| 430450  | October 2022 Landscape Maintenance for Atrium   | 495.00               |
| ***Total***                                     |   | 495.00               |
| <b>Means Consulting-Edward G Means III</b>      |   |                      |
| MWDOC-1107                                      | October 2022 MET issues & strategic guidance to staff                                 | 1,250.00             |
| MWDOC-1307-A                                    | October 2022 East Orange County Feeder #2 Emergency Pilot Project Consulting Services | 687.50               |
| ***Total***                                     |   | 1,937.50             |

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2022**

| <b>Vendor/<br/>Invoice</b>            | <b>Description</b>  | <b>Amount to Pay</b> |
|---------------------------------------|---|----------------------|
| <b>Natural Resource Results LLC</b>   |   |                      |
| 4092                                  | October 2022 Federal legislative advocacy services                              | 8,000.00             |
| <b>***Total***</b>                    |   | <b>8,000.00</b>      |
| <b>NDS</b>                            |   |                      |
| 807790                                | 10/7 and 10/14/22 Board packet delivery service                                 | 428.50               |
| <b>***Total***</b>                    |   | <b>428.50</b>        |
| <b>ODP Business Solutions LLC</b>     |   |                      |
| 258226823001                          | 8/2/22 Office supplies  | 41.56                |
| 258227628001                          | 8/3/22 Office supplies  | 24.35                |
| 272026108001                          | 10/21/22 Office supplies  | 92.52                |
| 274289936001                          | 10/20/22 Office supplies  | 40.18                |
| 274292318001                          | 10/20/22 Office supplies  | 83.13                |
| <b>***Total***</b>                    |   | <b>281.74</b>        |
| <b>Office Solutions</b>               |   |                      |
| I-02056956                            | 10/20/22 Office supplies  | 293.33               |
| I-02057233                            | 10/20/22 Office supplies  | 384.43               |
| I-02060208                            | 10/31/22 Office supplies  | 100.85               |
| I-02060584                            | 11/1/22 Utility cart for office   | 269.43               |
| <b>***Total***</b>                    |   | <b>1,048.04</b>      |
| <b>County of Orange</b>               |   |                      |
| PW230233                              | FY22-23 Cooperative Agreement for South Orange County Watershed Management Area | 7,987.76             |
| <b>***Total***</b>                    |   | <b>7,987.76</b>      |
| <b>Orange County Business Council</b> |   |                      |
| 0011430-IN                            | 2023 Annual membership renewal  | 5,000.00             |
| <b>***Total***</b>                    |   | <b>5,000.00</b>      |
| <b>Orange County Water District</b>   |   |                      |
| 24731                                 | September 2022 Postage, shared office & maintenance expense                     | 11,662.24            |
| <b>***Total***</b>                    |   | <b>11,662.24</b>     |
| <b>Paul Redvers Brown Inc</b>         |   |                      |
| DOC013                                | October 2022 MWDOC Facilitated Member Agency Discussions Project services       | 3,480.00             |
| <b>***Total***</b>                    |   | <b>3,480.00</b>      |
| <b>Mary Snow</b>                      |   |                      |
| 113022                                | September-November 2022 Retiree medical premium                                 | 510.30               |
| <b>***Total***</b>                    |   | <b>510.30</b>        |

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2022**

| <b>Vendor/<br/>Invoice</b>              | <b>Description</b>  | <b>Amount to Pay</b>     |
|---|---|--------------------------|
| <b>Soto Resources-Joey C Soto</b>       |   |                          |
| GA-OCT-68                               | October 2022 Grant Research and Acquisition Assistance                                  | 3,250.00                 |
| ***Total***                             |   | <u>3,250.00</u>          |
| <b>SPS Data Communications</b>          |   |                          |
| 102232                                  | IT Cabinet Fans replacement   | 765.00                   |
| ***Total***                             |   | <u>765.00</u>            |
| <b>USAFact Inc</b>                      |   |                          |
| 2103264                                 | October 2022 Background check for new hire  | 35.06                    |
| ***Total***                             |   | <u>35.06</u>             |
| <b>Total Core Expenditures</b>          |   | <u><b>316,920.63</b></u> |
| <br><b>Choice Expenditures:</b>         |   |                          |
| <b>Building Block Entertainment Inc</b> |   |                          |
| 3547-2                                  | October 2022 Choice Elementary School Program K-2                                       | 8,150.00                 |
| ***Total***                             |   | <u>8,150.00</u>          |
| <b>Mission RCD</b>                      |   |                          |
| 3294                                    | October 2022 Field inspection and verification for Water Use Efficiency rebate programs | 1,030.00                 |
| ***Total***                             |   | <u>1,030.00</u>          |
| <b>Office Solutions</b>                 |   |                          |
| I-02060932                              | 11/2/22 Supplies for Water Loss Control Shared Services                                 | 94.30                    |
| I-02061813                              | 11/3/22 Supplies for Water Loss Control Shared Services                                 | 56.93                    |
| ***Total***                             |   | <u>151.23</u>            |
| <b>Orange County Dept of Education</b>  |   |                          |
| 94SI1320                                | September 2022 Choice School Programs for 3-5 grade                                     | 2,069.30                 |
| ***Total***                             |   | <u>2,069.30</u>          |
| <b>Orange County Water District</b>     |   |                          |
| 24731                                   | September 2022 Postage, shared office & maintenance expense                             | 29.02                    |
| ***Total***                             |   | <u>29.02</u>             |
| <b>Westerly-Lane M Matsuno</b>          |   |                          |
| 17150                                   | September 2022 Meter Accuracy Testing for the City of Fountain Valley                   | 8,412.94                 |
| 17164                                   | October 2022 Meter Accuracy Testing for Trabuco Canyon Water District                   | 2,239.47                 |
| ***Total***                             |   | <u>10,652.41</u>         |
| <b>Total Choice Expenditures</b>        |   | <u><b>22,081.96</b></u>  |

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of November 2022**

| <b>Vendor/<br/>Invoice</b>            | <b>Description</b>  | <b>Amount to Pay</b>     |
|---------------------------------------|---|--------------------------|
| <b>Other Funds Expenditures:</b>      |   |                          |
| <b>EcoTech Services Inc</b>           |   |                          |
| 2438                                  | September 2022 Landscape Design and Landscape Maintenance Assistance Program            | 3,527.60                 |
| ***Total***                           |   | <u>3,527.60</u>          |
| <b>El Toro Water District</b>         |   |                          |
| 111                                   | August and September 2022 services for Soft Costs & Site Grading South EOC              | 33,048.71                |
| ***Total***                           |   | <u>33,048.71</u>         |
| <b>Mission RCD</b>                    |   |                          |
| 3294                                  | October 2022 Field inspection and verification for Water Use Efficiency rebate programs | 7,895.25                 |
| ***Total***                           |   | <u>7,895.25</u>          |
| <b>County of Orange</b>               |   |                          |
| SC13693                               | 10/1/22-12/31/22 WEROC Radio System operations and maintenance costs                    | 621.00                   |
| ***Total***                           |   | <u>621.00</u>            |
| <b>The Plant Nerd</b>                 |   |                          |
| 7545                                  | October 2022 Landscape Design and Landscape Maintenance Assistance Program              | 28,480.00                |
| ***Total***                           |   | <u>28,480.00</u>         |
| <b>TerraWorks Studio</b>              |   |                          |
| MW0016                                | October 2022 Landscape Design and Landscape Maintenance Assistance Program              | 3,500.00                 |
| ***Total***                           |   | <u>3,500.00</u>          |
| <b>Total Other Funds Expenditures</b> |   | <u>77,072.56</u>         |
| <b>Total Expenditures</b>             |   | <u><u>416,036.98</u></u> |



**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2022**

**Item 1c**

| <b>Name/<br/>Date</b>                     | <b>Check/<br/>EFT</b> | <b>Invoice</b> | <b>Description</b>  | <b>Amount</b> |
|---|-----------------------|----------------|---|---------------|
| <b>Core Disbursements:</b>                |                       |                |   |               |
| <b>Letty Aguilar</b>                      |                       |                |   |               |
| 10/31/2022                                | EFT                   | 81722          | August 2022 Business expense  | 150.00        |
| <b>***Total***</b>                        |                       |                |   | <b>150.00</b> |
| <b>Heather Baez</b>                       |                       |                |   |               |
| 10/31/2022                                | EFT                   | 71522          | July 2022 Business expense  | 371.36        |
| 10/31/2022                                | EFT                   | 82522          | August 2022 Business expense  | 479.01        |
| 10/31/2022                                | EFT                   | 93022          | September 2022 Business expense                                     | 103.71        |
| <b>***Total***</b>                        |                       |                |   | <b>954.08</b> |
| <b>Joseph Berg</b>                        |                       |                |   |               |
| 10/31/2022                                | EFT                   | 100322         | October 2022 Business expense                                       | 106.09        |
| <b>***Total***</b>                        |                       |                |   | <b>106.09</b> |
| <b>Corodata Records Management Inc</b>    |                       |                |   |               |
| 10/14/2022                                | EFT                   | RS4841331      | September 2022 Records Storage Fees                                 | 58.22         |
| <b>***Total***</b>                        |                       |                |   | <b>58.22</b>  |
| <b>Rachel Davis</b>                       |                       |                |   |               |
| 10/31/2022                                | EFT                   | 102022         | October 2022 Business expense                                       | 238.66        |
| <b>***Total***</b>                        |                       |                |   | <b>238.66</b> |
| <b>Tina Jocelyn Fann</b>                  |                       |                |   |               |
| 10/31/2022                                | EFT                   | 100622         | October 2022 Business expense                                       | 59.60         |
| <b>***Total***</b>                        |                       |                |   | <b>59.60</b>  |
| <b>Lina Gunawan</b>                       |                       |                |   |               |
| 10/31/2022                                | EFT                   | 93022          | September 2022 Business expense                                     | 20.00         |
| <b>***Total***</b>                        |                       |                |   | <b>20.00</b>  |
| <b>Alexander Heide</b>                    |                       |                |   |               |
| 10/31/2022                                | EFT                   | 82522          | August 2022 Business expense  | 423.82        |
| <b>***Total***</b>                        |                       |                |   | <b>423.82</b> |
| <b>Laguna Beach County Water District</b> |                       |                |   |               |
| 10/14/2022                                | 141299                | 101322         | Refund 9/16/22 OC Water Summit canceled registration for Mark Lewis | 140.00        |
| <b>***Total***</b>                        |                       |                |   | <b>140.00</b> |
| <b>Petty Cash</b>                         |                       |                |   |               |
| 10/31/2022                                | 141378                | JUL-SEP22      | Jul-Sep 2022 Petty Cash reimbursements                              | 151.51        |
| <b>***Total***</b>                        |                       |                |   | <b>151.51</b> |

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2022**

| <b>Name/<br/>Date</b>           | <b>Check/<br/>EFT</b> | <b>Invoice</b>       | <b>Description</b>                                   | <b>Amount</b>    |
|---------------------------------|-----------------------|----------------------|--|------------------|
| <b>Judy Roberts</b>             |                       |                      |  |                  |
| 10/31/2022                      | EFT                   | 90622                | September 2022 Business expense                      | 26.34            |
| <b>***Total***</b>              |                       |                      |  | <b>26.34</b>     |
| <b>Alana Salas-Yoshii</b>       |                       |                      |  |                  |
| 10/31/2022                      | EFT                   | 101122               | October 2022 Business expense                        | 12.75            |
| <b>***Total***</b>              |                       |                      |  | <b>12.75</b>     |
| <b>Karl Seckel</b>              |                       |                      |  |                  |
| 10/31/2022                      | EFT                   | 92622                | September 2022 Business expense                      | 60.00            |
| <b>***Total***</b>              |                       |                      |  | <b>60.00</b>     |
| <b>Nathan Shepherd</b>          |                       |                      |  |                  |
| 10/31/2022                      | EFT                   | 93022                | September 2022 Business expense                      | 171.67           |
| <b>***Total***</b>              |                       |                      |  | <b>171.67</b>    |
| <b>Spectrum Business</b>        |                       |                      |  |                  |
| 10/14/2022                      | 141304                | 343564101022         | October 2022 Telephone expense for one fax line      | 39.99            |
| 10/03/2022                      | 141290                | 375210093022         | October 2022 Telephone and internet expense          | 1,426.93         |
| <b>***Total***</b>              |                       |                      |  | <b>1,466.92</b>  |
| <b>Jeffery Thomas</b>           |                       |                      |  |                  |
| 10/31/2022                      | EFT                   | 82622                | August 2022 Business expense                         | 97.50            |
| <b>***Total***</b>              |                       |                      |  | <b>97.50</b>     |
| <b>US Bank</b>                  |                       |                      |  |                  |
| 10/14/2022                      | 141306                | 0208/4192/4279-SEP22 | 8/23/22-9/22/22 Cal Card Charges                     | 26,785.97        |
| <b>***Total***</b>              |                       |                      |  | <b>26,785.97</b> |
| <b>Verizon Wireless</b>         |                       |                      |  |                  |
| 10/03/2022                      | 141291                | 9916557653           | September 2022 4G Mobile broadband unlimited service | 114.03           |
| <b>***Total***</b>              |                       |                      |  | <b>114.03</b>    |
| <b>Katie Vincent</b>            |                       |                      |  |                  |
| 10/31/2022                      | EFT                   | 93022                | September 2022 Business expense                      | 49.64            |
| <b>***Total***</b>              |                       |                      |  | <b>49.64</b>     |
| <b>Sarah Wilson</b>             |                       |                      |  |                  |
| 10/31/2022                      | EFT                   | 93022                | September 2022 Business expense                      | 238.69           |
| <b>***Total***</b>              |                       |                      |  | <b>238.69</b>    |
| <b>Total Core Disbursements</b> |                       |                      |  | <b>31,325.49</b> |



**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2022**

| Name/<br>Date                         | Check/<br>EFT | Invoice       | Description  | Amount               |
|---------------------------------------|---------------|---------------|--|----------------------|
| <b>Choice Disbursements:</b>          |               |               |  |                      |
| <b>Cristal Castro</b>                 |               |               |  |                      |
| 10/31/2022                            | 141372        | 101122        | October 2022 Business expense  | 44.25                |
| <b>***Total***</b>                    |               |               |  | <b>44.25</b>         |
| <b>Rachel Davis</b>                   |               |               |  |                      |
| 10/31/2022                            | EFT           | 102022        | October 2022 Business expense  | 64.69                |
| <b>***Total***</b>                    |               |               |  | <b>64.69</b>         |
| <b>Petty Cash</b>                     |               |               |  |                      |
| 10/31/2022                            | 141378        | JUL-SEP22     | Jul-Sep 2022 Petty Cash reimbursements                               | 40.00                |
| <b>***Total***</b>                    |               |               |  | <b>40.00</b>         |
| <b>Alana Salas-Yoshii</b>             |               |               |  |                      |
| 10/31/2022                            | EFT           | 101122        | October 2022 Business expense  | 29.25                |
| <b>***Total***</b>                    |               |               |  | <b>29.25</b>         |
| <b>US Bank</b>                        |               |               |  |                      |
| 10/14/2022                            | 141306        | 4279-SEP22    | 8/23/22-9/22/22 Cal Card Charges                                     | 1,716.44             |
| <b>***Total***</b>                    |               |               |  | <b>1,716.44</b>      |
| <b>US Bank Voyager Fleet Systems</b>  |               |               |  |                      |
| 10/31/2022                            | EFT           | 8694349932239 | 8/25/22-9/24/22 Fuel for Water Loss Control Shared Services vehicles | 781.18               |
| <b>***Total***</b>                    |               |               |  | <b>781.18</b>        |
| <b>Total Choice Disbursements</b>     |               |               |  | <b>2,675.81</b>      |
| <b>Other Funds Disbursements:</b>     |               |               |  |                      |
| <b>AT&amp;T</b>                       |               |               |  |                      |
| 10/14/2022                            | 141296        | 18835003      | September 2022 Telephone expense for WEROC Primary & N. EOC          | 473.70               |
| <b>***Total***</b>                    |               |               |  | <b>473.70</b>        |
| <b>Metropolitan Water District</b>    |               |               |  |                      |
| 10/31/2022                            | EFT103122     | 10885         | August 2022 Water deliveries   | 20,111,427.05        |
| <b>***Total***</b>                    |               |               |  | <b>20,111,427.05</b> |
| <b>Santa Margarita Water District</b> |               |               |  |                      |
| 10/31/2022                            | EFT           | 83122         | August 2022 SCP Operation Surcharge                                  | 48,942.57            |
| <b>***Total***</b>                    |               |               |  | <b>48,942.57</b>     |

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2022**

| <b>Name/<br/>Date</b>               | <b>Check/<br/>EFT</b> | <b>Invoice</b>          | <b>Description</b>  | <b>Amount</b>    |
|-------------------------------------|-----------------------|-------------------------|---|------------------|
| <b>Santiago Aqueduct Commission</b> |                       |                         |   |                  |
| 10/31/2022                          | 141379                | 83122                   | August 2022 SAC Pipeline Operation Surcharge                                    | 2,828.05         |
| <b>***Total***</b>                  |                       |                         |   | <b>2,828.05</b>  |
| <b>Spray to Drip Rebate</b>         |                       |                         |   |                  |
| 10/28/2022                          | 141320                | S2D5-C-IRWD-41400-18156 | Deerfield Community Assoc (Irvine)  | 25,000.00        |
| 10/28/2022                          | 141357                | S2D5-C-IRWD-46991-18736 | RiverRock Real Estate Group (Irvine)  | 3,280.00         |
| 10/28/2022                          | 141348                | S2D5-C-SM-42878-18246   | Rancho Santa Margarita Landscape & Recreation Corp (Avenida Empresa)            | 3,400.00         |
| 10/28/2022                          | 141349                | S2D5-C-SM-42878-18247   | Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Cascada) | 6,444.50         |
| 10/28/2022                          | 141350                | S2D5-C-SM-42878-18343   | Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Paraiso) | 2,361.50         |
| 10/28/2022                          | 141351                | S2D5-C-SM-42878-18344   | Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Ria)     | 5,532.50         |
| 10/28/2022                          | 141336                | S2D5-C-SM-44331-18411   | Marbella Golf & Country Club (San Juan Capistrano)                              | 11,500.00        |
| 10/28/2022                          | 141363                | S2D5-R-ETWD-45865-18573 | E. Shickler   | 513.00           |
| 10/28/2022                          | 141366                | S2D5-R-HB-46308-18504   | D. Tran   | 635.00           |
| 10/28/2022                          | 141360                | S2D5-R-LH-46263-18816   | G. Samaradivakara   | 541.00           |
| 10/28/2022                          | 141309                | S2D5-R-MESA-45881-18968 | C. Abbott   | 395.50           |
| 10/28/2022                          | 141322                | S2D5-R-NWPT-46198-18879 | R. Eckhardt   | 458.50           |
| 10/28/2022                          | 141341                | S2D5-R-O-44464-19043    | J. Niebla   | 2,500.00         |
| 10/28/2022                          | 141315                | S2D5-R-O-47407-18875    | J. Chang  | 189.24           |
| 10/28/2022                          | 141317                | S2D5-R-SOCO-42337-18188 | S. Chun   | 559.00           |
| 10/28/2022                          | 141369                | S2D5-R-YLWD-44662-18359 | J. Worden   | 521.50           |
| <b>***Total***</b>                  |                       |                         |   | <b>63,831.24</b> |
| <b>Turf Rebate</b>                  |                       |                         |   |                  |
| 10/05/2022                          | 141292                | TR15-R-IRWD-44765-43393 | H. Yow  | 788.00           |
| 10/28/2022                          | 141358                | TR14-C-IRWD-46970-45609 | RiverRock Real Estate Group (Irvine)  | 8,756.00         |
| 10/28/2022                          | 141339                | TR15-C-HB-45936-44563   | B. Mcmillan   | 13,488.00        |
| 10/28/2022                          | 141367                | TR15-C-MESA-4463-44426  | Westbluff Village Homeowners Association (Costa Mesa)                           | 29,696.63        |
| 10/28/2022                          | 141319                | TR15-C-MNT-4463-44678   | Country Village Association (Laguna Niguel)                                     | 176,898.41       |
| 10/28/2022                          | 141344                | TR15-C-SM-26835-44568   | Oso Valley Greenbelt Association (Mission Viejo)                                | 26,751.00        |
| 10/28/2022                          | 141352                | TR15-C-SM-42878-44448   | Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Paraiso) | 20,400.00        |
| 10/28/2022                          | 141353                | TR15-C-SM-42878-44449   | Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Paraiso) | 14,169.00        |
| 10/28/2022                          | 141354                | TR15-C-SM-42878-44450   | Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Ria)     | 33,195.00        |
| 10/28/2022                          | 141355                | TR15-C-SM-42878-44452   | Rancho Santa Margarita Landscape & Recreation Corp (Arroyo Vista St at Cascada) | 38,667.00        |


**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2022**

| <b>Name/<br/>Date</b>        | <b>Check/<br/>EFT</b> | <b>Invoice</b>           | <b>Description</b>                                  | <b>Amount</b>     |
|------------------------------|-----------------------|--------------------------|---|-------------------|
| <b>Turf Rebate-Continued</b> |                       |                          |   |                   |
| 10/28/2022                   | 141337                | TR15-C-SM-44331-43154    | Marbella Golf & Country Club (San Juan Capistrano)  | 69,000.00         |
| 10/28/2022                   | 141318                | TR15-C-SM-45861-45406-PA | City of Mission Viejo (La Paz Rd)                   | 14,457.00         |
| 10/28/2022                   | 141343                | TR15-C-SOCO-42533-44740  | Niguel Beach Terrace Condominium Assoc (Dana Point) | 35,670.00         |
| 10/28/2022                   | 141332                | TR15-R-BP-46672-45303    | F. Lamanski   | 4,644.00          |
| 10/28/2022                   | 141347                | TR15-R-ETWD-44578-43226  | J. Ramos  | 13,852.00         |
| 10/28/2022                   | 141364                | TR15-R-ETWD-45865-44500  | E. Shickler   | 4,180.00          |
| 10/28/2022                   | 141313                | TR15-R-FV-39292-45122    | E. Barreca  | 3,789.51          |
| 10/28/2022                   | 141346                | TR15-R-FV-44764-43392    | M. Ramirez  | 942.00            |
| 10/28/2022                   | 141359                | TR15-R-HB-39501-46176    | R. Ryder  | 1,209.00          |
| 10/28/2022                   | 141345                | TR15-R-HB-46268-44897    | J. Prabhu   | 3,711.51          |
| 10/28/2022                   | 141327                | TR15-R-HB-46336-44964    | N. Hanley   | 1,497.00          |
| 10/28/2022                   | 141326                | TR15-R-HB-46438-45075    | S. Greene   | 5,742.00          |
| 10/28/2022                   | 141362                | TR15-R-HB-46869-45501    | S. Shackelford                                      | 5,054.50          |
| 10/28/2022                   | 141329                | TR15-R-HB-46881-45534    | C. Jones  | 849.00            |
| 10/28/2022                   | 141368                | TR15-R-IRWD-44251-42885  | R. Wong   | 4,200.00          |
| 10/28/2022                   | 141314                | TR15-R-IRWD-46148-44779  | D. Brown  | 5,060.00          |
| 10/28/2022                   | 141324                | TR15-R-IRWD-46606-45276  | P. Evans  | 3,324.00          |
| 10/28/2022                   | 141311                | TR15-R-IRWD-47178-45782  | T. Banh   | 2,996.00          |
| 10/28/2022                   | 141330                | TR15-R-IRWD-47722-46308  | M. Kimble   | 1,193.08          |
| 10/28/2022                   | 141334                | TR15-R-IRWD-48129-46688  | K. Lepore   | 2,100.00          |
| 10/28/2022                   | 141340                | TR15-R-LH-44538-43191    | P. Nguyen   | 2,271.00          |
| 10/28/2022                   | 141361                | TR15-R-LH-46263-44892    | G. Samaradivakara                                   | 3,246.00          |
| 10/28/2022                   | 141310                | TR15-R-MESA-45881-44514  | C. Abbott   | 2,367.00          |
| 10/28/2022                   | 141335                | TR15-R-MNT-44688-43328   | M. Majidi   | 2,160.00          |
| 10/28/2022                   | 141328                | TR15-R-MNT-46264-44893   | S. Hentschel  | 5,104.00          |
| 10/28/2022                   | 141371                | TR15-R-MNT-47123-45734   | L. Yarvis   | 3,288.00          |
| 10/28/2022                   | 141312                | TR15-R-MNT-47602-46189   | C. Barnett  | 681.02            |
| 10/28/2022                   | 141356                | TR15-R-MNT-48067-46628   | L. Rickhoff   | 7,116.00          |
| 10/28/2022                   | 141323                | TR15-R-NWPT-46198-44825  | R. Eckhardt   | 2,751.00          |
| 10/28/2022                   | 141342                | TR15-R-O-44464-43109     | J. Niebla   | 15,000.00         |
| 10/28/2022                   | 141316                | TR15-R-O-47407-46008     | J. Chang  | 1,537.18          |
| 10/28/2022                   | 141321                | TR15-R-SM-45967-44600    | A. Della Ripa                                       | 5,514.00          |
| 10/28/2022                   | 141365                | TR15-R-SM-45981-44613    | C. Thomas   | 1,146.00          |
| 10/28/2022                   | 141333                | TR15-R-SWD-46917-45542   | S. Lauro  | 15,000.00         |
| 10/28/2022                   | 141331                | TR15-R-WEST-47690-46274  | C. Kuwahara   | 2,547.00          |
| 10/28/2022                   | 141370                | TR15-R-YLWD-44662-43305  | J. Worden   | 4,020.00          |
| 10/28/2022                   | 141325                | TR15-R-YLWD-46866-45495  | K. Fulle  | 5,475.00          |
| 10/28/2022                   | 141338                | TR16-R-SM-46885-45514    | M. Mascola  | 2,100.00          |
| <b>***Total***</b>           |                       |                          |   | <b>627,602.84</b> |

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the Month of October 2022**

| <b>Name/<br/>Date</b>                  | <b>Check/<br/>EFT</b> | <b>Invoice</b> | <b>Description</b>                                   | <b>Amount</b>        |
|--|-----------------------|----------------|--|----------------------|
| <b>US Bank</b>                         |                       |                |  |                      |
| 10/14/2022                             | 141306                | 6066-SEP22     | 8/23/22-9/22/22 Cal Card Charges                     | 6,817.07             |
| <b>***Total***</b>                     |                       |                |  | <b>6,817.07</b>      |
| <b>Verizon Wireless</b>                |                       |                |  |                      |
| 10/03/2022                             | 141291                | 9916557653     | September 2022 4G Mobile broadband unlimited service | 76.02                |
| <b>***Total***</b>                     |                       |                |  | <b>76.02</b>         |
| <b>Total Other Funds Disbursements</b> |                       |                |  | <b>20,861,998.54</b> |
| <b>Total Disbursements</b>             |                       |                |  | <b>20,895,999.84</b> |

  
Robert J. Hunter, General Manager

  
Hilary Chumpitazi, Treasurer

**Cal Card Charges**  
**Statement Date: September 22, 2022**  
**Payment Date: October 14, 2022**

| Date                   | Description   | Amount           |
|------------------------|---|------------------|
| <b>R. Hunter Card:</b> |   |                  |
| 8/26/2022              | Urban Water Institute conference in San Diego, CA from August 24-26, 2022 - Accommodations for D. Micalizzi, and Directors Thomas, Tamaribuchi, Nederhood, and McVicker                           | 2,672.04         |
| 8/29/2022              | National Notary Association class in Garden Grove, CA on 9/23/22 with four year membership - Registration for M. Goldsby  | 990.90           |
| 9/01/2022              | CAPIO conference in San Diego, CA from August 29-September 1, 2022 - Accommodations for T. Baca and S. Wilson   | 1,646.10         |
| 9/02/2022              | WaterSmart Innovations Conference in Las Vegas, NV from October 4-6, 2022 - Registration for R. Davis   | 325.00           |
| 9/06/2022              | WaterSmart Innovations Conference in Las Vegas, NV from October 4-6, 2022 - Accommodations Deposit for J. Berg, R. Davis, T. Fann and S. Fetter   | 384.20           |
| 9/08/2022              | 2022 Yorba Linda State of the City in Yorba Linda, CA on October 19, 2022 - Registration for Director Nederhood   | 75.00            |
| 9/08/2022              | CalWEP Board Meeting and Plenary in Oakland, CA on September 8, 2022 -Accommodations for J. Berg  | 228.75           |
| 9/12/2022              | ACWA Fall conference in Indian Wells, CA from November 29-December 1, 2022 - Registration for H. De La Torre, M. Baum-Haley, H. Baez, D. Micalizzi, and Directors McVicker, Nederhood, and Seckel | 5,425.00         |
| 9/12/2022              | WaterSmart Innovations Conference from October 4-6, 2022 in Las Vegas, NV - Airfare for J. Berg, R. Davis, T. Fann and S. Fetter  | 453.83           |
| 9/14/2022              | Gift Basket for staff member  | 103.98           |
| 9/19/2022              | Doodle Poll Pro annual subscription   | 83.40            |
| <b>Total:</b>          |   | <b>12,388.20</b> |

**C. Harris Card:**

|           |   |          |
|-----------|---|----------|
| 8/18/2022 | FedEx shipment on 08/18/22  | 10.80    |
| 8/22/2022 | Replacement laptop for Director of Water Use Efficiency   | 1,529.60 |
| 8/22/2022 | Return credit for chair mats to Costco from Invoice 287034768   | (73.93)  |
| 8/22/2022 | FedEx shipment 08/22/22   | 18.55    |
| 8/22/2022 | Two docking stations for staff  | 289.26   |
| 8/23/2022 | FedEx shipment on 08/23/22  | 38.99    |
| 8/23/2022 | ESRI annual license renewals for WEROC, Water Use Efficiency, and Water Loss Control Shared Services  | 2,816.44 |
| 8/24/2022 | 7/25/22-8/24/22 webhosting charge for Mwdoc.com   | 15.65    |
| 8/24/2022 | Standard SSL Certificate two year renewal for EP.Mwdoc.com  | 199.98   |
| 8/25/2022 | Online Supervisor/Reasonable Suspicion training on September 13, 2022 - Registration for K. Davanaugh | 50.00    |
| 8/26/2022 | Two laptops for Water Use Efficiency interns  | 1,780.58 |
| 8/26/2022 | Sympathy flowers for staff member   | 55.11    |
| 8/29/2022 | Desk name plate for new staff member  | 21.03    |
| 8/30/2022 | HP Toner cartridges for office printers   | 157.22   |
| 8/30/2022 | Return credit for two docking stations from Amazon Invoice 6757058                                    | (170.48) |
| 9/01/2022 | Get well flowers for staff member   | 69.58    |
| 9/08/2022 | FedEx shipment on 9/8/22  | 25.35    |


**Cal Card Charges**  
**Statement Date: September 22, 2022**  
**Payment Date: October 14, 2022**

| Date                             | Description   | Amount           |
|----------------------------------|---|------------------|
| <b>C. Harris Card-Continued:</b> |   |                  |
| 9/08/2022                        | Flowers for Board member  | 75.41            |
| 9/09/2022                        | AC Adapter for WEROC Laptop   | 31.90            |
| 9/10/2022                        | Poster Contest Awards Ceremony luncheon on 9/10/22 from Panera Bread for 150 guests               | 2,103.97         |
| 9/10/2022                        | Two desk name plates for new staff members  | 37.86            |
| 9/12/2022                        | FedEx shipment on 9/12/22   | 18.78            |
| 9/13/2022                        | Four docking stations and monitor cables for Water Use Efficiency interns                         | 517.10           |
| 9/15/2022                        | 9/16/22 OC Water Summit Speakers' dinner on 9/15/22 at Catal Restaurant for 24 guests             | 1,723.37         |
| 9/15/2022                        | Senior Engineer/Principal Engineer job posting with Brown and Caldwell                            | 200.00           |
| 9/16/2022                        | Desk nameplate for new staff member   | 21.03            |
| <b>Total:</b>                    |   | <b>11,563.15</b> |
| <b>Public Affairs Card:</b>      |   |                  |
| 8/19/2022                        | Community events and Girl Scouts EXPO display supplies  | 173.91           |
| 8/25/2022                        | August 2022 D. Micalizzi Business expense   | 251.28           |
| 8/31/2022                        | New Public Affairs Coordinator welcome lunch  | 42.29            |
| 9/01/2022                        | 9/16/2022 OC Water Summit table centerpieces  | 276.17           |
| 9/01/2022                        | Storage unit key duplication for new employee   | 3.46             |
| 9/02/2022                        | 9/2/22-10/1/22 Zoom Video Communications fee with audio licenses                                  | 174.93           |
| 9/03/2022                        | September 2022 Public Storage Unit for Public Affairs   | 360.00           |
| 9/06/2022                        | 9/16/22 OC Water Summit speakers' dinner deposit at Catal Restaurant on 9/15/22                   | 1,500.00         |
| 9/06/2022                        | 9/16/22 OC Water Summit centerpiece supplies  | 33.98            |
| 9/06/2022                        | 9/16/22 OC Water Summit succulents for centerpieces from Green Touch Nursery                      | 140.16           |
| 9/06/2022                        | 9/16/22 OC Water Summit downloadable designs for signage and decor                                | 31.12            |
| 9/07/2022                        | 9/16/2022 OC Water Summit Speaker gifts   | 182.92           |
| 9/07/2022                        | Poster Contest adult and child size rain ponchos for outside event                                | 146.71           |
| 9/07/2022                        | Public Affairs Team lunch to welcome new team member  | 105.96           |
| 9/09/2022                        | 09/16/22 OC Water Summit Centerpieces themed postcards from Zazzle                                | 409.60           |
| 9/10/2022                        | Balloons for the Poster Contest awards ceremony   | 18.10            |
| 9/12/2022                        | 9/16/22 OC Water Summit table centerpieces supplies   | 291.33           |
| 9/12/2022                        | 9/16/22 OC Water Summit speaker gift from California Fruit Gifts                                  | 58.99            |
| 9/15/2022                        | 9/16/22 OC Water Summit MWDOC Staff Dinner during setup on 9/15/22                                | 159.72           |
| 9/15/2022                        | One month Flipsnack.com website subscription to digitally display 9/16/22 OC Water Summit program | 48.00            |
| 9/15/2022                        | 9/16/22 OC Water Summit Succulents for centerpieces from Home Depot                               | 39.33            |
| 9/20/2022                        | PRSA Membership renewal for T. Baca   | 335.00           |
| <b>Total:</b>                    |   | <b>4,782.96</b>  |
| <b>WEROC Card:</b>               |   |                  |
| 9/02/2022                        | 1,100 COVID-19 Acon Flowflex Rapid Test Kits for member agencies                                  | 6,533.30         |
| 9/12/2022                        | New staff member lunch  | 51.87            |
| <b>Total:</b>                    |   | <b>6,585.17</b>  |

<sup>1</sup> Expense reimbursed by MWDOC staff

**Municipal Water District of Orange County  
GM Approved Disbursement Report (1)  
For the Month of October 2022**

| Name/<br>Date                          | Check/<br>EFT | Invoice      | Description  | Amount   |
|--|---------------|--------------|--|----------|
| <b>Core Disbursements:</b>             |               |              |  |          |
| <b>Stoneside Blinds &amp; Shades</b>   |               |              |  |          |
| 10/31/2022                             | 141381        | SO98814Final | Final payment on Window Coverings for the Office     | 8,330.82 |
| ***Total***                            |               |              |  | 8,330.82 |
| <b>Melinda Terry</b>                   |               |              |  |          |
| 10/31/2022                             | 141382        | 101222       | 9/16/22 OC Water Summit speaker travel reimbursement | 66.12    |
| ***Total***                            |               |              |  | 66.12    |
| <b>Total Core Disbursements</b>        |               |              |  | 8,396.94 |
| <b>Choice Disbursements:</b>           |               |              |  |          |
| <b>Total Choice Disbursements</b>      |               |              |  | -        |
| <b>Other Funds Disbursements:</b>      |               |              |  |          |
| <b>Total Other Funds Disbursements</b> |               |              |  | -        |
| <b>Total Disbursements</b>             |               |              |  | 8,396.94 |

  
Robert J. Hunter, General Manager

  
Hilary Chumpitazi, Treasurer

<sup>(1)</sup> 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, 2022

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

Megan Yoo Schneider, P.E.  
President

Bob McVicker, P.E., D.WRE  
Vice President

Al Nederhood  
Director

Larry D. Dick  
Director

Karl W. Seckel, P.E.  
Director

Sat Tamaribuchi  
Director

Jeffrey 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
- 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         | 19.10%         |
| Grant & Project Cash Flow        | 1,500,000           | 7.66%          |
| Election Expense                 | 461,678             | 2.36%          |
| Building Repair                  | 436,542             | 2.23%          |
| OPEB                             | 297,147             | 1.52%          |
| <b>Total Designated Reserves</b> | <b>6,433,872</b>    | <b>32.87%</b>  |
| <b>General Fund</b>              | <b>\$10,637,561</b> | <b>54.36%</b>  |
| Water Fund                       | 2,186,100           | 11.17%         |
| Conservation Fund                | (363,796)           | (1.86%)        |
| WEROC Fund                       | 659,663             | 3.37%          |
| Trustee Activities               | 18,462              | 0.09%          |
| <b>Total</b>                     | <b>\$19,571,862</b> | <b>100.00%</b> |

The funds are invested as follows:

| Term of Investment           | % of Portfolio | Book Value          | Market Value        |
|------------------------------|----------------|---------------------|---------------------|
| Cash                         | 0.54%          | \$105,333           | \$105,333           |
| <b>Short-term investment</b> |                |                     |                     |
| • LAIF                       | 62.91%         | 12,315,373          | 12,315,373          |
| • OCIP                       | 20.71%         | 4,051,239           | 4,051,239           |
| <b>Long-term investment</b>  |                |                     |                     |
| • US Government Issues       | 1.28%          | 249,917             | 221,125             |
| • Corporate Bond             | 6.13%          | 1,200,000           | 1,070,996           |
| • Certificates of Deposit    | 8.43%          | 1,650,000           | 1,588,090           |
| <b>Total</b>                 | <b>100.00%</b> | <b>\$19,571,862</b> | <b>\$19,352,156</b> |

The average number of days to maturity/call as of September 30, 2022 equaled 114 and the average yield to maturity is 1.553%. During the month, the District's average daily balance was \$29,495,679.79. Funds were invested in US Bank Checking Account, Negotiable Certificate of Deposits, Corporate Bonds, US Government Issues, Local Agency Investment Funds (LAIF) and Orange County Investment Pool (OCIP) during the month of September 2022.

The (\$219,706) difference between the book value and the market value on September 30, 2022 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

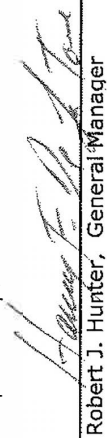
## Portfolio Management - Portfolio Summary

September 30, 2022

| 9/30/2022                         | Par Value            | Market Value         | Book Value           | % of Portfolio | Days to Mat/Call | YTM @ Cost   |
|-----------------------------------|----------------------|----------------------|----------------------|----------------|------------------|--------------|
| Negotiable Certificate Of Deposit | 1,650,000.00         | 1,588,089.50         | 1,650,000.00         | 8.48           | 951              | 2.762        |
| Corporate Bond                    | 1,200,000.00         | 1,070,996.00         | 1,200,000.00         | 6.16           | 516              | 1.518        |
| US Government Issues              | 250,000.00           | 221,125.00           | 249,916.68           | 1.28           | 57               | 0.860        |
| Local Agency Investment Funds     | 12,315,372.91        | 12,315,372.91        | 12,315,372.91        | 63.27          | 1                | 1.505        |
| Orange County Investment Pool     | 4,051,238.77         | 4,051,238.77         | 4,051,238.77         | 20.81          | 1                | 1.260        |
| <b>Total Investments</b>          | <b>19,466,611.68</b> | <b>19,246,822.18</b> | <b>19,466,528.36</b> | <b>100.00</b>  | <b>114</b>       | <b>1.553</b> |
| <b>Cash</b>                       |                      |                      |                      |                |                  |              |
| Cash                              | 105,333.55           | 105,333.55           | 105,333.55           |                | 1                | 0.00         |
| <b>Total Cash and Investments</b> | <b>19,571,945.23</b> | <b>19,352,155.73</b> | <b>19,571,861.91</b> |                | <b>114</b>       | <b>1.553</b> |

| Total Earnings           | Month Ending September | Fiscal Year to Date |
|--------------------------|------------------------|---------------------|
| Current Year             | 36,861.08              | 86,533.73           |
| Average Daily Balance    | 29,495,679.79          |                     |
| Effective Rate of Return | 1.553%                 |                     |

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

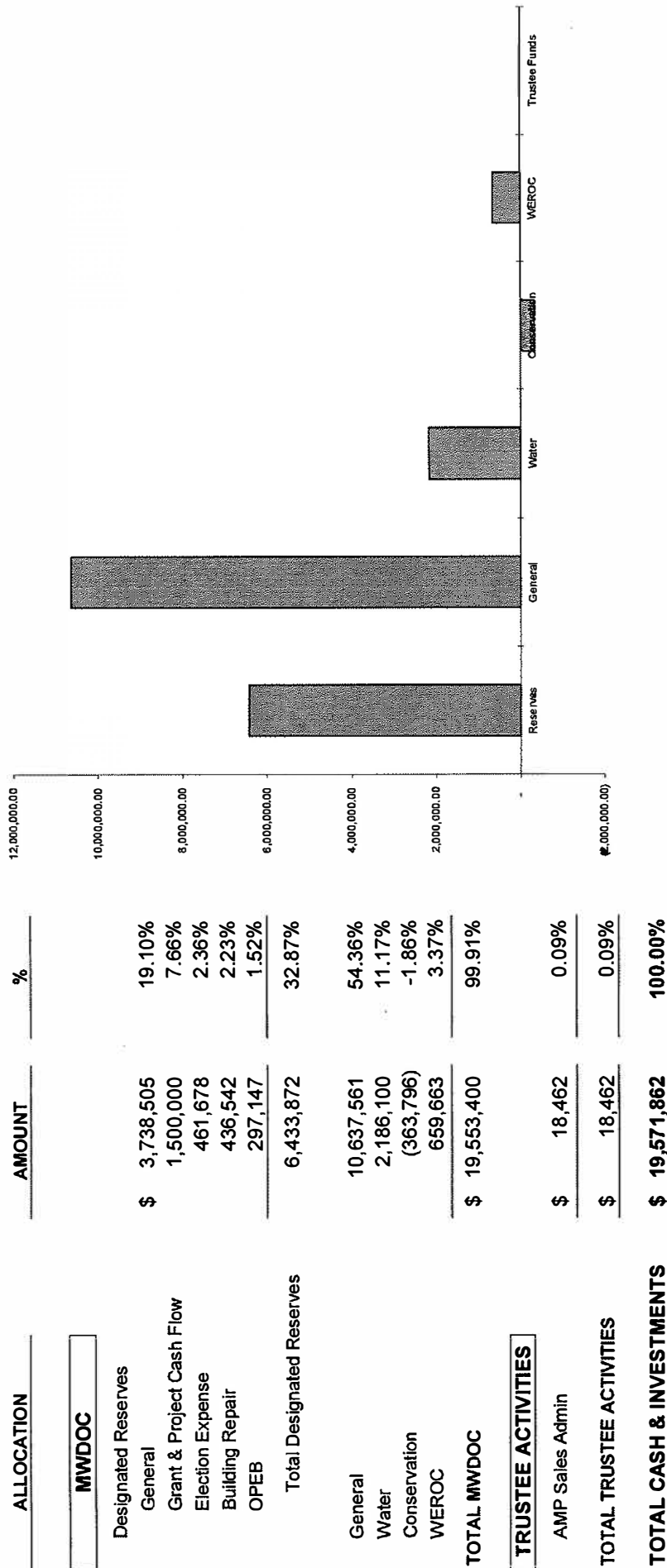
11/03/2022

  
Hilary Chumtazi, Treasurer

Date

11/03/2022

**Municipal Water District of Orange County  
Cash and Investments at September 30, 2022**



## September 30, 2022

| Issuer                            | CUSIP/Ticker | Settlement Date        | Par Value    | Market Value        | Book Value   | Coupon Rate | YTM @ Cost | Days To Call/Maturity | Maturity Date |
|-----------------------------------|--------------|------------------------|--------------|---------------------|--------------|-------------|------------|-----------------------|---------------|
| Negotiable Certificate Of Deposit |              |                        |              |                     |              |             |            |                       |               |
| American Express Bank             | 02589ADE9    | 7/20/2022              | 200,000.00   | 190,808.00          | 200,000.00   | 3.350       | 3.350      | 1,754                 | 7/20/2027     |
| Capital One Bank                  | 14042TBQ9    | 8/7/2019               | 250,000.00   | 241,015.00          | 250,000.00   | 2.250       | 2.250      | 677                   | 8/7/2024      |
| Capital One NA                    | 14042RMJ7    | 7/24/2019              | 250,000.00   | 241,002.50          | 250,000.00   | 2.200       | 2.200      | 663                   | 7/24/2024     |
| Discover Bank                     | 254673RV0    | 7/25/2018              | 250,000.00   | 248,592.50          | 250,000.00   | 3.300       | 3.300      | 298                   | 7/25/2023     |
| Goldman Sachs Bank                | 38148PT98    | 8/8/2018               | 250,000.00   | 248,565.00          | 250,000.00   | 3.350       | 3.350      | 312                   | 8/8/2023      |
| Sallie Mae Bank                   | 7954507A7    | 7/14/2021              | 200,000.00   | 176,794.00          | 200,000.00   | 1.000       | 1.000      | 1,383                 | 7/14/2026     |
| Toyota Financial SGS Bank         | 89235MPD7    | 9/27/2022              | 250,000.00   | 241,312.50          | 250,000.00   | 3.650       | 3.650      | 1,818                 | 9/22/2027     |
| Sub Total                         |              |                        | 1,650,000.00 | 1,588,089.50        | 1,650,000.00 | 2.762       | 2.762      | 951                   |               |
| US Government Issues              |              |                        |              |                     |              |             |            |                       |               |
| FH/LB                             | 3130ALGR9    | 3/1/2021               | 250,000.00   | 221,125.00          | 249,916.68   | 0.850       | 0.860      | 57                    | 2/26/2026     |
| Sub Total                         |              |                        | 250,000.00   | 221,125.00          | 249,916.68   | 0.850       | 0.860      | 57                    |               |
| Corporate Bond                    |              |                        |              |                     |              |             |            |                       |               |
| Bank of America Corp              | 06048WK41    | 12/7/2020              | 250,000.00   | 213,737.50          | 250,000.00   | 0.650       | 0.800      | 1,152                 | 11/25/2025    |
| Citigroup Global Markets          | 17328WFZ6    | 9/16/2020              | 250,000.00   | 219,410.00          | 250,000.00   | 1.000       | 1.000      | 77                    | 9/16/2025     |
| JP Morgan Chase                   | 48128GV56    | 8/18/2020              | 250,000.00   | 221,960.00          | 250,000.00   | 0.800       | 0.800      | 688                   | 8/18/2025     |
| Morgan Stanley Fin LLC            | 61766YKH3    | 6/29/2022              | 200,000.00   | 193,346.00          | 200,000.00   | 4.500       | 4.500      | 638                   | 6/29/2027     |
| Societe Generale                  | 83369MD25    | 8/19/2020              | 250,000.00   | 222,542.50          | 250,000.00   | 1.000       | 1.088      | 50                    | 8/19/2025     |
| Sub Total                         |              |                        | 1,200,000.00 | 1,070,995.00        | 1,200,000.00 | 1.469       | 1.518      | 516                   |               |
| Total Investments                 |              |                        | 3,100,000.00 | 2,880,210.50        | 3,099,916.68 | 2.107       | 2.127      | 711                   |               |
| Total Earnings                    |              |                        |              |                     |              |             |            |                       |               |
| Current Year                      |              | Month Ending September |              | Fiscal Year To Date |              |             |            |                       |               |
|                                   |              | 5,080.08               |              | 15,462.48           |              |             |            |                       |               |

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Short-Term Portfolio Details - Cash and Investments**  
**September 30, 2022**

| 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       | 12,315,372.91        | 12,315,372.91        | 12,315,372.91        | 1.505        | 1.505        | 1                     | N/A           |
| <b>Sub Total</b>                     |              |                 | <b>12,315,372.91</b> | <b>12,315,372.91</b> | <b>12,315,372.91</b> | <b>1.505</b> | <b>1.505</b> | <b>1</b>              |               |
| <b>Orange County Investment Pool</b> |              |                 |                      |                      |                      |              |              |                       |               |
| County of Orange LGIP                | OCIP         | 6/29/2005       | 4,051,238.77         | 4,051,238.77         | 4,051,238.77         | 1.260        | 1.260        | 1                     | N/A           |
| <b>Sub Total</b>                     |              |                 | <b>4,051,238.77</b>  | <b>4,051,238.77</b>  | <b>4,051,238.77</b>  | <b>1.260</b> | <b>1.260</b> | <b>1</b>              |               |
| <b>Total Investments</b>             |              |                 | <b>16,366,611.68</b> | <b>16,366,611.68</b> | <b>16,366,611.68</b> | <b>1.444</b> | <b>1.444</b> |                       |               |
| <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       | 104,833.55           | 104,833.55           | 104,833.55           | 0.000        | 0.000        | 1                     | N/A           |
| <b>Total Cash</b>                    |              |                 | <b>105,333.55</b>    | <b>105,333.55</b>    | <b>105,333.55</b>    | <b>0.000</b> | <b>0.000</b> | <b>1</b>              |               |
| <b>Total Cash and Investments</b>    |              |                 | <b>16,471,945.23</b> | <b>16,471,945.23</b> | <b>16,471,945.23</b> | <b>1.444</b> | <b>1.444</b> | <b>1</b>              |               |
| <b>Total Earnings</b>                |              |                 |                      |                      |                      |              |              |                       |               |
| Current Year                         |              |                 | 31,781.00            |                      | Fiscal Year To Date  |              |              |                       | 71,071.25     |



**MUNICIPAL WATER DIST OF ORANGE COUNTY**  
**PARS Post-Employment Benefits Trust****Account Report for the Period**  
**9/1/2022 to 9/30/2022**Hilary Chumpitazi  
Accounting Manager  
Municipal Water Dist of Orange County  
18700 Ward Street  
Fountain Valley, CA 92708**Account Summary**

| Source        | Balance as of<br>9/1/2022 | Contributions | Earnings             | Expenses          | Distributions | Transfers     | Balance as of<br>9/30/2022 |
|---------------|---------------------------|---------------|----------------------|-------------------|---------------|---------------|----------------------------|
| OPEB          | \$2,452,500.04            | \$0.00        | -\$154,141.65        | \$1,208.33        | \$0.00        | \$0.00        | \$2,297,150.06             |
| PENSION       | \$1,067,446.70            | \$0.00        | -\$67,089.19         | \$467.81          | \$0.00        | \$0.00        | \$999,889.70               |
| <b>Totals</b> | <b>\$3,519,946.74</b>     | <b>\$0.00</b> | <b>-\$221,230.84</b> | <b>\$1,676.14</b> | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$3,297,039.76</b>      |

**Investment Selection**

| Source  |                        |
|---------|------------------------|
| OPEB    | Moderate HighMark PLUS |
| PENSION | Moderate HighMark PLUS |

**Investment Objective**

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

**Investment Return**

| Source  | 1-Month | 3-Months | 1-Year  | Annualized Return |         |          | Plan's Inception Date |
|---------|---------|----------|---------|-------------------|---------|----------|-----------------------|
|         |         |          |         | 3-Years           | 5-Years | 10-Years |                       |
| OPEB    | -6.29%  | -4.49%   | -15.86% | 1.61%             | 3.12%   | 5.16%    | 10/26/2011            |
| PENSION | -6.29%  | -4.46%   | -15.83% | 1.57%             | -       | -        | 7/31/2018             |

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

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

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

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

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
COMBINED FINANCIAL STATEMENTS  
AND  
BUDGET COMPARATIVE  
JULY 1, 2022 THRU SEPTEMBER 30, 2022**



**Municipal Water District of Orange County  
Combined Balance Sheet  
As of September 30, 2022**

|   | <u><b>Amount</b></u>        |
|---|-----------------------------|
| <b><u>ASSETS</u></b>                          |                             |
| Cash in Bank                                  | 105,333.55                  |
| Investments                                   | 19,466,528.36               |
| Accounts Receivable                           | 34,372,579.68               |
| Accounts Receivable - Other                   | 128,408.43                  |
| Accrued Interest Receivable                   | 82,104.82                   |
| Prepays/Deposits                              | 346,350.80                  |
| Leasehold Improvements                        | 7,001,517.44                |
| Furniture, Fixtures & Equipment               | 885,094.81                  |
| Less: Accumulated Depreciation                | <u>(3,770,604.41)</u>       |
| <b>TOTAL ASSETS</b>                           | <b><u>58,617,313.48</u></b> |
| <b><u>LIABILITIES AND FUND BALANCES</u></b>   |                             |
| <b><u>LIABILITIES</u></b>                     |                             |
| Accounts Payable                              | 35,159,292.64               |
| Accounts Payable - Other                      | 182.00                      |
| Accrued Salaries and Benefits Payable         | 706,811.86                  |
| Other Liabilities                             | 883,760.31                  |
| Unearned Revenue                              | <u>1,063,950.05</u>         |
| <b>TOTAL LIABILITIES</b>                      | <b><u>37,813,996.86</u></b> |
| <b><u>FUND BALANCES</u></b>                   |                             |
| <u>Unrestricted Fund Balances</u>             |                             |
| <u>Designated Reserves</u>                    |                             |
| General Operations                            | 3,738,505.00                |
| Grant & Project Cash Flow                     | 1,500,000.00                |
| Election Expense                              | 461,678.00                  |
| Building Repair                               | 436,542.00                  |
| OPEB  | <u>297,147.00</u>           |
| Total Designated Reserves                     | <u>6,433,872.00</u>         |
| General Fund                                  | 5,811,879.95                |
| General Fund Capital                          | 83,747.32                   |
| WEROC   | <u>286,584.21</u>           |
| Total Unrestricted Fund Balances              | <u>12,616,083.48</u>        |
| <b><u>Excess Revenue over Expenditure</u></b> |                             |
| Operating Fund                                | 7,954,679.05                |
| Other Funds                                   | <u>232,554.09</u>           |
| <b>TOTAL FUND BALANCES</b>                    | <b><u>20,803,316.62</u></b> |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>    | <b><u>58,617,313.48</u></b> |

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**General Fund**  
**July 1, 2022 thru September 30, 2022**

|                              | <u>Month to Date</u> | <u>Year to Date</u>  | <u>Annual Budget</u> | <u>% Used</u>  | <u>Encumbrance</u> | <u>Budget<br/>Remaining</u> |
|------------------------------|----------------------|----------------------|----------------------|----------------|--------------------|-----------------------------|
| <b><u>REVENUES</u></b>       |                      |                      |                      |                |                    |                             |
| Retail Connection Charge     | 0.00                 | 8,885,401.25         | 8,885,401.25         | 100.00%        | 0.00               | 0.00                        |
| Ground Water Customer Charge | 0.00                 | 367,806.00           | 367,805.72           | 100.00%        | 0.00               | (0.28)                      |
| <b>Water Rate Revenues</b>   | <b>0.00</b>          | <b>9,253,207.25</b>  | <b>9,253,206.97</b>  | <b>100.00%</b> | <b>0.00</b>        | <b>(0.28)</b>               |
| Interest Revenue             | 37,110.21            | 87,964.98            | 145,971.00           | 60.26%         | 0.00               | 58,006.02                   |
| <b>Subtotal</b>              | <b>37,110.21</b>     | <b>9,341,172.23</b>  | <b>9,399,177.97</b>  | <b>99.38%</b>  | <b>0.00</b>        | <b>58,005.74</b>            |
| Choice Programs              | 0.00                 | 1,173,403.90         | 1,757,951.87         | 66.75%         | 0.00               | 584,547.97                  |
| Miscellaneous Income         | 20.00                | 596.44               | 3,000.00             | 19.88%         | 0.00               | 2,403.56                    |
| Transfer-In from Reserve     | 0.00                 | 0.00                 | 457,061.00           | 0.00%          | 0.00               | 457,061.00                  |
| <b>Subtotal</b>              | <b>20.00</b>         | <b>1,174,000.34</b>  | <b>2,218,012.87</b>  | <b>52.93%</b>  | <b>0.00</b>        | <b>1,044,012.53</b>         |
| <b>TOTAL REVENUES</b>        | <b>37,130.21</b>     | <b>10,515,172.57</b> | <b>11,617,190.84</b> | <b>90.51%</b>  | <b>0.00</b>        | <b>1,102,018.27</b>         |

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**General Fund**  
**July 1, 2022 thru September 30, 2022**

|   | <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>EXPENSES</u></b>                  |                      |                     |                      |               |                       |                         |
| Salaries & Wages                        | 372,398.27           | 1,118,358.26        | 4,429,129.50         | 25.25%        | 0.00                  | 3,310,771.24            |
| Salaries & Wages - Grant Recovery       | (1,799.93)           | (1,799.93)          | (20,000.00)          | (9.00)%       | 0.00                  | (18,200.07)             |
| Director's Compensation                 | 22,920.10            | 68,432.87           | 275,041.20           | 24.88%        | 0.00                  | 206,608.33              |
| MWD Representation                      | 12,769.77            | 35,035.01           | 157,166.40           | 22.29%        | 0.00                  | 122,131.39              |
| Employee Benefits                       | 120,513.48           | 360,863.75          | 1,441,831.24         | 25.03%        | 0.00                  | 1,080,967.49            |
| Employee Benefits - Grant Recovery      | (368.66)             | (368.66)            | 0.00                 | 0.00%         | 0.00                  | 368.66                  |
| CalPers Unfunded Liability Contribution | 0.00                 | 207,000.00          | 207,000.00           | 100.00%       | 0.00                  | 0.00                    |
| Director's Benefits                     | 8,767.85             | 27,033.22           | 132,976.50           | 20.33%        | 0.00                  | 105,943.28              |
| Health Insurance for Retirees           | 9,623.31             | 17,770.02           | 94,554.00            | 18.79%        | 0.00                  | 76,783.98               |
| Training Expense                        | 1,040.90             | 1,875.90            | 53,000.00            | 3.54%         | 0.00                  | 51,124.10               |
| 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>545,865.09</b>    | <b>1,834,200.44</b> | <b>6,780,698.84</b>  | <b>27.05%</b> | <b>0.00</b>           | <b>4,946,498.40</b>     |
| Engineering Expense                     | 11,799.00            | 45,189.46           | 410,000.00           | 11.02%        | 199,174.07            | 165,636.47              |
| Legal Expense                           | 13,192.00            | 31,595.50           | 235,750.00           | 13.40%        | 203,404.50            | 750.00                  |
| Audit Expense                           | 0.00                 | 7,000.00            | 35,000.00            | 20.00%        | 24,500.00             | 3,500.00                |
| Professional Services                   | 57,366.05            | 161,479.49          | 1,516,256.00         | 10.65%        | 745,952.78            | 608,823.73              |
| <b>Professional Fees</b>                | <b>82,357.05</b>     | <b>245,264.45</b>   | <b>2,197,006.00</b>  | <b>11.16%</b> | <b>1,173,031.35</b>   | <b>778,710.20</b>       |
| Conference - Staff                      | 3,425.00             | 6,552.00            | 56,205.00            | 11.66%        | 0.00                  | 49,653.00               |
| Conference - Directors                  | 2,400.00             | 3,134.00            | 23,905.00            | 13.11%        | 0.00                  | 20,771.00               |
| Travel & Accom. - Staff                 | 3,607.25             | 7,820.66            | 90,325.00            | 8.66%         | 0.00                  | 82,504.34               |
| Travel & Accom. - Directors             | 2,571.79             | 2,571.79            | 32,900.00            | 7.82%         | 0.00                  | 30,328.21               |
| <b>Travel &amp; Conference</b>          | <b>12,004.04</b>     | <b>20,078.45</b>    | <b>203,335.00</b>    | <b>9.87%</b>  | <b>0.00</b>           | <b>183,256.55</b>       |
| Membership/Sponsorship                  | 335.00               | 58,495.25           | 145,847.00           | 40.11%        | 0.00                  | 87,351.75               |
| CDR Support                             | 0.00                 | 14,365.50           | 57,462.00            | 25.00%        | 43,096.50             | 0.00                    |
| <b>Dues &amp; Memberships</b>           | <b>335.00</b>        | <b>72,860.75</b>    | <b>203,309.00</b>    | <b>35.84%</b> | <b>43,096.50</b>      | <b>87,351.75</b>        |
| Business Expense                        | 158.55               | 262.41              | 2,500.00             | 10.50%        | 0.00                  | 2,237.59                |
| Office Maintenance                      | 11,816.35            | 35,451.07           | 151,400.00           | 23.42%        | 55,648.93             | 60,300.00               |
| Building Repair & Maintenance           | 1,284.30             | 2,304.05            | 22,056.00            | 10.45%        | 8,174.25              | 11,577.70               |
| Storage Rental & Equipment Lease        | 58.22                | 174.66              | 1,800.00             | 9.70%         | 625.34                | 1,000.00                |
| Office Supplies                         | 3,131.22             | 5,188.97            | 35,000.00            | 14.83%        | 3,457.77              | 26,353.26               |
| Supplies - Water Loss Control           | 128.90               | 1,101.30            | 4,000.00             | 27.53%        | 0.00                  | 2,898.70                |
| Postage/Mail Delivery                   | 1,175.30             | 2,548.79            | 11,300.00            | 22.56%        | 1,931.92              | 6,819.29                |
| Subscriptions & Books                   | 203.40               | 203.40              | 1,000.00             | 20.34%        | 0.00                  | 796.60                  |
| Reproduction Expense                    | 2,308.35             | 7,764.91            | 84,000.00            | 9.24%         | 5,995.53              | 70,239.56               |
| Maintenance - Computers                 | 635.88               | 1,847.31            | 7,000.00             | 26.39%        | 651.56                | 4,501.13                |
| Software Purchase                       | 14,896.22            | 28,565.64           | 95,093.00            | 30.04%        | 43,983.74             | 22,543.62               |
| Software Support                        | 3,456.55             | 20,424.89           | 55,615.00            | 36.73%        | 0.00                  | 35,190.11               |
| Computers and Equipment                 | 6,662.42             | 10,561.40           | 43,950.00            | 24.03%        | 0.00                  | 33,388.60               |
| Maintenance Expense                     | 0.00                 | 0.00                | 6,000.00             | 0.00%         | 0.00                  | 6,000.00                |
| Automotive Expense                      | 336.65               | 700.81              | 13,500.00            | 5.19%         | 0.00                  | 12,799.19               |
| Vehicle Expense                         | 821.18               | 3,380.59            | 7,343.00             | 46.04%        | 0.00                  | 3,962.41                |
| Toll Road Charges                       | 0.00                 | 0.00                | 2,100.00             | 0.00%         | 0.00                  | 2,100.00                |
| Insurance Expense                       | 13,965.33            | 45,393.45           | 140,000.00           | 32.42%        | 0.00                  | 94,606.55               |
| Utilities - Telephone                   | 2,940.95             | 8,844.40            | 43,690.00            | 20.24%        | 1,026.27              | 33,819.33               |
| Bank Fees                               | 0.00                 | 452.34              | 2,600.00             | 17.40%        | 0.00                  | 2,147.66                |
| Miscellaneous Expense                   | 2,535.99             | 5,153.52            | 69,520.00            | 7.41%         | 3,240.00              | 61,126.48               |
| MWDOC's Contrb. to WEROC                | 24,690.83            | 74,072.53           | 296,290.00           | 25.00%        | 0.00                  | 222,217.47              |
| Depreciation Expense                    | 7,951.32             | 23,853.94           | 0.00                 | 0.00%         | 0.00                  | (23,853.94)             |
| <b>Other Expenses</b>                   | <b>99,157.91</b>     | <b>278,250.38</b>   | <b>1,095,757.00</b>  | <b>25.39%</b> | <b>124,735.31</b>     | <b>692,771.31</b>       |
| Election Expense                        | 0.00                 | 0.00                | 300,728.00           | 0.00%         | 0.00                  | 300,728.00              |
| Capital Acquisition                     | 26,390.07            | 96,589.09           | 113,280.00           | 85.27%        | 58,240.81             | (41,549.90)             |
| Building Expense                        | 13,249.96            | 13,249.96           | 723,077.00           | 1.83%         | 24,706.82             | 685,120.22              |
| <b>TOTAL EXPENSES</b>                   | <b>779,359.12</b>    | <b>2,560,493.52</b> | <b>11,617,190.84</b> | <b>22.04%</b> | <b>1,423,810.79</b>   | <b>7,632,886.53</b>     |
| <b>NET INCOME (LOSS)</b>                | <b>(742,228.91)</b>  | <b>7,954,679.05</b> | <b>0.00</b>          | <b>0.00%</b>  | <b>(1,423,810.79)</b> | <b>(6,530,868.26)</b>   |

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**Water Fund**  
**July 1, 2022 thru September 30, 2022**

|   | <u>Month to Date</u> | <u>Year to Date</u>  | <u>Annual Budget</u>  | <u>% Used</u> | <u>Budget<br/>Remaining</u> |
|---|----------------------|----------------------|-----------------------|---------------|-----------------------------|
| <b><u>WATER REVENUES</u></b>                  |                      |                      |                       |               |                             |
| Water Sales                                   | 13,119,007.80        | 49,249,612.00        | 157,620,717.70        | 31.25%        | 108,371,105.70              |
| Readiness to Serve Charge                     | 1,014,375.00         | 3,043,126.45         | 11,142,354.00         | 27.31%        | 8,099,227.55                |
| Capacity Charge CCF                           | 449,265.00           | 1,347,794.86         | 5,396,060.00          | 24.98%        | 4,048,265.14                |
| SCP/SAC Pipeline Surcharge                    | 31,200.16            | 101,825.74           | 318,000.00            | 32.02%        | 216,174.26                  |
| Interest Revenue                              | 0.00                 | 0.00                 | 4,547.00              | 0.00%         | 4,547.00                    |
| <b>TOTAL WATER REVENUES</b>                   | <b>14,613,847.96</b> | <b>53,742,359.05</b> | <b>174,481,678.70</b> | <b>30.80%</b> | <b>120,739,319.65</b>       |
| <b><u>WATER PURCHASES</u></b>                 |                      |                      |                       |               |                             |
| Water Sales                                   | 13,119,007.80        | 49,249,612.00        | 157,620,717.70        | 31.25%        | 108,371,105.70              |
| Readiness to Serve Charge                     | 1,014,375.00         | 3,043,126.31         | 11,142,354.00         | 27.31%        | 8,099,227.69                |
| Capacity Charge CCF                           | 449,265.00           | 1,347,795.00         | 5,396,060.00          | 24.98%        | 4,048,265.00                |
| SCP/SAC Pipeline Surcharge                    | 31,200.16            | 101,825.74           | 318,000.00            | 32.02%        | 216,174.26                  |
| <b>TOTAL WATER PURCHASES</b>                  | <b>14,613,847.96</b> | <b>53,742,359.05</b> | <b>174,477,131.70</b> | <b>30.80%</b> | <b>120,734,772.65</b>       |
| <b>EXCESS OF REVENUE OVER<br/>EXPENDITURE</b> | <b>0.00</b>          | <b>0.00</b>          | <b>4,547.00</b>       | <b>0.00%</b>  | <b>4,547.00</b>             |

**Municipal Water District of Orange County  
Revenues and Expenditures Budget Comparative Report  
Water Use Efficiency  
July 1, 2022 thru September 30, 2022**

|   | <u>Year to Date Actual</u> | <u>Annual Budget</u> | <u>% Used</u> |
|---|----------------------------|----------------------|---------------|
| <b>Spray To Drip Conversion</b>                               |                            |                      |               |
| Revenues  | 30,766.89                  | 434,927.51           | 7.07%         |
| Expenses  | 31,826.72                  | 434,927.51           | 7.32%         |
| Excess of Revenues over Expenditures                          | (1,059.83)                 | 0.00                 | 0.00%         |
| <b>Member Agency Administered Pass-Thru</b>                   |                            |                      |               |
| Revenues  | 0.00                       | 255,000.00           | 0.00%         |
| Expenses  | 0.00                       | 255,000.00           | 0.00%         |
| Excess of Revenues over Expenditures                          | 0.00                       | 0.00                 | 0.00%         |
| <b>ULFT Rebate Program</b>                                    |                            |                      |               |
| Revenues  | 0.00                       | 1,000.00             | 0.00%         |
| Expenses  | 0.00                       | 1,000.00             | 0.00%         |
| Excess of Revenues over Expenditures                          | 0.00                       | 0.00                 | 0.00%         |
| <b>HECW Rebate Program</b>                                    |                            |                      |               |
| Revenues  | 8,428.14                   | 60,000.00            | 14.05%        |
| Expenses  | 7,470.00                   | 60,000.00            | 12.45%        |
| Excess of Revenues over Expenditures                          | 958.14                     | 0.00                 | 0.00%         |
| <b>CII Rebate Program</b>                                     |                            |                      |               |
| Revenues  | 0.00                       | 2,000.00             | 0.00%         |
| Expenses  | 0.00                       | 2,000.00             | 0.00%         |
| Excess of Revenues over Expenditures                          | 0.00                       | 0.00                 | 0.00%         |
| <b>Turf Removal Program</b>                                   |                            |                      |               |
| Revenues  | 951,202.17                 | 6,061,364.00         | 15.69%        |
| Expenses  | 953,534.29                 | 6,061,364.00         | 15.73%        |
| Excess of Revenues over Expenditures                          | (2,332.12)                 | 0.00                 | 0.00%         |
| <b>Comprehensive Landscape (CLWUE)</b>                        |                            |                      |               |
| Revenues  | 41,315.38                  | 321,700.00           | 12.84%        |
| Expenses  | 41,315.37                  | 321,700.00           | 12.84%        |
| Excess of Revenues over Expenditures                          | 0.01                       | 0.00                 | 0.00%         |
| <b>Recycled Water Program</b>                                 |                            |                      |               |
| Revenues  | 0.00                       | 50,000.00            | 0.00%         |
| Expenses  | 0.00                       | 50,000.00            | 0.00%         |
| Excess of Revenues over Expenditures                          | 0.00                       | 0.00                 | 0.00%         |
| <b>WSIP - Industrial Program</b>                              |                            |                      |               |
| Revenues  | 0.00                       | 32,645.00            | 0.00%         |
| Expenses  | 0.00                       | 32,645.00            | 0.00%         |
| Excess of Revenues over Expenditures                          | 0.00                       | 0.00                 | 0.00%         |
| <b>Land Design Program</b>                                    |                            |                      |               |
| Revenues  | 105,629.70                 | 331,303.00           | 31.88%        |
| Expenses  | 105,629.70                 | 331,303.00           | 31.88%        |
| Excess of Revenues over Expenditures                          | 0.00                       | 0.00                 | 0.00%         |
| <b>Pressure Regulation Program</b>                            |                            |                      |               |
| Revenues  | 14,795.00                  | 26,960.50            | 54.88%        |
| Expenses  | 14,795.00                  | 26,960.50            | 54.88%        |
| Excess of Revenues over Expenditures                          | 0.00                       | 0.00                 | 0.00%         |
| <b>Rotating Nozzle</b>  |                            |                      |               |
| Revenues  | 1.15                       | 1,750.00             | 0.07%         |
| Expenses  | 0.00                       | 1,750.00             | 0.00%         |
| Excess of Revenues over Expenditures                          | 1.15                       | 0.00                 | 0.00%         |
| <b>Dedicated Irrigation Meters Measurement Project (DIMM)</b> |                            |                      |               |
| Revenues  | 0.00                       | 966,624.00           | 0.00%         |
| Expenses  | 0.00                       | 966,624.00           | 0.00%         |
| Excess of Revenues over Expenditures                          | 0.00                       | 0.00                 | 0.00%         |

**Municipal Water District of Orange County  
Revenues and Expenditures Budget Comparative Report  
Water Use Efficiency  
July 1, 2022 thru September 30, 2022**

|                                      | <u>Year to Date Actual</u> | <u>Annual Budget</u> | <u>% Used</u> |
|--------------------------------------|----------------------------|----------------------|---------------|
| <b>Total WUE Projects</b>            |                            |                      |               |
| Revenues                             | 1,152,138.43               | 8,545,274.01         | 13.48%        |
| Expenses                             | <u>1,154,571.08</u>        | <u>8,545,274.01</u>  | <u>13.51%</u> |
| Excess of Revenues over Expenditures | (2,432.65)                 | 0.00                 | 0.00%         |
| <br><b>WEROC</b>                     |                            |                      |               |
| Revenues                             | 343,723.55                 | 565,941.00           | 60.73%        |
| Expenses                             | <u>277,686.03</u>          | <u>565,941.00</u>    | <u>49.07%</u> |
| Excess of Revenues over Expenditures | 66,037.52                  | 0.00                 | 0.00%         |

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Revenues and Expenditures Actual versus Budget Summary Report  
Fiscal Year to Date ending September 2022 (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                 | 8,885                | 8,885                | 100.00%              |
| Ground Water Customer Charge             | 368                  | 368                  | 100.00%              |
| Subtotal                                 | <u>9,253</u>         | <u>9,253</u>         | <u>100.00%</u>       |
| Other Revenues:                          |                      |                      |                      |
| Interest Income <sup>(1)</sup>           | 88                   | 146                  | 60.26%               |
| Choice Programs <sup>(2)</sup>           | 1,173                | 1,758                | 66.75%               |
| Other Income                             | 1                    | 3                    | 19.90%               |
| Transfer in from Reserve <sup>(3)</sup>  | 0                    | 457                  | 0.00%                |
| Subtotal                                 | <u>1,262</u>         | <u>2,364</u>         | <u>53.39%</u>        |
| <b>TOTAL REVENUES</b>                    | <u><u>10,515</u></u> | <u><u>11,617</u></u> | <u><u>90.52%</u></u> |
| <u>EXPENSES</u>                          |                      |                      |                      |
| Personnel Expenses (including Directors) | 1,834                | 6,781                | 27.05%               |
| Professional Services <sup>(4)</sup>     | 168                  | 1,551                | 10.86%               |
| Outside Engineering <sup>(4)</sup>       | 45                   | 410                  | 11.02%               |
| Legal Expense                            | 32                   | 236                  | 13.40%               |
| Travel & Conference <sup>(5)</sup>       | 20                   | 203                  | 9.87%                |
| Dues and Memberships                     | 73                   | 203                  | 35.84%               |
| General & Admin Expense                  | 278                  | 1,396                | 19.89%               |
| Building Repair & Expense <sup>(6)</sup> | 13                   | 723                  | 1.83%                |
| Capital Acquisition <sup>(6)</sup>       | 97                   | 113                  | 85.27%               |
| <b>TOTAL EXPENSES</b>                    | <u><u>2,560</u></u>  | <u><u>11,617</u></u> | <u><u>22.04%</u></u> |
| <b>EXCESS OF REVENUES OVER EXPENSES</b>  | <u><u>7,955</u></u>  |                      |                      |

RESERVE FUND

|  |                     |
|--|---------------------|
| Beginning Balance                        | 7,305               |
| Nov 2021 - draw from FY 2020-21 Reserves | (871)               |
| <b>TOTAL RESERVE FUND</b>                | <u><u>6,434</u></u> |

(1) Interest rates rising quickly

(2) Choice Programs are funded at beginning of year

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

(4) Projects in process

(5) Travel and Conferences are scheduled throughout the fiscal year

(6) Building and Capital are scheduled to occur throughout the fiscal year

Municipal Water District of Orange County  
Revenues and Expenditures Actual vs Budget Line Item Report  
Fiscal Year to Date ending September 2022 (Unaudited)  
General Fund

|                              | YTD ACTUAL        | ANNUAL BUDGET     | % Used         |
|------------------------------|-------------------|-------------------|----------------|
| <b>REVENUES</b>              |                   |                   |                |
| Retail Connection Charge     | 8,885,401         | 8,885,401         | 100.00%        |
| Ground Water Customer Charge | 367,806           | 367,806           | 100.00%        |
| <b>Water Rate Revenues</b>   | <b>9,253,207</b>  | <b>9,253,207</b>  | <b>100.00%</b> |
| Choice Programs              | 1,173,404         | 1,757,952         | 66.76%         |
| Interest Revenue             | 87,965            | 145,971           | 60.26%         |
| Miscellaneous Income         | 597               | 3,000             | 19.90%         |
| Transfer in from Reserve     | 0                 | 457,061           | 0.00%          |
| <b>Other Revenues</b>        | <b>1,261,966</b>  | <b>2,363,984</b>  | <b>53.38%</b>  |
| <b>TOTAL REVENUES</b>        | <b>10,515,173</b> | <b>11,617,191</b> | <b>90.51%</b>  |

|   |                  |                  |               |
|---|------------------|------------------|---------------|
| <b>OPERATING EXPENSES</b>               |                  |                  |               |
| Salaries & Wages                        | 1,118,358        | 4,429,130        | 25.25%        |
| less Recovery's                         | (1,800)          | (20,000)         | 9.00%         |
| Directors' Compensation                 | 68,433           | 275,041          | 24.88%        |
| MWD Representation                      | 35,035           | 157,166          | 22.29%        |
| Employee Benefits                       | 360,864          | 1,441,831        | 25.03%        |
| less Recovery's                         | (369)            | 0                | 0.00%         |
| CALPERS Unfunded Liability Contribution | 207,000          | 207,000          | 100.00%       |
| Directors Benefits                      | 27,033           | 132,977          | 20.33%        |
| Health Insurances for Retirees          | 17,770           | 94,554           | 18.79%        |
| Training Expense                        | 1,876            | 53,000           | 3.54%         |
| Tuition Reimbursement                   | 0                | 5,000            | 0.00%         |
| Temporary Help Expense                  | 0                | 5,000            | 0.00%         |
| <b>Personnel Expenses</b>               | <b>1,834,200</b> | <b>6,780,699</b> | <b>27.05%</b> |
| Engineering Expense                     | 45,189           | 410,000          | 11.02%        |
| Legal Expense                           | 31,596           | 235,750          | 13.40%        |
| Audit Expense                           | 7,000            | 35,000           | 20.00%        |
| Professional Services                   | 161,480          | 1,516,256        | 10.65%        |
| <b>Professional Fees</b>                | <b>245,265</b>   | <b>2,197,006</b> | <b>11.16%</b> |
| Conference-Staff                        | 6,552            | 56,205           | 11.66%        |
| Conference-Directors                    | 3,134            | 23,905           | 13.11%        |
| Travel & Accom.-Staff                   | 7,821            | 90,325           | 8.66%         |
| Travel & Accom.-Directors               | 2,572            | 32,900           | 7.82%         |
| <b>Travel &amp; Conference</b>          | <b>20,079</b>    | <b>203,335</b>   | <b>9.87%</b>  |
| Membership/Sponsorship                  | 58,495           | 145,847          | 40.11%        |
| CDR Support                             | 14,366           | 57,462           | 25.00%        |
| <b>Dues &amp; Memberships</b>           | <b>72,861</b>    | <b>203,309</b>   | <b>35.84%</b> |



Municipal Water District of Orange County  
Revenues and Expenditures Actual vs Budget Line Item Report  
Fiscal Year to Date ending September 2022 (Unaudited)  
General Fund

|   | YTD ACTUAL       | ANNUAL BUDGET     | % Used        |
|---|------------------|-------------------|---------------|
| Business Expense                        | 262              | 2,500             | 10.48%        |
| Maintenance Office                      | 35,451           | 151,400           | 23.42%        |
| Building Repair & Maintenance           | 2,304            | 22,056            | 10.45%        |
| Storage Rental & Equipment Lease        | 175              | 1,800             | 9.72%         |
| Office Supplies                         | 5,189            | 35,000            | 14.83%        |
| Supplies - Water Loss Control           | 1,101            | 4,000             | 27.53%        |
| Postage/Mail Delivery                   | 2,549            | 11,300            | 22.56%        |
| Subscriptions & Books                   | 203              | 1,000             | 20.30%        |
| Reproduction Expense                    | 7,765            | 84,000            | 9.24%         |
| Maintenance-Computers                   | 1,847            | 7,000             | 26.39%        |
| Software Purchase                       | 28,566           | 95,093            | 30.04%        |
| Software Support                        | 20,425           | 55,615            | 36.73%        |
| Computers and Equipment                 | 10,561           | 43,950            | 24.03%        |
| Maintenance Expense                     | 0                | 6,000             | 0.00%         |
| Automotive Expense                      | 701              | 13,500            | 5.19%         |
| Vehicle Expense                         | 3,381            | 7,343             | 46.04%        |
| Toll Road Charges                       | 0                | 2,100             | 0.00%         |
| Insurance Expense                       | 45,393           | 140,000           | 32.42%        |
| Utilities - Telephone                   | 8,844            | 43,690            | 20.24%        |
| Bank Fees                               | 452              | 2,600             | 17.38%        |
| Miscellaneous Expense                   | 5,154            | 69,520            | 7.41%         |
| MWDOC's Contribution to WEROC           | 74,073           | 296,290           | 25.00%        |
| Depreciation Expense                    | 23,854           | 0                 | 0.00%         |
| Election Expense                        | 0                | 300,728           | 0.00%         |
| MWDOC Building Expense                  | 13,250           | 723,077           | 1.83%         |
| Capital Acquisition                     | 96,589           | 113,280           | 85.27%        |
| <b>Other Expenses</b>                   | <b>388,089</b>   | <b>2,232,842</b>  | <b>17.38%</b> |
| <b>TOTAL EXPENSES</b>                   | <b>2,560,494</b> | <b>11,617,191</b> | <b>22.04%</b> |
| <b>EXCESS OF REVENUES OVER EXPENSES</b> | <b>7,954,679</b> | <b>0</b>          |               |

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Statement of Revenues and Expenditures  
Fiscal Year to Date ending September 2022 (Unaudited)  
Water Funds

|   | <u>YTD Actual</u> | <u>Annual Budget</u> | <u>Balance</u>       |
|---|-------------------|----------------------|----------------------|
| <b><u>Water Revenues</u></b>            |                   |                      |                      |
| Water Sales                             | 49,249,612        | 157,620,718          | (108,371,106)        |
| Readiness to Serve Charge               | 3,043,126         | 11,142,354           | (8,099,228)          |
| Capacity Charge CCF                     | 1,347,795         | 5,396,060            | (4,048,265)          |
| SCP/SAC Pipeline Surcharge              | 101,826           | 318,000              | (216,174)            |
| Interest                                | -                 | 4,547                | (4,547)              |
| Total Water Revenues                    | <u>53,742,359</u> | <u>174,481,679</u>   | <u>(120,739,320)</u> |
| <b><u>Water Purchases</u></b>           |                   |                      |                      |
| Water Sales                             | 49,249,612        | 157,620,718          | (108,371,106)        |
| Ready to Serve Charge                   | 3,043,126         | 11,142,354           | (8,099,228)          |
| Capacity Charge CCF                     | 1,347,795         | 5,396,060            | (4,048,265)          |
| SCP/SAC Pipeline Surcharge              | 101,826           | 318,000              | (216,174)            |
| Total Water Purchases                   | <u>53,742,359</u> | <u>174,477,132</u>   | <u>(120,734,773)</u> |
| EXCESS OF REVENUES OVER<br>EXPENDITURES | <u>-</u>          | <u>4,547</u>         | <u>(4,547)</u>       |

MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Revenues and Expenditures Actual versus Budget  
Fiscal Year to Date ending September 2022 (Unaudited)  
Other Funds

|                                      | <u>YTD Actual</u> | <u>Annual Budget</u> | <u>Balance</u> |
|--------------------------------------|-------------------|----------------------|----------------|
| <b><u>WEROC</u></b>                  |                   |                      |                |
| Revenues                             | 343,724           | 565,941              | (222,217)      |
| Expenditures                         | 277,686           | 565,941              | (288,255)      |
| Excess of Revenues over Expenditures | <u>66,038</u>     | <u>0</u>             | <u>66,038</u>  |

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

|                                      |                |           |                |
|--------------------------------------|----------------|-----------|----------------|
| Revenues                             | 1,152,138      | 8,545,274 | (7,393,136)    |
| Expenditures                         | 1,154,571      | 8,545,274 | (7,390,703)    |
| Excess of Revenues over Expenditures | <u>(2,433)</u> | <u>0</u>  | <u>(2,433)</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 2022 (Unaudited)  
Water Use Efficiency Projects

|  | Actual  | Variance % | Fiscal Year Budget | % of Budget | Projected Final FY Budget |
|--|---------|------------|--------------------|-------------|---------------------------|
| <b><u>Spray to Drip Conversion</u></b> |         |            |                    |             |                           |
| Revenues                               | 30,767  |            | 434,928            | 7.07%       | 434,928                   |
| Expenditures                           | 31,827  |            | 434,928            | 7.32%       | 434,928                   |
| Excess of Revenues over Expenditures   | (1,060) | -3%        |                    |             |                           |

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

Budget Variance:

**Member Agency Administered Pass thru**

|                                      |   |    |         |       |         |
|--------------------------------------|---|----|---------|-------|---------|
| Revenues                             | 0 |    | 255,000 | 0.00% | 255,000 |
| Expenditures                         | 0 |    | 255,000 | 0.00% | 255,000 |
| Excess of Revenues over Expenditures | 0 | 0% |         |       |         |

Actual Variance: Some MWDOC projects have been billed to Metropolitan, others, like those for the Retail Water Agencies have not begun reporting their projects.

Budget Variance: No Member Agency Administered (MAA) pass through funding is anticipated this year as all MAA funding is allocated to programs implemented regionally. This program will be removed from this report next quarter.

**ULFT Rebate Program**

|                                      |   |    |       |       |       |
|--------------------------------------|---|----|-------|-------|-------|
| Revenues                             | 0 |    | 1,000 | 0.00% | 1,000 |
| Expenditures                         | 0 |    | 1,000 | 0.00% | 1,000 |
| 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:

**HECW Rebate Program**

|                                      |       |     |        |        |        |
|--------------------------------------|-------|-----|--------|--------|--------|
| Revenues                             | 8,428 |     | 60,000 | 14.05% | 60,000 |
| Expenditures                         | 7,470 |     | 60,000 | 12.45% | 60,000 |
| Excess of Revenues over Expenditures | 958   | 11% |        |        |        |

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

Budget Variance:

**CII Rebate Program**

|                                      |   |    |       |       |       |
|--------------------------------------|---|----|-------|-------|-------|
| Revenues                             | 0 |    | 2,000 | 0.00% | 2,000 |
| Expenditures                         | 0 |    | 2,000 | 0.00% | 2,000 |
| Excess of Revenues over Expenditures | 0 | 0% |       |       |       |

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

Budget Variance:

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 2022 (Unaudited)  
Water Use Efficiency Projects

|                                      | Actual  | Variance<br>% | Fiscal Year<br>Budget | % of<br>Budget | Projected Final<br>FY Budget |
|--------------------------------------|---------|---------------|-----------------------|----------------|------------------------------|
| <b><u>Turf Removal Program</u></b>   |         |               |                       |                |                              |
| Revenues                             | 951,203 |               | 6,061,364             | 15.69%         | 6,061,364                    |
| Expenditures                         | 953,534 |               | 6,061,364             | 15.73%         | 6,061,364                    |
| Excess of Revenues over Expenditures | (2,331) | 0%            |                       |                |                              |

Actual Variance: Posted revenues from Grants (DWR & USBR) lagging slightly behind expenses. All revenue reporting for reimbursement is up to date.

Budget Variance:

|   |        |    |         |        |         |
|---|--------|----|---------|--------|---------|
| <b><u>Comprehensive Landscape (CLWUE)</u></b> |        |    |         |        |         |
| Revenues                                      | 41,315 |    | 321,700 | 12.84% | 321,700 |
| Expenditures                                  | 41,315 |    | 321,700 | 12.84% | 321,700 |
| Excess of Revenues over Expenditures          | 0      | 0% |         |        |         |

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

Budget Variance:

|                                      |   |    |        |       |        |
|--------------------------------------|---|----|--------|-------|--------|
| <b><u>Recycled Water Program</u></b> |   |    |        |       |        |
| Revenues                             | 0 |    | 50,000 | 0.00% | 50,000 |
| Expenditures                         | 0 |    | 50,000 | 0.00% | 50,000 |
| Excess of Revenues over Expenditures | 0 | 0% |        |       |        |

Actual Variance: Projects are currently being implemented with activity reported over the course of the fiscal year.

Budget Variance:

|   |   |    |        |       |        |
|---|---|----|--------|-------|--------|
| <b><u>WSIP - Industrial Program</u></b> |   |    |        |       |        |
| Revenues                                | 0 |    | 32,645 | 0.00% | 32,645 |
| Expenditures                            | 0 |    | 32,645 | 0.00% | 32,645 |
| Excess of Revenues over Expenditures    | 0 | 0% |        |       |        |

Actual Variance: Projects are currently being implemented with activity reported over the course of the fiscal year.

Budget Variance:

|                                      |         |    |         |        |         |
|--------------------------------------|---------|----|---------|--------|---------|
| <b><u>Land Design Program</u></b>    |         |    |         |        |         |
| Revenues                             | 105,630 |    | 331,303 | 31.88% | 331,303 |
| Expenditures                         | 105,630 |    | 331,303 | 31.88% | 331,303 |
| Excess of Revenues over Expenditures | 0       | 0% |         |        |         |

Actual Variance: All local, State, and Federal Grant reporting is current.

Budget Variance: This program is tied directly to activity in the turf program. The turf program is expected to increase significantly and this program will increase proportionately.

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 2022 (Unaudited)  
Water Use Efficiency Projects

|   | Actual | Variance<br>% | Fiscal Year<br>Budget | % of<br>Budget | Projected Final<br>FY Budget |
|---|--------|---------------|-----------------------|----------------|------------------------------|
| <b><u>Pressure Regulation Valve Program</u></b> |        |               |                       |                |                              |
| Revenues  | 14,795 |               | 26,961                | 54.88%         | 26,961                       |
| Expenditures                                    | 14,795 |               | 26,961                | 54.88%         | 26,961                       |
| Excess of Revenues over Expenditures            | 0      | 0%            |                       |                |                              |

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

Budget Variance:

|                                       |   |    |       |       |       |
|---------------------------------------|---|----|-------|-------|-------|
| <b><u>Rotating Nozzle Program</u></b> |   |    |       |       |       |
| Revenues                              | 0 |    | 1,750 | 0.00% | 5,000 |
| Expenditures                          | 0 |    | 1,750 | 0.00% | 5,000 |
| Excess of Revenues over Expenditures  | 0 | 0% |       |       |       |

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

Budget Variance:

|  |   |    |         |       |         |
|--|---|----|---------|-------|---------|
| <b><u>Dedicated Irrigation Meters Measurement Project (DIMM)</u></b> |   |    |         |       |         |
| Revenues   | 0 |    | 966,624 | 0.00% | 966,624 |
| Expenditures   | 0 |    | 966,624 | 0.00% | 966,624 |
| Excess of Revenues over Expenditures                                 | 0 | 0% |         |       |         |

Actual Variance:

Budget Variance: This is a new program developed FY 2020-21 to assist retail agencies prepare for compliance with new WUE Standards.

Notes:

- 1) Variance from Revenues to Expenses. When greater than 5%, an explanation is provided.
- 2) Fiscal year budget versus Actual
- 3) With each quarterly report the projected fiscal year end budget may be re-adjusted.





# **FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2022**



# Table of Contents

|   | Page    |
|---|---------|
| <b>Independent Auditor's Report</b> .....   | 1 - 3   |
| <b>Management's Discussion and Analysis (Unaudited)</b> .....   | 4 - 10  |
| <b>Basic Financial Statements:</b>  |         |
| ▪ Statement of Net Position .....   | 11 - 12 |
| ▪ Statement of Revenues, Expenses and<br>Changes in Net Position .....  | 13      |
| ▪ Statement of Cash Flows .....   | 14 - 15 |
| ▪ Notes to Basic Financial Statements .....   | 16 - 35 |
| <b>Required Supplementary Information (Unaudited):</b>  |         |
| ▪ Schedule of Changes in Net OPEB Liability and Related Ratios .....  | 36      |
| ▪ Schedule of OPEB Contributions .....  | 37      |
| ▪ Cost Sharing Retirement Plan<br>Schedule of the District's Proportionate Share of the Net Pension Liability ..... | 38      |
| ▪ Cost Sharing Retirement Plan<br>Schedule of Contributions .....   | 39      |





# **INDEPENDENT AUDITORS' REPORT**



## **Independent Auditor's Report**

Municipal Water District of Orange County  
Board of Directors  
Fountain Valley, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the Municipal Water District of Orange County (the District), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Other Post-Employment Benefit Plan: Schedule of Changes, Other Post-Employment Benefit Plan: Schedule of OPEB Contributions, Cost Sharing Retirement Plan: Schedule of the District's Proportionate Share of the Net Pension Liability, and Cost Sharing Retirement Plan: Schedule of Contributions* be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Report on Summarized Comparative Information***


The financial statements of the Municipal Water District of Orange County for the year ended June 30, 2021 were audited by other auditors whose report dated November 4, 2021 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022 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 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.



Irvine, California  
November 2, 2022



# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(Unaudited)**



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
JUNE 30, 2022**

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, 2022. 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 \$214.9 million in FY 2021-22, compared to \$167.1 million in the prior fiscal year, a 28.7% increase.
- The District's expenses were \$213.6 million in FY 2021-22, compared to \$167.9 million in the prior fiscal year, a 27.2% increase.
- The District's assets at June 30, 2022 were \$55.6 million, a 5.0% increase compared to total assets of \$52.9 million at June 30, 2021.
- The District's liabilities at June 30, 2022 were \$43.0 million, a 1.6% increase compared to total liabilities of \$42.3 million at June 30, 2021.
- The District's net position at June 30, 2022 was \$12.3 million, a 12.6% increase compared to net position of \$11.0 million at June 30, 2021.

**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.

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.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2022**

**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, 2022**

**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 2022</b>   | <b>FY 2021</b>   | <b>Variance</b> | <b>Total<br/>Percent<br/>Change</b> |
|--|------------------|------------------|-----------------|-------------------------------------|
| Current Restricted Assets                                    | \$ 3,303         | \$ 2,985         | \$ 318          | 10.7%                               |
| Current Unrestricted Assets                                  | 48,030           | 46,494           | 1,536           | 3.3%                                |
| Capital Assets   | 4,141            | 3,362            | 779             | 23.2%                               |
| Other Assets   | 104              | 89               | 15              | 16.9%                               |
| <b>Total Assets</b>  | <b>55,578</b>    | <b>52,930</b>    | <b>2,648</b>    | <b>5.0%</b>                         |
| <b>Deferred Outflows of Resources</b>                        | <b>1,345</b>     | <b>898</b>       | <b>447</b>      | <b>49.8%</b>                        |
| Current Liabilities Payable from<br>Restricted Assets        | 1,351            | 852              | 499             | 58.6%                               |
| Current Liabilities Payable from<br>Unrestricted Liabilities | 40,556           | 38,649           | 1,907           | 4.9%                                |
| Noncurrent Unrestricted Liabilities                          | 1,098            | 2,845            | (1,747)         | (61.4%)                             |
| <b>Total Liabilities</b>                                     | <b>43,005</b>    | <b>42,346</b>    | <b>659</b>      | <b>1.6%</b>                         |
| <b>Deferred Inflows of Resources</b>                         | <b>1,579</b>     | <b>519</b>       | <b>1,060</b>    | <b>204.2%</b>                       |
| <b>Net Position:</b>   |                  |                  |                 |                                     |
| Investment in Capital Assets                                 | 4,141            | 3,362            | 779             | 23.2%                               |
| Restricted for Trustee Activities                            | 1,952            | 2,132            | (180)           | (8.4%)                              |
| Unrestricted   | 6,246            | 5,468            | 778             | 14.2%                               |
| <b>Total Net Position</b>                                    | <b>\$ 12,339</b> | <b>\$ 10,962</b> | <b>\$ 1,377</b> | <b>12.6%</b>                        |

- Total Assets increased by \$2.6 million due to an increase in Accounts Receivable for June Water Sales, the addition of capital assets, which are explained in Table 3, and an increase in the net OPEB asset.
- Total Liabilities increased by \$659 thousand due to a prefunded grant under restricted assets, higher Water Sales in June for unrestricted and a decrease in net pension liability for noncurrent liabilities.
- Net Position increased due to the addition of capital assets from the office remodel/retrofit and unrestricted increased due to increased water sales.



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2022**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

While the Statement of Net Position shows the financial position at year-end, the Statement of Revenues, Expenses and Changes in Net Position provides information as to the results of operations of the District during the year. The District reported an increase in net position of \$1.4 million for the year ended June 30, 2022, as compared to a decrease of \$(824) thousand for the year ended June 30, 2021. 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 2022</b>   | <b>FY 2021</b>   | <b>Variance</b> | <b>Total<br/>Percent<br/>Change</b> |
|-----------------------------------|------------------|------------------|-----------------|-------------------------------------|
| Water Sales                       | \$ 210,432       | \$ 164,209       | \$ 46,223       | 28.1%                               |
| Special Project Revenues          | 4,663            | 2,757            | 1,906           | 69.1%                               |
| Non-operating Revenues/(Expenses) | (166)            | 90               | (256)           | (284.4%)                            |
| <b>Total Revenues</b>             | <b>214,929</b>   | <b>167,056</b>   | <b>47,873</b>   | <b>28.7%</b>                        |
| Operating Expenses                | 208,609          | 164,895          | 43,714          | 26.5%                               |
| Special Projects Expenses         | 4,662            | 2,756            | 1,906           | 69.2%                               |
| Depreciation Expense              | 281              | 229              | 52              | 22.7%                               |
| <b>Total Expenses</b>             | <b>213,552</b>   | <b>167,880</b>   | <b>45,672</b>   | <b>27.2%</b>                        |
| <b>Change in Net Position</b>     | <b>1,377</b>     | <b>(824)</b>     | <b>2,201</b>    | <b>(267.1%)</b>                     |
| <b>Beginning Net Position</b>     | <b>10,962</b>    | <b>11,786</b>    | <b>(824)</b>    | <b>(7.0%)</b>                       |
| <b>Ending Net Position</b>        | <b>\$ 12,339</b> | <b>\$ 10,962</b> | <b>\$ 1,377</b> | <b>12.6%</b>                        |

The sources of change in net position are the following:

- Water Sales Revenues and Operating Expenses are higher due to higher 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 and fair market value of investments.
- Net position increased due to capital and building expense projects being capitalized from the final phase of our office remodel/retrofit.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2022**

**CAPITAL ASSETS**

The following is a summary of the District's capital assets at June 30, 2022 and June 30, 2021.

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

|   | <b>FY 2022</b>  | <b>FY 2021</b>  | <b>Variance</b> | <b>Total<br/>Percent<br/>Change</b> |
|---|-----------------|-----------------|-----------------|-------------------------------------|
| Leasehold Improvements                    | \$ 7,002        | \$ 6,060        | \$ 942          | 15.5%                               |
| Furniture, Equipment & Computer Equipment | 885             | 780             | 105             | 13.5%                               |
| <b>Subtotal</b>                           | <b>7,887</b>    | <b>6,840</b>    | <b>1,047</b>    | <b>15.3%</b>                        |
| <b>Less Accumulated Depreciation</b>      | <b>(3,745)</b>  | <b>(3,478)</b>  | <b>(267)</b>    | <b>7.7%</b>                         |
| <b>Net Capital Assets</b>                 | <b>\$ 4,142</b> | <b>\$ 3,362</b> | <b>\$ 780</b>   | <b>23.2%</b>                        |

The District completed the office remodel and retrofit project. 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, 2022. The District does not plan to issue new debt in the year ending June 30, 2023.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2022**

**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 2021-22 is presented in Table 4 to demonstrate compliance with the adopted budget.

**TABLE 4  
FY 2022 Actual vs FY 2022 Budget  
(In thousands of dollars)**

|                             | <b>Actual</b>   | <b>Budget</b>   | <b>Variance</b> | <b>Total<br/>Percent<br/>Change</b> |
|-----------------------------|-----------------|-----------------|-----------------|-------------------------------------|
| <b>Revenues:</b>            |                 |                 |                 |                                     |
| From Operations             | \$ 215,095      | \$ 184,517      | \$ 30,578       | 16.6%                               |
| Non-operating Revenues      | (166)           | 234             | (400)           | (170.9%)                            |
| <b>Total Revenues</b>       | <b>214,929</b>  | <b>184,751</b>  | <b>30,178</b>   | <b>16.3%</b>                        |
| <b>Expenses:</b>            |                 |                 |                 |                                     |
| From Operations             |                 |                 |                 |                                     |
| Cost of Water               | 200,130         | 171,316         | (28,814)        | (16.8%)                             |
| Other Operating             | 13,141          | 13,489          | 348             | 2.6%                                |
| Depreciation                | 281             | 278             | (3)             | (1.1%)                              |
| <b>Total Expenses</b>       | <b>213,552</b>  | <b>185,083</b>  | <b>(28,469)</b> | <b>(15.4%)</b>                      |
| <b>Change In Net Assets</b> | <b>\$ 1,377</b> | <b>\$ (332)</b> | <b>\$ 1,709</b> | <b>(514.8%)</b>                     |

The variances on the budget to actual are as follows:

- Revenues from Operations were \$30.6 million more than budget due to actual water sales being higher than expected and the increase in conservation activity.
- Non-Operating Revenues are lower due to a decrease in the fair value of investments.
- Expenses from Cost of Water purchased were \$28.8 million higher than budget due to actual water sales being higher than expected.

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(CONTINUED)  
JUNE 30, 2022**

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

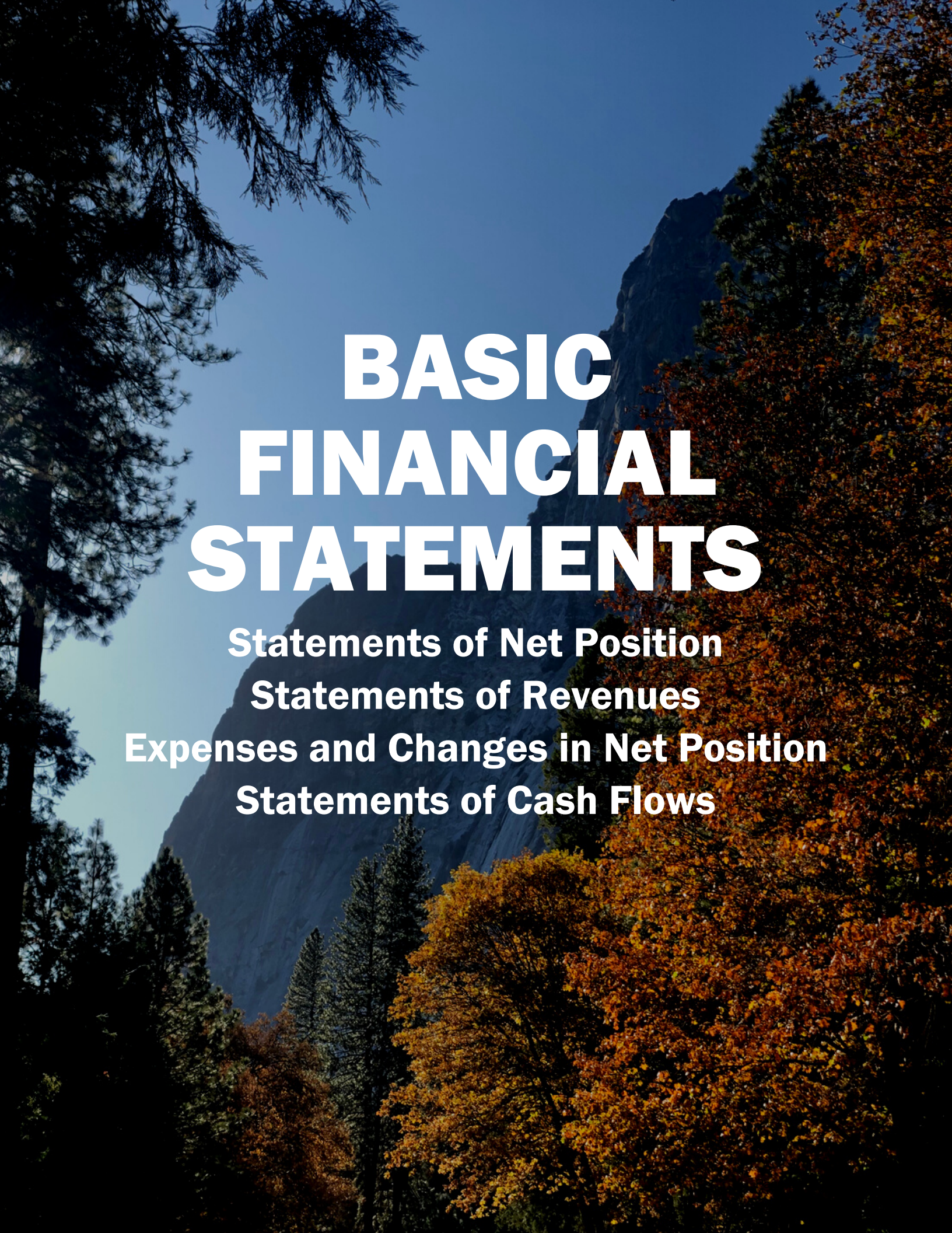
The District's Board of Directors and management considered many factors during the preparation and approval of the annual budget for FY 2022-23. The budgeted operating expenses total \$185.8 million and operating revenues total \$185.6 million.

Beginning FY 2016-17 MWDOC has established two classes of customers, a retail meter and a groundwater customer. The District's budget is 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, 2022, 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, 2022

(with comparative data as of June 30, 2021)

|  | <u>2022</u>       | <u>2021</u>       |
|--|-------------------|-------------------|
| <b><u>ASSETS</u></b>                                     |                   |                   |
| <b>Current Assets:</b>                                   |                   |                   |
| <b>Restricted Assets (Note 3):</b>                       |                   |                   |
| Cash and Cash Equivalents (Note 2)                       | \$ 946,679        | \$ 1,871,973      |
| Accounts Receivable Other                                | 2,355,276         | 1,112,402         |
| Accrued Interest Receivable                              | 978               | 540               |
| Total Restricted Assets                                  | <u>3,302,933</u>  | <u>2,984,915</u>  |
| <b>Unrestricted Assets:</b>                              |                   |                   |
| Cash and Cash Equivalents (Note 2)                       | 7,291,393         | 9,219,011         |
| Investments (Note 2)                                     | 2,962,367         | 3,144,568         |
| Accounts Receivable:                                     |                   |                   |
| Water Sales  | 37,502,695        | 33,665,658        |
| Other  | 85,033            | 230,826           |
| Accrued Interest Receivable                              | 47,085            | 40,561            |
| Deposits and Prepaid Expenses                            | 141,139           | 193,053           |
| Total Unrestricted Assets                                | <u>48,029,712</u> | <u>46,493,677</u> |
| Total Current Assets                                     | <u>51,332,645</u> | <u>49,478,592</u> |
| <b>Noncurrent Assets:</b>                                |                   |                   |
| <b>Unrestricted Assets:</b>                              |                   |                   |
| Capital Assets, Net (Note 4)                             | 4,141,177         | 3,362,201         |
| Net Other Post Employment Benefits (OPEB) Asset (Note 8) | 104,284           | 89,196            |
| Total Noncurrent Assets                                  | <u>4,245,461</u>  | <u>3,451,397</u>  |
| <b>TOTAL ASSETS</b>                                      | <u>55,578,106</u> | <u>52,929,989</u> |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>             |                   |                   |
| Deferred Amount Related to Pensions (Note 7)             | 1,008,822         | 865,988           |
| Deferred Amount Related to OPEB (Note 8)                 | 336,022           | 31,791            |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>              | <u>1,344,844</u>  | <u>897,779</u>    |

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Net Position (Continued)

June 30, 2022

(with comparative data as of June 30, 2021)

|  | <u>2022</u>          | <u>2021</u>          |
|--|----------------------|----------------------|
| <b><u>LIABILITIES</u></b>  |                      |                      |
| <b>Current Liabilities:</b>  |                      |                      |
| <b>Payable from Restricted Assets</b>                                |                      |                      |
| Accrued Liabilities  | \$ 275,981           | \$ 440,453           |
| Advances from Participants   | 1,074,951            | 412,042              |
| Total Payable from Restricted Assets                                 | <u>1,350,932</u>     | <u>852,495</u>       |
| <b>Unrestricted Liabilities:</b>                                     |                      |                      |
| Accounts Payable, Metropolitan Water District of Southern California | 38,268,338           | 34,290,284           |
| Accrued Liabilities  | 2,288,018            | 4,359,106            |
| Total Unrestricted Liabilities                                       | <u>40,556,356</u>    | <u>38,649,390</u>    |
| Total Current Liabilities  | <u>41,907,288</u>    | <u>39,501,885</u>    |
| <b>Noncurrent Liabilities:</b>                                       |                      |                      |
| <b>Unrestricted Liabilities:</b>                                     |                      |                      |
| Net Pension Liability (Note 7)                                       | 1,097,925            | 2,844,833            |
| Total Noncurrent Liabilities   | <u>1,097,925</u>     | <u>2,844,833</u>     |
| <b>TOTAL LIABILITIES</b>   | <u>43,005,213</u>    | <u>42,346,718</u>    |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                          |                      |                      |
| Deferred Amount Related to Pensions (Note 7)                         | 1,195,031            | 237,042              |
| Deferred Amount Related to OPEB (Note 8)                             | 383,875              | 281,591              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                           | <u>1,578,906</u>     | <u>518,633</u>       |
| <b><u>NET POSITION</u></b>   |                      |                      |
| Net Investment in Capital Assets                                     | 4,141,177            | 3,362,201            |
| Restricted   | 1,952,001            | 2,132,420            |
| Unrestricted   | 6,245,653            | 5,467,796            |
| <b>TOTAL NET POSITION</b>  | <u>\$ 12,338,831</u> | <u>\$ 10,962,417</u> |

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Revenues, Expenses and  
Changes in Net Position

For the Fiscal Year Ended June 30, 2022  
(with comparative data as of June 30, 2021)

|   | <b>2022</b>                 | <b>2021</b>                 |
|---|-----------------------------|-----------------------------|
| <b>Operating Revenues:</b>              |                             |                             |
| Water Sales                             | \$ 210,432,332              | \$ 164,209,371              |
| Special Projects Revenue                | 2,796,851                   | 1,819,848                   |
| Federal Grant Revenue                   | 702,714                     | 314,942                     |
| State Grant Revenue                     | 1,162,824                   | 621,614                     |
| Total Operating Revenues                | <u>215,094,721</u>          | <u>166,965,775</u>          |
| <b>Operating Expenses:</b>              |                             |                             |
| Cost of Water Sold                      | 200,130,346                 | 154,404,997                 |
| Salaries and Employee Benefits          | 5,275,533                   | 6,609,558                   |
| General and Administrative              | 3,203,110                   | 3,880,352                   |
| Special Project Expenses                | 4,662,389                   | 2,756,404                   |
| Depreciation                            | 281,210                     | 228,688                     |
| Total Operating Expenses                | <u>213,552,588</u>          | <u>167,879,999</u>          |
| Operating Income                        | <u>1,542,133</u>            | <u>(914,224)</u>            |
| <b>Nonoperating Revenues:</b>           |                             |                             |
| Investment Income/(Loss)                | (174,503)                   | 75,669                      |
| Other Income                            | 8,784                       | 14,552                      |
| Total Nonoperating Revenues             | <u>(165,719)</u>            | <u>90,221</u>               |
| <b>Change in Net Position</b>           | <b>1,376,414</b>            | <b>(824,003)</b>            |
| <b>NET POSITION - BEGINNING OF YEAR</b> | <u>10,962,417</u>           | <u>11,786,420</u>           |
| <b>NET POSITION - END OF YEAR</b>       | <u><u>\$ 12,338,831</u></u> | <u><u>\$ 10,962,417</u></u> |



# MUNICIPAL WATER DISTRICT OF ORANGE COUNTY

## Statement of Cash Flows

For the Fiscal Year Ended June 30, 2022

(with comparative data for the Year Ended June 30, 2021)

|   | <b>2022</b>    | <b>2021</b>    |
|---|----------------|----------------|
| <b>Cash Flows from Operating Activities:</b>                          |                |                |
| Cash received from member agencies-water deliveries                   | \$ 206,595,295 | \$ 160,394,843 |
| Cash (payments) to Metropolitan Water District of Southern California | (196,152,292)  | (151,269,630)  |
| Cash (payments) for salaries and employee benefits                    | (6,424,321)    | (6,425,041)    |
| Cash (payments) for general and administrative expenses               | (5,076,491)    | (2,845,194)    |
| Cash received from special projects                                   | 3,255,043      | 3,202,393      |
| Cash (payments) for special projects                                  | (3,999,480)    | (3,002,454)    |
| Other income  | 8,784          | 14,552         |
|   | <hr/>          | <hr/>          |
| Net Cash Provided (Used) by Operating Activities                      | (1,793,462)    | 69,469         |
|   | <hr/>          | <hr/>          |
| <b>Cash Flows from Capital and Related Financing Activity:</b>        |                |                |
| Acquisition of capital assets   | (1,060,186)    | (1,960,652)    |
|   | <hr/>          | <hr/>          |
| Cash Used by Capital and Related Financing Activity                   | (1,060,186)    | (1,960,652)    |
|   | <hr/>          | <hr/>          |
| <b>Cash Flows from Investment Activities:</b>                         |                |                |
| Investment income   | 80,136         | 75,669         |
| Investments matured/(purchased)                                       | (79,400)       | (388,525)      |
|   | <hr/>          | <hr/>          |
| Cash Provided (Used) by Investment Activities                         | 736            | (312,856)      |
|   | <hr/>          | <hr/>          |
| Net increase (decrease) in cash and cash equivalents                  | (2,852,912)    | (2,204,039)    |
| Cash and Cash equivalents at beginning of year                        | 11,090,984     | 13,295,023     |
|   | <hr/>          | <hr/>          |
| Cash and Cash Equivalents at End of Year                              | \$ 8,238,072   | \$ 11,090,984  |
|   | <hr/>          | <hr/>          |
| <b>Financial Statement Presentation:</b>                              |                |                |
| Cash and Cash Equivalents (Restricted)                                | \$ 946,679     | \$ 1,871,973   |
| Cash and Cash Equivalents (Unrestricted)                              | 7,291,393      | 9,219,011      |
|   | <hr/>          | <hr/>          |
| Totals  | \$ 8,238,072   | \$ 11,090,984  |
|   | <hr/>          | <hr/>          |

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2022

(with comparative data for the Year Ended June 30, 2021)

|  | <u>2022</u>           | <u>2021</u>         |
|--|-----------------------|---------------------|
| <b>Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities</b> |                       |                     |
| Operating Income (Loss)  | \$ 1,542,133          | \$ (914,224)        |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:       |                       |                     |
| Depreciation   | 281,210               | 228,688             |
| Other Income   | 8,784                 | 14,552              |
| Changes in Assets and Liabilities:   |                       |                     |
| (Increase)/Decrease in Accounts Receivable - Water Sales   | (3,837,037)           | (3,814,528)         |
| (Increase)/Decrease in Accounts Receivable - Other   | 145,793               | 618,522             |
| (Increase) in Deposits and Prepaid Expenses  | 51,914                | 15,409              |
| (Increase) in OPEB asset   | (15,088)              | (89,196)            |
| (Increase)/Decrease in Accounts Receivable - Special Projects  | (1,242,874)           | 445,414             |
| (Increase)/Decrease in Deferred Outflows - Pension/OPEB Related                                      | (447,065)             | 66,744              |
| Increase/(Decrease) in Accrued and Other Liabilities   | (2,071,088)           | 401,227             |
| Increase/(Decrease) in Restricted Accrued Liabilities  | (164,472)             | 575                 |
| Increase/(Decrease) in Advances from Participants  | 662,909               | (246,050)           |
| Increase/(Decrease) in Accounts Payable to Metropolitan Water District of Southern California        | 3,978,054             | 3,135,367           |
| Increase/(Decrease) in Net Pension and OPEB Liability  | (1,746,908)           | 12,612              |
| Increase in Deferred Inflows - Pension/OPEB Related  | 1,060,273             | 194,357             |
| Total Adjustments  | <u>(3,335,595)</u>    | <u>983,693</u>      |
| Net Cash Provided by Operating Activities  | <u>\$ (1,793,462)</u> | <u>\$ 69,469</u>    |
| Noncash investing activity:  |                       |                     |
| Unrealized gain/(loss) on investments*   | \$ (318,469)          | \$ (130,536)        |
| Total noncash investing activity   | <u>\$ (318,469)</u>   | <u>\$ (130,536)</u> |





# **NOTES TO BASIC FINANCIAL STATEMENTS**



# **Municipal Water District of Orange County**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2022

---

## **(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 27 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 27 member agencies, which provide retail or wholesale water services to over 3.2 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, 2022 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.

### **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.

### **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.

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

Notes to Basic Financial Statements  
For the Year Ended June 30, 2022

---

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

#### **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, 2022.

#### **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 27 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.

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

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

---

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

#### **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 27 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.

#### **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

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

Notes to Basic Financial Statements  
For the Year Ended June 30, 2022

---

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

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, 2022.

#### **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

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2022

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

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 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, 2022, are classified in the accompanying financial statements as follows:

Statement of net position:

|  |                      |
|--|----------------------|
| Cash and cash equivalents (restricted)   | \$ 946,679           |
| Cash and cash equivalents (unrestricted) | 7,291,393            |
| Investments (unrestricted)               | <u>2,962,367</u>     |
| Total Cash and Investments               | <u>\$ 11,200,439</u> |

Cash and investments as of June 30, 2022 consist of the following:

|                                      |                      |
|--------------------------------------|----------------------|
| Cash on hand                         | \$ 500               |
| Deposits with financial institutions | 200,926              |
| Investments                          | <u>10,999,013</u>    |
| Total Cash and Investments           | <u>\$ 11,200,439</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, 2022

## (2) Cash and Investments (Continued)

| Authorized Investment Type         | Maximum<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment<br>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<br>or Less           | 13 to 24<br>Months | 25-60<br>Months     |
| Negotiable Certificate of Deposits | \$ 1,424,052         | \$ 250,270                     | \$ 502,238         | \$ 671,544          |
| Corporate Securities               | 1,303,113            | 199,808                        | -                  | 1,103,305           |
| US Government Issues               | 232,070              | -                              | -                  | 232,070             |
| Orange County Investment Pool      | 3,977,995            | 3,977,995                      | -                  | -                   |
| State Investment Pool              | 4,061,783            | 4,061,783                      | -                  | -                   |
|                                    | <u>\$ 10,999,013</u> | <u>\$ 8,489,856</u>            | <u>\$ 502,238</u>  | <u>\$ 2,006,919</u> |

# Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2022

## (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<br>Legal<br>Rating | Ratings as of Year End |                  |                  |                    |
|------------------------------------|---------------------|----------------------------|------------------------|------------------|------------------|--------------------|
|                                    |                     |                            | AA+                    | A                | A-**             | Not Rated          |
| Negotiable Certificate of Deposits | \$ 1,424,052        | N/A                        | \$ -                   | \$ -             | \$ -             | \$1,424,052        |
| Corporate Securities               | 1,303,113           | A                          | -                      | 452,485          | 850,628          | -                  |
| US Government Issues               | 232,070             | A                          | 232,070                | -                | -                | -                  |
| Orange County Investment Pool      | 3,977,995           | N/A                        | -                      | -                | -                | 3,977,995          |
| State Investment Pool              | 4,061,783           | N/A                        | -                      | -                | -                | 4,061,783          |
|                                    | <u>\$10,999,013</u> |                            | <u>\$232,070</u>       | <u>\$452,485</u> | <u>\$850,628</u> | <u>\$9,463,830</u> |

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

### Disclosures Relating to Fair Value Measurement and Application

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, 2022:

| Investment Type                    | Total               | Fair Value Application |                     |             |                     |
|------------------------------------|---------------------|------------------------|---------------------|-------------|---------------------|
|                                    |                     | 1                      | 2                   | 3           | Uncategorized       |
| Negotiable Certificate of Deposits | \$ 1,424,052        | \$ -                   | \$ 1,424,052        | \$ -        | \$ -                |
| Corporate Securities               | 1,303,113           | -                      | 1,303,113           | -           | -                   |
| US Government Issues               | 232,070             | -                      | 232,070             | -           | -                   |
| Orange County Investment Pool      | 3,977,995           | -                      | -                   | -           | 3,977,995           |
| State Investment Pool              | 4,061,783           | -                      | -                   | -           | 4,061,783           |
|                                    | <u>\$10,999,013</u> | <u>\$ -</u>            | <u>\$ 2,959,235</u> | <u>\$ -</u> | <u>\$ 8,039,778</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, 2022

---

### **(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, 2022, 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, 2022 the District's deposits with financial institutions are covered by the Federal Deposit Insurance Corporation up to \$250,000, the remaining amounts of \$1,599,916 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, 2022, 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, 2022

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

For further information regarding OCIP, refer to the County of Orange Annual Comprehensive 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, 2022, \$946,679 was reported as restricted assets related to member agency activities.

### (4) Capital Assets

The following is a summary of capital assets at June 30, 2022 with changes therein:

|                                   | 2021                | Additions         | Deletions       | 2022                |
|-----------------------------------|---------------------|-------------------|-----------------|---------------------|
| Furniture, Fixtures and Equipment | \$ 780,262          | \$ 118,474        | \$ (13,641)     | \$ 885,095          |
| Leasehold Improvements            | 6,059,806           | 941,712           | -               | 7,001,518           |
|                                   | <u>6,840,068</u>    | <u>1,060,186</u>  | <u>(13,641)</u> | <u>7,886,613</u>    |
| Less Accumulated Depreciation:    |                     |                   |                 |                     |
| Furniture, Fixtures and Equipment | (474,458)           | (75,588)          | 13,641          | (536,405)           |
| Leasehold Improvements            | <u>(3,003,409)</u>  | <u>(205,622)</u>  | <u>-</u>        | <u>(3,209,031)</u>  |
|                                   | <u>(3,477,867)</u>  | <u>(281,210)</u>  | <u>13,641</u>   | <u>(3,745,436)</u>  |
| Net Capital Assets                | <u>\$ 3,362,201</u> | <u>\$ 778,976</u> | <u>\$ -</u>     | <u>\$ 4,141,177</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 \$40,120 for the year ended June 30, 2022. 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, 2022

---

### **(6) Risk Management**

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPJA) (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, 2022, 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 total coverage limit of \$3 million, per loss. The District has a \$1,000 deductible and coverage in excess has a \$100,000 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 unequalled 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, 2022

### (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, 2022, are summarized as follows:

|   | Miscellaneous               |                                |
|---|-----------------------------|--------------------------------|
|   | Prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
| Hire Date                                 |                             |                                |
| Formula                                   | 2.0% @55                    | 2.0% @62                       |
| Benefit vesting schedule                  | 5 years of service          | 5 years of service             |
| Benefit payments                          | monthly for life            | monthly for life               |
| Retirement age                            | 50-63                       | 52-67                          |
| Monthly benefits, as a % of annual salary | 1.426% to 2.418%            | 1.0% to 2.5%                   |
| Required employee contribution rates      | 7%                          | 6.750%                         |
| Required employer contribution rates      | 10.88%                      | 7.59%                          |
| Pensionable Compensation Cap*             | No Cap                      | \$161,969                      |

\* 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, 2022 were \$622,104.

# Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

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

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

As of June 30, 2022, the District's proportionate share of the net pension liability of the Plan is as follows:

|                               | Net Position Liability |
|-------------------------------|------------------------|
| Balance at: December 31, 2020 | \$ 3,026,400           |
| Balance at: December 31, 2021 | 1,097,925              |
| Net change during 2021        | <u>\$ (1,928,475)</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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2021 and 2022 were as follows:

|                              | Miscellaneous    |
|------------------------------|------------------|
| Proportion - June 30, 2021   | 0.06744%         |
| Proportion - June 30, 2022   | 0.05782%         |
| Change - Increase (Decrease) | <u>-0.00962%</u> |

For the year ended June 30, 2022, the District recognized pension credit of \$309,650.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between Expected and Actual Experience                                   | \$ 123,120                           | \$ -                                |
| Differences between Projected and Actual Investment Earnings                         | -                                    | 958,430                             |
| Change in Employer's Proportion  | 263,598                              | -                                   |
| Differences between Employers Contributions and Proportionate Share of Contributions | -                                    | 236,601                             |
| Pension Contributions Made Subsequent to Measurement Date                            | 622,104                              | -                                   |
| Total  | <u>\$ 1,008,822</u>                  | <u>\$ 1,195,031</u>                 |

# Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

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

The amount of \$622,104 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 fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year Ending June 30, |                     |
|-----------------------------|---------------------|
| 2023                        | \$ (164,395)        |
| 2024                        | (175,313)           |
| 2025                        | (203,744)           |
| 2026                        | (264,861)           |
|                             | <u>\$ (808,313)</u> |

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2020 actuarial valuation with update procedures used to roll forward the total pension liability to June 30, 2021, was based on the following actuarial assumptions:

|                                   | <u>Miscellaneous</u>  |
|-----------------------------------|---|
| Valuation Date                    | June 30, 2020   |
| Measurement Date                  | June 30, 2021   |
| 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  | Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CALPERS demographic data from 1997 to 2015) 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.



# Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

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

**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. Using 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 rounded 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.

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

| Asset Class <sup>1</sup> | Assumed             | Real Return<br>Years 1-10 <sup>2,4</sup> | Real Return<br>Years 11 + <sup>3,4</sup> |
|--------------------------|---------------------|--|--|
|                          | Asset<br>Allocation |  |  |
| Public 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 ACFR, 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

<sup>4</sup> Figures are based on previous ALM of 2017

**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<br>(6.15%) | Discount Rate<br>(7.15%) | 1% Increase<br>(8.15%) |
|--|------------------------|--------------------------|------------------------|
| District's Net Pension Liability/(Asset) | \$ 3,201,407           | \$ 1,097,925             | \$ (640,994)           |

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

## Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

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

#### 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.

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

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

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

#### Plan Description:

Effective October 1, 2011, the District established a Post-Retirement Healthcare Plan (Health Plan), and has contributed to a Section 115 Irrevocable Exclusive Benefit Trust for the pre-funding of post-employment health care costs. Currently, the District provides health benefits for employees, retirees and their dependents with a choice of medical plans through the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority. Employees and retirees select from the same plans. Retired employees (hired prior to July 1, 2012) who are at least 55 years of age are eligible for these health and welfare benefits based on their years of full-time accrued service. There are two benefit tiers for the years of accrued service:

Tier 1: Employees retiring with a minimum of 10 consecutive years of full-time service with the District, earn medical coverage on the following terms: The District will pay for Retiree only or couples coverage on the same basis as active employees. Retiree and spouse/domestic partner have the option to continue dental and vision benefits at their own cost and COBRA coverage is offered. Upon becoming Medicare eligible, the retiree must enroll and transition to Medicare coverage. The District will reimburse retiree only up to the annual cap of \$3,080.82 for a Medicare Advantage Plan, a supplemental Medigap insurance policy, Medicare Prescription Drug Insurance or Medicare Part B coverage. If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage, enrollment in another plan or becoming Medicare eligible.

Tier 2: Employees retiring with a minimum of 25 consecutive years of full-time service with the District earn medical, dental and vision benefits on the following terms: The District will pay for retiree only or couples coverage on the same basis as active employees. The District pays the following for dental and vision coverage: Dental for retiree only 90%; couples coverage 80%. Vision coverage for retiree only 100%; couples coverage 80%. Retirees and their spouses/domestic partner are required to enroll in Medicare Parts A and B upon eligibility. The District will reimburse for Medicare Part B for both retiree and their eligible spouse/domestic partner. If a spouse or domestic partner survives a retiree, their coverage will continue until remarriage or enrollment in another plan.

## Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

---

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

The following guidelines apply to both tiers:

1. The District does not make contributions to Health Savings Accounts on behalf of retirees.
2. Reenrollment is not permitted if a retiree discontinues medical coverage.
3. Annual open enrollment is not permitted for retirees.
4. Reimbursement requires proper verification and is made on a quarterly to yearly basis.

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.

Plan membership at June 30, 2022, membership consisted of the following:

|   |           |
|---|-----------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 13        |
| Active plan members   | 9         |
| Total   | <u>22</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, 2022 and the Total OPEB Liability/(Asset) used to calculate the Net OPEB Liability/(Asset) was determined by an actuarial valuation as of July 1, 2022 (June 30, 2022). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

# Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

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

### 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:

|   |   |
|---|---|
| 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 percent  |
| Inflation rate  | 3.00 percent  |
| Investment rate of return                                 | 6.00 percent, net of OPEB plan investment expense   |
| Healthcare cost trend rate                                | 6.50 percent for 2022 decreasing to 5.30 percent for 2025-2030, 5.50 percent for 2031-2040, 5.20 percent for 2041-2050, 5.10 for 2051-2060, 5.00 percent for 2061-2069, and 4.50 percent for 2070 and later years; Medicare ages: 4.50 percent for all years. |
| Preretirement Mortality                                   | Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).  |
| Postretirement Mortality                                  | Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019).   |

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates 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).

| Asset Class       | Assumed Asset Allocation | Real Rate of Return |
|-------------------|--------------------------|---------------------|
| Broad U.S. Equity | 50%                      | 4.4%                |
| U.S. Fixed        | 50%                      | 1.1%                |

### Discount rate:

GASB 75 requires a discount rate that reflects the following:

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

# Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

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

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 | Measurement Date | Long-Term Expected Return of Plan Investments | Fidelity GO AA 20-Year Municipal Index | Discount Rate |
|----------------|------------------|---|--|---------------|
| June 30, 2021  | June 30, 2021    | 6.00%   | 1.92%                                  | 6.00%         |
| June 30, 2022  | June 30, 2022    | 6.00%   | 3.69%                                  | 6.00%         |

The components of the net OPEB liability/(asset) at June 30, 2022, were as follows:

|   |               |
|---|---------------|
| Total OPEB liability  | 2,304,315     |
| Plan fiduciary net position   | 2,408,599     |
| Net OPEB liability (asset)  | (104,284)     |
| Measurement date  | June 30, 2022 |
| Reporting date  | June 30, 2022 |
| Covered employee payroll  | 1,351,622     |
| Net OPEB liability (asset) as a percentage of covered payroll           | -7.72%        |
| Plan fiduciary net position as a percentage of the total OPEB liability | 104.53%       |

Schedule of Changes in Net OPEB Liability/(Asset) (June 30, 2021 to June 30, 2022):

|  | Increase (Decrease)  |                             |                            |
|--|----------------------|-----------------------------|----------------------------|
|  | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability/(Asset) |
| Balances at June 30, 2021                          | \$ 2,691,904         | \$ 2,781,100                | \$ (89,196)                |
| Changes for the year:                              |                      |                             |                            |
| Service Cost                                       | 15,920               | -                           | 15,920                     |
| Interest   | 159,271              | -                           | 159,271                    |
| Differences between expected and actual experience | (609,684)            | -                           | (609,684)                  |
| Change in assumptions                              | 155,101              | -                           | 155,101                    |
| Net investment income                              | -                    | (356,249)                   | 356,249                    |
| Contributions                                      |                      |                             |                            |
| Employer - cash subsidy                            | -                    | 108,197                     | (108,197)                  |
| Benefit payments, including implicit subsidy       | (108,197)            | (108,197)                   | -                          |
| Administrative expense                             | -                    | (16,252)                    | 16,252                     |
| <b>Net changes</b>                                 | <b>(387,589)</b>     | <b>(372,501)</b>            | <b>(15,088)</b>            |
| <b>Balances at June 30, 2022</b>                   | <b>\$ 2,304,315</b>  | <b>\$ 2,408,599</b>         | <b>\$ (104,284)</b>        |

## Municipal Water District of Orange County

Notes to Basic Financial Statements  
For the Year Ended June 30, 2022

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

#### 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<br>(5.00%) | Discount Rate<br>(6.00%) | 1% Increase<br>(7.00%) |
|----------------------------|------------------------|--------------------------|------------------------|
| Net OPEB liability (asset) | \$186,023              | \$(104,284)              | \$(344,853)            |

#### 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 or 1-percentage-point higher than the current healthcare cost trend rates:

|                            | 1% Decrease <sup>2</sup> | Trend Rate  | 1% Increase <sup>3</sup> |
|----------------------------|--------------------------|-------------|--------------------------|
| Net OPEB liability (asset) | (\$321,893)              | \$(104,284) | \$159,289                |

<sup>2</sup> Trend rate for each future year reduced by 1%

<sup>3</sup> Trend rate for each future year increased by 1%

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

For the year ended June 30, 2022, the District made a total contribution of \$85,275, which represent actual health care costs for its retirees and their covered dependents. Total contribution inclusive of implicit subsidy amounted to \$108,197.

At June 30, 2022, the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

|  | Deferred<br>Outflows | Deferred Inflows<br>of Resources |
|--|----------------------|----------------------------------|
| Net difference between projected and actual earnings on plan investments | \$ 238,366           | \$ -                             |
| Differences between expected and actual experience                       | -                    | 383,875                          |
| Changes in assumptions   | 97,656               | -                                |
| Total  | <u>\$ 336,022</u>    | <u>\$ 383,875</u>                |

## Municipal Water District of Orange County

Notes to Basic Financial Statements

For the Year Ended June 30, 2022

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

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> | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|------------------------------------|---|--|
| 2023                               | \$ -  | \$ (122,253)                                 |
| 2024                               |   | (69,776)                                     |
| 2025                               | 36,301  | -  |
| 2026                               | 107,875                                       | -  |
|                                    | <u>\$ 144,176</u>                             | <u>\$ (192,029)</u>                          |

### Investments

For the year ended June 30, 2022 the annual money-weighted rate of return on investments, net of investment expense, was (12.87%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

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

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


### (9) Commitments and Contingencies

The District is involved in various litigation from time to time arising from the normal course of business. In the opinion of management and legal counsel, the District is not involved in any litigation that is expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

### (10) Subsequent Events

The District's Board of Directors approved the return of our Tier 2 Restricted Reserve fund as a credit to member agencies on their annual Retail Meter and Groundwater customer charge invoices, billed in July 2022.





# **REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**



**Municipal Water District of Orange County**  
Required Supplementary Information (Unaudited)  
For the Year Ended June 30, 2022

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

| Measurement Period  | 2022         | 2021         | 2020         | 2019         | 2018         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Total OPEB Liability</b>   |              |              |              |              |              |
| Service cost  | \$ 15,920    | \$ 32,103    | \$ 30,118    | \$ 34,408    | \$ 33,406    |
| Interest on the total OPEB liability                                    | 159,271      | 155,170      | 148,417      | 140,392      | 134,254      |
| Actual and expected experience difference                               | (609,684)    | -            | (86,201)     | -            | -            |
| Changes in assumptions  | 155,101      | -            | 102,437      | -            | -            |
| Changes in benefit terms  | -            | -            | -            | -            | -            |
| Benefit Payments  | (108,197)    | (97,452)     | (71,334)     | (71,021)     | (59,870)     |
| Net change in total OPEB liability                                      | (387,589)    | 89,821       | 123,437      | 103,779      | 107,790      |
| Total OPEB liability - beginning  | 2,691,904    | 2,602,083    | 2,478,646    | 2,374,867    | 2,267,077    |
| Total OPEB liability - ending (a)                                       | 2,304,315    | 2,691,904    | 2,602,083    | 2,478,646    | 2,374,867    |
| <b>Plan Fiduciary Net Position</b>                                      |              |              |              |              |              |
| Contribution - employer   | 108,197      | 97,452       | 71,334       | 71,021       | 59,870       |
| Net investment income   | (356,249)    | 509,846      | 85,732       | 140,186      | 128,809      |
| Benefit payments  | (108,197)    | (97,452)     | (71,334)     | (71,021)     | (59,870)     |
| Administrative expense  | (16,252)     | (14,829)     | (11,886)     | (5,669)      | (11,456)     |
| Net change in plan fiduciary net position                               | (372,501)    | 495,017      | 73,846       | 134,517      | 117,353      |
| Plan fiduciary net position - beginning                                 | 2,781,100    | 2,286,083    | 2,212,237    | 2,077,720    | 1,960,367    |
| Plan fiduciary net position - ending (b)                                | 2,408,599    | 2,781,100    | 2,286,083    | 2,212,237    | 2,077,720    |
| Net OPEB liability/(asset) - ending (a)-(b)                             | \$ (104,284) | \$ (89,196)  | \$ 316,000   | \$ 266,409   | \$ 297,147   |
| Plan fiduciary net position as a percentage of the total OPEB liability | 104.53%      | 103.31%      | 87.86%       | 89.25%       | 87.49%       |
| Covered-employee payroll  | \$ 1,351,622 | \$ 1,889,365 | \$ 1,975,686 | \$ 1,956,477 | \$ 1,933,612 |
| Net OPEB liability as a percentage of covered-employee payroll          | -7.72%       | -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, 2022

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

| Fiscal Year Ended June 30                                 | 2022               | 2021               | 2020               | 2019               | 2018               |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially Determined Contribution (ADC)                 | \$ 51,962          | \$ 50,448          | \$ 46,537          | \$ 49,847          | \$ 48,878          |
| Contributions in relation to the ADC                      | (108,197)          | (97,452)           | (71,334)           | (71,021)           | (59,870)           |
| Contribution deficiency (excess)                          | <u>\$ (56,235)</u> | <u>\$ (47,004)</u> | <u>\$ (24,797)</u> | <u>\$ (21,174)</u> | <u>\$ (10,992)</u> |
| Covered-employee payroll                                  | \$ 1,351,622       | \$ 1,889,365       | \$ 1,975,686       | \$ 1,956,477       | \$ 1,933,612       |
| Contributions as a percentage of covered-employee payroll | 8.00%              | 5.16%              | 3.61%              | 3.63%              | 3.10%              |

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

**Notes to Schedule:**

The District's Net OPEB Liability was measured as of June 30, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2022 (June 30, 2022). 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 | Solely on the applicable GASB 75 rate. Net of expected future retiree contributions. |
| Salary increases  | 3.00%  |
| Inflation Rate  | 3.00%  |
| Investment Rate of Return                                 | 6.00%, net of OPEB plan investment expense   |
| Pre-Retirement Mortality                                  | CalPERS Experience Study (2000-2019)   |
| Post-Retirement Mortality                                 | CalPERS Experience Study (2000-2019)   |

|                |           |              |          |               |
|----------------|-----------|--------------|----------|---------------|
| Medical Trend: | Year      | Pre-Medicare | Medicare | Dental/Vision |
|                | 2022      | 6.50%        | 4.50%    | 3.50% / 2.50% |
|                | 2023      | 6.00%        | 4.50%    | 3.50% / 2.50% |
|                | 2024      | 5.50%        | 4.50%    | 3.50% / 2.50% |
|                | 2025-2030 | 5.30%        | 4.50%    | 3.50% / 2.50% |
|                | 2031-2040 | 5.50%        | 4.50%    | 3.50% / 2.50% |
|                | 2041-2050 | 5.20%        | 4.50%    | 3.50% / 2.50% |
|                | 2051-2060 | 5.10%        | 4.50%    | 3.50% / 2.50% |
|                | 2061-2069 | 5.00%        | 4.50%    | 3.50% / 2.50% |
|                | 2070+     | 4.50%        | 4.50%    | 3.50% / 2.50% |

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

**Municipal Water District of Orange County**  
**Required Supplementary Information (Unaudited)**  
**For the Year Ended June 30, 2022**

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

|   | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Proportion of the net pension liability   | 0.06744%     | 0.06744%     | 0.06283%     | 0.05877%     | 0.05774%     | 0.05387%     | 0.05019%     | 0.02186%     |
| Proportionate share of the net pension liability                                    | \$ 1,097,925 | \$ 2,844,833 | \$ 2,516,221 | \$ 2,214,703 | \$ 2,276,032 | \$ 1,871,472 | \$ 1,376,955 | \$ 1,360,017 |
| Covered Payroll   | \$4,204,889  | \$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 | 26.11%       | 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          | 90.49%       | 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: | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
| Valuation Date:  | 6/30/2020 | 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 liability:**

| Actuarial Cost Method     | Entry Age Normal Amortization Method   | Entry Age Normal Level Dollar Amount   | Entry Age Normal Level Percent of Payroll  | Entry Age Normal Level Percent of Market Value   | Entry Age Normal Level Percent of Payroll  | Entry Age Normal Level Percent of Market Value   | Entry Age Normal Level Percent of Payroll  | Entry Age Normal Level Percent of Market Value   |
|---------------------------|--|--|--|--|--|--|--|--|
| Asset Valuation Method    | Fair Value   | Fair Value   | Fair Value   | Market Value   | Fair Value   | Market Value   | Fair Value   | Market Value   |
| Discount Rate             | 7.15%  | 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   | Varies, based on Entry Age and Service   |
| Inflation                 | 2.50%  | 2.50%  | 2.50%  | 2.75%  | 2.75%  | 2.75%  | 2.75%  | 2.75%  |
| Payroll Growth            | 2.75%  | 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 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, 2022

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

|  | 2022        | 2021        | 2020        | 2019        | 2018        | 2017        | 2016              | 2015              |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|-------------------|
| Actuarially determined contributions                                 | \$ 622,104  | \$ 413,399  | \$ 349,145  | \$ 302,458  | \$ 273,125  | \$ 252,815  | \$ 220,517        | \$ 288,065        |
| Contributions in relation to the actuarially determined contribution | (622,104)   | (413,399)   | (349,145)   | (302,458)   | (273,125)   | (252,815)   | (220,517)         | (288,065)         |
| Contribution deficiency (excess)                                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ - <sup>1</sup> | \$ - <sup>1</sup> |
| Covered Payroll  | \$4,448,997 | \$4,204,889 | \$3,792,545 | \$3,482,913 | \$3,295,260 | \$3,022,872 | \$2,748,796       | \$2,640,576       |
| Contributions as a percentage of covered-employee payroll            | 13.98%      | 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 eight years are shown

<sup>1</sup> Restated Covered Payroll

**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:** In Fiscal Year 2020-21 there were no changes to actuarial assumptions or 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.

Board of Directors  
Municipal Water District of Orange County  
Fountain Valley, California

We have audited the financial statements of the Municipal Water District of Orange County (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated November 2, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our proposal accepted by the Board, dated March 22, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence under the American Institute of Certified Public Accountants ("AICPA") independence standards, contained in the Code of Professional Conduct.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included proposing journal entries detected during the audit

process. To mitigate the risk, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

## **Significant Risks Identified**

As a result of a new accounting pronouncement, Governmental Accounting Standards Board 87: Leases, we identified the new standard as a significant risk as part of the audit risk assessment. Our procedures included evaluating transactions for potential applicability of the standard in addition to our standard audit approach.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements include:

- Judgments regarding the fair value of investments
- Judgements involving the calculation of the net pension liability and related transactions
- Judgements involving the calculation of the other post-employment benefit (OPEB) liability and related transactions.

We evaluated the key factors and assumptions used to develop the fair value measurement and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of investment fair value in note 2 to the financial statements
- The disclosure of pensions in note 7 to the financial statements.
- The disclosure of OPEB in note 8 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. Professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated November 2, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.



This report is intended solely for the information and use of the Board of Directors, and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

*Davis Fere LLP*

Irvine, California  
November 2, 2022

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Municipal Water District of Orange County  
18700 Ward Street  
Fountain Valley, California

**Independent Auditor's Report**

We have audited, in accordance with the 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, the financial statements of the Municipal Water District of Orange County (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The following item has been identified as a recommendation to the District and does not represent a significant deficiency or material weakness:

### IT Environment

During our audit, we performed a review of the District's information systems internal controls. We noted the following area where controls could be strengthened:

The District has a single information technology full time employee supporting approximately 50 District personnel. It was noted during inquiry that the Chief Information Officer (CIO) retired approximately 3 years ago. The District is training a Finance staff to act as a backup for certain IT functions.

### Recommendation

As a best practice, the District should consider the following:

Determine if an additional full-time employee is required to support the District. Another option, if a full-time employee is not deemed necessary, is to contract with a third-party IT services provider to act as a backup in the event the primary IT employee is no longer available.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Davis Firm LLP". The signature is stylized and appears to be written on a light blue background.

Irvine, California  
November 2, 2022

## MWDOC BUDGET SCHEDULE

|  |
|--|
| <b>November 2022</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 2022</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 2023</b>  |
| <ul style="list-style-type: none"> <li>Initial review of budget issues with A&amp;F Committee for feedback <b>(1-11-23)</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 2023</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>(2-3-23)</b></li> <li>Review First Draft Budget with A&amp;F Committee <b>(2-8-23)</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 20</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>(2-16-23)</b></li> <li>Meet with Member Agencies as requested or scheduled</li> </ul> |

## MWDOC BUDGET SCHEDULE

|  |
|--|
| <b>March 2023</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>(3-8-23)</b></li> </ul>   |
| <ul style="list-style-type: none"> <li>Review SECOND DRAFT Budget at Member Agency Managers' Meeting <b>(3-16-23)</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 on the Budget <b>(3-24-23)</b></li> </ul>   |
| <b>April 2023</b>  |
| <ul style="list-style-type: none"> <li>Conduct meeting with Elected Officials from Member Agencies to discuss budget and other topics <b>(4-6-23)</b></li> </ul>   |
| <ul style="list-style-type: none"> <li>THIRD DRAFT Budget and Rates presented to A&amp;F Committee <b>(4-12-23)</b></li> </ul>   |
| <ul style="list-style-type: none"> <li>Member Agencies' Formal Comments presented to A&amp;F Committee <b>(4-12-23)</b></li> </ul>   |
| <ul style="list-style-type: none"> <li>Board approval of FY2023-24 FINAL Budget and Rates <b>(4-19-23)</b></li> </ul>  |
| <b>June 2023</b>   |
| <ul style="list-style-type: none"> <li>Member Agencies confirm final Choice Participation <b>(6-9-23)</b></li> </ul>   |
| <b>August 2023</b>   |
| <ul style="list-style-type: none"> <li>Reconciliation of FY 2022-23 WUE &amp; Choice Programs</li> </ul>   |
| <b>September 2023</b>  |
| <ul style="list-style-type: none"> <li>REVISED FINAL Choice Budget presented to A&amp;F Committee <b>(9-13-23)</b></li> </ul>  |
| <ul style="list-style-type: none"> <li>Board approval of FY2023-24 REVISED FINAL Choice Budget <b>(9-20-23)</b></li> </ul>   |



**INFORMATION ITEM**

November 9, 2022

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

**FROM: Robert Hunter, General Manager**

Staff Contact: Harvey De La Torre, Assistant General Manager  
Hilary Chumpitazi, Accounting Manager

**SUBJECT: Reserve Fund Policy Update**

**STAFF RECOMMENDATION**

---

Staff recommends the Administration & Finance Committee

**COMMITTEE RECOMMENDATION**

---

Committee recommends (To be determined at Committee Meeting)

**REPORT**

---

On October 27, MWDOC held its 4<sup>th</sup> Reserve Policy workgroup discussion with the member agency managers and the Ad Hoc Committee of MWDOC Directors (Seckel and McVicker) facilitated by Mr. Brian Thomas. Attached for your review is a copy of the workgroup meeting #4 presentation.

The fourth meeting covered a review of the recommended changes to MWDOC's Reserve Policy, a discussion on historical and projected water-use-efficiency cash flow, and the potential use of cash balances due to the lowering of designated reserves. From this information, the workgroup discussed potential options and refinements to the proposed policy.

The workgroup also sought clarity on the source of funds that comprise MWDOC's General Fund unrestricted funds in the final report. Additionally, several workgroup members noted the variability in revenue reimbursement from DWR and USBR for grant related water-use-efficiency projects and its substantive impact on MWDOC's reserve requirement. They noted that the amount of projected water-use-efficiency grant-funded program activity

|   |                       |          |           |
|---|-----------------------|----------|-----------|
| <b>Budgeted (Y/N): NA</b>                     | Budgeted amount: None | Core _X_ | Choice __ |
| <b>Action item amount: NA</b>                 | Line item:            |          |           |
| <b>Fiscal Impact (explain if unbudgeted):</b> |                       |          |           |

should be carefully evaluated due to their impact on the reserve requirements. Lastly, there was interest in discussing the use of funds that may become unrestricted as part of a reserve policy change.

Mr. Brian Thomas is compiling the workgroup's feedback into a draft report of recommendations and suggestions. The draft report will be circulated for a review by the workgroup members before being finalized and presented to the MWDOC Board. Based on the feedback received, MWDOC staff anticipates a presentation of the final report with recommendations at the December or January MWDOC Administration and Finance Committee meeting.

**Attachments: MWDOC Reserve Policy Discussion, Meeting #4 Presentation**

## RESERVE POLICY DISCUSSION MEETING 4

October 27, 2022



### Agenda



- 💧 Review and Recap
- 💧 Discuss Potential WUE Cash Flow and Cash Balances
- 💧 Use of Cash Balances as a Result of Lower Designated Reserves
- 💧 Next Steps



## Reserve Recommendations



- 💧 Retain Election Reserve
- 💧 Retain OPEB Reserve
- 💧 Treat WEROC Reserves Separately
  - 💧 Operating
  - 💧 Capital

3

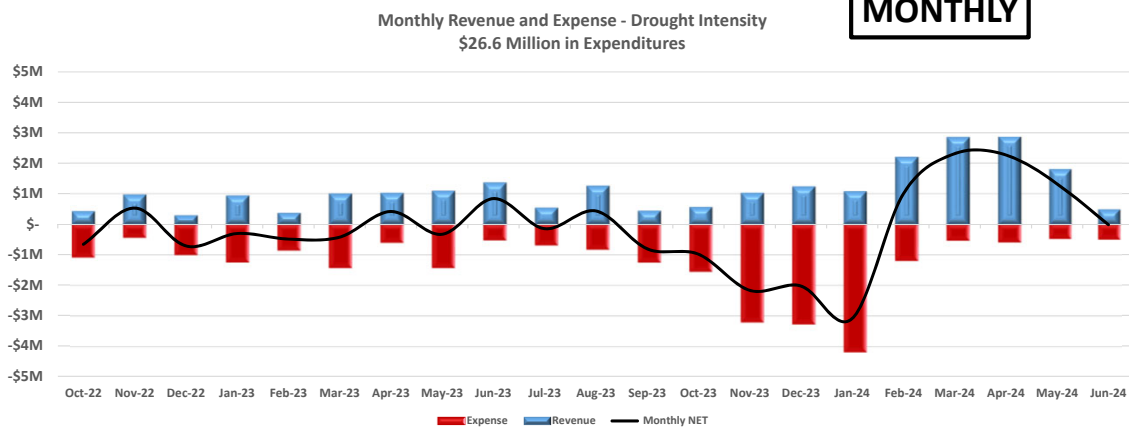
## Combine Remaining Reserves



- 💧 Combine General Operations and Grant and Project Cash Flow and Building Reserves into one General Operations Reserve to meet emergency costs, unbudgeted expenditures, working capital and cash flow needs
  - 💧 Target = 120 days cash on hand
  - 💧 Days cash based on budget
    - 💧 Consolidated budget
    - 💧 Include WUE Expenses?

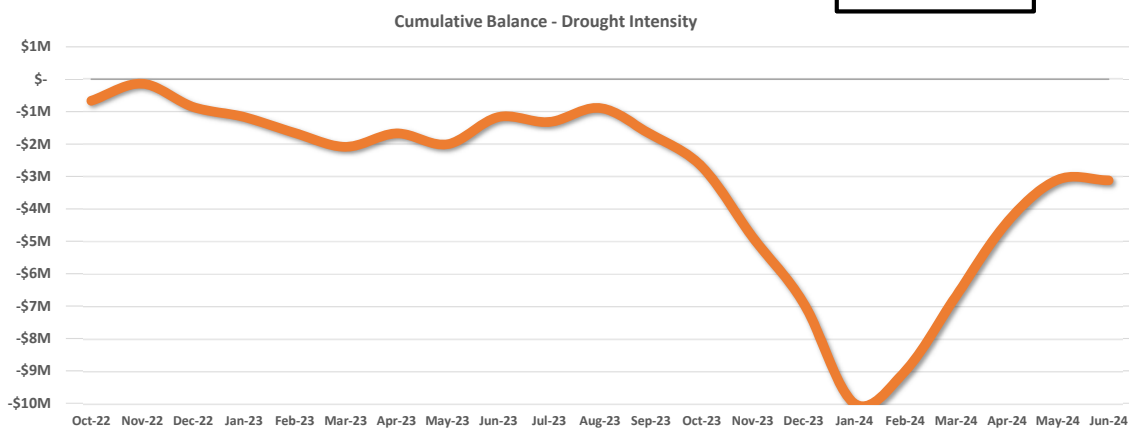
4

## Conservation Funding – Expanded Program – Forecast thru June 2024



5

## Conservation Fund Balances – Expanded Program – Forecast thru June 2024



6

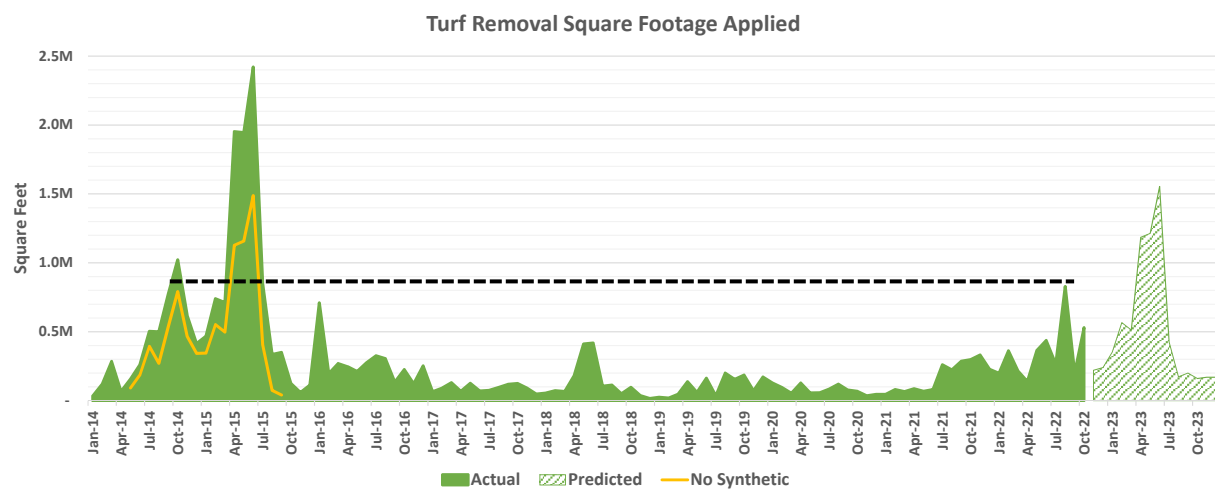
## WUE Considerations



- ◊ Includes a suite of WUE Programs
  - ◊ Turf Removal is the significant driver
- ◊ Turf Removal Analysis
  - ◊ Scenario: 2015 drought response activity levels occur in 2023
  - ◊ Considerations:
    - ◊ Square footage caps
    - ◊ No synthetic turf allowed
    - ◊ Drop-out rate
    - ◊ Higher rebate levels
    - ◊ More grant funding = longer delays for reimbursement

7

## Turf Activity Over Time



8

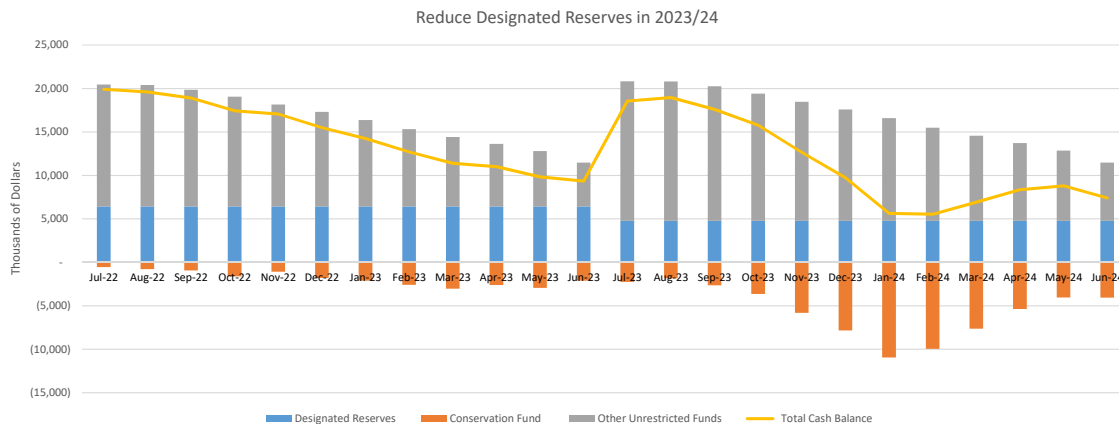
## Forecast Assumptions – Base Case



- 💧 “Consolidated” Budget increases by 5% in 2023/24 to \$12.2 million
- 💧 Reduce Designated Reserves to reflect 120 Days Cash on Hand Based on “Consolidated” Budget – WUE Expenditures are not included
  - 💧 General Operating Reserve = \$4.0 million
  - 💧 Election Reserve = \$462,000
  - 💧 OPEB Reserve = \$297,000
- 💧 Monthly revenues and expenses based on historical expenditure patterns

9

## Forecast of Total Cash Balances



10

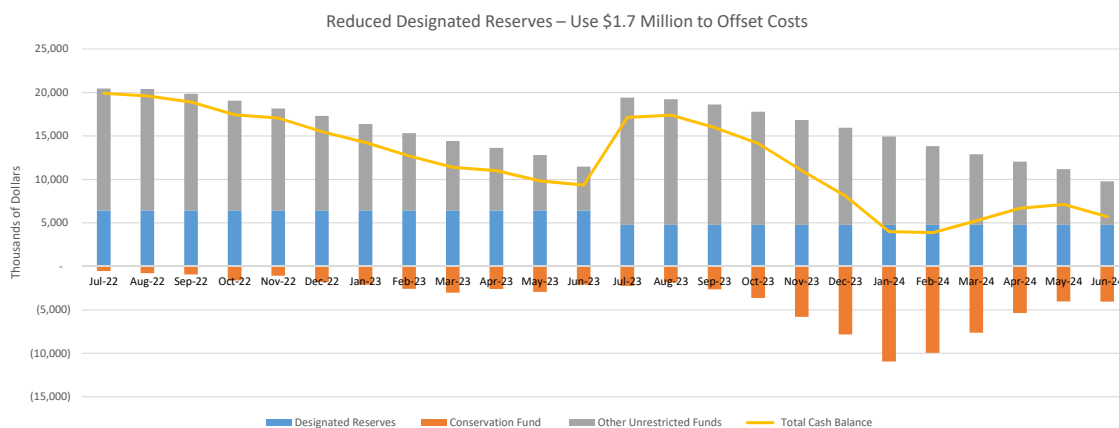
## Forecast Assumptions – Example 1



- 💧 “Consolidated” Budget increases by 5% in 2023/24 to \$12.2 million
- 💧 Reduce Designated Reserves to reflect 120 Days Cash on Hand Based on “Consolidated” Budget – WUE Expenditures are not included
  - 💧 General Operating Reserve = \$4.0 million
  - 💧 Election Reserve = \$462,000
  - 💧 OPEB Reserve = \$297,000
- 💧 Monthly revenues and expenses based on historical expenditure patterns
- 💧 Use \$1.7 million of available cash above Designated Reserves to offset costs

11

## Forecast of Total Cash Balances



12

## Amounts in Excess of Designated Reserves



- ◊ Unrestricted reserves include commitments and carryover amounts from prior years = about \$1 million at June 30, 2022
- ◊ Unrestricted reserves include the Water Supply Fund = about \$1.8 million at June 30, 2022
- ◊ Evaluate unrestricted reserves after carryover and Water Supply Fund and use remaining funds to:
  - ◊ Fund cash flow for WUE
  - ◊ Reduce pension obligation
  - ◊ Retain to fund future expenditures
  - ◊ Stabilize meter and groundwater charges
  - ◊ Other legal purposes

13



## Suggestions/Comments

14

## Next Steps



- Incorporate suggestions from today's meeting
- Develop staff report and recommendation
- Presentation at Administration and Finance Committee and Board

15



## Administration Activities Report

**October 7, 2022 – November 3, 2022**

| Activity                         | Summary  |
|----------------------------------|--|
| <b>Administration/<br/>Board</b> | <p>Administration team worked on the following:</p> <ul style="list-style-type: none"> <li>• Scheduled meetings for Rob Hunter, Harvey De La Torre and Board members (including Ad Hoc meetings and meeting with Grand Jury)</li> <li>• Assisted Rob and Harvey 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; attended meeting with Directors regarding changes/enhancements to this process</li> <li>• Processed and reviewed agreements for appropriate Board approval and insurance requirements as well as execution following approval; conferred with staff re processes</li> <li>• Responded to one Public Records Act request</li> <li>• Coordinated Ethics Training and Harassment Prevention training</li> <li>• Worked with IT regarding Director email issues; including discussion with legal</li> <li>• Made various updates/changes to website</li> <li>• Worked with Accounting re Director Comp Voucher and Expense Report process</li> <li>• Follow up with CSDA re District of Distinction application</li> <li>• Various discussions with FPPC regarding 2 hour training requirement</li> <li>• Reviewed AB 2449 provisions</li> <li>• Prepared Budget schedule; commence budget process with annual letter</li> <li>• Solicited availability, set-up and hosted Zoom meetings for General Manager, Assistant General Manager and Director of Engineering</li> <li>• Registered Staff and Directors for various conferences, made travel accommodations and handled expenses</li> <li>• Hosted ISDOC Executive Meeting</li> <li>• Corresponded with ISDOC presenters for the October Quarterly Luncheon.</li> <li>• Created the ISDOC Quarterly Zoom Meeting slide deck</li> <li>• Hosted the ISDOC Quarterly Zoom Meeting.</li> <li>• Coordinating Holiday charity event for employee participation</li> </ul> |
| <b>Records<br/>Management</b>    | <ul style="list-style-type: none"> <li>• Continued 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> </ul>  |





|                                    |   |
|------------------------------------|---|
| <b>Health and Welfare Benefits</b> | <ul style="list-style-type: none"> <li>• Open Enrollment for medical, dental and vision for 2023 is now closed.</li> <li>• Information on the 2023 Flexible Spending Account plans will be provided during the week of 11/7/22</li> </ul>   |
| <b>Recruitment / Departures</b>    | <ul style="list-style-type: none"> <li>• A new Water Loss Control Intern, Binh Tran, was hired on October 31</li> <li>• Recruitment efforts for the Sr. Engineer/Principal Engineer position are being reviewed as limited applications were received</li> <li>• Chris Lingad will be leaving the District effective November 7<sup>th</sup>, where he and his family will be relocating to Sacramento.</li> <li>• Daniela Velazquez will be departing the District November 11<sup>th</sup> as her internship has ended.</li> </ul>  |
| <b>Projects/ Activities</b>        | <p>Administration Team worked on the following:</p> <ul style="list-style-type: none"> <li>• Continue to coordinate with the Director of Emergency Management on COVID-19 protocols, OSHA ETS and State guidelines</li> <li>• Hosting of Board, Committee and Department meetings via zoom</li> <li>• Continue to update the District Act Database and the District Contacts in Outlook</li> <li>• HR initiated a survey of member agencies to gather information of remedies for dog encounters with field staff</li> <li>• Assisted WACO on the following items: Meetings via Zoom, PowerPoint presentations and various correspondence</li> <li>• Assisted with compilation of GM Performance and Goal Setting Form</li> <li>• Coordinated with legal counsel on GM Performance Evaluation and Employment Contract</li> <li>• Review of cell phone and computer loan policies</li> <li>• Provided assistance to the Finance Department with preparation of requisitions, sorting and filing, reconciling credit card charges and coding turf removal and spray to drip worksheets</li> <li>• HR team attended a 3-day CalPERS Educational Forum in Anaheim Employer. The sessions included information on Employer Compliance; Eligibility, Ensuring that Employees Receive Timely &amp; Accurate Retirement Benefit Payments, payroll reporting, Compensation reporting requirements; resources, and much more</li> <li>• Delivery and installation of office plants throughout the office</li> <li>• Review art work recommendations from staff for placement in conference and open space areas</li> <li>• HR hosted and attended HR Member Agency meeting on October 20</li> <li>• HR participated in Water Loss Control Intern interviews.</li> </ul> |



## INFORMATION ITEM

November 9, 2022

**TO:** Administration & Finance Committee  
(K. Seckel (Chair), J. Thomas, L. Dick)

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

Staff Contact: Steven Hung

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

### **SUMMARY**

---

The following list details the status of special projects that are in-progress or to be completed during FY 2022-23.

### **Finance**

| Description(Finance)  | % of Completion | Estimated Completion date | Status      |
|---|-----------------|---------------------------|-------------|
| Further Implementation of WUE Landscape Programs Databases and Web Site.                                | On-going        | On-going                  | In Progress |
| 2022 W-9 collection for conservation rebates. Currently holding four rebate checks awaiting a W-9 form. | On-going        | On-going                  | On-going    |
| Annual Financial Audit  | 100%            | 11/03/2022                | Completed   |
| 2022-Q4 KnowBe4 training  | 92%             | 12/31/2022                | In Progress |
| RFP for Custodial Services  | 0%              | 12/31/2022                | Not Started |
| Preparation of documents for FY 2023-24 budget process.   | 1%              | 4/30/2023                 | Not Started |

## **Information Technology**

| <b>Description(Information Technology)</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 |
| Replace End-Of-Life Cisco Voice Gateway router (hardware and software) | <b>30%</b>             | 03-31-2023                       | In Progress                  |
| Windows Operating systems software upgrade for all Servers             | <b>0%</b>              | 6-30-2022                        | Not Started                  |
| Microsoft Office 365 software upgrade                                  | <b>50%</b>             | 12-31-2022                       | In Progress                  |
| Replace Wireless Access Controller for wireless network                | <b>0%</b>              | 06-30-2022                       | Not Started                  |
| Replace computers/laptops for Staff                                    | <b>50%</b>             | 3-31-2022                        | In Progress                  |

## **FY 2022-23 Completed Special Tasks**

### **Finance**

| <b>Description(Finance)</b> | <b>% of Completion</b> | <b>Estimated Completion date</b> | <b>Status</b> |
|-----------------------------|------------------------|----------------------------------|---------------|
|                             |                        |                                  |               |
|                             |                        |                                  |               |

## **Information Technology**

| <b>Description(Information Technology)</b>               | <b>% of Completion</b> | <b>Estimated Completion date</b> | <b>Status</b> |
|--|------------------------|----------------------------------|---------------|
| Software and hardware upgrade for Hyper-V Virtual Server | <b>100%</b>            | 07-31-2022                       | Completed     |
| Batteries replacement for UPS                            | <b>100%</b>            | 09-30-2022                       | Completed     |
| Upgrade backbone Gigabit network switch (hardware)       | <b>100%</b>            | 03-31-2023                       | Completed     |



INFORMATION ITEM

November 9, 2022

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

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 **2022 was well below average compared to the last 5 years.** We are projecting a decrease in overall water usage compared to FY 2021-22. 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 531,000 AF in FY 2022-23** (this includes ~11 TAF of agricultural usage and non-retail water agency usage). This is about **15,000 AF less than FY 2021-22** and is about **29,000 AF less than FY 2020-21**. Water usage per person is projected to be slightly lower in **FY 2021-22 for Orange County at 150 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): |                      |               |                  |

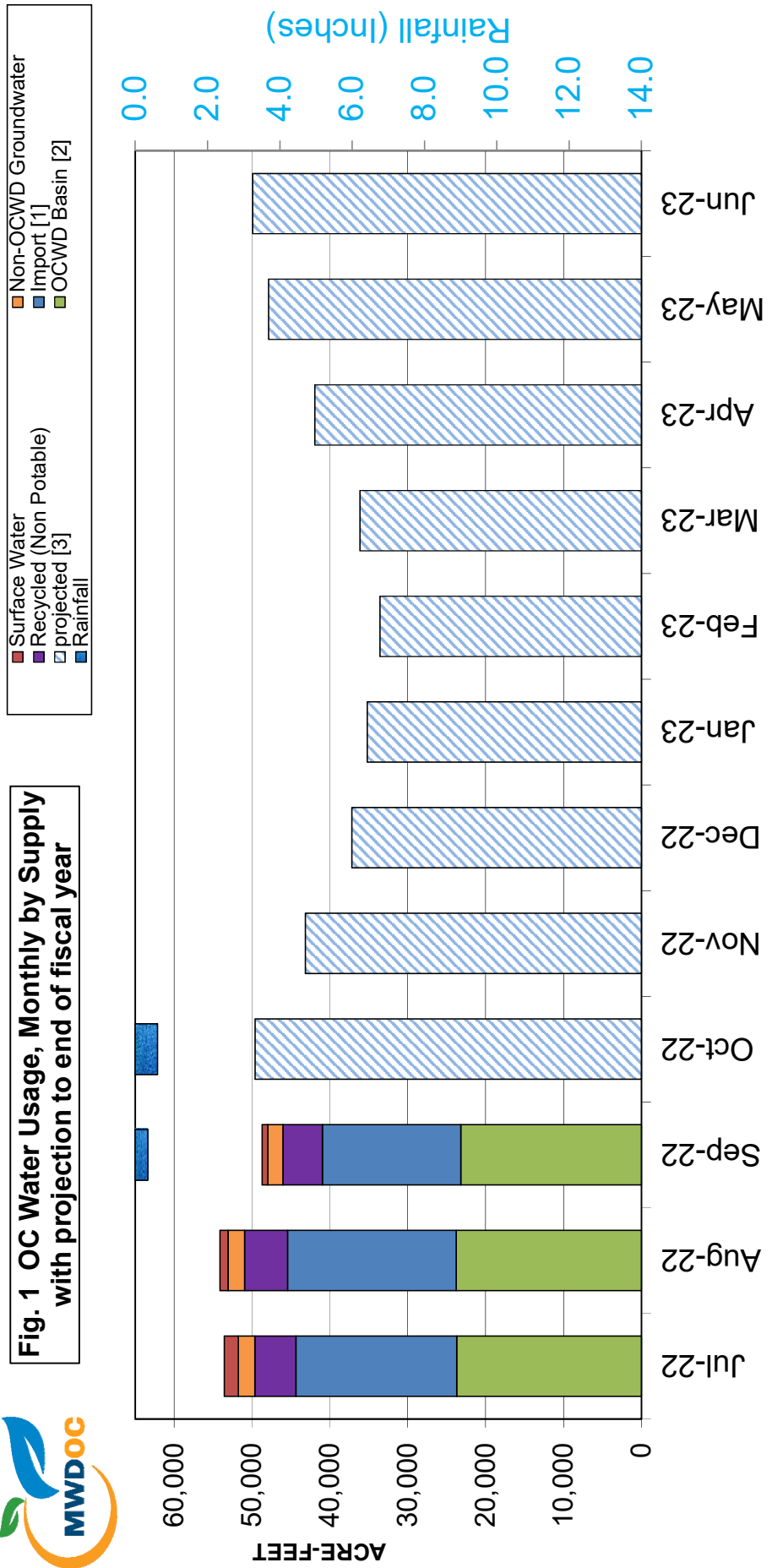
Efficiency (water conservation) efforts. ***O.C. Water Usage has declined significantly since the FY 2013-14. Since FY 2013-14 average O.C. Annual Water usage is 535,000 AF, a decline of 86,500 AF since FY 2013-14.***

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 above average*** for this period. Water year to date rainfall in Orange County is ***0.97 inches***, which is ***176% of normal***.
- Northern California accumulated precipitation through ***late October was 0.33% 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 27% as April 1<sup>st</sup>, 2022. As of late October, 99.77%*** of California is experiencing ***moderate to severe drought conditions***. ***43.06%*** of California is experiencing ***extreme to exceptional drought conditions***. The State Water Project Contractors Table A Allocation was decreased in March to 5% for WY 2022.
- Colorado River Basin accumulated precipitation through ***late October was 83% of normal*** for this period. The ***Upper Colorado Basin snowpack was 86% of normal*** as of April 15<sup>th</sup> 2022. ***Lake Mead and Lake Powell*** combined have about ***38.0% of their average storage volume*** for this time of year and are at ***26.4% of their total capacity***. For the first time on the Colorado River, Lake Mead's ***levels have fallen below the "trigger" limit of 1,075 ft. at the end of a calendar year***. The US Bureau of Reclamation (USBR) has declared a shortage at Lake Mead, impacting Colorado River water deliveries to the Lower Basin states. Lake Mead as of early September was ***28.72' BELOW the "trigger" limit***. The USBR has declared a ***shortage on the Colorado River starting January 1<sup>st</sup> 2022. There is a 100% chance of shortage continuing in 2023, 93% in 2024, 100% in 2025 and 93% in 2026***. Lake Mead as of late September was ***0.21' ABOVE the State of California "trigger" limit. There is a 0% chance of shortage for California in 2023, 77% in 2024 (-282 TAF), 71% in 2025 (-302 TAF) and 67% in 2026 (-293 TAF).***



**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.

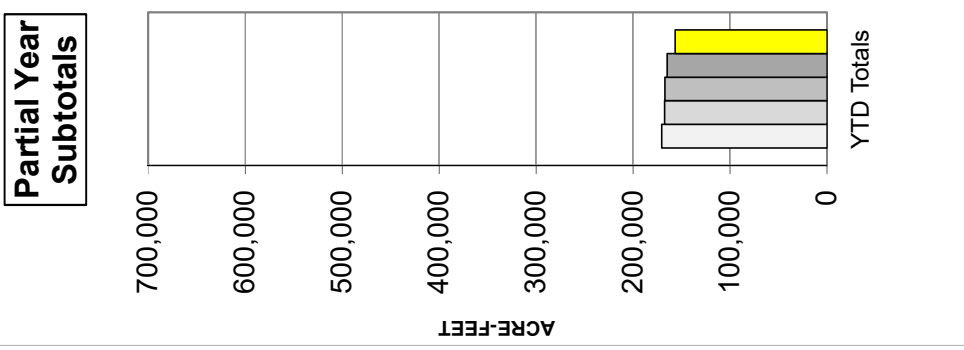
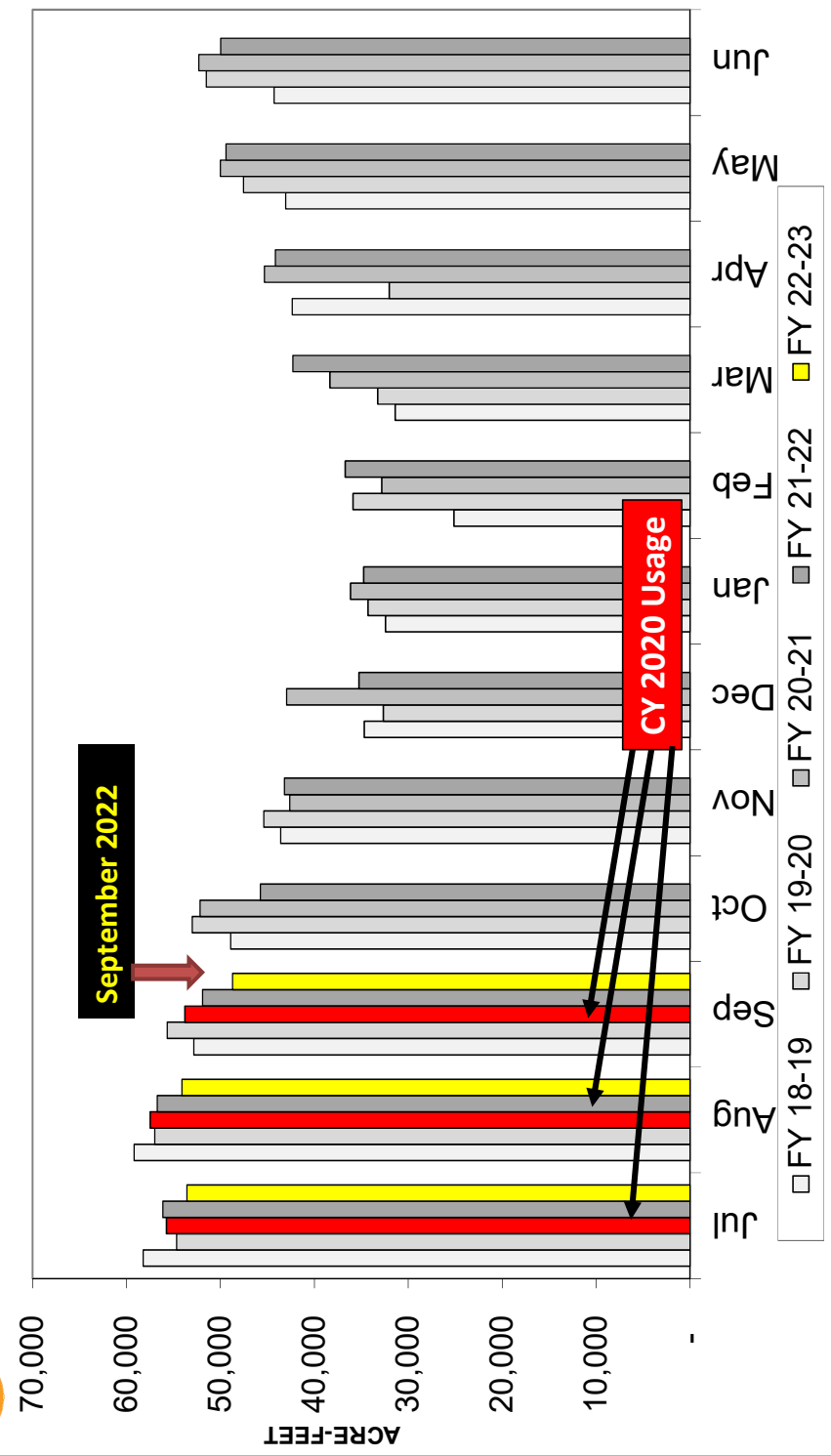
[2] GW for consumptive use only. Excludes In-Lieu water deliveries and CUP water extraction that are counted with Import. BPP in FY '22-23 is 77%.

[3] MWDOC'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.

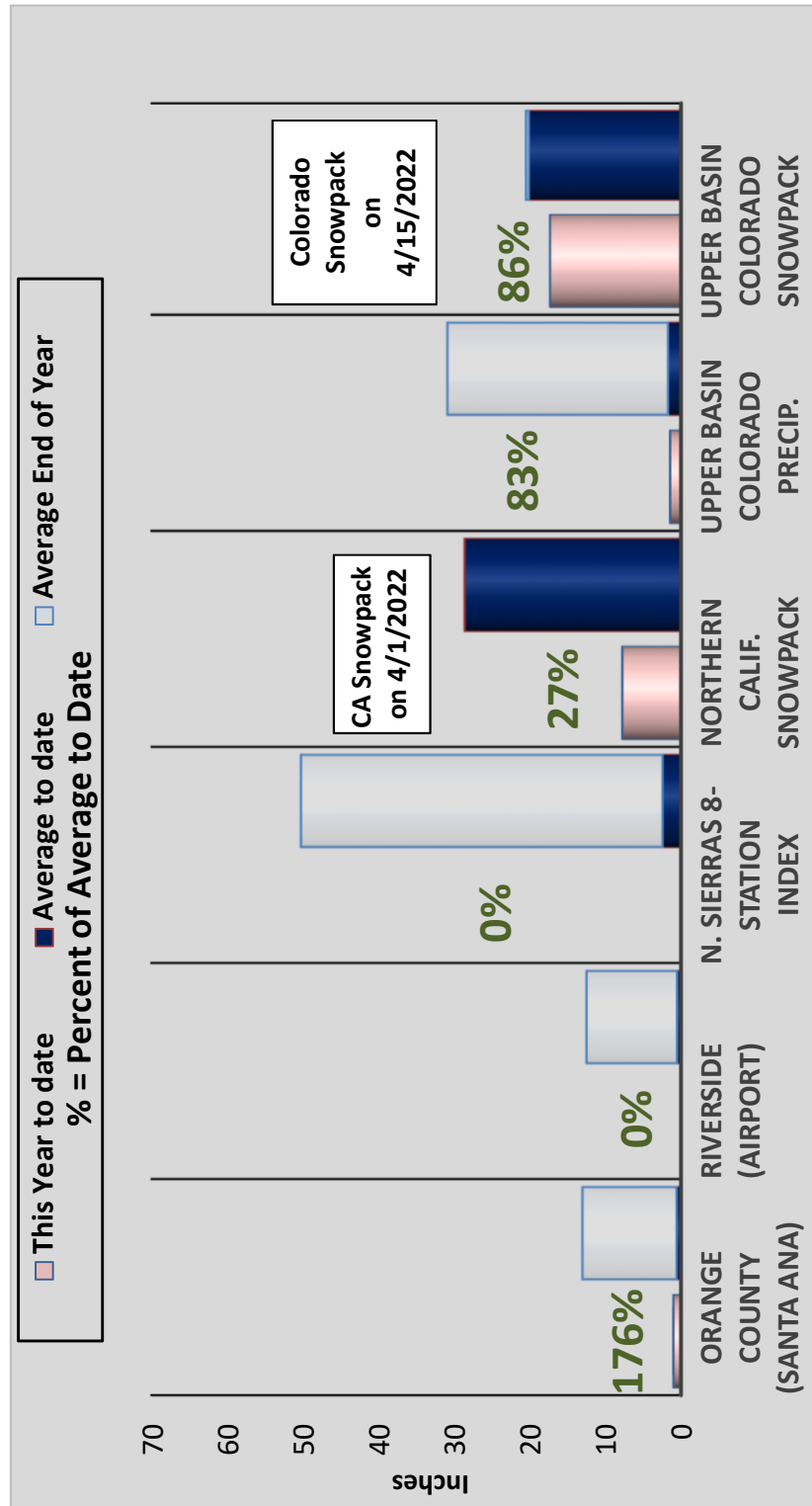


**Fig. 2 OC Monthly Water Usage [1]: Comparison to Last 4 Fiscal Years**



[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.

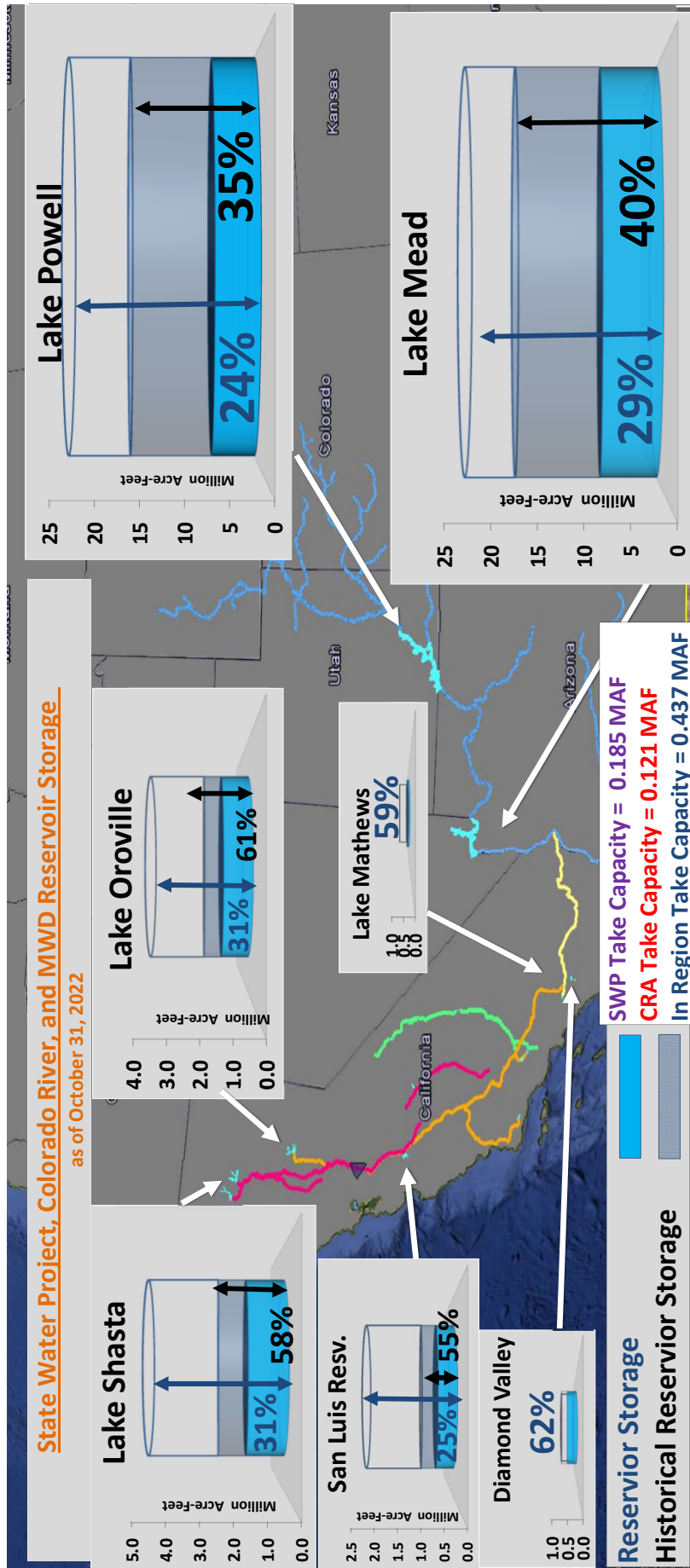
# Accumulated Precipitation for the Oct.-Sep. water year, late of October 2022



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

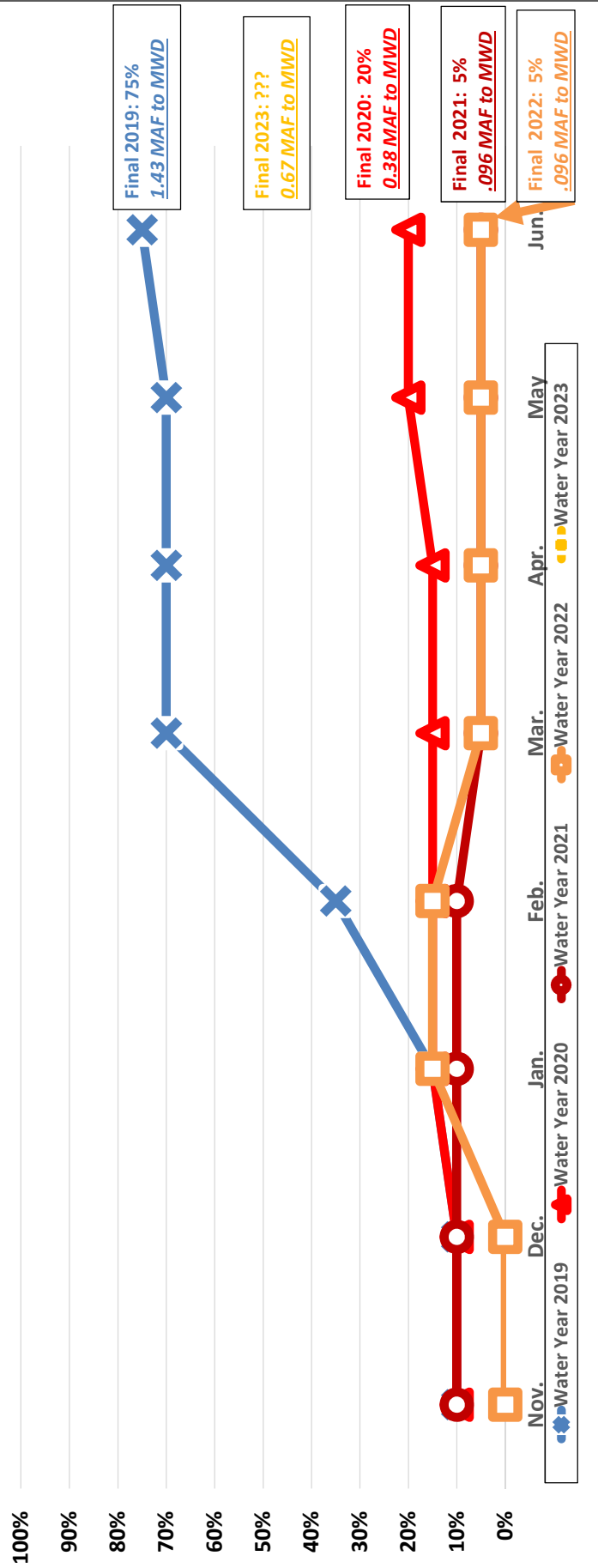


# State Water Project, Colorado River, and MWD Reservoir Storage as of October 31, 2022



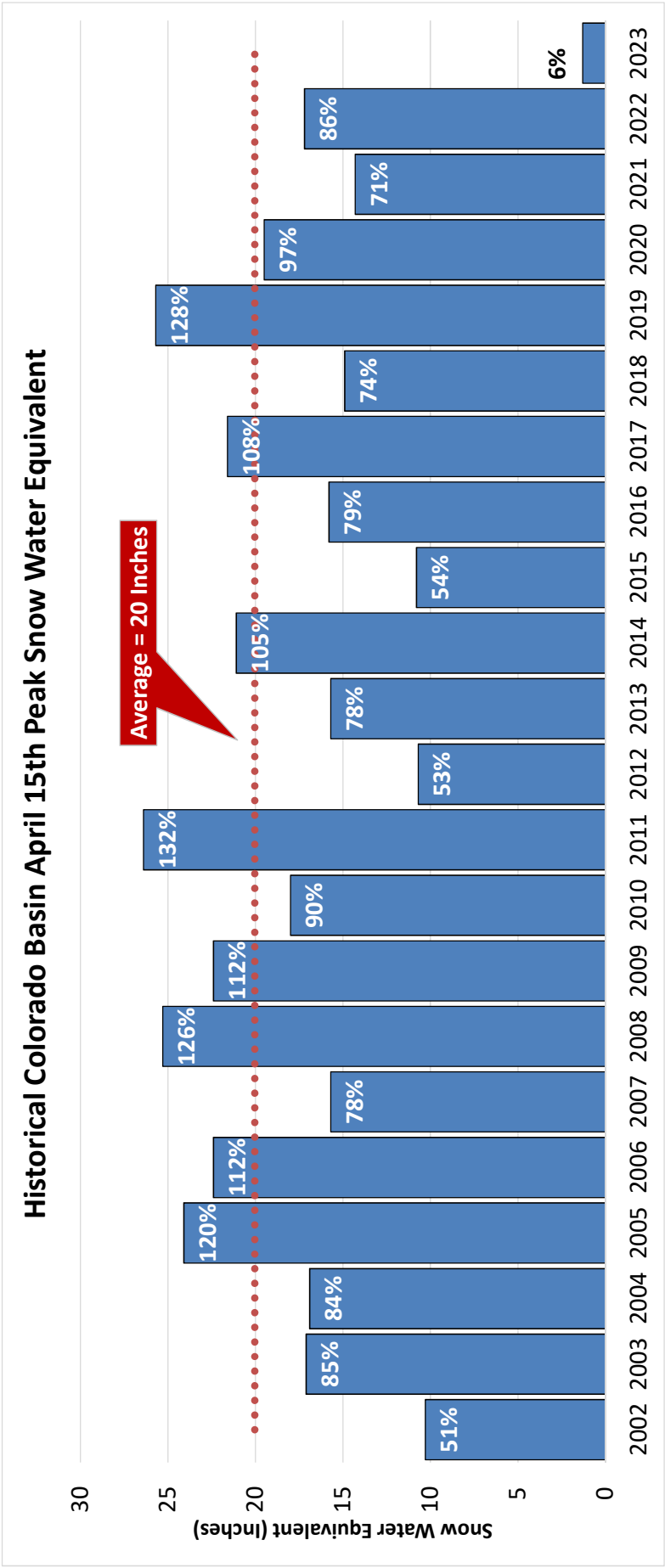
## SWP TABLE A ALLOCATION PERCENTAGE

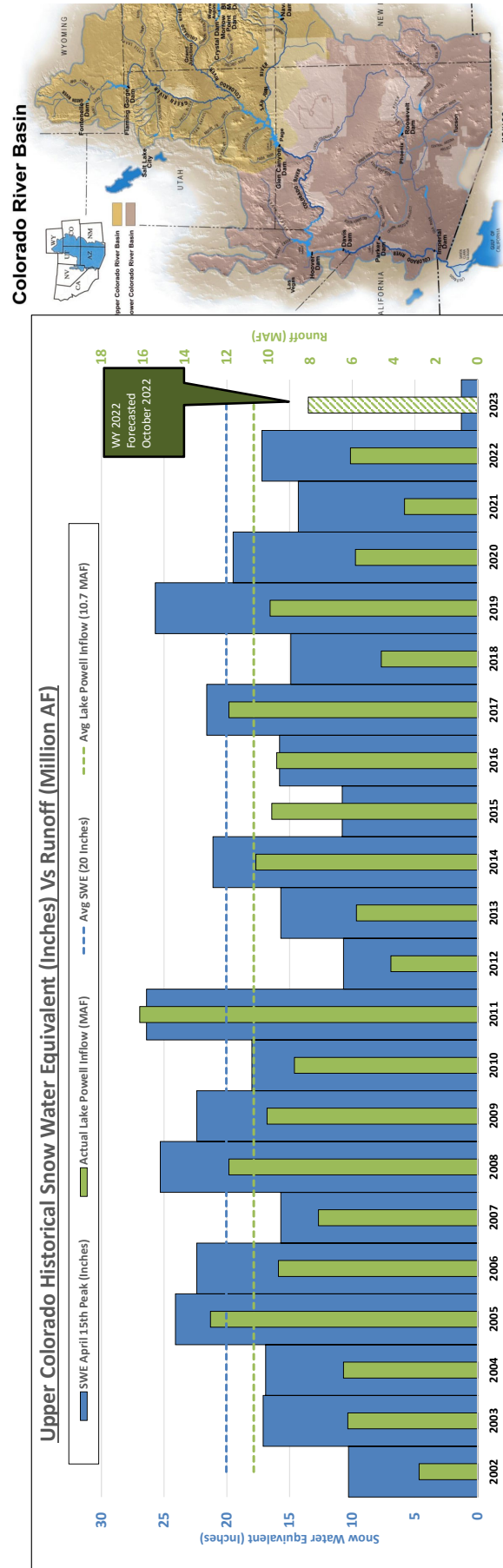
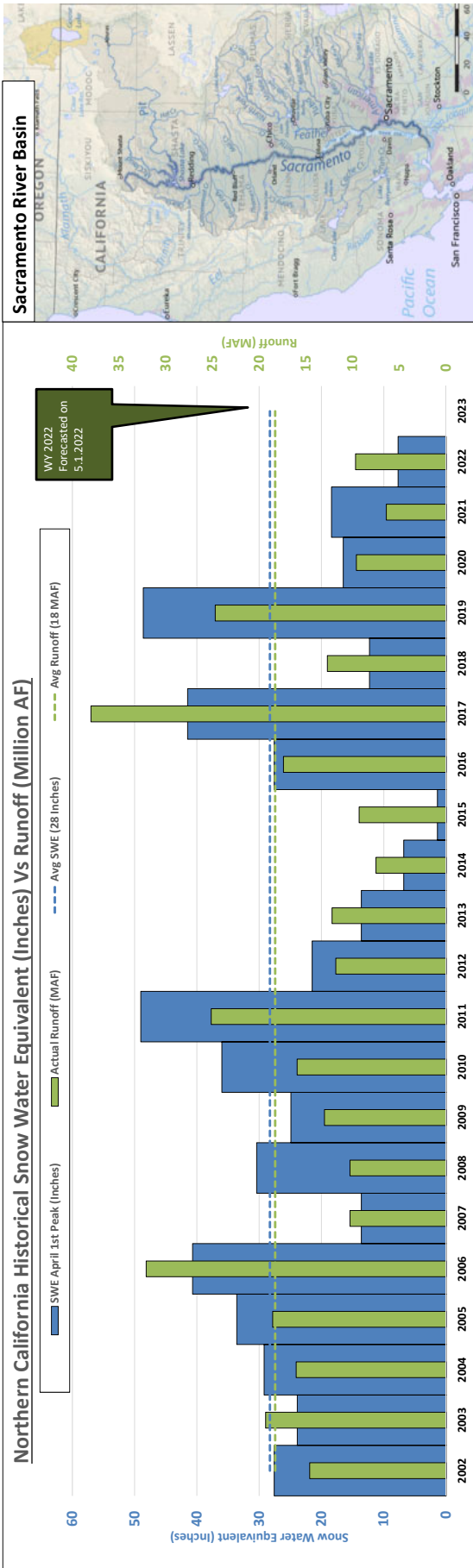
FOR STATE WATER PROJECT CONTRACTORS



## Historical Northern California April 1st Peak Snow Water Equivalent

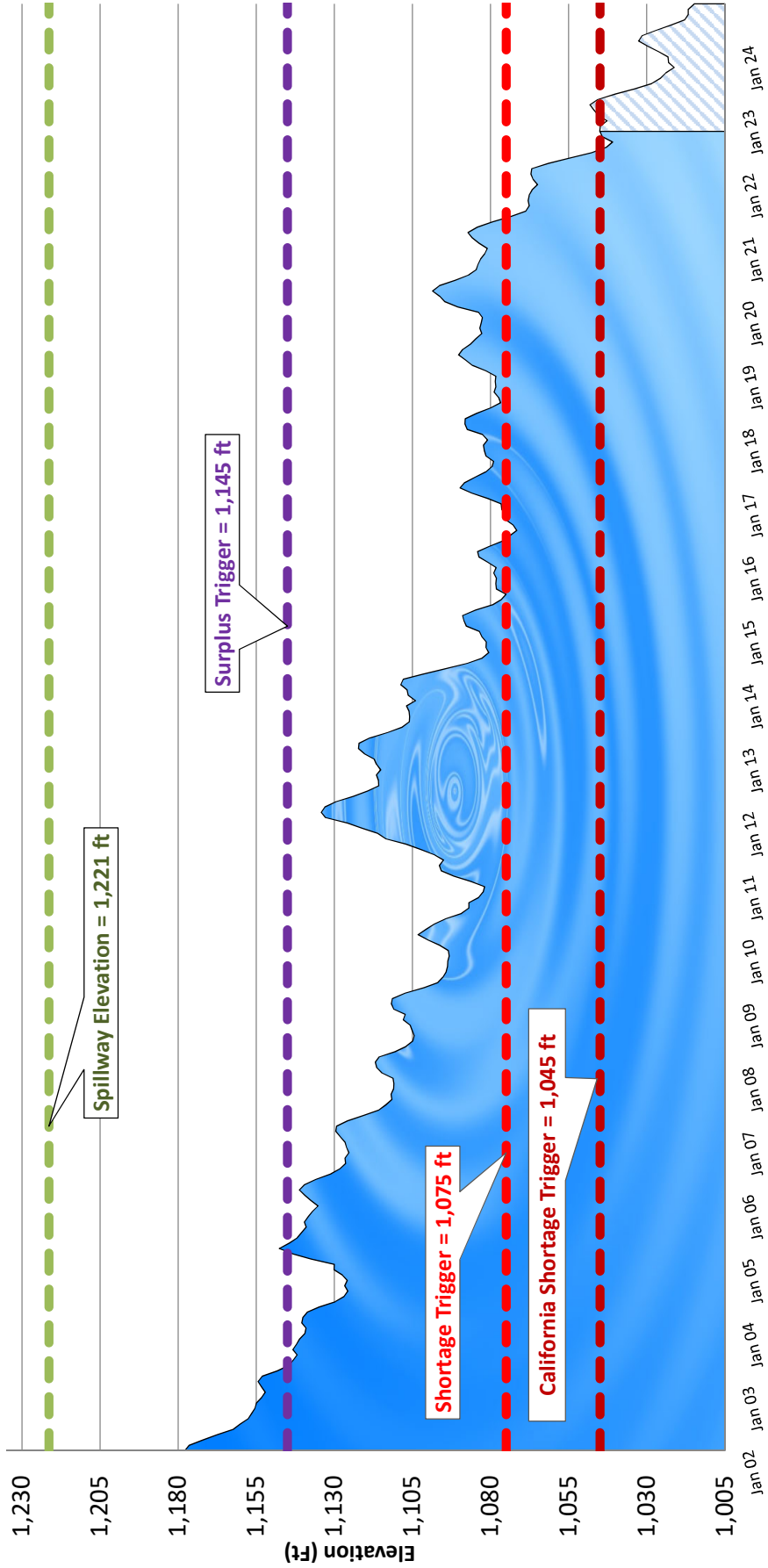








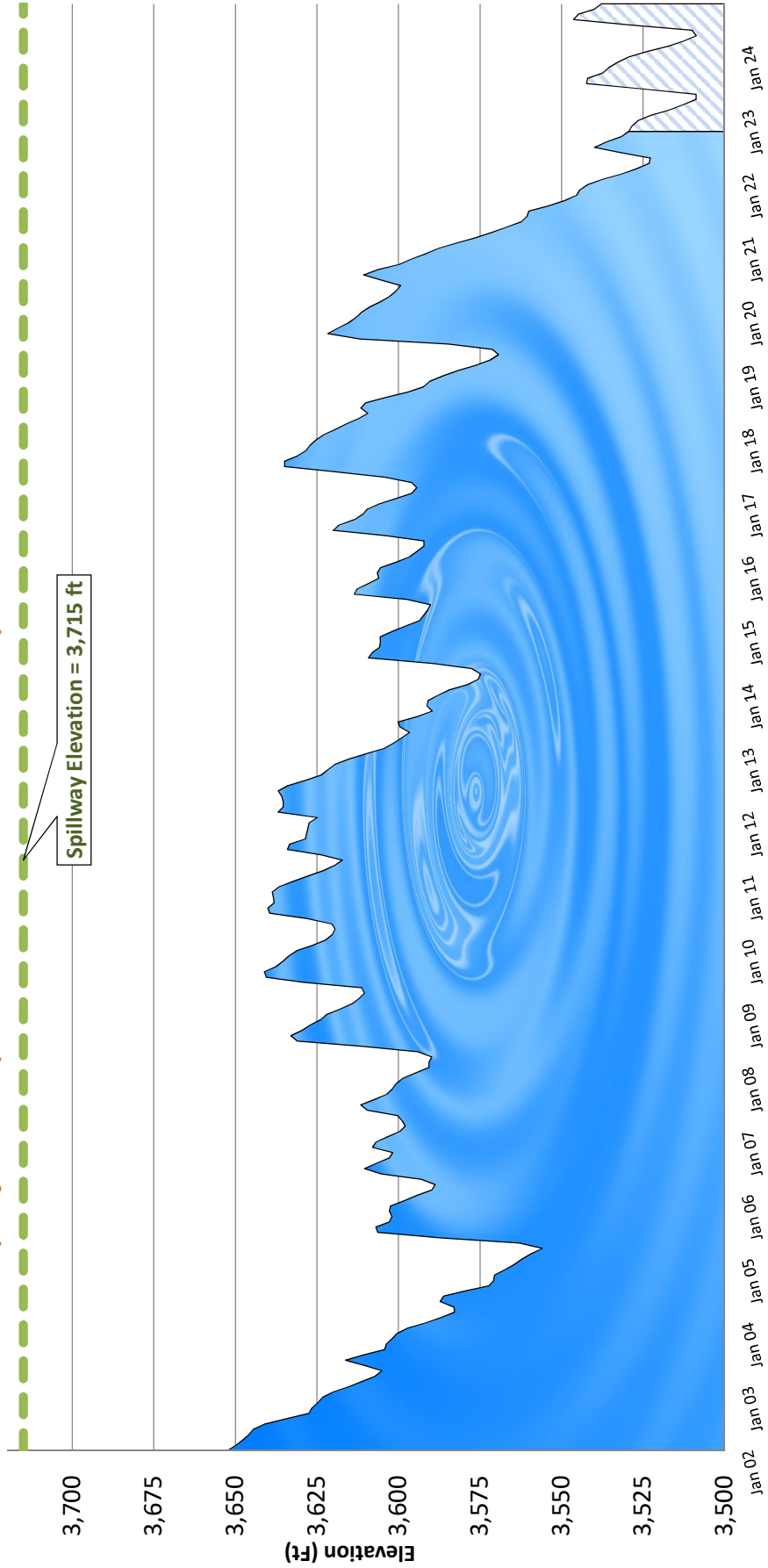
## Lake Mead Levels: Historical and Projected projection per USBR 24-Month Study





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

■ Historical    □ Projected



## Lake Mead Historical Water Elevation Level

