#### **AGENDA**

## EAST ORANGE COUNTY WATER DISTRICT (EOCWD)

#### Thursday, May 16, 2013

5:00 p.m.

- 1. Call Meeting to Order and Pledge of Allegiance President VanderWerff
- 2. Public Communications to the Board
- 3. Addition of Items Arising After Posting of Agenda Requiring Immediate Action (Requires 2/3 vote or unanimous vote if less than 2/3 of members are present)
- 4. General Manager's Report (Exhibit "A")

**Recommended Motion:** "THAT THE GENERAL MANAGER'S REPORT BE RECEIVED AND FILED"

- 5. Approval of Minutes of April 18, 2013 Meeting (Exhibit "B")
- 6. Operation, Management and Construction Matters
  - A. OCWD annexation request joint letter (Exhibit "C")
  - B. Vista Panorama hydrant replacements (Exhibit "D")
  - C. Department of Water Resources video on the Bay Delta Conservation Plan (Exhibit "E")
  - D. Wholesale and retail water usage report (March, 2013) (Exhibit "F")
  - E. District website rollout status report and Orange County Grand Jury transparency update request (Exhibit "G")

#### 7. Financial Matters

A. Approval of schedules of disbursements (Exhibit "H")

**Recommended Motion:** "THAT THE SCHEDULES OF DISBURSEMENTS BE APPROVED"

B. Report on investments/ ratification of investment activity (Exhibit "I")

**Recommended Motion:** "THAT THE SCHEDULES OF INVESTMENTS BE RATIFIED AND APPROVED"

C. Receipt and filing of financial statements (March 31) – (Exhibit "J")

**Recommended Motion:** "THAT THE FINANCIAL STATEMENTS BE RECEIVED AND FILED"

D. Engagement of auditor to prepare fiscal year 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 audits (Exhibit "K")

Recommended Motion: "THAT THE ENGAGEMENT OF CHARLES Z. FEDAK & COMPANY UNDER A FIVE-YEAR CONTRACT FOR AUDIT SERVICES FOR THE FISCAL YEARS 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17, AT A TOTAL AMOUNT NOT TO EXCEED \$70,000 (\$14,000 PER YEAR) BE APPROVED"

E. OCWD adopted 2013-14 budget (Exhibit "L")

#### 8. Miscellaneous Matters

- A. Proposed changes to ISDOC bylaws (Exhibit "M")
- B. Reports from committees and representatives to organizations
- C. Directors' reports on meetings attended

#### 9. Informational Items

#### 10. Closed Session

- A. Closed session conference with legal counsel anticipated litigation initiation of litigation pursuant to Government Code Section 54956.9(d)(4) (one potential case involving break-in at Peters Canyon 6 MG reservoir)
- B. Closed session conference with legal counsel anticipated litigation initiation of litigation pursuant to Government Code Section 54956.9(d)(4) (two potential cases)

#### **Open Session**

Reconvene in open session and report or take action(s) (if any) regarding litigation items

#### 11. Adjournment

The scheduled date of the next Regular Meeting of the Board of Directors is **June 20, 2013**, at 5:00 p.m., in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

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Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the East Orange County Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board are available for public inspection in the District's office, 185 N. McPherson Road, Orange, California ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available at the reception desk of the District Office during business hours at the same time as they are distributed to the Board members, except that if such writings are distributed less than one hour prior to, or during, the meeting, they will be available in the meeting room of the District Office.

<u>Disability-related accommodations</u>: The East Orange County Water District Board of Directors meeting room is wheelchair accessible. If you require any special disability-related accommodations (e.g., access to an amplified sound system, etc.) please contact Denise Dobson in the District Office at (714) 538-5815 during business hours at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternative format upon written request to Denise Dobson in the District Office, at least seventy-two (72) hours prior to the scheduled meeting.

#### EAST ORANGE COUNTY WATER DISTRICT GENERAL MANAGER'S REPORT

#### May 2013

The following report is a summary of the District's activities over the past month.

#### **GENERAL MATTERS**

Reviewed correspondence, conferred with customers regarding billing issues and vendors/other interested parties regarding business with the District, and met with staff members regarding daily activities and on-going projects.

#### WHOLESALE ZONE

#### 1) Peters Canyon (6 MG) Reservoir Status Update

<u>Security System</u> – Awaiting AT&T installation of T-1 line to site; estimated completion date is unknown at this time.

#### 2) OC-70 Transfer Switch/Emergency Power Status

Unfortunately, it doesn't appear that MET has provided backup power to the OC-70 pump station as was indicated by MET staff during our meeting with them; the emergency generator hook-up at the station only powers the operation of an isolation valve on the AMP, and is inadequate to provide back-up power to the pump station. MWDOC staff are facilitating a meeting between MET and District staff to review MET's responsibilities with regards to the station and the provision of reliable service.

#### **RETAIL ZONE**

#### 1) Well / Booster Station Operations

East Well is operational and meeting all of the RZ demands. The West Well is non-operational and is scheduled for pump replacement this summer.

#### **Retail Zone Emergency Fire Pump**

The contractor, Champion Paving, completed grading on the site on May 9<sup>th</sup>. Staff met with the contractor and staked out the pad and the associated underground piping that will connect to the pump. Installation of the piping by EOCWD staff will occur during the week of May 13<sup>th</sup>, after completion, the contractor will complete the concrete work and staff will commence connecting the above ground piping to the pump. The security fencing will be installed after construction is complete; project completion is scheduled for June 7<sup>th</sup>.

#### 2) System Leaks

Status of 10637 Crawford Canyon Road – Trees were planted over the District's easement and lead to a leak on the 4" pipeline that serves 5 homes in this area. Because of concerns with one of the trees that had to have its root severely trimmed, as well as concerns about ongoing damage to the pipeline, the homeowners were presented with a release of liability agreement

drafted by District Counsel Arneson on March 18, 2013. The homeowners have notified the District that they are uncomfortable signing the liability release; staff will be meeting with the homeowners to discuss the issues surrounding the trees and the potential liability they pose to our pipeline.

#### 3) <u>Vista Panorama Hydrant Replacement</u>

This project is complete; see associated agenda item.

#### 4) Emergency Backup Power for Vista Panorama

Plans are currently being finalized by Allen Randall of AECom, which will connect both the Vista Panorama side hill booster station and the Vista Panorama hydro pneumatic system pumps into one portable backup generator. While staff was installing the fire hydrant in front of the Vista Panorama reservoir, they came across an abandoned 6" waterline. This waterline will be used to run conduit and wire from the reservoir site down to the side hill booster site. Automatic transfer switches will be installed at both pump stations so that in the event there is a power outage, both pumps will be active. Our goal is to have all the conduit, wire and transfer switches in place by the end of May.

#### 5) <u>District Website Hosting Issues</u>

See associated agenda item.

#### 6) Operational Activities

- Completed Vista Panorama hydrant replacement
- Met with customer at 10637 CCR regarding Trees
- Cleaned up at Vista Panorama and Stoller reservoir sites
- Cut weeds at 6 MG reservoir.
- Repaired compressor for Vista hydro pneumatic tank
- Marked Underground Service Alerts at 10891 Old Crawford Canyon Road and 19368 Barrett Lane
- Picked up backup generators
- Stationed Generator at Vista Panorama and performed load test
- Work Order High Bill 12521 Carmel, 12802 Bonita Heights Drive, 13121 Barrett Hill Circle, 12992 Barrett Lane, 19332 Fairhaven Extension
- Work order meter leak- 12565 Crawford Canyon Rd.
- Work order water quality complaint cloudy water 19341 Gateway Drive
- Work order turn off water and pull meter at 12512 Vista Panorama
- Responded to 3 requests for new water services 12235 Circula Panorama, 19318 Circula Panorama, and 19352 Fisher Lane.
- Contacted Generator companies for pricing on new portable generator (Superintendent)
- Attended special meeting at MWDOC regarding MWD seismic retrofit at Diemer Plant (Superintendent)
- Attended meeting at Loma Ridge for SCE Briefing and Planning (Superintendent)
- Attended Water Operators Leadership Forum at Mesa Water Reliability Facility (Superintendent)
- Met with SCE to perform Pump efficiency test on East Well and 150hp booster pump (Superintendent)
- Attended OC Luncheon (Superintendent)
- Met with Vector Control at 6 MG reservoir site to address ant issue

- Met with Champion Paving to begin Retail Zone Fire Pump Project on Daniger (Superintendent).
- Sent out quote request for materials Retail Zone Fire Pump. (Superintendent)

#### **Daily Tasks**

- Attend daily staff meeting with General Manager (Superintendent only)
- Performed well rounds and reservoir rounds
- Performed general administrative, clerical and supervisory tasks
- Obtain price quotes for miscellaneous parts
- Picked up parts from various vendors, Home Depot
- Review incoming USA tickets to verify if there is a conflict.

#### **Weekly Tasks**

- Attend weekly safety meetings (All field staff)
- Performed weekly water quality sampling
- Measure static and pumping water levels in wells.
- Performed USA locations
- Responded to utility requests from the County and city of Orange
- Picked up water quality supplies and changed reagent bottles
- Cleanup, organize and restock service trucks
- Cleanup and organized shop
- Vehicle maintenance

#### **Monthly Tasks**

- Attend monthly staff meeting with General Manager (all employees)
- Attend committee meetings Operations and Engineering (Superintendent)
- Prepared monthly CDPH water quality reports
- Prepared monthly CRWQCB report for well discharge
- Performed dead-end flushing
- Read WZ meters
- Check WZ meter data; assist with preparation of WZ Billing
- Delivered Board agenda packages
- Participated in WEROC radio test

#### **MISCELLANEOUS ITEMS**

#### 1) Meetings

District Staff attended the following meetings:

#### A. MWDOC/WEROC Crisis Communications Workshop - April 16, 2013

Meeting Summary: MWDOC and the Water Emergency Response Organization of Orange County (WEROC) presented the first of a four-part workshop series designed to assist water agencies in developing their crisis communications plan. At the end of the series, the District will have a completed Crisis Communications Plan.

Sara Hudson, the Emergency Preparedness Coordinator for the City of New Orleans spoke about the lessons learned from 2005's Hurricane Katrina and how New Orleans presented a very difference response in August 2012 to Hurricane Isaac.

She noted that communications during Katrina were so bad that at one point, a London newspaper was reporting that there were "sharks swimming in the streets." Because radios, cell phones and all forms of electronic communications were out of service (a 400 ft cell tower, built to withstand 150 mph winds collapsed during the storm and crippled communications for the sheriff's office). Two million telephone and cell-phones experienced interruptions or were out of service. Key back-up generators had been placed in areas vulnerable to flooding and repair technicians weren't allowed past police roadblocks. According to Sara, chaos was feeding rumors feeding chaos.

From 2005 to 2007, New Orleans rethought their communications. The first thing they did was develop a plan to evacuate every citizen in the City. They tested their plan with Hurricane Gustav in 2007 and evacuated 20,000 people out of town using volunteers and City staff – and found that many people didn't know about the requirement to register, didn't know about the Plan or just didn't want to leave. After analysis, it was determined that there were too many voices talking about emergencies (Homeland Security, FEMA, Mayor's Office, news media and the City's Office of Emergency Services. It was decided to centralize emergency communication in the Office of Emergency Services. Sara created "NOLA Ready" and "NOLA 311." NOLA Ready is the single source for disaster and emergency information in the City. NOLA 311 is the non-emergency, non-disaster assistance program for everything else.

Resident's sign up once at NOLA Ready and take a preparedness pledge; through this they are enrolled in the City-Assisted Evacuation Plan that will help residents and tourists who cannot self-evacuate, they also are enrolled in emergency alerts to their phone or email and can also sign up for Twitter feeds. The site also contains information and resources for disaster/emergency preparedness, much of it specific for individuals such as seniors, pet owners, etc.

The City held several small preparedness events to build support for NOLA Ready and built a loyal following with their Tweet which even the media began to rely on because of its accuracy – it also began to play a big part in the ability to stop rumors before they got out of hand. This was especially useful during the recent power outage at the Super Bowl; many residents immediately went to NOLA Ready to see if it was a terrorist attack or just their local, unreliable, utility – it was the latter.

In the days prior to Hurricane Isaac making landfall, NOLA Ready's website had 105,000 unique views and they had sent out over 2,000 tweets. The hurricane did some damage, but the City was lauded for its efforts, both in communications and readiness.

Some of the crisis communications information Sara passed on: Accuracy is much more important than speed. Don't worry about being the first source of information, slower and accurate is better than fast and inaccurate; build a reputation as being accurate and the place to get accurate information. Stability and reinforcement are important – people need to know that someone is in charge and that everything that can be done is being done – and that things will be fine once the immediate crisis is over. It's important to stay in contact during a crisis and that you're still there. If there is a problem, apologize (even if it's not your fault) and address the issue. If you don't know when it will be taken care of, tell them that and tell them that you will give regular updates even if you don't know anything further. Find trusted sources in advance so that you can monitor them for

accurate information; don't wait for an emergency and have to find someone who may or may not be giving you good information.

Finally, Sara noted that crisis communications is about telling people what they need to know, not what they want to hear. It's not about image, it's about information – and you can't delete a tweet.

#### B. MWDOC Manager's Meeting (April 25, 2013)

Meeting Summary: 1) Draft FY 13/14 MWDOC Budget – The second draft version of the budget was reviewed; discussion was held regarding the "choice" items in the budget; there is still some uncertainty regarding the south county desalination choice project. Proposed funding would come from a \$3.25/AF fee on water sales and \$8.40 fee per retail meter connection (Note: the EOCWD RZ has 1,208 meters; the WZ has 19,839). 2) Regional Communications Plan – A workgroup of Member Agency Managers (General Manager Ohlund was invited to participate), met with MWDOC staff to review the issues, purpose and cost of the communications plan. It was recommended that during the development of the plan, joint meetings with the Managers and the Public Affairs Workgroup be held, and that every effort be made to address regional issues, not local issues. It was also recommended that as the Plan developed, there would be areas where it could be revisited or revised as appropriate. Based upon these recommendations, the Managers agreed to recommend the Communications Plan for inclusion in the budget. 3) MET Foundational Actions Program - As a component of the Integrated Water Resources Plan (IRP), MET has developed the Foundational Actions Program to address regional funding needs for actions that reduce barriers to future water resource production. The FAF is only open to MET member agencies and is intended to advance the field of knowledge for future water resource production, as well as provide results that are unique and catalytic to water resource implementation in the region. 4) May 17<sup>th</sup> Water Summit – Managers were encouraged to attend the Summit – speakers include former Los Angeles Mayor, Richard Riordan and Patricia Mulroy, General Manager of the Southern Nevada Water Authority and architect of their successful water program.

#### C. Finance Committee Meeting (April 29, 2013)

Meeting Summary: 1) FY 2013/14 Draft WZ Budget – The first drafts of the FY 13/14 Wholesale Zone Operations and Capital Budgets were presented. The draft Operations Budget is proposed to be \$5,116,506 or \$1,267,192 (32%) higher than FY 12/13. Staff reviewed the details of the reasons for the increase (increased water sales accounts for \$900,963 (72%) of the increase, the increased cost of MET water (from \$850.75 to \$893.25) accounting for \$228,225 (18%), with the remainder \$138,004 comprised of increases in MET's fixed fees, litigation costs, operations and maintenance and a new reserve fund. A Five-Year Capital Improvement Budget was reviewed, including a FY 13/14 proposed budget of \$722,000. This budget is \$134,000 (23%) higher than FY 12/13, however, \$364,000 is carry-over items from the current fiscal year (Master Plan Update, 6 MG Roof/Security System/Drainage, pipeline inspections and vehicle) that won't be completed due to unanticipated other projects or lack of time. New projects include potential additional expenditures such as a treatment plant feasibility study, valve replacements and vulnerability upgrades and a mixing system at the 1 MG reservoir. Discussion of the source of funds and the state of reserve funds was also held. Staff is proposing the initiation of two new fees: Reserve Fee and a Readiness to Serve Fee; the Committee directed staff to set the fees at levels that would be reflective of the financial state of the WZ. 2) OC Grand Jury Inquiry/Website Update - Staff reported that the

2012/13 Grand Jury had requested an update on the implementation status of the recommendations we agreed to make last August; staff responded that we had implemented those recommendations on schedule. Staff also noted that we will be going "live" with the new website on Friday, May 3<sup>rd</sup>. The new website has enhanced "Transparency" features that will make it easier to navigate to the information that the Grand Jury wants to see. 3) Budget Report – March, 2013: The Committee reviewed the Budget Report and variances.

#### D. MWDOC/WEROC Crisis Communications Workshop - April 30, 2013

The second of the four-part workshop sessions centered on developing the contents of a risk or crisis communications plan. A risk communications plan is a two-way exchange of information about a threat or threats such as natural disasters, man-made disasters (intentional and unintentional), high profile events, alleged misconduct, health and safety issues, injury or death. A risk communications plan is not just about disasters, it could be used if the District was involved in any adverse situation.

The purpose of having a plan is to enhance knowledge and understanding, build trust and credibility, encourage constructive dialogue and produce appropriate levels of concern and behavior following a crisis. When people are upset, as they tend to be during a crisis, they have difficulty hearing, understanding and remembering information – mental noise during a crisis can reduce a person's ability to process information by as much as 80%. In this situation, "people want to know that you care, before they care about what you know" (Will Rogers). Empathy and showing concern will help them trust you and listen to you.

One of the first steps in a crisis is to determine what stage of the crisis you're in. Is it just a possible crisis (a rumor)? Is it a credible crisis (not confirmed, but believable)? Has it been confirmed? If so, what remediation and recovery needs to take place?

Next steps include preparing a message, using a seven-step process that is intended to answer 95% of the questions that will be asked by the affected audiences (public, elected officials, journalists, emergency personnel, victim's family, etc.). It also allows you to prepare clear and concise answers to questions ahead of time (such as a boil water alert).

During the workshop, attendees broke up into groups and with only 2-3 minutes under various crisis situations, developed plans and messages. As a group we reviewed the various plans and discussed improvements and what could be done in advance to prepare.

At the end of the meeting, participants were issued "Go Binders" – these binders will not only contain the crisis communications plan, but also will contain vital information regarding the operations of the District in the event that normal operations are unable to be conducted from the McPherson Street location.

#### E. Engineering Committee - April 30, 2013

Meeting Summary: 1) Status of 6 MG Reservoir Rehabilitation Project – Brady has been issued an NTP and staff is scheduling a kick-off meeting. 2) OC-70 MET Agreement/Back-Up Power – Staff reported that unfortunately, the backup power connection that MET staff previously indicated was connected to the two pumps is not; it's only connected to power an isolation valve on the AMP. Staff reviewed the historic

AMP sale agreement to determine if MET is responsible for providing backup power (they are responsible for the O&M and costs of the pump station) and are discussing this with District counsel. We will be talking with MWDOC about meeting with MET to discuss this issue further. 3) SAC Agreement and History – the status of the OC-33 connection was discussed; the Committee directed staff to send a letter to MWDOC asking for a status update on the Baker Plant and any amendments to the SAC agreement. 4) Master Plan/Betterment Study and Treatment Plant Feasibility Study – staff indicated that they would like to combine these studies so as to facilitate a more comprehensive examination of the demand for a treatment plant and to enhance ease of administering this project. 5) RZ Joint Well Project – Staff noted that there is a progress meeting scheduled for June 3<sup>rd</sup>; the Committee suggested that staff request that the consultants provide an agenda and any supporting documentation in advance of the meeting. 6) Status of Hydraulic Model – LMU's work on the model is complete and it is now at ID Modeling for QA/QC and validation; ID modeling will be submitting a request for additional funding for this effort. 7) District Engineering Services – Request to Prepare RFP – staff noted that there has been difficulty with a project recently and desired to seek proposals to provide District Engineer Services; the Committee concurred.

#### F. Orange County Coastkeeper "Garden to the Sea" Dedication

Directors Dulebohn and Barrett accompanied General Manager Ohlund to the dedication of the Coastkeeper Garden. The Garden, located at Santiago Canyon College, hosts plants from six southern California native habitats as well as California Friendly plants from around the world. The Master Plan for the Garden incorporates six California Friendly vignettes (garden "rooms") into front and backyard landscapes (Ranch, Spanish Revival, California Bungalow/Craftsman, Italian/Tuscan, English/Traditional, Native California). The Garden was created to educate the public about the coastal pollution that urban landscapes contribute by over-watering, poor run-off management and overuse of pesticides, herbicides and fertilizers. The California Friendly and native plants featured at the Garden will require less water, fertilizers and herbicides than typical landscaping. The Garden also highlights new and improved technologies such as ET controllers, drip irrigation, alternative turf and reservoir style patio containers that decrease water use. There is also a children's interactive trail/play area, an amphitheater, an organic garden and a greenhouse. Guided tours are offered daily and gardening classes are planned to be offered regularly. The Garden was funded through a combination of donations and grants; the District contributed \$1,000.

#### G. Operations, Planning and Personnel Committee (May 7, 2013)

Meeting Summary: 1) Emergency Fire Pump – Contract and insurance documents have been finalized and the contractor was scheduled to commence grading work on May 9<sup>th</sup>. 2) Vista Panorama Hydrant Project Status Report – Staff has completed this project and will be sending a letter to OCFA to advise them of the completion. 3) Groundwater Annexation – Request to Sign Joint Letter: staff reviewed a letter that was drafted based upon an analysis performed by Mesa Water indicating that the proposed annexation will shift a minimum of \$7 million annually to the non-annexing agencies because they will not have to make an investment into the facilities that have been built to enhance recharge. The Committee asked that the letter be modified to include the concept of "fair and equitable" fees paid for buy-in to the basin. Because of the time limitations and the fact that several agencies had already signed the letter, it was subsequently determined that these changes couldn't be made, but the Committee was advised that the Board will have an opportunity to submit a letter to the OCWD Board themselves, and that letter will contain those terms; under these circumstances, the Committee agreed that the General

Manager should sign the joint letter. 4) OC-70 Transfer Switch/Back-Up Power Status – MWDOC will be setting up a meeting with MET staff to discuss MET's responsibility for providing back-up power. 5) Status of Break-In at 6 MG Reservoir: Recommended that this be discussed at the Board Meeting. 6) Update on Regional Electrical Reliability Situation – Staff noted that SCE is holding a meeting with water district general managers on May 15<sup>th</sup> to discuss the power situation for this summer. The Committee asked staff to enquire with Tustin and Golden State as to their own reliability. 7) Authorization for the Purchase of a Bi-Fuel Backup Generator – staff noted that further information was needed on this issue and they would bring it back at the next meeting. 8) Hydraulic Model – Authorization for Additional Model Validation Services – ID Modeling submitted a proposal for \$5,930 to finalize the validation of the model; the Committee authorized the expenditure. 9) Update on Website/Payment Portal Changes – Staff noted that the new website had been rolled out on May 3<sup>rd</sup> and was operating well, no problems had been reported with the payment system. Some fine tuning and enhancements still needed to be made: staff was also being trained on the new system to enable in-house maintenance and up-keep. 10) 10637 Crawford Canyon – Release of Liability Status – The homeowners were unwilling to sign the release; staff will be meeting with them to determine if there are specific concerns that can be addressed in the document or other options to resolve this issue. The tree that was the focal part of the initial concern seems to be doing well.

#### **Water Availability Request**

A water availability request was received from a property owner for a lot across from 19318 Barrett Lane. The request was forwarded to AECom for fire flow analysis.

# MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT

#### April 18, 2013

Lall to Order. A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by WILLIAM VANDERWERFF, President of the Board of Directors, at 5:05 p.m. on Thursday, April 18, 2013, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JOAN ARNESON, Secretary, recorded the minutes of the meeting (the minutes with respect to Items 10(A) and 11 were recorded by General Manager OHLUND).

The following Directors were present: RICHARD BARRETT, DOUGLASS DAVERT, JOHN DULEBOHN and WILLIAM VANDERWERFF.

#### Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
JOAN ARNESON	District Secretary and Legal Counsel
DOUG CHAPMAN	Former Director
SHAWN DEWANE	Dewane Investment Strategies/Raymond James Financial Services
DENIS BILODEAU	City of Orange/Orange County Water District

- 2. Public Communications to the Board. None.
- Items Arising After Posting of Agenda. None.
- 4. <u>General Manager's Report</u>. In response to Director DULEBOHN, Mr. MENDZER and Ms. OHLUND elaborated on the report concerning the Stoller Pump's heavily worn impellers.

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell and Davert absent), the General Manager's Report was received and filed.

#### 5. Minutes.

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell and Davert absent), the minutes of the meeting of March 21, 2013 were approved as submitted.

#### 6. Operation, Management and Construction Matters.

B. Poseidon Desalination Working Group Participation. President
VANDERWERFF said his comments had been incorporated in the draft letter in regard to
discontinuing EOCWD's participation in the working group. Director DULEBOHN questioned
the draft letter's inclusion of Metropolitan Water District as a suggested potential purchaser of
all of the project water, and said that the Board should consider suggesting MWDOC or OCWD
as the lead agency. Ms. OHLUND said MWD was proposed from the perspective of regional
supply considerations; as for OCWD, there would need to be exploration of how OCWD could
purchase with respect to the portions of the County outside its boundary. SHAWN DEWANE
was recognized and spoke to these points from his perspective as president of OCWD and
CalDesal. He said the water needs to be as economical as possible per end user customer. He
noted that OCWD has indicated an interest in piloting a new technology that could drastically
reduce desalination energy cost. He added that purchase and distribution of the project water
by OCWD was an interesting concept and agreed that the mechanics of doing so under the
OCWD Act would need to be explored.

After further discussion, it was the consensus that MWD be deleted and that the draft be reworded to suggest MWDOC "or other appropriate agency."

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the General Manager was authorized and directed to send the letter to MWDOC in the form as so revised, regarding non-participation in the Poseidon Desalination Project Working Group.

#### Financial Matters.

C. Quarterly Investment Committee Report. Mr. DEWANE handed out and reviewed the Fixed Income Portfolio Analysis, providing various information regarding the District's program to invest a portion of its funds not required for immediate expenditures. He discussed a comparison with LAIF and the Orange County pool returns; the structure of the laddered maturities; breakout of CDs by FDIC numbers; cash flows and other portfolio details. He noted that the yield was slightly below the initial projection due to market movement, but was partially offset by slightly lengthening the maturity. In response to Ms. OHLUND he said opportunities to sell and reinvest the CDs will be actively monitored. Ms. OHLUND noted that the portfolio income has increased significantly as a result of this program.

#### 6. Operation, Management and Construction Matters.

A. <u>Engine Driven Pump – Northeast Area of Retail Zone</u>. Ms. OHLUND reported that the portable pump will initially be installed near Daniger Road. Bids were solicited for the grading, concrete pad and other site improvements and two bids were received. At the direction of the Operations Committee, the site fencing was removed and three additional bids were obtained. After analysis, she said staff was recommending acceptance of the bid of one of the initial bidders, Champion Paving, including fence installation. Staff will purchase and install a check valve, vault and piping.

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the Engine Driven Pump Site Improvements Contract was awarded to Champion Paving, Inc., in the amount of \$64,680.

C. <u>Water Demand Status Report</u>. Ms. OHLUND said demand was starting to trend upward but price increases will likely keep it from returning to historic levels.

#### 7. <u>Financial Matters</u>.

A. <u>Schedule of Disbursements</u>. Schedules of disbursements in the following amounts were presented: \$401,953.97 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account (closed), \$2,144.39 for directors payroll, and \$34,884.88 for employees payroll. On behalf of the Finance Committee, Director DULEBOHN recommended approval.

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the schedules of disbursements were approved as submitted.

B. <u>Investment Activity</u>. On behalf of the Finance Committee, Director DULEBOHN recommended approval of the investment schedules.

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the schedules of investments were ratified and approved.

D. <u>Financial Statements (February 28)</u>. On behalf of the Finance Committee, Director DULEBOHN recommended receipt and filing of the financial statements.

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the financial statements were received and filed.

E. <u>Property Taxes – Assembly Bill No. 690</u>. Ms. OHLUND reported that CSDA quickly reacted to a pending bill provision to divert redevelopment property tax amounts, previously restored to special districts, without their consent, and was successful in persuading the bill's author to amend that provision. She said this demonstrates CSDA's effectiveness and merits consideration of budgeting for a renewal of the District's membership.

#### 8. Miscellaneous Matters.

- A. <u>Website Hosting Services</u>. Ms. OHLUND advised the Board that there will be some upcoming expenses due to the ending of the partnership between the District's billing software provider and its website hosting service late last year. She said that as a result of service problems and increasing cost, transition to a new hosting service and design of a new website are in progress. Director BARRETT asked if the convenience fee for credit card payments of bills is covering costs, and President VANDERWERFF referred this issue to the Finance Committee.
- B. <u>April 2013 Customer Newsletter</u>. Director BARRETT suggested that the illustrations of meter dials be clarified. He raised a question concerning the inclusion of the column on the San Onofre Nuclear Generating Station restart and it was the consensus that this be included as submitted.

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the General Manager was authorized and directed to distribute the newsletter as revised.

C. <u>Sponsorship of "Garden to the Sea"</u>. Ms. OHLUND reported that the District doesn't typically approve sponsorship requests, but she recommended consideration of this event. She said she would pursue signage at the event.

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), a \$1,000 District sponsorship was approved for the Coastkeeper "Garden To The Sea" Grand Opening benefit event.

- D. Reports from Committees and Representatives to Organizations. None.
- E. <u>Directors' Reports on Meetings Attended</u>. President VANDERWERFF reported on his attendance of the Water Forum and handed out one of the Forum materials on the MWD SDCWA litigation regarding MWD's rate structure.

Mr. BILODEAU was recognized and reported that the OCWD Board approved an increase in the Replenishment Assessment from \$266 to \$276 per acre foot, and an increase in the Basin Production Percentage from 68 to 70, with an expected net impact on producers of a \$5 per acre foot cost savings.

- Informational Items. None.
- 10. <u>Closed Session</u>. President VANDERWERFF announced that the Board would meet in the following closed session as listed in the agenda: (A) conference with special legal counsel anticipated litigation initiation of litigation pursuant to Government Code Section 54956.9(d)(4) (two potential cases). Ms. ARNESON was excused and left the meeting prior to the closed session.

#### **OPEN SESSION**

Open session was resumed. No action was reported from the closed session.

#### Adjournment.

#### **ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:35 p.m., the next regular meeting date and time being Thursday, May 16, 2013, at 5:00 p.m., to be held in the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submi	tteu,
Joan C. Arneson	



## **MEMO**

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

SUBJECT: OCWD ANNEXATION UPDATE AND GROUNDWATER PRODUCER'S

**REQUEST LETTER** 

DATE: MAY 10, 2013

#### **BACKGROUND**

At the February 21, 2013 Board Meeting, Orange County Water District General Manager Mike Markus provided the Board with an informational briefing on the proposed annexation to OCWD by the City of Anaheim, Irvine Ranch Water District and Yorba Linda Water District. At that time, Mr. Markus noted that the Environmental Impact Report (EIR) for the project was due to be released soon; in fact, it was released in early April and the comment period will end on May 17<sup>th</sup>; staff is in the process of developing a comment letter.

Concurrent with the environmental review process, OCWD staff have presented information regarding the financial impacts to the Groundwater Producers (GWPs) that aren't involved in the annexation. Under OCWD's analysis, the Basin Production Percentage will be 2.2% lower (currently it is at 68% for FY 2012/2013 and will be going to 70% for FY 2013/14); this results in a total one year cost of \$3,026,146 for all of the remaining GWPs. In the District's case, OCWD estimates that this would equate to an additional \$11,430 for FY 2013/14 or an additional \$10.00 per year per RZ customer account. This scenario assumes that imported water is available to replace the groundwater.

As a counterpoint to OCWD's analysis, Mesa Water commissioned an analysis of the impacts of the proposed annexations. Their study reported a far greater impact due to the fact that the groundwater producers have made substantial investments into the Groundwater Replenishment System (GWRS) that will be provided to the annexing lands for a minimal cost (shifting property tax to OCWD). According to the Mesa Water analysis, upon development of the annexed lands, the total annual cost to the remaining GWPs would increase to over \$7 million or almost 1 ½ times the OCWD analysis; they also estimate that the BPP will be reduced by 4.8% instead of the 2.2% estimated by OCWD.

As a result of this information, several GWPs joined together to submit a letter to OCWD requesting that OCWD revise its annexation policy to provide compensation for the substantial investments that have been made in system infrastructure. Additionally, these GWPs requested that OCWD consider including provisions in annexations that require that the sewage flows from the annexed lands flow to the Orange County Sanitation District (OCSD) and then to OCWD, to protect the feed supply for the GWRS. The District's General Manager, after consultation with the Operations, Planning and Personnel Committee, signed this letter request (attached). The Committee did request that the concept of "fair and equitable" fees/cost recovery be incorporated into the request, but due to time limitations, this wasn't able to be done. At the June or July Board Meeting, however, the EOCWD Board will have the opportunity to review and approve a letter to the OCWD Board enlarging/expanding upon these issues.

#### **RECOMMENDATION**

Information only; no action is required.

May 9, 2013

Mr. Michael R. Markus General Manager Orange County Water District 18700 Ward Street Fountain Valley, California 92708



















Re: Request for Revision to 1986 Orange County Water District (OCWD) Annexation Policy

#### Mr. Markus,

The undersigned cities and agencies have reviewed the annexation requests by the City of Anaheim, Irvine Ranch Water District (IRWD), and Yorba Linda Water District (YLWD). After careful analysis of the financial information provided by the OCWD, we request that the OCWD Board of Directors review and consider revision to its 1986 Annexation Policy for the current annexation requests and all future annexation requests prior to considering approval of these annexations.

We support the concept of annexations, and we understand that the current annexation policy was adopted to accommodate long-term groundwater producers and to provide uniformity of cost and access to producers. However, the changes in water supply conditions and costs since the policy was adopted, as well as the substantial investments in new infrastructure to improve groundwater levels and protect water quality, warrant a review and revision of the annexation policy to mitigate the significant financial impacts to the non-annexing agencies.

When the current annexation policy was adopted in 1986, the Replenishment Assessment (RA) was \$32 per acre-foot and the Basin Production Percentage (BPP) had consistently been 70 percent for the prior 5 years. Now, the RA has been set at \$276 per acre-foot for FY 2013-14, and the BPP has varied from 62 percent to 68 percent since 2010. The current annexations would result in an overall cost shift of over \$3 million per year from the IRWD and YLWD to the other producers. Ultimately, upon development of the annexed areas, the cost shift from IRWD and YLWD to the other producers would increase to over \$7 million annually.

It is our understanding that the annexation fee under the current policy provides OCWD with only the property tax revenue OCWD would have received from the annexing land prior to Prop 13, without providing compensation for the substantial investments made in system infrastructure. The annexation fee is based upon the depressed valuation of the land under Prop 13 rather than on the actual current value. We suggest that OCWD revise the annexation policy to calculate the annexation fee based upon actual value of the land to be annexed.

Additionally, OCWD, Orange County Sanitation District (OCSD), and the groundwater producers have made significant investments since the last major annexations in infrastructure to increase water supplies from the groundwater basin and to improve reliability. We suggest that OCWD establish a connection fee to be paid by annexing agencies in order to buy into the

Mr. Michael Markus, OCWD May 9, 2013 Page 2

infrastructure investments that have been made to date. Such a connection fee is common practice among other water agencies in Orange County. There is also precedent in other groundwater basins for requiring agencies to take actions to mitigate the impacts of increased water demands. For example, the Paso Robles basin requires large land uses to offset new water use, prohibits creation of new parcels in the basin, and requires new land uses to be water neutral.

Lastly, the undersigned request that OCWD consider including provisions in the revised annexation policy to support GWRS supply protection. We believe that it is critical to protect sewage flows to GWRS in order to maximize the regional benefit from our investment in this facility. Thus, we request that the revised annexation policy include a provision that the sewage flows in the basin are returned to OCSD for use by GWRS.

We feel that the Anaheim annexation request is nearly cost-neutral; however, we have significant concerns about the impacts of the IRWD and YLWD annexations. The undersigned request that the OCWD Board consider revisions to the annexation policy to address the financial inequities prior to considering approval of the IRWD and YLWD annexation requests.

Sincerely,

James Biery City of Buena Park Lisa Ohlund East Orange County WD

City of Fountain Valley

Mark Lewis

David Schickling City of Fullerton David Entsminger City of Garden Grove

Dains E. Entringer Orbert

Robert Hanford
Golden State Water Company

Brian Ragland City of Huntington Beach

Brian a. Rayland

Paul Shoenberger Mesa Water District Nabil Saba City of Santa Ana



## **MEMO**

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

SUBJECT: COMPLETION OF VISTA PANORAMA SYSTEM IMPROVEMENTS

DATE: MAY 10, 2013

#### **BACKGROUND**

Last October staff met with representatives of the Orange County Fire Authority to discuss OCFAs concerns regarding emergency operations in the Tustin Foothill area, and specifically, the Vista Panorama, Cowan Heights, Lemon Heights area. OCFA is concerned about evacuating residents in this area during disasters and are evaluating various emergency response options. As part of this planning effort, OCFA requested that District staff provide background information on the Vista Panorama water system.

Staff reviewed the system and noted that the "hill" as District staff refers to it, is a difficult area to navigate and to quickly find ingress and egress. As part of our review, we noted that we installed mobile back-up power to the key pump station that feeds the fire flow system. During our discussion, staff agreed that we could accelerate certain improvements, such as replacing wharf head hydrants with commercial-sized hydrants and replace some problematic isolation valves. Additionally, we committed to enhancing our emergency power system to provide automatic switch-gear that would allow both pump stations to operate during an emergency.

Staff commenced this work in-house in early February and completed the work by the end of April. In addition to difficulties presented by the fact that the hill is solid granite, so digging was slow and tedious, it became apparent that several other valves and lengths of pipe required replacement as the work commenced. Residents in the upper most zone of the hill endured three shut-downs of the water system for extended periods of time; a major inconvenience.

Staff will be returning to the Board at the June meeting with a recommendation for the purchase of a bi-fuel generator and automatic switchgear that will power both the Vista Panorama Pump Station as well as the Side-Hill Pump Station. Staff is currently in the process of running the electrical conduit and wire between the two pump stations.

Attached to this memo is the letter to OCFA advising them that this work is complete.

#### RECOMMENDATION

Information only; no action is required.



**DIRECTORS** 

Richard E. Barrett Richard B. Bell Douglass S. Davert John Dulebohn William Vanderwerff

Lisa Ohlund General Manager

185 N. McPherson Road Orange, CA 92869-3720

www.eocwd.com

Phone 714.538.5815 Fax 714.538.0334 May 8, 2013

Captain Danny Espinoza
Orange County Fire Authority
OCFA E23B
714-997-2552

Subject: Vista Panorama Fire System and Electrical Reliability Project

Dear Captain Espinoza,

During our October 4, 2012, we reviewed the District's planned improvements to the water system in the Vista Panorama area with you and your staff. This letter is written to notify you that the District has recently completed this work which included removing three wharf head hydrants and replacing them with commercial sized hydrants. An additional hydrant was also installed directly in front of our Vista Panorama reservoir to provide additional coverage for the north east side of the hill. Our staff also replaced three isolation valves and installed two new isolation valves as well.

Additionally, we are in the process of further improvements and refinements to our emergency power generation system for the two pump stations. We are installing conduit to connect the side hill pump station and the Vista Panorama reservoir pump station to automatic transfer switches which will be powered by our portable generator. While the generator is currently stationed in front of the reservoir site and is ready to be connected to either pump station using the existing manual transfer switches, these automatic switches will increase reliability by making both pump stations operational in the event of a power outage.

The information and feedback that you and your staff provided to us in our meeting last year was very useful and assisted us in conveying the importance of these improvements to both our Board and the residents in the Vista Panorama area that were inconvenienced by the construction over the three-month duration of this project.

Best Regards,

Lisa Ohlund

General Manager

c: EOCWD Board of Directors
Jerry Mendzer, Superintendent



## **MEMO**

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

SUBJECT: DEPARTMENT OF WATER RESOURCES VIDEO: BAY DELTA

**CONSERVATION PLAN** 

DATE: MAY 10, 2013

#### BACKGROUND

At the May 1, 2012 Workshop Meeting of the MWDOC Board and their MET Directors, MET General Manager Jeff Kightlinger spoke about the status of the Bay Delta Conservation Plan (BDCP). This massive plan, which has co-equal goals of conservation and restoration of the Delta along with improving water supply reliability, is being prepared through a collaboration of local, state and federal government agencies, environmental organizations and other interested parties with the goal of improving water supply reliability and ecosystem health in the Sacramento-San Joaquin River Delta.

An Administrative Draft of the BDCP was released earlier this year; since then the agencies involved have continued to refine the plan. On May 9<sup>th</sup>, Governor Brown and the Obama Administration agreed to a formal deadline of October 1, 2013 for the release of the Draft BDCP for public review and comments. On May 10<sup>th</sup> a 20,000 page consultant draft environmental impact report/environmental impact statement (EIR/EIS) was also released; the Draft EIR/EIS that will be available for public review and comment will also be released on October 1<sup>st</sup>.

The Department of Water Resources has prepared a 10 minute educational video on the BDCP – this video was screened at the MWDOC Workshop and was endorsed by many in attendance. Staff proposes to screen this video at the meeting.

#### RECOMMENDATION

Information only; no action is required.



## **MEMO**

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

SUBJECT: WHOLESALE AND RETAIL ZONE WATER DEMANDS - APRIL 2013

DATE: MAY 10, 2013

#### **Wholesale Zone Water Demands**

Attached is a graphical representation of the Wholesale Zone water demand through April 30, 2013. Total water sales for the month of February totaled 450.7 AF; total year-to-date sales are 4,307.09 AF. This is a 145.5 AF or 48% increase in demand April, 2012.

#### **Retail Zone Water Demands**

Also attached are graphs depicting the Retail Zone's water demand. As shown in Figure 1, total demand for the month of March was 85 AF; this is 4 AF or 5% above our average demand for the last 4 years. Figure 2 shows that after a decrease in demand in December/January, demand is now tracking equal to FY's 09-10 and 11-12 demand, but still quite a bit lower than the highest demand in our recent history: 2008/2009.

## **Wholesale Zone Water Demand**

**Total Monthly Sales for April 2013 = 450.7AF** 

Total YTD Sales for July - March 2013 = 4,307.09(AF)

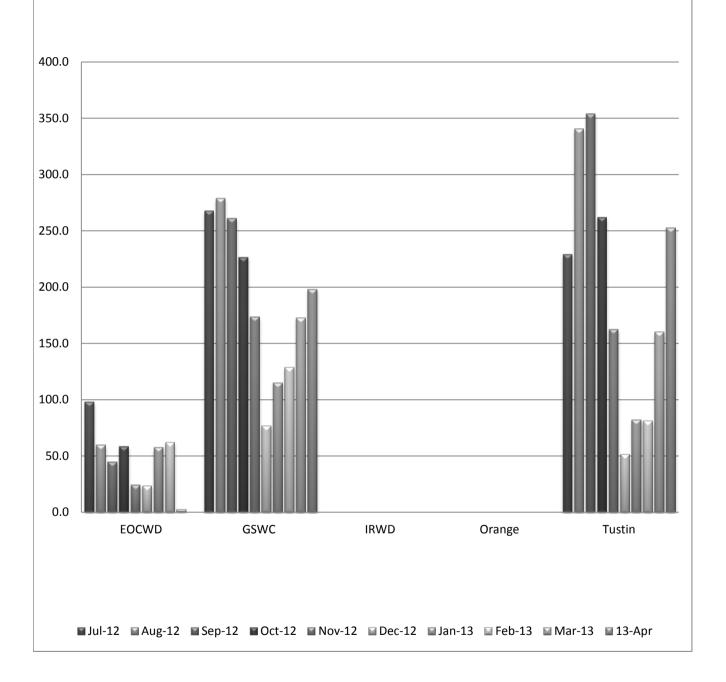
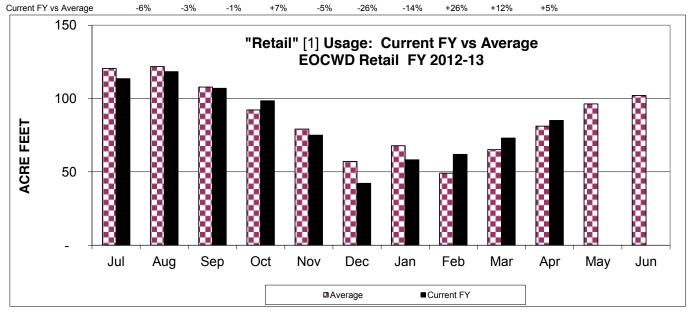


Fig. 1 Monthly Retail Water Usage Retail Agency: EOCWI	e: FY 12-13 D Retail Z		/ater [1] ver	rsus Averaç	je				r	P. numbers	reliminar subject t		ie
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Tota
2008-09 Usage	127	127	114	108	96	57	91	46	83	101	103	100	1,152
2009-10 Usage	123	124	112	97	86	55	52	35	59	74	96	110	1,021
2010-11 Usage	112	118	109	76	73	49	58	55	54	78	92	98	970
2011-12 Usage	120	119	98	88	63	68	70	60	65	72	95	100	1,017
Average Usage	120	122	108	92	79	57	68	49	65	81	96	102	1,040
Current Year "Retail" [1] Usa MET water purch.	age, by So	urce											_
plus CUP-IN	-	-	-	-	-	-	-	-	-	-	-	-	-
MET purch. via EO Whole:	98.1	60.0	45.0	58.5	24.4	23.3	57.7	61.9	2.4	0.0			431.3
subtract In-Lieu	-	-	-	-	-	-	-	-	-	-	-	-	-
MET sold to													-
MET Total	98	60	45	59	24	23	58	62	2	-	-	-	431
OCWD Pumped GW	15.4	58.3	62.0	40.0	50.6	18.9	0.5	-	70.6	85.1			401.4
OCWD In-Lieu other: other: other:	-	-	-	-	-	-	-	-	-	-	-	-	- - -
Local Total	15	58	62	40	51	19	1	-	71	85	-	-	401
"Retail" [1] Usage 12-13	114	118	107	99	75	42	58	62	73	85	-	-	833
Command EV or Accesses	C0/	20/	40/	. 70/	E0/	000/	4.40/	1000/	1400/	. =0/			



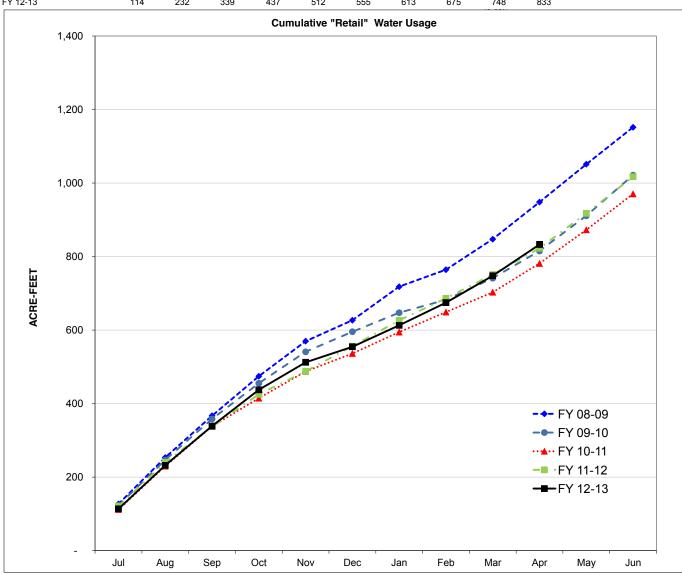
<sup>[1] &</sup>quot;Retail" usage includes MET water and Local water but excludes recycled water.

Fig. 2
Cumulative Monthly "Retail Water" [1] Demand In Current and Previous Fiscal Years cumulative through the end of the last month shown

Preliminary

#### **EOCWD Retail Zone**

_	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 08-09	127	253	367	474	570	627	718	764	847	948	1,051	1,152
FY 09-10	123	246	358	455	541	595	647	682	741	815	911	1,021
FY 10-11	112	230	338	415	487	536	594	649	703	781	873	970
FY 11-12	120	240	337	425	488	556	626	686	751	823	917	1,017
FY 12-13	114	232	339	437	512	555	613	675	748	833		



<sup>[1] &</sup>quot;Retail" usage includes MET water and Local water (excluding recycled water).



## **MEMO**

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

SUBJECT: ORANGE COUNTY GRAND JURY TRANSPARENCY UPDATE REQUEST &

**NEW WEBSITE ROLLOUT STATUS REPORT** 

DATE: MAY 10, 2013

#### **BACKGROUND**

On August 31, 2012 the District submitted its response (attached) to the 2011-2012 Grand Jury Report, "Transparency Breaking Up Compensation Fog – But Why Hide Pension Costs?" The Report contained several recommendations for public agencies to implement to provide more information regarding Board and Employee compensation as well as providing easier access for the public to access these documents. In our 2012 response, the District committed to implementing several of the recommendations by specific dates.

On April 24<sup>th</sup>, we received the attached requested from the 2012-2013 Grand Jury to provide an immediate update on the status of our implementation of those recommendations. Staff responded to this request (see attached) noting that we had implemented the recommendations by the dates we had committed to.

In a related item, nine days after we received the update request from the Grand Jury, we rolled out the new District website that has enhanced "Transparency" features (see the attached screenshot of the District's new Home Page). In addition to making our website more customer friendly, we have added a transparency "button" as well as a drop-down menu that allows visitors to quickly locate not only employee and board member compensation, but also Board agendas and minutes also.

We will be making additional improvements and refinements to the website in the upcoming days and weeks, but overall we are pleased with the initial results. We welcome any comments or suggestions the Board may have to improve the site.

#### **RECOMMENDATION**

Information item only; no action is required.



**DIRECTORS** 

Richard E. Barrett Richard B. Bell Douglas M. Chapman John Dulebohn William Vanderwerff

Lisa Ohlund General Manager August 31, 2012

The Honorable Thomas J. Borris Presiding Judge of the Superior Court 700 Civic Center Drive West Santa Ana, CA 92701

SUBJECT: EOCWD RESPONSE TO 2011-12 GRAND JURY REPORT:

"Transparency Breaking Up Compensation Fog - But Why

**Hide Pension Costs?**"

Dear Judge Borris:

Thank you for this opportunity to respond to the subject Grand Jury Report. The District carefully reviewed this report and takes seriously its obligation to provide clear and accurate information to the public, in a readily accessible manner. To that end, we provide the following comments:

#### **Response to Findings**

The Grand Jury has requested that the District respond to Findings/ Conclusions F-2, F-3, F-4, F-5 and Recommendations R-2, R-3, R-4, R-5. In accordance with Penal Code Sections 933 and 933.05, the following are the District's responses.

#### F2. Content and Clarity Ratings for EXECUTIVE Compensation Costs

Content and Clarity for the OC cities elected officials and executives over \$100,000 in base salary is improving in this 2<sup>nd</sup> year of ratings. Special Districts and Joint Powers Authority (JPA) - Only three of the twenty-three special districts.JPA (13%) were rated excellent for Executive Compensation Cost Content and Clarity.

Response: We partially disagree, we believe that we should have been included in the "excellent" category. Though none of our elected officials and executives are paid over \$100,000 in base salary, beginning in September 2011, the District created a dedicated webpage - called "Compensation Information" - on our website to report all employee compensation, including elected official and executive compensation. This was rated excellent ("A") for accessibility in the Report.

The Compensation Information webpage includes both a link to an Excel spreadsheet that shows detailed salary and benefits information as well as a table (shown on the webpage itself) that shows a summary of wages and benefits in two separate columns and then added together to show total compensation. Unfortunately, a webpage link to the spreadsheet was not functional when the Grand Jury visited our site, so we received a "C" (average) rating. We received a call from a Grand Jury Member asking if this information was available and fixed the problem later that same day; we advised the Grand Jury of this, but no credit was given.

185 N. McPherson Road Orange, CA 92869-3720

www.eocwd.com

Phone 714.538.5815 Fax 714.538.0334

#### F3. Content & Clarity Ratings for EMPLOYEE COMPENSATION Cost Ratings

There is the most opportunity for more transparent reporting in the Content and Clarity of Employee Compensation Cost reporting on local government websites. Special Districts and Joint Powers Authority (JPA) – Only four of the twenty-three special districts and joint powers authority (17%) were rated excellent for Employee Compensation Cost Content and Clarity, all of whom could improve to excellent.

Response: We partially disagree, we believe we should have been included in the "excellent" category. As we noted in our response to F2, our Compensation Information webpage on our website includes detailed and summary information regarding wages, benefits and total compensation for all employees, and while the link to this information was non-operational at the time of the Grand Jury's visit, it was quickly repaired (within ½ hour). The fact that it existed at the time of the Grand Jury's visit and that it was quickly repaired, should have at least been noted in the Grand Jury's report. Additionally, it should be noted that our information includes not only the District's pension formula (2% at 60), but also includes FY 2011 salary information even though we are not yet required to report it to the State Controller's Office.

#### F4. Transparency of Employer Pension Contribution Rates

Many Orange County local government web sites do not generally post their employer pension annual contribution rates prominently to their web sites as part of their compensation cost disclosure for public disclosure.

Specifically, these employer contribution percentages refer to the annual percentages of employee salary that CalPERS (California Public Employees Retirement System) or OCERS (Orange County Employee Retirement System) requires of Orange County local governments to fund their employee guaranteed pension plans.

OCERS has the employer pension contribution rates buried in detailed actuarial reports and presentations on the OCERS website or requires member passwords to access these annual governmental funding rates. Thus, there is limited transparency for the public of these governmental pension contribution rates.

Response: We agree. The District included the employer contribution percentages on the "Compensation Information" webpage beginning on August 30, 2012. This information is included under the heading entitled "Employee Compensation."

For FY 2012/13 the employer (District) rate is 7.846% and the employee rate is 7.0% for a total of 14.846%; the District currently pays both the employer and employee portion of this cost.

### F5. Inclusion of Overtime and On-Call Pay in Employee Compensation Costs

The Orange County "de facto" standard for CCR in the county, cities, districts and JPA now contains <u>all</u> employees, including a page for executives and all elected officials. Two key categories are missing from compensation cost reporting. They are overtime pay and on- call pay. They have become important as the new "de facto" compensation cost reporting standard which now includes <u>all</u> employees.

These two cost categories can be significant for public safety employees. However, it is recognized that these cost categories generally do not apply to elected officials. On the other hand, if overtime does not occur for various employee positions, it is important for citizens to be aware of that in the annual reporting.

Response: We agree. We have included them previously in the compensation cost reporting, however they have been lumped in with regular compensation. Beginning September 10, 2012, we will list the overtime and stand-by pay (on-call pay) received by employees in separate columns on the report.

### Response to Recommendations R2, R3, R4, R5

### R2. Content & Clarity of EXECUTIVE Compensation Costs

The Grand Jury recommends that each of the forty-one of the fifty-seven Orange County cities, districts and joint power authority that were rated less than excellent for their Content and Clarity for their Executive and Elected Officials compensation costs page <u>upgrade their Executive Compensation page</u>. See <u>Appendix D</u> for a suggested full disclosure model which is the same as 2011 with expanded descriptions, but with particular emphasis on pension costs.

Response: The recommendation has been implemented and was implemented at the time of the drafting of the Grand Jury's Report.

### R3. Content & Clarity of EMPLOYEE Compensation Costs

The Grand Jury recommends that the County of Orange and all Orange County cities, districts and joint powers authority that were rated less than Excellent for Content and Clarity for their Employee compensation costs pages <u>upgrade their Employee pages</u>. See <u>Appendix D</u> for a suggested full disclosure model which is the same as 2011 with the addition of overtime pay, on-call pay and expanded descriptions, with particular emphasis on pension costs.

Response: The recommendation has been partially implemented and will be completely implemented (inclusive of overtime and stand-by pay information) by September 10, 2012.

#### R4. <u>Transparency of Employer Pension Contribution Rates</u>

The Grand Jury recommends that all Orange County cities, districts and joint powers authority, as well as the County of Orange, <u>post their employer pension annual contribution rates</u> prominently and transparently on their web sites. Current and recent rates would be instructive and informative. It is recognized that some already do.

The Grand Jury recommends that OCERS display their member organizations annual contribution rates in a transparent way to the general public without password access on their web site. For a suggested model, see <a href="http://calpers.ca.gov">http://calpers.ca.gov</a> and enter "public agency employer contribution search."

Response: The District implemented this recommendation on August 30, 2012.

## R5 <u>Transparency of Overtime Pay and On-Call Pay in Employee Compensation</u> <u>Cost Reporting</u>

The Grand Jury recommends that all Orange County cities, districts and joint powers authority, as well as the County of Orange, <u>include overtime pay and on-call pay in compensation cost reporting</u> on their employees' compensation pages. See <u>Appendix D</u> for a suggested full disclosure model for these new compensation cost reporting categories.

Response: As noted in the response to R3, the District will implement this recommendation by September 10, 2012.

Please contact me or our General Manager, Lisa Ohlund at 714-538-5815 should you have any questions or concerns.

Respectfully Submitted,

William VanderWerff,

President East Orange County Water District

Copies to: Joan Arneson, EOCWD Board Secretary

Lisa Ohlund, General Manager

## **FAX**

### 714-834-5555 (FAX) – ORANGE COUNTY GRAND JURY

ORANGE COUNTY GRAND JURY 700 CIVIC CENTER DRIVE WEST SANTA ANA, CA 92701

714-834-3320 (TELEPHONE)

T0:

Mr. William VanderWerff, President East Orange Water District (Fax 714-538-0334)

SUBJECT: 2011-2012 GRAND JURY REPORT

### "TRANSPARENCY BREAKING UP COMPENSATION FOG-WHY HIDE PENSION COSTS"

Please see attached a copy of your letter dated August31, 2012, regarding implementation of Grand Jury recommendations R3 & R5. (Compensation Transparency). Please see attached recommended format for compensation reporting.

Please advise the status of implementation of each recommendation as of 4/24/2013.

Please response in writing thru fax at 714-834-5555.

Please list the steps in detail required to reach compensation transparency detail on your city web-site

Your immediate response to this report is requested.

Sincerely,

Nindy Mahal, Member Continuity & Special Issues Committee

2012-2012 Grand Jury 714-834-3320(Telephone)

Honorable Thomas J. Boxris

August 31, 2012

Response to Grand Jury Report: Compensation Cost Transparency

### F5. Inclusion of Overtime and On-Call Pay in Employee Compensation Costs

The Orange County "de facto" standard for CCR in the county, cities, districts and JPA now contains <u>all</u> employees, including a page for executives and all elected officials. Two key categories are missing from compensation cost reporting. They are overtime pay and on- call pay. They have become important as the new "de facto" compensation cost reporting standard which now includes <u>all</u> employees.

These two cost categories can be significant for public safety employees. However, it is recognized that these cost categories generally do not apply to elected officials. On the other hand, if overtime does not occur for various employee positions, it is important for citizens to be aware of that in the annual reporting.

Response: We agree. We have included them previously in the compensation cost reporting, however they have been lumped in with regular compensation. Beginning September 10, 2012, we will list the overtime and stand-by pay (on-call pay) received by employees in separate columns on the report.

### Response to Recommendations R2, R3, R4, R5

#### R2. Content & Clarity of EXECUTIVE Compensation Costs

The Grand Jury recommends that each of the forty-one of the fifty-seven Orange County cities, districts and joint power authority that were rated less than excellent for their Content and Clarity for their Executive and Elected Officials compensation costs page <u>upgrade their Executive Compensation page</u>. See <u>Appendix D</u> for a suggested full disclosure model which is the same as 2011 with expanded descriptions, but with particular emphasis on pension costs.

Response: The recommendation has been implemented and was implemented at the time of the drafting of the Grand Jury's Report.

### R3. Content & Clarity of EMPLOYEE Compensation Costs

The Grand Jury recommends that the County of Orange and all Orange County cities, districts and joint powers authority that were rated less than Excellent for Content and Clarity for their Employee compensation costs pages <u>upgrade their Employee pages</u>. See <u>Appendix D</u> for a suggested full disclosure model which is the same as 2011 with the addition of overtime pay, on-call pay and expanded descriptions, with particular emphasis on pension costs.

Response: The recommendation has been partially implemented and will be completely implemented (inclusive of overtime and stand-by pay information) by September 10, 2012.

Honorable Thomas 7. Borris

August 31, 2012

Mu for

Response to Grand Jury Report: Compensation Cost Transparency

#### R4. Transparency of Employer Pension Contribution Rates

The Grand Jury recommends that all Orange County cities, districts and joint powers authority, as well as the County of Orange, <u>post their employer pension annual contribution rates</u> prominently and transparently on their web sites. Current and recent rates would be instructive and informative. It is recognized that some already do.

The Grand Jury recommends that OCERS display their member organizations annual contribution rates in a transparent way to the general public without password access on their web site. For a suggested model, see <a href="http://calpers.ca.gov/and/enter/">http://calpers.ca.gov/and/enter/"http://calpers.ca.gov/and/enter/"http://calpers.ca.gov/and/enter/"

Response: The District-implemented this recommendation on August 30, 2012.

## R5 Transparency of Overtime Pay and On-Call Pay in Employee Compensation Cost Reporting

The Grand Jury recommends that all Orange County cities, districts and joint powers authority, as well as the County of Orange, <u>include overtime pay and on-call pay in compensation cost reporting</u> on their employees' compensation pages. See <u>Appendix D</u> for a suggested full disclosure model for these new compensation cost reporting categories.

Response: As noted in the response to R3, the District will implement this recommendation by September 16, 2012.

Please contact me or our General Manager, Lisa Ohlund at 714-538-5815 should you have any questions or concerns.

Respectfully Submitted,

William VanderWerff,

President East Orange County Water District

Copies to:

Joan Arneson, EOCWD Board Secretary

Lisa Ohlund, General Manager

#### COMPENSATION COST TRANSPARENCY

## APPENDIX D - Compensation Cost Disclosure Model - Page 1 of 2

POSITION	SALARY	OVER- TIME	OTHER PAY*	INSURANCE PREMIUMS	PENSION COSTS	TOTAL COMP. COSTS
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\* Other Pay Includes Fees, Deferred Compensation, Incentive Bonus, Auto Allowance, Pay in Lieu of Time Off and On-Call Pay. (RED signifies new in 2012)



**DIRECTORS** 

Richard E. Barrett Richard B. Bell Douglass S. Davert John Dulebohn William Vanderwerff

Lisa Ohlund General Manager

185 N Mc Pherson Road Orange, CA 92869-3720

www.eocwd.com

Ph: Fax: (714) 538-5815 (714) 538-0334 April 27, 2012

Ms. Nindy Mahal Member, Continuity & Special Issues Committee 2012-2013 Grand Jury 700 Civic Center Drive West Santa Ana, CA 92701

SUBJECT:

**UPDATE TO:** 

**EOCWD RESPONSE TO 2011-12 GRAND JURY REPORT:** 

"Transparency Breaking Up Compensation Fog - But Why Hide

**Pension Costs?**"

Dear Ms. Mahal:

Pursuant to your request of April 24, 2013, regarding the status of the implementation of Grand Jury Recommendations R3 and R5 from the subject report, the following is our response:

#### F3. Content & Clarity of EMPLOYEE Compensation Costs

Current Status: The recommendation to include Overtime and On-Call (Stand-By) Pay was implemented as of September 10, 2012 by adding it to the already existing Employee Compensation [Excel] table that is posted on our website (please note that this table provides more detailed information than the Appendix D table). Additionally, the District is rolling out its new website during the week of April 29<sup>th</sup> that will have a "Transparency button" prominently placed on the website that links to Compensation Information and the Compensation [Excel] table.

**F5**. Inclusion of Overtime and On-Call Pay in Employee Compensation Costs

Current Status: As noted in F3, we have made the recommended changes, and are rolling out a new website that will provide feature this issue more prominently on our website. We would like to note that we have also added the CalPERS information regarding the employee and employer costs paid by the District in the employee's total compensation.

Please contact me at 714-538-5815 should you have any questions.

Respectfully Submitted,

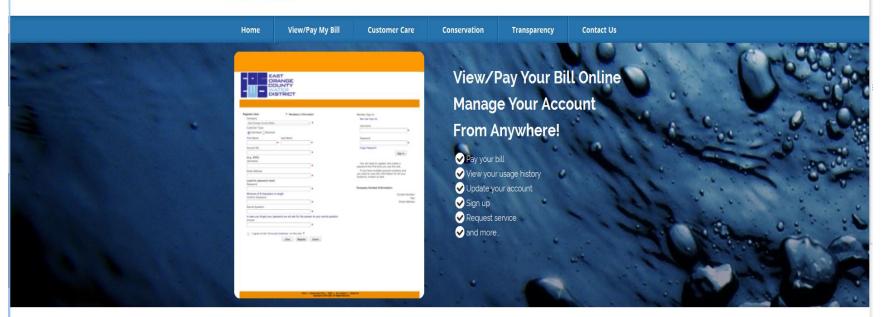
Gua Ohlen

Lisa Ohlund

General Manager

c: EOCWD Board of Directors







View/Pay Bill Online

Pay your bill online, view your usage history, update account

info and more.

Learn more »





Help Us Help You! Tra
Sign up to get friendly email reminders regarding your water and m

bill due date. Sign Up »



#### Transparency

Board meeting dates, agendas, and minutes, board and employee compensation information.

Learn more »



#### Conservation

Learn more about tips and rebates for conservation.

Learn more »

View/Pay your bill Online Now

#### **EAST ORANGE COUNTY WATER DISTRICT**

# DISBURSEMENT SUMMARY MAY 16, 2013

DISBURSEMENT TOTAL	\$413,638.07
EMPLOYEE'S PAYROLL (02/06/2013 + 02/20/2013)	\$34,456.85
DIRECTOR'S PAYROLL (02/19/2013 PAYROLL)	\$2,174.16
CHAPMAN AVENUE ACCOUNT (ACCOUNT CLOSED)	\$0.00
WHOLESALE AND RETAIL BILLS	\$377,007.06

# TRANSFER SUMMARY MAY 16, 2013

TRANSFER TOTAL	\$0.00
TRANSFER TOTAL	<u> </u>

NOTE: THE EXPLANATION OF FUNDS TRANSFERRED IS SHOWN ON THE FUNDS TRANSFERRED SHEET ATTACHED.

## **EAST ORANGE COUNTY WATER DIST (EOC)**

Check Number	Check Date	Vendor Number	Name	Check Amount	Check Type
008165	5/7/2013	A001605	A & B ELECTRIC	3,655.00	Auto
008166	5/7/2013	A034150	ACWA-JPIA (EMP INSURANCE)	8,915.56	Auto
008167	5/7/2013	A435319	ALLCOM	170.00	Auto
008168	5/7/2013	A647854	ARAMARK UNIFORM SERVICES	121.72	Auto
008169	5/7/2013	A724082	AT&T	855.52	Auto
008170	5/7/2013	A724083	AT&T	186.90	Auto
008171	5/7/2013	B159944	BEE REMOVERS	115.00	Auto
008172	5/7/2013	B565648	BOWIE ARNESON WILES & GIANNONE	4,182.50	Auto
008173	5/7/2013	C002110	CA BANK & TRUST	1,776.06	Auto
008174	5/7/2013	C553147	CONTINENTAL UTILITY SOLUTIONS	500.00	Auto
008175	5/7/2013	C647974	CR&R INC.	49.12	Auto
008176	5/7/2013	E028422	EAST ORANGE COUNTY WATER DIST.	5,639.84	Auto
008177	5/7/2013	E431872	ELITE EQUIPMENT INC	89.10	Auto
008178	5/7/2013	K026049	MAIN GRAPHICS	1,215.26	Auto
008179	5/7/2013	M028769	MATRIX COMPUTER SERVICE	2,799.69	Auto
008180	5/7/2013	M188342	MEYERS NAVE	6,280.88	Auto
008181	5/7/2013	M842327	MWDOC	308,334.94	Auto
008182	5/7/2013	O97575	ORANGE COUNTY COASTKEEPER	1,000.00	Auto
008183	5/7/2013	P025940	PARADISE DRINKING WATERS	41.80	Auto
008184	5/7/2013	P565432	POWERS ELECTRIC PRODUCTS CO	43.45	Auto
008185	5/7/2013	P706224	PSOMAS	5,027.22	Auto
008186	5/7/2013	P734790	PTI SAND & GRAVEL	404.81	Auto
008187	5/7/2013	S005733	SADDLEBACK EQUIP. RENTALS, INC	288.00	Auto
008188	5/7/2013	S077326	SC FUELS	1,188.98	Auto
008189	5/7/2013	S088147	SCHOONOVER ACCOUNTANCY CORP	1,865.00	Auto
008190	5/7/2013	S563332	SOUTHERN CALIFORNIA EDISON	8,572.65	Auto
008191	5/7/2013	S730160	STEVEN ANDREWS ENGINEERING	2,833.03	Auto
008192	5/7/2013	T002605	TAB ANSWER NETWORK	31.25	Auto
008193	5/7/2013	T633728	TRENCH SHORING COMPANY	1,225.00	Auto
008194	5/7/2013	T764656	TRUESDAIL LABORATORIES, INC	836.00	Auto
008195	5/7/2013	U499787	UNDERGROUND SERVICE ALERT	64.50	Auto
008196	5/7/2013	U507116	UNIFIED PHYSICAL SECURITY	7,221.92	Auto
008197	5/7/2013	V1 <b>7</b> 8373	VERIZON WIRELESS	172.87	Auto
008198	5/7/2013	W325309	WINWATER	1,271.71	Auto
008199	5/7/2013	X178697	XEROX CORPORATION	31.78	Auto
			Bank A Total:	377,007.06	
			Report Total:	377,007.06	

Run Date: 5/9/2013 3:30:05PM

A/P Date: 5/9/2013

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## EAST ORANGE COUNTY WATER DISTRICT CALIFORNIA BANK & TRUST Prior Month's Checks To Ratify DIRECTORS' PAYROLL\* APRIL 18, 2013

# PAYMENT FOR BOARD AND COMMITTEE MEETINGS IN THE MONTH OF MARCH 2013

DATE	CHECK NO	AMOUNT	PAYABLE TO
04/18/13 04/18/13 04/18/13 04/18/13	588 589	\$159.86 \$274.05 \$274.05 \$886.39	RICHARD BARRETT RICHARD BELL JOHN DULEBOHN WILLIAM VANDER WERFF
		\$1,594.35	TOTAL PAYROLL CHECKS
			S, ADP CHARGE, AND PERS EFT RRED WITH EMPLOYEE PAYROLL)
4/18/2013		\$319.60	ADP TAXES
4/18/2013		\$96.90	ADP CHARGE
4/18/2013		\$163.31	PERS ELECTRONIC FUNDS TRANSFER
		<u>\$579.81</u>	TOTAL CHARGES & TRANSFER
		\$2,174.16	GRAND TOTAL PAYROLL

\*\*\* NOTE; DOUG DAVERT DECLINED PAYMENT FOR ALL MEETINGS

\*Note: Payroll is processed by ADP (Automatic Data Processing)

### EAST ORANGE COUNTY WATER DISTRICT CALIFORNIA BANK & TRUST Prior Month's Checks To Ratify EMPLOYEES' PAYROLL\* MAY 16, 2013

	CHECK DATE	CHECK AMOUNT	PAYABLE TO
AUTO DEPOSIT	4/3/2013	\$ 1,579.12	DENISE DOBSON
AUTO DEPOSIT	4/3/2013	\$ 400.00	DENISE DOBSON- SAVINGS
AUTO DEPOSIT	4/3/2013	\$ 1,821.19	RANDY DUNN
AUTO DEPOSIT	4/3/2013	\$ 1,798.79	JERRY MENDZER
AUTO DEPOSIT	4/3/2013	\$ 1,425.42	LISA OHLUND
<b>AUTO DEPOSIT</b>	4/3/2013	\$ 1,490.22	MATTHEW PLUMMER
AUTO DEPOSIT	4/3/2013	\$ 607.78	NICOLE HOPP
AUTO DEPOSIT AUTO DEPOSIT AUTO DEPOSIT AUTO DEPOSIT AUTO DEPOSIT AUTO DEPOSIT	4/17/2013 4/17/2013 4/17/2013 4/17/2013 4/17/2013 4/17/2013	\$ 1,579.13 \$ 400.00 \$ 2,115.05 \$ 1,547.53 \$ 1,435.68 \$ 1,450.06 \$ 404.18	DENISE DOBSON DENISE DOBSON- SAVINGS RANDY DUNN JERRY MENDZER LISA OHLUND MATTHEW PLUMMER NICOLE HOPP - TEMP
		\$ 18,054.15	TOTAL PAYROLL CHECKS

### PAYROLL TAXES, ADP CHARGES, AND PERS EFT

4/3/2013	\$4,876.47	ADP TAXES
4/3/2013	\$2,113.49	PERS ELECTRONIC FUNDS TRANSFER
4/3/2013	\$1,250.00	CAL PERS 457 - ING BANK
4/3/2013	\$97.22	ADP CHARGE
4/17/2013	\$4,681.30	ADP TAXES
4/17/2013	\$2,047.50	PERS ELECTRONIC FUNDS TRANSFER
4/17/2013	\$1,250.00	CAL PERS 457 - ING BANK
4/17/2013	\$86.72	ADP CHARGE & ADJUSTMENT

PAYROLL	PAYROLL
4/3/2013	4/17/2013
\$9,122.52	\$8,931.63
\$8,337.18	\$8,065.52
\$17,459.70	\$16,997.15

\$16,402.70 TOTAL TRANSFERS

\$34,456.85 GRAND TOTAL PAYROLL

<sup>\*</sup>Note: Payroll is processed by ADP (Automatic Data Processing)

# FUNDS TRANSFERRED BETWEEN ACCOUNTS MAY 16, 2013

DATE PAID	TRANSFER NO	 AMOUNT	FROM	то	REASON FOR FUND TRANSFER
4/3/2013	T14	\$ -	CB&T MONEY MARKET	CB&T CHECKING	REDUCED MONEY MARKET FUND
		\$ 			GRAND TOTAL



#### DIRECTORS

Richard E. Barrett Richard B. Bell Douglass S. Davert John Dulebohn William Vanderwerff

Lisa Ohlund General Manager

185 N Mc Pherson Road Orange, CA 92869-3720

Ph: Fax: (714) 538-5815 (714) 538-0334

#### Treasurer's Report

May 8, 2013

Board of Directors
East Orange County Water District

The accompanying information contained in Schedule 1, Distribution of Investment Activity for the month April 2013, and Schedule 2, Investment Portfolio, as of April 30, 2013 (which are presented only for supplementary analysis purposes) have been prepared by management who is responsible for their integrity and objectivity. These schedules have not been compiled, reviewed or audited by outside accountants.

East Orange County Water District maintains a system of internal accounting control designed to provide reasonable assurance that assets are safeguarded and that transactions are properly executed, recorded and summarized to produce reliable records and reports.

To the best of management's knowledge and belief, the schedules and related information were prepared in conformity with generally accepted accounting principles, and are based on recorded transactions and management's best estimates and judgments.

Carl R. Schoonover

Carl R. Schoonover Treasurer

# EAST ORANGE COUNTY WATER DISTRICT SCHEDULE 1 - INVESTMENT ACTIVITY APRIL 30, 2013

	SECURITY	воок
	TYPE	VALUE
DECINNING DALANCES ADDIL 4 2042		
BEGINNING BALANCES APRIL 1, 2013		
LOCAL AGENCY INVESTMENT FUND	DEMAND LAIF	4,415,117
MORGAN STANLEY SMITH BARNEY-MM	DEMAND MONEY MARKET	0
RAYMOND JAMES-CDs	DEMAND BROKERAGE	1,500,873
DUE TO FROM OTHER FUNDS	DUE TO/FROM	0
US TREASURY OBLIGATIONS	US TREASURY	0
Total		5,915,989
ACTIVITY		
ADDITIONS		
DEPOSIT TO MORGAN STANLEY SMITH BARNEY	DEMAND MM	0
DEPOSIT TO LAIF-FROM CHECKING	DEMAND LAIF	0
DEPOSIT TO LAIF-INTEREST	DEMAND LAIF	3,074
DEPOSIT TO RAYMOND JAMES-FROM CHECKING	DEMAND BROKERAGE	0
DEPOSIT TO RAYMOND JAMES-INTEREST	DEMAND BROKERAGE	2,294
SOLD MS LS US TREAS	MUTUAL FUND	0
TRANSFERS BETWEEN FUNDS	DUE TO/FROM	0
REDUCTIONS		
TRANSFER FROM LAIF TO CHECKING	DEMAND LAIF	0
TRANSFERS BETWEEN FUNDS	DUE TO/FROM	C
TRANSFERS TO CHECKING	DEMAND MM	
TRANSFER TO RAYMOND JAMES	DEMAND MM	0
SOLD US TREASURY BOND	US TREASURY BOND/NOTE	(
MATURITY OF US TREASURY NOTE	US TREASURY NOTE	(
PURCHASE US TREASURY BOND FED STRIP	TREASURY BOND	(
ENDING BALANCES APRIL 30, 2013		
LOCAL AGENCY INVESTMENT FUND	DEMAND LAIF	4,418,191
MORGAN STANLEY SMITH BARNEY-MM	DEMAND MONEY MARKET	
RAYMOND JAMES-CDs and CASH	CERTIFICATES OF DEPOSIT	1,503,166
DUE TO FROM OTHER FUNDS	DUE TO/FROM	(
US TREASURY OBLIGATIONS	US TREASURY	(
TOTAL		5,921,358

# EAST ORANGE COUNTY WATER DISTRICT SCHEDULE 2 - INVESTMENT PORTFOLIO APRIL 30. 2013

	SECURITY TYPE	PURCHASE	MATURITY	INTERI	T	MARKET	PURCHASE	PREMIUM OR	ACCRUED	FACE	% ТО
NAME	AND NUMBER	DATE	DATE	STATED	YIELD	VALUE	PRICE	(DISCOUNT)	INTEREST	VALUE	PORTFOLIO
LAIF	DEMAND	N/A	N/A	0.264%	0.264%	4,418,191	4,418,191	0	0	4,418,191	74.67%
MS SB	MONEY MARKET	N/A	N/A	0.000%	0.000%	0	0	0	0	0	0.00%
RJ-CD	ALLY BANK	12/05/12	12/05/14	0.750%	0.750%	200,760	200,000	0	0	200,000	3.38%
RJ-CD	AMERICAN EXPRESS	10/25/12	01/26/15	0.850%	0.850%	100,330	100,000	0	0	100,000	1.69%
RJ-CD	AMERICAN EXPRESS	10/25/12	07/27/15	1.000%	1.000%	100,482	100,000	0	0	100,000	1.69%
RJ-CD	BMW BANK OF N AMERICA	11/19/12	11/12/15	2.000%	2.000%	103,230	102,937	2,898	38	100,000	1.69%
RJ-CD	CIT BANK	03/06/13	03/06/18	1.100%	1.100%	144,813	145,000	0	0	145,000	2.45%
RJ-CD	DISCOVER BANK	10/17/12	10/17/16	1.200%	1.200%	100,906	100,000	0	0	100,000	1.69%
RJ-CD	DISCOVER BANK	02/20/13	02/20/18	1.100%	1.100%	149,849	150,000	0	0	150,000	2.54%
RJ-CD	GE MONEY BANK	10/25/12	08/31/17	1.650%	1.650%	101,326	100,998	754	244	100,000	1.69%
RJ-CD	GE CAPITAL RETAIL BANK	11/19/12	11/09/16	1.350%	1.350%	100,495	100,536	499	37	100,000	1.69%
RJ-CD	GE CAPITAL RETAIL BANK	02/22/13	02/22/18	1.100%	1.100%	148,043	150,000	0	0	150,000	2.54%
RJ-CD	GOLDMAN SACHS BANK	02/13/13	02/13/18	1.200%	1.200%	149,385	150,000		0	150,000	2.54%
RJ-CD	GOLDMAN SACHS BANK	10/11/12	10/03/17	1.550%	1.550%	100,580	99,977	-11	34	100,000	1.69%
RJ	CASH	N/A	N/A	0.000%	0.000%	3,718	3,718			3,718	0.06%
		*		T	0.444%	\$5,922,107	\$5,921,358	\$4,142	\$354	\$5,916,910	100.00%

<sup>\*</sup> Monthly adjustments to interest income should be made to amortize accrued interest and premiums/discounts to face value at maturity.

LAIF=LOCAL AGENCY INVESTMENT FUND MS SB=MORGAN STANLEY SMITH BARNEY RJ=RAYMOND JAMES

#### **CERTIFICAT**

I CERTIFY THAT (1) ALL INVESTMENT ACTIONS EXECUTED SINCE THE LAST REPORT HAVE BEEN MADE IN FULL COMPLIANCE WITH THE DISTRICT'S INVESTMENT POLICY AND,(2) THE DISTRICT WILL MEET ITS EXPENDITURE OBLIGATIONS FOR THE NEXT SIX MONTHS AS REQUIRED BY CALIFORNIA GOVERNMENT CODE SECTIONS 53646(b)(2) AND (3), RESPECTIVELY.

Carl R. Schoonover

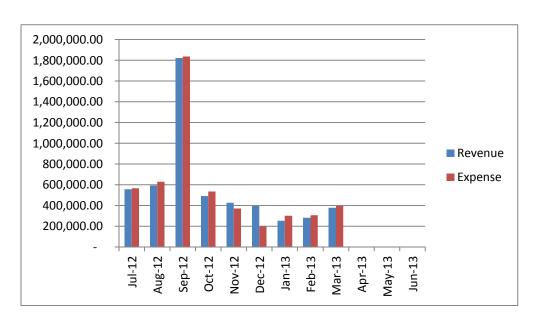
CARL R. SCHOONOVER, TREASURER

# Wholesale Zone Financial Summary For Period Ending March 31, 2013

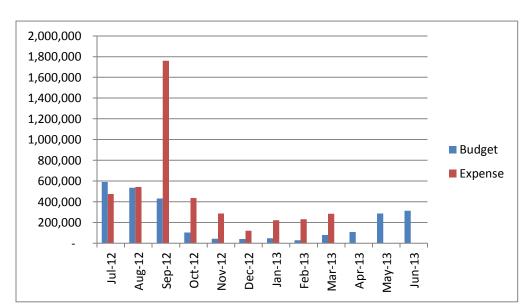
YTD Operating Income \$ 5,199,161

YTD Operating Expense \$ 5,138,989

#### Revenue vs. Expenses

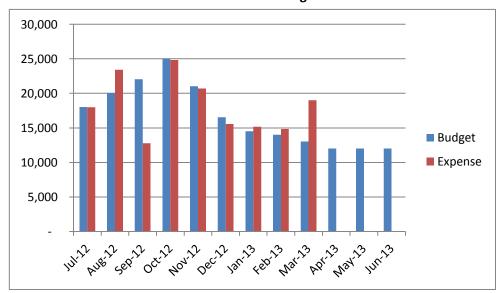


### Water Purchased Budget vs. Actual

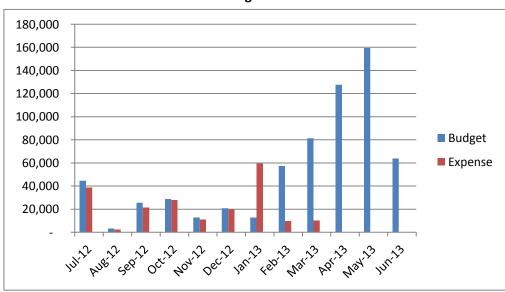


<sup>&</sup>lt;sup>1</sup> September Water Purchased included Tustin's Correction of In-Lieu Water Purchased in 2

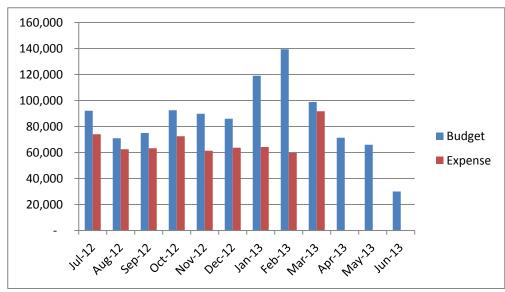




## CIP Budget & Actual



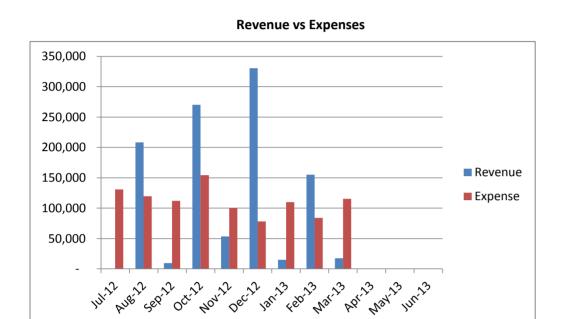
#### **O&M** Budget vs. Actual

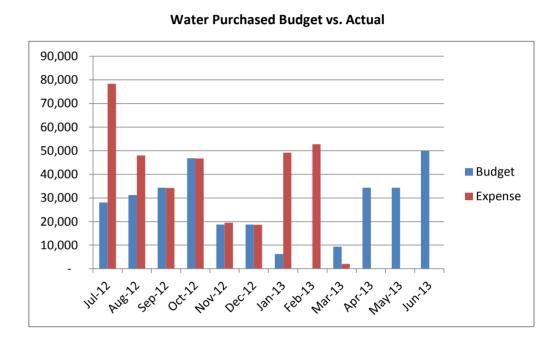


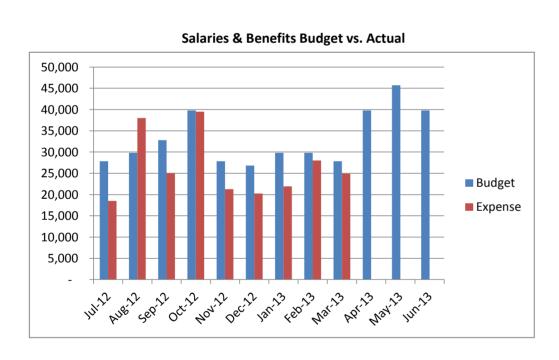
# Retail Zone Financial Summary For Period Ending March 31, 2013

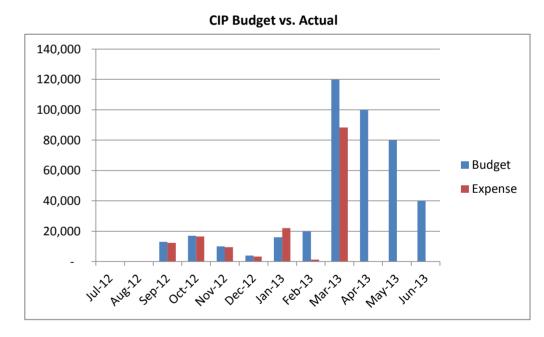
YTD Operating Income \$ 1,059,794

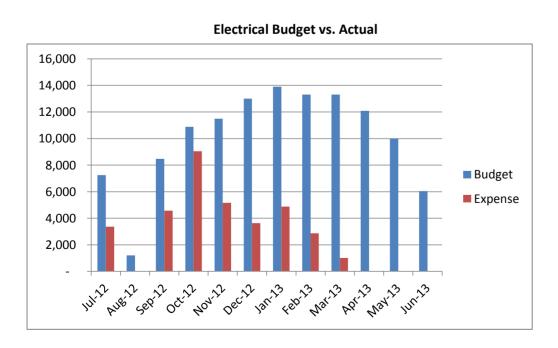
YTD Operating Expense \$ 1,005,327

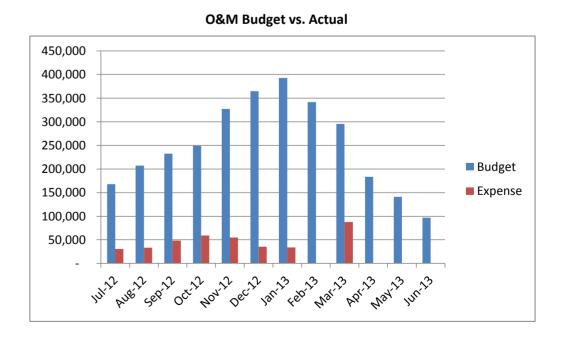












# WHOLESALE ZONE

EAST ORANGE COUNTY WATER DISTRICT 2012-2013 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS MONTH: March 2013

	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
REVENUE	ACTUAL	ACTUAL	2012-13	OVER	OF
DESCRIPTION	REVENUE	REVENUE	BUDGET	(UNDER)	BUDGET
OPERATING REVENUE:					
	205 240 47	4 200 044 45	0.646.004.00	1 670 050 15	400.000/
WATER SALES	285,340.47	4,289,844.15	2,616,994.00	1,672,850.15	163.92%
MWDOC CONNECTION FEES	35,618.36	338,831.69	466,600.00	(127,768.31)	72.62%
REIMBURSED EXP-IRWD	13,134.85	39,321.86	19,040.00	20,281.86	206.52%
OTHER CHARGES	219.75	2,092.75	280.00	1,812.75	747.41%
TOTAL OPERATING REVENUE:	334,313.43	4,670,090.45	3,102,914.00	1,567,176.45	
	, , , , , ,	, , , , , , , , , ,	-, - ,	, ,	
NON-OPERATING REVENUES (EXPENSES):					
PROPERTY TAXES	31,057.27	411,531.49	609,500.00	(197,968.51)	67.52%
RENTAL INCOME - CELLULAR ANTENNAS	12,443.00	76,248.12	94,000.00	(17,751.88)	81.12%
INTEREST & INVESTMENT EARNINGS	-	163.43	1,900.00	(1,736.57)	8.60%
NOTE RECEIVABLE - AMP	-	40,635.21	40,500.00	135.21	100.33%
MISCELLENOUS INCOME	50.00	452.19	500.00	(47.81)	90.44%
MARKET VALUE ADJUSTMENT ON INVESTMENTS	-	-	-	-	0.00%
TOTAL NON-OPERATING REVENUES, NET	43,550.27	529,030.44	746,400.00	(217,369.56)	
NET OPERATING INCOME	377,863.70	5,199,120.89	3,849,314.00	1,349,806.89	

EV/DENIOE O	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
EXPENSES	ACTUAL	ACTUAL	2012-13	OVER	OF
DESCRIPTION	EXPENSES	EXPENSES	BUDGET	(UNDER)	BUDGET
OPERATING EXPENSE: SOURCE OF SUPPLY PIPELINE CAPACITY LEASE ENERGY OPERATIONS & MAINTENANCE GENERAL & ADMINISTRATIVE TRANSFER TO CAPITAL PROJECTS EXPENSE DEPRECIATION & AMORTIZATION	285,256.49 36,785.20 173.48 30,788.08 31,777.40 11,250.00	346,466.36 1,528.89 223,290.76	2,616,994.00 479,600.00 2,500.00 378,060.00 236,660.00 135,000.00	(1,745,153.08) 133,133.64 971.11 154,769.24 132,377.70 33,750.00	166.69% 72.24% 61.16% 59.06% 44.06% 75.00%
					0.0070
TOTAL OPERATING EXPENSE	396,030.65	5,138,965.39	3,848,814.00	(1,290,151.39)	
NET INCOME FROM OPERATIONS	(18,166.95)	60,155.50	500.00	59,655.50	
PRIOR YEARS EXPENSES	-	(109,774.94)	500.00	110,274.94	
NET INCOME (LOSS)	(18,166.95)	169,930.44	-	169,930.44	

## **Wholesale Zone**

4/11/2013

## March 2013 Variance Report - 75% of Budget Year Expended

		Income(I)		Percent Received/	
Account Number	Account Name	Expense (E)	YTD Amount	Spent	Comments
February 2013					
<u>New</u>					
5618-0032-1	DUES & MEMBERSHIP- FCA	E	20.00	100.00%	PREPAID EXPENSE
Ongoing					
4110-0001-1	WATER SALES	1	2,616,994.00	163.92%	City of Tustin over-estimated In-Lieu taken.
5130-0043-1	EOCF #2 NONINTERR OC 43	E	621,751.98	79.19%	City of Tustin over-estimated In-Lieu taken; revenue balances expense
5130-0048-1	EOCF #2 NONINTERR OC 48	E	1,081,806.54	206.69%	City of Tustin over-estimated In-Lieu taken; revenue balances expense
5130-0070-1	WATER PURCHASED AMP	E	2,657,960.56	203.13%	City of Tustin over-estimated In-Lieu taken; revenue balances expense
5149-0001-1	AMP_FAP LEASE EXPENSE	E	10,499.99	80.77%	Budget error; Should have been budgeted at \$14,000.
5327-0001-1	PROF SERV WATER QUAL CONTROL	E	21,023.11	80.86%	Department of Health Fee was \$3,150 higher than budgeted expense
5467-0001-1	WAGES	E	121,504.94	97.36%	Budgeted Split 33/67. YTD Split 54/46.
5607-0001-1	DISTRICT WEBSITE	Е	642.86	85.71%	Prepaid Expense
5610-0015-1	MCPHERSON OFFICE PHONES	E	1,077.59	86.21%	Utility Rate Increase, Researching other options.
5618-0031-1	DUES & MEMBERSHIPS- AWWA	E	243.67	97.47%	Prepaid Expense
5620-0022-1	DIRECTOR-W. VANDERWERFF	E	3,412.50	85.31%	Unbudgeted Committee & Outside Agency Meetings

# Wholesale Zone

## March 2013 Variance Report - 75% of Budget Year Expended

				Percent	
		Income(I)		Received/	
<b>Account Number</b>	Account Name	Expense (E)	YTD Amount	Spent	Comments
5639-0001-1	OUTSIDE SERVICES	E	2,717.43	118.15%	Includes reclassified Office Drinking Water as
					Outside Services (instead of Utilities-Office-Elect &
					Wtr.); also includes unbudgeted new employee
					physical and return to work physical.
5640-0001-1	AUDITING	E	6,661.04	78.37%	Prepaid Expense
5650-0052-1	INSURANCE-EMP FIDELITY BOND	E	170.68	85.34%	Rate Increase
Capital Project	<u>ts</u>				
February 2013					
New					
Ongoing					
7913-103-1	6 MG SLOPE REPAIRS/ASPHALT/CURB	E	60,269.50	98.80%	Project was 100% complete as of 1/31/13.
7912-105-1	SECURITY SYSTEM AT PETERS CANYON	E	61,907.59	294.80%	Account under examination; labor and materials
	RESERVOIR				cost for security system exceed estimates
7912-109-1	METERING IMPROVEMENT FOR WZ BILLING	E	39,434.34	123.23%	Purchase of one additional non-budgeted meter caused budget exceedence

# **REVENUE**

		MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
ACCOUNT	DECODIDATION	ACTUAL	ACTUAL	2012-13	OVER	OF
ACCOUNT 4110-0001-1	DESCRIPTION WATER SALES	REVENUE 285,340.47	4,289,844.15	BUDGET 2,616,994.00	(UNDER) 1,672,850.15	BUDGET
4111-0001-1	METER CHARGE-WS	203,340.47	2,002.75	250.00	1,752.75	163.92%
4112-0001-1	LATE CHARGE	219.73	90.00	30.00	60.00	801.10%
4130-0001-1	RETAIL SERVICE CONNECTIONS	12 540 00				300.00%
		12,540.09	112,860.81	157,100.00	(44,239.19)	71.84%
4131-0001-1	READINESS TO SERVE	15,154.42	141,059.15	193,500.00	(52,440.85)	72.90%
4133-0001-1	MET-MWDOC CAPACITY CHARGE	7,923.85	84,911.73	116,000.00	(31,088.27)	73.20%
4160-0060-1	REIMBURSED EXP- IRWD	13,134.85	39,321.86	19,040.00	20,281.86	206.52%
4160-0065-1	REFUNDS	-	- 4 070 000 45		- 4 507 470 45	0.00%
	Total OPERATING REVENUE:	334,313.43	4,670,090.45	3,102,914.00	1,567,176.45	
NON OPERAT	ING INCOME					
4915-0001-1	INTEREST INCOME-WS	_	5.09	_	5.09	0.00%
4916-0001-1	INTEREST-MORGAN STANLEY-OP	_	8.90	100.00	(91.10)	8.90%
4916-0957-1	INTEREST-MORGAN STANLEY- CONT	_	0.10	50.00	(49.90)	0.20%
4917-0001-1	INTEREST- LAIF- OP	_	11.71	100.00	(88.29)	11.71%
4917-0957-1	INTEREST-LAIF-CONT.	_	89.57	-	89.57	0.00%
4918-0001-1	INTEREST-US TREASURY BOND	_	-	200.00	(200.00)	0.00%
4918-0957-1	INTEREST US TREASURY BOND	_	_	-	(200.00)	0.00%
4922-0001-1	INTEREST INCOME-CTY OF ORANGE	_	48.06	50.00	(1.94)	96.12%
4923-0001-1	INTEREST INCOME ACWA	_	-	1,400.00	(1,400.00)	0.00%
4930-0030-1	TAXES SECURED	30,622.85	332,393.90	575,000.00	(242,606.10)	57.81%
4930-0031-1	TAXES UNSECURED	30,022.03	17,398.96	15,000.00	2,398.96	
4930-0031-1	TAXES SUPPLEMENTAL ROLL	_	4,861.92	5,000.00	(138.08)	115.99% 97.24%
4930-0032-1	TAXES PRIOR YEARS	434.42	6,431.10	15,000.00	(8,568.90)	42.87%
4930-0052-1	TAXES HOMEOWNER'S SUBVENTION	-	2,343.10	4,000.00	(1,656.90)	58.58%
4930-0054-1	TAXES PUBLIC UTILITY	_	5,271.00	10,000.00	(4,729.00)	52.71%
4930-0055-1	TAXES TUSTIN RDA	_	24,074.91	10,000.00	24,074.91	0.00%
4930-0056-1	TAXES MISC	_	18,756.60	500.00	18,256.60	3751.32%
4930-0057-1	TAXES ACCRUED	_	10,730.00	(15,000.00)	15,000.00	
4930-0057-1	STATE TAXES CONFISCATED	_	_	(13,000.00)	13,000.00	0.00%
4930-0058-1	PROCEEDS IN-LIEU TAXES	-	-	-	-	0.00%
4975-0001-1	RENT INCOME- AT&T	- 8,745.86	43,468.87	50,000.00	(6,531.13)	0.00%
4977-0001-1	RENT INCOME- AT&T	3,697.14	32,779.25	44,000.00	, ,	86.94%
		3,097.14	40,635.21		(11,220.75) 135.21	74.50%
4980-0001-1	AMP SALE INSTALLMENTS	- 50.00	ŕ	40,500.00		100.33%
4990-0001-1	MISCELLANEOUS INCOME	50.00	452.19	500.00	(47.81)	90.44%
	Total NON OPERATING INCOME:	43,550.27	529,030.44	746,400.00	(217,369.56)	
	Total OPERATING REVENUE	377,863.70	5,199,120.89	3,849,314.00	1,349,806.89	
	NET OPERATING INCOME:	377,863.70	5,199,120.89	3,849,314.00	1,349,806.89	

# **EXPENSES**

		MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
		ACTUAL	ACTUAL	2012-13	(OVER)	OF
ACCOUNT	DESCRIPTION	EXPENSES	EXPENSES	BUDGET	UNDER	BUDGET
5130-0043-1	EOCF #2 NONINTERR OC 43	18,801.58	621,751.98	785,098.00	163,346.02	79.19%
5130-0048-1	EOCF #2 NONINTERR OC 48	53,342.03	1,081,806.54	523,399.00	(558,407.54)	206.69%
5130-0070-1	WATER PURCHASED AMP	213,112.88	2,657,960.56	1,308,497.00	(1,349,463.56)	203.13%
5138-0001-1	WATER PURCHASED	-	-	-	-	0.00%
5139-0001-1	WATER PURCHASED IN-LIEU	-	628.00	-	(628.00)	0.00%
5141-0001-1	WATER PURCHASED-IN LIEU CREDIT	-	-	-	-	0.00%
5149-0001-1	AMP_FAP LEASE EXPENSE	1,166.67	10,499.99	13,000.00	2,500.01	80.77%
5161-0001-1	MET-MWDOC READINESS TO SERVE	15,154.36	135,936.06	193,500.00	57,563.94	70.25%
5163-0001-1	MET-MWDOC CAPACITY FEES	7,924.09	84,911.55	116,000.00	31,088.45	73.20%
5164-0001-1	MWDOC RETAIL SERVICE CONNECT	12,540.08	115,118.76	157,100.00	41,981.24	73.28%

# EAST ORANGE COUNTY WATER DISTRICT

FOR WHOLESALE MONTH: March 2013

					MONT	7. March 2013
ACCOUNT	DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
5219-0001-1	UTILITY- SCADA RTU	173.48	1,528.89	2,500.00	971.11	61.16%
5313-0001-1	SMALL TOOLS	324.07	1,660.03	2,400.00	739.97	69.17%
5320-0001-1	GASOLINE, OIL & DIES-WS	-	-	-, 100.00	-	0.00%
5320-0022-1	GASOLINE, OIL & DIESEL FUEL	274.84	2,888.85	8,600.00	5,711.15	33.59%
5324-0001-1	REGULATORY PERMITS		896.28	5,000.00	4,103.72	
5326-0001-1	NPDS PERMIT	_	-	5,000.00	-, 103.72	17.93%
5327-0001-1	PROF SERV WATER QUAL. CONTROL	1,673.71	21,023.11	26,000.00	4,976.89	0.00%
5338-0001-1	SCADA REPAIR/UPGRADE	1,073.71	152.58			80.86%
		-		12,000.00	11,847.42	1.27%
5339-0001-1	OPERATIONS REPORTING SOFTWARE	-	551.25	1,500.00	948.75	36.75%
5343-0001-1	METER PURCHASE/REPAIR	-	1,175.49	15,000.00	13,824.51	7.84%
5345-0001-1	PRESSURE REGULATORS R&M	953.66	953.66	3,000.00	2,046.34	31.79%
5350-0035-1	R/M- MAINS	-	585.58	10,000.00	9,414.42	5.86%
5350-0039-1	DAMAGE REPAIR- CAL EMA	-	-	-	-	0.00%
5350-0041-1	SERVICE CONNECTIONS R&M	-	-	1,000.00	1,000.00	0.00%
5350-0051-1	RESERVOIRS R&M	5,970.63	7,345.08	10,000.00	2,654.92	73.45%
5350-0052-1	R/M- VAULTS	-	-	10,000.00	10,000.00	0.00%
5350-0402-1	R/M- CATHODIC PROTECTION	156.43	1,136.79	15,000.00	13,863.21	7.58%
5357-0001-1	MAINTAIN & OPERATE EOCF#2	2,291.67	18,048.35	45,000.00	26,951.65	40.11%
5358-0001-1	METER TESTING	-	-	3,000.00	3,000.00	0.00%
5359-0001-1	SAC LINE R&M	155.33	1,398.01	2,000.00	601.99	69.90%
5365-0001-1	EQUIPMENT RENTAL	-	-	200.00	200.00	0.00%
5370-0070-1	BACKHOE R&M	-	98.12	2,000.00	1,901.88	4.91%
5370-0071-1	VEHICLES R&M	-	955.69	2,500.00	1,544.31	38.23%
5370-0080-1	BUILDING/GROUNDS R&M	-	178.76	3,500.00	3,321.24	5.11%
5467-0001-1	WAGES	13,839.52	121,504.94	124,800.00	3,295.06	97.36%
5469-0069-1	PAYROLL TAXES- FICA & MEDICARE	790.07	6,772.38	11,960.00	5,187.62	56.63%
5469-0083-1	RETIREMENT- PERS	1,419.58	12,842.96	24,000.00	11,157.04	53.51%
5480-0070-1	PAYROLL TAXES- SUI & ETT	29.71	477.00	650.00	173.00	73.38%
5480-0072-1	HEALTH & ACCIDENT INSURANCE	2,385.85	18,427.33	28,000.00	9,572.67	65.81%
5480-0075-1	DENTAL INSURANCE	187.20	1,497.79	2,000.00	502.21	74.89%
5480-0076-1	VISION INSURANCE	35.38	279.75	550.00	270.25	
5480-0070-1	LIFE INSURANCE	30.64	235.92	400.00	164.08	50.86%
5480-0082-1	WORKER'S COMP INSURANCE	229.37	1,538.97	6,000.00	4,461.03	58.98%
						25.65%
5486-0001-1	UNIFORMS	40.42	666.09	2,000.00	1,333.91	33.30%
5607-0001-1	DISTRICT WEBSITE	-	642.86	750.00	107.14	85.71%
5610-0009-1	MCPHERSON FAX	24.09	153.49	200.00	46.51	76.75%
5610-0010-1	MCPHERSON INTERNET	49.21	350.99	475.00	124.01	73.89%
5610-0015-1	MCPHERSON OFFICE PHONES	89.25	1,077.59	1,250.00	172.41	86.21%
5610-0016-1	ANSWERING SERVICE	15.63	140.87	240.00	99.13	58.70%
5610-0017-1	PHONE CIRCUITS TO CTRL EQUIP	74.02	2,921.85	4,100.00	1,178.15	71.26%
5610-0019-1	CELLPHONES	98.60	859.19	1,600.00	740.81	53.70%
5610-0020-1	UNDERGROUND SERVICE ALERT	33.75	209.25	400.00	190.75	52.31%
5611-0001-1	TRAINING/SCHOOLS	-	210.80	1,000.00	789.20	21.08%
5613-0001-1	CONSERVATION EDUCATION	-	-	25,000.00	25,000.00	0.00%
5614-0001-1	TRAVEL- CONF/SEMINARS	34.03	1,857.00	3,000.00	1,143.00	61.90%
5616-0001-1	MILEAGE	-	91.88	200.00	108.12	45.94%
5618-0029-1	DUES & MEMBERSHIP- ACWA	-	1,265.78	2,750.00	1,484.22	46.03%
5618-0030-1	DUES & MEMBERSHIPS- OCWA	-	25.00	75.00	50.00	33.33%
5618-0031-1	DUES & MEMBERSHIPS- AWWA	-	243.67	250.00	6.33	97.47%
5618-0032-1	DUES & MEMBERSHIP- FCA	20.00	20.00	20.00	-	100.00%
5618-0033-1	DUES & MEMBERSHIP- CSDA	-	1,286.00	-	(1,286.00)	0.00%
5618-0037-1	DUES- ISDOC/URBAN WTR	-	384.00	900.00	516.00	42.67%
5619-0001-1	MISCELLANEOUS EXP	-	0.85	500.00	499.15	0.17%
5620-0021-1	DIRECTOR- R. BARRETT	87.50	912.50	2,500.00	1,587.50	36.50%
5620-0021-1	DIRECTOR- W. VANDERWERFF	400.00	3,412.50	4,000.00	587.50	85.31%
5620-0023-1	DIRECTOR- D. CHAPMAN	<del>1</del> 00.00	750.00	3,600.00	2,850.00	
JUZU-UUZU- I	DIALOTOIA: D. OHAH WAN	-	7 30.00	5,000.00	۷,050.00	20.83%

# EAST ORANGE COUNTY WATER DISTRICT

FOR WHOLESALE MONTH: March 2013

		MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2012-13	BUDGET \$ (OVER)	PERCENT OF
ACCOUNT	DESCRIPTION	EXPENSES	EXPENSES	BUDGET	UNDER	BUDGET
5620-0024-1	DIRECTOR- J. DULEBOHN	150.00	1,412.50	3,600.00	2,187.50	39.24%
5620-0026-1	DIRECTOR- R. BELL	212.50	1,675.00	3,600.00	1,925.00	46.53%
5620-0027-1	DIRECTOR- D. DAVERT	-	-	-	-	0.00%
5621-0001-1	BOARD MEETING EXPENSE	4.99	640.25	1,000.00	359.75	64.03%
5632-0001-1	POSTAGE	13.15	261.65	750.00	488.35	34.89%
5633-0001-1	OFFICE SUPPLY/FURN/SMALL EQUIP	927.83	4,055.50	7,000.00	2,944.50	57.94%
5634-0001-1	PUBLICATIONS & LEGAL NOTICES	-	-	500.00	500.00	0.00%
5635-0001-1	COPIER CONTRACT	17.99	144.05	400.00	255.95	36.01%
5638-0001-1	BANK CHARGES	174.24	1,052.61	3,200.00	2,147.39	32.89%
5639-0001-1	OUTSIDE SERVICES	233.10	2,717.43	2,300.00	(417.43)	118.15%
5640-0001-1	AUDITING	-	6,661.04	8,500.00	1,838.96	78.37%
5641-0001-1	TAX COLLECTION FEES	77.64	928.19	2,000.00	1,071.81	46.41%
5644-0001-1	TREASURER	-	403.13	10,000.00	9,596.87	4.03%
5644-0003-1	ACCOUNTING- SERRANO	1,367.28	11,906.21	20,000.00	8,093.79	59.53%
5645-0001-1	LEGAL	2,653.14	10,310.52	18,000.00	7,689.48	57.28%
5646-0001-1	COMPUTER CONSULTING	-	190.00	2,500.00	2,310.00	7.60%
5647-0001-1	ENGINEERING-WS	213.81	3,162.54	25,000.00	21,837.46	12.65%
5648-0001-1	LAFCO	-	5,865.20	13,000.00	7,134.80	45.12%
5650-0050-1	INSURANCE-AUTO & GEN LIABILITY	834.51	7,322.34	14,500.00	7,177.66	50.50%
5650-0051-1	INSURANCE-PROPERTY	193.08	1,737.72	3,000.00	1,262.28	57.92%
5650-0052-1	INSURANCE-EMP. FIDELITY BOND	18.98	170.68	200.00	29.32	85.34%
5670-0072-1	OFFICE EQUIPMENT R&M	-	-	300.00	300.00	0.00%
5680-0083-1	UTILITIES-DUMPSTER	24.56	348.11	1,400.00	1,051.89	24.87%
5680-0084-1	UTILITIES- THE GAS CO OFFICE	-	- · · · · ·	-	-	0.00%
5680-0085-1	UTILITIES- OFFICE- ELECT & WTR	161.95	1,898.04	2,600.00	701.96	73.00%
5686-0001-1	SECURITY	-	185.70	500.00	314.30	37.14%
5689-0001-1	ELECTION EXPENSE	23,572.57	24,417.82	40,000.00	15,582.18	61.04%
8910-0001-1	DEPRECIATION EXP.	20,072.07	24,417.02		-	0.00%
8955-0001-1	TRANS. TO WRCI-CAPITAL PROJECT	_	_	_	_	0.00%
8961-0001-1	TRANS TO CAPITAL PROJECTS	11,250.00	101,250.00	135,000.00	33,750.00	75.00%
9011-0001-1	MARKET VALUE ADJUST-INVESTMENT	11,230.00	101,230.00	100,000.00	-	
9011-0957-1	MARKET VALUE ADJUST-INVESTMENT	_	_	_	_	0.00%
9011-0937-1	Total EXPENSES:	396,030.65	5,138,965.39	3,848,814.00	(1,290,151.39)	0.00%
	TOTAL EXPENSES.	390,030.03	5,136,965.39	3,040,014.00	(1,290,151.39)	
	NET INCOME FROM OPERATIONS:	(18,166.95)	60,155.50	500.00	59,655.50	
	OTHER INCOME AND EXPENSE					
9510-0001-1	PRIOR YEARS (INCOME) EXPENSE		(109,774.94)	500.00	(110,274.94)	0.00%
	Total OTHER INCOME AND EXPENSE	-	(109,774.94)	500.00	(110,274.94)	0.00%
	EARNINGS BEFORE INCOME TAX:	(18,166.95)	169,930.44	-	169,930.44	
	Net Income (Loss):	(18,166.95)	169,930.44	-	169,930.44	

# WHOLESALE ZONE CAPITAL PROJECTS

EAST ORANGE COUNTY WATER DISTRICT 2012-2013 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS MONTH: March 2013

	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
REVENUE	ACTUAL	ACTUAL	2012-13	OVER	OF
DESCRIPTION	REVENUE	REVENUE	BUDGET	(UNDER)	BUDGET
FUNDS PROVIDED BY RESERVE			383,000.00	(383,000.00)	0.00%
CAPITAL PROJECTS REVENUE					
CONNECTION FEES	1,575.00	57,560.25	20,000.00	37,560.25	287.80%
INTEREST EARNINGS	0.60	8,400.59	10,000.00	(1,599.41)	84.01%
INTEREST RECEIVABLE- AMP SALE	-	34.06	10,000.00	(9,965.94)	0.34%
TRANSFER FROM OPERATING EXPENSES	11,250.00	101,250.00	135,000.00	(33,750.00)	75.00%
REIMBURSEMENT FOR STORM DAMAGE REPAIRS	-	8,219.00	20,000.00	(11,781.00)	41.10%
REIMBURSEMENT FOR SECURITY UPGRADES	-	-	60,000.00	(60,000.00)	0.00%
NET OPERATING INCOME	12,825.60	175,463.90	638,000.00	(462,536.10)	

EVDENCEC	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
EXPENSES	ACTUAL	ACTUAL	2012-13	OVER	OF
DESCRIPTION	EXPENSES	EXPENSES	BUDGET	(UNDER)	BUDGET
CAPITAL PROJECTS EXPENSES			44.000.00	44.000.00	/
METAL FLASHING AT PETERS CANYON RESERVOIR	-	-	11,000.00	11,000.00	0.00%
6 MG ISOLATION VALVE CHANGEOUT	-	-	8,000.00	8,000.00	0.00%
BETTERMENT & REPLACEMENT PLAN	-	3,138.53	75,000.00	71,861.47	4.18%
SECURITY SYSTEM AT PETERS CANYON RESERVOIR	-	61,907.59	21,000.00	(40,907.59)	294.80%
ELECTRICAL MODIFICATION FOR BACKUP GENERATOR	-	-	31,000.00	31,000.00	0.00%
BACKUP GENERATOR AT OC70 PUMP STATION	-	-	101,000.00	101,000.00	0.00%
METERING IMPROVEMENT FOR WZ BILLING	716.77	39,434.34	32,000.00	(7,434.34)	123.23%
PIPELINE INSPECTION	-	-	-	-	0.00%
FEASIBILITY & ENV. REVIEW	-	5,554.50	6,000.00	445.50	92.58%
6 MG RESERVOIR - ROOF REPAIRS	-	3,395.00	76,000.00	72,605.00	4.47%
6 MG RESERVOIR - SLOPE REPAIRS/ASPHALT/CURB	-	60,269.50	61,000.00	730.50	98.80%
6 MG RESERVOIR- LANDSCAPE/V-DITCH	-	170.26	26,000.00	25,829.74	0.65%
ANDES & NEWPORT RESERVOIRS-SLURRY SEAL	-	-	32,000.00	32,000.00	0.00%
MCPHERSON OFFICE/YARD IMPROVEMENTS	-	588.61	11,000.00	10,411.39	5.35%
11.5 MG RESERVOIR CATHODIC PROTECTION SYSTEM	-	121.60	36,000.00	35,878.40	0.34%
CATHODIC PROTECTION PIPELINES	-	393.84	21,000.00	20,606.16	1.88%
USED VEHICLE TO SUPPLEMENT FLEET	-	-	15,000.00	15,000.00	0.00%
MOBILE ENGINE DRIVEN PUMP	9,403.83	25,536.86	70,000.00	44,463.14	36.48%
CAPITALIZED ACCOUNTING COST	-	-	5,000.00	5,000.00	0.00%
TOTAL OPERATING EXPENSE	10,120.60	200,510.63	638,000.00	437,489.37	
NET INCOME FROM OPERATIONS	2,705.00	(25,046.73)	-	(25,046.73)	
PRIOR YEARS EXPENSES	_	_	_	_	
11101112110 271 211020					
NET INCOME (LOSS)	2,705.00	(25,046.73)	-	(25,046.73)	

6MG RESERVOIR-LANDSCAPE/V-DITCH-LABOR

7913-104L-1

# **REVENUE**

ACCOUNT	DESCRIPTION	MONTHLY ACTUAL REVENUE	YTD ACTUAL REVENUE	ANNUAL 2012-13 BUDGET	BUDGET \$ OVER (UNDER)	PERCENT OF BUDGET
	FUNDED BY RESERVES	-	-	383,000.00	(383,000.00)	
4113-0001-1	CONNECTION FEES	1,575.00	57,560.25	20,000.00	37,560.25	287.80%
4914-0953-1	INTEREST- RAYMOND JAMES	0.60	872.57	33.75	872.57	2585.39%
4916-0953-1	INTEREST-MORGAN STANLEY-CAP	-	16.25	16.25	(33.75)	100.00%
4917-0953-1	INTEREST-LAIF-CAP	-	7,511.77	9,850.00	(2,338.23)	76.26%
4918-0953-1	INTEREST-US TREASURY BOND	-	-	100.00	(100.00)	0.00%
4925-0001-1	INTEREST INCOME-AMP SALE	-	34.06	10,000.00	(9,965.94)	0.34%
4991-0010-1	REIMBURSEMENT- STORM DAMAGE	-	8,219.00	20,000.00	(11,781.00)	41.10%
4991-0011-1	REIMBURSEMENT-SECURITY UPGRAD	-	-	60,000.00	(60,000.00)	0.00%
4993-0953-1	TRANSFER FROM WS OPERATIONS	11,250.00	101,250.00	135,000.00	(33,750.00)	75.00%
	Total NON OPERATING INCOME:	12,825.60	175,463.90	638,000.00	(462,536.10)	
	Total OPERATING REVENU	12,825.60	175,463.90	638,000.00	(462,536.10)	
	NET OPERATING INCOME:	12,825.60	175,463.90	638,000.00	(462,536.10)	
	ENSES					
		MONTHLY	YTD	ANNUAL	BUDGET \$	DEDCENT
		ACTUAL	ACTUAL	2012-13	(OVER)	PERCENT OF
ACCOUNT	DESCRIPTION	EXPENSES	EXPENSES	BUDGET	UNDER	BUDGET
7900-100C-1	WZ CAPITALIZED ACCOUNTING COST	-	-	5,000.00	5,000.00	0.00%
7912-102C-1	METAL FLASHING @ 6 MG RESERV CONST	-	-	10,000.00	10,000.00	0.00%
7912-102L-1	METAL FLASHING @ 6 MG RESERV LABOR	-	-	1,000.00	1,000.00	0.00%
7912-103C-1	6 MG ISOLATION VALVE CHANGEOUT- CONST	-	-	8,000.00	8,000.00	0.00%
7912-105C-1	6 MG SECURITY SYSTEM- CONST	-	30,401.00	20,000.00	(10,401.00)	152.01%
7912-105L-1	6 MG SECURITY SYSTEM- LABOR	-	31,506.59	1,000.00	(30,506.59)	3150.66%
7912-1060-1	6 MG SECURITY GATE @ JAMBOREE- CONST	-	-	-	-	0.00%
7912-106L-1	6 MG SECURITY GATE @ JAMBOREE- LABOR	-	-	-	-	0.00%
7912-107C-1	BACKUP GENERATOR OC70 PUMP- CONST	-	-	85,000.00	85,000.00	0.00%
7912-107E-1	BACKUP GENERATOR OC70 PUMP- ENG	-	-	15,000.00	15,000.00	0.00%
7912-107L-1	BACKUP GENERATOR OC70 PUMP- LABOR	-	-	1,000.00	1,000.00	0.00%
7912-108C-1	BACKUP GENERATOR ELECTRIC MOD- CONST	-	-	15,000.00	15,000.00	0.00%
7912-108E-1	BACKUP GENERATOR ELECTRIC MOD- ENG	-	-	15,000.00	15,000.00	0.00%
7912-108L-1	BACKUP GENERATOR ELECTRIC MOD- LABOR	-	-	1,000.00	1,000.00	0.00%
7912-109C-1	WZ METER REPLACEMENT- CONSTR.	-	38,674.13	30,000.00	(8,674.13)	128.91%
7912-109E-1	WZ METER REPLACEMENT- ENG	-	-	1,000.00	1,000.00	0.00%
7912-109L-1	WZ METER REPLACEMENT- LABOR	716.77	760.21	1,000.00	239.79	76.02%
7912-110E-1	PIPELINE INSPECTION- ENG	-	-	-	-	0.00%
7912-110L-1	PIPELINE INSPECTION- LABOR	-	-	-	-	0.00%
7912-201E-1	BETTERMENT & REPLACEMENT PLAN- ENG	-	3,024.70	75,000.00	71,975.30	4.03%
7912-201L-1	BETTERMENT & REPLACEMENT PLAN- LABOR	-	113.83	-	(113.83)	0.00%
7913-101E-1	FEASIBLITY & ENV. REVTREATMENT PLANT-ENG.	-	5,554.50	6,000.00	445.50	92.58%
7913-102C-1	6MG RESERVOIR ROOF REPAIRS- CONTS.	-	-	50,000.00	50,000.00	0.00%
7913-102E-1	6 MG RESERVOIR ROOF REPAIRS-ENG.	-	3,395.00	25,000.00	21,605.00	13.58%
7913-102L-1	6MG RESERVOIR ROOF REPAIRS- LABOR	-	-	1,000.00	1,000.00	0.00%
7913-103C-1	6 MG RESERVOIR- SLOPE/ASPHALT/CURB-CONTS.	-	47,819.11	50,000.00	2,180.89	95.64%
7913-103E-1	6 MG RESERVOIR- SLOPE/ASPHALT/CURB-ENG.	-	11,708.88	10,000.00	(1,708.88)	117.09%
7913-103L-1	6 MG RESERVOIR- SLOPE/ASPHALT/CURB-LABOR	-	741.51	1,000.00	258.49	74.15%
7913-104C-1	6MG RESERVOIR-LANDSCAPE/V-DITCH-CONST.	-	-	20,000.00	20,000.00	0.00%
7913-104E-1	6MG RESERVOIR-LANDSCAPE/V-DITCH-ENG.	-	-	5,000.00	5,000.00	0.00%
7012 1041 1	SMC DESERVAID LANDSCADEA/ DITCH LADOD		170.26	1 000 00	920.74	47.000/

17.03%

829.74

170.26

1,000.00

# EAST ORANGE COUNTY WATER DISTRICT

FOR WHOLESALE MONTH: March 2013

		MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
		ACTUAL	ACTUAL	2012-13	(OVER)	OF
ACCOUNT	DESCRIPTION	<b>EXPENSES</b>	<b>EXPENSES</b>	BUDGET	UNDER	BUDGET
7913-105C-1	ANDES&NEWPORT RESERVOIRS-SLURRY-CONST	-	-	30,000.00	30,000.00	0.00%
7913-105L-1	ANDES&NEWPORT RESERVOIRS-SLURRY-LABOR	-	-	2,000.00	2,000.00	0.00%
7913-106C-1	CATHODIC PROTECTION-PIPELINES-CONST.	-	-	15,000.00	15,000.00	0.00%
7913-106E-1	CATHODIC PROTECTION-PIPELINES-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-106L-1	CATHODIC PROTECTION-PIPELINES-LABOR	-	393.84	1,000.00	606.16	39.38%
7913-201C-1	MCPHERSON OFFICE/YARD IMPROVE-CONST.	-	220.09	10,000.00	9,779.91	2.20%
7913-201L-1	MCPHERSON OFFICE/YARD IMPROVE-LABOR	-	368.52	1,000.00	631.48	36.85%
7913-202C-1	11.5MG RESERVOIR CATHODIC PROTECTION SYS-CONST.	-	-	25,000.00	25,000.00	0.00%
7913-202E-1	11.5MG RESERVOIR CATHODIC PROTECTION SYS-ENG	-	-	10,000.00	10,000.00	0.00%
7913-202L-1	11.5MG RESERVOIR CATHODIC PROTECTION SYS-LABOR	-	121.60	1,000.00	878.40	12.16%
7913-203C-1	USED VEHICLE TO SUPPLEMENT FLEET	-	-	15,000.00	15,000.00	0.00%
7913-204C-1	MOBILE ENGINE DRIVEN PUMP- CONST.	-	15,750.00	70,000.00	54,250.00	22.50%
7913-204E-1	MOBILE ENGINE DRIVEN PUMP- ENG.	9,403.83	9,403.83	-	(9,403.83)	0.00%
7913-204L-1	MOBILE ENGINE DRIVEN PUMP- LABOR	-	383.03	-	(383.03)	0.00%
	Total EXPENSES:	10,120.60	200,510.63	638,000.00	437,489.37	
	NET INCOME FROM OPERATIONS:	2,705.00	(25,046.73)	-	(25,046.73)	
	EARNINGS BEFORE INCOME TAX:	2,705.00	(25,046.73)	-	(25,046.73)	
	Net Income (Loss):	2,705.00	(25,046.73)	-	(25,046.73)	

# **RETAIL ZONE**

EAST ORANGE COUNTY WATER DISTRICT 2012-2013 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS MONTH: March 2013

	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
REVENUE	ACTUAL	ACTUAL	2012-13	OVER	OF
DESCRIPTION	REVENUE	REVENUE	BUDGET	(UNDER)	BUDGET
OPERATING REVENUE:					
WATER SALES	-	620,379.92	972,000.00	(351,620.08)	63.83%
METER CHARGE	-	204,290.42	355,000.00	(150,709.58)	57.55%
OTHER CHARGES	-	8,884.48	9,250.00	(365.52)	96.05%
TOTAL OPERATING REVENUE:	-	833,554.82	1,336,250.00	(502,695.18)	
l					
NON-OPERATING REVENUES (EXPENSES):					
PROPERTY TAXES	17,609.02	226,075.34	342,200.00	(116,124.66)	66.07%
INTEREST & INVESTMENT EARNINGS	0.90	137.13	850.00	(712.87)	16.13%
MISCELLENOUS INCOME	-	27.19	500.00	(472.81)	5.44%
MARKET VALUE ADJUSTMENT ON INVESTMENTS	-	-	-	-	0.00%
DISPOSAL OF ASSET GAIN (LOSS)	-	-	-	-	0.00%
TOTAL NON-OPERATING REVENUES, NET	17,609.92	226,239.66	343,550.00	(117,310.34)	
		· ·	·	· ·	
NET OPERATING INCOME	17,609.92	1,059,794.48	1,679,800.00	(620,005.52)	

CVDENCEC	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
EXPENSES	ACTUAL	ACTUAL	2012-13	OVER	OF
DESCRIPTION	EXPENSES	EXPENSES	BUDGET	(UNDER)	BUDGET
OPERATING EXPENSE:					
SOURCE OF SUPPLY	50,438.21	349,193.58	311,600.00	(37,593.58)	112.06%
PIPELINE CAPACITY LEASE	3,322.00	117,869.78	229,270.00	111,400.22	51.41%
ENERGY	856.22	32,733.74	116,935.00	84,201.26	27.99%
OPERATIONS & MAINTENANCE	31,954.11	290,512.36	550,770.00	260,257.64	52.75%
GENERAL & ADMINISTRATIVE	16,457.20	103,994.65	215,195.00	111,200.35	48.33%
TRANSFER TO CAPITAL PROJECTS EXPENSE	12,335.83	111,022.59	148,030.00	37,007.41	75.00%
RETAIL OPERATIONS CONTINGENCY FUND	-	-	40,000.00	40,000.00	0.00%
FUNDED TO/BY RESERVE	-	-	50,000.00	50,000.00	0.00%
DEPRECIATION & AMORTIZATION	-	-	-	-	0.00%
TOTAL OPERATING EXPENSE	115,363.57	1,005,326.70	1,661,800.00	656,473.30	
NET INCOME FROM OPERATIONS	(97,753.65)	54,467.78	18,000.00	36,467.78	
PRIOR YEARS EXPENSES	-	-	2,000.00	(2,000.00)	
NET INCOME (LOSS)	(97,753.65)	54,467.78	20,000.00	34,467.78	

Retail Zone

March 2013 Variance Report - 75% of Budget Year Expended

				Percent	
Account Number	Account Name	Income(I) Expense (E)	YTD Amount	Received/ Spent	Comments
		P ( )		- 1	
March 2013					
<u>New</u>					
5618-0032-2	DUES & MEMBERSHIP- FCA	E	10.00	100.00%	PREPAID EXPENSE
Ongoing					
5130-0070-2	WATER PURCHASED	E	32,518.51	119.26%	Repair to East Well requires purchase of imported water during repair period.
5161-0002-2	MET-MWDOC READINESS TO SERVE	Е	20,257.88	88.08%	Budgeting error; \$3,000 erroniously budgeted to Capacity Charge; s/b to RTS Charge
5164-0002-2	MWDOC RETAIL SERVICE CONNECTION	E	6,573.96	79.49%	Budgeting Error; Budgeted 109 meters @ \$6.25/meter s/b \$7.25/meter
5480-0070-2	PAYROLL TAXES- SUI & ETT	E	983.08	196.62%	Budgeted Split 57/43. Actual Split is 44/66.
5486-0002-2	UNIFORMS	Е	1,292.70	76.04%	Negotiated a significate discount after the price increase. Expect to end year under budget.
5607-0002-2	DISTRICT WEBSITE	Е	857.14	85.71%	Prepaid Expense
5610-0009-2	MCPHERSON FAX	E	153.48	95.93%	Budgeted allocation incorrectly; needs revising.
5610-0015-2	MCPHERSON OFFICE PHONES	E	1,077.53	85.52%	Utility Rate Increase, Researching other options.
5618-0031-2	DUES & MEMBERSHIPS- AWWA	E	169.33	96.76%	Prepaid Expense
5620-0022-2	DIRECTOR- W. VANDERWERFF	E	3,412.50	85.31%	Unbudgeted Committee & Outside Meeting Expenses
5633-0002-2	OFFICE SUPPLY/FURN/SMALL EQUIP	E	4,347.16	94.50%	Includes unbudgeted computer replacement expense
5645-0002-2	LEGAL	E	18,663.29	93.32%	Includes unbudgeted expenses for Special Counsel

# Retail Zone

## March 2013 Variance Report - 75% of Budget Year Expended

Account Number	Account Name	Income(I) Expense (E)	YTD Amount	Percent Received/ Spent	Comments
5650-0050-2	INSURANCE- AUTO & GEN LIABILITY	Е	5,088.27	121.15%	The split between Wholesale & Retail was corrected to be the same as the last years asset split (59/41). Budget was set up with a 77/24 split.
5650-0051-2	INSURANCE-PROPERTY	E	1,207.53	80.50%	Rate Increase
5650-0052-2	INSURANCE-EMP. FIDELITY BOND	E	118.71	79.14%	Rate Increase
Capital Project	<u>ts</u>				
March 2013 New					
Ongoing					
7913-502-2	STOLLER RESERVOIR- BOOSTER PUMP REPLACEMENT	E	13,103.11	85.92%	Motor needed replacing - not originally budgeted.

# **REVENUE**

		MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2012-13	BUDGET \$ OVER	PERCENT OF
ACCOUNT		REVENUE	REVENUE	BUDGET	(UNDER)	BUDGET
4110-0002-2	WATER SALES	-	620,379.92	972,000.00	(351,620.08)	63.83%
4111-0002-2	METER CHARGE	-	204,290.42	355,000.00	(150,709.58)	57.55%
4112-0002-2	LATE CHARGE	-	7,920.00	9,000.00	(1,080.00)	88.00%
4115-0002-2	RETURNED CHECK CHARGE	-	450.00	500.00	(50.00)	90.00%
4116-0002-2	TURN OFF CHARGE	-	520.00	1,000.00	(480.00)	52.00%
4117-0002-2	OTHER CHARGES	-	43.54	750.00	(706.46)	5.81%
4118-0002-2	UNCOLLECTIBLE ACCOUNTS	-	(49.06)	(5,000.00)	4,950.94	0.00%
4121-0002-2	TURN ON NEW SERVICE	-	-	1,000.00	(1,000.00)	0.00%
4160-0065-2	REFUNDS	-	-	2,000.00	(2,000.00)	0.00%
4166-0002-2	SERVICE UPGRADE FEE	-	-	-	-	0.00%
	Total OPERATING REVENUE:	-	833,554.82	1,336,250.00	(502,695.18)	
4915-0002-2	INTEREST INCOME-MM	0.90	3.16	500.00	(496.84)	0.63%
	INTEREST-MORGAN STANLEY-OP	-	4.12	50.00	(45.88)	8.24%
	INTEREST-MORGAN GTANLET-OF		119.08	150.00	(30.92)	79.39%
	INTEREST-US TREASURY BOND		-	100.00	(100.00)	0.00%
	INTEREST INCOME-CTY OF ORANGE	_	10.77	50.00	(39.23)	
	TAXES SECURED	17,362.41	188,459.29	316,500.00	(128,040.71)	21.54%
	TAXES UNSECURED	17,502.41	9,861.59	15,500.00	(5,638.41)	59.54%
	TAXES SUPPLEMENTAL ROLL	_	2,757.31	5,100.00	(2,342.69)	63.62%
	TAXES PRIOR YEARS	246.61	3,650.84	4,000.00	(349.16)	54.06%
	TAXES HOMEOWNER'S SUBVENTION	240.01	1,328.49	1,000.00	328.49	91.27%
	TAXES PUBLIC UTILITY	-	2,748.04	5,000.00	(2,251.96)	132.85%
	TAXES FUBLIC UTILITY TAXES TUSTIN RDA	-	17,269.78	5,000.00	17,269.78	54.96%
	TAXES MISC	-	17,209.76	100.00	(100.00)	0.00%
	TAXES MISC  TAXES ACCRUED	-	-	(5,000.00)	5,000.00	0.00%
	STATE TAXES CONFISCATED	_	_	(3,000.00)	3,000.00	0.00%
	PROCEEDS IN-LIEU TAXES	-	-	-	-	0.00%
	MISCELLANEOUS INCOME	-	- 27.19	- 500.00	- (472.81)	0.00%
4990-0002-2		17 600 02			, ,	5.44%
	Total NON OPERATING INCOME:	17,609.92	226,239.66	343,550.00	(117,310.34)	
	Total OPERATING REVENUE	17,609.92	1,059,794.48	1,679,800.00	(620,005.52)	
	NET OPERATING INCOME:	17,609.92	1,059,794.48	1,679,800.00	(620,005.52)	

# **EXPENSES**

		MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
		ACTUAL	ACTUAL	2012-13	(OVER)	OF
ACCOUNT	DESCRIPTION	<b>EXPENSES</b>	EXPENSES	BUDGET	UNDER	BUDGET
5130-0070-2	WATER PURCHASED	32,518.51	371,624.41	311,600.00	(60,024.41)	119.26%
5139-0002-2	WATER PURCHASED IN-LIEU	-	-	-	-	0.00%
5141-0002-2	WATER PURCHASED IN LIEU CREDIT	-	(22,430.83)	-	22,430.83	0.00%
5146-0002-2	OCWD- REPLENISH ASSESSMENT	17,919.70	83,269.84	183,000.00	99,730.16	45.50%
5161-0002-2	MET-MWDOC READINESS TO SERVE	2,073.63	20,257.88	23,000.00	2,742.12	88.08%
5163-0002-2	MET-MWDOC CAPICITY FEES	517.93	7,768.10	15,000.00	7,231.90	51.79%
5164-0002-2	MWDOC RETAIL SERVICE CONNECT	730.44	6,573.96	8,270.00	1,696.04	79.49%
5206-0002-2	UTILITY STOLLER RESERVOIR	190.75	14,225.65	50,850.00	36,624.35	27.98%
5212-0002-2	UTILITY VISTA PANORAMA BOOSTER	368.99	2,935.08	6,500.00	3,564.92	45.16%
5216-0002-2	ULITILITIES- WELLS- EAST/WEST	296.48	15,573.01	59,585.00	44,011.99	26.14%

4000UNIT	DECODURTION	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2012-13	BUDGET \$ (OVER)	PERCENT OF
	DESCRIPTION SMALL TOOLS	EXPENSES 324.05	EXPENSES	BUDGET	UNDER 1 107 22	BUDGET
	GASOLINE, OIL & DIES-RZ		1,802.67	3,000.00	1,197.33	60.09%
	GASOLINE, OIL & DIESEL FUEL	- 533.51	- 4,703.77	8,800.00	- 4,096.23	0.00%
	REGULATORY PERMITS	-	4,703.77 850.34	2,500.00	1,649.66	53.45%
	NPDS PERMIT	-	1,943.00	·		34.01%
	PROF SERV WATER QUAL. CONTROL	1,036.06	8,408.58	- 19,500.00	(1,943.00) 11,091.42	0.00%
	CHLORINE GENERATOR/SALT PURCH	1,030.00	0,400.30	2,650.00	2,650.00	43.12%
	WEST WELL MAINTENANCE	2.075.00	2 426 09	3,200.00	763.02	0.00%
	EAST WELL MAINTENANCE	2,075.00 42.48	2,436.98 639.45	,		76.16%
	STOLLER RESERVOIR/BOOSTER R&M	42.40	2,701.30	3,200.00	2,560.55	19.98%
	VISTA PANORAMA BOOSTER R&M	-	603.67	6,300.00	3,598.70	42.88%
	R&M VISTA PANORAMA RESERVOIR	-	003.07	4,200.00	3,596.33	14.37%
		-	1 162 26	5,200.00	5,200.00	0.00%
	CHLORINE GENERATOR	-	1,163.26	3,150.00	1,986.74	36.93%
	SCADA REPAIR/UPGRADE	-	89.59	2,100.00	2,010.41	4.27%
	OPERATIONS REPORTING SOFTWARE	400.00	323.75	3,400.00	3,076.25	9.52%
	HYDRANT REPAIR & REPLACEMENTS	422.28	868.92	6,100.00	5,231.08	14.24%
	METER PURCHASE REPAIR	-	-	9,200.00	9,200.00	0.00%
5345-0002-2		-	-	1,075.00	1,075.00	0.00%
5350-0035-2		-	18,138.67	24,900.00	6,761.33	72.85%
	DAMAGE REPAIR- CAL EMA	-	-	-	-	0.00%
	SERVICE LATERALS R&M	2,564.17	5,937.70	21,525.00	15,587.30	27.59%
	RESERVOIRS R&M	39.60	251.93	4,300.00	4,048.07	5.86%
	R/M- VAULTS	-	-	1,500.00	1,500.00	0.00%
	R/M- CATHODIC PROTECTION	-	-	5,500.00	5,500.00	0.00%
	METER TESTING	-	-	1,550.00	1,550.00	0.00%
	EQUIPMENT RENTAL	-	-	210.00	210.00	0.00%
	BACKHOE R&M	-	135.42	3,000.00	2,864.58	4.51%
	VEHICLES R&M	-	1,847.65	3,000.00	1,152.35	61.59%
	BUILDING/GROUNDS R&M	-	178.76	4,000.00	3,821.24	4.47%
5467-0002-2		14,606.33	142,889.47	258,794.00	115,904.53	55.21%
	PAYROLL TAXES- FICA & MEDICARE	1,534.01	15,686.25	21,216.00	5,529.75	73.94%
	RETIREMENT- PERS	2,785.59	26,996.45	44,000.00	17,003.55	61.36%
	PAYROLL TAXES- SUI & ETT	41.14	983.08	500.00	(483.08)	196.62%
	HEALTH & ACCIDENT INSURANCE	4,874.46	40,224.50	52,000.00	11,775.50	77.35%
	DENTAL INSURANCE	380.78	3,252.78	4,500.00	1,247.22	72.28%
	VISION INSURANCE	72.48	624.92	1,200.00	575.08	52.08%
5480-0080-2	LIFE INSURANCE	60.44	480.17	800.00	319.83	60.02%
	WORKER'S COMP INSURANCE	483.33	5,056.63	13,000.00	7,943.37	38.90%
5486-0002-2		78.40	1,292.70	1,700.00	407.30	76.04%
5607-0002-2	DISTRICT WEBSITE	-	857.14	1,000.00	142.86	85.71%
5610-0009-2	MCPHERSON FAX	24.09	153.48	160.00	6.52	95.93%
5610-0010-2	MCPHERSON INTERNET	49.20	350.94	525.00	174.06	66.85%
5610-0015-2	MCPHERSON OFFICE PHONES	89.25	1,077.53	1,260.00	182.47	85.52%
5610-0016-2	ANSWERING SERVICE	15.62	140.78	260.00	119.22	54.15%
5610-0017-2	PHONE CIRCUITS TO CTRL EQUIP	43.45	1,715.77	3,080.00	1,364.23	55.71%
5610-0019-2	CELLPHONES	98.61	859.17	1,550.00	690.83	55.43%
5610-0020-2	UNDERGROUND SERVICE ALERT	33.75	209.25	400.00	190.75	52.31%
5611-0002-2	TRAINING/SCHOOLS	-	409.20	1,500.00	1,090.80	27.28%
5613-0002-2	CONSERVATION EDUCATION	75.00	75.00	4,000.00	3,925.00	1.88%
5614-0002-2	TRAVEL-CONF/SEMINARS	34.02	1,871.64	2,500.00	628.36	74.87%
5616-0002-2	MILEAGE	-	255.03	500.00	244.97	51.01%
5618-0029-2	DUES & MEMBERSHIPS- ACWA	-	1,265.78	3,500.00	2,234.22	36.17%

		MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2012-13	BUDGET \$ (OVER)	PERCENT OF
ACCOUNT	DESCRIPTION	EXPENSES	EXPENSES	BUDGET	UNDER	BUDGET
	DUES & MEMBERSHIPS- OCWA	-	25.00	75.00	50.00	33.33%
5618-0031-2	DUES & MEMBERSHIPS- AWWA	-	169.33	175.00	5.67	96.76%
5618-0032-2	DUES & MEMBERSHIP- FCA	10.00	10.00	10.00	-	100.00%
5618-0033-2	DUES & MEMBERSHIP-CSDA	-	1,286.00	4,000.00	2,714.00	32.15%
5618-0037-2	DUES- ISDOC/URBAN WTR	-	384.00	900.00	516.00	42.67%
5619-0002-2	MISCELLANEOUS EXP	-	1.63	500.00	498.37	0.33%
5620-0021-2	DIRECTOR- R. BARRETT	87.50	912.50	2,500.00	1,587.50	36.50%
	DIRECTOR- W. VANDERWERFF	400.00	3,412.50	4,000.00	587.50	85.31%
	DIRECTOR- D. CHAPMAN	-	750.00	3,600.00	2,850.00	20.83%
	DIRECTOR- J. DULEBOHN	150.00	1,412.50	3,600.00	2,187.50	39.24%
	DIRECTOR- R. BELL	212.50	1,675.00	3,600.00	1,925.00	46.53%
	DIRECTOR- D. DAVERT	-	-	-	-	0.00%
	BOARD MEETING EXPENSE	4.99	640.17	1,000.00	359.83	64.02%
5632-0002-2		754.46	3,102.30	6,000.00	2,897.70	51.71%
	OFFICE SUPPLY/FURN/SMALL EQUIP	655.50	4,347.16	4,600.00	252.84	94.50%
	PUBLICATIONS & LEGAL NOTICES	25.92	878.98	1,500.00	621.02	58.60%
	COPIER CONTRACT	17.98	144.02	550.00	405.98	26.19%
	VERSATERM CONTRACT (RZ BILLS)	500.00	500.00	5,000.00	4,500.00	10.00%
	BANK CHARGES	566.76	2,379.83	3,500.00	1,120.17	68.00%
	OUTSIDE SERVICES	233.09	2,717.35	6,400.00	3,682.65	42.46%
5640-0002-2		255.05	5,906.96	8,000.00	2,093.04	73.84%
	TAX COLLECTION FEES	44.03	525.69	2,200.00	1,674.31	
	COMPUTER BILLING (RZ BILLS)	394.49	3,782.25	5,000.00	1,217.75	23.90%
5644-0002-2	· · · · · · · · · · · · · · · · · · ·		403.12	10,000.00	9,596.88	75.65%
	ACCOUNTING- SERRANO	- 1,367.28	11,906.19	23,000.00	11,093.81	4.03%
5645-0002-2		1,550.63	18,663.29	20,000.00	1,336.71	51.77%
	COMPUTER CONSULTING	1,550.05	190.00	5,000.00	4,810.00	93.32%
	ENGINEERING-RZ	2 166 22			32,757.84	3.80%
5648-0002-2		2,166.23	12,242.16 1,287.49	45,000.00	1,712.51	27.20%
	INSURANCE-AUTO & GEN LIABILITY	- 570.01		3,000.00	*	42.92%
		579.91 124.17	5,088.27	4,200.00	(888.27)	121.15%
	INSURANCE-PROPERTY	134.17	1,207.53	1,500.00	292.47 31.29	80.50%
	INSURANCE-EMP. FIDELITY BOND	13.19	118.71	150.00		79.14%
	OFFICE EQUIPMENT R&M	- 24 FG	-	300.00	300.00	0.00%
	UTILITIES-DUMPSTER	24.56	298.98	1,100.00	801.02	27.18%
	UTILITIES- THE GAS CO OFFICE	464.05	-	4 000 00	-	0.00%
	UTILITIES- OFFICE- ELECT & WTR	161.95	1,898.01	4,000.00	2,101.99	47.45%
5686-0002-2		-	185.70	1,000.00	814.30	18.57%
	ELECTION EXPENSE	5,939.07	6,301.32	10,000.00	3,698.68	63.01%
	INTEREST EXPENSE DWR	-	-	-	-	0.00%
	DISPOSAL OF ASSET GAIN (LOSS)	-	-	-	-	0.00%
	DEPRECIATION EXP.	-	-	-	-	0.00%
	PRIOR YEAR ADJUSTMENTS	-	-	-	-	0.00%
	TRANS TO CAPITAL PROJECT AF	-	-	-	-	0.00%
	TRANS TO CAPITAL PROJECTS	12,335.83	111,022.59	148,030.00	37,007.41	75.00%
	RZ- CONTINGENCY FUND	-	-	40,000.00	40,000.00	0.00%
	FUNDED TO/BY RESERVE-RZ	-	-	50,000.00	50,000.00	0.00%
	MARKET VALUE ADJUST-INVESTMENT	-	-	-	-	0.00%
	TOTAL OPERATING EXPENSES:	115,363.57	1,005,326.70	1,661,800.00	656,473.30	
l	NET INCOME FROM OPERATIONS:	(97,753.65)	54,467.78	18,000.00	36,467.78	

# EAST ORANGE COUNTY WATER DISTRICT

FOR RETAIL MONTH: March 2013

ACCOUNT DESCRIPTION	MONTHLY ACTUAL EXPENSES	YTD ACTUAL EXPENSES	ANNUAL 2012-13 BUDGET	BUDGET \$ (OVER) UNDER	PERCENT OF BUDGET
OTHER INCOME AND EXPENSE					
9510-0002-2 PRIOR YEARS EXPENSE	-	-	2,000.00	(2,000.00)	0.00%
9510-0959-2 PRIOR YEARS EXPENSE	-	-	-	-	0.00%
Total OTHER INCOME AND EXPENSES	-	-	2,000.00	(2,000.00)	
EARNINGS BEFORE INCOME TAX:	(97,753.65)	54,467.78	20,000.00	34,467.78	
Net Income (Loss):	(97,753.65)	54,467.78	20,000.00	34,467.78	

# **RETAIL ZONE CAPITAL PROJECTS**

EAST ORANGE COUNTY WATER DISTRICT 2012-2013 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS MONTH: March 2013

DEVENUE	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
REVENUE	ACTUAL	ACTUAL	2012-13	OVER	OF
DESCRIPTION	REVENUE	REVENUE	BUDGET	(UNDER)	BUDGET
FUNDS PROVIDED BY RESERVE	-	-	(580.00)	580.00	0.00%
CAPITAL PROJECTS REVENUE CAPITAL PROJECTS FEES CONNECTION FEES INTEREST EARNINGS TRANSFER FROM OPERATING EXPENSES FUNDS BORROWED FROM WHOLESALE ZONE REIMBURSEMENT- RZ BILL RATE STUDY	- (11.15) - 12,335.83 -	166,004.46 131.35 148.96 111,022.59 29,446.78	252,000.00 - 50.00 148,030.00	(85,995.54) 131.35 98.96 (37,007.41) - 29,446.78	65.87% 0.00% 297.92% 75.00% 0.00%
NET OPERATING INCOME	12,324.68	306,754.14	399,500.00	(92,745.86)	

EVDENCEC	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
EXPENSES	ACTUAL	ACTUAL	2012-13	OVER	OF
DESCRIPTION	EXPENSES	EXPENSES	BUDGET	(UNDER)	BUDGET
CAPITAL PROJECTS EXPENSES			4= 400 00	44 000 00	
BETTERMENT & REPLACEMENT PLAN	-	2,720.37	47,409.00	44,688.63	5.74%
VIEW RIDGE MODIFICATION	-	-	-	-	0.00%
STOLLER RESERVOIR- 75 hp BOOSTER PUMP REPLACEMENT	-	-	-	-	0.00%
VP VAULT PIPING/METER UPGRADE 6" TO 8"	-	-	5,250.00	5,250.00	0.00%
VISTA PANORAMA RESERVOIR REPAIR	-	-	50,500.00	50,500.00	0.00%
VP PUMP REBUILD	-	-	5,250.00	5,250.00	0.00%
HYDRANT REPLACEMENT PROJECT	17,839.16	18,221.98	20,000.00	1,778.02	91.11%
CATHODIC PROTECTION	-	148.62	25,500.00	25,351.38	0.58%
VALVE RAISING	-	-	15,250.00	15,250.00	0.00%
VALVE REPLACEMENTS	-	-	15,500.00	15,500.00	0.00%
McPHERSON OFFICE/YARD IMPROVEMENTS	-	588.61	10,500.00	9,911.39	5.61%
USED VEHICLE TO SUPPLEMENT FLEET	-	-	-	-	0.00%
MOBILE ENGINE DRIVEN PUMP	1,023.83	25,749.86	87,500.00	71,153.97	29.43%
ALLOWANCE FOR SYSTEM RELOCATION	-	-	12,000.00	12,000.00	0.00%
BACKUP GENERATOR FOR VP BOOSTER	-	22,662.31	64,925.00	42,262.69	34.91%
6" MAG METERS FOR STOLLER PRVS	-	-	250.00	250.00	0.00%
EAST WELL UPGRADE/REPLACE	69,374.06	70,197.14	88,091.00	19,116.08	79.69%
CAPTIALIZED ACCOUNTING COSTS	-	-	1,000.00	1,000.00	0.00%
TOTAL OPERATING EXPENSE	88,237.05	140,288.89	448,925.00	319,262.16	
					-
NET INCOME FROM OPERATIONS	(75,912.37)	166,465.25	(49,425.00)	226,516.30	
PRIOR YEARS EXPENSES	-	-	-	-	
NET INCOME (LOSS)	(75,912.37)	166,465.25	(49,425.00)	226,516.30	

FOR RETAIL MONTH: March 2013

# **REVENUE**

ACCOUNT   DESCRIPTION   REVENUE   REVENUE   BUDGET   (UNDER)   BUDGET   (580.00)   580.00			MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
FUNDED BY RESERVES  (580.00) 580.00  4109-0002-2 WATER SALES-CAPITAL PROJECTS  - 166,004.46 252,000.00 (85,995.54) 4113-0002-2 CONNECTION FEES  (11.15) 131.35 - 131.35 4915-0959-2 INTEREST INCOME- CHAPMAN AVE			ACTUAL	ACTUAL	2012-13	OVER	OF
4109-0002-2 WATER SALES-CAPITAL PROJECTS  - 166,004.46 252,000.00 (85,995.54) 4113-0002-2 CONNECTION FEES  (11.15) 131.35 - 131.35 4915-0959-2 INTEREST INCOME- CHAPMAN AVE	ACCOUNT	DESCRIPTION	REVENUE	REVENUE	BUDGET	(UNDER)	BUDGET
4113-0002-2       CONNECTION FEES       (11.15)       131.35       -       131.35         4915-0959-2       INTEREST INCOME- CHAPMAN AVE       -       -       -       -       -         4916-0959-2       INTEREST-MORGAN STANLEY-CAP       -		FUNDED BY RESERVES	-	-	(580.00)	580.00	_
4915-0959-2       INTEREST INCOME- CHAPMAN AVE       -	4109-0002-2	WATER SALES-CAPITAL PROJECTS	-	166,004.46	252,000.00	(85,995.54)	0.00%
4916-0959-2       INTEREST-MORGAN STANLEY-CAP       -	4113-0002-2	CONNECTION FEES	(11.15)	131.35	-	131.35	0.00%
4917-0959-2       INTEREST-LAIF-CAP       -       148.96       50.00       98.96       6         4918-0959-2       INTEREST US TREASURY BOND       -<	4915-0959-2	INTEREST INCOME- CHAPMAN AVE	-	-	-	-	0.00%
4918-0959-2       INTEREST US TREASURY BOND       -	4916-0959-2	INTEREST-MORGAN STANLEY-CAP	-	-	-	-	0.00%
4991-0012-2       REIMBURSEMENT- RZ BILL RATE STUDY       -       29,446.78       -       29,446.78         4994-0959-2       TRANSFER IN CAPITAL PROJECTS       12,335.83       111,022.59       148,030.00       (37,007.41)         Total NON OPERATING INCOME:       12,324.68       306,754.14       399,500.00       (92,745.86)         Total OPERATING REVENUE       12,324.68       306,754.14       399,500.00       (92,745.86)	4917-0959-2	INTEREST-LAIF-CAP	-	148.96	50.00	98.96	0.00%
4994-0959-2 TRANSFER IN CAPITAL PROJECTS       12,335.83       111,022.59       148,030.00       (37,007.41)       0         Total NON OPERATING INCOME:       12,324.68       306,754.14       399,500.00       (92,745.86)         Total OPERATING REVENUE       12,324.68       306,754.14       399,500.00       (92,745.86)	4918-0959-2	INTEREST US TREASURY BOND	-	-	-	-	0.00%
Total NON OPERATING INCOME: 12,324.68 306,754.14 399,500.00 (92,745.86)  Total OPERATING REVENUE 12,324.68 306,754.14 399,500.00 (92,745.86)	4991-0012-2	REIMBURSEMENT- RZ BILL RATE STUDY	-	29,446.78	-	29,446.78	0.00%
Total OPERATING REVENUE 12,324.68 306,754.14 399,500.00 (92,745.86)	4994-0959-2	TRANSFER IN CAPITAL PROJECTS	12,335.83	111,022.59	148,030.00	(37,007.41)	0.00%
		Total NON OPERATING INCOME:	12,324.68	306,754.14	399,500.00	(92,745.86)	
		Total OPERATING REVENUE	12,324.68	306,754.14	399,500.00	(92,745.86)	
NET OPERATING INCOME: 12,324.68 306,754.14 399,500.00 (92,745.86)		NET OPERATING INCOME:	12,324.68	306,754.14	399,500.00	(92,745.86)	

# **EXPENSES**

	MONTHLY ACTUAL	YTD ACTUAL	ANNUAL 2012-13	BUDGET \$ (OVER)	PERCENT OF
ACCOUNT DESCRIPTION	EXPENSES	EXPENSES	BUDGET	UNDER	BUDGET
7900-100C-2 RZ CAPITALIZED ACCOUNTING COST	-	-	1,000.00	1,000.00	0.00%
7912-201E-2 BETTERMENT & REPLACEMENT PLAN	-	2,615.30	47,409.00	44,793.70	5.52%
7912-201L-2 BETTERMENT & REPLACEMENT PLAN	-	105.07	-	(105.07)	0.00%
7913-201C-2 MCPHERSON OFFICE/YARD IMPROVE-CONST.	-	220.09	10,000.00	9,779.91	2.20%
7913-201L-2 MCPHERSON OFFICE/YARD IMPROVE-LABOR	-	368.52	500.00	131.48	73.70%
7913-202C-2 CATHODIC PROTECTIONS-CONST.	-	-	20,000.00	20,000.00	0.00%
7913-202E-2 CATHODIC PROTECTION-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-202L-2 CATHODIC PROTECTION-LABOR	-	148.62	500.00	351.38	29.72%
7913-203C-2 USED VEHICLE TO SUPPLEMENT FLEET	-	-	-	-	0.00%
7913-204C-2 MOBILE ENGINE DRIVEN PUMP	(8,380.00)	15,750.00	87,500.00	71,750.00	18.00%
7913-204C-2 MOBILE ENGINE DRIVEN PUMP	9,403.83	9,403.83	-	(9,403.83)	0.00%
7913-204L-2 MOBILE ENGINE DRIVEN PUMP	-	596.03	-	(596.03)	0.00%
7913-501C-2 VIEW RIDGE MODIFICATION-CONST.	-	-	-	-	0.00%
7913-501E-2 VIEW RIDGE MODIFICATION-ENG.	-	-	-	-	0.00%
7913-501L-2 VIEW RIDGE MODIFICATION-LABOR	-	-	-	-	0.00%
7913-502C-2 STOLLER RESERVOIR- BOOSTER PUMP REPLACE-CONST.	-	12,742.56	10,000.00	(2,742.56)	127.43%
7913-502E-2 STOLLER RESERVOIR- BOOSTER PUMP REPLACE-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-502L-2 STOLLER RESERVOIR- BOOSTER PUMP REPLACE-LABOR	97.39	457.94	250.00	(207.94)	183.18%
7913-503C-2 VP VAULT PIPING/METER UPGRADE-CONST.	-	-	-	-	0.00%
7913-503E-2 VP VAULT PIPING/METER UPGRADE-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-503L-2 VP VAULT PIPING/METER UPGRADE-LABOR	-	-	250.00	250.00	0.00%
7913-504C-2 VISTA PANORAMA RESERVOIR REPAIR-CONST.	-	-	45,000.00	45,000.00	0.00%
7913-504E-2 VISTA PANORAMA RESERVOIR REPAIR-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-504L-2 VISTA PANORAMA RESERVOIR REPAIR-LABOR	-	-	500.00	500.00	0.00%
7913-505C-2 VP PUMP REBUILD-CONST.	-	-	5,000.00	5,000.00	0.00%
7913-505L-2 VP PUMP REBUILD-LABOR	-	-	250.00	250.00	0.00%
7913-506C-2 HYDRANT REPLACEMENT PROJECT- CONST.	18,221.98	18,221.98	20,000.00	1,778.02	91.11%
7913-506E-2 HYDRANT REPLACEMENT PROJECT- ENG.	-	-	-	-	0.00%
7913-506L-2 HYDRANT REPLACEMENT PROJECT- LABOR	(382.82)	-	-	-	0.00%

# EAST ORANGE COUNTY WATER DISTRICT

FOR RETAIL MONTH: March 2013

	MONTHLY	YTD	ANNUAL	BUDGET \$	PERCENT
	ACTUAL	ACTUAL	2012-13	(OVER)	OF
ACCOUNT DESCRIPTION	EXPENSES	EXPENSES	BUDGET	UNDER	BUDGET
7913-507C-2 VALVE RAISING-CRAWFORD CANYON-CONST.	-	-	10,000.00	10,000.00	0.00%
7913-507E-2 VALVE RAISING-CRAWFORD CANYON-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-507L-2 VALVE RAISING-CRAWFORD CANYON-LABOR	-	-	250.00	250.00	0.00%
7913-508C-2 VALVE REPLACEMENTS- SYSTEM CONST.	-	-	15,000.00	15,000.00	0.00%
7913-508L-2 VALVE REPLACEMENTS- SYSTEM LABOR	-	-	500.00	500.00	0.00%
7913-509C-2 ALLOW FOR SYSTEM RELOCATION-CONST.	-	-	10,000.00	10,000.00	0.00%
7913-509E-2 ALLOW FOR SYSTEM RELOCATION-ENG.	-	-	2,000.00	2,000.00	0.00%
7913-510C-2 BACKUP GENERATOR FOR VP BOOSTER-CONST.	-	20,709.69	59,675.00	38,965.31	34.70%
7913-510E-2 BACKUP GENERATOR FOR VP BOOSTER-ENG.	-	-	5,000.00	5,000.00	0.00%
7913-510L-2 BACKUP GENERATOR FOR VP BOOSTER-LABOR	-	1,952.62	250.00	(1,702.62)	781.05%
7913-511C-2 6" MAG METERS @ STOLLER PRVS-CONST.	-	-	-	-	0.00%
7913-511L-2 6" MAG METERS @ STOLLER PRVS-LABOR	-	-	250.00	250.00	0.00%
7914-505C-2 EAST WELL UPGRADE/REPLACE-CONST.	68,702.11	68,702.11	68,091.00	611.11	100.90%
7914-505E-2 EAST WELL UPGRADE/REPLACE-ENG.	204.00	578.00	20,000.00	19,422.00	2.89%
7914-505L-2 EAST WELL UPGRADE/REPLACE-LABOR	467.95	917.03	-	(917.03)	0.00%
TOTAL OPERATING EXPENSES:	88,334.44	153,489.39	464,175.00	311,907.83	
NET INCOME FROM OPERATIONS:	(76,009.76)	153,264.75	(64,675.00)	219,161.97	
Net Income (Loss):	(76,009.76)	153,264.75	(64,675.00)	219,161.97	



# **MEMO**

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

SUBJECT: FY 2013-2017 AUDIT SERVICES - AWARD OF CONTRACT

DATE: MAY 10, 2013

#### **BACKGROUND**

For the past seven years, the firm of Charles Z. Fedak & Company (CZF) has provided independent auditor services to the District; their most recent (3-year) contract has expired. While we have been pleased with CZF's performance, good management and financial practices dictate that proposals are solicited periodically to ensure independence and compare costs. Accordingly, a Request for Proposal was developed and proposals were solicited from four pre-qualified CPA firms that have audited water and wastewater special districts.

The RFP was reviewed with the Finance Committee and proposals solicited from four firms:

Charles Z. Fedak & Company Cypress, CA
 Lance, Soll & Lunghard Brea, CA

Vavrinek Trine Day & Co.
 Laguna Hills, CA

• White Nelson Diehl Evans, LLP Irvine, CA

Proposals were received from three of the four firms; Lance Soll & Lunghard did not respond.

The proposals were evaluated pursuant to the attached evaluation form. Five specific evaluation criteria were established and weighted as follows (Note, cost was not considered until after the technical evaluation was completed:

		<u>Weight</u>
1.	Completeness of response	15%
2.	Firm & Team Qualifications/Experience with like-sized water agencies	20%
3.	Approach to Work	15%
4.	Quality of References	20%
5.	Cost	30%

Based upon the proposal analysis, Fedak submitted the most responsive proposal (achieving a score of 96.5 out of 100) – primarily due to two reasons: 1) they were the only firm that mentioned interviewing the Finance Committee separately from staff during the Audit Entrance Conference – this is an excellent opportunity for Board Members to question financial/accounting practices. Fedak also audits more special districts – more water districts – than the other three firms combined. This give them an excellent understanding of enterprise special districts and in particular, water districts. Additionally, Fedak submitted the lowest priced proposal – a total of \$70,000 over five years.

#### **RECOMMENDATION**

The Board approve a contract with Charles Z. Fedak & Company for the performance of the FY 2013-2017 Audits at a total not-to-exceed cost of \$70,000 (\$14,000 per year for five years).

# Request for Proposal Professional Auditing Services



# **East Orange County Water District**

185 N. McPherson Road Orange, CA 92869

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#### **GENERAL INFORMATION**

The East Orange County Water District, referred to herein as "EOCWD," is soliciting proposals from qualified certified public accounting firms to provide annual audit services, referred to herein as "Services."

EOCWD proposes to commit to a five-year agreement for audit services commencing with the fiscal year ending June 30, 2012, up to and including fiscal year ending June 30, 2016 with an option to extend the contract through June 30, 2017. This commitment is contingent upon annual budget appropriations and mutual consent of both EOCWD and the audit firm selected, referred to here in as "Auditor."

Proposals will be accepted only from parties that are free of all obligation and interests that might conflict with the best interest of EOCWD, and have the capacity to provide services on a timely basis. The audit engagement, including the issuance of the Independent Auditor's Report, must be completed no later than November 30 of each contract year.

The District reserves the right to reject any and all proposals. The District also reserves the right to cancel the contract, due to unsatisfactory performance of audit services or any other reason deemed appropriate by the District, between audit years with a 30-day written notice.

There is no expressed or implied obligation for EOCWD to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

#### **BACKGROUND**

The East Orange County Water District (EOCWD) is an independent special district that operates under the authority of Section 30000 et. seq. of the California Water Code. EOCWD was incorporated on December 1, 1961 and is governed by a five-member elected board of Directors. EOCWD provides water and sewer service to 100,000 people within its service area, which is located in the east Orange/Tustin foothill area of Orange County. EOCWD serves wholesale water to portions of the cities of Tustin and Orange, Golden State Water Company and Irvine Ranch Water District, and some of the unincorporated area of Orange County. The District has 5 authorized positions and an operating budget of \$7 million, allocated between wholesale and retail water funds.

EOCWD has employed the services of Charles Z. Fedak & Co., CPAs for the past four years with great satisfaction. The District wishes to entertain proposals for these services from other firms; Fedak & Co. has also been invited to submit a proposal.

A copy of the most recent financial statement is available on the District Website under "Audits."

#### **MINIMUM QUALIFICATIONS**

Only the proposals of those firms who demonstrate the following minimum qualifications will be evaluated by EOCWD.

- 1. **Independence**: The firm must be able to provide an affirmative statement that it is independent of the East Orange County Water District, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
- 2. **License to practice in the State of California**: An affirmative statement is required that the firm and all assigned key professional staff are properly registered and licensed to practice in the State of California.
- 3. **Experience**: Experience conducting high quality audits of water districts of comparable sizes.
- 4. **Firm Capacity**: Demonstrated capacity to devote the necessary personnel and technical resources to complete the work in accordance with the scheduled timeline on page 9.

#### **ACCOUNTING SYSTEM**

EOCWD utilizes the MAS 90 in a Microsoft Windows environment for accounting functions and Continental Utility Billing Inc. for utility billing functions. EOCWD has two checking accounts at a local major bank. EOCWD has two investment accounts with a balance of approximately \$6 million as of June 30, 2012.

During fiscal year 2012, EOCWD issued approximately 340 payroll checks/direct deposit slips and 500 accounts payable checks.

EOCWD maintains for its employees a deferred compensation plan structured in accordance with provisions of Internal Revenue Code Section 457. Employee deposits are transmitted to third parties who are responsible for plan administration.

The District contracts with the Serrano Water District for a shared services accountant to maintains all financial records. There are no known exceptions to generally accepted accounting principles or other material accounting problems.

#### **SCOPE OF AUDIT**

The Auditor shall examine all EOCWD funds in accordance with the following:

- 1. Auditing standards generally accepted in the United States of America.
- 2. The State Controller's Minimum Audit Requirements for California Special Districts.

The Auditor shall ensure that the CAFR is prepared in conformity with the 2005 edition of the GAAFR, the GAAFR Update Supplement, and subsequent NCGA and GASB pronouncements.

The audit must determine whether the financial statements present fairly, in all material respects, EOCWD's financial position in conformity with the following:

- 1. Auditing standards generally accepted in the United States of America.
- 2. The State Controller's Minimum Audit Requirements for California Special Districts.

It is expected that the auditor keep the Agency informed of any new state and national developments affecting municipal finance and reporting standards and trends. This shall include at least one formal updating session per fiscal year with EOCWD's Finance and Accounting staff.

#### **AGENCY RESPONSIBILITIES**

- 1. EOCWD staff will prepare closing entries including work papers supporting asset and liability balances. Staff will prepare the financial statements, notes to the financial statements, management's discussion and analysis, and statistical section.
- 2. EOCWD staff will be available to locate, reproduce, and re-file required or requested documentation during the audit fieldwork.
- 3. EOCWD staff will be available during the audit to assist the Auditor by providing requested information, documentation and explanations.
- 4. The preparation of confirmations will be the responsibility of EOCWD.
- 5. EOCWD shall provide a reasonable work area (table and chairs), telephones, photocopying facilities, facsimile machines, internet access and electrical power to the Auditor for use during the audit.

#### REPORT REQUIREMENTS

Report Name	<u>Format</u>	<b>Quantity</b>
Financial Statement	Audit Report Only	15
Management Letter	Letter	15

#### SUBMITTAL REQUIREMENTS

Responses to this Request for Proposal shall include 2 hard copies and one electronic copy (pdf) of the following:

- 1. Table of contents, identify the material by section and page number.
- Letter of Transmittal
- 3. State, briefly, the firm's understanding of the work to be done, and make a positive commitment to perform the work within the proposed time-period.
- 4. Provide the names of the individuals authorized to make representations for the firm, their titles, California CPA Certificate numbers, addresses, and telephone numbers.
- 5. Affirm that you meet the independence requirement of the General Accounting Office.
- 6. State whether the firm is local, national, or international.
- 7. Give the location of the office from which the work is to be performed and the number or partners, managers/principals, supervisors, seniors, and other professional staff employed at the office.
- 8. Describe the range of activities performed by the local office, such as audit, accounting, tax service, or management services.
- A staffing chart indicating the estimated number of staff hours required to complete the described project. The chart should also indicate the number of days-on-site that will be required to complete the described project.
- 10. Five references for which similar work has been performed, especially as it pertains to water agency experience; include an overview of the work performed, individual contact person, address and phone number. For water agencies; include the number of water service accounts and the amount of the annual operating budget. If (5) references are not available, list as many as possible.

- 11. A copy of the firm's most recent peer review report and copy of the accompanying letter of comment, if any. State whether the firm has been the subject of any disciplinary action within the last three years, or if any such action is pending by state regulatory bodies or professional organizations. If such conditions exist, provide information as to the circumstances and status of the disciplinary action.
- 12. Clearly describe the scope of the required services to be provided.
- 13. An estimated schedule of the time required for the completion of the various tasks listed in the scope of work.

#### **AUDIT FEES**

In recent years, the total payments for audit services and related supplies have been based on a fixed fee. To allow the firms some flexibility in their proposal, we will accept proposals that use either CPI indexing or fixed fees for each of the five years. Therefore, your proposal should specify the fee method.

Contract language for the CPI indexing will read similar to the following:

The total payment for services and supplies for audit services shall be based on a not to exceed basis for the fiscal year ending June 30, 2012. For subsequent years, this compensation will be adjusted to, but shall not exceed, the Consumer Price Index for All Urban Consumers for the Los Angeles/Riverside/Orange County areas on a calendar year basis. The calendar year prior to the applicable fiscal year will be the calendar year used for these calculations.

Any change in the cost of audit services due to a change in the scope of work or other consideration will be subject to negotiation and agreement of all parties involved.

The firm shall breakdown the basic audit fees, including all expenses as illustrated in the example below (if a fixed fee is proposed, indicate the fee for each of the five years):

	Fee for Year Ending FY 6/30/12
Financial Audit of EOCWD	\$
2. Management Letter	
Reproduction Expenses	
4. Travel Expenses	\$
TOTAL	\$

Phone consultation between Auditor and District, and any Auditor familiarization with the District, shall be included in the base fee.

In addition, include a schedule of hourly charges for principals and various staff levels to be used as a basis for audit costs that are outside the scope of the basic auditing and accounting services.

### **Audit Timeline (Approximate)**

Award of Contract	May 16, 2013
Prior to June 30, 2013	Begin interim fieldwork
September 17, 2013	Begin final fieldwork
September 30, 2012	Exit conference—Draft AJEs and Management Letter discussed
October 19, 2012	Documents due to District: - Financial Statement changes - Management Letter
November 21, 2012	Final reports to District: - Signed Opinion for Financial Report - Management Letter

#### **PROPOSAL RESPONSES**

- 1. Proposal Due Date: Wednesday, April 24, 2013
- 2. Mailing Instructions:
  - Please Mail Proposals to:

East Orange County Water District 185 N. McPherson Road Orange, CA 92869 Attn: Lisa Ohlund, General Manager

Please Title Your Envelope:

Request for Proposal Professional Auditing Services

Submit one electronic (pdf) copy of the proposal to Lisa Ohlund, General Manager at lohlund@eocwd.com.

#### **INQUIRIES AND REQUEST FOR INFORMATION**

#### **Contact Information:**

Contact: Lisa Ohlund
Title: General Manager
Phone Number: (714) 538-5815
Fax Number: (714) 538-0334

E-Mail: <u>lohlund@eocwd.com</u>

#### **EVALUATION PROCESS**

Proposals will be evaluated by EOCWD staff to ascertain which auditing firm best meets the needs of EOCWD. Factors that will be considered include:

- 1. The Request for Proposal was returned complete and in accordance with bid requirements.
- 2. Professional qualifications of the firm and proposed audit team.
- 3. Professional experience of the firm, including similar experience in like-sized water agencies.
- Professional approach to assignment and willingness to work with EOCWD staff.
- 5. Quality of references as they pertain to firm's ability to perform audit services.
- 6. The audit fee.

Based on the evaluation of the proposals according to the above criteria, the most qualified firms will be asked to participate in an oral interview.

## Affirmation and Authorization

Please sign and include this page with your proposal.

NAME OF BIDDER:				
TITLE:				
FIRM NAME:				
STREET ADDRESS:				
CITY, ZIP				
FEDERAL TAX I.D.				
TELEPHONE NUMBER:				
FAX NUMBER:				
E-MAIL ADDRESS				
The undersigned declares behalf of the above named	is authorized	to enter	into an	agreement o
Signature:				

## FY 2013-2017 Audit Services Proposal Evaluation Form

Proposals were evaluated based upon the evaluation criteria as stated below. The cost proposal was not considered until after the qualifications points were awarded.

Points	Rating
9-10	Excellent response
8-7	Insightful response
6-5	More than adequate response
4-3	Adequate response, no special insights
2-1	Inadequate response
0	No response given

Factor	Weight
Response was complete and met RFP requirements	15%
Professional qualifications of firm & team & experience with like sized water agencies	20%
Approach to work	15%
Quality of references	20%
Cost	30%

Evaluation Criteria	White Nelson Diehl Evans LLP		Nelson Diehl Evans		on hl Char ns C. Fe		Tri Da	rinek ine y & o.
	R	W	R	W	R	W		
1. Completeness of Response	9	13.5	9	13.5	9	13.5		
Firm & Team Qualifications/     Experience with like-sized water agencies	9	18.0	10	20.0	7	14.0		
3. Approach to Work	7	10.5	10	15.0	8	12.0		
4. Quality of References	9	18.0	9	18.0	8	16.0		
5. Cost	9	27.0	10	30.0	8	24.0		
TOTAL SCORE		87.0		96.5		79.5		

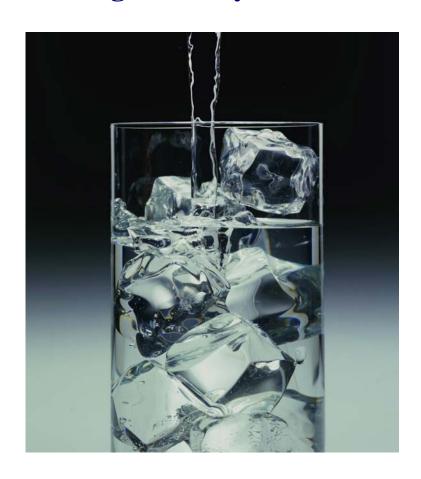
R = Rating W = Rating with Weighted Factor Applied

Cost Proposal  Firm Name	2013	2014	2015	2016	2017	Total 5-Year Cost	Ranking
White Nelson	\$13,800	\$14,200	\$14,625	\$15,070	\$15,530	\$73,225	2
Charles C. Fedak	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$70,000	1
Vavrinek Trine Day	\$17,445	\$17,445	\$17,445	\$17,968	\$18,507	\$88,810	3

# Technical Proposal Independent Auditor Services For The



## **East Orange County Water District**



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# Charles Z. Fedak, CPA, MBA Paul J. Kaymark, CPA Christopher J. Brown, CPA

## Charles Z. Fedak & Company

Certified Public Accountants An Accountancy Corporation 6081 Orange Avenue Cypress, California 90630 (714) 527-1818 (562) 598-6565 FAX (714) 527-9154 EMAIL czfco@czfcpa.com WEB www.czfcpa.com

May 7, 2013

Ms. Lisa Ohlund, General Manager East Orange County Water District 185 N. McPherson Road Orange, CA 92869

**Re: Request for Proposal for Independent Auditor Services** 

Dear Ms. Ohlund:

We appreciate the opportunity to submit our proposal to provide independent auditor services for the East Orange County Water District (District) for the years ended June 30, 2013 through 2017. In response to your inquiry of our firm, we have prepared a proposal that reflects our understanding of the District's audit requirements and demonstrates our capability and commitment to serve. We intend to demonstrate that Charles Z. Fedak & Company, CPAs is the right professional services firm for the District.

We understand that you expect a timely audit conducted in a professional manner in accordance with audit standards specific to governmental entities such as yours. We are committed to meet all the requirements you have indicated, will issue the reports, and meet the timing requirements you have specified. We believe we are uniquely qualified to provide the quality and scope of service that the District desires.

#### Focused on the Special District Industry

Our client service team members are specialists in the governmental special district sector. This means they each focus a substantial portion of their time serving special district governmental clients. We know and understand your organization and the climate you work in.

Our Firm currently audits approximately 50 water and sewer related special districts in the State of California along with 20+ other types of special districts (i.e., airport, cemetery, harbor, library, parks and recreation, transit, etc.); therefore, enabling our Firm to continuously be immersed throughout the year in the financial and operational issues of special districts like the District.

#### Organized to Serve the District

Our service approach ensures you will receive high quality, personalized service when and where you need it. By tailoring our approach, we guarantee you will receive the timely, attentive service that forms the hallmark of our approach to serving clients. Our special district governmental audit and consulting practice accounts for approximately 50% of our firm's annual services. Therefore, we have made a substantial commitment and investment to serve our special district governmental clients.

Our special district governmental experience is substantial, but it is not this factor that sets us apart from other Firms. Rather, it is the commitment to utilize those resources and experience for the benefit of our clients. Simply put, the District will become one of our most important clients and, accordingly, will receive the priority service they deserve.

Our approach to the engagement will establish a delivery system for providing a truly exceptional level of service. Each element of that system, including staffing, audit approach, communication and coordination, will be examined and refined to fit the needs of the District.

Ms. Lisa Ohlund, General Manager East Orange County Water District May 7, 2013 Page 2

The hardest to quantify may be the relationship aspects of working with one professional services firm versus another. Because of the service delivery approach we are recommending and our history of working with many special district governmental units like the District, we are confident that our firm knows how to address the unique needs of the District.

Our staff who will be assigned to the District's audit are experienced governmental professionals that have managed numerous audits. Each of our staff members has extensive experience that allows for a new outlook to the audit with innovative suggestions to improve quality and efficiency. We believe that our references will show that we are the best selection for the District. The choice of an audit firm should be based upon several factors including but not limited to: staff retention, training programs, proactively addressing governmental industry changes, and an adherence to a strict quality control program.

We have an extremely low percentage of staff turnover and we are confident that we will provide the District with consistent staff over the contract period as the continuity of staff is as important to us as it is to the District. We will be committed to the District and believe that our audit team is the best selection for the District.

We keep our clients updated on a number of accounting, auditing, finance and operational subjects continuously throughout the year through all means of communication via e-mail, letters and just by picking up the phone and having conversations about "The State of the District" throughout the year. Please know that this is part of our *Client Service Philosophy* and that this is service we provide without charge because we believe that it is very important to provide constant communication to our clients.

Our proposal represents our irrevocable offer for a period of 150 days from the date of this letter to provide audit services to the District for the years ending June 30, 2013 through 2017. If you have any questions or need additional information, please contact me at (714) 527-1818 or by e-mail at Chuck@czfcpa.com.

Please view our website www.czfcpa.com to find out more information about our Firm.

We look forward to hearing from you soon.

I. Palle CPA

Cordially.

**CHARLES Z. FEDAK & COMPANY CERTIFIED PUBLC ACCOUNTANTS** 

AN ACCOUNTANCY CORPORATION

## **Requirements of the Annual Audit**

#### **Executive Summary**

The purpose and scope of our audit will be to perform a financial and compliance audit of the District's basic financial statements and supplemental schedules in accordance with generally accepted auditing standards, and the "Standards for Audits of Governmental Organizations, Programs, Activities and Functions," promulgated by the General Accounting Office (GAO) (the Yellow-Book - 2011 Revision), as of and for the years ending on June 30, 2013 through 2017. The audit will be comprised of the following elements:

#### 1. Audit of the District's Basic Financial Statements

#### 2. Preparation of the Annual State Controller's Report, As Needed

The audit will be conducted in accordance with generally accepted accounting principles and governmental audit standards as promulgated by the Comptroller General of the United States.

#### Management Letter

The Statement on Auditing Standards (SAS) No. 115 (Revised SAS No. 112), Communicating Internal Control Related Matters Identified in an Audit, effective for periods ending on or after December 15, 2006, establishes standards and provides guidance on communicating significant deficiencies and material weaknesses to the governance board that are related to an entity's internal control over financial reporting identified in an audit of the entity's financial statements.

#### Audit Committee Letter and Meeting

The Statement on Auditing Standards (SAS) No. 114, establishes a requirement for auditors to communicate certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process. This communication, often referred to as the audit committee letter, is in addition to the requirement to communicate internal control matters and matters relating to fraud and illegal acts. This letter will address the auditor's responsibilities under generally accepted auditing standards, significant accounting policies, management judgments and accounting estimates, significant audit adjustments, other information in documents containing audited financial statements, any disagreements with management, management consultation with other accountants, major issues discussed with management prior to retention, and difficulties encountered in performing the audit.

Also, Government Auditing Standards requires an additional reporting standard that auditors must follow. It requires the auditor to communicate his/her responsibility in a financial statement audit, including responsibilities for testing and reporting on internal controls and compliance with laws and regulations. It is our desire to discharge this responsibility at the front end of the audit by presentation to the District's Audit Committee or its equivalent during an Audit Committee Audit Entrance Conference.

#### **Other Needs**

The partner in charge of the audit will be available to attend meetings of the Board of Directors to discuss and report on the audit process and the deliverables associated with the audit. We will provide the District with accounting advice regarding subjects that could affect the financial report. We consider it our responsibility to keep the District advised, on a timely basis, of any new authoritative pronouncements of an audit or reporting nature, as well as any changes in finance-related compliance requirements as they pertain to the District's reporting responsibilities.

## **Proposer Affirmations**

- A. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that it is independent of the District, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
- B. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that the firm has in place and will provide the required insurance coverage and Accord insurance form to the District upon acceptance of the audit engagement.
- C. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that the firm and all key professional staff are properly registered and licensed to practice in the State of California.
- D. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that it has the necessary experience to conduct high quality audits of local government and enterprise special districts in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.
- E. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that it will meet your timing requirements to begin and complete the audit of the District.
- F. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that it will staff the audit of the District with experienced personnel and not use these audits as training grounds for new staff and that no person designated as "key" to the project shall be removed or replaced without the prior written consent of the District
- G. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that has never been the subject of any lawsuits, claims of fraud, malpractice and/or disciplinary action by any State or Federal Agency in relation to the firm's governmental practice in its entire existence.
- H. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that it has been through more than three peer reviews with satisfactory results. Also, we have never been censured or disciplined from the State Board of Accountancy.
- I. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that we will allow the District or its designee access to pertinent District audit workpapers, financial reports and management letters.
- J. Charles Z. Fedak & Company, CPAs an Accountancy Corporation affirms that we have never filed bankruptcy, no pending litigation against the firm, no planned office closings, no impending mergers and no potential labor disputes that may impede us the ability to complete the audit for the District.

Signati	are of Official:
Name:	Charles Z. Fedak, CPA
Title:	Principal
Firm:	Charles Z. Fedak & Company, CPAs An Accountancy Corporation
Date:	May 7, 2013

## **Our Firm & Project Organization**

#### **Identification of Proposer and Geographic Location to the District**

Charles Z. Fedak & Company, CPAs, An Accountancy Corporation, consists of a main office that has been located in Cypress, California since 1981. Basically, our office is about 2 to 3 miles west of Knott's Berry Farm. From 1981 to June 30, 2004, Charles Z. Fedak & Company, CPAs was a sole-proprietorship under the direction of Charles Z. Fedak. On January 1, 2005, Charles Z. Fedak & Company, CPAs incorporated into an accountancy corporation due to the firm's expanded business practices. The accountancy corporation is wholly-owned 100% by Charles Z. Fedak. The District's main contact will be Mr. Paul J. Kaymark, Governmental Audit and Consulting Senior Manager. Our contact information can be located on our cover letter letterhead.

Charles Z. Fedak & Company, CPAs is a full service firm licensed to practice in the State of California, providing auditing services for governmental and commercial enterprises, as well as extensive tax planning for domestic and international entities. Our firm also provides extensive management services for governmental and commercial enterprises. All of the work for the District will be staffed directly out of our Cypress office and will not be subcontracted out to any other firm.

Charles Z. Fedak & Company, CPAs is fully computerized in-house and utilizes IBM ® portable computers on all audit engagements. We utilize the Creative Solutions – GoSystem ® Audit Software. This software will enable us to download a data file from your financial software and upload the information into our Audit Software. We have trained many of our clients on the use of this software and they have benefited from the use of it.

#### **Project Organization**

Our firm's philosophy is to take a team approach with our clients in the conduct of our audits. A properly developed, mutually agreeable timeline results in the most efficient audit. We want you to not only think of us as your auditor, but as a resource to be used whenever the need occurs. Also, it is our firm's philosophy to have our partners and audit managers involved in the day-to-day audit details of our clients.

The District will have an engagement partner and a governmental audit manager assigned to the audit at all times. In addition, one supervising-senior, one senior and a staff accountant (governmental auditing staff only) will be assigned to the audit. All of these team members are in the field during the time the audit fieldwork is being conducted. Each member of the team has his or her own responsibilities as follows:

The engagement partner is responsible for all services provided to the District. His main responsibilities consist of the overall planning, supervision and review of the audit testwork and preparation of the financial statements.

The governmental audit senior manager is responsible for coordinating the audit testwork and financial reporting preparation. His main responsibility will be the coordinator of the audit testwork and 50% onsite supervision and coordination of staff. Once the audit testwork is completed, he will work with the staff to complete the financial reports for the District. He will be the District's main contact throughout the year.

Our governmental audit supervising-senior, senior and staff accountant will be in the field conducting the audit testwork. Their responsibilities consist of the performance of tests of transactions, tests of internal controls and substantive procedures over the District's financial transactions and balances. Our staff will interact with the District's staff when it is convenient for them. Before discussions with your staff, we will make sure that we have all the facts so as to minimize the District's staff time requirements in providing audit assistance to us.

#### Other Services Offered

#### **Target Audit Capabilities in General Consulting and Compliance Testing**

We believe that a performance evaluation or "target audit" is an examination of an entity's department or function in order to assess efficient use of resources and program control effectiveness. Like a financial audit, a target audit involves an examination of organizational and/or departmental policies and procedures, compliance with those policies and procedures and internal controls to see how well the organization or department is meeting its standards. Target audits may address the organizational structure, finances, general management or workload and may be broad or narrow in scope.

A target audit is usually comprised of the following actions:

- Understanding certain objectives of an entity or division
- Determining current facts and conditions that reflect those objectives
- Defining problems and pointing out improvement opportunities
- Reporting of the findings and recommendations

The *core* of the target audit process is a series of interviews and other data gathering activities as determined is necessary. Once the data is gathered, certain conclusions can be made and the focus of the findings and recommendations can be prepared.

The target audit should assess the efficiency, quality and equality of certain matters within a division or function. Also, the target audit should assess the approach, design and merit of the controls and programs that are being offered and determine how these areas might be better aligned.

A well-administered target audit can provide evaluations that reflect how an organization is managing its financial and operational resources. A target audit that possesses valid and measurable objectives keeps an entity true to its purpose. Using data from the target audit to measure an entity's successes allows the entity to determine if it is meeting its fundamental objectives and adjust its efforts in order to achieve broader goals.

We have utilized this understanding in the performance of the following target audits for numerous clients:

- Board member expenditure reimbursements AB-1234 compliance
- Budgets and financial forecasts
- Check issuance and wire transfers
- Cash collection management
- Investment management
- Investment portfolio administration
- Investment policies and modifications thereto
- Analysis of investment yields to market returns
- Water and wastewater billing procedures
- Contractual agreement compliance
- Central purchasing
- Warehouse controls and inventory systems
- Card-lock fueling systems
- Inter-District cost-sharing charges and charge-backs.
- Analysis of input and access controls related to the new financial software system
- Organizational analysis of finance and accounting departments
- Accounting for development projects and fees to comply with AB-1600 revenues

### **Peer Review**

During the week of March 4<sup>th</sup> thru March 8<sup>th</sup>, 2013, Charles Z. Fedak & Company, CPAs, underwent its every three-year required Quality Control Review (Peer Review). The review was conducted in accordance with standards established by the Peer Review Board of the AICPA. We are happy to announce that our Firm received an unqualified opinion (PASS) from the CPA Firm conducting the Peer Review. See the following Peer Review letter attached.

#### **Quality Control**

The Board of Directors of the District can measure the quality of the opinions expressed by Charles Z. Fedak & Company, CPAs by evaluating the level of professional standards maintained by the firm as discussed in this proposal. The Board of Directors can also measure the performance of the firm by its evaluation of the firm's quality control as evidence by its participation in the profession's peer review process as well as evaluating the Firm's professional standards and quality of work ethic in discussions with the Firm's current client base in the special district industry.

We are pleased to announce the successful completion of our most recent independent quality review of our accounting and auditing practice, which included a review of both commercial and governmental audit engagements. Our Firm's governmental audit engagements were reviewed as they related to governmental agencies and other special districts in the field of governmental auditing. After a thorough study of our procedures and work practices, the reviewers concluded that our firm complies with the stringent quality control standards established by the American Institute of Certified Public Accountants (AICPA). Our firm has received an unqualified opinion in every independent quality review that it has participated in since its inception of the program by the profession.

A team of independent CPAs, who were appointed by the California Society of Certified Public Accountants, conducted the review. Using guidelines established by the AICPA, the reviewers determined that Charles Z. Fedak & Company, CPAs has an effective quality control system and that our accounting and auditing work conforms to professional standards. The firm has not had any clients who have been the subject of any desk reviews. Charles Z. Fedak & Company, CPAs has never been the subject of any disciplinary action by any State or Federal Agency in its entire existence.

Our continued participation in required periodic quality reviews, our voluntary membership in the AICPA and California Society of CPAs, as well as our continuing professional education supports our commitment to quality and our high standards for client service.

Charles Z. Fedak & Company, CPAs is an equal opportunity employer and certifies that our firm is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all other applicable federal and state laws and regulations relating to equal opportunity employment, including Executive Order No. 11246 of June 24, 1965. Our firm is committed to affirmative action in hiring practices.

## Marcia J. Hein, CPA

807 Marble Drive
Fort Collins, CO 80526
Phone and fax: (970) 282-8229 e-mail: marcia@mjh-cpa.com

System Review Report

March 22, 2013

To the Shareholder Charles Z. Fedak & Company, CPAs, An Accountancy Corporation and the Peer Review Committee of the California Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of Charles Z. Fedak & Company, CPAs, An Accountancy Corporation (the firm) in effect for the year ended September 30, 2012. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of my peer review, I considered reviews by regulatory entities, if applicable, in determining the nature and extent of my procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at <a href="https://www.aicpa.org/prsummary">www.aicpa.org/prsummary</a>.

As required by the standards, engagements selected for review included engagements performed under the Government Auditing Standards.

In my opinion, the system of quality control for the accounting and auditing practice of Charles Z. Fedak & Company, CPAs, An Accountancy Corporation in effect for the year ended September 30, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Charles Z. Fedak & Company, CPAs, An Accountancy Corporation has received a peer review rating of pass.

Marcia J. Hein, CPA

Marcia J. Hin, CPA

## **Special District Clients Served**

## "We Are Committed to the Special District Industry!"

The following is a listing of our Special District Clients served by County

#### Kern County

Bear Valley Community Services District Rosamond Community Services District Stallion Springs Community Services District

#### Los Angeles County

Altadena Library District
Castaic Lake Water Agency
Cresenta Valley Water District
Greater Los Angles County Vector Control District
Long Beach Water Department

Long Beach Water Department
Palmdale Water District

Palos Verdes Library District

San Gabriel Valley Municipal Water District

Sanitation Districts of LA County
Southern California Library Cooperative

Valley County Water District Water Replenishment District

Wilmington Cemetery District

#### Orange County

Buena Park Library District
Capistrano Bay Community Services District
East Orange County Water District
Irvine Ranch Water District
Mesa Consolidated Water District

Nature Reserve of Orange County
Rossmoor/Los Alamitos Area Sewer District
Trabuco Canyon Water District
Southern California Coastal Water Resources Auth

Yorba Linda Water District

#### Riverside County

Beaumont-Cherry Valley Water District
Cabazon Water District
Coachella Valley Mosquito and Vector Control
Farm Mutual Water Company
Jurupa Community Services District
Lake Elsinore & San Jacinto Watersheds Auth

Northwest Mosquito and Vector Control Santa Ana Watershed Project Authority

Temecula Public Cemetery District Western Municipal Water District

Western Riverside County Regional Wastewater

#### Santa Barbara County

Goleta Water District
Montecito Water District
Santa Maria Public Airport Authority
Summerland Sanitary District

#### San Bernardino County

Baldy Mesa Water District
Big Bear City Community Services District
Big River Community Services District
Chino Basin Water Conservation District

Chino Basin Watermaster

**Hi-Desert Water District** 

Mojave Water Agency

Monte Vista Water District

Phelan Pinon Hills Community Services District

Pomona Valley Protective Agency

San Bernardino Valley Water Conservation District

Victor Valley Wastewater Reclamation Authority

Victor Valley Water District

Victorville Water District

Water Facilities Authority - JPA

West Valley Mosquito and Vector Control District
West Valley Water District

#### San Diego County

Leucadia Wastewater District

North County Dispatch - JPA
Public Agency Self-Insurance System
Rancho Santa Fe Fire Protection District
Vallecitos Water District

#### Ventura County

Casitas Municipal Water District

**Gold Coast Transit** 

**Oxnard Harbor District** 

Pleasant Valley Recreation and Park District Saticoy Sanitary District

**Triunfo Sanitation District** 

Trunjo Suntation District

Ventura County Regional Energy Alliance Ventura County Resource Conservation District Ventura Regional Sanitation District

#### Northern California/Bay Area

Inverness Public Utilities District North Coast County Water District North Marin Water District Novato Sanitary District Purissima Hills Water District

Sacramento Suburban Water District

San Lorenzo Valley Water District

Santa Clara County Open Space Authority

Saratoga Cemetery District

Soquel Creek Water District

Tres Pinos Water District

Westborough Water District

## **Professional References**

#### **Experience and Technical Competence**

We have prepared a listing of some of our governmental audit clients on the previous page. We believe that this listing exemplifies that we have significant experience in conducting high quality audits of local governments and enterprise special districts. The governmental audit team that we have assembled for the District may have conducted some of these audits over the past year. Our team has significant experience in auditing water and wastewater governmental agencies. Also, some members of our team, while working for other firms, have worked with clients that are or have electric power utilities – such as Metropolitan Water District.

#### Member of the Water and Wastewater Special District Audit Team

Audit Team members that have been selected for this audit engagement have been on the audit teams of the following ten clients. Please use these client references as references of audit work performed.

Presented below are ten client references of officials of California Special Districts and/or agencies who currently conduct enterprise type activities. Please do not hesitate to contact these references regarding our firm and the high level of service we provide.

- Mrs. Denise Collin, Dir of Fin.
   Casitas Municipal Water District
   805. 649.2251 x 103
   dcollin@casitaswater.com
- 2. Mr. Carlos Corrales, Controller Castaic Lake Water District 661.297.1600 x 237 ccorrales@clwa.org
- 3. Ms. Kathy Cortner, CFO

  Mojave Water Agency
  760.946.7054
  kcortner@mojavewater.org
- 4. Mrs. Deborah Sousa, Dir of Fin. West Valley Water District 909.875.1804 x 706 dsousa@wvwd.org
- 5. Mr. Ray Harton, Finance Mngr.

  Monte Vista Water District
  909.624.0035 x 110
  rharton@mvwd.org

- 6. Dennis Hoffmeyer, Acct Mngr Palmdale Water District 661-456-1021 dhoffmeyer@palmdalewater.org
- 7. Mr. Rod leMond, CFO
  Western Muni Water District
  951.789.5003
  rlemond@wmwd.com
- 8. Ms. Karen Williams, CFO
  Santa Ana Watershed Pro Auth
  951.354.4231
  kwilliams@sawpa.org
- 9. Mr. Frank Luckino, CFO
  Hi-Desert Water District
  760-228-6282
  frankl@hdwd.com
- 10. Ms. Cindy Navarolli, Treasurer **Trabuco Canyon Water District** 949-8580277 cnavarolli@tcwd.ca.gov

## **Summary of Qualifications of Personnel**

#### **Key Staffing**

We have included resumes of the engagement partner, governmental audit managers who will be in charge of the fieldwork for the audit. All staff assigned to the engagement for the District are licensed as Certified Public Accountants in the State of California or in the process of attaining their license.

#### Engagement Partner

Charles Z. Fedak is a CPA in the State of California and has been in public accounting for 38 years, having worked seven years at the national firm level before starting his own practice in January of 1981. Mr. Fedak holds a Bachelors of Science Degree in Accounting and a Masters in Business Administration from California State University, Long Beach. He has had extensive experience in the audits of governmental entities including cities, towns, and special districts while working at the national firm level as well as in our own firm.

Mr. Fedak has also participated in various tours and educational trips sponsored by the Metropolitan Water District including the southern section of the Colorado River and the northern portion of the California Delta as they both relate to the State Water Project.

#### Governmental Audit Senior Manager

Paul J. Kaymark is a CPA in the State of California and has over 18 years of experience in public accounting and auditing governmental entities Mr. Kaymark has extensive experience in the areas of governmental and not-for-profit financial reporting through working with and advising local governmental entities and not-for-profits organizations in the Southern California area.

A native of California, Mr. Kaymark earned his Bachelor of Science degree from California State University, Long Beach, in 1994. Following graduation, he began working in public accounting for a big-five firm in downtown Los Angeles and then a mid-tier firm in July of 1999. In the fall of 2002, he joined our firm.

Mr. Kaymark has also provided significant other services to various governmental and not-for-profit entities. In these engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures manuals and operational and organizational reviews of accounting departments. He has also been involved in the implementation of performance management budgeting and planning processes, financial reviews, trend analysis, cash management practices and utility rate setting.

Mr. Kaymark has also participated in various tours and educational trips sponsored by the Metropolitan Water District including the southern section of the Colorado River and just this last Spring on the Agricultural Tour.

#### Governmental – Supervisor, Senior and Staff Accountants

This engagement will be staffed with our governmental audit senior manager, a governmental audit manager, governmental audit supervisor and governmental audit senior at the time we perform the interim and year-end audit. Our team members are as follows:

Ms. Melissa Ochoa – Engagement Audit Manager – 8 years of governmental audit experience

Ms. Alicia Adams – Engagement Supervisor – 5 years of governmental audit experience

Staff Auditors may be selected from the staff pool based on the availability of their schedules at the time of fieldwork.

#### Detailed resumes of our audit team follow

## **Resumes of Key Personnel**

## CHARLES Z. FEDAK, CPA ENGAGEMENT PARTNER

#### **Education**

1973 - Bachelor of Science - Business Administration: Accountancy California State University, Long Beach

1984 - Master of Business Administration California State University, Long Beach

#### **Employment Record**

1/81 - Present

Principal in the firm of
Charles Z. Fedak & Company, CPAs
An Accountancy Corporation
Cypress, California

2/75 - 1/80

KPMG Peat Marwick
Formerly: KMG Main Hurdman
Certified Public Accountants
Newport Beach, California

6/73 - 2/75

Ernst & Young, CPAs
Formerly: Ernst & Whinney & Co.,
Certified Public Accountants

## Work Experience

Auditing of governmental and non-profit entities as well as medium to large manufacturing, construction and service oriented corporations. Thoroughly knowledgeable in Generally Accepted Accounting Principles, Governmental Accounting, and Auditing Standards as well as the Single Audit Act. Work experience also includes tax planning and preparation at the corporate, individual, estate and trust levels.

#### **Business Qualifications - Associations**

- ◆ Certified Public Accountant State of California
- Member of California State Society of Certified Public Accountants

Santa Ana, California

- ♦ Member of American Institute of Certified Public Accountants
- Member of the National Association of Corporate Directors
- 40+ Hours Per Year in Professional Education in Auditing and Governmental Accounting

#### Public Work

Member of Board of Directors – Molina Healthcare, Inc. (MOH) New York Stock Exchange since 2002

- ♦ Chairman, Compensation Committee MOH; 2002 2006
- ♦ Chairman, Audit Committee MOH; 2004 Present

## **Resumes of Key Personnel, continued**

## PAUL J. KAYMARK, CPA AUDIT SENIOR MANAGER

#### **Education**

1994 - Bachelor of Science - Business Administration: Accountancy California State University, Long Beach

#### **Employment Record**

10/02 - Present Governmental Audit & Consulting Senior Manager

Charles Z. Fedak & Company, CPAs

An Accountancy Corporation

Cypress, California

07/99 - 09/02 Governmental Audit & Consulting Manager

McGladrey & Pullen, LLP

Anaheim & Riverside, California

09/94 - 07/99 Supervising Senior – Public Services Sector

KPMG, LLP

Los Angeles & Costa Mesa, California

#### Work Experience

Over seventeen years of experience in public accounting and auditing governmental entities and not-for-profit organizations. Extensive experience in the area of governmental financial and compliance reporting. Present reviewer of comprehensive annual financial reports for the California Society of Municipal Finance Officers Financial Report Awards Program.

#### **Business Qualifications - Associations**

- ♦ Certified Public Accountant State of California
- ♦ Member of California State Society of Certified Public Accountants
- Member of American Institute of Certified Public Accountants
- ♦ Member of Government Finance Offices Association
- Member of California Society of Municipal Finance Officers Association
- 40+ Hours Per Year in Professional Education in Auditing and Governmental Accounting

#### Various Water District Client's Managed while working for KPMG, LLP in the Los Angeles office

- ♦ Metropolitan Water District of Southern California
- ♦ San Diego County Water Authority
- ♦ Imperial Irrigation District
- ♦ City of Los Angeles Department of Water & Power
- ♦ Glendale Water and Power

Mr. Kaymark has provided significant audit and consulting services to various governmental entities. In these consulting engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures manuals and operational and organizational reviews of accounting departments. He has also been involved in the implementation of performance management budgeting and planning processes.

## Resumes of Key Personnel, continued

## MELISSA OCHOA, CPA AUDIT MANAGER

#### Education

1998 - Bachelor of Science - Business Administration: Accountancy California State University, Fullerton

#### **Employment Record**

11/05 - Present Manager - Governmental Audit & Consulting

Charles Z. Fedak & Company Certified Public Accountants An Accountancy Corporation

Cypress, California

#### **Work Experience**

Eight years of experience in public accounting and auditing governmental entities and not-for-profit organizations. Extensive experience in the area of governmental financial and compliance reporting.

#### **Business Qualifications**

- ♦ Certified Public Accountant State of California
- ♦ Member of California State Society of Certified Public Accountants
- ♦ Member of American Institute of Certified Public Accountants
- ♦ 40+ Hours Per Year in Professional Education in Auditing and Governmental Accounting

#### Client's Served

#### Ms. Ochoa is the Engagement Manager on 40%-45% of the Special District clients served.

Ms. Adams has provided significant audit and accounting services to various governmental entities. In these accounting engagements, she has been involved in the strategic planning processes, design and implementation of policies and procedures with our clients. She has worked on various consulting projects with our clients throughout the year.

## **Resumes of Key Personnel, continued**

## ALICIA ADAMS AUDIT SUPERVISOR

#### **Education**

2007 - Bachelor of Science - Business Administration: Accountancy University of Washington

#### **Employment Record**

06/10 - Present Supervisor - Governmental Audit & Consulting

Charles Z. Fedak & Company Certified Public Accountants An Accountancy Corporation

Cypress, California

09/07 – 06/10 Senior - Governmental Audit & Consulting

PricewaterhouseCoopers Seattle, Washington

#### Work Experience

Four years of experience in public accounting and auditing governmental entities and not-for-profit organizations. Extensive experience in the area of governmental financial and compliance reporting.

#### **Business Qualifications - Associations**

- ♦ Member of California State Society of Certified Public Accountants
- ♦ Member of American Institute of Certified Public Accountants
- 40+ Hours Per Year in Professional Education in Auditing and Governmental Accounting

#### Client's Served

#### Ms. Adams is the Engagement Supervisor on 40%-45% of the Special District clients served.

Ms. Adams has provided significant audit and accounting services to various governmental entities. In these accounting engagements, she has been involved in the strategic planning processes, design and implementation of policies and procedures with our clients. She was work on various consulting projects with our clients throughout the year.

## Our Approach to the Audit

#### **Audit Approach**

Our Firm's audit approach is tailored to each client in the following manner:

- We understand the significant work requirements of our clients. We work with our client's schedules when scheduling segments of the audit or requesting documentation in order to minimize disruption during the audit process.
- ♦ We strive to utilize accounting support already prepared by our clients in order to avoid duplication or unnecessary requests for audit supporting schedules.
- We have developed an audit-binder strategy that has worked well with our governmental clients to analyze the audit supporting schedule that agree with the trial balance.
- Our staff is trained and familiar with government accounting and audit concepts, so you will see the difference in working with our professional staff.
- We audit various large and small governmental organizations, which has allowed us to consult with our clients on implementing various best-practices in their organizations.
- We believe constant communication is the most important part of the audit process, so we ask that if you ever have any questions about any financial, accounting or audit issues please contact us anytime throughout the year.

#### **Audit Planning**

Planning is necessary to ensure a quality audit, efficient use of professional staff and timely delivery of reports. Adequate planning of the audit is essential to minimize disruption of the ongoing daily operations of the District. We have developed a comprehensive, efficient planning process.

We will begin the planning of the audit upon notification of award of the contract. Tasks to be accomplished during this phase include:

- ♦ We will conduct an Audit Entrance Conference with the audit/finance committee and management to discuss the scope and dates of the interim and final audit testwork, availability of the District's accounting staff, prior audit problems encountered, the extent of interim audit testwork to be performed, establishment of an overall District liaison for the audit, and arrangements for workspace and other needs to conduct the audit testwork.
- Develop the program to study and evaluate internal controls
- Conferences with the audit team and District personnel to discuss the scope and timing of the audit and anticipated areas of audit emphasis.
- Complete an analytical view of the District's year-to-date financial information and the District's budget and related materials.
- Develop and submit an interim and final audit testwork schedule for the District's approval.

Analytical procedures will be utilized in planning the audit which will focus on:

- Enhancing our understanding of the District and the transactions and events that have occurred since its last year audit; and
- Identifying areas that may represent specific risks relevant to the audit (assessment of control risk).

Critical audit areas will be identified for purposes of sampling of transactions and other audit tests in conjunction with determining whether reliance can be placed upon the District's system of internal accounting controls.

We will be evaluating the following cycles of the District:

- Cash Reconciliation and Investment Reporting;
- ◆ Account Billing and Cash Collection of Customers User Charges;
- ◆ Cash Receipting and Posting Tax Allocations
- Capital Asset Inventory and Depreciation Accounting
- Purchasing/Accounts Payable and Cash Disbursements; and
- ◆ Payroll Accounting and Disbursement/Personnel Services.

We will identify areas of potential concern to District management.

Based upon our planning procedures we will develop levels of materiality for audit testing and develop and tailor our audit program of the District.

#### Interim Audit Testwork

In conjunction with our planning of the engagement, we will perform our *interim audit testwork*. We will have evaluated the critical audit areas and assessed the audit control risk. Our review of the District's internal control structure will be by questionnaire, and procedural write-up of your accounting system.

Each of the approaches requires inquiry and observation of District personnel and will incorporate the audit requirements of SAS 99 – *Consideration of Fraud in Financial Statement Audit.* Comments and recommendations relating to the accounting system will be discussed with appropriate District personnel and where appropriate be included in our management letter which will be issued at the conclusion of the examination.

Additional procedures that will be accomplished during our interim audit procedures include the following:

- Review of the District's internal control structure and communication of recommendations to the District's management team concerning District policies and procedures.
- ♦ Substantive testing of audit areas where reliance can be placed upon internal control structure for audit purposes. (Minimum of 25 selections per area revenue, expenses, payroll, capital assets)
- Reviewing of minutes of the Governing Board.
- Evaluation of any unusual items noted from our analytical procedures.
- Reviewing of important contracts, debt issues, leases and joint power agreements.
- Performing required compliance and internal control testing relating to the federal grant programs of the District, if any.
- Providing the District with suggestions regarding the closing of the District's books after year end. Our assistance and communication in the closing of the District's books is expected to minimize the number of audit adjustments required after the close of District's books.

#### Final Audit Testwork

After the final closing of the District's books and preparation of final trial balances and audit supporting schedule by District personnel, we will commence performing our *final audit testwork*.

Our final examination will include analysis of critical audit areas which we deem necessary, including:

- Analysis of cash and investment balances to online bank and brokerage websites
- Analysis of bank reconciliations.
- Analysis of allocations of interest income.
- Analysis of delinquent accounts receivable balances.
- Search for unrecorded liabilities.
- Analysis of long term debt balances.
- Analysis and proper valuation of the liabilities for compensated absences.
- Analysis of support for other significant assets and liabilities of the District.
- Analysis of the proper establishment of reserves and designations.
- Analysis of significant events after year end (through the completion of our audit).
- Analysis of attorney letters for significant legal matters affecting the District's financial position.
- ♦ Analysis of revenues and expenditures and lesser significant asset and liability balances through analytical procedures and other substantive procedures as necessary.

The abovementioned analysis and inquires are only a few of the tests performed during the examination and by no means is it meant to be all inclusive.

#### **Audit Completion**

At the completion of the audit each year, we will meet with the District's management team to review our audit findings and any adjusting journal entries. Also, we will conduct an Audit Exit Conference to discuss the completion of the audit and the reporting timetable.

#### **Understand the District and the District's Business**

We will gather information about the District. This will include prior audit reports and current year budgets. Our understanding will include:

- ◆ External Factors affecting the District including the State and Federal regulatory environment and environmental requirements that affect the District.
- Nature of the District's Business its operations, governance, types of investments it makes and plans to make, bonded indebtedness it has or plans to finance.
- ♦ *Strategies and Business Risks* which may result in material misstatement of the financial statements as a whole, or individual assertions.
- ♦ *Measurement and Review of Financial Performance* we will determine with management those indictors management believes to be important for its management of the District.
- ♦ *Internal Controls* which consists of five components
  - The Control Environment
  - Risk Assessment
  - Information and Communication
  - Control Activities and
  - Monitoring

These components may operate at the entity level or the component unit business process activity level. Obtaining an appropriate understanding of internal control will require our Firm to understand and evaluate the design of all five components of internal control and determine whether the controls are in use at the District.

#### **Performing Risk Assessments and Other Procedures**

The audit procedures we will perform to obtain an understanding of the District and its internal control are referred to as risk assessment procedures. We will use the information we obtain by performing risk assessment procedures to support our assessments of the risks of material misstatement. Our risk assessment procedures will include:

- ♦ Inquiries of management
- Analytical Procedures
- ♦ Observation
- ♦ Inspection of Documents

#### **Assessing the Risk of Material Misstatement**

The risk of material misstatement is the risk that an account balance, class of transactions or disclosures, and relevant assertions are materially misstated. The risk of material misstatement consists of the following two components:

- ◆ Inherent Risk the susceptibility of a relevant assertion to a material misstatement that could be material, either individually or when aggregated with other misstatements, assuming that there are no related controls.
- ♦ Control Risk is the risk that a material misstatement that could occur in a relevant assertion and that could be material, either individually or when aggregated with other misstatements, will not be prevented or detected on a timely basis by the entity's internal control.

Inherent risk and control risk are the District's risks; that is they exist independently of our audit. Our risk assessment procedures will help better assess these District risks, but do not alter the District's existing inherent and control risks.

#### **Assessing Versus Testing Controls**

If we have assessed controls as effective based upon our review of their design and an observation that they have been implemented (that is placed in operation) based solely on that assessment, we would not necessarily have an adequate basis for considering that *control risk* if low (or event moderate). As part of our audit strategy we would consider further evidence of the effective operation of controls through *sufficient tests of controls* to reach that conclusion.

#### **Financial Statement Level and the Assertion Level Risks**

We will identify and assess the risks of material misstatement at both the financial statement level and relevant assertion level.

- ♦ Financial Statement Level Risks and Controls Some risks of material misstatement relate persuasively to the financial statements taken as whole and potentially affect many relevant accounts and assertions. These risks of the financial statement level may be identifiable with specific assertions of the class of transaction, account balance or disclosure level. These are also called Entity Level Controls.
- ♦ Relevant Assertion Level Risk and Controls Other risk of material misstatement relate to specific classes of transactions, account balances, and disclosures at the assertion level, for example, the valuation of unbilled water and bas receivables. Our risk assessment at the assertion level provides a basis for considering the appropriate audit approach for designing and performing further audit procedures, which include substantive procedures and may also include test of controls. Assertion level risks are also referred to as Activity Level Risks.

#### **Responding to Assessed Risks**

The risk assessment process culminates with our articulation of the account balances, classes of transactions or disclosures where material misstatements are most likely to occur given the unique circumstances of the District. This assessment of the risk of misstatement, which relates identified risks to what can go wrong at the assertion level, provides a basis for designing and performing further audit procedures Further audit procedures are defined as tests of controls and substantive tests. Often a combined approach using both tests of controls and substantive procedures is an effective approach.

#### **Identification and Communication of Internal Control Matters**

The objective of our audit is to form an opinion on the District's financial statements taken as a whole. Our objective is not to identify deficiencies in internal; however when control deficiencies are identified in the course of our audit and if they constitute significant deficiencies or material weaknesses, we will communicate in writing those deficiencies to management and the Board of Directors of the District.

#### **Audit Documentation**

We will document matters pertaining to each phase of the risk assessment process. The audit documentation will clearly demonstrate procedures performed, results, evidence obtained and conclusions reached.

#### **Consideration of Laws and Regulations**

Our audit approach recognizes the importance of laws and regulations in planning the audit of a local governmental entity. As a part of the audit, our firm obtains an understanding of those laws and regulations that have a direct and material effect on the determination of financial statement amounts. We then design the audit to provide reasonable assurance of detecting material instances of noncompliance that will have a direct and material effect on the determination of financial statement amounts.

#### Communication with Management and the Board

In addition to our written reports and letters, we believe an oral presentation to the District's management and the Board, if requested, to be a minimum service provided by the auditors and would be pleased to schedule a mutually convenient time for such a presentation at the conclusion of the engagement.

#### Written Communication

A major benefit of employing outside auditors is the opportunity for the District's Board and management to receive comments about various aspects of their operations from qualified, independent professionals. We will issue three letters, which will give you such comments: the *Internal Control Letter*, the *Management Letter*, and the *Board Letter*.

The *Internal Control Letter* will communicate any reportable conditions we noted during our evaluation of those controls for the limited purpose of determining the nature, timing and extent of audit procedures to be performed. This letter will also contain our recommendations for any improvements in those controls, which might be needed.

The *Management Letter* will provide prioritized ideas and recommendations to help take advantage of specific opportunities to promote operational efficiency, achieve financial goals and help you improve effectiveness and efficiency within your operations

The *Board Letter* will communicate the auditor's responsibility under generally accepted auditing standards, significant accounting policies, management judgments and accounting estimates, significant audit adjustments, other information in documents containing audited financial statements, disagreements with management, management consultations with other accountants, major issues discussed with management prior to retention, and any difficulties encountered in performing the audit.

The preparation of these communications is an essential part of our work. Management and Internal Control Letters are authored by the senior members of the audit team, in conjunction with the partner in charge of the engagement.

Our ability to provide innovative suggestions and ideas to management sets us apart from other Firms. Our assistance centers on practical solutions, which can be implemented. A goal we have with every client is to provide management advice that will generate significant annual savings.

#### Other Assistance

Providing management assistance requires more than having talented people on staff. First, we assign experienced senior level professionals to our engagements. Our client base of governmental entities and commercial companies demands broad business and industry experience, as well as technical expertise. Those talented professionals have to be exposed to clients and develop an in-depth understanding of particular situations.

Second, we actively look for opportunities to provide assistance. We try to initiate rather than respond. If we believe a situation is developing, we will approach the client, offer to investigate and provide recommendations. If a formal project to address the problem is called for, we will define the approach, execute the assignment and follow through with implementation assistance.

#### Timing of Our Procedures

We understand that the District is looking for value in the professional relationship they have with their auditors. Value comes from the knowledge, experience and dedication that the auditing Firm employs. We stress <u>employ</u> because all of the knowledge and expertise shown on paper will have no benefit for you unless it is applied. This application equates to time spent. We have developed an audit plan that we feel will accomplish the objectives of the District and meet your special needs.

In order to accomplish our audit objectives and meet your deadlines for delivery, the sequence and timing of our procedures are critical. Interim work is to be performed during the months of April through June (District preference of dates) of each year; year-end fieldwork to begin in September of each year (District preference of Dates), concluding by the week of September 30<sup>th</sup> of each year; and delivery of the Final auditor's opinions on the financial statements and Management Letter no later than November 20<sup>th</sup> of each year or earlier per District requirements.

In the table that follows, we provide a summary of our planned activities and their timing:

	Activity
Timing	(See Appendix A for more details)
March or April (schedule meeting	Conduct audit entrance conference.
during this period)	
During April to June each year	Perform preliminary procedures including: transition efforts,
(2 to 3 days scheduled during this	initial control assessments, minute and contract/major agreement
period at the District's convenience)	review, major transaction review, conduct EDP review, final
	controls assessment, determination of specific audit procedures,
	provide finance department with audit plan and listing of audit
	schedules required, conduct progress conference with key Finance
	personnel. Complete test for Federal Awards.
During September	Commence audit fieldwork and execute detailed audit plan,
( 2 to 3 working days during this	conduct progress conference with key Finance personnel.
period)	Complete Single Audit Testwork, if necessary
By October 10 <sup>th</sup>	Present drafts of the Annual Financial Report Opinions,
	Management Report, Other Letters and conduct an exit
	conference.
By October 19 <sup>th</sup>	Provide final recommendations, revisions and suggestions of the
	District Financials.
By November 20 <sup>th</sup>	Deliver Final Opinions and then Present the Financials to Board.

#### Knowledge and Understanding of Local Environment

As noted previously, the engagement senior manager and partner have strived to be experts for their clients in the water and wastewater industry. We have continuously kept ourselves apprised of the water and power issues in Southern California over the past years. Also, the Metropolitan Water District of Southern California and the Inland Empire Utilities Agency invited us to participate in the Lower Colorado River and Agricultural tours.

#### **Professional Education**

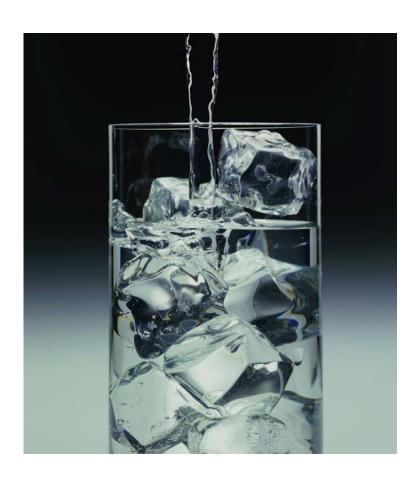
It is a requirement of the State Board of Accountancy for all public accounting firms who are involved in governmental auditing to allocate a specific portion of continuing education in governmental accounting and auditing every two years. Charles Z. Fedak & Company, CPAs has met this requirement for all staff involved with governmental accounting and auditing. The firm's strict adherence to these continuing professional education standards insures the highest quality of staff assigned to the audit of the San Bernardino Associated Governments over the term of our agreement. Our firm also requires that all personnel at all organizational levels adhere to the independence rules, regulations, interpretations, and rulings of the AICPA, California State Society of CPAs, State Board of Accountancy, State Statute, and in some cases, the Securities and Exchange Commission and other regulatory agencies. Charles Z. Fedak & Company, CPAs has never been the object of any disciplinary action in its entire existence.

Charles Z. Fedak & Company, CPAs is independent with respect to performing the annual audit of the District. Charles Z. Fedak & Company, CPAs currently maintains errors and omissions insurance coverage in the aggregate amount of one million dollars and two million dollars general liability.

# Cost Proposal Independent Auditor Services For The



## **East Orange County Water District**



# Charles Z. Fedak, CPA, MBA Paul J. Kaymark, CPA Christopher J. Brown, CPA

## Charles Z. Fedak & Company

Certified Public Accountants An Accountancy Corporation 6081 Orange Avenue Cypress, California 90630 (714) 527-1818 (562) 598-6565 FAX (714) 527-9154 EMAIL czfco@czfcpa.com WEB www.czfcpa.com

May 7, 2013

Ms. Lisa Ohlund, General Manager East Orange County Water District 185 N. McPherson Road Orange, CA 92869

Re: Request for Proposal for Independent Auditor Services

Dear Ms. Ohlund:

Based on our understanding of the East Orange County Water District's (District) requirements, our fee for audit services for the fiscal year ending **June 30, 2013** is \$13,500. This fee is based on our understanding of the District's audit requirements.

Assuming there is no substantial change in the District's activities and operations, our fee for audit services for the fiscal years ending **June 30**, **2014 through 2017** would be \$13,500 per year, respectively.

Our estimate for out-of-pocket expenses is part of our operating rate structure. Again, these fees are based on the estimated costs to complete the audit.

The cost for the Preparation of the Annual State Controller's Report is priced as Other Items as requested or needed by the District each year.

The components of this audit services fee proposal for the years ending **June 30, 2013 through 2017** are itemized in the attached Exhibits.

Our not-to-exceed fee proposal is contingent upon our understanding of your requirements and the assistance we require as noted in our original audit technical proposal.

Additional services not included in this proposal will be based on our discounted billing rates based on the level of experience required. We would execute a separate contract for these services, if they are requested by the District.

I am authorized to make representations for Charles Z. Fedak & Company, CPAs an Accountancy Corporation and am duly authorized to sign a contract with the District.

Charle Tolde CPA		
	May 7, 2013	
Charles Z. Fedak, CPA	Date	

## Exhibit I – Proposed Hours and Our Fees

#### **Proposed Hours and Our Fees**

We anticipate that, for the years ending June 30, 2013 through 2017, the audit of the District will approximate 120 audit hours. These hours, by major area, are summarized as follows:

Audit Steps	<b>Partner</b>	<b>Manager</b>	<b>Staff</b>	<u>Total</u>
Planning	1	4	10	15
Control Testwork	2	6	16	24
Substantive Testwork	3	20	24	47
Reporting	<u>4</u>	<u>10</u>	<u>20</u>	<u>34</u>
Total Hours	<u>10</u>	<u>40</u>	<u>70</u>	<u>120</u>

As shown above, we expect approximately 42% of engagement hours to come from the Partners and Managers assigned to the engagement.

Working on the premise that we will be provided with a year-end trial balance, along with an audit package of reconciled balances and supporting schedules of all balance sheet accounts, we expect to perform the audit of the District at fees as stated in the attached Schedule of Professional Fees on Pages 3 and 4 for the years ending June 30, 2013 through 2017, respectively.

Our fees are based on the product of the time spent on the engagement and the billing rates of the individuals assigned, plus out-of-pocket costs (such as, report reproductions, typing, postage, travel, copies, telephone, etc.). We will obtain the assistance of the District's personnel to the extent possible and otherwise endeavor to keep these charges to a minimum. We will submit progress billings monthly to your office as our work progresses, which will be due and payable thirty days from the date of the invoice.

Based upon the present size and scope of the activities of the District, we expect to perform the services enumerated above at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audits.

In accordance with your request for proposal and the Office of Management and Budget Circular A-128, we will maintain our work papers for at least five years and make them available to the District, state agencies, the General Accounting Office, and other parties upon the direction of the District.

We want the Board to understand that we will provide <u>any</u> assistance and answer <u>any</u> questions that the District's staff or members of the Board may have when they arise for the entire duration of our contract. We find it important to stay abreast of the District's activities and accounting issues during the entire engagement.

We would like to thank you and the Board for the opportunity to submit a proposal for the auditing services of the District. Because of our experience in special districts and our interest in the District, we will provide you with assistance in your operations as well as meet the audit needs of the organization. We will also continually make recommendations on these and other matters that come to our attention. We are proud of the professional services we provide and encourage you to make inquiries to any of our clients about their satisfaction with our services and the quality of our staff.

## **Exhibit II – Schedule of Professional Fees**

FISCAL YEAR 2013							
Breakdown of Fees by Hours	S						
Fiscal Year 2013 Audit of: District's Basic Financial Statements	Hours	Hourly Rates		Total			
Partner	10 5	\$ 150.00	\$	1,500			
Manager	40	125.00	•	5,000			
Staff	70	100.00	_ <b>-</b>	7,000			
Total Financial Statement Audit for 2013	Hours		\$_	13,500			
Other Items Asked to be Priced by the District		Rates		Total			
Preparation of the District's Annual State Controller's Report	5	100.00	\$ _	500			
Total Maximum for 2013	125		\$ _	14,000			
FISCAL YEAR 2014							
Breakdown of Fees by Hours	S						
Fiscal Year 2014 Audit of:	Hours	Hourly Rates		Total			
District's Basic Financial Statements	Hours	Rates		Total			
Partner	10	\$ 150.00	\$	1,500			
Manager	40	125.00		5,000			
Staff Total Financial Statement Audit for 2014	$\frac{70}{120}$	100.00	<b>s</b> -	7,000 <b>13,500</b>			
		D - 4	Ψ_				
Other Items Asked to be Priced by the District	Hours	Rates	<b>-</b> -	Total			
Preparation of the District's Annual State Controller's Report	5	100.00	\$ =	500			
Total Maximum for 2014			\$	14,000			
FISCAL YEAR 2015							
Breakdown of Fees by Hours	8	TT 1					
Fiscal Year 2015 Audit of:	Hours	Hourly Rates		Total			
District's Basic Financial Statements							
Partner		\$ 150.00	\$	1,500			
Manager	40	125.00		5,000			
Staff Total Financial Statement Audit for 2015	70 120	100.00	<b>s</b> -	7,000 <b>13,500</b>			
Other Items Asked to be Priced by the District	Hours	Rates	Ψ-	Total			
Preparation of the District's Annual State Controller's Report	5	100.00	- s	500			
•		100.00	Ψ.				
Total Maximum for 2015			\$ _	14,000			

Please note that any additional services requested by the District during the audit period shall be negotiated at the stated hourly rates per year as noted in the following schedules per year.

#### Exhibit II – Schedule of Professional Fees, continued

FISCAL YEAR 2016					
Breakdown of Fees by Hour	'S				
Fiscal Year 2016 Audit of:	Пония		Hourly Rates		Total
District's Basic Financial Statements	Hours	-	Rates	-	Total
Partner	10	\$	150.00	\$	1,500
Manager	40	Ψ	125.00	Ψ	5,000
Staff	70		100.00		7,000
Total Financial Statement Audit for 2016	120		100.00	\$	13,500
Other Items Asked to be Priced by the District	Hours	_	Rates		Total
Preparation of the District's Annual State Controller's Report	5		100.00	\$_	500
<b>Total Maximum for 2016</b>	125			\$	14,000
FISCAL YEAR 2017					
Breakdown of Fees by Hour	'S				
			Hourly		
Fiscal Year 2017 Audit of:	Hours	_	Rates		Total
District's Basic Financial Statements					
Partner	10	\$	150.00	\$	1,500
	10				
Manager	40		125.00		5,000
Manager Staff			125.00 100.00	_	5,000 7,000
	40			<b>\$</b> _	
Staff	40 70	•		\$ <u>_</u>	7,000
Staff  Total Financial Statement Audit for 2017	40 70 120	-	100.00	\$ <u>_</u>	7,000 <b>13,500</b>



#### **MEMO**

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

SUBJECT: OCWD ADOPTED FY 2013/2014 BUDGET

DATE: MAY 10, 2013

#### **BACKGROUND**

At their April 17<sup>th</sup> meeting, the Board of Directors of the Orange County Water District adopted a \$185.5 million FY 2013/14 Budget that is comprised primarily of:

General Operating Fund	\$52.6 Million
Capital Improvement Program	65.6 Million
Debt Service	31.8 Million
Water Purchases	20.0 Million
Repair & Rehabilitation Expenditures	13.7 Million
Retiree Medical Benefits	1.2 Million
New Equipment	6 Million

TOTAL \$185.5 Million

The overall budget has decreased by \$36 million, primarily due to a decrease in the CIP. The General Operating Fund has been decreased by \$0.5 million from the current FY 2012/2013 budget. The number of positions decreased from 216 to 213.5. More information on the budget is attached.

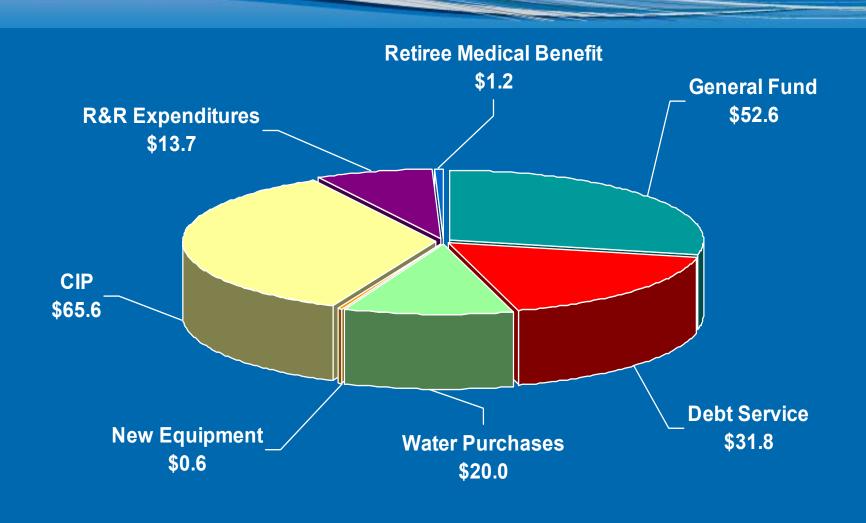
As shown in the attached tables, the Replenishment Assessment (RA) will increase from \$266/AF to \$276/AF; this increase is primarily being used to fund the creation of a a restricted reserve fund as required by long-term debt financing used to fund the expansion of the Groundwater Replenishment System (GWRS). The Basin Production Percentage (BPP) will increase from 68% to 70% next year. The accumulated overdraft for the basin is approximately 250,000 AF.

#### **RECOMMENDATION**

Information only; no action is required.



# Budget Components Total Budget - \$185.5 million





## **Budget Comparison**

ltem	Current Budget (Millions)	Recommended Budget (Millions)
General Fund	\$53.1	\$52.6
Water Purchases	\$16.7	\$20.0
Debt	\$28.9	\$31.8
CIP	\$114.3	\$65.6
Retiree Health Insurance	\$1.2	\$1.2
Equipment	\$0.3	\$0.6
R&R Fund	<u>\$7.0</u>	<u>\$13.7</u>
Total	\$221.5 M	\$185.5 M



### **Budget Comparison**

Cost Center#	Cost Center	FY 2013-14 Proposed Budget	FY 2012-13 Budget	Difference Over (Under)	% Increased or Decreased
1010	General Manager's Office	2,127,011	2,091,896	35,115	1.68%
1012	Public Affairs	1,474,845	1,477,313	(2,486)	-0.17%
1016	Information Services	1,803,349	1,811,031	(7,681)	-0.42%
1018	Board Administration	1,029,908	994,390	35,518	3.57%
1022	Purchasing	654,365	641,647	12,718	1.98%
1024	Finance	1,797,161	1,742,713	54,448	3.12%
1030	Human Resources	803,836	769,459	34,377	4.47%
1034	Safety & Risk Management	929,525	847,414	82,111	9.69%
1036	Water Quality	1,906,273	1,953,449	(47,176)	-2.41%
1038	Laboratory	4,654,062	4,500,734	153,328	3.41%



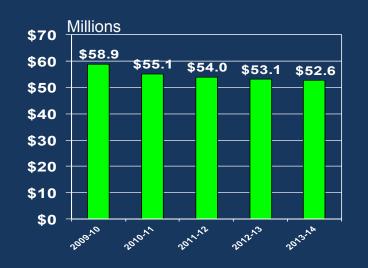
### Budget Comparison (cont.)

Cost Center#	Cost Center	FY 2013-14 Proposed Budget	FY 2012-13 Budget	Difference Over (Under)	% Increased or Decreased
1040	Research & Development	965,276	1,009,978	(44,702)	-4.43%
1044	Planning and Watershed Management	1,285,883	1,720,862	(434,979)	-25.28%
1045	Local Resources	241,583	360,453	(118,871)	-32.98%
1046	Regulatory Affairs	749,297	782,759	(33,462)	-4.27%
1050	Water Production/GWRS	23,410,594	23,628,548	(217,954)	-0.92%
1060	Recharge Operations	4,178,895	4,282,301	(103,406)	-2.41%
1062	Wetland Operations	699,642	664,223	35,420	5.33%
1069	Property Management	362,662	233,818	128,844	55.10%
1070	Engineering	1,011,524	966,022	45,502	4.71%
1075	Hydrogeology	1,767,402	1,819,033	(51,631)	-2.84%
1080	Natural Resources	768,503	797,037	(28,534)	-3.58%
	Total (rounded)	\$ 52,622,000	\$ 53,095,000	\$ (473,000)	-0.89%



#### **General Fund**

- Includes all District operations
- \$0.5 Million decrease
- Water Production reduction in chemicals
- Reduced budgeted headcount from 216 to 213.5





## General Fund Budget Reductions

- Original submitted General Fund budget to the General Manager was \$53.4M – Reduced to \$52.6M
- No COLA or increase to the District's share of health insurance premiums (\*) / 3% allowance for merit increase budgeted
- General Manager must approve all job replacements
  - (\*) Negotiated items with employee association



# Proposed RA and BPP Producer Water Supply Cost Impact

	FY12-13	FY13-14
Replenishment Assessment	\$266/AF	\$276/AF
Basin Production Percentage	68%	70%
Cost of MWD Imported Water (Avg. of \$917/af & \$960/af - Includes \$70/af for RTS)	\$939/AF	\$939/AF
Total Cost of Water Supply for Producer (1)	\$525/AF	\$520/AF
Cost/(Savings) to Producers		(\$5/AF)
Annual Savings to a Producer with 20,000 afy of Water Demand		(\$100,000)

(1) Calculation includes \$65/af for well pumping energy cost

### **RA** Calculation

Items (Operating Expenses)	FY12-13 (Millions)	FY13-14 (Millions)	Change In RA
General Fund	\$53.1	\$52.6	\$(1)
Water Purchases	\$16.7	\$20.0	\$11
Debt Service	\$28.9	\$31.9	\$11
PAYGO Program for Capital Projects	\$5.0	\$5.0	<b>\$0</b>
Retiree Health Insurance	\$1.2	\$1.2	<b>\$0</b>
Small Equipment	\$0.3	\$0.6	\$1
R&R Fund Transfer	<u>\$11.1</u>	<u>\$11.9</u>	<u>\$3</u>
Total Expenses	\$116.3	\$123.2	\$25
Non-RA Revenues	36.7	35.3	\$5
Net Expenses	\$79.6	\$87.9	\$30
Expected Pumping	299,000 af	320,000 af	\$(19)
Replenishment Assessment	\$266/af	\$276/af	\$10



#### **MEMO**

TO: BOARD OF DIRECTORS

FROM: GENERAL MANAGER

SUBJECT: PROPOSED AMENDMENTS TO ISDOC BYLAWS

DATE: MAY 10, 2013

#### **BACKGROUND**

The District is a member of the Independent Special Districts of Orange County (ISDOC). The ISDOC Bylaws were last amended and ratified by the membership in January 2002. During the past 11 years, changes in state law, expanded membership, advancements in communication technology, recurring questions regarding election and voting procedures, and other governance-related matters prompted the ISDOC Executive Committee to review the Bylaws and develop amendments that would address these issues.

After extensive review and discussion by the Executive Committee, the Proposed Amendments (attached) are now being submitted to the regular special district membership for preliminary consideration and solicitation of input. A final draft will be released in July and a ratifying vote will be held at the ISDOC Quarterly Meeting on Thursday, August 29, 2013.

We have been encouraged to review and discuss the proposed amendments, offer input, and ask clarifying questions; if desired, we can also submit additional bylaw amendments for consideration.

#### **Bylaws Amendment Timeframe**

**June 21, 2013 -** Deadline for special districts to submit to the ISDOC Executive Committee input and/or additional proposed bylaw amendments for consideration. Amendments must be approved by a regular member special district's board of directors before being submitted to the ISDOC Executive Committee.

**July 2, 2013 -** ISDOC Executive Committee to review all input and additional proposed bylaws amendments received by the June 21<sup>st</sup> deadline.

**July 8, 2013 -** Special districts to receive final draft of proposed bylaws amendments for review, discussion, and action by their respective governing boards.

**August 29, 2013 -** ISDOC Board of Directors to vote on final draft of proposed bylaws amendments at quarterly meeting.

Staff has reviewed the Proposed Amendments and notes that it primarily contains clarifying language, particularly in the area of what type of district can be a member and regarding voting procedures.

There are however, a few significant changes. Currently, a District can appoint any person as their representative; the Proposed Amendment would require that the District appoint the Board President as the regular member; the alternate representative can be any person. Also, Section H appears to

restrict the ability to be an ISDOC officer to persons elected to the member agency district, not persons who have been appointed (until they are elected). This would appear to exclude not only recently appointed Board Members, but also those who, if an election is not held because of a lack of opposition candidates, would still not meet the "elected" threshold.

#### **RECOMMENDATION**

The Board may wish to submit comments and/or additional amendments to the Proposed Amendments.

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### INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY

#### **AMENDED AND RESTATED BYLAWS**

Adopted January 31, 2002

Proposed for Amendment on August 29, 2013

#### INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY BYLAWS

#### **ARTICLE I**

#### **GENERAL**

SECTION I. NAME

The name of the organization shall be **INDEPENDENT SPECIAL DISTRICTS OF ORANGE COUNTY**-, herein The organization shall also be known and referred to as ISDOCthe Organization.

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#### SECTION II. PURPOSE

The purpose of this Organization is to propose and advocate constructive means for the improvement and functioning of Special Districts within the County of Orange, State of California, and to assist such Special Districts and their governing bodies to provide a more effective and efficient government at the closest level to the citizens of Orange County that will result in a benefit to the public.

The purpose of the Organization is to advance the interests of Orange County special districts through its advocacy of sound public policy, its facilitation of educational opportunities to enhance special district governance and the services provided, and its collaboration with others to elevate awareness of the role special districts play as the form of government closest and most directly accountable to the people.

#### SECTION III. ADMINISTRATIVE OFFICE

The administrative office for the transaction of the business of the <u>Association Organization</u> is located at the <u>Office of the President of the AssociationMunicipal Water District of Orange County</u>. The Board of Directors is granted full power and authority to change the administrative office from one location to <del>another in any place within the County of Orange, State of California, and such change shall not be considered an amendment of these bylaws.</del>

#### **ARTICLE II**

#### **MEMBERSHIP**

SECTION I. QUALIFICATION FOR MEMBERSHIP

There shall be two <u>classes</u> <u>categories</u> of membership in the <u>Association</u>Organization:

A. <u>REGULAR MEMBERS</u>: Shall be <u>INDEPENDENT SPECIAL DISTRICTS</u> which that are <u>public</u> agencies within the County of Orange, State of California, for the local performance of governmental proprietary functions within limited boundaries, governed by a publicly elected Board of Directors or those officials appointed, in whole or in part, by another governmental body. <u>Independent Special Districts does not include the State, the county, Citycities, County or School-school Districtdistricts.</u>

Independent Special Districts shall be further defined in accordance with California Government Code Section 56044: "Independent district" or "independent special district" includes any special district having a legislative body all of whose members are elected by registered voters or landowners within the district, or whose members are appointed to fixed terms. "Independent special district" does not include any district excluded from the definition of district contained in Sections 56036 and 65036.6.

- B. <u>ASSOCIATE MEMBERS</u>: Shall be those persons-or organizations, or governmental entities who that have evidenced interest in the purposes and goals of the <u>AssociationOrganization</u>, but who are not members of Independent Special Districts. <u>No oOfficers</u> or members of an Independent Special District can are ineligible to be an Associate Member.
- C. <u>APPROVAL OF MEMBERSHIP</u>: The Executive Committee shall review, and the Board of Directors shall approve, all applications for membership, provided that the applicant meets the established membership criteria.

#### SECTION II. VOTING RIGHTS

Each Regular Member Districtdistrict, in good standing, shall be entitled to one vote on all matters brought before the membership for a vote. The presiding officer of the governing body of each regular Regular member Member agency district shall designate to the Secretary of the Association in writing one representative who shall exercise the right of the member to votebe recognized by the Organization as the voting representative for his/her district., Each district shall designate in writing and submit to the Organization's Secretary and one alternate governing board member who shall have the right to vote in the absence of the assigned voting representative presiding officer.

The Executive Committee may, in theirat its discretion, authorize the voting upon any issue by written ballot which shall be sent via U.S. mail and emailmailed to each regular Regular member Member district. Such authorization shall specify the time and, date and method by which the completed when such written ballots must be received by the President of the Association Organization.

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A majority vote of all members present <u>at a meeting or of all written ballots</u> received by the <u>submission deadline</u> shall be necessary to carry any matter voted upon.

Associate Members shall not have the right to vote on any matter before the AssociationOrganization.

#### SECTION III. ANNUAL DUES

Annual dues shall be due and payable on or before the first day of January of each year. New members shall pay their annual dues at the time they are approved for membership in the <a href="#">AssociationOrganization</a>. New member dues for the initial year shall not be pro-rated.

The dues of the <u>Association Organization</u> shall be <u>reviewed and</u> set by the Executive Committee <del>and approved by the Board of Directors each year for</del> Regular Members and <del>for Associate Members.</del> Associate Member dues need not be the same as dues for Regular Members.

No assessments, other than annual dues, shall be levied on the members of the association without an affirmative majority vote of the membership.

#### SECTION IV. TERMINATION OF MEMBERSHIP

Any member in arrears in the payment of dues for a period of three monthsthirty (30) days after said dues are due and payable shall be notified in writing by the Treasurer of such arrearage, and, if such dues shall continue unpaid for a period of another sixty-thirty (6030) days, such member shall automatically cease to be a member of the AssociationOrganization.

Any member that voluntarily terminates membership in the Organization shall not be eligible for a refund of membership dues or other assessment already paid to the Organization.

#### SECTION V. REINSTATEMENT OF MEMBERSHIP

Regular and Associate memberships that were previously terminated may be reinstated after the Executive Committee receives a written petition for reinstatement and payment of the petitioners annual membership dues and other assessments for the current calendar year have been received by the Organization.

**ARTICLE III** 

**BOARD OF DIRECTORS** 

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#### SECTION I. NUMBER AND TERM OF OFFICE

- A. The Board of Directors shall consist of one representative the presiding officer from each of the member Independent Special Districts Regular Member district, in good standing. If the designated representative presiding officer is not present, the then that district's alternate member representative, shall act in his/her stead.
- B. The members of the Board of Directors shall serve until replaced by another appointed governing board member of his/her Independent Ddistrict. Any vacancy on the Board of Directors shall be filled by the new presiding officer of governing board of that the District from which the vacancy occurred.

#### SECTION II. DUTIES OF THE BOARD OF DIRECTORS

- A. The Board of Directors shall set policy for the Association (ISDOC)Organization.
- B. The Board of Directors shall set dues as recommended by the Executive Committee.
- <u>CB</u>. The Board of Directors shall elect, at their annual quarterlyits final meeting of thein even years, a President, a First Vice President, a Second Vice President, a Third Vice President, a Secretary, and a Treasurer.

The<u>se</u> officers, along with the <u>immediate-Immediate</u> Past President, shall be designated as the Executive Committee, whose duty shall be to assist the Board of Directors in setting policy, and conducting the business of the <u>organizationOrganization</u>.

- <u>DC</u>. The Executive Committee shall be responsible for implementing the policies established by the Board of Directors as approved at a General Membership meeting or a Special Meeting of the membership.
- $\buildrel \underline{\buildrel {}^{}}\underline{\buildrel {}^{}}\underline{\buildrel {}^{}}$  . The members of the Executive Committee shall be elected for a two-year term.

#### SECTION III. OFFICERS AND DUTIES

#### A. PRESIDENT

The President shall be the chief executive officer of ISDOC the Organization. The President shall preside at all meetings of the Board of Directors, the Executive Committee and the general membership.

The President shall appoint all committees, and all chairpersons of such committees, with the approval and ratification by the Board of Directors.

The President shall represent ISDOC-the Organization as the its official spokesperson and he/she shall also have the right-authority to delegate such responsibility, with approval of the Executive Committee.

The President shall be an ex-officio member of all Committees.

#### B. FIRST VICE PRESIDENT

The First Vice President, in the absence or disability of the President, shall perform all the duties of the President, and when so acting, he/she shall have the powers of and be subject to all the restrictions upon the President.

The First Vice President shall be the Chairman of the Program Committee.

#### C. <u>SECOND VICE PRESIDENT</u>

The Second Vice President, in the absence or disability of the President and First Vice President, shall perform all the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

The Second Vice President shall be Chairman of the Membership Committee.

#### D. THIRD VICE PRESIDENT

The Third Vice President, in the absence or disability of the President, First Vice President, and Second Vice President, shall perform all the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President.

The Third Vice President shall be Chairman of the Legislative Committee.

#### E. <u>SECRETARY</u>

The Secretary shall maintain a written record of all <u>business conducted at the</u> meetings of the Board of Directors and the Executive Committee.

The Secretary <u>or his/her designee</u> shall be responsible for all correspondence and <u>mailing</u> the dissemination of information to members.

#### F. TREASURER

The Treasurer shall maintain the complete financial records <u>andof ISDOC</u>, establish and maintain bank accounts in the name of the <u>AssociationOrganization</u>, and pay all bills duly approved by the Executive Committee in accordance with the yearly budget.

There shall be an annual audit of the books of the Treasurer by a competent accountant or accounting agency, designated by the Executive Committee, with a report to be presented to the membership at the Organization's next membership meeting.

#### G. <u>IMMEDIATE PAST PRESIDENT</u>

The Immediate Past President shall serve as a voting, ex-officio member of the Executive Committee.

- H. All officers of the Association Organization shall be elected or appointed officials, except the Secretary and/or the Treasurer, each of whom, may or may not be elected officials of a Regular Member district. However, an official who has been appointed to a district's elected board of directors must first be elected to that body before being eligible to serve as an officer of the Organization.
- I. Officials who wish to see election or appointment as an officer of the Organization shall first secure from his/her district an official endorsement of his/her candidacy in the form of a board resolution.

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#### **ARTICLE IV**

#### **MEETINGS**

#### SECTION I BOARD OF DIRECTORS

- A. The Board of Directors shall meet quarterly or no less than three times per <u>calendar year.</u>, and tThe last quarterly meeting of the <u>calendar year</u> shall be designated as the ANNUAL MEETING of the <u>Association</u>Organization.
- B. The <u>Secretary-Organization</u> shall <u>disseminate mail</u> notices of <u>the-Board</u> Meetings at least <u>fifteen-thirty (1530)</u> days prior to the Meeting. Said notices shall be <u>disseminated via email sent-to all Regular and Associate Members, representatives and alternates.</u> The Notice shall give the date, <u>time, location and agenda fany action items</u> for <u>or-the meeting</u>.
- C. Special Meetings of the Board of Directors may be called at any time by the President, any ten (10) Members of the Board of Directors or by a majority of the Executive Committee. The Secretary-Organization shall send each Member, each Associate member, each representative and each alternatedisseminate notices of the Special Meeting at least five (5) business days prior to the meeting. The Said notice shall contain give the date, time, location, and the subject matter of the Special Meeting. Action may only be taken on Only such matters listed on the Special Meeting agenda may be addressed at the Special Meetingnotice.
  - D. All meetings of the Board of Directors shall be held in Orange County.

#### SECTION II. MEETINGS OF THE EXECUTIVE COMMITTEE

- A. The Executive Committee shall meet monthly at the Municipal Water

  <u>District of Orange County, at a time and place</u> specified by the President and

  announced in the meeting notice. The monthly meeting may be cancelled by the

  President if he/she determines that there is not sufficient business to justify a meeting.
- B. A Special Meeting of the Executive Committee may be called by the President or a majority of the Executive Committee, with five (5) <u>business</u> days advance notice given in writing <u>via email</u> by the <u>SecretaryOrganization</u>. Such notice shall state the date, <u>time</u>, location and agenda for the Special Meeting.—<u>Said notice may be given telephonically</u>, <u>verbally or in writing</u>.
- C. All meetings of the Executive Committee shall take place in Orange County.

#### SECTION III. QUORUM

A. A quorum shall be established when the designated representatives of twenty-five (25%) percent of the Regular members are present at a duly noticed regular Regular or special Special meeting Meeting of the Independent District of Orange County Organization.

#### **ARTICLE V**

#### **AMENDMENTS**

These By-Llaws may be amended by a majority vote-of the Board of Directors members present at a duly noticed membership meeting. All proposed amendments shall be disseminated via U.S. Mail and email mailed to the each Regular member Member district, the representative of the district, and the alternate for the district no less than thirty (30) days prior to any the membership meeting.

#### **ARTICLE VI**

#### **ENACTMENT OF AMENDMENTS**

These Amended and Restated By-<u>Laws laws</u> are to take effect <del>February 1, 2002, immediately upon approval of the Board of Directors.</del>

#### **ARTICLE VII**

#### PARLIAMENTARY AUTHORITY

All matters not covered under these By-Laws shall be governed by Roberts' Rules of Order.

-End-



# OCWD Groundwater Basin Accumulated Overdraft

(January 2013 Estimate)

